

INTERIM REPORT ON GROUP OPERATIONS FOR THE FIRST
HALF OF 2008



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 60,397,475.84
MANTUA COMPANY REGISTER AND TAX CODE 00607460201
COMPANY SUBJECT TO MANAGEMENT AND COORDINATION ACTING OF CIR S.p.A.
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BOARD OF DIRECTORS

Honorary Chairman CARLO DE BENEDETTI

Chairman RODOLFO DE BENEDETTI (1)

Managing Director
and General Manager EMANUELE BOSIO (2)

Directors CARLO DE BENEDETTI (4)
OLIVIERO MARIA BREGA (3)
PIERLUIGI FERRERO (3)
GIOVANNI GERMANO
FRANCO GIRARD
ALBERTO PIASER
RENATO RICCI
ROBERTO ROBOTTI (4) (5) (6)
PAOLO RICCARDO ROCCA (5) (6) (7)
ANTONIO TESONE (4) (5)

Secretary of the Board NIVES RODOLFI

BOARD OF STATUTORY AUDITORS

Chairman ANGELO GIRELLI

Acting Auditors FRANCO CARAMANTI
RICCARDO ZINGALES

Alternate Auditors MAURO GIRELLI
GIUSEPPE LEONI
LUIGI MACCHIORLATTI VIGNAT

INDEPENDENT AUDITORS

PRICEWATERHOUSECOOPERS S.p.A.

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

- (1) All ordinary and extraordinary powers with single signature, except for those delegated to the Board of Directors by law or the by-laws.
- (2) All ordinary powers with single signature.
- (3) All ordinary and extraordinary powers with joint signatures, except for those delegated to the Board of Directors by law or the by-laws.
- (4) Members of the Remuneration Committee.
- (5) Members of the Internal Control Committee.
- (6) Members of the Supervisory Body (Legislative Decree 231/2001).
- (7) Lead independent director.

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

This report has been prepared in accordance with Legislative Decree 58 of February 24, 1998 and with Consob's resolution 11971/1999 and subsequent amendments. It includes the consolidated financial statements and notes to accounts of the Group and the separate financial statements of the Holding Company (the latter prepared on a voluntary basis, not being required by Legislative Decree 195 of November 6, 2007), prepared in accordance with IAS/IFRS and specifically IAS 34 on interim financial reporting.

INFORMATION ON OPERATIONS

The SOGEFI Group carried on its business during the first half 2008 in a global economic scenario that was deteriorating steadily because of the crisis in the financial markets and the considerable increase in the prices of oil and many other raw materials.

Spending cuts on the part of consumers in the principal mature markets caused auto production and sales to contract, particularly in North America.

In Europe, the period saw a 2% decline in new registrations with particularly hefty drops in Italy (-11.5%) and Spain (-17.6%) and a more modest contraction in the UK (-1.6%). Of the major markets, the only ones to show any growth were France (+4.5%) and Germany (+3.6%).

Almost all of the large automobile groups saw their sales slide on the European market, with the following changes in the Group's top five customers: Peugeot-Citroen (-4.3%), Ford-Volvo (-2.9%), Fiat (-2.5%), Volkswagen (-1.9%) and Renault-Nissan (+4.2%).

Emerging markets, on the other hand, continued their growth trend with the Brazilian market up by 21.5%, China by 17% and India by 15%.

The performance of the industrial vehicle, earth-moving equipment and railway sector was still positive during the half-year, whereas the precision spring business suffered cuts in demand because of the decline in Europe's industrial output.

Sales of spares, both in the independent aftermarket (IAM) and as original equipment (OES), showed a substantial drop in demand in Europe, whereas operations in Latin America remained at satisfactory levels.

In this context, the Group managed to increase its sales revenues by 2.7% compared with the same period last year, despite the penalizing trend in the pound's exchange rate against the euro (sales would have gone up by 4.9% if exchange rates had stayed the same).

Consolidated sales for the period came to €556.3 million compared with €541.7 million, thanks to an 8.4% rise in the Suspension Components Division, offset by a

2.4% decline in the Filtration Division.

(in millions of Euro)	1st half 2008		1st half 2007		% var. 1st half 08/1st half 07	Year 2007 Amount
	Amount	%	Amount	%		
Filters	271.3	48.8	278.0	51.3	(2.4)	548.2
Suspension components and precision springs	286.2	51.4	264.1	48.7	8.4	524.6
Intercompany eliminations	(1.2)	(0.2)	(0.4)	-	200.0	(1.0)
TOTAL	556.3	100.0	541.7	100.0	2.7	1,071.8

Sales of spares had a disappointing trend (-6.5%), but against this there was a 7.6% rise in sales in the original equipment market, a channel in which the Group has improved its market share for both product lines.

(in millions of Euro)	1st half 2008		1st half 2007		% var. 1st half 08/1st half 07	Year 2007 Amount
	Amount	%	Amount	%		
Original Equipment (O.E.)	379.7	68.2	352.8	65.1	7.6	698.3
Independent Aftermarket (I.A.M.)	110.1	19.8	119.1	22.0	(7.5)	234.6
Original Equipment Spares (O.E.S.)	66.5	12.0	69.8	12.9	(4.8)	138.9
TOTAL	556.3	100.0	541.7	100.0	2.7	1,071.8

Sales improved considerably in South America, whereas there was a slight dip in Europe (except for the growth in Germany); sales in the USA, on the other hand, dropped heavily. The following table shows the trend in the various countries:

(in millions of Euro)	1st half 2008		1st half 2007		% var. 1st half 08/1st half 07	Year 2007 Amount
	Amount	%	Amount	%		
France	125.4	22.5	131.8	24.3	(4.8)	250.9
Germany	82.2	14.8	68.6	12.7	19.8	141.4
Great Britain	61.0	11.0	65.4	12.1	(6.8)	126.7
Italy	49.8	9.0	55.4	10.2	(10.2)	105.8
Spain	38.3	6.9	40.3	7.5	(5.0)	75.1
Benelux	34.6	6.2	37.5	6.9	(7.7)	71.4
Other European countries	60.3	10.8	54.6	10.1	10.5	108.5
Mercosur	86.2	15.5	67.1	12.4	28.4	148.5
United States	10.2	1.8	12.7	2.3	(19.7)	26.0
China	3.1	0.6	2.9	0.5	7.8	6.0
Rest of the World	5.2	0.9	5.4	1.0	(3.0)	11.5
TOTAL	556.3	100.0	541.7	100.0	2.7	1,071.8

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR 1ST HALF

The Group's profitability during the period was affected by the general increases in raw material and energy costs, as well as by lower revenues in the higher margin IAM sector.

(in millions of Euro)	1st half 2008		1st half 2007		Year 2007	
	Amount	%	Amount	%	Amount	%
Sales revenues	556.3	100.0	541.7	100.0	1,071.8	100.0
Variable cost of sales	368.3	66.2	353.2	65.2	699.4	65.3
CONTRIBUTION MARGIN	188.0	33.8	188.5	34.8	372.4	34.7
Manufacturing and R&D overheads	59.1	10.6	59.2	10.9	115.2	10.7
Depreciation and amortization	22.3	4.0	23.2	4.3	44.7	4.2
Distribution and sales fixed expenses	19.0	3.4	19.7	3.6	38.4	3.6
Administrative and general expenses	33.8	6.1	30.4	5.7	60.5	5.6
OPERATING PROFIT	53.8	9.7	56.0	10.3	113.6	10.6
Restructuring costs	6.9	1.2	1.0	0.2	7.6	0.7
Losses (gains) on disposal	(0.1)	-	(4.7)	(0.9)	(4.6)	(0.4)
Exchange (gains) losses	1.1	0.2	0.4	0.1	0.9	0.1
Other non-operating expenses (income)	7.2	1.3	7.7	1.4	19.8	1.8
EBIT	38.7	7.0	51.6	9.5	89.9	8.4
Financial expenses (income), net	5.8	1.0	4.6	0.8	9.4	0.9
Losses (gains) from equity investments	0.2	0.1	(0.1)	-	(0.1)	-
PROFIT BEFORE TAXES AND MINORITY INTERESTS	32.7	5.9	47.1	8.7	80.6	7.5
Income taxes	11.0	2.0	16.8	3.1	25.4	2.4
NET PROFIT BEFORE MINORITY INTERESTS	21.7	3.9	30.3	5.6	55.2	5.1
Loss (income) attributable to minority interests	(1.5)	(0.3)	(1.4)	(0.3)	(3.0)	(0.2)
GROUP NET PROFIT	20.2	3.6	28.9	5.3	52.2	4.9

Operating profitability went down slightly as passing on the higher costs of steel, aluminium components and energy immediately to customers was impossible. The **consolidated contribution margin** came to €188 million, substantially in line with the first half 2007 amounting to €188.5 million.

Consolidated operating profit decreased by 4.1% to €53.8 million (9.7% of sales) compared with €56 million (10.3% of sales) in the first half 2007, which benefited from positive adjustments of around €2 million following legislative changes in the accounting treatment of termination indemnities: these only apply to the Italian companies in the Group.

Materials as a percentage of sales went from 45% to 46.4%, also because of the decline in high-margin IAM sales mentioned previously, whereas labour cost remained more or less stable at 23.8%.

EBIT (earnings before interest and tax) and EBITDA are both down substantially compared with the first half 2007 because of the different trend in non-recurring items in the two periods.

In the first six months of 2007, the Group made a capital gain of €4.6 million on the sale of an industrial building and benefited from positive adjustments to liabilities for € 1.8 million, whereas in the same period of 2008 there were no positive non-recurring items, while restructuring costs were charged for the Italian, UK and French locations for a total of €6.9 million (€1 million in 2007), mainly because of the closure of the filtration plant in Mantua.

Consolidated EBITDA (earnings before interest, taxes, depreciation and amortization) came to €61 million (11% of sales), compared with €74.8 million (13.8% of sales) in the first half 2007, while **consolidated EBIT** fell to 38.7 million (7% of sales) compared with €51.6 million (9.5% of sales) in the first half 2007.

The higher level of indebtedness after the distribution of ordinary and extraordinary dividends last May for a total of €159.5 million gave rise to an increase in financial expenses that contributed to the decline in **profit before taxes and minority interests**, which at the end of the period came to €32.7 million (47.1 million at June 30, 2007).

Consolidated net profit amounted to €20.2 million (3.6% of sales), showing a decrease compared with €28.9 million (5.3% of sales) in the first half 2007.

Consolidated equity, including minority interests, amounted to €187.5 million at June 30, 2008 after distributing dividends, a decrease compared with €305 million twelve months earlier and €326.7 million at December 31, 2007.

(in millions of Euro)	Note*	June 30, 2008		December 31, 2007		June 30, 2007	
		Amount	%	Amount	%	Amount	%
Short-term operating assets	(a)	395.2		352.5		384.4	
Short-term operating liabilities	(b)	(267.0)		(243.6)		(260.3)	
Net working capital		128.2	29.2	108.9	26.0	124.1	29.1
Investments	(c)	0.8	0.2	0.6	0.1	0.6	0.1
Intangible, tangible fixed assets and other medium and long-term assets	(d)	396.4	90.4	395.6	94.4	387.1	90.8
CAPITAL INVESTED		525.4	119.8	505.1	120.5	511.8	120.0
Other medium and long-term liabilities	(e)	(86.9)	(19.8)	(86.0)	(20.5)	(85.6)	(20.0)
NET CAPITAL INVESTED		438.5	100.0	419.1	100.0	426.2	100.0
Net financial position		251.0	57.2	92.4	22.0	121.2	28.4
Minority interests		14.0	3.2	15.8	3.8	14.0	3.3
Consolidated equity of the Group		173.5	39.6	310.9	74.2	291.0	68.3
TOTAL		438.5	100.0	419.1	100.0	426.2	100.0

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

The outlay on dividends also led to a deterioration in **net indebtedness**, which rose to €251 million, compared with 121.2 million at June 30, 2007 and 92.4 million at the end of 2007.

A cash flow statement for the period is provided in the following table with comparative figures for the same period of 2007 and the whole of last year:

(in millions of Euro)	Note*	1st half 2008	1st half 2007	Year 2007
SELF-FINANCING	(f)	40.5	52.8	94.8
Change in net working capital		(20.3)	(10.3)	4.9
Other medium/long-term assets/liabilities	(g)	1.1	1.7	(1.8)
CASH FLOW GENERATED BY OPERATIONS		21.3	44.2	97.9
Sale of equity investments	(h)	-	-	-
Net decrease from sale of fixed assets	(i)	0.1	2.7	2.9
TOTAL SOURCES		21.4	46.9	100.8
Increase in intangible assets		5.6	6.7	11.1
Purchase of tangible assets		15.6	11.9	35.9
Purchase of equity investment		0.2	-	-
TOTAL APPLICATION OF FUNDS		21.4	18.6	47.0
Exchange differences on assets/liabilities and equity	(l)	0.3	1.2	2.1
FREE CASH FLOW		0.3	29.5	55.9
Holding Company increases in capital		4.8	1.5	3.6
Net purchase of treasury shares		(1.2)	-	-
Increase in share capital of consolidated subsidiaries		-	-	0.3
Dividends paid by the Holding Company to shareholders		(159.5)	(22.4)	(22.4)
Dividends paid by subsidiaries to minority interests		(3.0)	(3.5)	(3.5)
CHANGES IN SHAREHOLDERS' EQUITY		(158.9)	(24.4)	(22.0)
Change in net financial position	(m)	(158.6)	5.1	33.9
Opening net financial position	(m)	(92.4)	(126.3)	(126.3)
CLOSING NET FINANCIAL POSITION	(m)	(251.0)	(121.2)	(92.4)

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

Financial position, net of cash, mostly consists of long-term debt, as analyzed in the table below:

(in millions of Euro)	June 30, 2008	December 31, 2007	June 30, 2007
Cash, banks, financial receivables and securities held for trading	52.4	64.7	71.1
Medium/long-term financial receivables	0.8	-	0.4
Short-term financial debts (*)	(132.5)	(26.6)	(57.9)
Medium/long-term financial debts	(171.7)	(130.5)	(134.8)
NET FINANCIAL POSITION	(251.0)	(92.4)	(121.2)

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

A contract for a five-year loan of € 160 million was signed on June 4, 2008 with a syndicate of leading European banks. See the comments on the performance of the Holding Company Sogefi S.p.A. for further details.

At the end of first six months, the workforce of the Group amounted to 6,308 persons, with an increase of 40 employees compared with the end of June 2007 and of 100 compared with December 31, 2007.

The structure of the Group's workforce, split by category, is shown in the following table:

	<i>June 30, 2008</i>		<i>December 31, 2007</i>		<i>June 30, 2007</i>	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
Managers	90	1.4	86	1.4	87	1.4
Clerical staff	1,399	22.2	1,401	22.5	1,414	22.5
Blue collar workers	4,819	76.4	4,721	76.1	4,767	76.1
TOTAL	6,308	100.0	6,208	100.0	6,268	100.0

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

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

Net profit for the year

(in millions of Euro)	<i>1st half 2008</i>	<i>1st half 2007</i>
Net profit per Sogefi S.p.A. financial statements	35.0	30.7
Group share of results of subsidiary companies included in the consolidated financial statements	22.6	31.6
Writedowns of equity investments in Sogefi S.p.A.	2.0	0.6
Elimination of intercompany dividends received by Sogefi S.p.A.	(40.8)	(34.5)
Elimination of unrealized gains deriving from intercompany transactions and other consolidation adjustments, net of the related deferred taxation	1.4	0.5
NET PROFIT PER CONSOLIDATED FINANCIAL STATEMENTS	20.2	28.9

Shareholders' equity

(in millions of Euro)	<i>June 30, 2008</i>	<i>Dec. 31, 2007</i>
Shareholders' equity per Sogefi S.p.A. financial statements	138.2	258.2
Group share of excess equity value of investments in consolidated companies over carrying value in Sogefi S.p.A. financial statements	53.0	70.6
Elimination of unrealized gains deriving from intercompany transactions and other consolidation adjustments, net of the related deferred taxation	(17.7)	(17.9)
SHAREHOLDERS' EQUITY PER CONSOLIDATED FINANCIAL STATEMENTS	173.5	310.9

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

Sogefi S.p.A. closed the first half 2008 with net profit of €35 million, up 14.1% on the figure of €30.7 million reported in the corresponding period of the prior year. The improvement derives from higher dividends received from subsidiaries (€6.3 million), mainly thanks to Allevard Rejna Autosuspensions S.A., partially offset by higher net financial expenses caused by additional debt during the last two months following payment of the extraordinary dividend and the increase in interest rates.

(in millions of Euro)	1st half 2008	1st half 2007	Year 2007
Financial income/expenses and dividends	39.1	34.2	34.1
Adjustments to financial assets	(2.0)	(0.6)	(5.2)
Other operating revenues	4.3	4.3	8.2
Operating costs	(6.5)	(6.0)	(10.9)
Other non-operating income (expenses)	(0.4)	(1.3)	(6.8)
PROFIT BEFORE TAXES	34.5	30.6	19.4
Income taxes	(0.5)	(0.1)	(6.6)
NET PROFIT	35.0	30.7	26.0

Shareholders' equity suffered a significant reduction, falling to €138.2 million, well down on the figure of €260.9 million at June 30, 2007 and €258.2 million at December 31, 2007.

Distribution of the dividend approved by the Shareholders' Meeting held on April 22, 2008 did in fact reduce reserves by €159.5 million, only marginally offset by the income earned during the first six months of the year.

As a result, with net capital invested slightly down by around 2%, net indebtedness came to €144.5 million. The net financial position was negative for €29.5 million at December 31, 2007 and for €13 million at June 30, 2007.

Given this rise in indebtedness and the fact that a syndicated loan of €100 million (of which €60 million had been drawn down at June 30, 2008) is due to expire in December 2008, a new syndicated loan was taken out at the beginning of June for a total of €160 million (with zero drawdowns at the end of the first half); the duration is again for five years and interest is charged at 3-month Euribor plus a spread of 50 basis points.

The existing syndicated loan that is due to expire will be repaid and extinguished early at the beginning of August.

(in millions of Euro)	Note*	June 30, 2008	December 31, 2007	June 30, 2007
Short-term assets	(n)	4.7	5.4	2.9
Short-term liabilities	(o)	(6.4)	(4.4)	(8.3)
Net working capital		(1.7)	1.0	(5.4)
Investments	(p)	258.8	260.6	256.4
Other fixed assets	(q)	27.6	27.5	30.5
CAPITAL INVESTED		284.7	289.1	281.5
Other medium and long-term liabilities	(r)	(2.0)	(1.4)	(7.6)
NET CAPITAL INVESTED		282.7	287.7	273.9
Net financial position		144.5	29.5	13.0
Shareholders' equity		138.2	258.2	260.9
TOTAL		282.7	287.7	273.9

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

The principal determinants of cash flow are analyzed in the following table:

(in millions of Euro)	Note*	1st half 2008	1st half 2007	Year 2007
SELF-FINANCING	(s)	38.0	33.0	29.3
Change in net working capital		2.7	1.8	(4.6)
Other medium/long term assets/liabilities	(t)	0.5	-	-
CASH FLOW GENERATED BY OPERATIONS		41.2	34.8	24.7
Sale of equity investments		-	-	-
TOTAL SOURCES		41.2	34.8	24.7
Increase in intangible assets		0.1	1.8	-
Purchase of tangible assets		-	-	0.2
Purchase of equity investments		0.2	-	10.1
TOTAL APPLICATION OF FUNDS		0.3	1.8	10.3
FREE CASH FLOW		40.9	33.0	14.4
Holding Company increases in capital		4.8	1.5	3.6
Net purchase of treasury shares		(1.2)	-	-
Dividends paid by the Holding Company		(159.5)	(22.4)	(22.4)
CHANGES IN SHAREHOLDERS' EQUITY		(155.9)	(20.9)	(18.8)
Change in net financial position	(u)	(115.0)	12.1	(4.4)
Opening net financial position	(u)	(29.5)	(25.1)	(25.1)
CLOSING NET FINANCIAL POSITION	(u)	(144.5)	(13.0)	(29.5)

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

The Free Cash Flow generated in the first six months of the year amounted to €40.9 million, a 23.7% improvement on the same period last year, thanks to a combination of higher profitability and a positive change in net working capital.

As regards the various components of the net financial position shown below,

(in millions of Euro)	June 30, 2008	December 31, 2007	June 30, 2007
Cash and banks	7.1	3.9	18.1
Securities and short/medium-term financial receivables from subsidiaries and third parties	146.8	121.9	150.0
Short-term financial debts to subsidiaries and third parties	(150.0)	(53.6)	(79.0)
Medium long-term financial debts	(148.4)	(101.7)	(102.1)
NET FINANCIAL POSITION	(144.5)	(29.5)	(13.0)

it should be noted that “Short-term financial payables to subsidiaries and third parties” of € 150 million includes €39.7 million due to subsidiaries under the cash pooling system and €60 million for the syndicated loan due to expire, which will be replaced at the beginning of August by the proceeds of the new syndicated loan recently obtained.

