QUARTERLY REPORT
MARCH 31, 2006

IFIL investments

QUARTERLY REPORT AT MARCH 31, 2006

This is an English translation of the Italian original document "Relazione trimestrale al 31 Marzo 2006" approved by the IFIL board of directors on May 12, 2006, which has been prepared solely for the convenience of the reader. The version in Italian takes precedence. For complete information about IFIL S.p.A. and the Group, reference should be made to the full original report in Italian also available on the corporate website: http://www.ifil.it.

Società per Azioni
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Board of directors

Chairman: Gianluigi Gabetti

Vice chairmen: Tiberto Brandolini d'Adda and John Elkann

Chief executive officer and general manager: Carlo Barel di Sant'Albano (a)

Directors: Edoardo Ferrero Ventimiglia, Franzo Grande Stevens, Giancarlo Lombardi, Antonio Maria Marocco, Giuseppe Recchi, Claudio Saracco, Pio Teodorani-Fabbri, Daniel John Winteler

(a) Co-opted by the board of directors on February 7, 2006

Secretary to the board: Fernando Massara

Executive committee

Gianluigi Gabetti (*chairman*), Tiberto Brandolini d'Adda, John Elkann, Carlo Barel di Sant'Albano

Audit committee

Antonio Maria Marocco (*chairman*), Giancarlo Lombardi, Claudio Saracco

Compensation and nominating committee

John Elkann (*chairman*), Gianluigi Gabetti, Giuseppe Recchi

Board of statutory auditors

Chairman: Cesare Ferrero

Standing auditors: Giorgio Giorgi, Paolo Piccatti

Alternate auditors: Lionello Jona Celesia, Ruggero Tabone

Independent auditors

Deloitte & Touche S.p.A.

Expiry of the terms of office

The terms of office of the board of directors and the board of statutory auditors, elected by the stockholders' meeting held on June 27, 2005, will expire concurrently with the stockholders' meeting that will be held for the approval of the statutory financial statements for the year ending December 31, 2007.

The appointment of the independent auditors will expire concurrently with the stockholders' meeting that will approve the financial statements for the year ending December 31, 2005.

Corporate governance

The chairman and vice chairmen may legally represent the company (art. 20 of the bylaws). Without specific authorization by resolution of the board of directors, they may carry out all acts falling under the corporate business purpose, except as restricted by law.

The board of directors 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.

The chief executive officer and general manager may legally represent the company (art. 20 of the bylaws).
The board of directors' meeting held on February 7, 2006, moreover, took note that the chief executive officer, with regard to the scope of that provision of the bylaws, has limited his powers of company representation to the amount of € 150 million for each single transaction.

THE INVESTMENT PORTFOLIO

IFIL Investments S.p.A. is the investment company of the Group headed by Giovanni Agnelli e C. S.a.p.az. (through IFI – Istituto Finanziario Industriale S.p.A. which holds more than 64% of its ordinary capital stock). It commands two distinctive areas of operations: the active management of the investment in Fiat and the dynamic management of the other holdings.

Fiat, in which IFIL has a holding of more than 30% of ordinary and preferred capital stock, operates in the national and international automotive market as a manufacturer and distributor of automobiles (Fiat, Lancia, Alfa Romeo, Ferrari and Maserati), agricultural and construction equipment (CNH Global), commercial vehicles (Iveco), automotive components for these vehicles and the supply of related services (Magneti Marelli, Comau and Teksid), 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.

Sequana Capital (52.78% holding) 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;
- Antalis (100% holding), the leading European group in the distribution of paper products for printing and writing;
- SGS (23.8% holding), a company listed on the Swiss stock exchange and leader in the verification, inspection and certification of product and service quality.

Sanpaolo IMI (5.86% holding of ordinary capital stock by IFIL) is a leading national banking group with over 3,000 branches throughout Italy.

