REPORT ON GROUP OPERATIONS
FOR THE FIRST QUARTER 2008

SOCIETA' PER AZIONI – SHARE CAPITAL EURO 60,388,739.84
MANTUA COMPANY REGISTER AND TAX CODE 00607460201
COMPANY SUBJECT TO THE ACTIVITY AND COORDINATION OF CIR S.p.A.
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REPORT OF THE BOARD OF DIRECTORS ON OPERATIONS AS OF MARCH 31, 2008

The Group's performance over the first three months of FY 2008 was hit by decline of world economy with a coincidence of increase in cost materials used in the production process and a reduction of positive contribution of assets in different currency from Euro due to the Euro's strength against the main currencies.

In European market, new vehicle registrations fell by 1.7% against the previous-year period, the North American market suffered from a fall in sales by 7.9% and the Japanese market was hit by decline by 1.8%. Bucking this trend, registrations rose in Eastern Europe (+14.7%), in Mercosur (+28.6%) and in China (+9.4%).

European demand in spare part sector (both in original equipment and in the independent aftermarket) shows a slowdown, so as in the previous years the negative economic previsions lead to a stock reduction.

In this unfavourable scenario SOGEFI Group achieved growth in revenues by 1.7% that would have been 3.5% without negative exchange rates effect.
Consolidated sales in Q1 was € 271.7 million compared with the last year's 267.1 million. The increase was due to the activities in Suspension Division (+6.6%) as Filtration Division registered a 2.7% reduction.

Reduction in business volumes is mainly due to European market (-1.5%) and to aftermarket sector while the original equipment market is in line with the previous year in car sector and with a strong progress in industrial vehicles.
Improvement in Group's activities was achieved in South America (+29.3%), China (+18.6%), while a decline by -30.3% was recorded in the USA.

As regards the positive trend in the Q1 2007, the 2008 results were less profitable for: lower revenues in the aftermarket, negative exchange rates effect and rising costs for materials for both Divisions.

For the year 2008 the cost of steel for suspensions is rising, partly consolidated by end of March but with further increases expected in the following months due to the increase of iron materials and scrap notwithstanding the depressed world economic scenario.

Commercial actions have been activated to pass cost increases on selling prices. In Q1 2008 this operation has not been completed yet.

Operating profit for the Q1 2008, amounted to € 23.5 million (8.6% of sales), was reduced by 8.8% compared with 25.7 million (9.6% of sales) of the previous year.

In comparison to the previous Q1 **EBITDA** and **EBIT**, it is worth mentioning that the year 2007 benefited from a positive adjustment of € 1.8 million to liabilities for companies' pension funds.

Consolidated EBITDA of the period fell by 16.1% to € 29.1 million (10.7% of sales) from 34.6 million (13% of sales) of the previous year, while **consolidated EBIT** amounted to € 17.9 million (6.6% of sales) against 22.9 million (8.6% of sales) of the first three months of 2007.

Profit before taxes and minority interests of the Group came to € 15.7 million compared with 20.8 million of the previous year. **Consolidated net profit** for the quarter fell by 29.3% against the previous period of 2007 and amounted to € 9 million (3.3% of sales) compared to 12.7 million (4.7% of sales) of the first three months of 2007.

The positive trend of cash flow allowed the reduction of **net indebtedness** to € 101.4 million fallen by 18.6% compared to 124.5 million of Q1 2007 and rose compared to 92.4 million as of December 31, 2007, as the seasonal activity causes usually an increase in indebtedness during the first quarter.

Consolidated equity including minority interests increased to € 332.7 million at March 31, 2008 compared to 310.3 million at March 31, 2007 and 326.7 million at December 31, 2007.

As of March 31, 2008 the Group had 6,319 employees with an increase of 2% compared to 6,193 at March 31, 2007 and to 6,208 at December 31, 2007.

FILTRATION DIVISION

The Filtration Division recorded a negative trend both in revenues and results. The decline of the aftermarket and the negative exchange rates effect reduced the **sales** of Q1 2008 to € 133 million from 136.7 million in the previous period despite the increase in Mercosur.

Profitability, hit by a higher cost of materials, was consequently reduced with the **operating profit** fallen to € 11.7 million (8.8% of sales) compared to 14.1 million of the previous period (10.3% of sales).