“Medium long-term financial debts” consists of two bilateral loans with two Italian banks, maturing in the second half of 2012 and extendable for another year.

At the end of the period, the Holding Company employed 29 people, 2 more than at June 30, 2007 mostly as a result of the need to strengthen the holding company's M&A and support structure to the subsidiaries.

PERFORMANCE OF THE FILTRATION DIVISION

The activity and results of the Filtration Division were hit by the decline in spares sales, the increase in the cost of metal and aluminium components, and by the pound's slide against the euro (given that the UK is an important market).

Consolidated sales came to €271.3 million, a decline of 2.4% compared with €278 million in 2007. This decline was due entirely to the performance of the European market, whereas sales in South America grew by more than 20%.

Sales to the main auto manufacturers went up, while aftermarket sales struggled, especially in Italy and Spain, with the French market stable.

The Division's **operating profit** was 10.9% lower than in the previous period, when it came to €26.3 million (9.7% of sales) compared with 29.5 million (10.6% of sales) in the first six months of 2007.

EBIT and EBITDA were both hit by restructuring costs and provisions, essentially for the Mantua (Italy) and Oyartzun (Spain) locations, as well as the French and UK companies. Comparison with the previous year is even more penalized by the capital gain of €4.6 million made in 2007 on the sale of the Nottingham plant in the UK.

Consolidated EBITDA amounted to €25 million (9.2% of sales) compared with € 41.1 million (14.8% of sales), while **consolidated EBIT** came to € 15.9 million (5.9% of sales) compared with €31.7 million (11.4% of sales) in the first half 2007.

Net profit therefore shows a considerable drop, going from €21.4 million in the first

half 2007 to 9.7 million in the period under review.

An agreement was signed in April with the West Virginia Development Agency for a loan to finance construction of our first filtration plant in North America. This will be at Prichard, where we currently produce suspension components.

During the period, we bought the 30% stake held by the Chinese partner, Zhejiang Universe Filter Co., in the Chinese filtration company, giving us total control with a view to developing the business more rapidly.

As explained in the section entitled “Subsequent events after June 30, 2008”, the Division will continue to benefit from use of the FRAM trademark following renewal of the license contract with Honeywell International Inc..

Personnel employed by the Division numbered 3,671 at June 30, 2008, 32 fewer than at the end of June 2007, but 42 more than at December 31, 2007.

PERFORMANCE OF THE SUSPENSION COMPONENTS AND PRECISION SPRINGS DIVISION

The Division boosted both revenues and profitability during the period, despite the higher cost of steel, thanks to an excellent performance in South American markets and the industrial vehicles sector.

Consolidated sales improved by 8.4% compared with the first half 2007, with sales in Europe more or less stable and those in USA down by 16.7%, while sales in South America increased by 33.1%. Sales revenues amounted to € 286.2 million, with respect to 264.1 in the first half of last year.

Sales volumes grew for the following key customers: PSA, Volkswagen, Mercedes, Daf and Iveco, with Fiat and Renault stable and Ford showing a decline.

Higher sales volumes, especially in industrial vehicles, and the ability to pass higher steel costs on to selling prices, albeit with a slight delay, made it possible to improve profitability, leading to **consolidated operating profit** of € 29.6 million (10.3% of sales), compared with 28.2 million (10.7% of sales) in the first half 2007.

Consolidated EBITDA rose to € 38.6 million (13.5% of sales) compared with 36.8 million (13.9% of sales) in the first half 2007, while **EBIT** amounted to € 25.6 million (8.9% of sales), it was 23.3 million (8.8% of sales) in the first half 2007.

Net profit also improved by 11.7% reaching € 13 million compared with 11.6 million in the first six months of 2007.

At June 30, 2008 the Division's employees numbered 2,608 compared with 2,531 at the end of June 2007 and 2,544 at December 31, 2007.

PERFORMANCE IN THE SECOND QUARTER OF 2008

Group sales in the second quarter of the year grew by 3.6%, entirely due to the Suspension Components Division (+10.1%), given that those of the Filtration Division fell by -2.1%.

Consolidated sales for the period reached € 284.6 million compared with 274.6 million in the second quarter of last year, in the presence of a negative exchange rate effect. If exchange rates had stayed the same, sales would have come to € 291.8 million for an increase of 6.2% on the second quarter of 2007.

The performance trend reflected in the next table shows operating profitability in line with 2007, while EBITDA and EBIT are both down because of the divergent trend in non-recurring items, as mentioned previously.

(in millions of Euro)	Period		Period		Change	
	4.1 - 6.30.2008		4.1 - 6.30.2007			
	Amount	%	Amount	%	Amount	%
Sales revenues	284.6	100.0	274.6	100.0	10.0	3.6
Variable cost of sales	187.3	65.8	179.1	65.2	8.2	4.5
CONTRIBUTION MARGIN	97.3	34.2	95.5	34.8	1.8	1.9
Manufacturing and R&D overheads	29.4	10.3	29.7	10.9	(0.3)	(0.8)
Depreciation and amortization	11.2	3.9	11.5	4.2	(0.3)	(2.9)
Distribution and sales fixed expenses	9.6	3.4	9.9	3.6	(0.3)	(2.6)
Administrative and general expenses	16.8	6.0	14.1	5.1	2.7	19.3
OPERATING PROFIT	30.3	10.6	30.3	11.0	-	-
Restructuring costs	5.8	2.1	0.2	0.1	5.6	-
Losses (gains) on disposal	-	-	(4.7)	(1.7)	4.7	99.7
Exchange (gains) losses	-	-	0.3	0.1	(0.3)	(98.2)
Other non-operating expenses (income)	3.8	1.2	5.8	2.1	(2.0)	(35.3)
EBIT	20.7	7.3	28.7	10.4	(8.0)	(27.7)
Financial expenses (income), net	3.5	1.2	2.4	0.8	1.1	49.0
Losses (gains) from equity investments	0.2	0.1	-	-	0.2	-
PROFIT BEFORE TAXES AND MINORITY INTERESTS	17.0	6.0	26.3	9.6	(9.3)	(35.3)
Income taxes	5.0	1.7	9.3	3.4	(4.3)	(46.4)
NET PROFIT BEFORE MINORITY INTERESTS	12.0	4.3	17.0	6.2	(5.0)	(29.2)
Loss (income) attributable to minority interests	(0.8)	(0.4)	(0.8)	(0.3)	-	-
GROUP NET PROFIT	11.2	3.9	16.2	5.9	(5.0)	(30.8)

Selling prices went up during the period, mainly for customers of the Suspension Components Division to compensate for the steady increase in steel prices, making it possible to achieve **consolidated operating profit** of €30.3 million, the same as in 2007, which as a percentage of sales comes to 10.6% (11% in 2007).

Consolidated EBITDA fell to €31.9 million (11.2% of sales), and compares with 40.2 million in the same quarter of 2007 (14.6% of sales), while **EBIT** amounted to € 20.7 million (7.3% of sales), having been €28.7 million in 2007 (10.4% of sales).

Consolidated net profit benefited from lower taxes, but as a result of the decline in EBIT and the higher financial expenses caused by the increase in financial indebtedness, there was still a drop from 16.2 million in the second quarter of 2007 to €11.2 million in the second quarter of the current year.

INVESTMENTS AND RESEARCH AND DEVELOPMENT

Further investments were made during the period in property, in tangible and intangible assets for a total of €21.3 million, made for:

- process innovation for stabilizer bar production at Allevard Rejna Autosuspensions S.A.;
- upgrading of plant and machinery at Sogefi Filtration Ltd;
- implementation of new operational software to be used by all companies of the Auto Suspension Components Division;
- various investments designed to improve production processes and develop new products.

R&D costs for the period to develop new products and process technologies amounted to €11.7 million (2.1% of sales).

TREASURY SHARES

On the subject of treasury shares, we point out that under the shareholders' authorization to buy treasury shares granted by the meeting on April 20, 2007, from January 7, 2008 to February 25, 2008, the Holding Company Sogefi S.p.A. bought 341,000 shares at an average price of €4.55.

On January 31, 2008, the Company also sold 80,000 treasury shares at a price of € 3.87 in execution of the 2005 stock option plan reserved for one of the Company's project workers.

At June 30, 2008 Sogefi S.p.A. held 1,956,000 treasury shares (1.68% of its share capital), at an average carrying price of €2.56 per share.

INTERCOMPANY AND RELATED PARTY TRANSACTIONS

The following is information on related-party transactions as defined in IAS 24 and the related communications from Consob.

No atypical or unusual transactions of the types mentioned in the relevant Consob Communications were effected during the period.

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

Further information on the most important transactions and balances with related parties is provided in the notes to the consolidated financial statements, in the section entitled "Related Party Transactions", as well as in the notes to the Holding Company's financial statements.

SUBSEQUENT EVENTS AFTER JUNE 30, 2008

The new contract signed on June 28, 2008 with Honeywell International Inc., which extends the licence contract for the use of the FRAM trademark by the Filtration Division in Europe, the former Soviet Union and South America to 2021, came into effect on July 1, 2008.

OUTLOOK FOR OPERATIONS

The economic context in which the Group will have to operate in the second half of 2008 is likely to see a modest contraction in motor vehicle production in Europe and ongoing strong demand in South America. The only way for us to maintain the same profit margins as we earned in the first half 2008 will be to continue passing on to customers the expected hikes in the price of steel.

Milan, July 24, 2008

THE BOARD OF DIRECTORS

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

Notes relating to the Consolidated Financial Statements

- (a) the heading agrees with "Total working capital" in the consolidated balance sheet;
- (b) the heading agrees with the sum of the line items "Trade and other payables", "Tax payables" and "Other current liabilities" in the consolidated balance sheet;
- (c) the heading agrees with the sum of the line items "Equity investments in associated companies" and "Other financial assets available for sale" in the consolidated balance sheet;
- (d) the heading agrees with the sum of the line items "Total fixed assets", "Other receivables", "Deferred tax assets" and "Non-current assets held for sale" in the consolidated balance sheet;
- (e) the heading agrees with the line item "Total other long-term liabilities" in the consolidated balance sheet;
- (f) the heading agrees with the sum of the line items "Net profit", "Minority interests", "Depreciation, amortization and writedowns", "Accrued costs for stock options", "Provisions for risks, restructuring and deferred taxes" and "Post-retirement and other employee benefits" in the consolidated cash flow statement;
- (g) the heading agrees with the sum of the line items "Other medium/long-term assets/liabilities" and "Other equity movements" in the consolidated cash flow statement, excluding movements relating to financial receivables;
- (h) the heading agrees with the sum of the line items "Losses/(gains) on disposal of equity investments in associated companies" and "Sale of subsidiaries (net of cash and cash equivalent) and associates" in the consolidated cash flow statement;
- (i) the heading agrees with the sum of the line items "Losses/(gains) on disposal of fixed assets and non-current assets held for sale", "Sale of property, plant and equipment" and "Sale of intangible assets" in the consolidated cash flow statement;
- (l) the heading agrees with the sum of the line items "Exchange differences on assets/liabilities" and "Exchange differences on equity/minority interests" in the consolidated cash flow statement, excluding exchange differences on medium/long-term financial receivables and payables;
- (m) these headings differ from those shown in the consolidated cash flow statement as they refer to the total net financial position and not just to cash and cash equivalents.

Notes relating to the Holding Company's Statutory Financial Statements

- (n) the heading agrees with "Total working capital" in the Holding Company's statutory balance sheet;
- (o) the heading agrees with the sum of the line items "Trade and other payables", "Tax payables" and "Other current liabilities" in the Holding Company's statutory balance sheet;
- (p) the heading agrees with the sum of the line items "Equity investments in subsidiaries", "Equity investments in associated companies" and "Other financial assets available for sale" in the Holding Company's statutory balance sheet;
- (q) the heading agrees with the sum of the line items "Total fixed assets", "Other receivables", and "Deferred tax assets" in the Holding Company's statutory balance sheet;
- (r) the heading agrees with the line item "Total other long-term liabilities" in the Holding Company's balance sheet;
- (s) the heading agrees with the sum of the line items "Net profit", "Writedowns of equity investments", "Depreciation and amortization", "Accrued costs for stock options", "Accrued costs for Phantom Stock Option" and "Net change in provision for employment termination indemnities" as well as the change in deferred tax assets and liabilities included in "Other assets/liabilities" in the Holding Company's statutory cash flow statement;
- (t) the heading is included in the line item "Other assets/liabilities" in the Holding Company's statutory cash flow statement, excluding movements relating to financial receivables/payables;
- (u) these headings differ from those shown in the Holding Company's statutory cash flow statement as they refer to the total net financial position and not just to cash and cash equivalents.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(in thousands of euro)

ASSETS	Note	June 30, 2008	December 31, 2007
CURRENT ASSETS			
Cash and cash equivalents	4	51,761	63,753
Other financial assets	5	639	956
<i>Working capital</i>			
Inventories	6	130,032	113,168
Trade receivables	7	245,402	220,097
Other receivables	7	5,310	5,982
Tax receivables	7	9,232	10,730
Other assets	7	5,227	2,551
TOTAL WORKING CAPITAL		395,203	352,528
TOTAL CURRENT ASSETS		447,603	417,237
NON-CURRENT ASSETS			
FIXED ASSETS			
Land	8	11,371	11,354
Property, plant and equipment	8	219,545	224,284
Other tangible fixed assets	8	4,316	4,406
<i>Of which: leases</i>		<i>12,445</i>	<i>12,653</i>
Intangible assets	9	120,432	118,674
TOTAL FIXED ASSETS		355,664	358,718
OTHER NON-CURRENT ASSETS			
Equity investments in associated companies	10	101	101
Other financial assets available for sale	11	705	497
Financial receivables	12	834	-
Other receivables	12	7,453	4,974
Deferred tax assets	13	26,620	25,167
TOTAL OTHER NON-CURRENT ASSETS		35,713	30,739
TOTAL NON-CURRENT ASSETS		391,377	389,457
NON-CURRENT ASSETS HELD FOR SALE	14	6,692	6,756
TOTAL ASSETS		845,672	813,450

LIABILITIES	Note	June 30, 2008	December 31, 2007
CURRENT LIABILITIES			
Bank overdrafts and short-term loans	15	53,986	12,418
Current portion of medium/long-term financial debts and other loans	15	77,329	13,696
<i>Of which: leases</i>		1,380	1,340
TOTAL SHORT-TERM FINANCIAL DEBTS		131,315	26,114
Other short-term liabilities for derivative financial instruments	15	1,232	469
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FIN. INSTRUMENTS		132,547	26,583
Trade and other payables	16	257,858	228,858
Tax payables	16	6,058	11,821
Other current liabilities	17	3,069	2,984
TOTAL CURRENT LIABILITIES		399,532	270,246
NON-CURRENT LIABILITIES			
MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS			
Financial debts to bank	15	160,445	118,005
Other medium/long-term financial debts	15	11,246	12,492
<i>Of which: leases</i>		8,400	9,133
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS		171,691	130,497
Other medium/long-term financial liabilities for derivative financial instruments	15	-	-
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		171,691	130,497
OTHER LONG-TERM LIABILITIES			
Long-term provisions	18	58,648	58,765
Other payables	18	59	-
Deferred tax liabilities	19	28,185	27,228
TOTAL OTHER LONG-TERM LIABILITIES		86,892	85,993
TOTAL NON-CURRENT LIABILITIES		258,583	216,490
SHAREHOLDERS' EQUITY			
Share capital	20	60,397	59,595
Reserves and retained earnings (accumulated losses)	20	92,954	199,093
Group net profit (loss) for the year	20	20,196	52,200
TOTAL SHAREHOLDERS' EQUITY		173,547	310,888
ATTRIBUTABLE TO THE HOLDING COMPANY			
Minority interests	20	14,010	15,826
TOTAL SHAREHOLDERS' EQUITY		187,557	326,714
TOTAL LIABILITIES AND EQUITY		845,672	813,450

CONSOLIDATED INCOME STATEMENT
(in thousands of euro)

	Note	1st half 2008		1st half 2007	
		Amount	%	Amount	%
Sales revenues	22	556,286	100	541,725	100
Variable cost of sales	24	368,287	66.2	353,241	65.2
CONTRIBUTION MARGIN		187,999	33.8	188,484	34.8
Manufacturing and R&D overheads	25	59,057	10.6	59,183	10.9
Depreciation and amortization	26	22,320	4.0	23,249	4.3
Distribution and sales fixed expenses	27	19,029	3.4	19,703	3.6
Administrative and general expenses	28	33,839	6.1	30,316	5.7
OPERATING PROFIT		53,754	9.7	56,033	10.3
Restructuring costs	30	6,887	1.2	971	0.2
Losses (gains) on disposal	31	(133)	-	(4,714)	(0.9)
Exchange losses (gains)	32	1,108	0.2	445	0.1
Other non-operating expenses (income)	33	7,221	1.3	7,741	1.4
- of which non-recurring		659		278	
EBIT		38,671	7.0	51,590	9.5
Financial expenses (income), net	34	5,768	1.0	4,611	0.8
Losses (gains) from equity investments	35	164	0.1	(108)	-
PROFIT BEFORE TAXES AND MINORITY INTERESTS		32,739	5.9	47,087	8.7
Income taxes	36	11,034	2.0	16,777	3.1
NET PROFIT BEFORE MINORITY INTERESTS		21,705	3.9	30,310	5.6
Loss (income) attributable to minority interests		(1,509)	(0.3)	(1,412)	(0.3)
GROUP NET PROFIT FOR THE YEAR		20,196	3.6	28,898	5.3
Earnings per share (EPS) (Euro):	38				
Basic		0.178		0.258	
Diluted		0.178		0.256	

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euro)

	<i>1st half 2008</i>	<i>1st half 2007</i>
Cash flows from operating activities		
Net profit	20,196	28,898
Adjustments:		
- minority interests	1,509	1,412
- depreciation, amortization and writedowns	22,466	24,660
- accrued costs for stock options	255	896
- losses/(gains) on disposal of fixed assets and non-current assets held for sale	(133)	(4,714)
- dividends collected	(127)	(108)
- provisions for risks, restructuring and deferred taxes	725	5,659
- post-retirement and other employee benefits	(4,637)	(8,706)
- change in net working capital	(20,312)	(10,339)
- other medium/long-term assets/liabilities	1,066	1,478
- exchange differences on assets/liabilities	2,597	(1,378)
CASH FLOWS FROM OPERATING ACTIVITIES	23,605	37,758
of which: taxes paid	(15,402)	(6,653)
Net interest paid	(5,847)	(4,170)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,629)	(11,872)
Purchase of intangible assets	(5,623)	(6,723)
Net change in other securities	(208)	(5)
Sale of property, plant and equipment	199	7,390
Sale of intangible assets	-	6
Dividends collected	127	108
NET CASH FLOWS FROM INVESTING ACTIVITIES	(21,134)	(11,096)
FINANCING ACTIVITIES		
Capital increase in subsidiaries from third parties	-	-
Paid share capital increase	4,851	1,443
Net purchase of treasury shares	(1,245)	-
Dividends paid to Holding Company shareholders and minority interests	(162,529)	(25,866)
Exchange differences on equity/minority interests	(2,476)	2,477
New (repayment of) long-term loans	105,526	(5,897)
New (repayment of) finance leases	(440)	(7,051)
Other equity movements	282	41
NET CASH FLOWS FROM FINANCING ACTIVITIES	(56,031)	(34,853)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(53,560)	(8,191)
Balance at the beginning of the period	51,335	38,241
(Decrease) increase in cash and cash equivalents	(53,560)	(8,191)
BALANCE AT THE END OF THE PERIOD	(2,225)	30,050

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

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(in thousands of Euro)	Attributable to the shareholders of the parent company				Minority interests	Total
	Share capital	Reserves and retained earnings (accumulated losses)	Net profit for the period	Total		
<i>Balance at December 31, 2006</i>	58,826	170,013	50,767	279,606	16,117	295,723
Paid share capital increase	278	1,165	-	1,443	-	1,443
Allocation of 2006 net profit:						
Legal reserve	-	-	-	-	-	-
Dividends	-	(82)	(22,284)	(22,366)	(3,500)	(25,866)
Retained earnings	-	28,483	(28,483)	-	-	-
Fair value measurement of cash flow hedging instruments	-	74	-	74	-	74
Other changes	-	10	-	10	-	10
Tax on items booked directly to equity	-	(32)	-	(32)	-	(32)
Imputed cost of stock options	-	896	-	896	-	896
Currency translation differences	-	2,477	-	2,477	-	2,477
Net profit for the period	-	-	28,898	28,898	1,412	30,310
<i>Balance at June 30, 2007</i>	59,104	203,004	28,898	291,006	14,029	305,035

(in thousands of Euro)	Attributable to the shareholders of the parent company				Minority interests	Total
	Share capital	Reserves and retained earnings (accumulated losses)	Net profit for the period	Total		
<i>Balance at December 31, 2006</i>	59,595	199,093	52,200	310,888	15,826	326,714
Paid share capital increase	802	4,049	-	4,851	-	4,851
Allocation of 2007 net profit:						
Legal reserve	-	300	(300)	-	-	-
Dividends	-	(133,793)	(25,734)	(159,527)	(3,002)	(162,529)
Retained earnings	-	26,166	(26,166)	-	-	-
Fair value measurement of cash flow hedging instruments	-	754	-	754	-	754
Net purchase of treasury shares	-	(1,245)	-	(1,245)	-	(1,245)
Other changes	-	52	-	52	(317)	(265)
Tax on items booked directly to equity	-	(207)	-	(207)	-	(207)
Imputed cost of stock options	-	255	-	255	-	255
Currency translation differences	-	(2,470)	-	(2,470)	(6)	(2,476)
Net profit for the period	-	-	20,196	20,196	1,509	21,705
<i>Balance at June 30, 2008</i>	60,397	92,954	20,196	173,547	14,010	187,557

EXPLANATORY AND SUPPLEMENTARY NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS: CONTENTS

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A) GENERAL ASPECTS

1. FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The interim consolidated financial statements for the period January 1 - June 30, 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS) and International accounting standard (IAS) and to this end the financial statements of the consolidated group companies have been appropriately reclassified and adjusted.

