



IFIL GROUP IN 2006

SEPARATE FINANCIAL STATEMENTS OF IFIL S.p.A. AT DECEMBER 31, 2006

SEPARATE BALANCE SHEET

€	Note	12/31/2006	12/31/2005 (a)	Change
Non-current assets				
Investments accounted for at cost		3,681,655,275	2,874,007,232	807,648,043
Investments available-for-sale		1,640,283,304	1,228,630,271	411,653,033
Total Investments	8	5,321,938,579	4,102,637,503	1,219,301,076
Securities		0	3,480,270	(3,480,270)
Other financial assets		150,021	270,833	(120,812)
Intangible assets		0	3,698	(3,698)
Property, plant and equipment		26,874	80,621	(53,747)
Other receivables		1,291	1,291	0
Total Non-current assets		5,322,116,765	4,106,474,216	1,215,642,549
Current assets				
Cash and cash equivalents		309,025	209,670	99,355
Other financial assets	9	2,158,812	640,306	1,518,506
Tax receivables	10	43,670,031	42,821,207	848,824
Trade receivables from related parties	33	564,242	113,179	451,063
Other receivables		188,880	234,851	(45,971)
Total Current assets		46,890,990	44,019,213	2,871,777
Total Assets		5,369,007,755	4,150,493,429	1,218,514,326
Equity				
Capital stock	11	1,075,995,737	1,075,995,737	0
Capital reserves	12	1,456,923,529	1,456,923,529	0
Retained earnings and other reserves	13	1,477,673,604	1,096,728,329	380,945,275
Treasury stock	15	(48,450,271)	(52,089,035)	3,638,764
Profit for the year		625,320,513	100,936,268	524,384,245
Total Equity		4,587,463,112	3,678,494,828	908,968,284
Non-current liabilities				
Non-convertible bonds	17	199,166,262	0	199,166,262
Deferred tax liabilities	18	73,573,250	100,000	73,473,250
Provisions for employee benefits	19	2,280,331	2,038,081	242,250
Other liabilities with related parties	16-33	3,119,600	0	3,119,600
Other payables		199,126	105,633	93,493
Total Non-current liabilities		278,338,569	2,243,714	276,094,855
Current liabilities				
Non-convertible bonds		0	99,815,860	(99,815,860)
Bank debt	20	274,659,608	348,584,063	(73,924,455)
Debt with related parties	33	208,911,705	0	208,911,705
Other financial liabilities	21	1,432,085	1,161,287	270,798
Trade and other payables to related parties	33	8,544,519	9,507,904	(963,385)
Trade payables to third parties		2,008,666	4,339,470	(2,330,804)
Tax payables		1,013,977	5,041,364	(4,027,387)
Other payables	22	6,635,514	1,304,939	5,330,575
Total Current liabilities		503,206,074	469,754,887	33,451,187
Total Equity and liabilities		5,369,007,755	4,150,493,429	1,218,514,326

(a) Restated and reclassified in accordance with IFRS.

SEPARATE INCOME STATEMENT

€	Note	2006	2005 (a)	Change
Investment income (charges)				
Dividends from investments	23	53,050,470	154,411,126	(101,360,656)
Gains (Losses) on sales of investments and securities	24	(724,850)	2,568,066	(3,292,916)
Reversal of impairment losses on investments		645,285,028	0	645,285,028
Impairment losses on investments	8	(10,289)	(4,165)	(6,124)
		Net investment income	156,975,027	540,625,332
Financial income (expenses)				
Financial expenses from third parties	25	(13,712,242)	(23,043,983)	9,331,741
Financial expenses from related parties	33	(6,911,705)	0	(6,911,705)
Financial income from third parties	26	1,313,033	1,079,333	233,700
Financial income from related parties		0	419,077	(419,077)
Foreign exchange gains (losses)		(1,967)	938	(2,905)
		Net financial expenses	(21,544,635)	2,231,754
Net general expenses				
Personnel costs	27	(8,725,893)	(8,373,178)	(352,715)
Purchases of goods and services from third parties	28	(4,562,368)	(2,476,053)	(2,086,315)
Purchases of goods and services from related parties	33	(5,131,341)	(3,758,287)	(1,373,054)
Other current operating expenses	29	(2,414,010)	(1,469,565)	(944,445)
Depreciation and amortization		(57,965)	(30,660)	(27,305)
		(20,891,577)	(16,107,743)	(4,783,834)
Revenues from third parties		22,875	39,342	(16,467)
Revenues from related parties		753,746	324,277	429,469
		776,621	363,619	413,002
		Net general expenses	(15,744,124)	(4,370,832)
Other non-current expenses				
Other non-current expenses from third parties		(4,500,000)	0	(4,500,000)
Other non-current expenses from related parties		(3,119,600)	(18,750,000)	15,630,400
		Other non-current expenses	(18,750,000)	11,130,400
		Profit before income taxes	100,936,268	549,616,654
Income taxes	30	(25,232,409)	0	(25,232,409)
		Profit for the year	100,936,268	524,384,245