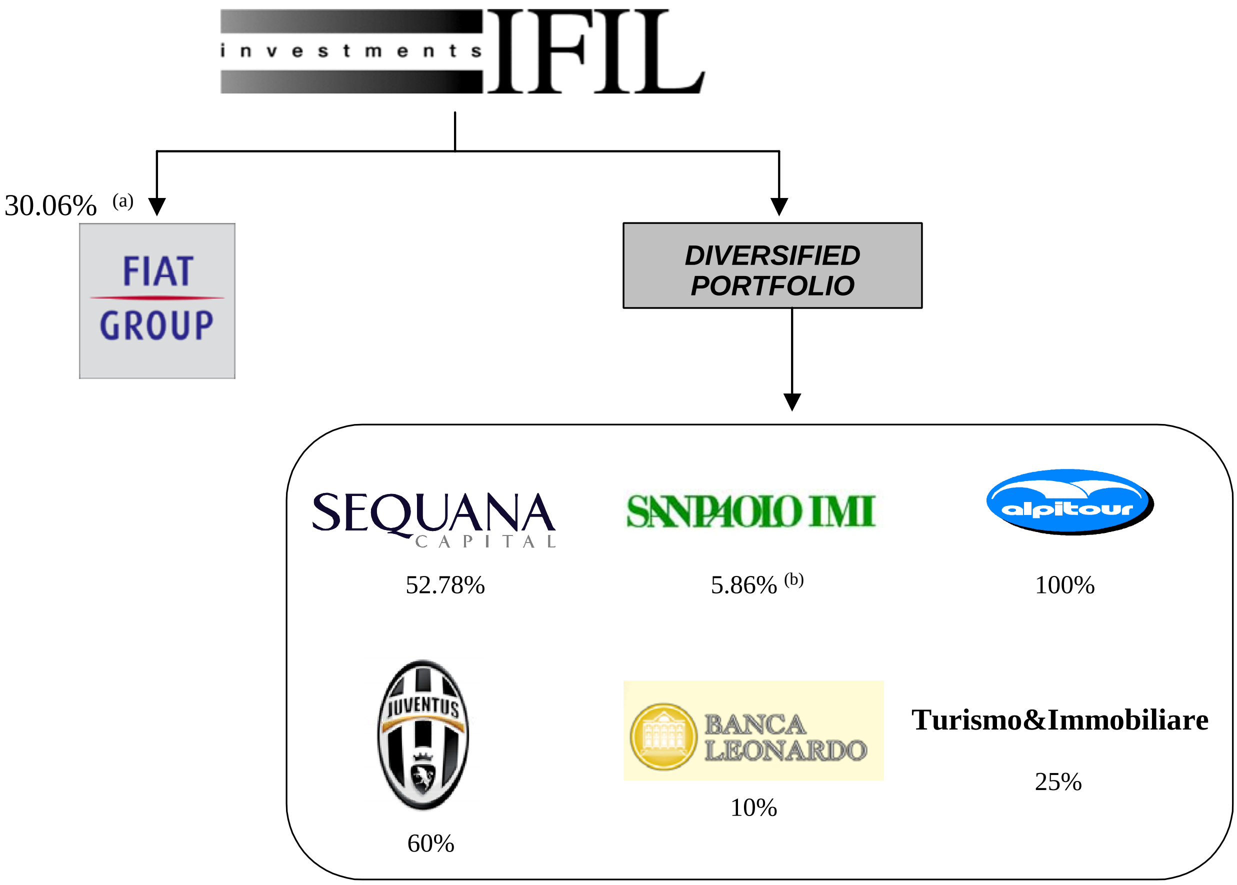
Alpitour (100% holding) is the leading group in the tourist sector in Italy.

Juventus Football Club (60% holding by IFIL) is a company with more than one hundred years of history and an enviable record gained at various national and international sports events.

Turismo&Immobiliare (25% holding) is a company with a 49% stake in Italia Turismo (ex-Sviluppo Italia Turismo), the largest Italian real estate company for tourist and hotel properties with important investments in Apulia, Calabria, Basilicata, Sicily and Sardinia.

Banca Leonardo (10% of capital stock) is an independent investment bank, currently in the process of being relaunched, which will concentrate its business on corporate finance advisory and asset management services, in addition to private equity services, under a joint venture with a leading European group.

The following chart is updated to May 2006 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) Equal to 4.97% of capital stock.

MAJOR EVENTS

Investigations by Consob and the Judicial Authorities

On February 21, 2006, Consob notified IFIL S.p.A. of its objections under art. 187-septies of Legislative Decree No. 58/1998 in relation to the content of the press release dated August 24, 2005.
Analogous objections were also notified to Giovanni Agnelli e C. S.a.p.az. regarding the content of its press release on the same date.
Furthermore, Gianluigi Gabetti, Franzo Grande Stevens and Virgilio Marrone received notification of the objection regarding the violation of art. 187-ter of Legislative Decree No. 58/1998, with Consob assuming that each of those individuals participated in the decisional process relating to the above press releases.
Exor Group S.A. and its legal representatives, instead, received notification of the violation of the obligations of communication as regards significant investments under art. 120 of Legislative Decree No. 58/1998 beginning with Consob's notice from August 30, 2005.

On March 9, 2006, the company's offices were searched under the orders of the Turin district attorney's office with regard to the same facts raised in the objections by Consob. At the same time, IFIL was notified of the inquiry into its administrative responsibility under Legislative Decree No. 231/2001.

The parties that received notifications from Consob lodged their objections in accordance with the law and will take advantage of every other opportunity of defense.

Investment in Banca Leonardo

On April 24, 2006, after receiving authorization from the pertinent authority, the subsidiary Ifil Investissements purchased 14,200,000 Banca Leonardo S.p.A. shares (class A stock), equal to 10% of the capital of the bank, for an investment of € 46.6 million.

Non-convertible bond issue

On May 12, 2006, the board of directors of IFIL S.p.A. approved the issue of non-convertible bonds by July 31, 2006, in one or more tranches, to Italian and/or foreign investment professionals, for an amount of between € 150 million and € 250 million. The issue price, the term and the interest rate will be decided on the basis of market conditions as well as the requirements of the company, in addition to bond issues being arranged by other issuers that have a substantially similar rating.
The bonds are eventually expected to be listed on the Luxembourg stock exchange with filing of the relative listing prospectus. The bonds will be repaid at face value in a one-time payment at maturity, except in cases of early repayment.

Update on the K Capital dispute

On May 9, 2006, the Turin Court rejected the request to cancel the resolution to increase IFIL capital stock reserved for Istituto Finanziario Industriale S.p.A. passed by the extraordinary stockholders' meeting of IFIL held on June 23, 2003, as well as the request for compensation of damages presented by K Capital, ordering K Capital to reimburse IFIL S.p.A. for all legal fees.