These interim financial statements and explanatory notes have been prepared in accordance with the recommendations contained in IAS 34 “Interim Financial Reporting”. As a partial exception to IAS 34, these interim financial statements provide detailed as opposed to summary schedules in order to provide a more complete overview of the changes that have taken place in the Group's assets and liabilities, financial position and results during the half-year.

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

The interim financial statements as of June 30, 2008 should be read in conjunction with the annual financial statements as of December 31, 2007.

The interim financial statements as of June 30, 2008 were approved by the Board of Directors on July 24, 2008.

1.1 Form of the consolidated financial statements

The accounting schedules at June 30, 2008 are consistent with those used for the annual report at December 31, 2007.

1.2 Content of the consolidated financial statements

The consolidated financial statements as of June 30, 2008 include the financial statements of Sogefi S.p.A., the Holding Company, and of its subsidiaries.

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

These financial statements are expressed in Euro (€) and all figures are rounded up or down to the nearest thousand Euro, unless specifically stated otherwise.

The consolidated financial statements (prepared on a line-by-line basis) include the financial statements of Sogefi S.p.A., the Holding Company, and of all the Italian and foreign companies in which, directly or indirectly, it holds a majority of the voting rights.

The following change in the scope of consolidation has taken place during the period:

- acquisition of 30% of Shanghai Sogefi Filtration Co. Ltd from the minority shareholder Zhejiang Universe Filter Co.. Shanghai Sogefi Filtration Co. Ltd was a wholly-owned subsidiary as of June 30, 2008.

This change is irrelevant for the purposes of consolidation and comparison with the previous year.

2. CONSOLIDATION AND ACCOUNTING POLICIES

The consolidation and accounting policies applied in preparing the financial statements for the six-month period ended June 30, 2008 are consistent with those used for the annual financial statements as of December 31, 2007.

The Group has taken note of and, where applicable, adopted in the first half 2008 the following Standards, Interpretations and Revisions to existing accounting standards:

- IFRIC 11– *IFRS 2: Group and Treasury Share Transactions*. This interpretation is not relevant to the Group.

The Group has not opted for early adoption of the following Standards, Interpretations and Revisions to the existing standards, which will become obligatory in future periods:

- IFRS 8 – *Operating Segments*. This standard will become effective for annual reporting periods beginning on or after January 1, 2009.

This standard replaces IAS 14 (Segment Reporting) and introduces a new approach, under which segments have to be identified in the same way as for the purposes of internal reporting to top management. The Sogefi Group is evaluating the impact of introducing this standard.

The following exchange rates have been used for translation purposes:

	<i>1st half 2008</i>		<i>1st half 2007</i>		<i>F.Y. 2007</i>
	<i>Average</i>	<i>June 30</i>	<i>Average</i>	<i>June 30</i>	<i>12.31</i>
US dollar	1.5298	1.5764	1.3290	1.3505	1.4721
Pound sterling	0.7748	0.7922	0.6746	0.6740	0.7333
Swedish krona	9.3756	9.4706	9.2225	9.2524	9.4411
Brazilian real	2.5938	2.5112	2.7172	2.5971	2.6108
Argentine peso	4.7982	4.7660	4.1061	4.1717	4.6369
Chinese renminbi	10.7991	10.8050	10.2575	10.2817	10.7527

B) SEGMENT INFORMATION

3. INFORMATION BY SEGMENT

Information on the Group's business areas (primary segment) and geographical areas (secondary segment) is provided below in compliance with IAS 14.

Information by business area is also provided for the two divisions, Filtration and Suspension Components, as well as for the Holding Company Sogefi S.p.A.

Primary segment: business areas

The following table gives key figures for the Group's two divisions relating to the first half 2007 and 2008:

(in thousands of Euro)	June 30, 2007				
	Filtration Division	Suspension Components Division	Sogefi S.p.A.	Adjustments	Sogefi Group consolidation
REVENUES					
Sales to third parties	277,815	263,850	-	-	541,665
Intersegment sales	229	220	4,095	(4,484)	60
TOTAL REVENUES	278,044	264,070	4,095	(4,484)	541,725
RESULTS					
EBIT	31,665	23,314	(3,258)	(131)	51,590
Financial expenses, net					(4,611)
Income from equity investments					108
Losses from equity investments					-
Profit before taxes					47,087
Income taxes					(16,777)
Loss (profit) attributable to minority interests					(1,412)
NET PROFIT					28,898
BALANCE SHEET					
ASSETS					
Segment assets	346,542	455,568	442,398	(493,738)	750,770
Equity investments in associated companies	-	101	-	-	101
Unallocated assets	-	-	-	92,659	92,659
TOTAL ASSETS	346,542	455,669	442,398	(401,079)	843,530
LIABILITIES					
Segment liabilities	212,293	327,668	192,408	(193,874)	538,495
TOTAL LIABILITIES	212,293	327,668	192,408	(193,874)	538,495
OTHER INFORMATION					
Increase in tangible and intangible fixed assets	7,696	9,054	1,845	-	18,595
Depreciation, amortization and writedowns	9,444	14,890	193	133	24,660

(in thousands of Euro)	June 30, 2008				
	Filtration Division	Suspension Components Division	Sogefi S.p.A.	Adjust- ments	Sogefi Group consolida- tion
REVENUES					
Sales to third parties	270,685	285,541	-	-	556,226
Intersegment sales	622	625	4,073	(5,260)	60
TOTAL REVENUES	271,307	286,166	4,073	(5,260)	556,286
RESULTS					
EBIT	15,938	25,556	(2,691)	(132)	38,671
Financial expenses, net					(5,768)
Income from equity investments					127
Losses from equity investments					(291)
Profit before taxes					32,739
Income taxes					(11,034)
Loss (profit) attributable to minority interests					(1,509)
NET PROFIT					20,196
BALANCE SHEET					
ASSETS					
Segment assets	353,437	460,144	413,774	(474,183)	753,172
Equity investments in associated companies	-	101	-	-	101
Unallocated assets	-	-	-	92,399	92,399
TOTAL ASSETS	353,437	460,245	413,774	(381,784)	845,672
LIABILITIES					
Segment liabilities	224,092	299,214	306,363	(171,553)	658,116
TOTAL LIABILITIES	224,092	299,214	306,363	(171,553)	658,116
OTHER INFORMATION					
Increase in tangible and intangible fixed assets	9,419	11,732	101	-	21,252
Depreciation, amortization and writedowns	9,069	13,181	2,081	(1,865)	22,466

The adjustments to “Total revenues” mainly refer to services provided by the Holding Company Sogefi S.p.A. to other Group companies.

The adjustments to “EBIT” refer principally to depreciation on the fixed asset revaluations that arose on the acquisition of 40% of Sogefi Filtration S.p.A. in the year 2000.

In the balance sheet, the adjustments to “Segment assets” refer to the elimination of equity investments and intercompany loans and receivables.

The adjustments to “Unallocated assets” are mainly goodwill and the revaluations of fixed assets that took place at the time of the acquisitions of the Allevard Ressorts Automobile group, 40% of Sogefi Filtration S.p.A. and the Filtrauto group.

“Depreciation, amortization and writedowns” in the first half 2007 included a writedown of a management software package for around €1,356 thousand.

The adjustments to “Depreciation amortization and writedowns” as of June 30, 2008 mainly refer to the reversal of write-offs at consolidated level of the equity investments of Allevard Sogefi U.S.A. Inc. done by Holding Company Sogefi S.p.A. to record the subsidiary’s losses in its financial statements.

Secondary segment: geographical areas

The following tables give a breakdown of the Group's income statement and balance sheet figures by geographical area "of origin" during the first half 2007 and 2008, based on the country of the company which made the sales or which owns the assets. A breakdown of revenues by geographical area "of destination", in other words with regard to the nationality of the customer, is analyzed in the directors' report and in the notes to the income statement.

(in thousands of Euro)	June 30, 2007				
	Europe	South America	Others	Adjustments	Sogefi Group consolidation
REVENUES					
Sales to third parties	463,634	67,327	10,704	-	541,665
Intersegment sales	8,446	1,427	380	(10,193)	60
TOTAL REVENUES	472,080	68,754	11,084	(10,193)	541,725
BALANCE SHEET					
ASSETS					
Segment assets	1,259,030	80,783	36,594	(625,637)	750,770
Equity investments in associated companies	101	-	-	-	101
Unallocated assets	-	-	-	92,659	92,659
TOTAL ASSETS	1,259,131	80,783	36,594	(532,978)	843,530
OTHER INFORMATION					
Increase in tangible and intangible fixed assets	14,743	3,389	610	(147)	18,595
Depreciation, amortization and writedowns	21,588	2,159	801	112	24,660

(in thousands of Euro)	June 30, 2008				
	Europe	South America	Others	Adjustments	Sogefi Group consolidation
REVENUES					
Sales to third parties	461,510	86,258	8,458	-	556,226
Intersegment sales	7,840	463	69	(8,312)	60
TOTAL REVENUES	469,350	86,721	8,527	(8,312)	556,286
BALANCE SHEET					
ASSETS					
Segment assets	1,223,765	103,923	31,929	(606,445)	753,172
Equity investments in associated companies	101	-	-	-	101
Unallocated assets	-	-	-	92,399	92,399
TOTAL ASSETS	1,223,866	103,923	31,929	(514,046)	845,672
OTHER INFORMATION					
Increase in tangible and intangible fixed assets	17,115	2,892	1,245	-	21,252
Depreciation, amortization and writedowns	21,333	2,323	693	(1,883)	22,466

C) NOTES ON THE MAIN BALANCE SHEET ITEMS

C 1) ASSETS

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to €51,761 thousand versus €63,753 thousand at December 31, 2007 and are made up as follows:

(in thousands of Euro)	June 30, 2008	December 31, 2007
Bank and post office deposits	51,634	62,976
Cheques	34	206
Cash and cash equivalents on hand	93	571
TOTAL	51,761	63,753

Short-term bank deposits earn interest at a floating-rate. Post office deposits also earn interest at a floating-rate and have a maturity of less than one month.

The decrease in this item must be interpreted in conjunction with the growth in “Bank overdrafts and short-terms loans” and refers to usual treasury trends.

At June 30, 2008 the Group had unused lines of credit of €235,208 thousand; all of the conditions are respected, which means that these funds are available for use on demand. These unused credit facilities also include the new syndicated loan obtained in June by Holding Company Sogefi S.p.A. for €160,000 thousand as in note 15.

5. OTHER FINANCIAL ASSETS

“Other Financial Assets” can be analyzed as follows:

(in thousands of Euro)	June 30, 2008	December 31, 2007
Securities held for trading	59	59
Assets for derivative financial instruments	580	897
TOTAL	639	956

“Securities held for trading” represent readily marketable securities which are used by the companies to optimize cash management.

“Assets for derivative financial instruments” amounted to €580 thousand and relate to the fair value of forward forex contracts and interest rate swaps measured in accordance with IAS 32 and 39 and IFRS 7. The decrease in this item must be interpreted in conjunction with the trend in exchange rates and forward interest rates in first half 2008.

6. INVENTORIES

A breakdown of inventories is as follows:

(in thousands of Euro)	June 30, 2008			December 31, 2007		
	Gross	Write-downs	Net	Gross	Write-downs	Net
Raw, ancillary and consumable materials	54,272	4,589	49,683	47,055	4,264	42,791
Work in progress and semi-finished products	17,184	384	16,800	14,659	372	14,287
Contract work in progress and advances	3,957	-	3,957	2,597	-	2,597
Finished goods and goods for resale	67,110	7,518	59,592	61,359	7,866	53,493
TOTAL	142,523	12,491	130,032	125,670	12,502	113,168

The increase in net value of inventories was mainly due to ordinary seasonal requirements. Inventories were increased by €2.2 million in the subsidiary Sogefi Filtration S.p.A. in order to ensure constant deliveries to customers in view of possible difficulties following the closure of the plant in Mantua. This increase will be reabsorbed in the next few months.

7. TRADE AND OTHER RECEIVABLES

Current receivables are analyzed as follows:

(in thousands of Euro)	June 30, 2008	December 31, 2007
Trade receivables	248,734	222,280
Less: allowance for doubtful accounts	5,744	5,706
Trade receivables, net	242,990	216,574
Due from Parent Company	2,314	3,406
Due from associated companies	98	117
Tax receivables	9,232	10,730
Other receivables	5,310	5,982
Other assets	5,227	2,551
TOTAL	265,171	239,360

“Trade receivables” are non-interest bearing and have an average due date of 68 days, marking a slight increase on that reported at the end of the prior year (65 days). This was due both to the customer mix and to increased receivables for tooling sales with longer terms of payment compared with other products.

The net increase reflects also the seasonal pattern of sales, featuring greater demand in the second quarter than in the last part of the year. This trend is evident from the fact that second-quarter sales amounted to €284,595 thousand in 2008 compared with €274,414 thousand in the fourth quarter of 2007.

The reduction in amounts “Due from Parent Company” was the result of the Italian companies collecting amounts due by the Parent Company CIR S.p.A. in connection with the group tax filing system.

“Other receivables” include:

(in thousands of Euro)	<i>June 30, 2008</i>	<i>December 31, 2007</i>
Amounts due from social security institutions	271	676
Amounts due from employees	204	142
Advances to suppliers	572	765
Due from others	4,263	4,399
TOTAL	5,310	5,982

The decrease in “Amounts due from social security institutions” mainly relates to recovery of the advances paid by the Italian subsidiary Rejna S.p.A. to social security institutions on behalf of employees on redundancy benefits.

“Other assets” mainly consist of accrued income and prepaid expenses on insurance premiums and indirect taxes on buildings.

The increase is seasonal in nature and was mainly due to the prepaid portions of insurance premiums and indirect taxes on buildings paid in the first half of the year but pertaining to the whole of the year.

The increase of €0.6 million was also due to the prepaid royalties pertaining to future years but already paid by the Holding Company Sogefi S.p.A. to Honeywell International Inc. according to the new contract agreed in the first half 2008 for the extension of licenses up to June 30, 2021.

8. TANGIBLE FIXED ASSETS

The net value of tangible fixed assets at June 30, 2008 amounted to €235,232 thousand, versus €240,044 thousand at the end of the previous year, and is made up as follows:

(in thousands of Euro)	Land	Buildings, plant and machinery, commercial and industrial equipment	Other assets	Assets under construction and payments on account	TOTAL
<i>Balance at December 31, 2007</i>					
Historical cost	11,354	689,576	27,152	26,834	754,916
<i>of which: leases - gross value</i>	<i>1,156</i>	<i>15,214</i>	-	-	<i>16,370</i>
Accumulated depreciation	-	492,022	22,746	104	514,872
<i>of which: leases - accumulated depreciation</i>	<i>-</i>	<i>3,717</i>	-	-	<i>3,717</i>
Net value	11,354	197,554	4,406	26,730	240,044
<i>Net value - leases</i>	<i>1,156</i>	<i>11,497</i>	-	-	<i>12,653</i>
<i>Balance at December 31, 2007</i>	11,354	197,554	4,406	26,730	240,044
Additions of the period	-	2,305	329	12,995	15,629
Disposals during the period, net	(6)	-	-	(60)	(66)
Exchange differences	23	(1,995)	(27)	197	(1,802)
Depreciation for the period	-	(17,712)	(732)	-	(18,444)
Writedowns/revaluations during the period	-	(98)	-	-	(98)
Reclassification of assets held for sale	-	-	-	-	-
Other changes	-	4,166	340	(4,537)	(31)
<i>Balance at June 30, 2008</i>	11,371	184,220	4,316	35,325	235,232
Historical cost	11,371	675,406	27,631	35,325	749,733
<i>of which: leases - gross value</i>	<i>1,150</i>	<i>15,182</i>	-	-	<i>16,332</i>
Accumulated depreciation	-	491,186	23,315	-	514,501
<i>of which: leases - accumulated depreciation</i>	<i>-</i>	<i>3,887</i>	-	-	<i>3,887</i>
Net value	11,371	184,220	4,316	35,325	235,232
<i>Net value - leases</i>	<i>1,150</i>	<i>11,295</i>	-	-	<i>12,445</i>

Capital investments during the period amounted to € 15,629 thousand and include mainly projects already started and ongoing towards the end of the first half 2008. Among the most important projects the following should be noted: around € 2 million for work in progress in the subsidiary Allevard Rejna Autosuspensions S.A. to upgrade processes concerning the stabilizer bars, €2 million for upgrading plant and machinery in the subsidiary Sogefi Filtration Ltd. also for the future acquisition of a part of production of the subsidiary Sogefi Filtration S.p.A.; also, around €1.1 million for upgrading an assembly line, new tooling and the reorganization of production processes of Filtrauto S.A.. Other projects are: around €0.9 million for renewal of plant and production line of LPDN GmbH, around €0.8 million for the installation in Allevard Molas do Brasil Ltda of the coil springs production line bought from Allevard Sogefi U.S.A. Inc. last year, around €0.6 million for works in

progress in Allevard Sogefi U.S.A. Inc. for the start of filtration activity and the purchase of a new filter production line.

In addition, numerous other smaller investments were made during the period to maintain and upgrade plant and to develop new products as well as for improvements to buildings.

“Other changes” refers to the completion of projects that were underway at the end of the previous year and their reclassification to the pertinent headings.

The depreciation and amortization charges for the period have been recorded in the income statement.

Guarantees

Tangible fixed assets as of June 30, 2008 are encumbered by mortgages and liens totalling € 5,681 thousand securing loans from financial institutions (€ 5,681 thousand as of December 31, 2007).

Purchase commitments

At June 30, 2008 there were binding commitments to buy tangible fixed assets for € 4,436 thousand (€3,591 thousand as of December 31, 2007).

Assets under lease

At June 30, 2008 the carrying value of plant and machinery held under finance leases amounted to €16,332 thousand, with accumulated depreciation of €3,887 thousand. The financial aspects of the lease payments and their due dates are explained in note 15.

9. INTANGIBLE ASSETS

The net balance at June 30, 2008 was €120,432 thousand at June 30, 2008 versus €118,674 thousand at the end of the previous year, made up as follows:

(in thousands of Euro)					
	<i>Develop- ment costs</i>	<i>Industrial patents and intellectual property rights, concessions licences and trademarks</i>	<i>Others, assets under constructi- on and payments on account</i>	<i>Consolida- tion differences</i>	<i>TOTAL</i>
<i>Balance at December 31, 2007</i>					
Historical cost	53,907	17,252	7,756	113,565	192,480
Accumulated amortization	32,673	15,525	2,709	22,899	73,806
Net value	21,234	1,727	5,047	90,666	118,674
<i>Balance at December 31, 2007</i>	21,234	1,727	5,047	90,666	118,674
Additions of the period	3,219	837	1,567	-	5,623
Disposals during the period, net	-	-	-	-	-
Exchange differences	75	(9)	(7)	-	59
Amortization for the period	(3,231)	(517)	(176)	-	(3,924)
Writedowns during the period	-	-	-	-	-
Other changes	114	9	(123)	-	-
<i>Balance at June 30, 2008</i>	21,411	2,047	6,308	90,666	120,432
Historical cost	54,416	14,105	8,234	113,565	190,320
Accumulated amortization	33,005	12,058	1,926	22,899	69,888
Net value	21,411	2,047	6,308	90,666	120,432

Investments in the period amounted to €5,623 thousand.

The additions to “Development costs” refer to the capitalization of costs incurred by the companies to develop new products in cooperation with the major car manufacturers.

The increase in “Industrial patents and intellectual property rights, concessions, licences and trademarks” refers to the new management software to be shared by all of the companies belonging to the Car Suspension Components Division (for €407 thousand).

The additions to “Others, assets under construction and payments on account” were principally due to the cost incurred for the acquisition or internal production of intangible assets not yet in use.

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

The goodwill assigned to the Filtration Division amounts to €73.6 million with €17 million being allocated to the Car Suspension Components Division.

The impairment test carried out as of December 31, 2007 confirmed that there was no need to make any adjustments to the figures shown in the balance sheet. In light of the divisions' results in first half 2008, management is reasonably certain that the figures booked are fair. The slight decline in operating profitability of the Filtration Division was not so relevant as to place its strategic planning at risk.

