Finanziaria di Partecipazioni SpA

Capital stock € 1,075,195,737, fully paid-in

Registered office in Turin - Corso Matteotti 26 - Turin Company Register No. 00914230016

QUARTERLY REPORT AT MARCH 31, 2004

Finanziaria di Partecipazioni SpA

QUARTERLY REPORT AT MARCH 31, 2004

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This is an English translation of the Italian original "Relazione trimestrale al 31 marzo 2004" approved by the IFIL Board of Directors on May 13, 2004 which has been prepared solely for the convenience of the reader.
The version in Italian takes precedence and for complete information about IFIL S.p.A. and the Group, reference should be made to the full original report in Italian "Relazione trimestrale al 31 marzo 2004", also available on the corporate website: http://www.ifil.it.

Finanziaria di Partecipazioni SpA

Board of Directors

Chairman and Managing Director
Gianluigi Gabetti
General Manager
Daniel John Winteler
Directors
Winfried Bischoff
Tiberto Brandolini d'Adda
Edoardo Ferrero
Luigi Garosci
Franzo Grande Stevens
Mario Greco
Giancarlo Lombardi
Antonio Maria Marocco
Giuseppe Recchi (co-opted on May 14, 2003)
Claudio Saracco
Pio Teodorani-Fabbri

Secretary to the Board
Pierluigi Bernasconi

Executive Committee

Chairman
Gianluigi Gabetti

Tiberto Brandolini d'Adda
Luigi Garosci
Daniel John Winteler

Audit Committee

Chairman
Luigi Garosci

Giancarlo Lombardi
Claudio Saracco

Compensation and Nominating Committee

Chairman
Franzo Grande Stevens

Tiberto Brandolini d'Adda
Gianluigi Gabetti

Board of Statutory Auditors

Chairman	Piero Locatelli
Standing Auditors	Cesare Ferrero
	Natale Ignazio Girolamo
Alternate Auditor	Giorgio Giorgi

Independent Auditors

Deloitte & Touche S.p.A.

Expiry of term of office

The three-year terms of office of the Board of Directors and the Board of Statutory Auditors, elected by the Stockholders' Meeting on May 27, 2002, expire concurrently with the Stockholders' Meeting for the approval of the financial statements for the year ending December 31, 2004.
The Independent Auditors are appointed for the three-year period 2003-2005.

Corporate Governance

The Chairman and Managing Director, according to the by-laws (art. 20), may legally represent the Company. The Chairman and Managing Director, without specific authorization by the Board of Directors, may carry out all acts falling under the corporate business purpose, except as restricted by law.
The Board of Directors, under resolution on May 27, 2002, has conferred all powers necessary for the management of the Company to the Executive Committee, except those powers which are expressly entrusted to the Board of Directors by law.
Specific operating powers have been conferred to the General Manager on June 25, 2003.

IFIL GROUP PROFILE

THE INVESTMENT PORTFOLIO

IFIL S.p.A. is the operating holding company for the investments of the Group and is headed by Giovanni Agnelli e C. S.a.p.az. (through IFI S.p.A. which holds 62.03% of its ordinary capital stock). It commands two distinctive areas of operations: the active management of the controlling investment in FIAT and the dynamic management of the other holdings.

Fiat

Controlled with a holding of more than 30% of ordinary and preferred capital stock, Fiat operates in the national and international automotive market as a manufacturer and distributor of automobiles (Fiat Auto, Ferrari and Maserati), commercial vehicles (Iveco), agricultural and construction equipment (CNH Global), automotive components for these vehicles (Magneti Marelli) and the supply of related services, as well as publishing and communications (Itedi) and services for corporations (Business Solutions).

The other holdings which comprise the dynamically managed diversified portfolio are listed below.

Worms & Cie (53.07% holding in capital stock) is a French-listed holding company with a portfolio comprising the following major investments:

- ArjoWiggins (100% holding), the world leader in the manufacture of high value-added paper products and, in Europe, leader in the manufacture of carbonless paper (Carbonless Europe was absorbed by ArjoWiggins as from January 1, 2004);
- Antalis (100% holding), the leading European group in the distribution of paper products for printing and writing;
- Permal Group (100% holding), one of the leaders in the management of investment funds;
- SGS (23.8% holding in capital stock), a company listed on the Swiss stock exchange and leader in the verification, inspection and certification of product and service quality;

La Rinascente (jointly controlled with the Auchan Group, through Eurofind, which holds more than 99% of the ordinary capital stock) is one of the largest Italian retailers operating throughout Italy with roughly 1,850 points of sale (direct, affiliates and associates) and over 31,000 employees;

