REPORT ON GROUP OPERATIONS
AS OF MARCH 31, 2005

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The present report is a comment and analysis of the economic and financial results of the Group as of March 31, 2005 calculated using the accounting principles IAS/IFRS. The figures of 2004 have been properly reclassified and recalculated to make a correct comparison.

With reference to the document by CONSOB n. 14990 dated April 14, 2005, it has to be specified that such figures have not undergone a complete review, but the audit company has been charged with the check of the methods adopted by both Group's Parent Company and Subsidiaries to individuate the areas involved in the transition process, of the accuracy of criteria applied for the measurement of adjustments to accounting figures for the year 2004 (initial balance sheet, final balance sheet and income statement) to make them compliant with international accounting principles: the results emerging from this activity are encouraging as far as the quality of the transition process carried out by the group are concerned.

As attachment to the present report comes a document, produced also pursuant to the Communication by CONSOB n. DME/5015175 dated March 10, 2005, regarding the impacts of the adoption of the accounting principles IAS/IFRS on net income at the date of transition to such principles and on the income statement of the previous year.

The document illustrates the figures of the 2004 consolidated financial statements of the Sogefi Group, produced in compliance with the IAS/IFRS principles and, at the same time, highlights the most relevant changes from the financial statements obtained following the national accounting principles adopted up to now.

In the first months of 2005 some of the trends that had characterized the previous year were confirmed: increasing steel prices, uncertain performances in the European markets, progressing activity in Latin America and a slow down, after a long period of growth, in the Chinese market.

In the first quarter of 2005 the main aim of the Group was to limit the growing cost of the key raw material and to recover higher costs through the adjustment of selling prices. Negotiations with suppliers and vehicle producers customers of the Group proved again difficult and it was impossible to transfer timely and integrally on selling prices increased costs of materials. By the end of March, anyway, almost all customers accepted adjustments and this allowed an increased profitability, obtained regardless of a negative evolution of demand in the car sector in Europe, where sales of new vehicles were down by 3.3%.

Aftermarket proved sluggish too, while demand in the sectors of lorries, industrial and earth moving vehicles was once again quite good.

In the first quarter of 2005 sales went up by 5.3% from € 240.5 million in the first quarter 2004 to € 253.2 million.

The growth in sales volumes benefited from both the above mentioned increase in sales in Mercosur (+34.3%) and the activity of ALLEVARD SPRINGS U.S.A. Inc., not yet operating at the beginning of 2004. Higher sales volumes by the German subsidiary LPDN GmbH more than compensated the decrease in the area of precision springs and lower sales of truck suspension components to Iveco.

Operating profitability was still at good levels, in spite of a further growth in steel costs (+13% on the values of end 2004), reporting an improvement on the same period of the previous year, when it had been negatively influenced by the start up costs of the American subsidiary ALLEVARD SPRINGS U.S.A. Inc..

With the transition to the new accounting principles IAS/IFRS, it was decided to propose a new structure for the income statement. The previous "industrial full costing" was replaced by "direct costing". In such structure, the item "Operating Income" was maintained, as it is significant to keep information on an "intermediate" result indicating income generated exclusively by current management, substantially coherent with the definition of operating income considered in previous years. Such figure is not in line with the concept of "EBIT" (that is income before interests and taxes), which is net of extraordinary gains and losses.

Consolidated gross operating margin, meaning consolidated operating income plus depreciation and amortization, reached € 34.0 million (13.4% on sales), progressing by 5.8% on € 32.1 million (13.3% on sales) in the same period in 2004.

Consolidated operating income went up by 9.5% to € 22 million (8.7% on sales) from € 20.1 million in the first quarter of 2004 (8.3% on sales).

Consolidated EBITDA (according to new IAS/IFRS principles), meaning income before interests, taxes, depreciation and amortization improved to € 31.1 million (12.3% on sales), a progress of 10.9% on € 28 million (11.7% on sales) in the corresponding period of 2004.

Consolidated EBIT (according to new IAS/IFRS principles), meaning income before interests and taxes, grew by 19.2% to € 19.1 million (7.6% on sales) compared with € 16 million in the same period of the previous year (6.7% on sales).
The results of the first quarter of 2004 had been negatively influenced by costs worth € 1 million due to the corporate restructuring of SIDERGARDA MOLLIFICIO BRESCIANO S.r.l..

Income before taxes and minority interests was of € 16.4 million, improving by € 1.7 million (+11.3%) on the first quarter of 2004, when it stood at € 14.7 million, benefiting from a capital gain of € 1.4 million after the sale of the interest in the real estate company Immobiliare Regis S.r.L..

Consolidated net income for the period stood at € 9.8 million, growing by 23.4% compared with the same quarter of the previous year, when it amounted to € 7.9 million: percentage on sales was 3.9% as against 3.3% in the first quarter of 2004.

