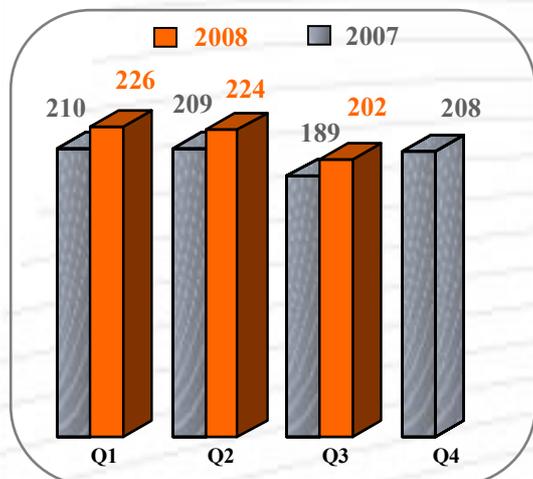


QUARTERLY REPORT



Quarterly Consolidated sales

In million euros



Year to date sales revenue reaches record high at **€6519 M** up + 7.2 %.

In €M	Change			
	2008	2007	2008/2007	2008/2007 on a like-for-like and constant exchange rate basis
Q1	226.1	209.8	+ 7.8 %	+ 11.4 %
Q2	223.6	209.0	+ 7.0 %	+ 10.8 %
Q3	202.2	189.4	+ 6.8 %	+ 7.4 %
9 months ended September 30	651.9	608.2	+ 7.2 %	+ 9.9 %

Note: During the first nine months of financial 2008, the Group generated 64% of its business abroad. On average, the US dollar stood at 1.53 versus 1.35 to the euro in 2007. At September 30, sales in dollars stood at 200 million.

Q3 HIGHLIGHTS

LISI AEROSPACE: + 17.7 % over Q3

- the Skyline 2010 plan, designed to increase capacity, is being pursued,
- the recovery at Airbus erases the effects of the strike at Boeing,
- the Aerospace division has completed two small acquisitions:
 - ❖ repurchase of the assets and patents of Erriam (€1 M sales revenue) in the lock industry,
 - ❖ acquisition of stakes in an industrial project in India (€2 M sales revenue in 2009).

LISI AUTOMOTIVE: - 0.9 % over Q3

- September has made it possible to maintain business at a level close to that of 2007, far better than the market average,
- the disruption observed in sales for delivery and the reduction of serial production at manufacturers for Q4 confirm the scenario of a sudden drop of activity,
- all of LISI AUTOMOTIVE's business segments will be affected.

LISI COSMETICS: - 8.5 % over Q3

- consumption is further dropping and new programs are being further delayed.

COMMENTS PER AREA OF ACTIVITY

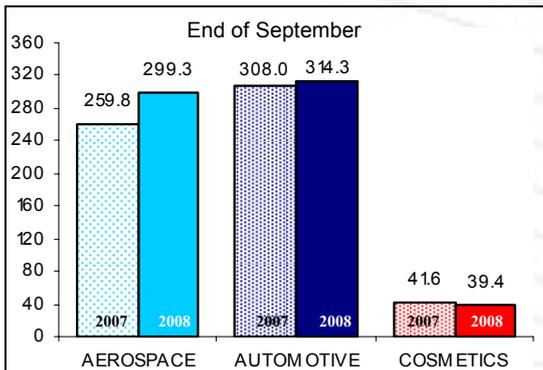
LISI AEROSPACE: 46 % of the consolidated total

- pursuit of the Skyline 2010 plan
- business recovery at AIRBUS
- completion of 2 acquisitions.

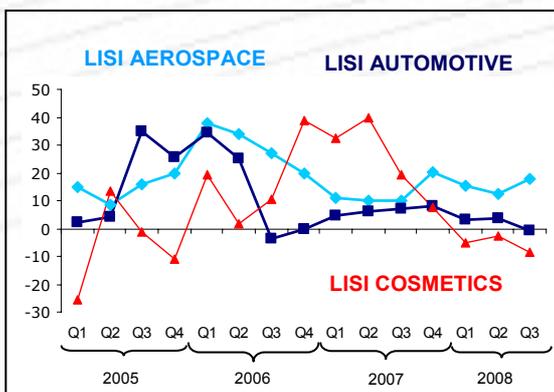
In €M	Change			
	2008	2007	2008/2007	2008/2007 on a like-for-like and constant exchange rate basis
Q1	103.2	89.5	+ 15.4 %	+ 24.4 %
Q2	97.7	86.7	+ 12.6 %	+ 22.0 %
Q3	98.4	83.6	+ 17.7 %	+ 19.3 %
9 months ended September 30	299.3	259.8	+15.2 %	+ 21.9 %



