

**REPORT ON OPERATIONS
IN THE NINE MONTHS TO SEPTEMBER 30, 2007
AND IN THE THIRD QUARTER OF THE YEAR**



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 59,146,563.84
MANTUA COMPANY REGISTER AND TAX CODE 00607460201
COMPANY SUBJECT TO POLICY GUIDANCE AND COORDINATION ON THE PART OF CIR S.p.A.
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**REPORT OF THE BOARD OF DIRECTORS
ON GROUP OPERATIONS IN THE NINE MONTHS
TO SEPTEMBER 30, 2007 AND IN THE THIRD QUARTER OF THE YEAR**

The slight growth in the Group's business reported in the first six months of the year turned to a stronger growth in the July/September quarter.

Sales by both the Group's divisions benefited from excellent performance in South America, a higher market share in the OEM sector and a recovery in demand in the industrial vehicles segment.

Progress was moderate on the Group's main market, namely Europe, with an increase of 0.8% in new vehicle registrations in the first nine months of 2007 compared with the same period in 2006, while vehicle production in Latin America increased by 22.6%. Sales to the Group's top four customers reported the following trends: a decrease for Renault, which has become the number one customer in place of PSA, whose sales were largely stable. Sales increased for both Fiat and Ford Europe, which has become Sogefi's number two customer.

Consolidated sales in the first nine months of 2007 amounted to € 797.4 million, 4.2% up on the same period of 2006. All the principal markets reported a growth in sales revenues; +2.1% in Europe, +17.3% in Mercosur, +2.9% in North America and +62.9% in China.

The Group's operating profitability benefited from the partial transfer of higher steel costs to selling prices in the Suspension Components Division.

Consolidated operating income improved by 5.5% to € 84.4 million (10.6% of sales) compared with € 80 million (10.4% of sales) in the first nine months of 2006.

Consolidated operating income had benefited from a € 2.3 million insurance reimbursement in 2006.

EBIT (earnings before interest and tax) was affected by € 4.6 million in non-recurring expenses for work on two acquisition projects that failed to materialize.

During the period € 2.6 million was written back to the value of the shock absorber springs production line, written down in 2006 because not fully utilised by the US subsidiary ASUSA and which, after being sold to the subsidiary Allevard Molas do Brasil, is now expected to return to normal utilisation of its production capacity.

Consolidated EBIT was € 73.5 million, 8.2% up on € 68 million last year, which is 9.2% of sales

compared with 8.9% in 2006.

Consolidated EBITDA (earnings before interest, taxes, depreciation and amortization) came to € 106.8 million (13.4% of sales), compared with € 102.8 million (13.4% of sales) in the same period of 2006.

Income before taxes and minority interests amounted to € 66.7 million, 7.3% up on € 62.1 million in the first nine months of 2006.

Consolidated net income improved by 6.5% to € 41.9 million (5.3% of sales) compared with € 39.3 million (5.1% of sales) in 2006.

Total shareholders' equity, including minority interests, also improved to € 318.2 million at September 30, 2007 from € 284 million at September 30, 2006 and from € 295.7 million at the end of last year.

The **Group share of consolidated shareholders' equity** at September 30, 2007 was € 303.3 million, compared with € 268.5 million at September 30, 2006 and € 279.6 million at December 31, 2006.

Strong cash flows helped reduce the Group's **net indebtedness** to € 102.8 million at September 30, 2007, a decrease of 28.7% on the figure of € 144.1 million reported at September 30, 2006 and of 18.6% relative to € 126.3 million at the end of 2006.

The growth in business has involved increasing the workforce, whose numbers rose to 6,250 from 6,148 at September 30, 2006 and from 6,168 at December 31, 2006.

PERFORMANCE OF THE FILTRATION DIVISION

The Division increased its sales revenues both in Europe (+2.3%) and in South America (+14.1%), mainly thanks to demand on the original equipment market. Sales to the aftermarket showed some marginal improvement, both in the original equipment spares segment and in the independent segment.

Consolidated sales amounted to € 409.8 million, reporting an improvement of 4.4% on the figure of € 392.4 million in the corresponding period of 2006.

Consolidated operating income improved by 1.5% to € 43.2 million (10.5% of sales) from € 42.5 million (10.8% of sales) in the corresponding period of last year.

Consolidated EBITDA came to € 57.1 million, a 8.1% improvement on the first nine months of the previous year, when it was € 52.8 million (13.5% of sales).