ACCOUNTING PRINCIPLES ADOPTED IN THE PREPARATION OF QUARTERLY REPORTS

The consolidated quarterly report of the IFIL Group at March 31, 2006 has been prepared in accordance with Article 82 of the "Regulations for the Implementation of Legislative Decree No. 58 of February 24, 1998 on the Activities of Issuers of Securities", as amended by Consob Resolution No. 14990 of April 14, 2005, in compliance with Annex 3D of the Regulation.

IFIL holds some important investments through Dutch and Luxembourg subsidiaries and 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), as well as certain companies contributing to investment activities (IFIL USA and IFIL Asia). The aggregate of these companies constitutes the so-called "Holdings System".

In order to facilitate the analysis of the financial position and results of operations of the Group, it is IFIL's practice to present "condensed" financial statements (balance sheet and income statement) for the period prepared by applying the "condensed" consolidation criteria. Such condensed consolidated financial statements are presented along with the annual consolidated financial statements and in the first-half report of each year. The quarterly consolidated data is also presented in the condensed format in the quarterly reports at March 31 and September 30 of each year.

In the preparation of the condensed consolidated balance sheet and income statement, the financial statements or accounting data drawn up in accordance with IFRS by the parent and by the subsidiaries in the "Holdings System" are consolidated line-by-line; the investments in the operating subsidiaries and associates (Fiat, Sequana Capital, Alpitour, Juventus Football Club and Turismo&Immobiliare) are accounted for by the equity method, always on the basis of their financial statements or accounting data prepared in accordance with IFRS.

Finally, it should be noted that certain valuation procedures, i.e. particularly complex procedures such as the determination of possible impairment losses on fixed assets, are generally completed only at the time of preparation of the annual consolidated financial statements, when all the necessary information is available, except those cases in which impairment indicators require a prompt assessment of possible impairments.

The consolidated quarterly report of the IFIL Group at March 31, 2006 is unaudited.

The following table shows the consolidation and valuation methods used for the investments in subsidiaries and associates.

		% holding in capital stock outstanding		
		3/31/2006	12/31/2005	3/31/2005
HOLDINGS SYSTEM	**Consolidated line-by-line** (a)			
	- IFIL Investments S.p.A.	-	-	-
	- Ifil Investment Holding N.V. (Netherlands)	100	100	100
	- Ifil Investissements S.A. (Luxembourg)	100	100	100
	- Ifilgroup Finance Ltd (Ireland)	100	100	100
	- Ifil International Finance Ltd (Ireland)	100	100	100
	- Soiem S.p.A. (Italy)	100	100	100
	- IFIL USA Inc (b)	100	100	100
	- IFIL Asia Ltd (Hong Kong)	100	100	100
	- IFIL New Business S.r.l. (Italy) (c)	100	100	100
	- Eufin Investments Unlimited (United Kingdom) (d)	100	100	50
	Consolidated proportionally			
	- Eurofind Textile S.A. (Luxembourg) (e)	-	-	50
OPERATING COMPANIES	**Accounted for by the equity method**			
	- Fiat Group	28.28	28.28	27.74
	- Sequana Capital Group	52.78	52.78	52.96
	- Alpitour Group	100	100	100
	- Juventus Football Club S.p.A.	60.00	60.00	60.00
	- Turismo&Immobiliare S.p.A.	25.00	25.00	-

(a) Certain wholly-owned subsidiaries, after the distribution of almost all their earnings and capital reserves, were wound up (Mediterranean Capital B.V. and Ifil Finance B.V.) or put into a wind-up (NHT New Holding for Tourism S.A.) and, therefore, at December 31, 2005, were accounted for by the equity method (they had previously been consolidated line-by-line). Sadco S.A. was put into a wind-up at the end of 2005 and has therefore been consolidated line-by-line up to March 31, 2006 since it still has significant liquid resources.

(b) Ifil Capital Partners L.P., Ifil America L.P. and Ifil Investments LLC (previously grouped with IFIL USA Inc.) were wound up in December 2005.

(c) Dormant company.

(d) The investment, equal to 50% of capital stock, was consolidated proportionally up to March 31, 2005.

(e) Following the proportional total spin-off of Eurofind (December 2004), the IFIL Group came to hold 50% of the capital stock of Eurofind Food (sold to the Auchan Group in December 2004) as well as 50% of the capital stock of Eurofind Textile which controlled 99.09% of the outstanding capital stock of La Rinascente (the beneficiary company of the spin-off of the textile businesses, Department Stores and Upim, of the Rinascente Group) sold on May 6, 2005 to Tamerice S.r.l. On May 17, 2005, Ifil Investissements purchased the remaining 50% interest in Eurofind Textile from the Auchan Group and merged it on June 28, 2005.

ANALYSIS OF CONDENSED CONSOLIDATED RESULTS

The **consolidated profit of the IFIL Group** for the first quarter of 2006 is € 67.3 million (€ 81.4 million in the same period of 2005). The decrease of € 14.1 million is basically due to the reduction in the Fiat Group's result (which in the first quarter of 2005 had included significant net unusual income). The decline was only partially compensated by an improvement in the results of the other operating subsidiaries and associates.