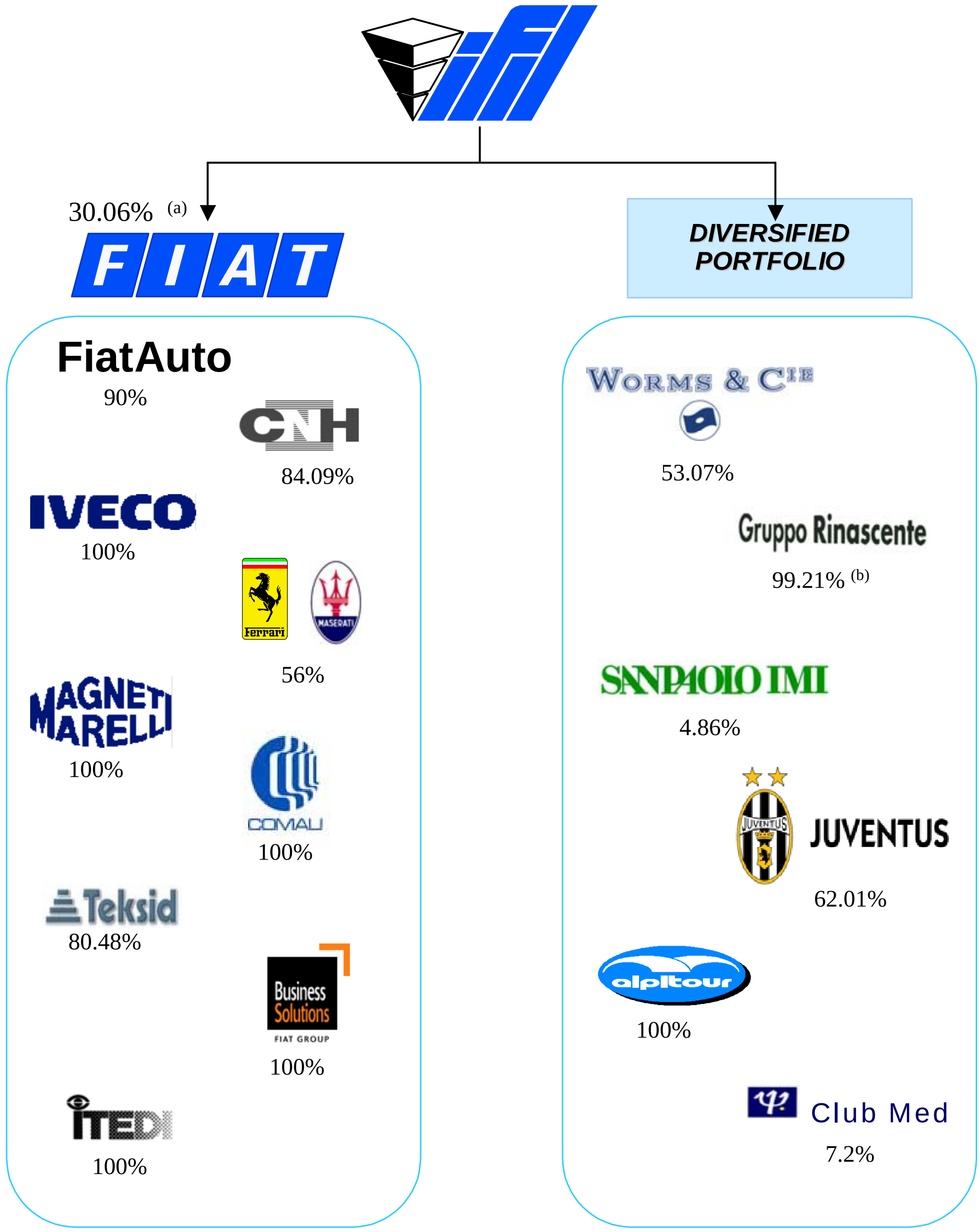
SANPAOLO IMI (4.86% holding in ordinary capital stock) is a leading national banking group with over 3,000 branches throughout Italy;

Alpitour (100% holding through NHT New Holding for Tourism) is a leading company in Italian tourism;

Club Méditerranée (7.2% holding in capital stock) is a company in which the Agnelli Group also holds an equity interest through Exor Group (16.72% holding in capital stock);

Juventus Football Club (62.01% holding in capital stock) is a company with more than one hundred years of history and an enviable record gained at various national and international sports events.

The following chart is updated to the beginning of May 2004 and presents the simplified structure of the investment portfolio. Percentage holdings refer to ordinary capital stock.



(a) IFIL also holds 30.09% of preferred capital stock.
(b) Control is exercised jointly with the Auchan Group through Eurofind (50% by IFIL and 50% by Auchan); Eurofind also holds 99.06% of the savings capital stock and 88.92% of the preferred capital stock of La Rinascente.

MAJOR EVENTS IN THE FIRST QUARTER OF 2004

Purchase of 9.53% of Eurofind capital stock

In January 2004, the subsidiary Ifil Investissements purchased 9.53% of Eurofind capital stock from Mediobanca for an investment of € 116.1 million.
Eurofind's capital stock is currently held equally by the IFIL Group (50%) and the Auchan Group (50%).

Purchase of 10% of NHT New Holding for Tourism capital stock

In January 2004, Ifil Investissements also purchased 10% of NHT New Holding for Tourism capital stock from the TUI Group for an outlay of € 46.3 million. As part of this transaction, NHT also purchased the remaining 50% of the capital stock of Neos S.p.A. from the TUI Group for an investment of € 2.7 million.
IFIL currently holds, through the subsidiaries Ifil Investissements and Ifil Finance, complete control of NHT.

IFIL's new organization in the United States of America

For the purpose of contributing to the search for new investment opportunities, IFIL set up an organization in the United States with offices in New York. Thanks to its positioning in one of the most interesting international financial centers and with its highly-qualified professional management staff, the organization – which will operate in close coordination with IFIL's offices in Turin – could significantly boost the opportunities of creating economic value for the Company.

CRITERIA USED IN THE PREPARATION OF QUARTERLY REPORTS

The quarterly consolidated report of the IFIL Group has been prepared pursuant to art. 82 of the "Rules containing the procedures for enacting Legislative Decree No. 58 dated February 24, 1998 for issuers of securities" (Consob resolution No. 11971 of May 14, 1999 as amended).

The quarterly consolidated report is unaudited and has been prepared according to principles which conform to those applied in the condensed annual and first-half financial statements; such presentation allows a uniform comparison of the quarterly data with the published data accompanying the first-half report and the annual consolidated financial statements prepared by using the line-by-line consolidation method pursuant to the law.

Certain more complex valuation procedures, particularly for the determination of eventual impairment losses of long-term assets, are generally carried out in a comprehensive manner only at the time of preparing the annual financial statements, when all the necessary information ultimately becomes available.

IFIL holds important investments through Dutch and Luxembourg holding companies. This control structure is the result of the Group's strategy to globalize investments and secure strategic agreements with leading foreign partners in the sectors of investment. Moreover, IFIL controls two companies incorporated under Irish law operating with the aim of optimizing the management of the financial resources of the Group, Soiem, a services company and lastly, the previously mentioned structure in the United States which will contribute to the search for new investment opportunities.

The aggregate of these companies constitutes the so-called "Holdings System".

The quarterly consolidated report, in condensed form, has been prepared by consolidating the financial holding companies and Soiem on a line-by-line or proportional basis and accounting for the operating holding companies and the other subsidiaries and associated companies using the equity method.

