

Turin, September 13, 2006

**PRESS RELEASE**

**IFIL'S Board of Directors approves first half 2006 results**

**Highlights of results**

<i>€ in millions</i>			
Criteria used in preparing data indicated in attached statements	I Half 2006	I Half 2005	Change
Consolidated profit – IFIL Group	189.5	624.1	-434.6
Profit - IFIL S.p.A.	36.7	30.5 <sup>(a)</sup>	+6.2

	At 6/30/2006	At 12/31/2005	Change
Consolidated net financial position - "Holdings System"	438.8	348.3	+90.5
Consolidated equity – IFIL Group	5,175	5,186	-11

(a) IFRS rectified data.

- **Consolidated profit of the IFIL Group for the first half of 2006 of €189.5 million (€624.1 million in the first half of 2005, which included gains for €459.1 million)**
- **Positive consolidated net financial position - "Holdings System" at June 30, 2006 of €438.8 million (€348.3 million at December 31, 2005)**
- **Profit of IFIL S.p.A. for the first half of 2006 of €36.7 million (€30.5 million in the first half of 2005)**
- **For the full year 2006, the forecast is for a profit for both the parent and the group**

The board of directors of IFIL S.p.A., which met today in Turin under the chairmanship of Gianluigi Gabetti, examined the consolidated results for the first six months of 2006.

The **consolidated profit of the IFIL Group** for the first half of 2006 amounts to €189.5 million and shows a decrease of € 434.6 million compared to the consolidated profit for the first half of 2005 (€624.1 million) which, however, included the gain realized on the sale of the investment in La Rinascente for €459.1 million.

The **consolidated net financial position of the "Holdings System"** at June 30, 2006 shows a positive €438.8 million, with an increase of €90.5 million compared to the position at December 31, 2005 (€348.3 million). The change is due to the receipt of dividends from holdings (+€237.6 million), the investment made in Banca Leonardo S.p.A. (-€ 46.6

million), the dividends paid out by IFIL (-€ 85.6 million) and other net changes (-€ 14.9 million).

**Consolidated equity of the Group** at June 30, 2006 amounts to € 5,175 million (€5,186 million at the end of 2005). The decrease of €11 million is due to negative exchange differences (-€144.5 million), dividends paid out by IFIL (-€85.6 million), the fair value adjustment of the investment in SanPaolo IMI (+€26.7 million, after tax), the consolidated profit of the Group for the first half (+€ 189.5 million) and other net changes (+€2.9 million).

### **Major events during the first half of 2006**

#### **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. On March 9, 2006, the company's offices were searched by order 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. Protests were lodged against the objections advanced by Consob. The administrative proceedings and the preliminary investigations by the Turin district attorney's office are in progress.

#### **Update on the dispute with K Capital**

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 filed by K Capital.

#### **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 June 9, 2006, following the resolution passed by the board of directors' meeting on May 12, 2006, IFIL issued non-convertible bonds for a face value of €200 million maturing June 9, 2011.

## **Operating performance by the major subsidiaries and associates**

### **Fiat Group**

Net revenues of the Fiat Group in the first half of 2006 total €26,164 million. This is an increase of 14.7% over the corresponding period of 2005, driven by strong sales at Fiat Auto – which grew by 22.2% - and the positive performance of the principal industrial sectors. Trading profit of €982 million (3.8% of revenues) rose by €575 million compared to €407 million for the same period of 2005 (1.8% of revenues). The consolidated net result (Group and minority interest) shows a net income of €481 million (€510 million in the corresponding period of 2005, which, however, benefited from net unusual income of €761 million). On the basis of its first-half results, the Fiat Group announced an upward revision of the Group's targets for the full year 2006.