Sales in million euros



% Sales Variation per division / N-1



Beyond the delivery figures, which are not representative of annual business because of the summer holidays and the strike at BOEING, the order books are further strengthening: at the end of September, the order book stood at 3,725 aircraft at BOEING and 3,809 aircraft at AIRBUS. Consequently, the main two customers of the LISI AEROSPACE division have not slashed the growth of their fastener requirements. The entire industry demonstrates an ability to withstand the more difficult context, the drop in demand for maintenance due to the removal of the fleet of old aircraft and the gap resulting from the strike at Boeing, which has effects on the entire parts manufacturers chain. The LISI AEROSPACE division pursues its growth at the same pace (+ 15.2 % over the 9-month period and + 17.7 % over Q3) despite an unfavorable base effect (+ 10.3 % in 2007).

Demand in the USA remains strong over the quarter (+ 30.8 % in USD and + 20.7 % in EUR) and picks up in Europe (+ 13.7 %) under the effect of the recovery of the A380 production pace.

For LISI AEROSPACE, the Skyline 2010 plan is being pursued at the same pace with two major steps completed this summer: the doubling of the Izmir, Turkey site and the enlargement of the Rugby, UK plant. In parallel, the Dorval, Canada site will exceed its target of €10 M sales revenue at the end of this financial year.

With business being stable, the Racing department withstands the situation over the quarter.

The Medical division still demonstrates promising dynamism (nearly 20% organic growth) with a €18.2 M contribution to the Group's sales revenue. After an initial phase of integration of the various organizations, the new team is now working on the synergy deployment scenario, the sales and industrial development, and the acquisitions plan it intends to implement. Regarding sales, business does not perceive any signs of slowdown, either in Europe or the US.

The Aerospace division has strengthened its positions with two small acquisitions completed over the period:

- acquisition of the assets and patents of ERRIAM, a company specializing in technical latches used in Airbus, Dassault, and Eurocopter programs. This activity further strengthens the lock range already manufactured by the Vignoux-sur-Barengéon, France plant, for approximately €1 M annual sales.
- an agreement has been signed between LISI AEROSPACE and ANKIT Fasteners, an Indian company situated in Bangalore, to acquire 49% of this start-up company. The agreement is subject to review by the Indian authorities in charge of approving foreign investments. The company already has a number of aerospace approvals and an order book that enables it to start business immediately. The purpose of the operation is to participate in the establishment of a technical plant able to serve the booming Indian aerospace industry.

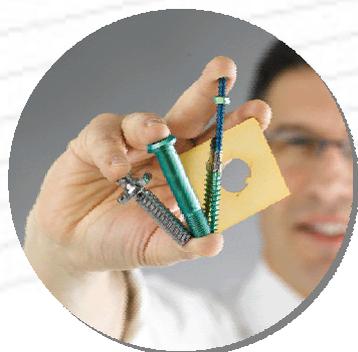
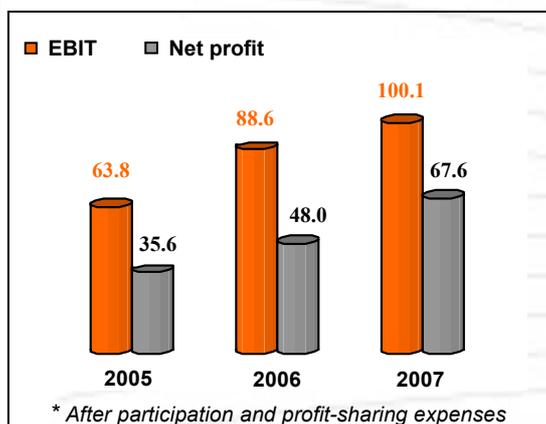
LISI AUTOMOTIVE: 48 % of the consolidated total

- activity maintained in September, better resistance than the market average,
- sharp drop of business expected for Q4,
- all of the division's business segments will be affected.

In €M	Change			
	2008	2007	2008/2007	2008/2007 on a like-for-like and constant exchange rate basis
Q1	109.7	106.6	+ 3.0 %	+ 3.0 %
Q2	111.6	107.7	+ 3.6 %	+ 3.6 %
Q3	93.0	93.7	- 0.9 %	- 0.9 %
9 months ended September 30	314.3	308.0	+ 2.0 %	+ 2.0 %



EBIT* & Net Profit in €M



The European market is displaying an unprecedented collapse with a -8.2% drop in new registrations in September, according to ACEA. Given the number of working days, this drop would represent an adjustment of approximately 20%. On a year to date basis, the number of new registrations is down -4.9%. For the whole of 2008, we could reach the lowest level in 10 years, with a drop between 7 and 8%. On the other hand, the production figures published by JD Power show that the number of cars assembled in wider Europe still displays +2.6 % progression over the first 9 months, while the September figures are down -2.4 %.