In detail, the scope of consolidation is as follows:

		% holding in capital stock outstanding		
		3/31/2004	12/31/2003	3/31/2003
HOLDINGS SYSTEM	**Consolidated line-by-line**			
	- IFIL S.p.A.	-	-	-
	- Ifil Investment Holding N.V. (Netherlands)	100	100	100
	- Ifil Investissements S.A. (Luxembourg)	100	100	100
	- Ifil Capital B.V. (Netherlands)	100	100	100
	- Ifil Finance B.V. (Netherlands)	100	100	100
	- Ifilgroup Finance Ltd (Ireland)	100	100	100
	- Ifil International Finance Ltd (Ireland)	100	100	100
	- Soiem S.p.A. (Italy) (a)	100	100	-
	- New Business Quindici S.r.l. (Italy)	100	100	-
	- IFIL USA (b)	100	-	-
	Consolidated proportionally			
	- Eurofind S.A. (Luxembourg)	50	40.47	40.47
	- Eufin Investments Unlimited (United Kingdom)	50	40.47	40.47
OPERATING COMPANIES	**Accounted for using the equity method**			
	- Fiat Group	27.62	27.62	10.88
	- Worms & Cie Group	53.07	53.07	51.71
	- Rinascente Group (c)	49.55	40.10	39.39
	- NHT Group (d)	100	90	90
	- Juventus Football Club S.p.A.	62.01	62.01	-
	- Sifalberghi S.r.l.	-	-	25
	- Soiem S.p.A. (a)	-	-	49.90

(a) Control was assumed in the second quarter of 2003; the 49.9% stake in Soiem was previously accounted for using the equity method.
(b) The grouping of the companies set up in March 2004 (Ifil USA Inc., Ifil Capital Partners L.P., Ifil America L.P. and Ifil Investments LLC).
(c) At March 31, 2004, Eurofind holds 99.09% of La Rinascente's capital stock outstanding (99.09% at December 31, 2003 and 97.33% at March 31, 2003).
(d) New Holding for Tourism BV is the operating holding company for the tourism sector and holds the 100% stakes in Alpitour, Welcome Travel Group and Neos.

ANALYSIS OF CONDENSED CONSOLIDATED RESULTS

The first quarter of 2004 closed with a consolidated net loss for the IFIL Group of € 45 million (of which € 23.6 million comes from the extraordinary amortization of the entire difference on consolidation relating to 10% of the capital stock of NHT purchased in January 2004). This is a significant improvement over the first quarter of 2003 which ended with a consolidated loss of € 75 million. The main captions of the condensed consolidated statement of operations for the first quarter of 2004 are examined in the following paragraphs. Additional details and information are provided in the following section "Condensed consolidated financial statements".

The Group's share of earnings (losses) of companies accounted for using the equity method amounted to losses of € 6.8 million. This is marked improvement (+€ 55.6 million) over the losses of € 62.4 million reported in the first quarter of 2003. The positive change was mainly due to the share of lower losses reported by the Fiat Group (€ 53.6 million) and the Rinascente Group (€ 2.7 million). Also contributing to this change were the share of lower earnings posted by the Worms & Cie Group (-€ 3.1 million), the higher share of the losses of the NHT Group (-€ 1 million), the share of the earnings of Juventus (€ 3.3 million) and, finally, other changes (+€ 0.1 million).
The change from the first quarter of the prior year includes consolidation adjustments.

Amortization of differences on consolidation amounted to € 27.3 million (€ 2.4 million in the first quarter of 2003). The amount for this quarter refers to the investments in Juventus (€ 0.9 million) and in the Rinascente Group (€ 2.8 million), in addition to the aforementioned extraordinary amortization charge for the difference on consolidation on 10% of the capital stock of NHT, equal to € 23.6 million.

Financial expenses, net, totaled € 5.2 million (€ 6.8 million in the first quarter of 2003); the decrease of € 1.6 million was attributable to lower net indebtedness in the two quarters under comparison.

General expenses, net, amounted to € 4.2 million and increased by € 0.3 million compared to the first quarter of 2003 (€ 3.9 million).

Other expenses, net, amounted to € 1.5 million (€ 0.4 million in the first quarter of 2003) and included the amortization of the expenses related to the IFIL S.p.A. capital stock increase in 2003 (€ 0.6 million) and sundry expenses (€ 0.9 million).

Key data relating to the condensed consolidated balance sheet are presented in the following paragraphs. Additional details and information are provided in the following section "Condensed consolidated financial statements".

Financial fixed assets at March 31, 2004 amounted to € 4,368.1 million and showed an increase of € 145 million compared to 2003 (€ 4,223.1 million).

Consolidated net financial position of the "Holdings System" at March 31, 2004 showed a net indebtedness position of € 394 million (€ 234.7 million at year-end 2003). The negative change of € 159.3 million in the first quarter of 2004 was mainly due to investments in Eurofind and NHT (for a total € 162.4 million).

Stockholders' equity – Group at March 31, 2004 amounted to € 3,976.8 million (€ 3,953.9 million at December 31, 2003).

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following describes the condensed consolidated **Statement of Operations** and the condensed consolidated **Balance Sheet** and provides details of the main captions.

Condensed consolidated statement of operations

Year 2003	€ in millions	I Quarter 2004	I Quarter 2003	Change
(49.7)	Group's share of earnings (losses) of companies accounted for using the equity method	(6.8)	(62.4)	55.6
33.1	Dividends from other holdings and tax credits	0.0	0.0	0.0
25.0	Gains, net	0.0	0.0	0.0
(13.7)	Amortization of differences on consolidation	(27.3)	(2.4)	(24.9)
(5.3)	Investment income (expenses), net	(34.1)	(64.8)	30.7
(23.6)	Financial expenses, net	(5.2)	(6.8)	1.6
(13.0)	General expenses, net	(4.2)	(3.9)	(0.3)
(6.1)	Other expenses, net	(1.5)	(0.4)	(1.1)
(48.0)	Loss before taxes	(45.0)	(75.9)	30.9
0.1	Current income taxes, net	0.0	0.0	0.0
2.9	Deferred taxes	0.0	0.9	(0.9)
(45.0)	Net loss - Group	(45.0)	(75.0)	30.0

Group's share of earnings (losses) of companies accounted for using the equity method

Year 2003	€ in millions	I Quarter 2004	I Quarter 2003	Change
(410.4)	Fiat Group	(53.6)	(74.1)	20.5
59.2	Worms & Cie Group	23.3	23.9	(0.6)
80.4	Rinascente Group	(4.4)	(7.1)	2.7
(10.1)	NHT Group (a)	(10.8)	(9.8)	(1.0)
(5.5)	Juventus Football Club	3.3	-	3.3
0.2	Other	-	(0.1)	0.1
(286.2)		(42.2)	(67.2)	25.0
236.5	Consolidation adjustments	35.4	4.8	30.6
(49.7)	Group's share of earnings (losses) of companies accounted for using the equity method	(6.8)	(62.4)	55.6

(a) The fiscal year corresponds to the period November 1 – October 31. The first quarter therefore represents the period November 1, 2003 – January 31, 2004.