### **Sequana Capital Group**

In the first half of 2006, the Sequana Capital Group shows consolidated profit of €106.5 million, with an increase of 44.9% compared to the first half of 2005 (€73.5 million). As far as the paper business is concerned, performance was irregular: basically stable at Antalis (which contributed €15.7 million to Sequana Capital's result compared to €16.1 million in the corresponding period of the prior year) and a decline on the part of ArjoWiggins, which, although it generated good cash flows during the first half of the year, contributed €16.5 million to Sequana Capital's result compared to €32.5 million in the first six months of 2005. Note should be taken of the excellent performance reported by SGS in this period (an 18.5% jump in sales and a 16.4% increase in its contribution to the consolidated result of Sequana Capital compared to the first half of 2005).

### **Alpitour Group**

Thanks in part to the 2006 Turin Winter Olympics, the consolidated figures of the Alpitour Group at April 30, 2006 show revenues of €484.7 million, a net increase compared to the first half of the prior year (+42.7%). In a period when the season is extremely negative for the tourism business (which principally generates revenues in the summer season while structure costs are spread evenly over the entire year), the consolidated result of the Group is a loss of €17.5 million, which is an improvement over the negative result of €23.9 million reported in the first half of the prior year.

### **Juventus Football Club**

During the fiscal year 2005/2006, Juventus F.C. recorded revenues of €251.5 million (+9.7% compared to the prior year), of which €44.2 million is nonrecurring revenues. Game revenues decreased by €22.8 million to €16.6 million, principally on account of lower proceeds from the U.E.F.A. Champions League and from friendly matches. The result for the fiscal year is a loss of €21.6 million compared to a loss of €3 million in 2004/2005 and includes

€13.1 million for impairments (€5.4 million in the prior year), of which €12.1 million refers to the accounting amount of players' registration rights sold during the summer transfer campaign of the 2006/2007 season.

In June, a disciplinary proceeding against Juventus began before the sports authorities at various levels of judgment and is now under arbitration before the Coni Court of Conciliation and the Court of Arbitration. The Court of Arbitration could reduce the sanctions which, at this time, among other things, require the team to play in the Serie B division during the 2006-2007 season with a 17-point penalty.

### **Significant events subsequent to the end of the first half of 2006**

#### **Public Exchange Offering approved by the subsidiary Sequana Capital**

On September 6, 2006, the board of directors of the subsidiary Sequana Capital approved the project to place Sequana Capital's focus on the paper sector (in which it operates through the wholly-owned subsidiaries ArjoWiggins and Antalis operate). Consequently, it approved the Public Exchange Offering of a maximum of 57.6 million Sequana Capital shares (approximately 54% of capital stock) for a maximum of 1.9 million SGS shares (23.8% of capital stock) held by Sequana Capital itself, in a ratio of 1 SGS share for every 31 Sequana Capital shares tendered in the Offering. Alternatively, the stockholders may opt to receive the price of €21 in cash for each Sequana Capital share sold to the company. The transaction, subject to the approval of the French stock exchange commission and the extraordinary stockholders' meeting should be concluded by the end of 2006.

The IFIL Group announced its intention to participate in the Offering by exchanging a part of the Sequana Capital shares it currently holds with SGS shares. The stake in SGS will be higher than 12%.

IFIL was advised in the evaluation of this exchange by Banca Leonardo.

#### **SanPaolo IMI and Banca Intesa merger plan**

On August 26, 2006, the boards of directors of Banca Intesa and SanPaolo IMI approved the guide lines of a merger plan to create a single banking group that would be the market leader in Italy and a protagonist in the main European countries. The plan will be drawn up and authorized in its final version by November in order to be approved by the extraordinary shareholders' meetings of the respective companies by the end of the year.

### **Bonds falling due**

In accordance with Borsa Italiana S.p.A. instructions, IFIL provides disclosure of the fact that its bonds IFIL 2003-2006 of face value €100 million will fall due in December 2006.

### **Rating**

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 fiscal 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.