The **Group's share of the earnings (losses) of operating subsidiaries and associates accounted for by the equity method** is an earnings figure of € 69.7 million (compared to earnings of € 87.1 million in the first quarter of 2005). The negative change of € 17.4 million is due to the aforementioned lower results posted by the Fiat Group (-€ 41.8 million), partially offset by the improvement in the results reported by the Sequana Capital Group (+€ 16.3 million), the Alpitour Group (+€ 6.9 million) and Juventus Football Club (+€ 1.3 million) as well as the share of the losses reported by Turismo&Immobiliare (-€ 0.1 million). The above changes include consolidation adjustments.

The **consolidated net financial position of the "Holdings System"** at March 31, 2006 is a positive € 337.2 million. This is a reduction of € 11.1 million compared to the balance at the end of 2005 (€ 348.3 million) originating from the change in the flows from ordinary activities.

The **consolidated equity of the Group** at March 31, 2006 is € 5,370 million (€ 5,186 million at the end of 2005). The increase of € 184 million is due to the fair value adjustment of the investment in Sanpaolo IMI (+€ 148.4 million), consolidated profit of the Group for the first quarter of 2006 (+€ 67.3 million), negative translation differences (-€ 39.1 million) and other net changes (+€ 7.4 million).

The carrying amount of **investments accounted for by the equity method** at March 31, 2006 is € 3,616.6 million. The increase of € 39.8 million compared to investments at year-end 2005 (€ 3,576.8 million) is due to IFIL's share of the changes in the equity of the operating subsidiaries and associates.

Other non-current financial assets amount to € 1,383.5 million at March 31, 2006. The increase of € 145.5 million (compared to € 1,238 million at December 31, 2005) is due to the fair value adjustment of the investment in Sanpaolo IMI (+€ 148.4 million) and Fiat ordinary share warrants 2007 (-€ 2 million) and other net changes (-€ 0.9 million).

The condensed consolidated **income statement** and **balance sheet** and comments thereon are presented on the following pages.

IFIL GROUP - CONDENSED CONSOLIDATED INCOME STATEMENT

Year 2005	€ in millions	Note	Quarter I 2006	Quarter I 2005	Change
622.0	Group's share of the earnings (losses) of operating subsidiaries and associates accounted for by the equity method	1	69.7	87.1	(17.4)
	Net financial income:				
43.7	- Dividends from other holdings		0.0	0.0	0.0
1.8	- Net gains		0.0	1.8	(1.8)
3.4	- Impairment (losses)/reversals of investments and securities		1.0	0.0	1.0
2.4	- Other financial income and expenses		1.3	(0.6)	1.9
51.3	Net financial income		2.3	1.2	1.1
	Profit (loss) from discontinued operations or assets held for sale:				
459.1	Net gains		0.0	0.0	0.0
0.5	Share of the earnings (losses) of discontinued operations or assets held for sale		0.0	0.0	0.0
459.6	Profit (loss) from discontinued operations or assets held for sale		0.0	0.0	0.0
(1.7)	Other income (expenses)		0.0	(0.4)	0.4
(41.1)	Net general expenses	2	(4.6)	(6.5)	1.9
(0.1)	Income taxes		(0.1)	0.0	(0.1)
1,090.0	**Profit - Group**		67.3	81.4	(14.1)

IFIL GROUP - CONDENSED CONSOLIDATED BALANCE SHEET

3/31/2005 (a)	€ in millions	Note	Balance at 3/31/2006	Balance at 12/31/2005	Change
	Non-current assets				
13.5	Property, plant and equipment		13.4	13.5	(0.1)
2,317.7	Investments accounted for by the equity method	3	3,616.6	3,576.8	39.8
921.1	Other financial assets	4	1,383.5	1,238.0	145.5
3,252.3	**Total non-current assets**		5,013.5	4,828.3	185.2
	Current assets				
49.6	Trade receivables and other receivables		43.8	43.7	0.1
1,059.2	Financial assets	6	497.2	792.7	(295.5)
12.7	Cash and cash equivalents		3.9	4.2	(0.3)
1,121.5	**Total current assets**		544.9	840.6	(295.7)
72.3	**Assets held for sale**		0.0	0.0	0.0
4,446.1	TOTAL ASSETS		5,558.4	5,668.9	(110.5)
3,970.1	**Equity - Group**	7	5,370.0	5,186.0	184.0
	Non-current liabilities				
8.6	Provisions for employee benefits and provisions for other liabilities and charges		2.2	2.2	0.0
100.0	Bonds and other financial debt		0.0	0.0	0.0
0.2	Deferred tax liabilities and other non-current liabilities		1.1	1.2	(0.1)
108.8	**Total non-current liabilities**		3.3	3.4	(0.1)
	Current liabilities				
0.1	Provisions for employee benefits and provisions for other liabilities and charges		7.8	7.8	0.0
358.0	Bonds and other financial debt	8	163.9	448.6	(284.7)
9.1	Trade payables and other current liabilities		13.4	23.1	(9.7)
367.2	**Total current liabilities**		185.1	479.5	(294.4)
4,446.1	TOTAL EQUITY AND LIABILITIES		5,558.4	5,668.9	(110.5)

(a) Data restated as a result of the early adoption of the amendment to IAS 19.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Group's share of the earnings (losses) of operating subsidiaries and associates accounted for by the equity method