At March 31, 2004, consolidation adjustments were equal to € 35.4 million (€ 4.8 million in the first quarter of 2003) and regarded:

- the use of the "Consolidation reserve for risks and future expenses" (+€ 33.1 million) for IFIL's share of Fiat Group's loss in the first quarter of 2004 on the investment acquired in Fiat by IFIL in 2003 (17.039%);
- the Worms & Cie Group's result (+€ 0.4 million, for the reversal of the amortization on the difference on consolidation referring to the Permal Group);
- the reversal of the amortization taken by NHT on the difference on consolidation relating to 90% of Alpitour (+€ 1.9 million).

Comments on the operating performance of the investment holdings are presented later in the report.

Amortization of differences on consolidation

	Balance at	Change in the first quarter of 2004			Balance at
€ in millions	12/31/2003	Increase	Decrease	Amortization	3/31/2004
Rinascente Group (a)	155.9	25.9 (b)	0.0	(2.8)	179.0
Juventus Football Club (c)	36.4	0.0	0.0	(0.9)	35.5
NHT New Holding for Tourism	0.0	23.6 (d)	0.0	(23.6)	0.0
Total	192.3	49.5	0.0	(27.3)	214.5

(a) Amortized over 20 years.
(b) Originating from the purchase of 9.53% of the capital stock of Eurofind.
(c) Amortized over 10 years.
(d) Originating from the purchase of 10% of the capital stock of NHT New Holding for Tourism.

Condensed consolidated balance sheet

3/31/2003	€ in millions	3/31/2004	12/31/2003	Change
	Financial fixed assets			
3,063.9	- investments	4,318.9	4,174.0	144.9
41.7	- treasury stock	44.5	44.5	0.0
4.6	- bonds	4.7	4.6	0.1
3,110.2		4,368.1	4,223.1	145.0
	Financial assets recorded in current assets			
130.6	- cash and short-term investments	177.8	434.6	(256.8)
0.0	- treasury stock	1.7	1.7	0.0
130.6		179.5	436.3	(256.8)
58.2	Other assets	77.3	87.3	(10.0)
3,299.0	Total assets	4,624.9	4,746.7	(121.8)
2,587.5	Stockholders' equity, Group	3,976.8	3,953.9	22.9
	Financial payables			
294.0	- short-term	119.0	216.9	(97.9)
350.0	- medium-term	450.0	450.0	0.0
644.0		569.0	666.9	(97.9)
37.6	Reserve for employee severance indemnities and reserves for risks and charges	67.4 (a)	99.6 (a)	(32.2)
29.9	Other liabilities	11.7	26.3	(14.6)
3,299.0	Total liabilities and stockholders' equity	4,624.9	4,746.7	(121.8)

(a) Includes the remaining "Consolidation reserve for risks and future expenses" of € 36.5 million (€ 69.6 million at year end 2003).

Financial fixed assets

3/31/2003	€ in millions	3/31/2004	12/31/2003	Change
	Investments accounted for using the equity method			
715.2	Fiat Group	1,868.6	1,876.1	(7.5)
1,068.3	Worms & Cie Group	1,065.1	1,019.3	45.8
627.9	Rinascente Group (50% holding)	552.4	461.6	90.8
0.0	Juventus Football Club	86.5	84.2	2.3
76.3	NHT Group	84.1	70.6	13.5
7.1	Sifalberghi	0.0	0.0	0.0
9.6	Soiem (a)	0.0	0.0	0.0
2,504.4		3,656.7	3,511.8	144.9
	Investments valued at cost			
512.3	SANPAOLO IMI	620.0	620.0	0.0
35.2	Club Méditerranée	35.2	35.2	0.0
0.0	Warrants 2007 on Fiat ordinary shares	3.6	3.6	0.0
12.0	Other	3.4	3.4	0.0
559.5		662.2	662.2	0.0
3,063.9	Total investments	4,318.9	4,174.0	144.9
	Treasury stock			
16.3	IFIL ordinary shares	44.5	44.5	0.0
25.4	IFIL savings shares	0.0	0.0	0.0
41.7	Total treasury stock	44.5	44.5	0.0
4.6	Ocean Club Méditerranée bonds	4.7	4.6	0.1
3,110.2	Total financial fixed assets	4,368.1	4,223.1	145.0

(a) Consolidated on a line-by-line basis beginning 2003.

Investments accounted for using the equity method – Other information

€ in millions	Number of shares held	% holding of class of stock	% holding of capital stock	Carrying value Per share (€)	Carrying value Total (€ ml)
Investments accounted for using the equity method					
Fiat Group					
- ordinary shares	240,583,447	30.06	24.46	6.88	1,654.8
- preferred shares	31,082,500	30.09	3.16	6.88	213.8
			27.62		1,868.6
Worms & Cie Group	55,922,623	-	53.07	19.05	1,065.1
Rinascente Group					
- ordinary shares	148,278,135 (a)	49.60	36.62	2.75	408.3
- savings shares	50,934,941 (a)	49.53	12.58	2.75	140.3
- preferred shares	1,398,543 (a)	44.46	0.35	2.75	3.8
			49.55		552.4
Juventus Football Club	74,992,103	-	62.01	1.15	86.5
NHT Group	32,980	-	100.00	2,550.60	84.1
Total investments accounted for using the equity method					3,656.7

(a) Equal to 50% of the shares held by Eurofind.