EBITDA and **EBIT**, which in 2007 benefited from the adjustment of liabilities cited above, amounted to € 13 million (9.8% of sales) and to 8.5 million (6.4% of sales) a drop compared to the results 2007 namely € 18.4 million (13.5% of sales) and 13.8 million (10.1% of sales).

In the first quarter 2008 the Group purchased 30% share of filter Chinese subsidiary giving to SOGEFI the complete ownership.

SUSPENSION COMPONENTS AND PRECISION SPRINGS DIVISION

The Division trend was positive with an improvement both in revenues and in operating results thanks to confirmed performance in South America and in the German subsidiary LP-DN for industrial vehicles.

Consolidated sales amounted to € 139.2 million compared to 130.5 million of the first three months in 2007. An increase was recorded in Europe (+4.8%), in Mercosur (+34.9%) and in China (+47.6%) despite a reduction by 36.1% in the USA.

Consolidated operating profit, despite the increase of steel prices which has not yet transferred on selling prices, improved up to € 13 million (9.3% of sales) compared to 12.5 million (9.6% of sales) of the first quarter 2007.

EBITDA and **EBIT** increased namely to € 17.5 million and to 11 million compared to the results of the first three months of 2007 (€ 17.3 million and 10.4 million) reducing the percentage of sales.

During the period a second production line of coil springs has been activated in Brazil after the transfer from the USA.

THE PARENT COMPANY SOGEFI S.p.A.

The Parent Company Sogefi S.p.A. ended the first quarter with a net loss of € 2 million compared with 0.3 million in the previous-year period. This decline was due to a writedown of € 1.1 million of the subsidiary Allevard Sogefi USA Inc. (ex Allevard Springs USA Inc.) after the merge with the subsidiary Sogefi Inc. on February 29, 2008.

OUTLOOK FOR THE REST OF THE YEAR

Following a first quarter penalised by the factors described above, SOGEFI Group expects to see profits improve as early as the second quarter, though achieving our target of earnings for the whole of 2008 broadly in line with those of 2007 will be tougher to achieve due to slower world demand for auto vehicles and the higher prices of raw materials.

CONSOLIDATED BALANCE SHEET

(in millions of Euro)

ASSETS	**03.31.2008**	**12.31.2007**
CURRENT ASSETS		
Cash and cash equivalents	61.3	63.7
Other financial assets	0.9	1.0
Working capital		
Inventories	118.2	113.2
Trade receivables	233.2	220.1
Other receivables	5.8	6.0
Tax receivables	10.0	10.7
Other assets	3.9	2.5
TOTAL WORKING CAPITAL	*371.1*	*352.5*
TOTAL CURRENT ASSETS	433.3	417.2
NON-CURRENT ASSETS		
Fixed assets		
Land	10.9	11.3
Property, plant and equipment	216.3	224.3
Other tangible fixed assets	4.2	4.4
Of wich: leases	*12.3*	*12.7*
Intangible assets	119.1	118.7
TOTAL FIXED ASSETS	350.5	358.7
OTHER NON-CURRENT ASSETS		
Equity investments in associated companies	0.1	0.1
Other financial assets available for sale	0.5	0.5
Financial receivables	-	-
Other receivables	7.3	5.0
Deferred tax assets	24.3	25.2
TOTAL OTHER NON-CURRENT ASSETS	32.2	30.8
TOTAL NON-CURRENT ASSETS	382.7	389.5
NON-CURRENT ASSETS HELD FOR SALE	6.7	6.8
TOTAL ASSETS	822.7	813.5