10. EQUITY INVESTMENTS IN ASSOCIATED COMPANIES

At June 30, 2008 these amounted to €101 thousand and are carried at equity, except where the recoverable value of an investment is lower than its book value.

This item is made up as follows:

(in thousands of Euro)	Allevard Resorts Composites S.a.S.
% held	50.00
<i>Balance at December 31, 2007</i>	101
Sale	-
Writedowns	-
Share of profit	-
<i>Balance at June 30, 2008</i>	101

A list of equity investments in associated companies is provided in section H of this document.

11. OTHER FINANCIAL ASSETS AVAILABLE FOR SALE

As of June 30, 2008 these totalled €705 thousand compared with €497 thousand as of December 31, 2007.

The increase was due mainly to the subscription of 15% of share capital of real estate company BRE-MA S.r.l..

The balance refers also to the equity investment in AFICO FILTERS S.A.E., measured at fair value which corresponds to its cost.

12. FINANCIAL RECEIVABLES AND OTHER RECEIVABLES

“Financial receivables” amounted to € 834 thousand and refers to the fair value, measured in accordance with IAS 32 and 39, of the new hedge contracts (IRS, IRC and K.IN Forward Zero Cost) made by the Holding Company Sogefi S.p.A.. These contracts hedge the risk of future increases in interest rates on a portion of medium/long-term loans.

“Other receivables” are analyzed as follows:

(in thousands of Euro)	June 30, 2008	December 31, 2007
Substitute tax	576	1,272
Pension fund surplus	3,422	124
Other receivables	3,455	3,578
TOTAL	7,453	4,974

“Substitute tax” relates to the amount recognized by the Holding Company Sogefi Group S.p.A. for the revaluation of buildings at the end of 2005. The reduction in the first half year 2008 was due to the substitute tax paid on the Mantua building. In consideration of the future discontinuance of activity and the possible future different destination, the substitute tax paid has been charged to the income statement with concurrent recognition of the related deferred tax assets as explained in note 36.

The “Pension fund surplus” concerns the subsidiary Sogefi Filtration Ltd. as explained in note 18 to which reference should be made. The increase in this item was due to contributions paid in the first half 2008.

“Other receivables” mainly includes the tax credits on the purchase of assets by the Brazilian subsidiaries, the grants to be received by the subsidiary Sogefi Filtration Ltd for investment plans and non-interest-bearing guarantee deposits for rented properties.

13. DEFERRED TAX ASSETS

As of June 30, 2008 this item amounted to € 26,620 thousand compared with € 25,167 thousand at December 31, 2007.

This amount relates to the benefits due on deductible temporary differences, booked to the extent that they are likely to be recovered.

14. NON-CURRENT ASSETS HELD FOR SALE

This item includes the net value of buildings belonging to the Holding Company Sogefi S.p.A. and to the British subsidiary United Springs Ltd, which are available for sale as explained in notes to the financial statements as of December 31, 2007.

C 2) LIABILITIES AND EQUITY

15. FINANCIAL DEBTS TO BANKS AND OTHER FINANCING CREDITORS

These are analyzed as follows:

Current portion

(in thousands of Euro)	June 30, 2008	December 31, 2007
Bank overdrafts and short-term loans	53,986	12,418
Current portion of medium/long-term financial debts	77,329	13,696
<i>of which: leases</i>	1,380	1,340
<i>of which: purchase commitments</i>	-	-
Total loans maturing within one year	77,329	13,696
TOTAL SHORT-TERM FINANCIAL DEBTS	131,315	26,114
Other short-term liabilities for derivative financial instruments	1,232	469
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	132,547	26,583

Non-current portion

(in thousands of Euro)	June 30, 2008	December 31, 2007
Financial debts to banks	160,445	118,005
Other medium/long-term financial debts	11,246	12,492
<i>of which: leases</i>	8,400	9,133
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	171,691	130,497
Other medium/long-term financial liabilities for derivative financial instruments	-	-
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	171,691	130,497

Bank overdrafts and short-term loans

The increase in this item was due to the payment in May of dividends for a total of € 162.5 thousand, of which €134.4 thousand in extraordinary dividends as resolved by the Shareholders Meeting of April 22, 2008 approving the 2007 financial statements.

Current portion of medium/long-term financial debts

This item principally includes the following loans:

- €60 million drawn down from the syndicated loan agreed at the end of 2003 by the Holding Company Sogefi S.p.A.. The loan bears floating-rate interest of Euribor plus a spread of 47.5 basis points. The loan is not secured against any assets. This loan will be repaid in August 2008 using for the same amount the new syndicated loan agreed in June 2008 for €160 million. The new syndicated loan will last for 5 years and will bear floating-rate interest of Euribor plus a spread of 50 basis points. The new loan is not secured against any assets.
- the current portion (€6,667 thousand) of the loan obtained by Allevard Federn GmbH for €30 million repayable in annual instalments expiring in December 2010 (the net book value as of June 30, 2008 was €16.6 million). This loan bears

floating-rate interest of Euribor plus a spread of 80 basis points up until December 2008, after which it falls to 70 basis points for the subsequent periods. The loan is not secured against any of the subsidiary's assets;

- the current portion (€2,300 thousand) of the loan obtained by Sogefi Filtration S.A. for €8,000 thousand (the net book value as of June 30, 2008 was €4.3 million), repayable in six-monthly instalments ending in January 2010. This loan bears floating-rate interest of Euribor plus a spread of 45 basis points. The loan is not secured against any of the subsidiary's assets;
- the current portion of other minor long-term loans, including finance leases in accordance with IAS 17.

Other short-term liabilities for derivative financial instruments

This amount relates to the fair value of the forward forex contracts, measured in accordance with IAS 32 and 39, taken out by the subsidiary Allevard Molas do Brasil Ltda in 2007 to hedge the exchange risk on its debt in dollars after purchasing the coil springs production line from Allevard Sogefi U.S.A. Inc..

The increase of this amount compared with December 31, 2008 was due to the appreciation of the Brazilian real against the US dollar.

Medium/Long-term financial debts

This includes:

- the full drawdown of €50 million of the loan obtained by the Holding Company Sogefi S.p.A. in 2006. The loan falls due in September 2012 and bears floating-rate interest of Euribor plus a basic spread of 22.5 basis points. The spread in the first half 2008 was 22.5 basis points. The loan is not secured against any of the company's assets;
- the full drawdown of €100 million of the loan obtained by the Holding Company Sogefi S.p.A. in 2006. The loan falls due in September 2012 and bears floating-rate interest of Euribor plus a basic spread of 22.5 basis points. The spread in the first half 2008 was 22.5 basis points. The loan is not secured against any of the company's assets;
- the non-current portion of the loans granted to Allevard Federn GmbH and to Sogefi Filtration S.A..

The item "Other medium/long-term financial debts" includes other minor loans, including finance leases in accordance with IAS 17.

For the analysis of financial covenants applying to loans outstanding at period end see note 21.

Finance leases

The Group has finance leases as well as rental and hire contracts for property, plant and machinery that, by nature, cover almost the entire useful life of the asset concerned. Assets held under lease, rental and hire contracts are booked in accordance with IAS 17 as though they were fixed assets owned by the company, disclosing their historical cost, depreciation, the interest cost and the remaining liability.

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

(in thousands of Euro)	Instalments	Capital
Within 12 months	2,078	1,380
Between 1 and 5 years	7,286	5,397
Beyond 5 years	4,791	3,003
Total lease payments	14,155	9,780
Interest	(4,375)	-
TOTAL PRESENT VALUE OF LEASE PAYMENTS	9,780	9,780

16. TRADE AND OTHER CURRENT PAYABLES

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

(in thousands of Euro)	June 30, 2008	December 31, 2007
Trade and other payables	257,858	228,858
Tax payables	6,058	11,821
TOTAL	263,916	240,679

Details of trade and other payables are as follows:

(in thousands of Euro)	June 30, 2008	December 31, 2007
Due to suppliers	199,269	177,086
Due to the Parent Company	965	-
Due to tax authorities for indirect and other taxes	7,466	7,029
Due to social security institutions	15,465	15,910
Due to employees	27,755	23,558
Other payables	6,938	5,275
TOTAL	257,858	228,858

The amounts “Due to suppliers” are not subject to interest and on average are settled in 80 days (78 days as of December 31, 2007).

The increase in the amounts “Due to suppliers” was principally because of the lengthening in average payment terms, the growth in volumes produced and the seasonal increase in inventories to meet customer demand over the coming months.

“Due to the Parent Company” includes the amount owing to CIR S.p.A. for services provided in the first half 2008.

The increase in amounts “Due to employees” is specifically seasonal in nature, being mainly due to vacation entitlement and 13th month salaries that will be paid to employees over the coming months.

The increase in “Other payables” relates mainly to the deposit received by BRE-MA S.r.l. for the sale of the buildings of the Holding Company Sogefi S.p.A. shown as “Non-current assets held for sale”. Given that following the first half 2008 closing the sale was not executed, the deposit was returned in July 2008.

17. OTHER CURRENT LIABILITIES

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

18. LONG-TERM PROVISIONS

These are made up as follows:

(in thousands of Euro)	June 30, 2008	December 31, 2007
Pension funds	23,801	23,718
Provision for employment termination indemnities	12,734	14,207
Provision for restructuring	7,489	6,003
Provisions for disputes with tax authorities	7,550	7,062
Provision for phantom stock options	320	253
Provision for product warranties	1,696	1,800
Other risks	3,928	4,645
Agents' termination indemnities	135	135
Lawsuits	995	942
TOTAL	58,648	58,765

Details of the main items are given below.

Pension funds

Changes for the period in this item are shown below:

(in thousands of Euro)	June 30, 2008	December 31, 2007
Opening balance	23,594	31,999
Cost of benefits charged to income statement	1,161	(44)
Contributions paid	(4,326)	(8,023)
Other changes	-	-
Exchange differences	(50)	(338)
TOTAL	20,379	23,594
<i>of which booked to liabilities</i>	<i>23,801</i>	<i>23,718</i>
<i>of which booked to assets</i>	<i>(3,422)</i>	<i>(124)</i>

As of June 30, 2008, the pension fund of the subsidiary Sogefi Filtration Ltd showed a surplus of €3,422 thousand booked in “Other receivables” as mentioned in note 12. The increase of surplus compared to December 31, 2007 was due to extraordinary contributions paid during the first half 2008 for around €2.8 million.

At December 2007, the negative figure for the “Cost of benefits charged to income statement” was attributable to a change in the legislation applying to British pension funds. The change caused the liability to go down, generating an associated benefit of some €2 million in the income statement.

Provisions for the pension funds operating in the geographical areas of the companies concerned are as follows:

(in thousands of Euro)	June 30, 2008	December 31, 2007
Great Britain	1,386	1,925
France	18,964	18,322
Germany	3,117	3,147
Others	334	324
TOTAL (Booked to liabilities)	23,801	23,718
Great Britain (Surplus booked to assets)	(3,422)	-

Provision for employment termination indemnities

The provision changed as follows during the period:

(in thousands of Euro)	June 30, 2008	December 31, 2007
Opening balance	14,207	17,160
Accruals for the period	363	1,002
Reduction due to regulatory change	-	(2,074)
Contributions paid	(1,836)	(1,881)
TOTAL	12,734	14,207

Further to the amendments to the legislation governing the Italian “Provision for employment termination indemnities” introduced as of December 31, 2007, a positive amount of €2,074 thousand was recorded in the income statement.

The contributions paid in first half 2008 refer mainly to the employees of Sogefi Filtration S.p.A., for the restructuring plan started at the end of 2007 and ended with the announcement at the end of April 2008 of the closure of the plant.

Provision for restructuring

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

The provision changed as follows during the period:

(in thousands of Euro)	June 30, 2008	December 31, 2007
Opening balance	6,003	5,905
Accruals for the period	3,066	6,100
Utilizations	(1,504)	(4,958)
Provisions not used during the period	(76)	(1,046)
Exchange differences	-	2
TOTAL	7,489	6,003

“Accruals for the period” relate principally to the production reorganization by the subsidiary Sogefi Filtration S.p.A.. For this reorganization a specific provision has been created for an estimated amount because at present the company is not aware of the timing and manner of implementation, which will be fixed in the coming weeks.

“Utilizations” were booked mainly as reductions of provisions previously set aside for restructuring projects planned and initiated in previous years and completed or being completed by the two divisions during the course of the current period.

Movements in the “Accruals for the period” net of the “Provisions not used during the period” are recorded in the income statement under “Restructuring costs”.

Provisions for disputes with tax authorities

This item amounted to €7,550 thousand and refers to fiscal disputes currently being settled with the local tax authorities, mainly relating to the subsidiaries Sogefi Filtration S.p.A. and Sogefi Filtration do Brasil Ltda, against which suitable provisions have been made, even if the final outcome is not certain.

Provision for phantom stock options

This provision amounted to €320 thousand and refers to the new incentive schemes providing for cash payments, known as “phantom stock options”, for the Managing Director, managers and project workers of the Holding Company and managers of the Group’s other Italian companies. The related accrual has been booked to the income statement under “Personnel costs”, “Administrative and general consulting” and “Directors’ and statutory auditors’ remuneration”. More details on the phantom stock option plans can be found in note 29.

Provision for product warranties

The item amounted to €1,696 thousand in line with the amount of December 31, 2007 and relates to accruals posted by the Group’s companies to cover customer’s contractual warranty rights. The amounts provided are calculated on a statistical basis.

Other risks

“Other risks” amount to €3,928 thousand. The decrease of the amount was due to the utilization of the recorded amounts by subsidiary Sogefi Filtration S.p.A. after disputes with agents and employees. As of June 30, 2008 the amount included mainly the following: an accrual posted by the German subsidiary LPDN GmbH (€1.6 million) to provide for the impact of possible request for part-time work by those employees so entitled by law, having reached the required age limit; an accrual posted by the subsidiary Filtrauto S.A. (€1.1 million) to manage the risk on *taxe professionnelle*; an accrual posted by the subsidiary Allevard Rejna Autosuspensions S.A. (€0.4 million) for a risk relating to railway carriage springs supplied at the end of the 1990’s.

Other payables

“Other payables” amounted to €59 thousand as of June 30, 2008 and refer to the subsidiary LPDN GmbH.

19. DEFERRED TAX ASSETS AND LIABILITIES

This item amounted to €28,185 thousand at June 30, 2008 compared with €27,228 thousand at December 31, 2007.

This amount relates to the expected taxes on taxable temporary differences.

20. SHARE CAPITAL AND RESERVES

Share capital

The share capital of the Holding Company Sogefi S.p.A. is fully paid in and at June 30, 2008 amounted to €60,397 thousand (€59,595 thousand at December 31, 2007), split into 116,148,992 ordinary shares of par value €0.52 each.

Reserves and retained earnings (accumulated losses)

These are made up as follows:

(in thousands of Euro)	Share premium reserve	Reserve for treasury shares	Reserve for reclassification of treasury shares	Translation reserve	Other reserves	Retained earnings	Total
<i>Balance at December 31, 2006</i>	70,490	3,762	(3,762)	8,520	19,702	71,301	170,013
Paid share capital increase	1,390	-	-	-	(225)	-	1,165
Allocation of 2006 net profit:							
Dividends	-	-	-	-	-	(82)	(82)
Retained earnings	-	-	-	-	-	28,483	28,483
Fair value measurement of cash flow hedging instruments	-	-	-	-	74	-	74
Other changes	-	-	-	-	(2)	12	10
Tax on items booked directly to equity	-	-	-	-	(32)	-	(32)
Imputed cost of stock options	-	-	-	-	896	-	896
Currency translation differences	-	-	-	2,477	-	-	2,477
<i>Balance at June 30, 2007</i>	71,880	3,762	(3,762)	10,997	20,413	99,714	203,004
(in thousands of Euro)							
<i>Balance at December 31, 2007</i>	73,660	3,762	(3,762)	5,566	20,194	99,673	199,093
Paid share capital increase	4,063	-	-	-	(14)	-	4,049
Allocation of 2007 net profit:							
Legal reserve	-	-	-	-	300	-	300
Dividends	(61,987)	-	-	-	(5,181)	(66,625)	(133,793)
Retained earnings	-	-	-	-	-	26,166	26,166
Fair value measurement of cash flow hedging instruments	-	-	-	-	754	-	754
Net purchase of treasury shares	(1,245)	1,245	(1,245)	-	-	-	(1,245)
Other changes	-	-	-	-	(3)	55	52
Tax on items booked directly to equity	-	-	-	-	(207)	-	(207)
Imputed cost of stock options	-	-	-	-	255	-	255
Currency translation differences	-	-	-	(2,470)	-	-	(2,470)
<i>Balance at June 30, 2008</i>	14,491	5,007	(5,007)	3,096	16,098	59,269	92,954

Share premium reserve

This amounted to € 14,491 thousand compared with € 73,660 thousand last year. The increase of € 4,063 thousand was due to the subscription of shares under the stock option plans.

The reduction of € 61,987 thousand was due to the distribution of extraordinary dividend resolved by the Shareholders' Meeting as of April 22, 2008.

On the subject of treasury shares, it has to be noted that under the shareholders' authorization to buy treasury shares granted at the meeting of April 20, 2007, starting from January 7, 2008 up to February 25, 2008 the Holding Company Sogefi S.p.A. bought 341,000 shares at average price of €4.55 each.

On January 31, 2008, the Holding Company Sogefi S.p.A. also sold 80,000 treasury shares at a price of €3.87 each in execution of the 2005 stock option plan reserved for one of the Company's project workers.

Translation reserve

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

The decrease during the period amounted to € 2,470 thousand, and is mostly attributable to the depreciation of the Pound Sterling against the Euro.

Other reserves

"Other reserves" are analyzed below:

(in thousands of Euro)	<i>Legal reserve</i>	<i>Cash flow hedging reserve</i>	<i>Reserve for stock options</i>	<i>Tax on items booked directly to equity</i>	<i>Other reserves</i>	<i>Total other reserves</i>
<i>Balance at December 31, 2006</i>	11,880	295	1,497	(93)	6,123	19,702
Paid share capital increase	-	-	-	-	(225)	(225)
Fair value measurement of cash flow hedging instruments	-	74	-	-	-	74
Other changes	-	-	-	-	(2)	(2)
Tax on items booked directly to equity	-	-	-	(32)	-	(32)
Imputed cost of stock options	-	-	896	-	-	896
<i>Balance at June 30, 2007</i>	11,880	369	2,393	(125)	5,896	20,413

(in thousands of Euro)	<i>Legal reserve</i>	<i>Cash flow hedging reserve</i>	<i>Reserve for stock options</i>	<i>Tax on items booked directly to equity</i>	<i>Other reserves</i>	<i>Total other reserves</i>
<i>Balance at December 31, 2007</i>	11,880	287	2,363	(74)	5,738	20,194
Paid share capital increase	-	-	-	-	(14)	(14)
Allocation of 2007 net profit:						
Legal reserve	300	-	-	-	-	300
Dividends	-	(287)	(2,363)	78	(2,609)	(5,181)
Fair value measurement of cash flow hedging instruments	-	754	-	-	-	754
Other changes	-	-	-	(4)	1	(3)
Tax on items booked directly to equity	-	-	-	(207)	-	(207)
Imputed cost of stock options	-	-	255	-	-	255
<i>Balance at June 30, 2008</i>	12,180	754	255	(207)	3,116	16,098

- Cash flow hedging reserve

This reserve changed as a result of accounting for the cash flows deriving from instruments that for IAS 39 purposes are designated as “cash flow hedges”. The movements during the period show an increase of €754 thousand.

The reduction of €287 thousand was due to the distribution of an extraordinary dividend as approved by the Shareholders’ Meeting on April 22, 2008.

- Reserve for stock options

The reserve refers to the value of the imputed cost of stock option plans assigned to employees and project workers and resolved after November 7, 2002, including the portion relating to the latest stock option plan approved in the first half 2008.

The reduction of €2,363 thousand was due to the distribution of an extraordinary dividend as approved by the Shareholders’ Meeting on April 22, 2008.

Retained earnings

These totalled €59,269 thousand and include amounts of net profit that have not been distributed. The decrease of €66,625 thousand was due to the distribution of an extraordinary dividend as approved by the Shareholders’ Meeting on April 22, 2008.

MINORITY INTERESTS

The balance amounted to €14,010 thousand and refers to the portion of shareholders’ equity attributable to minority interests.

The reduction of €317 thousand in “Other changes” refers to the shareholders’ equity at December 31, 2007 of Shanghai Sogefi Filtration Co. Ltd, which was transferred to the group shareholders’ equity after the purchase of the 30% minority share in the entity by Sogefi Filtration S.p.A..