(a) Restated and reclassified in accordance with IFRS.

SEPARATE STATEMENT OF CHANGES IN EQUITY

€	Capital stock	Capital reserves	Retained earnings and other reserves	Treasury stock	Profit	Total Equity
Equity at January 1, 2005 (a)	1,075,195,737	1,456,243,529	943,956,965	(49,957,199)		3,425,439,032
Purchase of 630,306 IFIL ordinary shares				(2,131,836)		(2,131,836)
Capital stock increase from exercise of stock options with issue of 800,000 ordinary shares at the per share price of € 1.85	800,000	680,000				1,480,000
Dividends paid out to stockholders (€ 0.0683 per ordinary share, € 0.089 per savings share)			(73,322,769)			(73,322,769)
Actuarial gains (losses) recognized directly in equity			(140,162)			(140,162)
Fair value changes to cash flow hedge instruments			4,956,128			4,956,128
Fair value changes to investments and securities			221,274,851			221,274,851
Dividends statute-barred			3,316			3,316
Profit for the year					100,936,268	100,936,268
Net change during the year	800,000	680,000	152,771,364	(2,131,836)	100,936,268	253,055,796
Equity at December 31, 2005 (a)	1,075,995,737	1,456,923,529	1,096,728,329	(52,089,035)	100,936,268	3,678,494,828
Dividends paid out to stockholders (€ 0.08 per ordinary share, € 0.1007 per savings share)					(85,750,625)	(85,750,625)
Movements among reserves			15,185,643		(15,185,643)	0
Fair value changes to investments and securities			410,694,067			410,694,067
Deferred taxes on fair value changes to investments			(48,240,841)			(48,240,841)
Fair value changes to cash flow hedge instruments			1,608,554			1,608,554
Sale of 1,382,780 IFIL ordinary shares for stock option plans			1,706,113	3,638,764		5,344,877
Actuarial gains (losses) recognized directly in equity			(11,612)			(11,612)
Dividends statute-barred			3,351			3,351
Profit for the year					625,320,513	625,320,513
Net change during the year	0	0	380,945,275	3,638,764	524,384,245	908,968,284
Equity at December 31, 2006	1,075,995,737	1,456,923,529	1,477,673,604	(48,450,271)	625,320,513	4,587,463,112
Note	11	12	13	15		

(a) Restated and reclassified in accordance with IFRS.

STATEMENT OF RECOGNIZED INCOME AND EXPENSES FOR 2006 AND 2005

€	2006	2005
Gains (losses) recognized directly in the cash flow hedge reserve	1,608,554	4,956,128
Gains (losses) recognized directly in the reserve for fair value adjustments of available-for-sale financial assets	410,694,067	221,274,851
Deferred taxes on fair value changes to investments	(48,240,841)	0
Actuarial gains (losses) recognized directly in equity	(11,612)	(140,162)
Income (expenses) recognized directly in equity	364,050,168	226,090,817
Profit for the year	625,320,513	100,936,268
Total recognized income (expenses)	989,370,681	327,027,085