Net financial indebtedness as of March 31, 2005 amounted to € 207.4 million, with a slight increase on € 204 million as of December 31, 2004, but lower than € 240.6 million as of March 31, 2004.
The seasonal factor of the activity of the Sogefi Group implies a growth in indebtedness during the first quarter. While at March 31, 2004 net financial indebtedness had augmented by € 13.9 million compared with the end of the previous year, at March 31, 2005 it went up only by € 3.4 million thanks to a better performance of net working capital and lower investments.

Consolidated net shareholders' equity including minority interests as of march 31, 2005 stood at € 234.3 million compared with € 219.7 million at March 31, 2004 and € 224.6 million at December 31, 2004.

As of March 31, 2005 the group had 6,337 employees compared with 6,303 at the end of 2004 and 6,612 as of March 31, 2004.

PERFORMANCE OF THE FILTRATION DIVISION

In the first three months of 2005 the activity in the filtration division was basically stable compared with the corresponding quarter of the previous year, with a contracting European market in the sector of spare parts counterbalanced by growing markets in Latin America (+21.2%).

Consolidated sales for the period amounted to € 127.3 million versus € 128.4 million in the first quarter of 2004.

Consolidated gross operating margin was of € 16.7 million (13.1% on sales), compared with € 17.4 million (13.5% on sales) in the corresponding period of 2004.

Consolidated operating income amounted to € 12.1 million (9.5% on sales) against € 11.8 million in the first three months of 2004 (9.2% on sales).

Consolidated EBITDA, income before interests, taxes, depreciation and amortization, was of € 15.3 million (12.1% on sales), compared with € 15.7 million (12.2% on sales) in the corresponding period of 2004.

Consolidated EBIT, that is income before interests and taxes, grew to € 10.7 million (8.4% on sales) from € 10.1 million (7.9% on sales) in the corresponding period of the previous year.

During the quarter the corporate restructuring activity was concluded with the following operations:

- the investment in Sogefi Filtration S.p.A. (Italy) was sold by Filtrauto S.A. (France) to Sogefi S.p.A.;

– the loan of € 19.6 million issued in 2004 by Sogefi S.p.A. to Sogefi Filtration S.p.A. was converted into equity.

PERFORMANCE OF THE SUSPENSION COMPONENTS AND PRECISION SPRINGS DIVISION

Increased prices, sales volume growth in South America and a good performance in the sales of the product *"stabilink"* for industrial vehicles allowed the division to increase by 12.3% its **consolidated sales**, that amounted to € 125.9 million compared with € 112.1 in the same quarter of the previous year.

The difficulty in passing higher costs on selling prices, in particular for precision springs, did not prevent profitability from progressing.

Consolidated gross operating margin, that is consolidated operating income plus amortizations, was € 17.6 million (14.0% on sales), compared with € 15.9 million (14.2% on sales) in the same period of 2004.

Consolidated operating income improved (+ 7.7%) to € 10.4 million (8.3% on sales) from € 9.6 million in the first quarter of 2004 (8.6% on sales).

Consolidated EBITDA, meaning income before interests, taxes, depreciation and amortization, was of € 16.4 million (13.0 % on sales), reporting a growth of 19.8% on € 13.7 million (12.2% on sales) in the corresponding period of 2004.

Consolidated EBIT, that is income before interests and taxes, amounted to € 9.2 million (7.3% on sales) versus € 7.4 million (6.6% on sales) in the same period of the previous year.

PERFORMANCE OF PARENT COMPANY SOGEFI S.P.A.

In the quarter Sogefi S.p.A. reported a net income of € 5.1 million, basically in line with the results for the same period in 2004. Returns on higher dividends from the German subsidiary LPDN GmbH and higher returns from services provided to Group's subsidiaries equalled on the whole the above mentioned capital gain recorded in 2004 due to the disposal of the equity investment in the company Immobiliare Regis S.r.l..

OUTLOOK

The persisting inflation in the steel market along with an uncertain evolution of car production volumes makes it difficult by now to forecast significant profitability progress for the whole year.

ACCOUNTING SCHEDULES

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE FIRST THREE MONTHS OF THE YEAR