21. ANALYSIS OF THE NET FINANCIAL POSITION

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

(in thousands of Euro)	June 30, 2008	December 31, 2007
A. Cash	51,761	63,753
B. Other cash at bank and on hand (details)	-	-
C. Financial instruments held for trading	59	59
D. Liquid funds (A) + (B) + (C)	51,820	63,812
E. Current financial receivables	580	897
F. Current payables to banks	53,986	12,418
G. Current portion of non-current indebtedness	77,329	13,696
H. Other current financial debts	1,232	469
I. Current financial indebtedness (F) + (G) + (H)	132,547	26,583
J. Current financial indebtedness, net (I) - (E) - (D)	80,147	(38,126)
K. Non-current payables to banks	160,445	118,004
L. Bonds issued	-	-
M. Other non-current financial debts	11,246	12,492
N. Non-current financial indebtedness (K) + (L) + (M)	171,691	130,496
O. Net indebtedness (J) + (N)	251,838	92,370
Non-current financial receivables	834	-
Financial indebtedness, net including non-current financial receivables (as per the "Net financial position" included in the director's report on operations)	251,004	92,370

Details of the covenants applying to loans outstanding at period end are as follows:

- syndicated loan of €60 million obtained by the Holding Company Sogefi S.p.A.: the ratio of the consolidated net financial position to consolidated EBITDA has to be less than 3; the ratio of EBITDA to financial expenses net has to be not less than 5;
- loan of €50 million obtained by the Holding Company Sogefi S.p.A.: the ratio of the consolidated net financial position to consolidated EBITDA has to be less than or equal to 3.5;
- loan of €100 million obtained by the Holding Company Sogefi S.p.A.: the ratio of the consolidated net financial position to consolidated EBITDA has to be less than 4.

At June 30, 2008 the Company was in full compliance with these covenants.

The covenants related to the syndicated loan agreed in June 2008 which had not been drawn down at the end of the first half of 2008:

- the ratio of the consolidated net financial position to the consolidated EBITDA has to be less than or equal to 3.5; the ratio of EBITDA to financial expenses net has to be not less than 4.

D) NOTES ON THE MAIN INCOME STATEMENT ITEMS

22. SALES REVENUES

Revenues from the sale of goods and services

During the period, the SOGEFI Group had sales of €556,286 thousand compared with €541,725 thousand the previous year (+2.7%); applying the same average exchange rates of the first half 2007, sales would have amounted to €568,174 thousand (+4.9%).

Revenues from the sale of goods and services are analyzed as follows:

By business segment:

(in thousands of Euro)	<i>1st half 2008</i>		<i>1st half 2007</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Filters	271,307	48.8	278,044	51.3
Suspension components and precision springs	286,166	51.4	264,070	48.7
Intercompany eliminations	(1,187)	(0.2)	(389)	-
TOTAL	556,286	100.0	541,725	100.0

By geographical area of "destination":

(in thousands of Euro)	<i>1st half 2008</i>		<i>1st half 2007</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
France	125,401	22.5	131,778	24.3
Germany	82,210	14.8	68,615	12.7
Great Britain	60,976	11.0	65,420	12.1
Italy	49,789	9.0	55,450	10.2
Spain	38,303	6.9	40,338	7.5
Benelux	34,592	6.2	37,459	6.9
Other European countries	60,279	10.8	54,564	10.1
Mercosur	86,175	15.5	67,123	12.4
United States	10,205	1.8	12,708	2.3
China	3,097	0.6	2,872	0.5
Rest of the World	5,259	0.9	5,398	1.0
TOTAL	556,286	100.0	541,725	100.0

Sales trend by markets show a marked upturn in Mercosur and in Germany, an increase in the other European countries (in particular in Poland, Sweden and Slovenia) and in China and a general decline in the other markets. The reduction of sales in Great Britain was fully due to the negative exchange rate effect.

23. SEASONAL NATURE OF SALES

The type of products sold by group companies and the sectors in which the Group operates mean that sales tend to be fairly linear over the course of the year and, assuming that the scope of consolidation stay the same, they do not have a particularly seasonal nature.

For information purposes, sales per half-year for the last two years were as follows:

(in thousands of Euro)	<i>1st half</i>	<i>2nd half</i>	<i>Total year</i>
FY 2006	532,922	485,657	1,018,579
FY 2007	541,725	530,040	1,071,765

24. VARIABLE COST OF SALES

Details are as follows:

(in thousands of Euro)	<i>1st half 2008</i>	<i>1st half 2007</i>
Materials	255,095	242,119
Direct labour cost	63,867	61,933
Energy costs	16,800	15,588
Sub-contracted work	4,218	4,001
Ancillary materials	9,501	8,905
Variable sales and distribution costs	16,509	18,434
Royalties paid to third parties on sales	2,297	2,261
TOTAL	368,287	353,241

The increase in “Variable cost of sales” was mainly due to “Materials”, as a result of the increase in sales and higher costs of raw materials, and to “Direct labour cost” as a result of both wage rises and a higher average number of employees due to the growth in turnover.

The increase in “Energy costs” reflects the growth of production volumes and the general increase in utility costs.

The reduction in “Variable sales and distribution costs” is explained for € 1,650 thousand by provisions for possible expenses payable to customers in the first half 2007. The reduction reflects also for € 0.7 million the change in the distribution network of the subsidiary Sogefi Filtration S.p.A. with the replacement of agents, paid in commissions, by distributors paid by discounts on product sales and included in “sales revenues line”.

25. MANUFACTURING AND R&D OVERHEADS

(in thousands of Euro)	1st half 2008	1st half 2007
Labour cost	41,024	41,350
Materials, maintenance and repairs	11,301	10,111
Rental and hire charges	2,479	2,518
Personnel services	4,072	3,650
Technical consulting	2,161	2,490
Sub-contracted work	666	635
Insurance	876	921
Utilities	859	830
Capitalization of internal construction costs	(5,755)	(4,739)
Others	1,374	1,417
TOTAL	59,057	59,183

“Manufacturing and R&D overheads” were in line with first half 2007 amounts and reflect the Group’s ability to hold fixed costs stable at a time when sales and the main cost factors have been rising.

The increase in “Materials, maintenance and repairs”, as increased maintenance was needed as a result of the growth in volumes produced, was offset by the increase of “Capitalization of internal construction costs”, namely attributable to subsidiaries Allevard Rejna Autosuspensions S.A. for developing a new management software and to Filtrauto S.A. for developing new products.

26. DEPRECIATION AND AMORTIZATION

Details are as follows:

(in thousands of Euro)	1st half 2008	1st half 2007
Depreciation of tangible fixed assets	18,396	19,505
<i>of which: assets under finance leases</i>	<i>243</i>	<i>313</i>
Amortization of intangible assets	3,924	3,744
TOTAL	22,320	23,249

This item amounted to €22,320 thousand at June 30, 2008, having come down from €23,249 thousand in the same period of the previous year. This decrease was due to the past downsizing of the European production structures with a reduction of the net fixed assets.

Industrial depreciation included in “Depreciation of tangible fixed assets” amounts to €17,664 thousand compared with €18,657 thousand in the same period last year.

Amortization of intangible assets refers principally to development costs capitalized in previous years.

27. DISTRIBUTION AND SALES FIXED EXPENSES

This item is made up of the following main components:

(in thousands of Euro)	1st half 2008	1st half 2007
Labour cost	10,332	10,865
Sub-contracted work	3,181	3,592
Advertising, publicity and promotion	2,021	1,885
Personnel services	1,454	1,338
Rental and hire charges	1,005	802
Consulting	487	554
Others	549	667
TOTAL	19,029	19,703

The total cost amounts to €19,029 thousand at June 30, 2008 having coming down from €19,703 thousand to the corresponding prior year period. This decrease was due mainly to “Labour cost”, for a reduction of employee average number thanks to a rationalization of distribution network and to “Sub-contracted work” for a better management of warehouse external services in the subsidiary Allevard Rejna Autosuspensions S.A. and Sogefi Filtration Ltd.

28. ADMINISTRATIVE AND GENERAL EXPENSES

These are analyzed as follows:

(in thousands of Euro)	1st half 2008	1st half 2007
Labour cost	14,993	13,874
Personnel services	2,180	2,184
Maintenance and repairs	2,267	2,203
Cleaning and security	1,813	1,707
Consulting	2,789	2,139
Utilities	1,585	1,684
Rental and hire charges	1,594	1,799
Insurance	1,511	1,469
<i>Participation des salaries</i>	1,389	1,240
Administrative, financial and tax-related services provided by Parent Company	965	981
Audit fees	605	705
Directors' and statutory auditors' remuneration	439	427
Sub-contracted work	338	348
Others	1,371	(444)
TOTAL	33,839	30,316

“Administrative and general expenses” amounted to €33,839 thousand at June 30, 2008 compared with €30,316 thousand in the first half of last year. The increase in these items is mainly attributable to “Other”, which in the first half 2007 included the positive adjustment deriving from the new rules governing the “Provision for employment termination indemnities” for €2,074 thousand.

The most significant changes in the other components of “Administrative and general expenses” are discussed below.

The growth in “Labour cost” was due to pay rises, a higher average number of employees and a higher cost for bonuses paid by the Holding Company Sogefi S.p.A..

The increase in “Consulting” is mostly attributable to costs for developing the new management software, recorded in “Capitalization of internal construction costs” in “Manufacturing and R&D Overheads” item, of the subsidiaries Allevard Rejna Autosuspension S.A. and Sogefi Filtration S.p.A. and consulting incurred by the subsidiary Filtrauto S.A. for studying technical problems of warranties products to clients. The amount is also penalized by a better classification of the fees paid for services provided by the independent auditors. At present a part of “Audit fees” amount has been moved to “Consulting” line.

29. PERSONNEL COSTS

Personnel

“Personnel costs” can be broken down as follows:

(in thousands of Euro)	1st half 2008	1st half 2007
Wages, salaries and contributions	117,766	116,892
Pension costs: defined benefit plans	1,011	(1,099)
Pension costs: defined contribution plans	971	954
<i>Participation des salaries</i>	1,389	1,240
Imputed cost of stock option plans	255	896
Other costs	948	332
TOTAL	122,340	119,215

The increase in “Personnel costs”, stable as a percentage of sales compared with first half 2007 (22%), is mostly attributable to the non recurring positive income of € 2,074 thousand benefited in the previous period linked to “Employment termination indemnities” legislative changes.

The structure of workforce split by category is shown in the following table:

(Number of employees)	1st half 2008	1st half 2007
Managers	89	89
Clerical staff	1,393	1,407
Blue collar workers	4,834	4,725
TOTAL	6,316	6,221

Personnel benefits

Stock option plans

Sogefi S.p.A. implements and has implemented in previous years stock option plans for managers and project workers of the Company and its subsidiaries that hold important positions of responsibility within the Group. The purpose is to foster greater loyalty to the Company and to provide an incentive that will raise their commitment to improving the Company's performance and value generation in the long-term.

The plan provides participants with the chance to exercise an option to subscribe to newly-issued SOGEFI shares at a set price and within a particular period of time. Under the plan an essential condition for exercising the option is that the person is

still employed by the Company or one of its subsidiaries at the exercise date, except in the case of retirement, permanent invalidity or death.

In compliance with Law 262/05, starting from 2006 stock option plans are first approved by the Shareholders' Meeting.

During the first half 2008 the Board of Directors decided the following plan:

- 2008 stock plan for managers of foreign subsidiaries for a maximum of 875,000 shares (0.75% of share capital at June 30, 2008) with a subscription price of € 2.1045, to be exercised between September 30, 2008 and September 30, 2012.

Except for the plan mentioned above and as reported in the subsequent paragraph on “Phantom stock option plans”, the Company has not carried out any transaction that involves the purchase of goods or services with payments based on shares or any other kind of equity instrument. As a result, it is not necessary to disclose the fair value of such goods or services.

As laid down in IFRS 2, which took effect from January 1, 2005, for the purposes of first-time application of this standard, we have taken into consideration only those plans that were assigned after November 7, 2002; so in addition to those issued in 2008, also those issued in 2003, 2004, 2005, 2006 and 2007 the main characteristics of which are as follows:

- 2003 stock option plan for a maximum of 1,680,000 shares; the plan expired in the first half 2008;
- 2004 stock option plan for a maximum of 1,880,000 shares (1.62% of share capital at June 30, 2008) at a price of €2.64 per share, with a right to exercise them at the end of each four-month period starting on September 30, 2004 and ending on September 30, 2014;
- 2005 stock option plan restricted to the managers of the Company and its subsidiaries for a maximum of 1,930,000 shares (1.66% of share capital at June 30, 2008) with a subscription price of €3.87, to be exercised between September 30, 2005 and September 30, 2015;
- 2005 stock option plan reserved for the Group's project workers for a maximum of 80,000 rights to purchase an equivalent number of SOGEFI ordinary shares. The plan expired in the first half 2008;
- 2005 extraordinary stock option plan reserved for Group employees with over 10 years of service at December 31, 2004 for a maximum of 1,445,000 shares (1.24% of share capital at June 30, 2008) at a subscription price of €4.50 with a right to exercise them from October 1 to December 7, 2008 and from May 1 to July 7, 2009;
- 2006 stock option plan restricted to the managers of the Company and its subsidiaries for a maximum of 1,770,000 shares (1.52% of share capital at June 30, 2008) with a subscription price of €5.87, to be exercised between September 30, 2006 and September 30, 2016;
- 2006 stock option plan reserved for the Group's project workers for a maximum of 80,000 rights to purchase an equivalent number of SOGEFI ordinary shares. The plan expired in the first half 2008;
- 2007 stock option plan reserved for managers of foreign subsidiaries for a maximum of 715,000 shares (0.62% of share capital at June 30, 2008) with a subscription price of €6.96, revised in the first half 2008 at €5.78, to be exercised between September 30, 2007 and September 30, 2017.

During the first half 2008 options were exercised on 1,387,200 ordinary shares relating to the 2003, 2004 and 2005 plans at an average value of € 3.30 each, generating a total amount of €4,580 thousand.

The proceeds generated for the Holding Company were of €4,271 thousand as the options exercised by Group's project workers on stock option plan 2005 have had no share capital increase, but the delivery of treasury shares.

The fair value of the options granted as of June 30, 2008, calculated with the help of a binomial tree model and amounting to € 255 thousand, has been booked to the income statement in the line "Other non-operating expenses (income)", to reflect the imputed cost of this benefit.

The following table shows the total number of options existing with reference to the 2003-2008 plans and their average strike price:

	<i>June 30, 2008</i>		<i>December 31, 2007</i>	
	<i>Number</i>	<i>Average price of the year</i>	<i>Number</i>	<i>Average price of the year</i>
Not exercised/not exercisable at the start of the year	4,835,800	4.82	5,213,600	4.28
Granted during the period	875,000	2.10	715,000	6.96
Cancelled during the period	(163,800)	4.93	(354,600)	4.88
Exercised during the period	(1,387,200)	3.30	(738,200)	3.04
Not exercised/not exercisable at the end of the period	4,159,800	4.56	4,835,800	4.82
Outstanding at the end of the period	1,081,200	5.36	1,726,000	4.21

The line "Not exercised/not exercisable at the end of the period" refers to the total number of options, net of those exercised or cancelled during the current and previous years.

The line "Outstanding at the end of the period" refers to the total number of options vesting at the end of the period and not yet subscribed.

In order to comply with the transitional rules laid down in arts. 44-45 of IFRS 2, the following are the key figures for the plans in existence prior to November 7, 2002 (the standard does not have to be applied to them).

	2000 plan	2002 plan
No. of options	1,170,000	1,560,000
Strike price (Euro)	2.53	2.01
Vesting date	2010	2012
Not exercised at the start of the year	228,000	1,600
Exercised during the period	(228,000)	(1,600)
Cancelled during the period	-	-
Not exercised at the end of the period	-	-
Outstanding at the end of the period	-	-

In the first half 2008 options were exercised on 229,600 ordinary shares relating to the 2000 and 2002 plans at an average value of € 2.53 each, generating € 580 thousand for the Holding Company.

The total amount collected by the Group in the first half 2008 under all stock option plans comes to €4,851 thousand.

Details of the number of options exercisable at June 30, 2008 are given below:

	2003 - 2008 plans	2000 - 2002 plans	Total
Options outstanding at December 31, 2007	1,726,000	229,600	1,955,600
Options vesting during the period	994,400	-	994,400
Options exercised during the period	(1,387,200)	(229,600)	(1,616,800)
Options cancelled during the period	(252,000)	-	(252,000)
Options outstanding at June 30, 2008	1,081,200	-	1,081,200

Phantom stock option plans

Unlike traditional stock option plans, phantom stock options plans do not involve granting any right to subscribe or to purchase a share, but entail paying the beneficiaries a variable cash sum corresponding to the difference between the Sogefi share price in the option exercise period and the Sogefi share price at the time of granting the option.

The principal characteristics of these plans are as follows:

- 2007 phantom stock option plan reserved for the Managing Director, managers and project workers of the Holding Company and for managers of Italian subsidiaries for a maximum of 1,760,000 options at the grant price of €7.0854, revised during the first half 2008 to 5.9054 to be exercised between September 30, 2007 and September 30, 2017;
- 2008 phantom stock option plan reserved for the Managing Director, managers of the Holding Company and for managers of Italian subsidiaries for a maximum of 1,700,000 options at the grant price of €2.1045, to be exercised between September 30, 2008 and September 30, 2018.

Details of the number of phantom stock options as of June 30, 2008 are given below:

	June 30, 2008
Not exercised/not exercisable at the start of the year	1,729,200
Granted during the period	1,700,000
Cancelled during the period	(264,600)
Exercised during the period	-
Not exercised/not exercisable at the end of the period	3,164,600
Outstanding at the end of the period	518,100

The fair value of options granted amounted to € 320 thousand at June 30, 2008 compared with €253 thousand as of December 31, 2007 and has been reported in “Long-term provisions”.

The cost of the first half 2008 amounted to €67 thousand and has been booked in the income statement under “Labour cost”, “Administrative and general consulting” and “Directors' and statutory auditors' remuneration”.

30. RESTRUCTURING COSTS

These amounted to €6,887 thousand (compared with €971 thousand in the first half of the previous year) and relate to reorganization plans already in progress.

“Restructuring costs” comprise the accrual to the “Provision for restructuring” of € 2,990 thousand, net of the unused portion provided in previous years and, for the difference, costs incurred and paid during the year.

31. LOSSES (GAINS) ON DISPOSAL

The gains on disposal amounted to € 133 thousand. As of June 30, 2007 these amounted to € 4,714 thousand and mainly referred to the sale of the property in Nottingham owned by the subsidiary Sogefi Filtration Ltd.

32. EXCHANGE (GAINS) LOSSES

Net exchange losses at June 30, 2008 amounted to €1,108 thousand compared with € 445 thousand of the first half 2007. The worsening was due to the English subsidiaries that were penalized by their debts in Euro after a significant depreciation of the pound sterling against the Euro in the first few weeks of the year.

33. OTHER NON-OPERATING EXPENSES (INCOME)

These amounted to €7,221 thousand (compared with €7,741 thousand in the first half of the previous year) and refer principally to indirect taxes and fiscal charges not directly related to earned income.

The following table shows the main elements:

(in thousands of Euro)	1st half 2008	1st half 2007
Indirect taxes	2,712	2,511
Other fiscal charges	2,849	2,766
Imputed cost of stock options	255	896
Other non-operating expenses (income)	1,405	1,568
TOTAL	7,221	7,741

“Indirect taxes” refer to indirect fiscal charges not directly linked to income generated by operating activity.

“Other fiscal charges” consist of the *taxe professionnelle* paid by the French companies, which is fundamentally a capital tax.

The main components of “Other non-operating expenses (income)” are as follows:

of which non-recurring:

- €386 thousand in costs relating to Allevard Molas do Brasil Ltda for starting the springs line bought in 2007 by the subsidiary Allevard Sogefi U.S.A. Inc.;
- €128 thousand in consulting costs in business development;
- €98 thousand for writedown of fixed assets related to the leaf springs line in Rejna S.p.A..

of which recurring:

- €535 thousand in accruals for legal disputes with employees (Sogefi Filtration S.p.A.) and the tax authorities (Sogefi Filtration do Brasil Ltda);
- €96 thousand of pension costs for employees no longer on the books of Allevard Federn GmbH.

34. FINANCIAL EXPENSES (INCOME), NET

Financial expenses are detailed as follows:

(in thousands of Euro)	1st half 2008	1st half 2007
Interests on amounts due to banks	5,115	3,581
Financial charges under lease contracts	383	495
Financial component of pension funds and termination indemnities	377	424
Costs of interest-rate hedging contracts	-	-
Other interest and commissions	956	1,138
TOTAL FINANCIAL EXPENSES	6,831	5,638

Financial income is detailed as follows:

(in thousands of Euro)	1st half 2008	1st half 2007
Income from interest-rate hedging contracts	150	61
Interests on amounts due from banks	804	824
Other interest and commissions	109	142
TOTAL FINANCIAL INCOME	1,063	1,027
TOTAL FINANCIAL EXPENSES (INCOME), NET	5,768	4,611

Net financial expenses show an increase of €1,157 thousand due to new loans agreed by Sogefi S.p.A. for the extraordinary dividend payment, and to the increase in short-term rates in the Euro zone.

The “Financial component of pension funds and termination indemnities” refers to the financial item included in the actuarial valuation of pension funds and provision for employment termination indemnities.