SEPARATE STATEMENT OF CASH FLOWS

€	Note	2006	2005 (a)
Cash and cash equivalents, at start of year		209,670	114,484
Cash flows from (used in) operating activities			
Net income for the year		625,320,513	100,936,268
Adjustments for:			
Depreciation and amortization		57,965	30,660
Gains (Losses) on sales of investments and securities	24	724,850	(2,568,066)
Reversal of impairment losses on investments	8	(645,285,028)	0
Accruals for deferred taxes	30	25,232,409	0
Impairment losses on investments	8	10,289	4,165
Other non-current expenses, accrued and not yet paid		7,619,600	9,000,000
Total adjustments		(611,639,915)	6,466,759
Change in working capital:			
Change in other financial assets, current and non-current		(1,397,694)	573,594
Changes in tax receivables		(848,824)	3,566,877
Change in trade receivables from related parties		(451,063)	94,110
Change in other receivables, current and non-current		45,971	(37,909)
Change in other payables, current and non-current		924,068	(692,046)
Change in other financial liabilities, current and non-current		270,798	(6,220,359)
Change in trade payables to related parties		(963,385)	(30,399)
Change in trade payables to third parties		(2,330,804)	3,813,577
Change in tax payables		(4,027,387)	4,542,447
Net change in provisions for employee benefits		230,638	(120,931)
Collection of financial receivables from related parties		0	253,552,728
Net change in working capital		(8,547,682)	259,041,689
Net cash flows from operating activities		5,132,916	366,444,716
Cash flows from (used in) investing activities			
Purchases of property, plant and equipment		(520)	(107,580)
Additions to investments	8	(162,373,303)	(843,670,496)
Sales of investments and other securities	24	1,796,455	3,337,513
Reimbursement of reserves by investments		0	713,310,504
Net cash flows used in investing activities		(160,577,368)	(127,130,059)
Cash flows from (used in) financing activities			
Loans secured from related parties		208,911,705	0
Proceeds from issue of bonds 2006/2011		199,166,262	0
Repayment of bonds		(99,815,860)	(200,184,140)
Net change in bank debt		(73,924,455)	29,979,824
Change in fair value of cash flow hedge instruments		1,608,554	4,956,128
Capital increase from the exercise of stock options		0	1,480,000
Dividends paid out		(85,750,625)	(73,322,769)
Sales (Purchases) of treasury stock	15	5,344,877	(2,131,836)
Dividends statute-barred and other net changes		3,349	3,322
Net cash flows from (used in) financing activities		155,543,807	(239,219,471)
Net increase (decrease) in cash flows		99,355	95,186
Cash and cash equivalents, at end of year		309,025	209,670

(a) Restated and reclassified in accordance with IFRS.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. General information on the activities of the company

IFIL Investments S.p.A. (abbreviated in **IFIL S.p.A.**) is a corporation organized under the laws of the Republic of Italy. The head office is located in Turin, Italy, Corso Matteotti 26. IFIL S.p.A. is the investment company of the Group headed by **Giovanni Agnelli e C. S.a.p.az.** which holds 3% of its ordinary capital stock directly and 66.23% of its ordinary capital stock through **IFI – Istituto Finanziario Industriale S.p.A.**

IFIL S.p.A. shares (ordinary and non-convertible savings shares) are listed on the Electronic Share Market (MTA) of the Italian stock exchange (Blue Chip segment).

The company commands two distinctive areas of operations: the active management of the investment in Fiat S.p.A. and the dynamic management of the other holdings.

Additional information is provided in the section "IFIL Group profile" of the Directors' Report on Operations.

2. Basis of presentation of the separate financial statements

Following the coming into force of European Regulation 1606 dated July 19, 2002 and the national laws implementing that Regulation, pursuant to article 4 of Legislative Decree 38 dated February 28, 2005, the separate financial statements of IFIL S.p.A. at December 31, 2006 have been prepared for the first time using International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. The designation "IFRS" also includes all valid International Accounting Standards ("IAS"), as well as all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC").

The accounting policies applied in these financial statements are consistent with those adopted in preparing the IFRS opening separate balance sheet at January 1, 2005, as well as the separate income statement for the year 2005 and the separate balance sheet at December 31, 2005, as restated in accordance with IFRS and presented in the Appendix attached to these notes to which reference should be made. The optional exemptions adopted by IFIL S.p.A. at the time of application of IFRS, the reconciliations between profit or loss and equity under Italian accounting principles (Italian GAAP) and profit or loss and equity under IFRS for the prior period shown as comparatives, as required by IFRS 1 – First-time Adoption of IFRS, together with related explanatory notes, are included in this Appendix.

The separate financial statements have also been prepared in accordance with the provisions contained in Consob Resolutions 15519 and 15520 and in Communication 6064293 dated July 28, 2006, in accordance with art. 9, paragraph 3, of Legislative Decree 38 dated February 28, 2005.