LIABILITIES	**03.31.2008**	**12.31.2007**
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	20.7	12.4
Current portion of medium/long-term financial debts and other loans	13.5	13.7
Of which: leases	*1.3*	*1.3*
TOTAL SHORT-TERM FINANCIAL DEBTS	34.2	26.1
Other short-term liabilities for derivative financial instruments	0.5	0.5
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	34.7	26.6
Trade and other payables	230.8	228.9
Tax payables	8.1	11.8
Other current liabilities	3.2	3.0
TOTAL CURRENT LIABILITIES	276.8	270.3
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		
Financial debts to bank	117.0	118.0
Other medium/long-term financial debts	11.9	12.5
Of which: leases	*8.5*	*9.1*
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	128.9	130.5
Other medium/long term financial liabilities for derivative financial instruments	-	-
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	128.9	130.5
OTHER LONG-TERM LIABILITIES		
Long-term provisions	56.2	58.8
Other payables	-	-
Deferred tax liabilities	28.1	27.2
TOTAL OTHER LONG-TERM LIABILITIES	84.3	86.0
TOTAL NON-CURRENT LIABILITIES	213.2	216.5
SHAREHOLDERS' EQUITY		
Share capital	59.7	59.6
Reserves and retained earnings (accumulated losses)	247.5	199.1
Group net profit (loss)	9.0	52.2
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	316.2	310.9
Minority interests	16.5	15.8
TOTAL SHAREHOLDERS' EQUITY	332.7	326.7
TOTAL LIABILITIES AND EQUITY	822.7	813.5

CONSOLIDATED INCOME STATEMENT FROM 1.1.2008 TO 03.31.2008

(in millions of Euro)

	Period 01.01 – 03.31.2008		Period 01.01 – 03.31.2007		Variation	
	Amount	%	Amount	%	Amount	%
Sales revenues	271.7	100.0	267.1	100.0	4.6	1.7
Variable cost of sales	181.0	66.6	174.1	65.2	6.9	4.0
CONTRIBUTION MARGIN	90.7	33.4	93.0	34.8	(2.3)	(2.5)
Manufacturing and R&D overheads	29.6	10.9	29.5	11.0	0.1	0.4
Depreciation and amortization	11.2	4.1	11.7	4.4	(0.5)	(5.0)
Distribution and sales fixed expenses	9.4	3.5	9.8	3.7	(0.4)	(4.3)
Administrative and general expenses	17.0	6.3	16.3	6.1	0.7	4.9
OPERATING PROFIT	23.5	8.6	25.7	9.6	(2.2)	(8.8)
Restructuring costs	1.1	0.4	0.7	0.2	0.4	45.2
Losses (gains) on disposal	(0.1)	-	-	-	(0.1)	(168.0)
Exchange (gains) losses	1.1	0.4	0.1	0.1	1.0	-
Other non-operating expenses (income)	3.5	1.2	2.0	0.7	1.5	76.7
EBIT	17.9	6.6	22.9	8.6	(5.0)	(21.7)
Financial expenses (income), net	2.2	0.8	2.2	0.8	-	(0.4)
Losses (gains) from equity investments	-	-	(0.1)	-	0.1	100.0
PROFIT BEFORE TAXES AND MINORITY INTERESTS	15.7	5.8	20.8	7.8	(5.1)	(24.4)
Income taxes	6.0	2.2	7.5	2.8	(1.5)	(19.2)
NET PROFIT BEFORE MINORITY INTERESTS	9.7	3.6	13.3	5.0	(3.6)	(27.4)
Loss (income) attributable to minority interests	(0.7)	(0.3)	(0.6)	(0.3)	(0.1)	(11.3)
GROUP NET PROFIT	9.0	3.3	12.7	4.7	(3.7)	(29.3)

NET FINANCIAL POSITION

(in millions of Euro)

	03.31.2008	12.31.2007	03.31.2007
A. Cash	61.3	63.7	46.7
B. Other cash at bank and on hand	-	-	-
C. Financial instruments held for trading	0.1	0.1	0.9
D. Liquid funds (A) + (B) + (C)	**61.4**	**63.8**	**47.6**
E. Current financial receivables	**0.8**	**0.9**	**-**
F. Current payables to banks	(20.7)	(12.4)	(10.1)
G. Current portion of non-current indebtedness	(13.5)	(13.7)	(16.1)
H. Other current financial debts	(0.5)	(0.5)	-
I. Current financial indebtedness (F) + (G) + (H)	**(34.7)**	**(26.6)**	**(26.2)**
J. Current financial indebtedness, net (I) + (E) + (D)	**27.5**	**38.1**	**21.4**
K. Non-current payables to banks	(117.0)	(118.0)	(128.5)
L. Bonds issued	-	-	-
M. Other non-current financial debts	(11.9)	(12.5)	(17.7)
N. Non-current financial indebtedness (K) + (L) + (M)	**(128.9)**	**(130.5)**	**(146.2)**
O. Net indebtedness (J) + (N)	**(101.4)**	**(92.4)**	**(124.8)**
Non-current financial receivables	-	-	0.3
Financial indebtedness, net including non-current financial receivables	**(101.4)**	**(92.4)**	**(124.5)**