35. LOSSES (GAINS) FROM EQUITY INVESTMENTS

These include the dividends received from the associated company Allevard Ressorts Composites S.a.S., which amounted to € 127 thousand compared with € 108 thousand as of June 30, 2007. This item also includes €291 thousand booked in the Income Statement for the difference between the purchase cost of 30% of the subsidiary Shanghai Sogefi Filtration Co. Ltd and its net equity value. The amount refers to losses reported in the start up phase.

36. INCOME TAXES

(in thousands of Euro)	1st half 2008	1st half 2007
Current taxes	11,515	11,451
Deferred tax liabilities (assets)	(481)	5,326
TOTAL	11,034	16,777

The decrease in tax rate to 33.7% (in the first half 2008) from 35.6% (in the same period last year) was mainly due to the booking by the Holding Company Sogefi S.p.A. of deferred tax assets on the Mantua building for around €1.2 million, after the reversal of substitute tax paid in 2005 for the revaluation of the building, because the restructuring process has started and the plant will be closed. The reduction is also attributable to the positive effect coming from the reduction of tax rate in Germany (from 40% to 30%).

37. DIVIDENDS PAID

The dividends paid in the first half 2008 (distributing 2007 earnings and a part of reserves as approved at the shareholders' meeting on April 22, 2008) amounted to € 159,527 thousand, or € 1.40 per share of which € 0.22 ordinary and € 1.18 extraordinary.

The Company has not issued any shares other than the ordinary shares and the shares held by the company (treasury shares) do not receive dividends.

Dividends paid in the first half of last year amounted to €22,366 thousand, or €0.20 per ordinary share.

38. EARNINGS PER SHARE (EPS)

Basic EPS

The net profit decrease and the increase in average weighted number of shares outstanding reduced EPS from €0.258 to €0.178.

	June 30, 2008	December 31, 2007
Net profit attributable to the ordinary shareholders (in thousands of Euro)	20,196	28,898
Weighted average number of shares outstanding during the period (thousands)	113,491	111,811
<i>Basic EPS (Euro)</i>	<i>0.178</i>	<i>0.258</i>

Diluted EPS

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

	<i>June 30, 2008</i>	<i>December 31, 2007</i>
Net profit attributable to the ordinary shareholders (in thousands of Euro)	20,196	28,898
Average number of shares outstanding during the period (thousands)	113,491	111,811
Weighted average number of shares potentially under option during the period (thousands)	1,403	1,969
Number of shares that could have been issued at fair value (thousands)	(1,403)	(923)
Adjusted weighted average number of shares outstanding during the period (thousands)	113,491	112,857
<i>Diluted EPS (Euro)</i>	<i>0.178</i>	<i>0.256</i>

The “Weighted average number of shares potentially under option during the period” represents the average numbers of shares that could have been outstanding because of stock options which had vested but were not yet exercised as of the balance sheet date. These shares had a potentially dilutive effect on Basic EPS and are therefore taken into consideration in the calculation of Diluted EPS.

The “Number of shares that could have been issued at fair value” represents the factor of normalization being the number of shares that would have been issued dividing the proceeds that would have been received from subscription of the stock options by the average half-yearly fair value of the Sogefi S.p.A. ordinary shares which in first half 2008 amounted to € 3.7034 whereas in first half 2007 it was € 6.7193.

In first half 2008 average fair value of the Sogefi S.p.A. ordinary shares was lower than the average price of shares potentially under option during the period.

As result the “Number of shares that could have been issued at fair value” is equal to the “Weighted average number of shares potentially under option during the period” and Diluted EPS is the same as Basic EPS.

E) 39. RELATED PARTY TRANSACTIONS

The Group is controlled by CIR S.p.A., the ultimate Parent Company, which at the date of the Shareholders' Meeting (April 22, 2008) held 56.14% of the outstanding shares. Sogefi S.p.A.'s shares are quoted on the Milan Stock Exchange.

The consolidated financial statements include the financial statements of the companies listed in chapter H along with the interests held by the Group.

Dealings between group companies are conducted at arm's length, taking into account the quality and type of services rendered; Sogefi S.p.A., the Holding Company, charges Group companies fees for administrative, financial and management support services, as well as commissions on procurement contracts negotiated at head office. The Holding Company also debits and credits interest at a market spread to those subsidiaries that have signed up for the Group's cash pooling function.

As part of its activity, Sogefi S.p.A. makes use of the services provided by CIR S.p.A., the ultimate Parent Company, in areas such as strategic development, disposals and acquisitions, and services of an administrative, financial, fiscal and corporate nature. This relationship is regulated by contracts at arm's-length conditions and the cost is commensurate to the effective value of such services to the

Sogefi Group in terms of the time devoted to them and the specific economic benefits received as a result.

The amount of services received by Sogefi S.p.A. from CIR S.p.A. was € 965 thousand in the first half 2008 compared with €981 thousand in the first half 2007. At June 30, 2008 the Holding Company Sogefi S.p.A. shows payables to the Parent Company CIR S.p.A. for €965 thousand.

At the same date, the Italian companies of the Sogefi Group had receivables of € 2,314 thousand due from CIR S.p.A. in connection with the Group tax filing system. At December 31, 2007 the receivables amounted to € 3,406 thousand and were collected in the first half 2008.

As part of their normal operating activities, during 2006 the Group's Italian companies bought gas and electricity from the affiliate Sorgenia S.p.A., which is controlled by CIR S.p.A.. The supply contracts with Sorgenia S.p.A. were terminated in 2007 after the Group's Italian companies decided to use other more competitive suppliers. The only balance between the Italian companies and Sorgenia S.p.A. still open at June 30, 2008 refers to a charge of € 27 thousand (€ 12 thousand as of December 31, 2007). The increase in the balance was due to a balancing invoice concerning the year 2006 that was received in the first half 2008.

Apart from those mentioned above, we are not aware of any other related party transactions.

The following tables summarize related party transactions:

(in thousands of Euro)	June 30, 2008	December 31, 2007
Receivables		
- for the Group tax filing from Cir S.p.A.	2,314	3,406
Payables		
- for the Group tax filing to Cir S.p.A.	965	-
- for purchases of energy/gas to Sorgenia S.p.A.	27	12
(in thousands of Euro)	1st half 2008	1st half 2007
Costs		
- for services received from Cir S.p.A.	965	981
- for purchases of energy/gas from Sorgenia S.p.A.	15	12
Compensation of directors and statutory auditors		
- directors	366	351
- statutory auditors	73	76

F) COMMITMENTS AND RISKS

40. OPERATING LEASES

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

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

Operating lease payments are booked to the income statement in line with the underlying contracts.

The Group's main operating lease is a contract made by the US subsidiary Allevard Sogefi U.S.A. Inc. for its plant at Prichard (West Virginia).

The contract expires on October 27, 2018 and the remaining payments amount to USD 4,181 thousand, of which USD 386 thousand due within 12 months.

For this contract Sogefi S.p.A. has provided a guarantee that covers around 50% of the remaining lease payments; this guarantee is renewed each year based on the remaining liability.

There are no restrictions of any kind on this type of lease and at the end of the contract the US company will be able to purchase the building at its market value.

41. INVESTMENT COMMITMENTS

There are no binding commitments for capital expenditure other than those relating to the purchase of property, plant and equipment (€ 4,436 thousand) already disclosed in the notes. At December 31, 2007 the equivalent figure amounted to € 3,591 thousand.

42. GUARANTEES GIVEN

Details of guarantees are as follows:

(in thousands of Euro)	June 30, 2008	December 31, 2007
PERSONAL GUARANTEES GIVEN		
a) Sureties to third parties	2,825	2,744
b) Other personal guarantees in favour of third parties	9,714	9,714
TOTAL PERSONAL GUARANTEES GIVEN	12,539	12,458
REAL GUARANTEES GIVEN		
a) Against liabilities shown in the balance sheet	5,681	5,681
TOTAL REAL GUARANTEES GIVEN	5,681	5,681

The guarantees given in favour of third parties relate to loans received and guarantees given to certain customers and are shown at a value equal to the outstanding commitment at the balance sheet date. These accounts indicate risks, commitments and guarantees provided by Group companies to third parties.

The increase is attributable to a guarantee given to the subsidiary Sogefi Filtration B.V. for a new operating lease.

“Other personal guarantees in favour of third parties” relate to the commitment of LPDN GmbH to the pension fund of the staff belonging to the two business areas at the time it was acquired in 1996; this commitment is covered by the contractual obligations of the seller (a leading German business).

“Real guarantees given” refer to encumbrances or liens granted to banks to obtain loans for the purchase of fixed assets.

43. OTHER RISKS

At June 30, 2008 the Group had third-party goods and materials held at Group companies for €6,337 thousand (€5,937 thousand at December 31, 2007).

44. SUBSEQUENT EVENTS

No significant events have taken place subsequent to June 30, 2008.

G) 45 FINANCIAL INSTRUMENTS

In the first half 2008, the Holding Company Sogefi S.p.A. had the following contracts to hedge its interest rate risk or part of medium/long term loans.

Description of IRS	Date opened	Maturity	Notional	Fixed rate	Fair value
To hedge Sogefi S.p.A. loan € 50 million (09/08/2006 due 09/08/2012, rate: 3-month Euribor + 22.5 bps)	04/24/2008	09/30/2012	10,000	4.1925%	281

Description of IRC	Date opened	Maturity	Notional	Cap/Floor	Fair value
To hedge Sogefi S.p.A. loan € 100 million (09/29/2006 due 09/29/2012, rate: 3-month Euribor + 22.5 bps)	04/24/2008	10/31/2012	10,000	Cap: 4.50% Floor: 3.84%	226

Description of K.IN FORWARD ZERO COST	Date opened	Maturity	Notional	Cap/Floor	Fair value
To hedge Sogefi S.p.A. loan € 100 million (09/29/2006 due 09/29/2012, rate: 3-month Euribor + 22.5 bps)	04/24/2008	10/31/2012	10,000	Cap: 4.50% Floor: 4.20% Knock in European: 3.33%	220

Description of K.IN FORWARD ZERO COST	Date opened	Maturity	Notional	Cap/Floor	Fair value
To hedge Sogefi S.p.A. loan € 100 million (09/29/2006 due 09/29/2012, rate: 3-month Euribor + 22.5 bps)	5/9/2008	10/31/2011	5,000	Cap: 4.40% Floor: 4.10% Knock in European: 3.10%	107

IRS excluded (it provides for payment by the Group of an agreed fixed rate and receipt from the counterparty of the floating rate that is the basis of the underlying loan) the other financial instruments provide for the payment by the Group of interest at a rate which can fluctuate within a defined range (“Cap-Floor” for the IRC and “Cap-Knock in” for K.IN FORWARD). In the instrument K.IN FORWARD ZERO COST if the 3-month Euribor rate goes down “Knock in”, the Group pays the “Floor” rate.

These contracts, made in order to reduce the risk of fluctuations in interest rates, have been treated as hedges and the fair value has been booked in equity.

H) GROUP COMPANIES

46. LIST OF GROUP COMPANIES AT JUNE 30, 2008

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Direct subsidiaries	Currency	Share capital	Number of shares	% held	Par value per share	Par value of interest held
REJNA S.p.A. Settimo Torinese (Turin - Italy)	Euro	5,200,000	7,986,992	99.84	0.65	5,191,544.80
SOGEFI FILTRATION B.V. Weesp (Netherlands)	Euro	1,125,000	2,500	100.00	450	1,125,000
SOGEFI FILTRATION Ltd Llantrisant (Great Britain)	GBP	5,126,737	5,126,737	100.00	1	5,126,737
SOGEFI FILTRATION A.B. Stockholm (Sweden)	SEK	100,000	1,000	100.00	100	100,000
SOGEFI FILTRATION S.A. Oyarzun (Spain) Held by Sogefi S.p.A.: 86.08% Held by Filtrauto S.A.: 13.92%	Euro	12,953,713.60	2,155,360	100.00	6.01	12,953,713.60
FILTRAUTO S.A. Guyancourt (France)	Euro	5,750,000	287,494	99.99	20	5,749,880
ALLEVARD REJNA AUTOSUSPENSIONS S.A. Saint Cloud (France)	Euro	36,000,000	1,999,747	99.987	18	35,995,446
SOGEFI FILTRATION S.p.A. Mantua (Italy)	Euro	21,951,000	21,951,000	100.00	1	21,951,000
ALLEVARD SOGEFI U.S.A. Inc. Prichard (U.S.A.)	USD	20,055,000	191	100.00		20,055,000
SOGEFI FILTRATION d.o.o. Medvode (Slovenia)	Euro	10,291,798		100.00		10,291,798

Indirect subsidiaries	Currency	Share capital	Number of shares	% held	Par value per share	Par value of interest held
FILTRATION DIVISION						
FILTRAUTO GmbH (*) Ludwigsburg (Germany) Held by Sogefi Filtration B.V.	Euro	51,130		100.00		51,130
SOGEFI FILTRATION DO BRASIL Ltda São Bernardo Do Campo (Brazil) Held by Sogefi Filtration S.A.	BRL	29,857,374	29,857,373	99.99	1	29,857,373
FILTRAUTO DO BRASIL Ltda São Paulo (Brazil) Held by Sogefi Filtration do Brasil Ltda: 99% Held by Filtrauto S.A.: 1%	BRL	354,600	354,600	100.00	1	354,600
SOGEFI FILTRATION ARGENTINA S.A. Buenos Aires (Argentina) Held by Sogefi Filtration do Brasil Ltda: 91.90% Held by Filtrauto S.A.: 7.28% Held by Sogefi Filtration S.p.A.: 0.81%	ARP	10,691,607	10,691,605	99.99	1	10,691,605
SHANGHAI SOGEFI FILTRATION Co., Ltd Shanghai (China) Held by Sogefi Filtration S.p.A.	USD	3,600,000	3,600,000	100.00		3,600,000
(*) in liquidation						

Indirect subsidiaries	Currency	Share capital	Number of shares	% held	Par value per share	Par value of interest held
SUSPENSION COMPONENTS DIVISION						
ALLEVARD SPRINGS Ltd Mid Glamorgan (Great Britain) Held by Allevard Rejna Autosuspensions S.A.	GBP	4,000,002	4,000,001	99.99	1	4,000,001
ALLEVARD FEDERN GmbH Volklingen (Germany) Held by Allevard Rejna Autosuspensions S.A.	Euro	50,000		100.00		50,000
ALLEVARD REJNA ARGENTINA S.A. Buenos Aires (Argentina) Held by Allevard Rejna Autosuspensions S.A.	ARP	600,000	599,827	99.97	1	599,827
IBERICA DE SUSPENSIONES S.L. (ISSA) Alsasua (Spain) Held by Allevard Rejna Autosuspensions S.A.	Euro	10,529,668	5,264,834	50.00	1	5,264,834
ALLEVARD MOLAS DO BRASIL Ltda São Paulo (Brazil) Held by Allevard Rejna Autosuspensions S.A.: 99.997% Held by Allevard Springs Ltd: 0.003%	BRL	37,161,683	37,161,683	100.00	1	37,161,683
UNITED SPRINGS Ltd Rochdale (Great Britain) Held by Allevard Rejna Autosuspensions S.A.	GBP	6,500,000	6,500,000	100.00	1	6,500,000
UNITED SPRINGS B.V. Hengelo (Netherlands) Held by Allevard Rejna Autosuspensions S.A.	Euro	254,979	254,979	100.00	1	254,979
SHANGHAI ALLEVARD SPRINGS Co. Ltd Shanghai (China) Held by Allevard Rejna Autosuspensions S.A.	Euro	5,335,308		60.58		3,231,919.16
UNITED SPRINGS S.A.S. Saint Cloud (France) Held by Allevard Rejna Autosuspensions S.A.	Euro	10,218,000	2,043,599	99.99	5	10,217,995
LUHN & PULVERMACHER - DITTMANN & NEUHAUS GmbH Hagen (Germany) Held by Allevard Federn GmbH	Euro	50,000		100.00		50,000

EQUITY INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES

Indirect subsidiaries	Currency	Share capital	Number of shares	% held	Par value per share	Par value of interest held
INTEGRAL S.A. San Luis (Argentina) Held by Filtrauto S.A.: 93.50% Held by Sogefi Filtration Argentina S.A.: 6.50%	ARP	2,515,600	2,515,600	100.00	1	2,515,600
LES NOUVEAUX ATELIERS MECANIKES S.A. (*) Brussels (Belgium) Held by Sogefi SpA: 74.9% Held by Rejna S.p.A.: 25.1%	Euro	2,880,000	120,000	100.00	24	2,880,000
AUTORUBBER S.r.l. Turin (Italy) Held by Rejna S.p.A. (*) being closed down	Euro	50,000		100.00		50,000

EQUITY INVESTMENTS IN ASSOCIATED COMPANIES CARRIED AT EQUITY

	Currency	Share capital	Number of shares	% held	Par value per share	Par value of interest held
ALLEVARD RESSORTS COMPOSITES S.A.S. Serrieres (France) Held by Allevard Rejna Autosuspensions S.A.	Euro	300,000	60,000	50.00	2.50	150,000

EQUITY INVESTMENTS IN ASSOCIATED COMPANIES CARRIED AT COST

	Currency	Share capital	Number of shares	% held	Par value per share	Par value of interest held
MAKKAWI CARS & LORRIES Co. Khartoum (Sudan) Held by Rejna S.p.A.	SDP	900,000	225	25.00	1,000	225,000

EQUITY INVESTMENTS IN OTHER COMPANIES CARRIED AT COST

	Currency	Share capital	Number of shares	% held	Par value per share	Par value of interest held
AFICO FILTERS S.A.E. Cairo (Egypt) Held by Sogefi Filtration S.p.A.	EGP	10,000,000	19,000	19.00	100	1,900,000
BRE-MA S.r.l. Milan (Italy) Held by Sogefi S.p.A.	Euro	30,000	4,500	15.00		4,500

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

BALANCE SHEET
INCOME STATEMENT

BALANCE SHEET
(in thousands of Euro)

ASSETS	Note	June 30, 2008	December 31, 2007
CURRENT ASSETS			
Cash and cash equivalents	3	7,154	3,852
Cash pooling current accounts with subsidiaries	4	22,054	8,445
Other financial assets	5	359	477
Loans to and financial receivables similar to loans from subsidiaries	6	18,359	12,857
WORKING CAPITAL			
Inventories		-	-
Trade receivables	7	3,375	4,821
<i>of which from subsidiaries</i>		2,616	1,725
<i>of which from parent company</i>		740	3,088
Other receivables		282	80
Receivables from tax authorities		125	256
Other current assets	8	873	182
<i>of which with subsidiaries</i>		107	117
TOTAL WORKING CAPITAL		4,655	5,339
TOTAL CURRENT ASSETS		52,581	30,970
NON-CURRENT ASSETS			
FIXED ASSETS			
Investment properties: land	9	12,154	12,154
Investment properties: other	9	14,525	14,525
Other property, plant and equipment		74	81
<i>of which: leasing</i>		-	-
Intangible assets	10	318	228
TOTAL FIXED ASSETS		27,071	26,988
OTHER NON-CURRENT ASSETS			
Equity investments in subsidiaries	11	258,558	260,552
Equity investments in associated companies		-	-
Other financial assets available for sale	12	215	8
Loans and financial receivables similar to loans	13	105,987	100,183
<i>of which to/from subsidiaries</i>		105,153	100,183
<i>of which other long-term assets for derivative financial instruments</i>		834	-
Other receivables		22	3
Deferred tax assets	14	560	536
TOTAL OTHER NON-CURRENT ASSETS		365,342	361,282
TOTAL NON-CURRENT ASSETS		392,413	388,270
TOTAL ASSETS		444,994	419,240

LIABILITIES AND EQUITY	Note	June 30, 2008	December 31, 2007
CURRENT LIABILITIES			
Bank overdrafts and other current loans	15	45,685	3,599
Cash pooling current accounts with subsidiaries	15	39,651	48,790
Current portion of long-term financial debt and other loans	15	64,630	1,276
<i>of which: leasing</i>		-	-
<i>of which: to subsidiaries</i>		-	313
TOTAL SHORT-TERM FINANCIAL DEBTS		149,966	53,625
Other short-term liabilities for derivative financial instruments		-	-
TOTAL BANK OVERDRAFTS, OTHER CURRENT LOANS AND DERIVATIVE FINANCIAL INSTRUMENTS		149,966	53,625
Trade and other payables	16	6,032	3,569
<i>of which to subsidiaries</i>		690	901
<i>of which to parent company</i>		965	-
Tax payables		229	255
Other current liabilities		80	534
TOTAL CURRENT LIABILITIES		156,307	57,983
NON-CURRENT LIABILITIES			
LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS			
Financial debts to banks	15	148,450	101,685
Other long-term financial debts		-	-
<i>of which: leasing</i>		-	-
TOTAL LONG-TERM FINANCIAL DEBTS		148,450	101,685
Other long-term financial liabilities for derivative financial instruments		-	-
TOTAL LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		148,450	101,685
OTHER LONG-TERM LIABILITIES	17		
Long-term provisions		1,114	989
Other payables		-	-
Deferred tax liabilities		959	381
TOTAL OTHER LONG-TERM LIABILITIES		2,073	1,370
TOTAL NON-CURRENT LIABILITIES		150,523	103,055
SHAREHOLDERS' EQUITY	18		
Share capital		60,397	59,595
Reserves and retained earnings (accumulated losses)		42,683	172,573
Net income (loss) for the period		35,084	26,034
TOTAL SHAREHOLDERS' EQUITY		138,164	258,202
TOTAL LIABILITIES AND EQUITY		444,994	419,240