Year 2005	€ in millions	Earnings (losses) QI 2006	Earnings (losses) QI 2005	IFIL's share QI 2006	IFIL's share QI 2005	Change
373.8	Fiat Group	138.0	295.0	39.1	81.8	(42.7)
183.7	Sequana Capital Group	63.7	32.9	33.7	17.4	16.3
(10.7)	Alpitour Group	(7.8) (a)	(14.7) (a)	(7.8)	(14.7)	6.9
(10.0)	Juventus Football Club	6.6 (b)	4.3 (b)	3.9	2.6	1.3
(0.4)	Turismo&Immobiliare	(0.4)	-	(0.1)	-	(0.1)
536.4				68.8	87.1	(18.3)
85.6	Consolidation adjustments			0.9	0.0	0.9
622.0	**Total**			69.7	87.1	(17.4)

(a) The quarter coincides with the period November 1 – January 31.
(b) Accounting results for the period January 1 – March 31 prepared in accordance with IFRS for purposes of consolidation in IFIL.

The performance by the major subsidiaries and associates is described below.

2. Net general expenses

Net general expenses decreased from € 6.5 million in the first quarter of 2005 to € 4.6 million in the corresponding period of 2006. This decrease is substantially due to the liquidation of some foreign holdings and lower non-recurring personnel costs.

3. Investments accounted for by the equity method

Details are as follows:

€ in millions	Carrying amount at 3/31/2006	Carrying amount at 12/31/2005	Change
Investments in operating subsidiaries and associates accounted for by the equity method			
Fiat Group	2,360.0	2,335.7	24.3
Sequana Capital Group	1,159.3	1,140.9	18.4
Alpitour Group	63.1	69.9	(6.8)
Juventus Football Club S.p.A.	30.6	26.6	4.0
Turismo&Immobiliare Sp.A.	3.6	3.7	(0.1)
Total	3,616.6	3,576.8	39.8

4. Other financial assets

Details are as follows:

€ in millions	Carrying amount at 3/31/2006	Carrying amount at 12/31/2005	Change
Other investments - available-for-sale			
Sanpaolo IMI S.p.A. (a)	1,377.0	1,228.6	148.4
Other investments - sundry			
Subsidiaries of the "Holdings System" in liquidation and others	0.1	1.1	(1.0)
Non-current securities			
Ocean Club Méditerranée bonds	4.9	4.8	0.1
Fiat ordinary share warrants 2007 (a)	1.5	3.5	(2.0)
Total other financial assets	1,383.5	1,238.0	145.5

(a) Measured at fair value on the basis of the market price on the last day of the period with recognition of the unrealized gain or loss in equity.

5. Comparison between carrying amounts and market prices of listed investments and other listed financial assets

Details are as follows:

				Market price at			
	Number of	Carrying amount		March 31, 2006		May 8, 2006	
	shares held	Per share (€)	Total (€ ml)	Per share (€)	Total (€ ml)	Per share (€)	Total (€ ml)
Fiat Group							
- ordinary shares	328,333,447	6.57	2,155.9	10.28	3,374.6	11.47	3,767.0
- preferred shares	31,082,500	6.57	204.1	8.31	258.4	9.33	290.0
			2,360.0		3,633.0		4,057.0
Sequana Capital Group	55,922,623	20.73	1,159.3	25.79	1,442.2	26.60	1,487.5
Sanpaolo IMI S.p.A.	93,071,000	14.80	1,377.0	14.80	1,377.0	15.18	1,412.8
Juventus Football Club S.p.A.	72,560,500	0.42	30.6	1.53	110.9	2.24	162.8
Ocean Club Méditerranée bonds	76,614	63.92	4.9	66.50	5.1	66.80	5.1
Fiat ordinary share warrants 2007	18,914,511	0.08	1.5	0.08	1.5	0.16	3.1
Total			4,933.3		6,569.7		7,128.3

6. Current financial assets

These amount to € 497.2 million (compared to € 792.7 million at December 31, 2005) and mainly include investments on the money market in time deposits, short-term Italian government securities and other short-term financial instruments.

7. Equity - Group

Details are as follows:

€ in millions	3/31/2006	12/31/2005	Change
Capital stock and reserves	5,422.1	5,238.1	184.0
Treasury stock	(52.1)	(52.1)	0.0
Total	5,370.0	5,186.0	184.0

The changes during the period are analyzed as follows:

€ in millions	
Equity - Group at December 31, 2005	**5,186.0**
Fair value adjustment of the investment in Sanpaolo IMI (+€ 148.4 million) and Fiat ordinary share warrants 2007 (-€ 2 million)	146.4
Net change in the measurement of hedging instruments	0.1
Share of translation differences (-€ 39.1 million) in the equity of subsidiaries and associates and other net changes (+€ 9.3 million)	(29.8)
Profit - Group	67.3
Net change during the period	**184.0**
Equity - Group at March 31, 2006	**5,370.0**

In the first quarter of 2006, there were no transactions involving treasury stock which, at March 31, 2006, is analyzed as follows:

	No. of ordinary shares held	% of class of stock	% of capital stock	Amount Per share (€)	Amount Total (€ in ml)
Held by IFIL S.p.A.	13,785,778 (a)	1.33	1.28	3.58	49.3
Held by the subsidiary Soiem S.p.A.	810,262	0.08	0.08	3.41	2.8
Balance at March 31, 2006	14,596,040	1.41	1.36	3.57	52.1

(a) Of which 532,000 shares are to be used to service stock option plans at the price of € 2.28 per share.