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#### **PRESS OFFICE**

**Andrea GRIVA**  
Tel. 011.5090.320  
e-mail: ufficio.stampa@ifil.it

#### **INVESTOR RELATIONS**

**Arturo CARCHIO**  
Tel. 011.5090.360  
e-mail: relazioni.investitori@ifil.it

## IFIL GROUP - CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2006 – CONDENSED <sup>(\*)</sup>

(\*) Prepared by consolidating the accounting situations drawn up in accordance with IFRS by IFIL and by the subsidiaries of the “Holdings System” on a line-by-line basis and accounting for the other operating subsidiaries and associates by the equity method.

### CONDENSED CONSOLIDATED INCOME STATEMENT

Year 2005	€ in millions	I Half		Change
		2006	2005	
622.0	Group's share of the earnings (losses) of operating subsidiaries and associates accounted for by the equity method	143.9	145.4	(1.5)
	Net financial income:			
43.7	- Dividends	53.1	43.7	9.4
1.8	- Gains	0.0	1.8	(1.8)
3.4	- Impairment (losses)/reversals on investments and securities	(1.2)	1.0	(2.2)
2.9	- Other financial income and expenses	3.7	1.2	2.5
51.8	Net financial income	55.6	47.7	7.9
459.1	Gain on the sale of the investment in La Rinascente	0.0	459.1	(459.1)
(1.7)	(Accruals) uses of provisions	0.0	(0.8)	0.8
(41.1)	Net general expenses	(9.9)	(27.4)	17.5
(0.1)	Income taxes	(0.1)	0.1	(0.2)
1,090.0	<b>Profit - Group</b>	<b>189.5</b>	<b>624.1</b>	<b>(434.6)</b>

### GROUP'S SHARE OF THE EARNINGS (LOSSES) OF OPERATING SUBSIDIARIES AND ASSOCIATES ACCOUNTED FOR BY THE EQUITY METHOD

Year 2005	€ in millions	Earnings (losses)		IFIL's share		Change
		I Half 2006	I Half 2005	I Half 2006	I Half 2005	
373.8	Fiat Group	417.8	475.2	118.1	131.8	(13.7)
183.7	Sequana Capital Group	106.5	73.5	56.2	38.9	17.3
(10.7)	Alpitour Group	(17.5) (a)	(23.9) (a)	(17.5)	(23.9)	6.4
(10.0)	Juventus Football Club S.p.A.	(23.8) (b)	(2.3) (b)	(14.3)	(1.4)	(12.9)
(0.4)	Turismo&Immobiliare S.p.A.	(1.1)	-	(0.3)	-	(0.3)
536.4				142.2	145.4	(3.2)
85.6	Consolidation adjustments			1.7	0.0	1.7
622.0	<b>Total</b>			<b>143.9</b>	<b>145.4</b>	<b>(1.5)</b>

(a) Results for the six months November 1 – April 30.

(b) Accounting results for the period January 1 – June 30 prepared in accordance with IFRS for purposes of consolidation in IFIL.

**Unaudited by the audit firm and not examined by the board of statutory auditors.**

## IFIL GROUP - CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2006 – CONDENSED (\*)

(\*) Prepared by consolidating the accounting situations drawn up in accordance with IFRS by IFIL and by the subsidiaries of the “Holdings System” on a line-by-line basis and accounting for the other operating subsidiaries and associates by the equity method.