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. INTRODUCTION

The unaudited consolidated financial statements at March 31, 2008 have been prepared in accordance with International Financial Reporting Standards (IAS/IFRS) and 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. 154 ter, paragraph 5, Legislative Decree no. 58 of February 24, 1998 (Consolidate Law on Finance) and subsequent amendments. Thus the IFRS principle regarding interim reports has not been applied (see IAS 34 “Interim Financial Reporting”).

2. CONSOLIDATION PRINCIPLES

The consolidation has been carried out on a line-by-line basis. The principles adopted for the application of this method are the same as those used at December 31, 2007.

3. ACCOUNTING PRINCIPLES

The accounting principles adopted in the preparation of the financial statements at March 31, 2008 are consistent with those applied for the financial statements at December 31, 2007.

COMMENTS ON THE ACCOUNTING SCHEDULES

Changes in Group shareholders' equity and total shareholders' equity over the first quarter 2008 were as follows:

(in millions of Euro)	**Consolidated shareholders' equity - Group**	**Capital and reserves pertaining to minority interests**	**Total Group and minority shareholders' equity**
Balance at December 31, 2007	310.9	15.8	326.7
Paid share capital increase	3.6	-	3.6
Dividends	-	-	-
Exchange differences and other variations	(7.3)	-	(7.3)
Net income for the period	9.0	0.7	9.7
Balance at March 31, 2008	316.2	16.5	332.7

Net sales totalled € 271.1 million compared with 267.1 million for the same period of 2007. The breakdown of sales by business area is as follows:

(in millions of Euro)	Period 01.01 – 03.31.2008		Period 01.01 – 03.31.2007		Variation	
	Amount	%	Amount	%	Amount	%
Filters	133.0	48.9	136.7	51.2	(3.7)	(2.7)
Suspension components and precision springs	139.2	51.2	130.5	48.9	8.7	6.6
Intercompany eliminations	(0.5)	(0.1)	(0.1)	(0.1)	(0.4)	-
TOTAL	271.7	100.0	267.1	100.0	4.6	1.7

The breakdown of sales by geographical area is shown below:

(in millions of Euro)	Period 01.01 – 03.31.2008		Period 01.01 – 03.31.2007		Variation	
	Amount	%	Amount	%	Amount	%
France	59.7	22.0	65.1	24.4	(5.4)	(8.4)
Germany	40.3	14.8	34.2	12.8	6.1	17.8
Great Britain	30.7	11.3	33.4	12.5	(2.7)	(8.2)
Italy	24.0	8.8	27.0	10.1	(3.0)	(10.9)
Spain	19.0	7.0	20.2	7.6	(1.2)	(6.2)
Benelux	17.8	6.6	17.4	6.5	0.4	2.4
Other European countries	29.7	10.9	27.3	10.2	2.4	9.5
Mercosur	41.1	15.1	31.8	11.9	9.3	29.3
United States	4.8	1.8	6.9	2.6	(2.1)	(30.3)
China	1.4	0.5	1.1	0.4	0.3	18.6
Rest of the World	3.2	1.2	2.7	1.0	0.5	18.3
TOTAL	271.7	100.0	267.1	100.0	4.6	1.7

As of March 31, 2008 the Group had 6,319 employees compared with 6,208 at December 31, 2007 and 6,193 at March 31, 2007, broken down as follows:

	03.31.2008	12.31.2007	03.31.2007
Managers	89	86	89
Clerical staff	1,383	1,401	1,403
Blue collar workers	4,847	4,721	4,701
TOTAL	6,319	6,208	6,193

Mantua, April 22, 2008

THE BOARD OF DIRECTORS

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

Report on operations for the first quarter 2008

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.

Mantua, April 22, 2008

SOGEFI S.p.A.
(Euro Trapani)