3. Format of the separate financial statements and other information

The current/non-current distinction has been adopted for the presentation of assets and liabilities in the separate balance sheet; this required the reclassification of the previous balance sheets presented in accordance with the formats required by Legislative Decree 127 dated April 9, 1991, as amended.

The classification of revenues and costs based on the nature of expenses has remained unchanged for the separate income statement, with preference given to the presentation of investment income (charges) and financial income (expenses), items which are characteristic of IFIL S.p.A.'s activities.

The separate statement of changes in equity presents the total income (expenses) recognized directly as an increase or decrease of reserves in a specific section.

The indirect method is used for the presentation of the separate statement of cash flows which reconciles cash and cash equivalents at the beginning and the end of the year.

The year-end closing date is December 31 of each year and covers a period of 12 months.

The financial statements are presented in Euro, the company's functional currency.

Major events in 2006 and in the first quarter of 2007, as well as the business outlook are presented in the Directors' Report on Operations.

4. Transactions with related parties, unusual and/or atypical transactions and nonrecurring events and significant transactions

Transactions with related parties

The balance sheet and income statement balances generated by transactions with related parties are shown separately in the financial statements formats and commented in Note 33.

Impairment reversals of investments

The year 2006 shows a profit of € 625.3 million, € 620.1 million of which is the net amount deriving from the impairment reversal on the investment held in Fiat (€ 645.3 million) and the accrual for the related deferred taxes (-€ 25.2 million). Additional details are provided in Note 8.

Consob sanctionary measure

On February 13, 2007, the measure was notified by Consob relating to the content of the press release dated August 24, 2005. The measure provides, among other things, for pecuniary administrative and additional sanctions to be borne by the directors of IFIL S.p.A. and the company itself.

The pecuniary administrative sanction levied on IFIL S.p.A., equal to € 4.5 million, was recorded in the financial statements for the year ended December 31, 2006. Additional information is provided in the Directors' Report on Operations.

Other than what was indicated, there are no nonrecurring events and significant transactions or unusual and/or atypical transactions to be reported in accordance with Consob Communication 6064293 dated July 28, 2006.

5. Significant accounting principles

General principle

The separate financial statements of IFIL S.p.A. are expressed in Euro based on the historical cost convention, except where the use of fair value is required for the measurement of certain financial instruments available-for-sale.

The notes to the separate financial statements are generally expressed in thousands of Euro.

Investments accounted for at cost

Investments in subsidiaries and associates are stated at cost and tested for impairment if, and only if, there is objective evidence of an impairment due to one or more events which occurred after initial recognition which have an impact on the future cash flows of the subsidiaries and associates and on the dividends which they could distribute. For IFIL S.p.A., this objective evidence is a significant and prolonged decline in the market prices to below cost of a directly and indirectly owned subsidiary or associate, together with its continuing negative operating performance. In these cases, the impairment is

determined as the difference between the carrying amount of the investment and its recoverable amount. The recoverable amount is generally determined, in the case of listed subsidiaries and associates, by their fair value (market prices), and in the case of unlisted subsidiaries, by the fair value of the indirect subsidiaries.

At each balance sheet date, IFIL S.p.A. assesses whether there is any objective evidence that an impairment loss of an investment recognized in prior years may no longer exist or may have decreased. A significant or prolonged rise in the market price of the subsidiary or associate, together with its continuing positive operating performance is considered as objective evidence. In these cases, the recoverable amount of the investment is re-measured and, if necessary, the carrying amount is increased up to the cost of the investment.

Investments available-for-sale and other non-current financial assets

These are measured at fair value which coincides, for listed investments, at the market price on the last day of the period. Unrealized gains and losses are recognized directly in equity, net of the relevant tax effect. If there is objective evidence that the asset is impaired, the cumulative loss that was recognized directly in equity is reversed and recognized in the income statement. Such impairment losses may not later be reversed through the income statement.

Other current financial assets

Financial assets held for trading, being acquired for resale in the short term, are measured at fair value through the income statement.

The category includes short-term credit instruments and other forms of investment of liquidity as well as derivative financial instruments.

Non-financial receivables and payables

Receivables are initially recognized at fair value, represented by the present value of the amount that will be collected. Subsequently, they are measured at amortized costs using the effective interest method.