8. Bonds and other financial debt

These include the 2003/2006 bonds of face value € 100 million, repayable in a one-time payment at maturity on December 19, 2006 and carried at amortized cost for € 99.7 million. These also include bank debt of € 64.2 million (compared to € 348.9 million at December 31, 2005).

9. Consolidated net financial position of the "Holdings System"

The consolidated net financial position of the "Holdings System" is composed as follows:

3/31/2005				3/31/2006			12/31/2005		
Current	Non-current	Total	€ in millions	Current	Non-current	Total	Current	Non-current	Total
1,059.2	0.0	1,059.2	Financial assets	497.2	0.0	497.2	792.7	0.0	792.7
12.7	0.0	12.7	Cash and cash equivalents	3.9	0.0	3.9	4.2	0.0	4.2
1,071.9	0.0	1,071.9	**Total financial assets**	501.1	0.0	501.1	796.9	0.0	796.9
(200.7)	0.0	(200.7)	IFIL 2002/2005 bonds	0.0	0.0	0.0	0.0	0.0	0.0
0.0	(99.9)	(99.9)	IFIL 2003/2006 bonds	(99.7)	0.0	(99.7)	(99.7)	0.0	(99.7)
(157.4)	0.0	(157.4)	Bank debt	(64.2)	0.0	(64.2)	(348.9)	0.0	(348.9)
(358.1)	(99.9)	(458.0)	**Total financial liabilities**	(163.9)	0.0	(163.9)	(448.6)	0.0	(448.6)
713.8	(99.9)	613.9	Consolidated net financial position of the "Holdings System"	337.2	0.0	337.2	348.3	0.0	348.3

The negative change of € 11.1 million compared to the balance at the end of 2005 is due to the following flows:

€ in millions	
Consolidated net financial position of the "Holdings System" at December 31, 2005	348.3
Net financial income	2.3
Net general expenses	(4.6)
Other net changes	(8.8)
Net change during the period	(11.1)
Consolidated net financial position of the "Holdings System" at March 31, 2006	337.2

On April 24, 2006, the subsidiary Ifil Investissements purchased 10% of Banca Leonardo S.p.A. capital stock, for an investment of € 46.6 million.

At March 31, 2006, IFIL S.p.A. has irrevocable credit lines for € 730 million due beyond March 31, 2007.

The rating assigned to IFIL's long-term debt by Standard & Poor's is "BBB+", whereas the rating on short-term debt is "A-2", with a stable outlook.

BUSINESS OUTLOOK

For the year 2006, IFIL S.p.A. is expected to report a profit.

On a consolidated level, taking into account the forecasts formulated by the major holdings, the IFIL Group expects to show a profit in 2006, although lower than the profit reported in 2005, which was the highest in the Group's history.

Fiat Group

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

Thanks to the successful resolution of all pending strategic and financial issues, with the positive results reported for the first quarter of 2006 the Fiat Group confirms that it is on track to achieve all its previously stated targets and re-establish Fiat as a strong industrial concern. The key results can be summarized as follows:

€ in millions	Quarter I 2006	Quarter I 2005	Change amount	Change %
Net revenues	12,556	10,755	1,801	16.7
Trading profit (a)	323	47	276	n.a.
Operating income (b)	323	729	(406)	n.s.
Income before taxes	232	561	(329)	n.s.
Group interest in net income	138	295	(157)	n.s.

	3/31/2006	12/31/2005	Change amount
Group interest in stockholders' equity	8,785	8,681	104
Net debt	(17,809)	(18,523)	714

(a) "Trading profit" is equal to net revenues less cost of sales, R&D costs, selling, general and administrative costs and other income (expenses).
(b) "Operating income/loss" is defined as the sum of trading profit or loss, gains or losses on the sale of equity investments, restructuring charges and other unusual items.

In the first quarter of 2006, the **consolidated net revenues** of the Fiat Group amount to € 12.6 billion, compared to € 10.8 billion in the first quarter of 2005. The 16.7% increase was driven by strong sales in the Automobiles business area (+23.2%) as the result of the success of new models and the positive performances of the other business areas, with the sole exception of Other Businesses (-3.6%).
In the first quarter of 2006, the Western European market for automobiles posted an increase of 3.3% with respect to the first quarter of 2005. Fiat Auto reported an increase in deliveries of 16.8% (+20.7% in Italy). Total deliveries grew by 15.8% raising the market share of the Group in almost all countries.
CNH revenues showed an increase of 13.7% over the first quarter of 2005 (at the same exchange rates, the increase would have been 6%) despite a slight decrease in volumes.
Iveco closed the first quarter with an increase in revenues, posting a gain of 5% with respect to the corresponding period of 2005, made substantially possible by higher sales volumes and better pricing.
The Components and Production Systems business area, including Fiat Powertrain Technologies (to which the powertrain activities of Iveco were transferred effective January 1, 2006), Magneti Marelli, Teksid and Comau, posted revenues for a total of € 3.2 billion, compared to € 2.1 billion in the first quarter of 2005.