Consolidated EBIT amounted to € 43.4 million (10.6% of sales) compared with € 39.1 million (10% of sales) in the same period of 2006.

The Group has won an important contract from Ford for diesel filtration systems. This is the first order for the North American market with sales revenues due to reach a peak of over USD 25 million in 2010.

The reorganization of the business in Spain continued with a progressive downsizing of production at the site in Oyartzun.

PERFORMANCE OF THE SUSPENSION COMPONENTS AND PRECISION SPRINGS DIVISION

The Division's sales revenues grew significantly in the third quarter thanks to higher sales volumes and the price increases mentioned earlier, jumping by 14.3% on the third quarter of 2006 and by 4.1% in the first nine months of 2007 relative to the same period in 2006.

The growth in business in the first nine months came primarily from the markets in South America (+21.7%) and China (+36.4%), while progress was more modest in both Europe (+1.8%) and North America (+1.8%).

The Division's **consolidated sales** in the first nine months of 2007 came to € 388.3 million, 4.1% up on € 373.1 million in the same period of 2006.

The increase in sales revenues was principally achieved by the more profitable companies (those in South America and LP-DN), allowing operating income to improve by 10.8%. **Consolidated operating income** came to € 43.7 million (11.2% of sales) compared with € 39.4 million (10.6% of sales) in the same period of 2006, which had benefited from the insurance reimbursement mentioned earlier.

Consolidated EBITDA also improved, increasing by 11% to € 57.5 million (14.8% of sales), compared with € 51.8 million (13.9% of sales) in the same period of 2006.

Consolidated EBIT improved by 22.7% to € 38.3 million (9.9% of sales) compared with € 31.3 million (8.4% of sales) in 2006.

The controlling interest in ASUSA was raised to 100% in July after Sogefi S.p.A. bought 10.47% of its share capital from SIMEST SpA.

As already mentioned, during the period the US operating company sold the shock absorber springs line to the Brazilian operating company.

PERFORMANCE OF THE PARENT COMPANY

In the first nine months of 2007, Sogefi SpA made net income of € 27.2 million, compared with € 22.7 million in the same period last year and € 30.6 million in the first half of 2007. The third-quarter loss is entirely due to € 4.2 million in costs incurred for acquisition projects that failed to be brought to term.

PERFORMANCE IN THE THIRD QUARTER OF 2007

The third quarter saw a 9.9% increase in sales compared with the same period of the previous year. **Consolidated sales** amounted to € 255.6 million compared with € 232.5 million in the third quarter of 2006. The Suspension Components Division reported the higher increase, with sales rising from € 108.7 million to € 124.2 million, while sales in the Filtration Division increased by 6.3% to € 131.7 million from € 123.9 million in the third quarter of 2006.

Consolidated operating income amounted to € 28.3 million compared with € 25.4 million in the same period of 2006, allowing ROS to improve from 10.9% to 11.1%. The growth is attributable to the Suspension Components Division which earned operating income of € 15.5 million (12.4% of sales) compared with € 11.9 million in 2006 (11% of sales), while the Filtration Division reported € 13.6 million (10.4% of sales), slightly down on € 13.9 million (11.2% of sales) in the third quarter of 2006.

Consolidated EBITDA came to € 32.1 million (12.6% of sales), compared with € 32.6 million (14% of sales) in the third quarter of 2006. The EBITDA of the Suspension Components Division went from € 16 million to € 20.7 million; that of the Filtration Division from € 16.5 million to € 16 million. The overall decrease at group level was therefore almost entirely attributable to the parent company Sogefi SpA.

There was a similar trend in **consolidated EBIT**, which amounted to € 22 million, marginally down on € 22.3 million in the third quarter of 2006, while worsening as a percentage of sales from 9.6% to 8.6%.

However, third-quarter **consolidated net income** was better at € 13 million, up from € 11.9 million in 2006, while staying the same as a percentage of sales (5.1%) as in the third quarter of last year.

Net indebtedness came down considerably during the quarter by € 18.5 million (- 15.2%).

OUTLOOK FOR THE REST OF THE YEAR

The last quarter of the year should also benefit from the positive trend in business, with the cost of the principal factors of production remaining generally stable.

It is therefore possible to forecast that full-year operating profit will be in line with that reported in the first nine months and that net income will not be lower than in 2006 despite the reorganization costs being incurred in the last quarter of the year.