### CONDENSED CONSOLIDATED BALANCE SHEET

6/30/2005	€ in millions	6/30/2006	12/31/2005	Change
<b>Non-current assets</b>				
13.6	Property, plant and equipment	13.4	13.5	(0.1)
2,523.6	(a) Investments accounted for by the equity method	3,394.1	3,576.8	(182.7)
1,072.9	Other financial assets	1,339.8	1,238.3	101.5
3,610.1	<b>Total non-current assets</b>	4,747.3	4,828.6	(81.3)
<b>Current assets</b>				
43.3	Trade receivables and other receivables	44.0	43.7	0.3
1,423.2	Financial assets	736.0	793.5	(57.5)
34.5	Cash and cash equivalents	7.5	4.2	3.3
1,501.0	<b>Total current assets</b>	787.5	841.4	(53.9)
2.2	<b>Assets held for sale</b>	0.0	0.0	0.0
5,113.3	<b>TOTAL ASSETS</b>	5,534.8	5,670.0	(135.2)
4,556.0	(a) <b>Equity - Group</b>	5,175.0	5,186.0	(11.0)
<b>Non-current liabilities</b>				
9.1	Provisions for employee benefits and provisions for other liabilities and charges	2.3	2.2	0.1
100.0	Bonds and other debt	200.0	0.0	200.0
0.5	Deferred tax liabilities and other liabilities	30.7	1.2	29.5
109.6	<b>Total non-current liabilities</b>	233.0	3.4	229.6
<b>Current liabilities</b>				
0.1	Provisions for employee benefits and provisions for other liabilities and charges	7.8	7.8	0.0
427.7	Bonds and other debt	105.7	449.7	(344.0)
19.9	Trade payables and other liabilities	13.3	23.1	(9.8)
447.7	<b>Total current liabilities</b>	126.8	480.6	(353.8)
5,113.3	<b>TOTAL EQUITY AND LIABILITIES</b>	5,534.8	5,670.0	(135.2)

(a) Data adjusted by a reduction of €72.7 million due to the early adoption of the amendment to IAS 19.

**IFIL GROUP - CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS  
ENDED JUNE 30, 2006 – CONDENSED (\*)**

(\*) Prepared by consolidating the accounting situations drawn up in accordance with IFRS by IFIL and by the subsidiaries of the "Holdings System" on a line-by-line basis and accounting for the other operating subsidiaries and associates by the equity method.

**CONSOLIDATED NET FINANCIAL POSITION OF THE "HOLDINGS SYSTEM"**

6/30/2005			6/30/2006			12/31/2005		
Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
1,423.2	0.0	1,423.2	736.0	1.0	737.0	793.5	0.3	793.8
34.5	0.0	34.5	7.5	0.0	7.5	4.2	0.0	4.2
<b>1,457.7</b>	<b>0.0</b>	<b>1,457.7</b>	<b>743.5</b>	<b>1.0</b>	<b>744.5</b>	<b>797.7</b>	<b>0.3</b>	<b>798.0</b>
(200.0)	0.0	(200.0)	0.0	0.0	0.0	0.0	0.0	0.0
0.0	(100.0)	(100.0)	(100.0)	0.0	(100.0)	(100.0)	0.0	(100.0)
0.0	0.0	0.0	0.0	(200.0)	(200.0)	0.0	0.0	0.0
(227.7)	0.0	(227.7)	(5.7)	0.0	(5.7)	(349.7)	0.0	(349.7)
<b>(427.7)</b>	<b>(100.0)</b>	<b>(527.7)</b>	<b>(105.7)</b>	<b>(200.0)</b>	<b>(305.7)</b>	<b>(449.7)</b>	<b>0.0</b>	<b>(449.7)</b>
Consolidated net financial position of the "Holdings System"								
<b>1,030.0</b>	<b>(100.0)</b>	<b>930.0</b>	<b>637.8</b>	<b>(199.0)</b>	<b>438.8</b>	<b>348.0</b>	<b>0.3</b>	<b>348.3</b>