In the first quarter of 2006, the **trading profit** of the Fiat Group amounts to € 323 million, up from € 47 million in the first quarter of 2005, mainly due to a major improvement in the Automobiles business area. Fiat Auto reported a trading profit of € 57 million, against a loss of € 129 million in the first three months of 2005, attributable to higher sales volumes, improved product mix thanks to the new models (which led to higher advertising costs) and containment of governance costs. Maserati had a trading loss of € 19 million, an improvement with respect to the trading loss of € 29 million in the first quarter of 2005, whereas Ferrari had a trading profit of € 11 million, an improvement with respect to the trading loss of € 8 million in the period January-March 2005.
CNH closed the first quarter of 2006 with a trading profit of € 137 million, an increase from the € 124 million in the first quarter of 2005, which included one-time income of € 24 million.
In the first quarter of 2006, Iveco had a trading profit of € 70 million, a gain of € 22 million over the first quarter of 2005 (€ 48 million).
The Components and Production Systems area had a trading profit of € 82 million in the first quarter of 2006, a significant improvement compared to € 46 million in the first quarter of 2005. Only Comau, out of all the companies in this area, reported a trading loss of € 6 million in the first quarter of 2006, somewhat less than the € 9 million trading loss in the first quarter of 2005.

Among Other Businesses, Business Solutions (Services) recorded a trading profit of € 4 million, an increase of € 2 million over the corresponding period of 2005, while Itedi (Publishing and Communications) closed the first quarter of 2006 with a trading profit near the breakeven point (compared to the trading profit of € 5 million in the first quarter of 2005).

The Fiat Group's **operating income** in the first quarter of 2006, in the absence of any significant amount of unusual income (expenses), is equal to its trading profit (€ 323 million). In the first quarter of 2005, operating income was € 729 million and included unusual income of € 715 million related to the quarter's allocation of the General Motors indemnity and restructuring costs for approximately € 32 million.

The Fiat Group's **interest in net income** is € 138 million in the first quarter of 2006, against a net income of € 295 million in the first quarter of 2005 due to the presence of the aforementioned unusual income. Excluding such unusual income, a loss would have been recorded in the first quarter last year.

At March 31, 2006, **consolidated net debt** amounts to € 17.8 billion, € 714 million less than the € 18.5 billion registered at the beginning of the year, as a consequence of the positive operating performance of the period. Net cash flows from industrial activities are a positive € 336 million.
Bonds issued during the period include a Fiat Finance & Trade S.A. bond with a nominal value of € 1 billion and a CNH bond with a nominal value of U.S. $ 500 million.
In May 2006, the subsidiary Fiat Finance & Trade will float another bond issue, guaranteed by Fiat S.p.A., for a nominal value of € 1 billion repayable in November 2011 with fixed interest of 5.625%.

In the first quarter of 2006, Fiat continued actions to strengthen the Automobile area through specific international covenants, signing important agreements in Russia, with Serverstal, and in India, with Tata Motors.
In April, moreover, Fiat Powertrain Technologies signed a supply contract for one thousand natural gas engines with the Public Transport Company of Beijing, the largest by the Fiat Group for this type of engine and one of the most important at a worldwide level.

The Fiat Group confirms the stated targets for 2006: positive operating cash flow, trading profit between € 1.6 billion and € 1.8 billion, and net income of approximately € 700 million.

Sequana Capital Group

(52.78% of capital stock, through Ifil Investissements)

The key consolidated results of the Sequana Capital Group for the first quarter of 2006 can be summarized as follows:

€ in millions	Quarter I 2006	Quarter I 2005 (a)	Change Amount	Change %
Net revenues	1,033.3	1,000.2	33.1	3.3
Trading profit	21.9	32.1	(10.2)	-31.8
Financial income (expenses)	34.7	(6.8)	41.5	n.s.
Profit from discontinued operations	-	11.7	n.a.	n.a.
Profit - Group	63.7	32.9	30.8	n.s.

(a) The 2005 data has been restated to include the result of Permal Group, which was sold last year, under discontinued operations.

With an economic scenario that vastly differed among the various business areas, in the first quarter of 2006 the Sequana Group recorded a trading profit of € 21.9 million (€ 32.1 million in the first quarter of 2005). The reduction is due principally to the difficulties encountered in the paper sector and, in particular, market stagnation, excess production capacity and higher energy and raw material costs.

Notwithstanding, the consolidated profit of the Group grew from € 32.9 million in the first quarter of 2005 (including € 11.7 million of profit from discontinued operations in 2005) to € 63.7 million in the first quarter of 2006. The improvement can substantially be ascribed to financial management (an income balance of € 34.7 million compared to an expense balance of € 6.8 million in the first three months of 2005) which includes the gain of € 38 million realized in the first quarter of 2006 on the sale of 97% of Legg Mason shares received in 2005 following the sale of 70.5% of Permal Group capital stock.

Juventus Football Club
(60% of capital stock)

The following key data is taken from the accounting data prepared and published by Juventus F.C. in accordance with Italian accounting principles.