Investments, treasury stock and bonds valued at cost – Comparison between carrying values and market prices

	Number of shares held		% holding of class of stock	Carrying value			Average market price			
							Oct. 2003/March 2004		March 2004	
				Unit (€)	Total (€ ml)		Unit (€)	Total (€ ml)	Unit (€)	Total (€ ml)
SANPAOLO IMI - ordinary shares	70,371,000		4.86	8.81	620.0		10.16	715.0	9.84	692.5
Club Méditerranée - shares	1,393,090		7.20	25.24	35.2	(a)	32.92	45.9	34.40	47.9
Warrants 2007 on Fiat ordinary shares	18,914,511		-	0.19	3.6		0.23	4.4	0.19	3.7
IFIL ordinary shares, treasury stock	11,927,410	(b)	1.15	3.73	44.5	(c)	2.58	30.7	2.79	33.3
Ocean Club Méditerranée bonds	76,614		-	60.90	4.7		60.92	4.7	61.39	4.7
Total					708.0			800.7		782.1

(a) Net of writedowns of € 86.4 million made in previous years.
(b) Including 810,262 IFIL ordinary shares held by the subsidiary Soiem.
(c) Net of writedowns of € 19.3 million made in previous years.

The per share carrying value of IFIL ordinary shares (€ 3.73) is basically in line with the per share value of the consolidated stockholders' equity of the IFIL Group at March 31, 2004 (€ 3.70).

IFIL ordinary treasury stock recorded in current assets

These refer to 700,000 IFIL ordinary treasury stock (0.07% of class of stock), used to service stock option plans, recorded at the purchase price per share of € 2.42, for a total amount of € 1.7 million, which is in line with estimated realizable value.

Stockholders' equity - Group

€ in millions	
Stockholders' equity - Group at December 31, 2003	3,953.9
Translation adjustments (+€ 64.9 million) in the stockholders' equity of companies accounted for using the equity method and other changes, net, (+€ 3 million)	67.9
Consolidated net loss - Group	(45.0)
Net change during the period	22.9
Stockholders' equity - Group at March 31, 2004	3,976.8

Consolidated net financial position of the "Holdings System"

3/31/2003 (a)				3/31/2004			12/31/2003		
Within 2003	Beyond 2003	Total	€ in millions	Within 2004	Beyond 2004	Total	Within 2004	Beyond 2004	Total
130.6	0.0	130.6	Cash and short-term investments	177.8	0.0	177.8	434.6	0.0	434.6
0.4	0.0	0.4	Other assets (financial accrued income and prepaid expenses)	2.0	0.0	2.0	0.2	0.0	0.2
131.0	0.0	131.0	Total financial assets	179.8	0.0	179.8	434.8	0.0	434.8
(288.7)	(150.0)	(438.7)	Borrowings from banks	(119.0)	(150.0)	(269.0)	(216.9)	(150.0)	(366.9)
0.0	(200.0)	(200.0)	IFIL 2002/2005 bonds	0.0	(200.0)	(200.0)	0.0	(200.0)	(200.0)
0.0	0.0	0.0	IFIL 2003/2006 bonds	0.0	(100.0)	(100.0)	0.0	(100.0)	(100.0)
(5.3)	0.0	(5.3)	Other liabilities (financial accrued expenses and deferred income)	(4.8)	0.0	(4.8)	(2.6)	0.0	(2.6)
(294.0)	(350.0)	(644.0)	Total financial liabilities	(123.8)	(450.0)	(573.8)	(219.5)	(450.0)	(669.5)
(163.0)	(350.0)	(513.0)	Consolidated net financial position "Holdings System"	56.0	(450.0)	(394.0)	215.3	(450.0)	(234.7)

(a) This figure did not include cash of the subsidiary Soiem.

The negative change of € 159.3 million for the first three months of 2004 was due to the following flows:

€ in millions		
Consolidated net financial position of the "Holdings System" at December 31, 2003		(234.7)
Investments:		
- Eurofind, 9.53% of capital stock (from Mediobanca)	(116.1)	
- NHT New Holding for Tourism, 10% of capital stock (from the TUI Group)	(46.3)	
Investments		(162.4)
Other changes:		
- Financial expenses, net	(5.2)	
- General expenses, net	(4.2)	
- Receivables collected from the tax authorities	8.8	
- Other, net	3.7	
Other changes		3.1
Net change during the period		(159.3)
Consolidated net financial position of the "Holdings System" at March 31, 2004		(394.0)

Since the end of June 2003, Standard & Poor's Rating Services has assigned an "A-" rating to IFIL's long-term debt and an "A2" rating to its short-term debt, with a negative outlook.

OTHER INFORMATION

Possible Fiat S.p.A. capital increase in execution of the Convertible Mandatory Facility agreements dated July 26, 2002

In 2003, the major rating agencies downgraded Fiat's debt to below investment grade level and, accordingly, should this condition exist at July 2004, the lending Banks could bring forward the conversion of the debt to capital stock for an amount up to € 2 billion.

In this eventuality, should IFIL decide not to exercise, in whole or in part, the option rights to which it is entitled or should it not be in a condition to exercise, in whole or in part, such rights, the investment held by IFIL in Fiat could be diluted to below 30% of the capital stock with voting rights.

Pending litigation

By notification on May 8, 2003, inferring illegal acts due to a conflict of interest and the unlawful valuation of the contributions in kind, the stockholder K Capital contested the resolution to increase IFIL's capital stock reserved for Istituto Finanziario Industriale S.p.A. passed by the Extraordinary Stockholders' Meeting of IFIL held on April 23, 2003 and sought compensation from IFIL for (alleged) damages (economic and non-economic) suffered as a result of the unlawful conduct (allegedly) by IFI. During the case and with reference only to alleged economic damages, K Capital stated its request for compensation (which originally had not been quantified) in € 17 million. At the last hearing held on April 7, 2004, the parties discussed their respective discovery findings and the parties are now awaiting the Judge's decision on the eventual presentation of the evidence.

Both of the above complaints (request to declare the stockholders' resolution null and void and to seek an unspecified sum of compensation for damages) appear to be inadmissable and groundless and therefore at this time the Company does not believe that any contingent liabilities or losses will arise as a consequence.

Earlier, the appeal filed under ex article 2378, paragraph 4, of the Italian Civil Code by which the stockholder K Capital had sought the suspension of the execution of the resolution was denied by the Turin Court, by decree filed on June 9, 2003.