INCOME STATEMENT

(in thousands of Euro)

	Note	1st half 2008	1st half 2007
FINANCIAL INCOME AND EXPENSES	20		
1) Income from equity investments		40,825	34,505
2) Other financial income		4,742	4,057
<i>of which from subsidiaries</i>		3,384	3,282
3) Interest and other financial charges		6,467	4,387
<i>of which from subsidiaries</i>		917	993
TOTAL FINANCIAL INCOME AND EXPENSES		39,100	34,175
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	21		
4) Revaluations		-	-
5) Writedowns		1,994	633
TOTAL ADJUSTMENTS TO FINANCIAL ASSETS		(1,994)	(633)
6) OTHER OPERATING INCOME	22	4,349	4,318
<i>of which from subsidiaries</i>		4,326	4,285
OTHER OPERATING COSTS	23		
7) Non-financial services		2,685	2,710
<i>of which from subsidiaries</i>		297	349
<i>of which from parent company</i>		965	981
8) Leases and rentals		222	222
9) Personnel		2,873	2,400
10) Depreciation, amortization and writedowns		19	19
11) Accruals for contingencies		-	-
12) Other accruals		-	-
13) Other operating expenses		720	607
TOTAL OTHER OPERATING COSTS		6,519	5,958
NON-OPERATING INCOME AND EXPENSES	24		
14) Income		-	-
<i>of which non-recurring:</i>		-	-
15) Expenses		383	1,316
<i>of which non-recurring:</i>		128	-
NON-OPERATING INCOME (LOSS)		(383)	(1,316)
INCOME BEFORE TAXES		34,553	30,586
16) Income taxes	25	(531)	(160)
NET INCOME		35,084	30,746

CASH FLOW STATEMENT

(in thousands of Euro)	<i>1st half 2008</i>	<i>1st half 2007</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	35,084	30,746
Adjustments:		
- writedowns of equity investments	1,994	633
- depreciation and amortization	19	19
- accrued costs for stock options	255	896
- accrued provisions for Phantom Stock Option	62	199
- net adjustment to provision for employment termination indemnities	64	20
- change in net working capital	2,666	1,854
- other assets/liabilities	329	410
CASH FLOWS FROM OPERATING ACTIVITIES	40,473	34,777
of which:		
Interest paid	(271)	185
Dividends collected	22,467	20,924
Current income tax (payments) receipts	3,189	432
INVESTING ACTIVITIES		
of which: acquisition of equity investments	(212)	-
Net change in intangible assets and property, plant and equipment	(101)	(1,845)
Net change in other financial assets	38	-
Sale of equity investments	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	(275)	(1,845)
FINANCING ACTIVITIES		
Paid share capital increase	4,851	1,443
Net purchase of treasury shares	(1,245)	
Dividends paid to shareholders	(159,527)	(22,366)
New (repayment of) loans	110,118	(421)
Net cash pooling position	(22,747)	(11,711)
Loans to subsidiaries	(10,472)	(17,100)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(79,022)	(50,155)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(38,824)	(17,223)
Balance at the beginning of the period	293	(897)
(Decrease) increase in cash and cash equivalents	(38,824)	(17,223)
BALANCE AT THE END OF THE PERIOD	(38,531)	(18,120)

NB: this table shows the elements that bring about the change in cash and cash equivalents, as expressly required by IAS 7. For a greater understanding of the various operating cash flows and hence the changes in the entire net financial position, reference should be made to the cash flow statement included in the Directors' Report.

STATEMENT OF CHANGES IN EQUITY

(in thousands of Euro)	Share capital	Reserves and retained earnings (accumulated losses)	Net profit for the period	Total shareholders' equity
<i>Balance at December 31, 2006</i>	58,826	168,998	22,284	250,108
Increases in share capital restricted to the employees of the Company and its subsidiaries	278	1,165	-	1,443
Appropriation of 2006 net profit:				
- dividends	-	(82)	(22,284)	(22,366)
Fair value measurement of cash flow hedging instruments	-	96	-	96
Tax on items booked directly to equity	-	(34)	-	(34)
Imputed cost of stock options	-	896	-	896
Net profit for the period	-	-	30,746	30,746
<i>Balance at June 30, 2007</i>	59,104	171,039	30,746	260,889

(in thousands of euro)	Share capital	Reserves and retained earnings (accumulated losses)	Net income for the period	Total shareholders' equity
<i>Balance at December 31, 2007</i>	59,595	172,573	26,034	258,202
Increases in share capital restricted to the employees of the Company and its subsidiaries	802	4,049	-	4,851
Appropriation of 2007 net profit:				
- legal reserve	-	300	(300)	-
- dividends	-	(133,793)	(25,734)	(159,527)
Net purchase of treasury shares	-	(1,245)	-	(1,245)
Fair value measurement of cash flow hedging instruments	-	754	-	754
Fair value valuation of financial assets available for sale	-	(3)	-	(3)
Tax on items booked directly to equity	-	(207)	-	(207)
Imputed cost of stock options	-	255	-	255
Net profit for the period	-	-	35,084	35,084
<i>Balance at June 30, 2008</i>	60,397	42,683	35,084	138,164

**EXPLANATORY AND SUPPLEMENTARY NOTES ON THE FINANCIAL STATEMENTS:
CONTENTS**

Chapter	Note no.	DESCRIPTION
<i>A</i>		<i>GENERAL ASPECTS</i>
	1	Form and content of the financial statements
	2	Accounting policies
<i>B</i>		<i>NOTES ON THE MAIN BALANCE SHEET ITEMS</i>
<i>B1</i>		<i>ASSETS</i>
	3	Cash and cash equivalents
	4	Cash pooling current accounts with subsidiaries
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	6	Loans and financial receivables similar to loans with subsidiaries
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	8	Other assets
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	20	Financial profit and expenses
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A) GENERAL ASPECTS

1. FORM AND CONTENT OF THE FINANCIAL STATEMENTS

The interim financial statements for the period January 1 – June 30, 2008 have been prepared in accordance with International Financial Reporting Standards (IAS/IFRS). These interim financial statements and explanatory notes have been prepared according to the recommendations contained in IAS 34 "Interim Financial Reporting".

These interim financial statements provide detailed as opposed to summary schedules in order to provide a more complete overview of the changes that have taken place in the Company's assets and liabilities, financial position and results during the half-year.

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

The Holding Company's income statement has been drawn up, as in previous years, taking account of the instructions contained in Consob Circular no. SOC/RM 94001437 of February 23, 1994.

Comparative figures have been provided in the attached financial statements: as of December 31, 2007 for the balance sheet and for the first half 2007 for the income statement, suitably reclassified.

The interim financial statements as of June 30, 2008 should be read in conjunction with the annual financial statements as of December 31, 2007.

The interim financial statements as of June 30, 2008 were approved by the Board of Directors on July 24, 2008.

2. ACCOUNTING POLICIES

The accounting policies used in preparing the Parent Company's balance sheet and income statement as of June 30, 2008 are the same as those used to prepare the financial statements at December 31, 2007 to which reference should be made for details.

The Company has taken note of and, where applicable, adopted in the first half 2008 the following Standards, Interpretations and Revisions to existing accounting standards:

- *IFRIC11 – IFRS2: Group and Treasury Share Transactions*. This interpretation is not relevant to the Company;

Furthermore, the Company has not opted for early adoption of the following Standards, Interpretations and Revisions to the existing standards ratified by the European Union which will become obligatory in future periods:

- *IFRS8: Operating segments*. This standard will become effective for annual reporting periods beginning on or after January 1, 2009. This standard replaces IAS 14 (Segment Reporting) and introduces a new approach, under which segments have to be identified in the same way as for the purposes of internal reporting to top management. The Company is evaluating the impact of introducing this standard.

B) NOTES ON THE MAIN BALANCE SHEET ITEMS

B1) ASSETS

3. CASH AND CASH EQUIVALENTS

Details are as follows:

<i>(in thousands of Euro)</i>	<i>June 30, 2008</i>	<i>December 31, 2007</i>
Bank deposits	7,135	3,842
Cash and cash equivalents on hand	19	10
TOTAL	7,154	3,852

Short-term bank deposits earn floating-rate interest.

4. CASH POOLING CURRENT ACCOUNTS WITH SUBSIDIARIES

Details are as follows:

<i>(in thousands of Euro)</i>	<i>June 30, 2008</i>	<i>December 31, 2007</i>
Alleward Rejna Autosuspensions S.A.	16	-
Sogefi Filtration S.A.	812	-
Rejna S.p.A.	5,298	1,516
Sogefi Filtration Ltd	7,549	3,681
Alleward Springs Ltd	3,162	3,087
United Springs Ltd	-	161
United Springs B.V.	904	-
Sogefi Filtration B.V.	4,313	-
TOTAL	22,054	8,445

5. OTHER FINANCIAL ASSETS

Details are as follows:

(in thousands of Euro)	June 30, 2008	December 31, 2007
Assets for derivative financial instruments	359	477
<i>of which cash flow hedges</i>	209	288
<i>of which fair value exchange rate hedges</i>	121	127
<i>of which other financial assets</i>	29	62
TOTAL	359	477

“Assets for derivatives financial instruments”, relates to the fair value of forward forex contracts and interest rate swaps maturing in 2008, measured in accordance with IAS 32/39 and IFRS 7.

6. LOANS AND FINANCIAL RECEIVABLES SIMILAR TO LOANS WITH SUBSIDIARIES

These are amounts due from the subsidiaries Allevard Rejna Autosuspensions S.A. and Sogefi Filtration S.A. for dividends approved in the first half 2008 but not received as of June 30, 2008.

Details are as follows:

(in thousands of euro)	June 30, 2008	December 31, 2007
<i>Financial receivables</i>		
Allevard Rejna Autosuspensions S.A.	-	7,422
Allevard Sogefi USA Inc.	-	5,435
<i>Dividends receivable:</i>		
Allevard Rejna Autosuspensions S.A.	17,498	-
Sogefi Filtration S.A.	861	-
TOTAL	18,359	12,857

The decrease in “Financial receivables” compared with December 31, 2007 was due to repayments by Allevard Rejna Autosuspensions S.A. during the half-year and the reclassification of the loan to Allevard Sogefi U.S.A. Inc. as medium/long-term, extending credit terms to meet the subsidiary's requirements.

7. TRADE RECEIVABLES

Details are as follows:

(in thousands of euro)	June 30, 2008	December 31, 2007
Due from subsidiaries	2,616	1,725
Due from parent company	740	3,088
Other trade receivables	19	8
TOTAL	3,375	4,821

8. OTHER ASSETS

This includes, for €635 thousand, a prepayment on renewal of the licence contract with Honeywell International Inc. for use of the FRAM trademark by the Group's filter division. The contract lasts from July 1, 2008 to June 30, 2021 and provides for exclusive use of the trademark in the main markets of Western and Eastern Europe, the former Soviet Union and South America.

9. INVESTMENT PROPERTIES

These are land and buildings held for the purpose of earning rent or capital gains on disposal.

At June 30, 2008 they amounted to €26,679 thousand, the same as at the end of the previous year.

At June 30, 2008 investment properties were not encumbered by any restrictions or commitments.

10. INTANGIBLE ASSETS

Details are as follows:

(in thousands of euro)	2008			TOTAL
	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible assets under construction and payments on account	
Balance at January 1	17	42	169	228
Additions of the period	-	6	92	98
Amortization for the period	(5)	(3)	-	(8)
Balance at June 30:	12	45	261	318
Historical cost	401	86	261	748
Accumulated amortization	(389)	(41)	-	(430)
Net value	12	45	261	318

“Other intangible assets under construction and payments on account” includes €261 thousand in services from consulting firms specializing in business development.

11. EQUITY INVESTMENTS IN SUBSIDIARIES

Changes in equity investments in subsidiaries during the first half 2008 are shown in the following table:

STATEMENT OF CHANGES IN EQUITY INVESTMENTS IN SUBSIDIARIES
DURING THE FIRST HALF 2008

(in thousands of Euro)

	Opening balance			
	12.31.2007			
	Number of shares	Historical cost	Revaluations (Writedowns)	Balance
Subsidiaries				
REJNA S.p.A.	7,986,992	34,770	(2,363)	32,407
SOGEFI FILTRATION S.p.A.	21,951,000	44,602	-	44,602
SOGEFI FILTRATION B.V.	2,500	805	3,871	4,676
SOGEFI FILTRATION Ltd	5,126,737	9,910	28,366	38,276
SOGEFI FILTRATION A.B.	1,000	55	614	669
SOGEFI FILTRATION S.A.	1,855,360	25,168	7,755	32,923
SOGEFI FILTRATION d.o.o.	1	10,704	-	10,704
FILTRAUTO S.A.	287,494	38,258	-	38,258
SOGEFI Inc.	1,000	2,470	(1,954)	516
ALLEVARD REJNA AUTOSUSPENSIONS S.A.	1,999,747	53,906	-	53,906
ALLEVARD SPRINGS USA Inc.	191	15,181	(11,566)	3,615
LES NOUVEAUX ATELIERS MECANIQUES S.A. (*)	89,880	8,131	(8,131)	-
Total subsidiaries		243,960	16,592	260,552

(*) being closed down

1st half 2008						Closing balance 06.30.2008		
	Additions		Disposals		Writedowns	Number of shares	Amount	% ownership
	Number of shares	Amount	Number of shares	Amount	Amount			
Subsidiaries								
REJNA S.p.A.	-	-	-	-	-	7,986,992	32,407	99.84
SOGEFI FILTRATION S.p.A.	-	-	-	-	-	21,951,000	44,602	100.00
SOGEFI FILTRATION B.V.	-	-	-	-	-	2,500	4,676	100.00
SOGEFI FILTRATION Ltd	-	-	-	-	-	5,126,737	38,276	100.00
SOGEFI FILTRATION A.B.	-	-	-	-	-	1,000	669	100.00
SOGEFI FILTRATION S.A.	-	-	-	-	-	1,855,360	32,923	86.08
SOGEFI FILTRATION d.o.o.	-	-	-	-	-	1	10,704	100.00
FILTRAUTO S.A.	-	-	-	-	-	287,494	38,258	99.99
SOGEFI Inc.	-	-	(* 1,000	(* 516	-	-	-	-
ALLEVARD REJNA AUTOSUSPENSIONS S.A.	-	-	-	-	-	1,999,747	53,906	99.987
ALLEVARD SOGEFI USA Inc. (***)	-	(**) 516	-	-	1994	191	2,137	100.00
LES NOUVEAUX ATELIERS MECANIQUES S.A.	-	-	-	-	-	89,880	-	(***)
Total subsidiaries		516		516	1,994		258,558	

- (*) The entity was merged into Allevard Springs U.S.A. Inc. on February 29, 2008
- (**) Increase from the merger of SOGEFI Inc. into Allevard Springs U.S.A. on February 29, 2008
- (***) The entity changed its name from Allevard Springs U.S.A. Inc. to Allevard Sogefi U.S.A. Inc. on March 1, 2008
- (****) Ownership up to 100% through the subsidiary Rejna S.p.A.

On February 29, 2008, as part of a plan to reorganise the Group's investments in the United States, Sogefi Inc. was merged into Allevard Springs U.S.A. Inc., which at the same time changed its name to Allevard Sogefi U.S.A. Inc..

The Company has written down the book value of its investment in Allevard Sogefi U.S.A. Inc. for a total of €1,994 thousand, based on the losses that it incurred during the first half 2008.

12. OTHER FINANCIAL ASSETS AVAILABLE FOR SALE

The balance corresponds to the following amounts:

- €4 thousand for the shares held in Banca Monte dei Paschi Siena S.p.A.;
- €211 thousand for a 15% interest in Iniziative Immobiliari BRE-MA S.r.l., which was set up during the first half 2008.

13. LOANS AND FINANCIAL RECEIVABLES SIMILAR TO LOANS

These are financial receivables due from subsidiaries in the form of interest-bearing loans, as well as the fair value of the new IRS, IRC and K.In Forward Zero Cost contracts taken out during the first half and maturing beyond 2008, as explained in Note 29 below.

Details are as follows:

(in thousands of Euro)	June 30, 2008	December 31, 2007
Allevard Rejna Autosuspensions S.A.	82,200	82,200
Rejna S.p.A.	8,500	8,500
Allevard Sogefi U.S.A. Inc.	6,553	1,583
Sogefi Filtration S.A.	7,900	7,900
Other long-term financial assets for cash flow hedges	834	-
TOTAL	105,987	100,183

14. DEFERRED TAX ASSETS

At June 30, 2008 these amounted to €560 thousand, compared with €536 thousand at the end of the previous year, and relate to benefits expected at the end of the period on deductible temporary differences, to the extent that it is reasonably certain they will be recovered.

The “provision for deferred taxes” reflects the impact of deferred tax liabilities at the end of the period.

B2) LIABILITIES AND EQUITY

15. FINANCIAL DEBTS TO BANKS AND OTHER FINANCING CREDITORS

Details are as follows:

Current portion

(in thousands of Euro)	June 30, 2008	December 31, 2007
Bank overdrafts and other current loans	45,685	3,559
Cash pooling current accounts with subsidiaries	39,651	48,790
Short-term bank loans	-	-
Current portion of long-term financial debts	64,630	1,276
<i>of which: purchase commitments</i>	-	-
<i>of which: from subsidiaries</i>	-	313
Total loans maturing within one year	104,281	50,066
TOTAL SHORT-TERM FINANCIAL DEBTS	149,966	53,625
Other short-term liabilities for derivatives	-	-
TOTAL BANK OVERDRAFTS, OTHER CURRENT LOANS AND DERIVATIVES	149,966	53,625

Non-current portion

(in thousands of Euro)	June 30, 2008	December 31, 2007
Long-term financial debt to banks	148,450	101,685
Other long-term financial debt	-	-
<i>of which: purchase commitments</i>	-	-
TOTAL LONG-TERM FINANCIAL DEBTS	148,450	101,685
Other long-term financial liabilities for derivatives	-	-
TOTAL LONG-TERM FINANCIAL DEBTS AND DERIVATIVES	148,450	101,685

The increase in financial payables is linked to the higher amount of dividends distributed by the Shareholders' Meeting in the first half 2008 for a total of €159,527 thousand (of which € 134,458 thousand was extraordinary), compared with the € 22,366 thousand of dividends distributed in 2007.

Bank overdrafts and other current loans

These include €45 million in temporary drawdowns of credit lines maturing in July.

Cash pooling current accounts with subsidiaries

Details are as follows:

(in thousands of Euro)	June 30, 2008	December 31, 2007
Filtrauto S.A.	9,409	13,912
Sogefi Filtration d.o.o.	1,572	-
Sogefi Filtration S.p.A.	-	8,272
Sogefi Filtration B.V.	-	2,153
Luhn & Pulvermacher-Dittmann & Neuhaus GmbH	15,721	13,738
Alleward Federn GmbH	2,323	2,824
United Springs S.A.S.	1,236	2,431
United Springs B.V.	-	512
Sogefi Filtration Ltd	-	776
Sogefi Filtration S.A.	1,287	403
Alleward Springs Ltd	1,424	2,411
United Springs Ltd	138	467
Alleward Rejna Autosuspensions S.A.	6,541	891
TOTAL	39,651	48,790

Current portion of long-term financial debts

This includes:

- The current portion (€981 thousand) of the loan obtained from Banca Carige S.p.A., discussed below;
- The current portion (€ 2,778 thousand) of the loan obtained from Intesa Sanpaolo S.p.A., discussed below;
- Drawdowns (€60 million) of a loan granted by the Company in December 2003 in the form of a syndicated loan, with BNP Paribas S.A. acting as lead bank, for a duration of five years, at a floating interest rate of Euribor plus a spread of 47.5 basis points. This loan will be repaid and extinguished early at the beginning of August this year using a new syndicated loan for the same amount obtained in June, as explained below;
- Net financial expenses (€871 thousand), accrued on existing loans up to June 30, 2008.

Long term financial debt to banks

This includes:

- € 1,545 thousand that is the long-term portion of the loan for € 7,500 thousand from Banca Carige S.p.A., drawn down for an amount of €4,820 thousand. This loan bears interest at a floating rate based on 6-month Euribor plus a spread of 100 basis points with repayments going from June 30, 2006 to December 31, 2010;
- €99,783 thousand of drawdowns on a loan for €100 million obtained from Banca di Roma S.p.A. in September 2006, repayable in September 2012 with the possibility of a one-year extension, at a floating interest rate with a spread of 22.5 basis points on 3-month Euribor;
- €47,122 thousand of drawdowns on a loan for €50 million obtained from Intesa Sanpaolo S.p.A. in September 2006, repayable in September 2012 with the possibility of a one-year extension, at a floating interest rate with a spread of 22.5 basis points on 3-month Euribor;

In June, the Company arranged for a new syndicated loan, with Ing Bank N.V. and Intesa Sanpaolo S.p.A. acting as lead banks, for a total of €160 million for a period of five years with a floating interest rate based on 3-month Euribor plus a spread of 50 basis points. The Company had not yet used any of this loan as of June 30, 2008.