A provision for impairment of trade receivables is established when there is objective evidence of an impairment loss or a risk that the company will not be able to collect the contractual amount (principal and interest) at the contractually agreed dates. The amount of the provision is the difference between the asset's carrying amount and the present value of recoverable estimated future cash flows, discounted at the effective interest rate. Payables are measured at their nominal amount, increased by the interest expense due, if any. Payables are subsequently measured at amortized cost.

Treasury stock

The cost of any treasury stock purchased and/or held, also through subsidiaries, as a result of specific stockholder resolutions are recognized as a deduction of equity and, therefore, the reserve as the contra-entry of treasury stock in portfolio is not shown separately. The proceeds from any subsequent sale are recognized as movements in equity.

Employee benefits – Pension plans

The pension plans are currently either defined contribution or defined benefit plans.

Under defined contribution plans the company pays contributions to outside, legally separate entities with administrative autonomy, which frees the employer from any subsequent obligation as the outside entity assumes the commitment to pay what is due to the employee.

Consequently, the company records the contribution paid as an expense and do not recognize any liability.

Defined benefit plans include post-employment benefits, other than those under defined contribution plans. Under defined benefit plans, the company has the obligation to set aside the costs relating to the benefits guaranteed to their employees in service. The actuarial risk and the investment risk are thus substantially borne by the company.

Defined benefit plans, which include employee severance indemnities established by Italian laws, are measured by actuarial techniques using the Project Unit Credit Method.

As provided by the amendment to IAS 19 – Employee Benefits, issued by the IASB in December 2004, IFIL S.p.A. elected to recognize actuarial gains and losses immediately in the period in which they arise, outside the income statement, in a statement of recognized income and expense.

All cumulative actuarial gains and losses that existed at January 1, 2005 have been recognized in equity.

For defined benefit plans without plan assets, the expenses relating to the increase in the present value of the obligation, due to the fact that the payment date of the benefits is nearing, are recognized in financial expenses.

Payments relative to defined contribution plans are recognized as an expense in the income statement as incurred.

The liability is calculated on an individual basis and takes into account life expectancy, personnel turnover, salary changes, revaluation of the yields, inflation and the present value of the amounts to be paid.

Defined benefit plans are in some cases covered by financial assets managed outside the company. In those cases, the amount recognized in the financial statements for such liabilities corresponds to the difference between present value of future services (actuarial liability) and the market value of the assets invested that are intended to cover the liability, increased by losses or decreased by unrecognized (or not yet recorded) gains and, in any case, taking into account the surplus cap limit for assets established by paragraph 58 of IAS 19. When the result of this calculation shows a net obligation it is recognized in a provision under liabilities, in the reverse case, an asset is recognized.

Beginning January 1, 2007, the Finance Bill in Italy and the relative decrees implementing it introduced changes regarding employee severance indemnities which include allowing the employee to choose the destination of his/her indemnity that is accruing. In particular, the employee can choose to direct the new flows of the indemnity to pre-chosen pension schemes or to keep them with the company. At the present time, the uncertainty over the interpretation of the recently enacted law, the various possible interpretations of the qualification under IAS 19 of the indemnity being accrued and the resulting changes in the actuarial calculations of the indemnity already accrued, as well as the impossibility of estimating what destinations will be chosen by the employee (the individual employees have until June 30, 2007 to make their decisions) would render it premature to offer any assumptions, by the companies operating in Italy, on the actuarial change in the calculation of the indemnity accrued at December 31, 2006.

Employee benefits – Stock options

Stock option plans with underlying IFIL S.p.A. stock

In accordance with IFRS 2 – Share-based Payment, the full amount of the fair value of stock options on the grant date is expensed in personnel costs on a straight-line basis over the period from the grant date to the vesting date and recognized directly in equity. Changes in fair value after the grant date have no effect on the initial measurement.

The cost is recalculated each year in relation to the number of options not yet exercised.

In accordance with IFRS 2, the company has applied this standard to stock options granted after November 7, 2002 and not yet vested at the effective date of IFRS 2 (January 1, 2005).

Stock option plans with underlying stock of the subsidiary Alpitour S.p.A.

This is a stock option plan that requires a monetary payment equal to the increase in the value of the company. The fair value of the liability of the plan is re-measured at each reporting date until its extinction.

The cost is recognized in the income statement in "Other non-current expenses" with a contra-entry to "Other payables to related parties".