Production remains at a more adequate level, thanks to the dynamism of emerging countries. However, the reduction in demand and the rise in inventories in car parks and dealerships will cause our German and French customers to proceed to a sudden and brutal adjustment of the capacities towards the end of the year. As an example, BMW is closing all of its German plants for one week in October, PSA is discontinuing its night shift in Mulhouse, which had been set up in July 2008. In parallel, it will cut down 11 days of production from its Mulhouse and Sochaux sites by the end of the year, while Renault's Douai plant will close 50% of the time over the same period.

Consequently, it is clear that these production stoppages will have an impact on the future business of LISI AUTOMOTIVE, which managed to withstand the situation up until the end of September (+2.0 % year to date and -0.9 % over Q3), with figures in line with those of the aforementioned customers. This sudden slowdown should affect Germany and worldwide parts manufacturers pretty consistently. Nevertheless, with the great majority of its key account customers, LISI AUTOMOTIVE has completed positively the negotiations related to the rise in raw materials. This positive price effect will dampen the effects of the drop in sales expected for Q4.

LISI COSMETICS: 6 % of the consolidated total

- Consumption is further down and new programs are further delayed.

In €M				Change
	2008	2007	2008/2007	2008/2007 on a like-for-like and constant exchange rate basis
Q1	13.5	14.3	- 5.2 %	- 5.2 %
Q2	14.7	15.0	- 2.9 %	- 2.9 %
Q3	11.2	12.3	- 8.5 %	- 8.5 %
9 months ended September 30	39.4	41.6	- 5.3 %	- 5.3 %

Business was mainly adjusted during the two summer months, while September was rather robust. Out of concern for reducing their inventories, customers are very cautious in their delivery requests. Despite the difficult context, LISI COSMETICS has won several new projects, including B by Boucheron, Replay by Procter & Gamble, Féerie by Van Cleef & Arpels, as well as other projects with Chanel and L'Oréal.

Regarding operations, the new polishing line at the Nogent plant has been working on a stabilized basis since September. The move and installation of the new injection hall will be completed in December.



OUTLOOK AND COMMENTS REGARDING THE FINANCIAL INCIDENCE OF BUSINESS ACTIVITIES

Faced with the historic deterioration of the automotive industry, LISI AUTOMOTIVE has no other choice than to adjust its production capacities by 15 to 20% by the end of the year. In France, adjustment measures consist in terminating all temporary and fixed term labor contracts, in using work time reduction time and, if necessary, in resorting to technical unemployment for those sites most affected by the crisis. In Germany, measures focus on the elimination of extra time, the use of paid vacation days, and the organization of the 30-hour week over 4 days. 2009 should begin following the same trend, the inventory effect being already absorbed, the magnitude of the drop should be more limited than in Q4 2008. In this highly uncertain environment, LISI AUTOMOTIVE will gradually adapt these adjustment measures.

At LISI COSMETICS, end of year business should be very limited, particularly in December, which could serve to adjust the inventory level for our customers. 2009 will benefit from the kickoff of current order book projects.

LISI AEROSPACE should provide the Group with greater robustness at the end of the year. The industry remains confident and order books are still full. The end of the strike at Boeing remains the only short-term uncertainty. For 2009 and beyond, the division is pursuing its Skyline growth project with ambitious investment projects, both in Europe and the US.

LISI MEDICAL's teams are pursuing their work of identifying potential acquisitions to turn this new division, launched in 2007, into an actual mid-term growth vector.

In terms of results, the good level of business observed at the end of September will make it possible to maintain the pace of previous performance results. It is obvious that the drop in business expected mainly in the automotive division will affect its contribution to the consolidated results of the last quarter of 2008, without however putting in question the Group's overall performance.

The financial position at the end of September 2008 remains quite robust, with net debt of €66.5 M, at the same level as at June 30, 2008, and slightly below that of the end of September 2007. As a reminder, the LISI Group displayed a net debt to equity ratio of 14.1% last June 30. All loans and borrowing lines were recently confirmed by all of the Group's banks, for an available non drawn amount of approximately €150 M.

The Group is still determined to pursue its long-term growth strategy, both internally with an ambitious investment plan, and externally with the intention to seize acquisition opportunities in the medical implants industry.

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The next announcements will appear after close of trading on Paris Euronext

📅 2008 Annual sales: January 22nd 2009