These loans are not secured against any of the Company's assets. See note 19 for further details on the covenants that apply to existing loans.

16. TRADE AND OTHER CURRENT PAYABLES

Details are as follows:

(in thousands of Euro)	<i>June 30, 2008</i>	<i>December 31, 2007</i>
Due to subsidiaries	690	901
Due to parent company	965	-
Due to suppliers	1,520	1,250
Due to social security institutions	381	461
Due to employees	731	833
Other payables	1,745	124
TOTAL	6,032	3,569

The amount of €965 thousand “due to the parent company” relates to the payable due to CIR S.p.A. for services provided in the first half 2008.

The amount “Due from others” includes:

- €1,275 thousand for a commitment to Iniziative Immobiliari BRE-MA S.r.l. to return the deposit paid by the company for the sale of the building in San Felice del Benaco and the office block in Mantua. The deposit was returned in July as the sale agreement was not finalised before the end of the first half 2008. The fact that the sale did not materialise did not have any impact on the fair value measurement of the buildings concerned.
- €317 thousand for the balance owed to Honeywell International Inc. for the licence contract for use of the Fram trademark, as mentioned above in the note on item 8 “Other assets”.

17. OTHER LONG-TERM LIABILITIES

Long-term provisions

This is analyzed as follows:

(in thousands of Euro)	June 30, 2008	December 31, 2007
Provision for employment termination indemnities	830	766
Provision for phantom stock options	284	223
TOTAL	1,114	989

The provision for phantom stock options refers to the allowance for the fair value of options associated with the new incentive scheme known as Phantom Stock Options reserved for the Company's Managing Director, managers and project workers. The related accrual has been recorded in the income statement under "Non-financial services" and "Personnel costs".

Provision for deferred taxes

At June 30, 2008 this item amounted to € 959 thousand compared with € 381 thousand at December 31, 2007.

This amount relates to the taxes expected to be paid on taxable temporary differences.

18. SHAREHOLDERS' EQUITY

Share capital

Share capital amounted to € 60,397,475.84 at June 30, 2008 and is split into 116,148,992 ordinary shares of par value €0.52 each.

Changes during the half-year were as follows:

- An increase of €3 thousand deriving from the increase in share capital reserved to employees of the Company and its subsidiaries, in execution of Stock Option Plans, subscribed and paid in on December 31, 2007 (7,200 shares). In the 2007 financial statements, this increase was booked to the "Reserve for increases in share capital" as it was officially registered in 2008.
- An increase of € 799 thousand deriving from the increase in share capital reserved to employees of the Company and its subsidiaries, in execution of Stock Option Plans, subscribed and paid in at the end of January, March and May 2008 (1,536,800 shares).

Reserves and retained earnings (accumulated losses)

At June 30, 2008 these amounted to €42,683 thousand, versus €172,573 thousand at the end of the previous year.

The decrease was the result of the Shareholders' resolution of April 22, 2008 to distribute a dividend per share of €1.40 (of which €1.18 as extraordinary dividend) by using part of the distributable portion of net profit for the year (€ 25,734 thousand) with the rest being taken from reserves (€133,793 thousand).

In the first half 2008, “Reserves and retained earnings (accumulated losses)” also fell by € 1,245 thousand following the purchase of 341,000 treasury shares (€ 1,554 thousand) net of the sale of 80,000 treasury shares (€309 thousand) in execution of the 2005 stock option plan reserved for one of the Company's project workers.

The following schedule shows the changes in shareholders' equity that took place in the first half 2007 and 2008:

(in thousands of Euro)	Share capital	Reserves and retained earnings (accumulated losses)	Net income for the period	Total shareholders' equity
<i>Balance at December 31, 2006</i>	58,826	168,998	22,284	250,108
<i>Increases in share capital restricted to the employees of the Company and its subsidiaries</i>	278	1,165	-	1,443
Appropriation of 2006 net income:				
- dividends	-	(82)	(22,284)	(22,366)
Fair value measurement of cash flow hedging instruments	-	96	-	96
Tax on items booked directly to equity	-	(34)	-	(34)
Imputative cost of stock options	-	896	-	896
Net profit for the period	-	-	30,746	30,746
<i>Balance at June 30, 2007</i>	59,104	171,039	30,746	260,889

(in thousands of euro)	Share capital	Reserves and retained earnings (accumulated losses)	Net income for the period	Total shareholders' equity
<i>Balance at December 31, 2007</i>	59,595	172,573	26,034	258,202
<i>Increases in share capital restricted to the employees of the Company and its subsidiaries</i>	802	4,049	-	4,851
Appropriation of 2007 net income:				
- legal reserve	-	300	(300)	-
- dividends	-	(133,793)	(25,734)	(159,527)
Treasury shares purchase	-	(1,245)	-	(1,245)
Fair value measurement of cash flow hedging instruments	-	754	-	754
Fair value valuation of financial assets available for sale	-	(3)	-	(3)
Tax on items booked directly to equity	-	(207)	-	(207)
Imputative cost of stock options	-	255	-	255
Net profit for the period	-	-	35,084	35,084
<i>Balance at June 30, 2008</i>	60,397	42,683	35,084	138,164

19. ANALYSIS OF NET FINANCIAL POSITION

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

(in thousands of Euro)	June 30, 2008	December 31, 2007
A. Cash	19	10
B. Other cash (bank deposits and cash pooling current accounts) <i>of which cash pooling current accounts with subsidiaries</i>	29,189	12,287
	22,054	8,445
C. Other financial assets	359	477
D. Liquid funds (A) +(B)+(C)	29,567	12,774
E. Current financial receivables <i>of which loans to subsidiaries</i>	18,359	12,857
	18,359	12,857
F. Current payables to banks and cash pooling current accounts <i>of which cash pooling current accounts with subsidiaries</i>	85,336	52,349
	39,651	48,790
G. Current portion of non-current indebtedness	64,630	963
H. Other current financial payables <i>of which financial debts to subsidiaries</i>	-	313
	-	313
I. Current financial indebtedness (F)+(G)+(H)	149,966	53,625
J. Current financial indebtedness, net (I)-(E)-(D)	102,040	27,994
K. Non-current payables to banks	148,450	101,685
L. Bonds issued	-	-
M. Other non-current payables	-	-
N. Non-current financial indebtedness (K)+(L)+(M)	148,450	101,685
O. Net financial indebtedness (J)+(N)	250,490	129,679
Non-current loans and financial receivables similar to loans <i>of which loans to subsidiaries</i>	105,987	100,183
	105,153	100,183
Net financial indebtedness, including non-current financial receivables (as per the "Net financial position" presented in the report on operations)	144,503	29,496

Details of the covenants applying to loans outstanding at period end are as follows:

- Syndicated loan of €60 million: ratio of the consolidated net financial position to consolidated EBITDA of not more than 3; ratio of EBITDA and net financial expenses of not less than 5;
- Loan of €50 million from Intesa Sanpaolo S.p.A.: ratio of the consolidated net financial position to consolidated EBITDA of less than or equal to 3.5;
- Loan of €100 million from Banca di Roma S.p.A.: ratio of the consolidated net financial position to consolidated EBITDA of less than 4.

At June 30, 2008 the Company was in full compliance with these covenants.

Covenants on the syndicated loan of €160 million obtained in June 2008, not yet drawn down at the end of the period:

- Ratio of the consolidated net financial position to the consolidated EBITDA of less than or equal to 3.5; ratio of EBITDA to net financial expenses of not less than 4.

C) NOTES ON THE MAIN INCOME STATEMENT ITEMS

20. FINANCIAL PROFIT AND EXPENSES

Income from equity investments

This item is analyzed as follows:

(in thousands of Euro)	1st half 2008	1st half 2007
Dividends from subsidiaries:		
- Sogefi Filtration S.p.A.	-	1,295
- Sogefi Filtration A.B.	495	375
- Sogefi Filtration S.A.	1,722	2,582
- Sogefi Filtration B.V.	2,000	1,800
- Sogefi Filtration d.o.o.	2,000	1,000
- Filtrauto S.A.	11,002	12,000
- Allevard Rejna Autosuspensions S.A.	17,498	10,999
- Sogefi Filtration Ltd	5,109	4,454
- Rejna S.p.A.	998	-
Dividends and provisions from other companies:	1	-
- Banca Monte dei Paschi Siena S.p.A.		
TOTAL	40,825	34,505

The dividends approved in the first half 2008 have all been reflected in the income statement.

Other financial profit

Details are as follows:

(in thousands of Euro)	1st half 2008	1st half 2007
Interest from subsidiaries	3,384	3,282
Interest from banks	156	252
Income from interest-rate hedging contracts	150	61
Exchange gains and income from exchange-rate hedging contracts	1,023	424
Interest grants	29	38
TOTAL	4,742	4,057

Interest and other financial charges

Details are as follows:

<i>(in thousands of euro)</i>	<i>1st half 2008</i>	<i>1st half 2007</i>
Interest expense on syndicated loans	525	527
Interest expense on Banca di Roma S.p.A. loan	1,660	753
Interest expense on Banca Intesa S.p.A. loan	1,254	784
Interest expense on Banca Carige S.p.A. loan	88	95
Interest on financial debt to banks	711	389
Interest on amounts due to subsidiaries	917	993
Interest on other payables (SIMEST)	-	79
Exchange losses and cost of hedging exchange risks	1,096	557
Bank commissions and fees	68	73
Commission on financial transactions	130	121
Other	18	16
TOTAL	6,467	4,387

The increase in interest expense was due to the higher net debt exposure following the distribution of dividends (part ordinary, part extraordinary) in accordance with the Shareholders' resolution of April 22, 2008, and to the increase in interest rates during the period.

21. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS

Writedowns

The Company has provided € 1,994 thousand for the losses incurred by Allevard Sogefi U.S.A. Inc. during the first half 2008.

22. OTHER OPERATING PROFIT

This is analyzed as follows:

(in thousands of Euro)	1st half 2008	1st half 2007
REVENUES FROM THE SALE OF GOODS AND SERVICES		
Business consulting and assistance, commissions on negotiation of procurement contracts, royalties:		
- Filtration Division companies	1,870	1,968
- Suspension Components Division companies	1,646	1,579
Leased and sub-leased premises:		
- Sogefi Filtration S.p.A.	303	298
- Rejna S.p.A.	255	250
OTHER REVENUES AND INCOME		
Other income and cost recoveries from subsidiaries	252	190
Other income	23	33
TOTAL	4,349	4,318

23. OTHER OPERATING COSTS

During the first half 2008, services received included € 965 thousand for administrative, financial, tax-related and corporate services provided by the Parent Company.

The increase in “Other operating costs” mainly affected personnel costs, especially as a result of paying the variable portion of wages and salaries which was higher than the equivalent amount paid at the end of the previous year.

24. NON-OPERATING INCOME AND EXPENSES

This amount includes € 255 thousand in imputed costs for stock option plans as a result of applying IFRS 2. In the case of these stock option plans, the fair value of the option, determined at the time it was granted, is booked as a cost to the income statement over the vesting period of the benefit, with a matching entry going to an equity reserve in the balance sheet.

The Company has also provided €128 thousand for business development consulting costs for projects that are unlikely to materialize.

25. INCOME TAXES

At June 30, 2008 tax assets amounted to €531 thousand compared with €160 thousand at June 30, 2007.

26. OTHER INFORMATION

Sogefi S.p.A. had an average of 28 employees during the first half 2008.

D) 27. RELATED PARTY TRANSACTIONS

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

The impact on the balance sheet and income statement of transactions with subsidiaries is summarized in the following tables:

Balance at June 30, 2008	<i>Balance sheet</i>						
	CURRENT ASSETS				NON-CURRENT ASSETS	CURRENT LIABILITIES	
	Treasury current accounts	Loans and financial receivables	Trade receivables	Other assets	Loans	Treasury current accounts	Trade payables
Sogefi Filtration S.p.A.	812	-	247	-	-	-	5
Sogefi Filtration Ltd	7,549	-	254	-	-	-	1
Sogefi Filtration B.V.	4,313	-	84	-	-	-	1
Sogefi Filtration S.A.	-	861	40	9	7,900	1,287	13
Sogefi Filtration A.B.	-	-	3	-	-	-	-
Filtrauto S.A.	-	-	589	-	-	9,409	205
Sogefi Filtration d.o.o.	-	-	19	-	-	1,572	3
Sogefi Filtration do Brasil Ltda	-	-	36	-	-	-	-
Sogefi Filtration Argentina S.A.	-	-	46	-	-	-	-
Rejna S.p.A.	5,298	-	140	10	8,500	-	139
Luhn & Pulvermacher-Dittmann & Neuhaus GmbH	-	-	96	-	-	15,721	133
Allevard Rejna Autosuspensions S.A.	16	17,498	189	83	82,200	6,541	87
Allevard Federn GmbH	-	-	17	-	-	2,323	59
Allevard Springs Ltd	3,162	-	190	-	-	1,424	27
Allevard Rejna Argentina S.A.	-	-	107	-	-	-	-
Allevard Molas do Brasil Ltda	-	-	43	-	-	-	-
Allevard Sogefi U.S.A. Inc.	-	-	464	5	6,553	-	-
United Springs S.A.S.	-	-	15	-	-	1,236	13
United Springs B.V.	904	-	22	-	-	-	-
United Springs Ltd	-	-	14	-	-	138	4
Shanghai Allevard Springs Co. Ltd.	-	-	1	-	-	-	-
TOTAL	22,054	18,359	2,616	107	105,153	39,651	690

1st half 2008	<i>Income statement</i>					
	Income			Expenses		
	From equity investments	Other financial income	Revenues from the sale of goods and services	Other revenues and income	Interest and other financial charges	Other operating costs
Sogefi Filtration S.p.A.	-	11	581	153	35	1
Sogefi Filtration Ltd	5,109	176	330	14	27	-
Sogefi Filtration A.B.	495	-	5	-	-	-
Sogefi Filtration B.V.	2,000	46	96	-	13	-
Sogefi Filtration S.A.	1,722	236	117	20	13	-
Filtrauto S.A.	11,002	-	770	-	272	114
Sogefi Filtration d.o.o.	2,000	-	55	7	3	-
Sogefi Filtration do Brasil Ltda	-	-	159	-	-	-
Sogefi Filtration Argentina S.A.	-	-	60	-	-	-
Rejna S.p.A.	998	352	456	47	-	139
Luhn & Pulvermacher-Dittmann & Neuhaus GmbH	-	-	348	-	287	-
Allevard Rejna Autosuspensions S.A.	17,498	2,311	588	7	49	43
Allevard Federn GmbH	-	-	58	-	103	-
Allevard Springs Ltd	-	89	100	2	67	-
Allevard Rejna Argentina S.A.	-	-	104	2	-	-
Allevard Molas do Brasil Ltda	-	-	148	-	-	-
Allevard Sogefi U.S.A. Inc.	-	157	-	-	-	-
United Springs S.A.S.	-	-	67	-	38	-
United Springs B.V.	-	5	19	-	4	-
United Springs Ltd	-	1	13	-	6	-
TOTAL	40,824	3,384	4,074	252	917	297

The Company issues guarantees on behalf of subsidiaries for commitments made to third parties, shown below under item E) Commitments and risks.

Sogefi S.p.A. is subject to policy guidance and coordination on the part of its parent company CIR S.p.A.. Details of dealings with the parent company can be found in the following notes:

Note 7. Trade receivables;

Note 16. Trade and other current payables;

Note 23. Other operating costs.

E) COMMITMENTS AND RISKS

28. COMMITMENTS AND RISKS

The most important are as follows:

- Guarantees in favour of subsidiaries for an amount of €10,802 thousand and in favour of third parties for €1,860 thousand;
- Commitments for interest rate hedging contracts stipulated by the Company for a notional value of €55,000 thousand;
- Commitments for forward currency sales of €7,755 thousand.

F) 29. FINANCIAL INSTRUMENTS

During the first half 2008, the Company made the following derivative contracts to hedge the interest rate risk on long-term bank loans.

Description IRS	Opening contract	Expiry contract	Amount	Fixed tax	Fair value
€50 million (09/08/2006 expiry 09/08/2012 rate: Euribor + 22.5 bps)	04/24/2008	09/30/2012	10,000	4.19%	281
Description IRC	Opening contract	Expiry contract	Amount	Cap/Floor	Fair value
€100 million (09/29/2006 expiry: 09/29/2012 rate: Euribor + 22.5 bps)	04/24/2008	10/31/2012	10,000	Cap: 4.50% Floor: 3.84%	226
Description K.in forward zero cost	Opening contract	Expiry contract	Amount	Cap/Floor	Fair value
€100 million (09/29/2006 expiry: 09/29/2012 rate: Euribor + 22.5 bps)	04/24/2008	10/31/2012	10,000	Cap: 4.50% Floor: 4.20% Knock in European: 3.33%	220
€100 million (09/29/2006 expiry: 09/29/2012 rate: Euribor + 22.5 bps)	05/09/2008	10/31/2001	5,000	Cap: 4.40% Floor: 4.10% Knock in European: 3.10%	107

Except for the IRS, which provides for payment by the Company of an agreed fixed rate and receipt from the counterparty of the variable rate of the underlying loan, the other financial instruments provide for payment by the Company of interest at a rate that can fluctuate within a defined range (“Cap-Floor” for the IRC and “Cap”-“Knock in” for the K.in forward). In the K.in forward zero cost instrument, were the 3-month Euribor rate to fall below the “Knock in”, the Company would pay the “Floor” rate.

Given that the purpose of these contracts is to limit the risk of interest rate fluctuations, they have been treated as hedges and the related fair value has been booked to shareholders' equity.

SOGEFI S.p.A.

HEAD OFFICE: VIA U: BARBIERI 2, MANTUA, ITALY

MANTUA COMPANY REGISTER 00607460201

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**OBSERVATIONS OF THE BOARD OF STATUTORY AUDITORS
ON THE REPORT OF THE BOARD OF DIRECTORS ON
GROUP OPERATIONS FOR THE FIRST HALF OF 2008**

We acknowledge that we received the Report on operations during the first half of 2008, approved by the Board of Directors, on July 24, 2008.

The Report has been prepared pursuant to the applicable CONSOB regulations and in accordance with the rules governing company accounts.

We point out that it has been subject to a limited review by PricewaterhouseCoopers S.p.A., who had no comments to make.

We do not have any observations on the Report approved by the Board of Directors.

Mantua, July 24, 2008.

The Board of Statutory Auditors

Angelo Girelli (Chairman)
Franco Caramanti (Auditor)
Riccardo Zingales (Auditor)

**AUDITORS' REPORT ON THE REVIEW OF CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
JUNE 30, 2008**

To the Shareholders of
SOGEFI SpA

- 1 We have reviewed the consolidated condensed interim financial statements of Sogefi SpA and its subsidiaries (Sogefi Group] as of June 30, 2008 and for the six months then ended, comprising the consolidated balance sheet, the consolidated income statement, consolidated statements of changes in shareholders' equity and cash flows and related explanatory notes. Sogefi SpA's Directors are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review .

- 2 Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution no. 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the consolidated condensed interim financial statements and about the consistency of the accounting principles used therein as well as the application of analytical review procedures on the amounts contained in the above mentioned consolidated condensed interim financial statements. The review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express an audit opinion on the consolidated condensed interim financial statements

With regard to the comparative amounts of the prior year's consolidated financial statements and the prior year's consolidated condensed interim financial statements presented in the consolidated condensed interim financial statements, reference should be made to our reports dated March 25, 2008 and July 31, 2007, respectively.

- 3 Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of Sogefi Group have not been prepared, in all material respects, in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Milan, July 31, 2008

PricewaterhouseCoopers SpA

Sergio Pizzarelli
(Partner)

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

**AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED INTERIM
FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2008**

To the Shareholders of
SOGEFI SpA

- 1 We have reviewed the condensed interim financial statements of Sogefi SpA as of 30 June 2008 and for the six months then ended, comprising the balance sheet, the income statement, statements of changes in shareholders' equity and cash flows and related explanatory notes. The Directors of Sogefi SpA are responsible for the preparation of the condensed interim financial statements in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.
- 2 Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution no. 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the condensed interim financial statements and about the consistency of the accounting principles used therein as well as the application of analytical review procedures on the amounts contained in the above mentioned condensed interim financial statements. The review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express an audit opinion on the condensed interim financial statements.

With regard to the comparative amounts of the prior year's financial statements and the prior year's condensed interim financial statements presented in the condensed interim financial statements, reference should be made to our reports dated March 25, 2008 and July 31, 2007, respectively.

- 3 Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements of Sogefi SpA have not been prepared, in all material respects, in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Milan, July 31, 2008

PricewaterhouseCoopers SpA

Sergio Pizzarelli
(Partner)

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