Provisions for other liabilities and charges

Provisions for other liabilities and charges refer to costs and expenses of a determinate nature which are certain or likely to be incurred but, at the balance sheet date, are uncertain as to the amount or as to the date on which they will arise. Accruals are recorded when there is an obligation, legal or constructive, resulting from a past event, when it is probable that the use of resources will be required to satisfy the obligation and when a reliable estimate of the amount of the obligation can be made.

Changes in estimates are recorded in the income statement in the period in which the change is made.

Debt

Interest-bearing debt is recognized at cost which corresponds to the fair value of the amount received net of directly attributable costs. Debt is subsequently measured at amortized cost.

Debt is classified in current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

The amortized cost of a financial asset or liability is the initial amount at which it was measured net of repayments of principal, adjusted up or down on the basis of the amortization, using the effective interest rate method, of any difference between the initial amount and maturity amount, less any writedown made as a result of impairment or uncollectibility.

The effective interest rate is the rate that exactly discounts the expected future payments and receipts over the expected life of the financial instrument or, over a shorter period, if appropriate, at the net carrying amount of the financial asset or liability.

Derivative financial instruments

All derivative financial instruments are measured at fair value at the end of the period.

Financial instruments qualify for hedge accounting only when there is formal designation and documentation of the hedging relationship and the hedge, verified periodically, is highly effective.

When financial instruments qualify for hedge accounting, the following accounting treatment applies:

- Fair value hedge: where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability that is attributable to a particular risk and could affect profit and loss, the gain or loss from re-measuring the hedging instrument at fair value is recognized in the income statement.
- Cash flow hedge: where a derivative financial instrument is designated as a hedge of the exposure to variability in cash flows of a recognized asset or liability or a highly probable forecast transaction and could affect profit and loss, the effective portion of any gain or loss of the derivative financial instrument is recognized directly in equity. The cumulative gain or loss is removed from equity and recognized in the profit and loss account at the same time in which the hedged transaction affects profit and loss. The gain or loss associated with a hedge or part of a hedge that has become ineffective is recognized in the income statement immediately. When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss realized to the point of termination remains in equity and is recognized in the income statement at the same time the

related transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss held in equity is recognized in the income statement immediately.

If the conditions of IAS 39 are not met, the transactions, even if they have been set up for the purpose of managing risk exposure (inasmuch as the company's policy does not permit speculative transactions) are classified and measured as trading transactions. In that case, the difference with fair value is recognized in the income statement.

Financial income and expenses, other revenues and costs

Dividends are recognized in the income statement when they are approved by the stockholders and only from the earnings generated after the acquisition of the investee company. Instead, when the dividends are distributed from reserves generated before acquisition, the dividends are reported as a deduction from the cost of the investment.

Financial income and expenses are recognized according to the accrual principle on the basis of the effective rate of return.

Revenues from services are recognized by reference to the stage of completion of the transaction at the balance sheet date and measured on the basis of the services rendered.

Transactions in foreign currencies

Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements are recognized in the income statement.

Income taxes

Current income taxes are calculated according to the tax laws in force.

Taxes on income are recognized in the income statement except to the extent that they relate to items directly charged or credited to equity, in which case the related income tax effect is recognized directly in equity.

Temporary differences between the amounts of assets and liabilities in the financial statements and the corresponding amounts for tax purposes give rise to temporarily deferred tax liabilities recorded in liabilities. Deferred tax assets relating to the carryforward of unused tax losses, as well as those arising from temporary differences, are recognized to the extent that it is probable that future profits will be available against which they can be utilized.

Deferred tax assets and liabilities are measured at the tax rates expected to apply to taxable income in the periods in which temporary differences will be reversed. Deferred income tax assets and liabilities are offset where there is a legally enforceable right of offset.

Deferred tax assets and liabilities are shown separately from other tax receivables and payables in a specific caption under non-current assets or liabilities.

Use of estimates

The preparation of financial statements and related disclosures that conforms to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. Estimates are particularly used for the measurement of investments (impairment losses and reversals). Estimates and assumptions are reviewed periodically and the effects of any changes are reflected immediately in the income statement.