SIGNIFICANT SUBSEQUENT EVENTS

There are no significant events subsequent to March 31, 2004 to report.

BUSINESS OUTLOOK

For 2004, the parent company, IFIL S.p.A., based on the data available to date, is expected to report a profit.

The consolidated result of the IFIL Group for 2004 will be closely linked to the performance of its main holdings. The forecasts formulated by the holdings themselves are as follows.

Fiat Group

Driven by a recovery in North America and Southeast Asia, the international world markets are beginning to show signs of improvement. However, growth is expected to be relatively modest in Europe, especially in Italy. As a result, the environment in the automotive markets in which the Fiat Group will be operating is not expected to be markedly different from last year, except for a slight increase in demand for agricultural equipment in the United States. Under these circumstances, competition will be particularly intense.

Nevertheless, during the year, all Group Sectors will continue to implement the industrial restructuring and streamlining programs outlined in the Relaunch Plan. At the same time, they will pursue further gains in product innovation and will devote substantial resources to improving their sales networks.

In addition, the Fiat Group will continue to strengthen its management organization, bringing in top executives from outside and optimizing the competencies and professional skills available inside.

The initiatives planned for the months ahead and the results achieved in the first quarter of the year provide confirmation that the Fiat Group should be able to attain operating breakeven as planned for 2004.

Worms & Cie Group

In 2003, although operating in a difficult economic context, the companies of the Worms & Cie Group raised or maintained their market share and took structural actions that will make it possible to consolidate or improve their operating results in 2004.

The first few months of 2004 confirm this forecast with a strong level of activities for the subsidiaries SGS and Permal Group and make it possible to anticipate a gradual turnaround in the paper sector where manufacturing costs are being subjected to a rigorous control policy.

Rinascente Group

In an economic context with growth forecasts uncertain, the Rinascente Group will support every commercial initiative necessary to pursue the objectives of efficiency and process effectiveness in order to preserve and, if possible, improve the operating result.

NHT Group

In view of the actions undertaken to reduce operating costs and the performance during the first few months, the NHT Group is forecasting a further improvement in its results for the year 2003/2004. However, the impacts deriving from a worsening of international political tension could make reaching the anticipated results more difficult.

Juventus Football Club

Juventus, in light of the economic and balance sheet performance for the first nine months of the year and information available to date, should register a negative net result for the year that will end on June 30, 2004. Such result could nevertheless be significantly affected by any extraordinary transactions regarding its assets.

PERFORMANCE OF THE MAJOR GROUP COMPANIES

The following describes the operating performance of the major Group companies.
The percentages indicated are updated to the beginning of May 2004.

FIAT GROUP

(30.06% of ordinary capital stock and 30.09% of preferred capital stock)

The consolidated results of the Fiat Group in the first quarter of 2004 can be summarized as follows:

€ in millions	I Quarter 2004	I Quarter 2003	Change Amount	%
Net Revenues	11,176	12,314	(1,138)	-9.2
Operating result	(158)	(342)	184	-53.8
Income (loss) before taxes	(61)	(657)	596	-90.7
Group interest in net result	(194)	(681)	487	-71.5

	3/31/2004	12/31/2003	Change amount
Stockholders' equity of the Group	(6,766)	(6,793)	27
Net financial position	(4,410)	(3,028)	(1,382)

The results achieved by the Fiat Group in the first quarter of 2004 show that the Relaunch Plan is being implemented on schedule and is yielding the expected benefits. Stringent cost-containment initiatives and the improved margins made possible by the positive public response to the new models launched by all Sectors, especially those of Fiat Auto, have enabled all Group companies to make steady progress toward attaining the target set for the year.

The highlights for the first quarter of 2004 are:

- The Group's revenues for the first quarter of 2004 totaled € 11.2 billion, compared with € 12.3 billion in the same period last year. However, when the data are restated on a comparable basis, the Group's revenues are about € 650 million (+6.1%) higher than the € 10.5 billion generated by the continuing operations in the first three months of 2003. This improvement is mainly due to higher revenues at Fiat Auto (+12%) and positive performances by several other Sectors. More specifically revenues were up 6% at Iveco, 12% at Marelli and 18% at Ferrari. CNH's revenues increased by 17% when stated in U.S. dollars, but were flat when translated into euros due to the unfavorable dollar/euro exchange rate. During the quarter, Fiat Engineering, which had revenues of € 83 million in the first three months of 2003, was divested effective January 1, 2004.
- The operating loss for the first quarter of 2004 was € 158 million, more than halved from the loss of € 342 million in the same period last year. The improvement is even greater on a comparable basis, continuing operations only, with this year's operating loss about 65% lower than the € 443 million loss recorded in the first three months of 2003. This improvement in operating performance is primarily due to increased volumes and margins made possible by healthy demand for the Group's new products and to the beneficial impact of cost-cutting programs implemented under the Relaunch Plan. All of the Group's main Sectors provided a positive contribution:
  - Despite challenging market conditions, Fiat Auto's performance in the first quarter of 2004 continued to improve. The first quarter operating loss shrank from € 334 million in 2003 to € 192 million this year. On a comparable basis (continuing operations), this year's operating loss is down to nearly half the € 375 million loss posted in the first three months of 2003. The higher volumes resulting from introduction of new models with better margins, as well as a more restrictive discount policy are leading the Sector towards significant improvements in profitability. An important contribution was also made by cost reduction measures envisaged in the Relaunch Plan, which generated significant savings on product costs and overhead;

- CNH's profitability was up sharply, with operating income rising to € 55 million, compared with an operating loss of € 8 million in the first three months of 2003. This improvement, despite the negative impact of an unfavorable exchange rate, was made possible by CNH's ability to exploit the recovery of the American market. In particular, performance during the period benefited from an increase in volumes and higher sale prices obtained in both the agricultural and construction equipment segments, as well as cost savings. A positive contribution was also made by the Sector financial activities;
- In the first quarter of 2004, Iveco reported operating income of € 45 million, up from € 2 million in the same period last year, confirming and consolidating the gains it achieved in the fourth quarter of 2003. This improvement, which was achieved despite relatively sluggish market demand, is largely the result of initiatives launched under the Relaunch Plan. This performance benefited from the favorable impact of increased volumes, improved product mix, and higher sales prices. A significant contribution was also made by efficiency gains, especially in the area of product costs. On the other hand, research and development outlays increased;
- All other industrial Sectors of the Group improved their operating results, with the exception of Ferrari, which was penalized by an unfavorable dollar/euro exchange rate and the higher capital spending to relaunch Maserati. The results reported by Business Solutions for the first three months of 2004 were adversely affected by the divestiture of Fiat Engineering, which had contributed operating income of € 4 million in the same period last year.