€ in millions	Quarter I 2006 (a)	Quarter I 2005 (a)	Change amount	Change %
Operating revenues	77.1	70.9	6.2	8.7
Gross operating margin (b)	27.5	25.2	2.3	9.1
Net income	6.2	4.0	2.2	55.0

	3/31/2006	12/31/2005	Change amount
Stockholders' equity	86.2	80.0	6.2
Net financial position	(25.8)	(22.8)	(3.0)

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

In the first quarter of 2006 (the third quarter of the financial year 2005/2006), Juventus recorded operating revenues of € 77.1 million, with an increase of 8.7% compared to the first three months of 2005. The improvement is mainly due to higher television and radio rights, a greater number of games played and a larger portion of the income from participation in the U.E.F.A. Champions League to which it was entitled as the company winner of the Serie A Italian Championships 2004/2005.
Other income also includes € 14.2 million relating to the settlement agreed with RAI for the user and exploitation rights regarding images of the home games played by Juventus up to March 31, 2006. It should be recalled that revenues in the first quarter of 2005 had included € 18 million from the sale of the option rights in connection with the new official sponsorship contract with Oilinvest Netherland B.V. (owner of the Tamoil brand).

Operating costs totaling € 49.6 million (compared to € 45.7 million in the first quarter of 2005) grew by 8.4% in all cost categories and, in particular, in the costs relating to the transfer of a part of the revenues from games and television/radio rights to other teams, as envisaged by the law in force.

The amortization charge for the period decreased compared to € 17.6 million in the period January-March 2005 to € 14.4 million due not only to investments and disposals made during the Transfer Campaign 2005/2006 but also to the renewal in advance of contracts for some players.

Among the major events which occurred during the quarter of 2006, mention should be made of the fact that at the end of March and at the same time as the settlement mentioned above, the company signed various agreements with RAI concerning the exploitation of the Juventus Library of Juventus images, the user rights to the Library, the activation of a dedicated online television channel as well as service and cooperation agreements. The total investment by Juventus, equal to € 28 million, will be spent during the current and following year and will enable the company to benefit from the future economic impact, spread over time, originating from the economic exploitation of the Library.

As far as the sports season is concerned, the First Team was eliminated in the quarterfinals of the U.E.F.A. Champions League.

On May 11, 2006, the board of directors of Juventus Football Club tendered its resignation to the stockholders from the date of the election of the new board and, to this end, announced the first call of the ordinary stockholders' meeting for June 29, 2006 and the second call for June 30, 2006. The agenda calls for the election of the directors after establishing their number and compensation.
Until the stockholders' meeting, any extraordinary transactions will be conducted exclusively by the board of directors of Juventus Football Club.

Alpitour Group

(100% of capital stock through Ifil Investissements)

The key consolidated results of the Alpitour Group for the first quarter of 2006 can be summarized as follows:

€ in millions	Quarter I 2006	Quarter I 2005	Change amount	Change %
Net revenues	156.6	154.4	2.2	1.4
Operating loss	(19.8)	(16.7)	(3.1)	n.s.
Loss - Group	(7.8)	(14.7)	6.9	n.s.

	1/31/2006	1/31/2005	Change amount
Equity - Group	63.4	64.8	(1.4)
Consolidated net financial position	(125.7)	(188.9)	63.2

In order to be able to correctly interpret the results for the period, consideration must be given to the very highly seasonal nature of the Group's business as revenues are concentrated mainly in the summer season while structure costs are borne throughout the course of the year.

The start of the new year 2005/2006 obviously suffered from the difficult market situation which developed following the terrorist attacks at Sharm El Sheik (Red Sea) in July 2005. The persisting uncertainty caused by political tensions in the Middle East clearly had a negative impact on demand to all destinations in Egypt, whether it be the Red Sea or a cruise on the Nile. Added to that is the effect of Hurricane Emily which hit the Gulf of Mexico, especially the Mayan Riviera, adversely affecting tourism in that area of the Caribbean.

Bearing this in mind, the Alpitour Group ended the third quarter of 2005/2006 with consolidated net revenues of € 156.6 million. This is an increase of about 1.4% compared to the same period of 2004/2005, thanks principally to growth in the aviation and incoming sectors and, to a lesser degree, in the tour operating business.

As for the operating result, additional leases of aircrafts and higher costs to rent hotel resorts caused an increase in the loss of approximately € 3.1 million compared to the first quarter of the prior year (-€ 19.8 million for the quarter 2005/2006, compared to -€ 16.7 million for the same period of 2004/2005). To this end, it should also be mentioned that costs are charged to income on a straight-line basis over the period of the contracts whereas the relative revenues are strongly impacted by the seasonal nature of demand.

The consolidated net result of the Group shows a loss of € 7.8 million (-€ 14.7 million in the first quarter of the prior year). This result was achieved thanks partly to a net gain of € 13.9 million realized on the disposal of the "Club El Mandarin" hotel complex in Cancun and after recording a depreciation charge of € 3.7 million and recognizing a net deferred tax benefit of € 3.4 million.

The consolidated net financial position at the end of the quarter is a debt position of € 125.7 million, compared to a corresponding net debt position at January 31, 2005 of € 188.9 million. The change is mainly attributable to proceeds of € 38.2 million received on the disposal of "Club El Mandarin" and lower absorption of net working capital.

As for the outlook for the current year, the ongoing uncertainty of the international political scenario and the weakness in consumption by Italian households will cause a slowdown in the reversal of the trend recorded during the first months of this year compared to the expected results in terms of the return on revenues and invested capital.

Turin, May 12, 2006

For the board of directors
The chairman
Gianluigi Gabetti