CONSOLIDATED BALANCE SHEET

(in millions of euro)

ASSETS	09.30.2007	12.31.2006
CURRENT ASSETS		
Cash and cash equivalents	62.0	51.5
Securities and financial assets held for trading	2.0	0.2
Current portion of long-term financial assets	-	-
<i>Working capital</i>		
Inventories	124.0	111.7
Trade receivables	225.4	227.0
Other receivables	4.6	6.0
Tax receivables	8.9	10.9
Other assets	3.9	2.4
TOTAL WORKING CAPITAL	366.8	358.0
TOTAL CURRENT ASSETS	430.8	409.7
NON-CURRENT ASSETS		
Fixed assets		
Land	15.7	15.6
Property, plant and equipment	220.5	229.3
Other tangible fixed assets	4.3	4.5
<i>Of which leases</i>	<i>11.0</i>	<i>18.3</i>
Intangible assets	117.5	117.4
TOTAL FIXED ASSETS	358.0	366.8
OTHER NON-CURRENT ASSETS		
Equity investments in associated companies	0.1	0.1
Other financial assets available for sale	0.4	0.4
Long term trade receivables	-	-
Financial receivables	0.4	0.3
Other receivables	3.6	5.3
Deferred tax assets	22.7	26.8
TOTAL OTHER NON-CURRENT ASSETS	27.2	32.9
TOTAL NON-CURRENT ASSETS	385.2	399.7
NON-CURRENT ASSETS HELD FOR SALE	0.9	2.6
TOTAL ASSETS	816.9	812.0

LIABILITIES	09.30.2007	12.31.2006
CURRENT LIABILITIES		
Bank overdrafts	21.6	13.3
Current portion of medium/long-term financial debts and other loans	11.9	18.6
<i>Of which leases</i>	0.8	1.2
TOTAL SHORT-TERM FINANCIAL DEBTS	33.5	31.9
Other short term liabilities for <i>cash flow hedge</i>	-	-
TOTAL SHORT-TERM FINANCIAL DEBT AND CASH FLOW HEDGES	33.5	31.9
Trade and other payables	232.1	234.5
Tax payables	10.9	8.2
Other current liabilities	3.2	2.4
TOTAL CURRENT LIABILITIES	279.7	277.0
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBT AND CASH FLOW HEDGES		
Financial debts to bank	122.4	128.4
Other medium/long-term financial debts	11.4	18.0
<i>Of which leases</i>	8.2	15.3
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	133.8	146.4
Other medium/long-term liabilities for <i>cash flow hedge</i>	-	-
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND CASH FLOW HEDGES	133.8	146.4
OTHER LONG TERM LIABILITIES		
Long-term provisions	58.5	68.4
Other payables	-	-
Deferred taxation	26.7	24.5
TOTAL OTHER LONG-TERM LIABILITIES	85.2	92.9
TOTAL NON-CURRENT LIABILITIES	219.0	239.3
SHAREHOLDERS' EQUITY		
Share capital	59.1	58.8
Reserves and retained earnings (accumulated losses)	202.3	170.0
Group net profit (losses) for the period	41.9	50.8
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	303.3	279.6
Minority interests	14.9	16.1
TOTAL SHAREHOLDERS' EQUITY	318.2	295.7
TOTAL LIABILITIES AND EQUITY	816.9	812.0

CONSOLIDATED INCOME STATEMENT FROM 1.1.2007 TO 09.30.2007

(in millions of euro)