- The loss before taxes totaled € 61 million in the first quarter of 2004, compared with a pre-tax loss of € 657 million in the same period last year. The improvement is even greater (more than € 700 million) when compared to a pre-tax loss of € 768 million posted by the continuing operations in the first three months of 2003. Better operating results, higher income from equity investments and the gain generated by the termination of the equity swap on the General Motors shares (the portion allocable to the first quarter of 2004 was € 283 million) are the main reasons for this substantial improvement in performance.
- Group interest in net loss amounted to € 194 million in the first quarter of 2004, against a loss of € 681 million during the same period of 2003.
- At March 31, 2004, the Group's net financial position showed indebtedness of € 4.4 billion, or about € 1.4 billion more than at December 31, 2003. In particular:
  - Gross indebtedness stood at € 21.8 billion, down approximately € 700 million from December 31, 2003, and included:
    - the five-year-bond issued at the beginning of 2002 and exchangeable for General Motors shares, for the residual amount of approximately $1,689 million, equal to approximately € 1,382 million. During the first quarter of 2004, Fiat repurchased about $540 million in bonds to be cancelled out of a total of $2,229 million;
    - the mandatory convertible facility (€ 3 billion) and the loan by Citigroup (lead manager of a restricted pool of banks), secured by the agreements with EDF as part of the Italenergia Bis transaction (approximately € 1,150 million).
  - At March 31, 2004, after € 1.4 billion in bond redemptions, the Group liquidity exceeded € 5.6 billion, compared with € 7 billion at December 31, 2003.
  - At March 31, 2004, financial receivables and lease contracts receivable amounted to € 11.8 billion.

The change in the net financial position – net indebtedness minus liquidity and financial receivables – during the first quarter of 2004 is due to the typical seasonal increase in working capital requirements, most of which will be reabsorbed during the course of the year, and which was partially offset by positive cash flow of € 315 million during the period.

WORMS & Cie GROUP
(53.07% of capital stock through Ifil Investissements)

The consolidated results of the Worms & Cie Group for the first three months to March 31, 2004 can be summarized as follows:

€ in millions	I Quarter 2004	I Quarter 2003	Change Amount	Change %
Turnover	1,066.9	1,079.4	(12.5)	-1.2
Net profit before exceptionals	49.6	39.4	10.2	25.9
Exceptional items, net of tax	(5.8)	6.8	(12.6)	n.s.
Net profit - Group share	43.8	46.2	(2.4)	-5.2

Despite the persistently uncertain economic climate reflected in continued weak demand, the Worms & Cie Group delivered more than 25% growth in net profit before exceptionals to € 49.6 million in the first quarter of 2004. All the Group's subsidiaries increased or preserved their market share while improving or consolidating on their financial performance as a result of restructuring measures undertaken.

During the first quarter of 2004, SGS and the Permal Group delivered a further excellent performance, Antalis performed in line with targets and, lastly, ArjoWiggins proved robust and was in line with expectations. Continued restructuring, with the merger between Carbonless Europe and ArjoWiggins, will have a positive impact on both companies during the year.

In the first quarter of 2004, net profit – Group share amounted to € 43.8 million, compared to € 46.2 million in the first quarter of 2003 which, moreover, benefited from gains of € 25 million from the sale of Groupe Danone shares.

Regarding the business outlook, as both its industrial and distribution businesses have succeeded in lowering their breakeven point, the Worms & Cie Group anticipates that any future recovery in demand will be a source of earnings leverage in the consolidated result.

At its meeting of May 12, 2004, the Supervisory Board agreed to propose a dividend payment of € 0.6 per share at the Annual General Meeting to be held on June 18, 2004.

RINASCENTE GROUP
(99.21% of ordinary capital stock and 99.06% of savings capital stock through Eurofind)

The consolidated results of the Rinascente Group in the first quarter of 2004 can be summarized as follows:

€ in millions	I Quarter 2004	I Quarter 2003	Change Amount	Change %
Gross sales	1,579.8	1,478.4	101.4	6.9
Gross operating profit	30.4	41.6	(11.2)	-26.8
Loss before taxes	(0.6)	(16.7)	16.1	-96.5
Net loss - Group	(8.9)	(18.0)	9.1	-50.6

	3/31/2004	12/31/2003	Change amount
Stockholders' equity - Group	753.6	762.5	(8.9)
Net financial position	(582.9)	(481.2)	(101.7)

It should be pointed out that the result for the first quarter was affected by notable seasonal factors and therefore cannot represent the basis for full-year projections; in fact, for a proper interpretation of the economic and financial performance of the quarter, the following aspects should be taken into account:

- sales in the first three months of the year, owing to a seasonal structural effect, are lower than the average sales for the entire year;
- the composition of sales in the other quarters, especially the last quarter, are a determining factor in the seasonal percentage margins, which are much higher in the last quarter due to the mix, with a consequent impact on the gross margin;
- costs and expenses, on the contrary, are distributed more evenly over the entire course of the year.

The market context continues to be impacted by the persisting weakness in consumption. Notwithstanding, sales in the first quarter of 2004 were € 1,579.8 million and showed an increase of 6.9% compared to sales of € 1,478.4 million in the first quarter of 2003; all the store formulas of the Group reported higher results in comparison with the prior year.

Gross operating profit amounted to € 30.4 million, compared to € 41.6 million in the first quarter of 2003; the reduction is due principally to:

- the deconsolidation of 49% of the operations relating to Gallerie Commerciali;
- the outsourcing of administration, personnel management and general services and the information systems supporting such activities which caused the full cost of the services (including amortization and Irap) to be charged at the operating result level;
- the effects of a commercial policy which stepped up promotions;
- the increase in the amount of VAT as a result of corporate-related transactions aimed at focusing on the individual formulas.