**Unaudited by the audit firm and not examined by the board of statutory auditors.**



**IFIL S.p.A. - FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2006  
(PREPARED IN ACCORDANCE WITH IFRS)**

**INCOME STATEMENT**

Year 2005	€ in thousands	I Half 2006	I Half 2005	Change
<b>Financial income (expenses)</b>				
154,411	Dividends	53,050	62,703	(9,653)
2,568	Gains on the disposal of investments	0	2,518	(2,518)
(23,044)	Financial expenses from third parties	(4,743)	(11,960)	7,217
0	Financial expenses from related parties	(3,348)	0	(3,348)
1,079	Financial income from third parties	543	556	(13)
419	Financial income from related parties	0	149	(149)
1	Foreign exchange gains (losses)	0	0	0
(4)	Net impairment charges on non-current assets	(111)	0	(111)
135,430	<b>Net result of financial management</b>	<b>45,391</b>	<b>53,966</b>	<b>(8,575)</b>
<b>Net general expenses</b>				
(3,938)	Purchases of goods and services from third parties	(3,025)	(1,732)	(1,293)
(22,852)	Purchases of goods and services from related parties	(2,090)	(17,129)	15,039
(8,033)	Personnel costs	(3,619)	(4,724)	1,105
(31)	Depreciation and amortization	(15)	(15)	0
32	Revenues from services and cost recoveries from third parties	9	22	(13)
328	Revenues from services and cost recoveries from related parties	98	145	(47)
(34,494)	<b>Total net general expenses</b>	<b>(8,642)</b>	<b>(23,433)</b>	<b>14,791</b>
100,936	<b>Profit before income taxes</b>	<b>36,749</b>	<b>30,533</b>	<b>6,216</b>
0	Income taxes	0	0	0
100,936	<b>Profit</b>	<b>36,749</b>	<b>30,533</b>	<b>6,216</b>

**Unaudited by the audit firm and not examined by the board of statutory auditors.**

**IFIL S.p.A. - FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2006  
(PREPARED IN ACCORDANCE WITH IFRS)**

**BALANCE SHEET**

€ in thousands	6/30/2006	12/31/2005	Change
<b>Non-current assets</b>			
Investments accounted for at cost	2,874,007	2,874,007	0
Investments available-for-sale	1,284,752	1,228,630	56,122
Total investments	4,158,759	4,102,637	56,122
Securities	2,410	3,480	(1,070)
Other financial assets	935	271	664
Intangible assets	2	4	(2)
Property, plant and equipment	67	81	(14)
Other receivables	1	1	0
<b>Total non-current assets</b>	<b>4,162,174</b>	<b>4,106,474</b>	<b>55,700</b>
<b>Current assets</b>			
Cash and cash equivalents	102	210	(108)
Other financial assets	2,624	824	1,800
Tax receivables	43,232	42,821	411
Trade receivables from related parties	115	113	2
Other receivables	118	236	(118)
<b>Total current assets</b>	<b>46,191</b>	<b>44,204</b>	<b>1,987</b>
<b>Total Assets</b>	<b>4,208,365</b>	<b>4,150,678</b>	<b>57,687</b>
<b>Equity</b>			
Capital stock	1,075,996	1,075,996	0
Capital reserves	1,456,924	1,456,924	0
Retained earnings and other reserves	1,139,215	1,096,728	42,487
Treasury stock	(52,089)	(52,089)	0
Profit	36,749	100,936	(64,187)
<b>Total Equity</b>	<b>3,656,795</b>	<b>3,678,495</b>	<b>(21,700)</b>
<b>Non-current liabilities</b>			
Non-convertible bonds	200,000	0	200,000
Deferred tax liabilities	29,569	100	29,469
Provisions for employee benefits	2,182	2,038	144
Other payables	84	106	(22)
<b>Total non-current liabilities</b>	<b>231,835</b>	<b>2,244</b>	<b>229,591</b>
<b>Current liabilities</b>			
Non-convertible bonds	100,000	100,000	0
Bank debt	2,273	348,584	(346,311)
Other debt with related parties	205,348	0	205,348
Other financial liabilities	1,005	1,162	(157)
Trade payables and other payables to related parties	8,571	9,508	(937)
Trade payables to third parties	1,204	4,339	(3,135)
Tax payables	375	5,041	(4,666)
Other payables	959	1,305	(346)
<b>Total current liabilities</b>	<b>319,735</b>	<b>469,939</b>	<b>(150,204)</b>
<b>Total equity and liabilities</b>	<b>4,208,365</b>	<b>4,150,678</b>	<b>57,687</b>

**Unaudited by the audit firm and not examined by the board of statutory auditors.**