	Period		Period		Variation	
	01.1 – 09.30.2007		01.1 – 09.30.2006			
	Amount	%	Amount	%	Amount	%
Sales revenues	797.4	100.0	765.5	100.0	31.9	4.2
Variable cost of sales	518.9	65.1	488.3	63.8	30.6	6.3
CONTRIBUTION MARGIN	278.5	34.9	277.2	36.2	1.3	0.5
Manufacturing and R&D overheads	86.9	10.9	87.3	11.4	(0.4)	(0.5)
Depreciation and amortization	33.3	4.2	34.8	4.5	(1.5)	(4.3)
Distribution and sales fixed expenses	28.9	3.6	28.5	3.7	0.4	1.2
Administrative and general expenses	45.0	5.6	46.6	6.2	(1.6)	(3.3)
OPERATING INCOME	84.4	10.6	80.0	10.4	4.4	5.5
Restructuring costs	1.7	0.2	3.3	0.4	(1.6)	(49.6)
Losses (gains) on disposal	(4.7)	(0.6)	(3.8)	(0.5)	(0.9)	(24.5)
Exchange (gains) losses	0.7	0.1	0.6	0.1	0.1	32.5
Other non-operating expenses (income)	13.2	1.7	11.9	1.5	1.3	10.2
EBIT	73.5	9.2	68.0	8.9	5.5	8.2
Financial expenses (income), net	6.9	0.8	7.7	1.0	(0.8)	(8.8)
Losses (gains) from equity investments	(0.1)	-	(1.8)	(0.2)	1.7	93.9
PROFIT BEFORE TAXES AND MINORITY INTERESTS	66.7	8.4	62.1	8.1	4.6	7.3
Income taxes	22.7	2.9	20.9	2.7	1.8	9.0
NET PROFIT BEFORE MINORITY INTERESTS	44.0	5.5	41.2	5.4	2.8	6.5
Losses (income) attributable to minority interests	(2.1)	(0.2)	(1.9)	(0.3)	(0.2)	(6.6)
GROUP NET PROFIT	41.9	5.3	39.3	5.1	2.6	6.5

SOGEFI GROUP NET FINANCIAL POSITION

(in millions of euro)

	Position as at 09.30.2007	Position as at 12.31.2006	Position as at 09.30.2006
A. Cash	62.0	51.5	65.8
B. Other cash at bank and on hand (details)	-	-	-
C. Financial instruments held for trading	2.0	0.2	0.2
D. Liquid funds (A) + (B) + (C)	64.0	51.7	66.0
E. Current financial receivables	-	-	-
F. Current payables to banks	(21.5)	(13.3)	(4.2)
G. Current portion of non-current indebtedness	(11.9)	(18.6)	(110.8)
H. Other current financial payables	-	-	-
I. Current financial indebtedness (F) + (G) + (H)	(33.4)	(31.9)	(115.0)
J. Current financial net indebtedness (I) + (E) + (D)	30.6	19.8	(49.0)
K. Non-current payables to banks	(122.4)	(128.4)	(75.4)
L. Bond issued	-	-	-
M. Other non-current payables	(11.4)	(18.0)	(19.7)
N. Non-current financial indebtedness (K) + (L) + (M)	(133.8)	(146.4)	(95.1)
O. Net indebtedness (J) + (N)	(103.2)	(126.6)	(144.1)
P. Long term financial receivables	0.4	0.3	-
Financial indebtedness, net including non-current financial receivables	(102.8)	(126.3)	(144.1)

CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER OF 2007

(in millions of euro)

	Period 07.1 – 09.30.2007		Period 07.1 – 09.30.2006		Variation	
	Amount	%	Amount	%	Amount	%
Sales revenues	255.6	100.0	232.5	100.0	23.1	9.9
Variable cost of sales	165.6	64.8	146.8	63.2	18.8	12.7
CONTRIBUTION MARGIN	90.0	35.2	85.7	36.8	4.3	5.1
Manufacturing and R&D overheads	27.7	10.9	26.8	11.5	0.9	3.4
Depreciation and amortization	10.1	3.9	10.3	4.4	(0.2)	(2.0)
Distribution and sales fixed expenses	9.2	3.6	8.8	3.8	0.4	4.1
Administrative and general expenses	14.7	5.7	14.4	6.2	0.3	2.6
OPERATING INCOME	28.3	11.1	25.4	10.9	2.9	11.7
Restructuring costs	0.7	0.3	0.2	0.1	0.5	191.4
Losses (gains) on disposal	-	-	-	-	-	-
Exchange (gains) losses	0.3	0.1	0.2	0.1	0.1	89.2
Other non-operating expenses (income)	5.3	2.1	2.7	1.1	2.6	95.0
EBIT	22.0	8.6	22.3	9.6	(0.3)	(1.2)
Financial expenses (income), net	2.4	0.9	2.5	1.1	(0.1)	(6.2)
Losses (gains) from equity investments	-	-	-	-	-	-
PROFIT BEFORE TAXES AND MINORITY INTERESTS	19.6	7.7	19.8	8.5	(0.2)	(0.6)
Income taxes	6.0	2.3	6.7	2.9	(0.7)	(10.8)
NET PROFIT BEFORE MINORITY INTERESTS	13.6	5.4	13.1	5.6	0.5	4.7
Losses (income) attributable to minority interests	(0.6)	(0.3)	(1.2)	(0.5)	0.6	44.1
GROUP NET PROFIT	13.0	5.1	11.9	5.1	1.1	9.5

EXPLANATORY NOTES

1. INTRODUCTION

The consolidated financial statements at September 30, 2007 have not been audited and have been prepared in accordance with International Financial Reporting Standards (IFRS). To this end the financial statement figures of the Group companies included in the consolidation have been suitably reclassified and adjusted.