The loss before taxes was € 0.6 million, compared to a loss of € 16.7 million in the first quarter of 2003. The change is substantially due to extraordinary income (€ 29.3 million) relating to the sale of three buildings used for Rinascente branch locations, the decrease in the gross operating profit (-€ 11.2 million) and the increase in financial expenses (-€ 2.1 million) as a result of higher average net indebtedness.

Consolidated net financial indebtedness at March 31, 2004 shows a net indebtedness position of € 582.9 million, compared to € 290.7 million in the first quarter of 2003 and € 481.2 million at December 31, 2003.

JUVENTUS FOOTBALL CLUB
(62.01% of capital stock)

The results of Juventus Football Club can be summarized as follows:

€ in millions	I Quarter 2004 (a)	I Quarter 2003 (a)	Change Amount	Change %
Operating revenues	61.7	52.3	9.4	18.0
Gross operating profit (b)	18.6	6.7	11.9	n.s.
Net income (loss)	5.3	(7.2)	12.5	n.s.

	3/31/2004	12/31/2003	Change amount
Stockholders' equity - Group	82.2	77.0	5.2
Net financial position	(4.6)	13.1	(17.7)

(a) Reclassified data. In view of the fact that Juventus F.C.'s fiscal year ends on June 30 of every year and the highly seasonal nature of the sector, it should be stressed that the data shown cannot represent the basis for a full-year projection.
(b) Before amortization of players' registration rights.

The increase in operating revenues recorded in the first quarter of 2004 compared to the same period of 2003 can be seen in all components of ordinary operations and, in particular, in income from radio and televisions rights due to the effect of increases established by the contracts and the higher number of home matches played in the Championship during the period.

The gross operating profit also benefited from a slight decrease in operating costs (from € 45.6 million in the first quarter of 2003 to € 43.1 million in this period) arriving at € 18.6 million (€ 6.7 million in 2003).

Besides these positive effects, the net income of € 5.3 million recorded in the first quarter of 2004 includes € 4.4 million of lower amortization of players' registration rights following the extension of the contract period for certain players, and therefore of the relative amortization plans, which occurred during the period. Of this amount, € 2.9 million relates to the recalculation of amortization for the period July 1, - December 31, 2003, the first half of the Juventus' fiscal year.

At March 31, 2004, the net financial position showed an indebtedness position of € 4.6 million. The change from a liquidity position of € 13.1 million at December 31, 2003 is due to the seasonal nature of cash flows which, typically, do not include significant receipts during the quarter.

One of the major events which took place during the quarter includes the deposit of documentation, with F.I.G.C. – Federazione Italiana Giuoco Calcio, required to obtain the U.E.F.A. license for the 2004/2005 season which was issued by the pertinent Commission on April 5, 2004.

In February, as part of a judicial inquiry on the soccer sector by the Public Prosecutor's Office in Rome, the Revenue Guard Corp took documentation from the headquarters of F.I.G.C. – Federazione Italiana Giuoco Calcio, L.N.P. – Lega Nazionale Professionisti and all the teams registered in the Serie A and Serie B Championships for the soccer seasons 1999/2000 to 2003/2004, regarding matters concerning the inquiry into the manner of the preparation of the financial statements and the registrations for the Championships during that period.

Among the events subsequent to March 31, 2004, mention should made of the fact that, at the end of April 2004, the company signed new agreements with Sky Italia S.r.l. regarding the television rights to home games in the Championship and other commercial rights for the 2005/2006 and 2006/2007 seasons. The annual consideration regarding the rights is, respectively, € 90 million and € 94.5 million, eventually increased by a bonus of € 5 million if the team reaches the finals in either first or second place in the Championship.

As regards the sport season, the First Team won third place in the 2003/2004 Italian Championship, gaining the right to play in the preliminary round of the U.E.F.A. Champions League next season.

NHT GROUP

(100% of capital stock through Ifil Investissements and Ifil Finance)

The key consolidated results of the NHT Group in the first quarter of 2004 can be summarized as follows:

	I Quarter	I Quarter	Change	
€ in millions	2004	2003	Amount	%
Net revenues	159.9	140.7	19.2	13.6
Operating loss	(6.6)	(7.3)	0.7	10.1
Net loss - Group	(10.8)	(10.9)	0.1	0.5

	3/31/2004	12/31/2003	Change amount
Stockholders' equity - Group	216.0	227.2	(11.2)
Net financial position (a)	(132.5)	(74.2)	(58.3)

(a) Data referring, respectively, to January 31, 2004 and October 31, 2003.

In order to be able to correctly interpret the results, the very highly seasonal nature of the tourism business should be taken into consideration since the profit curve shows peak growth in the summer season.

The consolidated accounting situation of the NHT Group at January 31, 2004 showed net revenues of € 159.9 million, an increase of roughly 14% compared to the same period of the prior year (€ 140.7 million). This was mainly due to the appreciable increase in sales volumes to countries in Africa (Egypt and Tanzania) and to the principal destinations in Europe, mainly France.

Market recovery and gains in sales volumes brought a slight improvement to operating margins compared to the first quarter of 2003.
This improvement, besides the growth in volumes, can be ascribed to considerable cost reductions in direct services, which, as a percentage of revenues, decreased from 90.4% to 84.9%.
The operating result was a loss of € 6.6 million, compared to a loss of € 7.3 million in the corresponding period of the prior year, with an improvement of € 0.7 million.
The net loss – Group was € 10.8 million compared to a loss of € 10.9 million registered in the same period of the prior year. The improvement is lower than the improvement at the level of gross and operating margin owing to extraordinary expenses of € 0.4 million incurred principally for the organizational restructuring of the foreign group and lower deferred tax assets.

The consolidated net financial position at January 31, 2004 showed a net indebtedness position of € 132.5 million. The change from October 31, 2003 (net indebtedness position of € 74.2 million) is mainly due to the first-time line-by-line consolidation of Neos, net of the effects relating to investments following the acquisition of the controlling equity stakes in Altamarea, Promoviaggi and Neos.

Turin, May 13, 2004

For the Board of Directors
The Chairman and Managing Director
Gianluigi Gabetti