(in thousands of Euros)	Period 01.01 - 31.03.2005		Period 01.01- 31.03.2004		Change	
	Amount	%	Amount	%	Amount	%
Sales revenues	253,167	100.0	240,468	100.0	12,699	5.3
Variable costs of sales	164,324	64.9	150,806	62.7	13,518	9.0
CONTRIBUTION MARGIN	88,843	35.1	89,662	37.3	(819)	(0.9)
Manufacturing and R&D overheads	29,446	11.6	30,672	12.8	(1,226)	(4.0)
Depreciation and amortization	11,968	4.7	11,998	5.0	(30)	(0.3)
Distribution, marketing and sales fixed expenses	9,713	3.8	10,512	4.4	(799)	(7.6)
Administrative and general expenses	15,725	6.3	16,396	6.8	(671)	(4.1)
OPERATING INCOME	21,991	8.7	20,084	8.3	1,907	9.5
Restructuring costs	210	0.1	1,256	0.4	(1,046)	(83.3)
Losses (gains) on disposal	(6)	-	(58)	-	52	89.7
(Gains) losses on exchange differences	(429)	(0.2)	380	0.2	(809)	(212.9)
Other non operating expenses (income)	3,098	1.2	2,473	1.0	625	25.3
EBIT	19,118	7.6	16,033	6.7	3,085	19.2
Financial expenses (income)	2,787	1.1	2,938	1.2	(151)	(5.1)
Losses (gains) from equity investments	(45)	-	(1,615)	(0.6)	1,570	97.2
INCOME BEFORE TAXES AND MINORITY INTERESTS	16,376	6.5	14,710	6.1	1,666	11.3
Income taxes	6,215	2.5	6,019	2.5	196	3.3
INCOME BEFORE MINORITY INTERESTS	10,161	4.0	8,691	3.6	1,470	16.9
Loss (income) attributable to minority interests	(358)	(0.1)	(745)	(0.3)	387	51.9
NET INCOME FOR THE PERIOD	9,803	3.9	7,946	3.3	1,857	23.4

NET FINANCIAL POSITION

(in thousands of Euros)	Situation as of 31.03.2005	Situation as of 31.12.2004	Situation as of 31.03.2004
Cash, banks, financial receivables and marketable securities	56,670	57,035	42,088
Medium and long term financial lending	-	30	38
Short term borrowings (*)	(100,595)	(105,895)	(53,775)
Medium and long term financial debt	(163,524)	(155,204)	(228,912)
NET FINANCIAL INDEBTEDNESS	(207,449)	(204,034)	(240,561)

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

COMMENTS ON ACCOUNTING SCHEDULES

As anticipated, the Sogefi Group has adopted the accounting principles IAS/IFRS starting from the first quarterly interim report of 2005.

The Sogefi Group, pursuant to the possibility given by the Consultation Document issued by CONSOB on February 17, 2005 has decided to postpone the adoption of IAS 34 as regards notes to support and comment the results of the period. Thus, the information structure used in the present quarterly interim report is in line with the one adopted previously, while a set of notes more compliant with the above mentioned principle will be prepared for next quarterly closing, pursuant to the provisions issued by dedicated bodies.

Changes in the Group share of shareholders' equity and in total shareholders' equity in the first quarter of 2005 were as follows:

(in thousands of Euros)	Consolidated shareholders' equity- Group	Capital and reserves pertaining to minority interests	Total Group and minority shareholders' equity
Balance as of December 31, 2004	210,367	14,196	224,563
Increase in share capital	1,057	-	1,057
Effect of translating foreign currency financial statements and other changes	(1,548)	80	(1,468)
Group net income for the period	9,803	358	10,161
Balance as of March 31, 2005	219,679	14,634	234,313

Sales amounted to € 253.2 million compared with 240.5 millions in the same period of 2004.

Revenues breakdown by business sector is as follows:

(in millions of Euros)	First Quarter 2005		First Quarter 2004		Change
	Amount	%	Amount	%	%
Filters	127.3	50.3	128.4	53.4	(0.9)
Suspension components	116.7	46.1	102.4	42.6	13.9
Other	9.2	3.6	9.7	4.0	(4.6)
TOTAL	253.2	100.0	240.5	100.0	5.3

Sales breakdown by geographical area is detailed in the following chart:

(in millions of Euros)	First Quarter 2005		First Quarter 2004		Change
	Amount	%	Amount	%	%
France	73.1	28.9	72.0	29.9	1.6
Italy	32.8	12.9	30.5	12.7	7.4
Great Britain	31.2	12.4	31.6	13.1	(1.1)
Germany	29.9	11.8	33.0	13.7	(9.3)
Spain	16.0	6.3	17.3	7.2	(7.9)
Other European Countries	36.2	14.3	33.4	13.9	8.4
Mercosur	23.3	9.2	16.8	7.0	38.4
China	7.9	3.1	3.0	1.3	160.2
Rest of the world	0.8	0.3	0.6	0.2	34.1
TOTAL	2.0	0.8	2.3	1.0	(11.9)
	253.2	100.0	240.5	100.0	5.3

At March 31, 2005 the Group employed 6,337 people compared with 6,303 at December 31, 2004 and 6,612 at March 31, 2004, distributed as follows:

	Situation at 31.03.2005	Situation at 31.12.2004	Situation at 31.03.2004
Managers	98	98	103
Clerical staff	1,455	1,460	1,543
Blue collar workers	4,784	4,745	4,966
TOTAL	6,337	6,303	6,612

Mantua, April 19, 2005

THE BOARD OF DIRECTORS