The report has been prepared in accordance with art. 82 of the Issuers' Regulations no. 11971/1999 (as amended by Consob resolution no. 14990 of April 14, 2005 and subsequent amendments) and with Attachment 3D of the Regulations. In other words, the international accounting standard applicable to interim accounts (IAS 34 "Interim Financial Reporting") has not been adopted in preparing this report.

2. CONSOLIDATION POLICIES

The consolidation is on a line-by-line basis. The principles adopted for the application of this method are the same as those used at December 31, 2006.

3. ACCOUNTING PRINCIPLES

The accounting principles adopted in the preparation of the financial statements at September 30, 2007 are consistent with those applied in the financial statements at December 31, 2006.

COMMENTS ON THE ACCOUNTING SCHEDULES

Changes in the Group share of shareholders' equity and in total shareholders' equity in the third quarter 2007 were as follows:

(in millions of Euro)	Consolidated shareholders' equity of the Group, net	Minority interests	Total shareholders' equity and minority interests
Balance at December 31, 2006	279.6	16.1	295.7
Share capital increase	3.5	0.3	3.8
Dividends	(22.4)	(3.5)	(25.9)
Exchange difference and other variations	0.7	(0.1)	0.6
Net income for the period	41.9	2.1	44.0
Balance at September 30, 2007	303.3	14.9	318.2

Net sales totalled € 797.4 million compared with € 765.5 million in the previous period of 2006.

The breakdown of sales by business sector is as follows:

(in millions of Euro)	Period 01.1 – 09.30.2007		Period 01.1 – 09.30.2006		Variation	
	Amount	%	Amount	%	Amount	%
Suspension components and precision springs	388.3	48.7	373.1	48.7	15.2	4.1
Filters	409.8	51.4	392.4	51.3	17.4	4.4
Intercompany eliminations	(0.7)	(0.1)	(0.0)	(0.0)	(0.7)	522.3
TOTAL	797.4	100.0	765.5	100.0	31.9	4.2

The breakdown of sales by geographical area is as follows:

(in millions of Euro)	Period 01.1 – 09.30.2007		Period 01.1 – 09.30.2006		Variation	
	Amount	%	Amount	%	Amount	%
France	186.8	23.4	202.7	26.5	(15.9)	(7.9)
Germany	103.4	13.0	100.3	13.1	3.1	3.0
Great Britain	96.8	12.1	94.8	12.4	2.0	2.1
Italy	79.0	9.9	75.1	9.8	3.9	5.3
Spain	56.7	7.1	52.2	6.8	4.5	8.5
Benelux	54.9	6.9	49.0	6.4	5.9	12.0
Other European Countries	79.9	10.0	70.1	9.2	9.8	14.1
Mercosur	107.9	13.5	92.0	12.0	15.9	17.3
United States	19.3	2.4	18.8	2.5	0.5	2.9
China	4.2	0.5	2.6	0.3	1.6	62.9
Rest of the world	8.5	1.2	7.9	1.0	0.6	7.3
TOTAL	797.4	100.0	765.5	100.0	31.9	4.2

At September 30, 2007 the Group had 6,250 employees compared with 6,168 at December 31, 2006 and 6,148 at September 30, 2006, broken down as follows:

	Position as at 09.30.2007	Position as at 12.31.2006	Position as at 09.30.2006
Managers	86	87	87
Clerical staff	1,403	1,386	1,380
Blue collar workers	4,761	4,695	4,681
TOTAL	6,250	6,168	6,148

Milan, October 18, 2007

THE BOARD OF DIRECTORS

DECLARATION PURSUANT PARA. 2, OF ART. 154-BIS, DECREE 58/1998

Re: Report on operations in the nine months to September 30, 2007 and in the third quarter of the year

The Manager Responsible for preparing the Company's financial reports - Euro Trapani -

declares

pursuant to paragraph 2 of article 154-*bis* of the Consolidated Law on Finance that the accounting information contained in this document corresponds to the document results, books and accounting records.

SOGEFI S.p.A.
(Euro Trapani)