6. Adoption of new accounting standards and interpretations issued by the IASB

Standards and interpretations in effect from January 1, 2006

In 2006, the IFIL S.p.A. adopted all the new and revised standards and the interpretations released by the IASB and IFRIC which had an effect on the transactions carried out or relevant to the financial statements for the years beginning on or after January 1, 2006.

In April 2005, the IASB issued an amendment to IAS 39 – Financial instruments: recognition and measurement, to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as the hedged item in a cash flow hedge in financial statements – provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and the foreign currency risk will affect the separate financial statements. The amendment also specifies that if the hedge of a forecast intragroup transaction qualifies for hedge accounting, any gain or loss that is recognized directly in equity in accordance with the hedge accounting rules in IAS 39 must be reclassified into profit or loss in the same period or periods during which the foreign currency risk of the hedged transaction affects separate income statement.

In June 2005, the IASB issued an amendment to IAS 39 – Financial instruments: recognition and measurement, to restrict the use of the option to designate any financial asset or any financial liability to be measured at fair value through profit and loss (the fair value option). The revisions limit the use of the option to those financial instruments that meet certain conditions. Those conditions are that:

- the fair value option designation eliminates or significantly reduces an accounting mismatch;
- a group of financial assets, financial liabilities, or both is managed and their performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy; and
- an instrument contains an embedded derivative that meets particular conditions.

The adoption of these standards and interpretations had no material impact on the separate financial statements for the year ended December 31, 2006.

Standards and interpretations not yet in effect

In August 2005, the IASB issued IFRS 7 – Financial instruments: disclosures and a complementary amendment to IAS 1 – Presentation of financial statements – capital disclosures, effective beginning January 1, 2007.

IFRS 7 requires disclosures about the significance of financial instruments for an entity's financial position and performance. These disclosures incorporate many of the requirements previously in IAS 32 – Financial instruments: disclosure and presentation. IFRS 7 also requires information about the extent to which the entity is exposed to risks arising from financial instruments, and a description of management's objectives, policies and processes for managing those risks.

The amendment to IAS 1 introduces requirements for disclosures about an entity's capital.

IFIL S.p.A. has decided not to elect the early adoption of IFRS 7 and the amendment to IAS 1.

On November 30, 2006, the IASB issued IFRS 8 – Operating segments that will become effective beginning from January 1, 2009 and which will replace IAS 14 – Segment reporting. This standard does not have any effect on the separate financial statements of IFIL S.p.A.

In 2006, the following interpretations were issued but IFIL S.p.A. did not elect for early adoption in these financial statements:

- IFRIC 10 – Interim financial reporting and impairment (effective from January 1, 2007)
- IFRIC 11 – IFRS 2: Group and treasury share transactions (effective from January 1, 2008)

The company believes that the adoption of these interpretations will not have a material effect on the financial statements.

In 2006, the following interpretations were also issued but are not applicable to IFIL S.p.A.:

- IFRIC 7 – Applying the restatement approach under IAS 29 Financial reporting in hyper-inflationary economies (effective from January 1, 2007)
- IFRIC 8 – Scope of IFRS 2 (effective from January 1, 2007)
- IFRIC 9 – Reassessment of embedded derivatives (effective from January 1, 2007)
- IFRIC 12 – Service concession arrangements (effective from January 1, 2008)

7. Risk management

In view of its business as an investment company, IFIL S.p.A. is not subject to specific credit risks. Moreover, it is not subject to direct currency risks since it does not hold significant equity investments denominated in currencies other than the Euro.

The net financial position of the “Holdings System” (see also “IFIL Group – Review of the condensed consolidated results” in the Directors' Report on Operations) is currently a net cash position and, therefore this also renders the liquidity risk insignificant. In any case, the financing requirements and the cash flows are coordinated so that the financial resources are managed effectively and efficiently. Outgoing flows of current operations are substantially financed by incoming flows from normal business and cash availability. Liquidity risk could therefore arise only in the event of investment decisions in excess of cash availability that are not preceded by sufficient liquidation of assets or raising of sufficient funds that can be readily used. In this sense, IFIL S.p.A. operates so as to have irrevocable credit lines available with expiration dates and amounts consistent with its investment plans.

IFIL S.p.A. assesses and manages its exposure to changes in interest rate risks consistently with its management policy and utilizes derivative financial instruments to fix some of the financing obtained with a predetermined interest rate. Derivative financial instruments are not used for speculative purposes.

In particular, during 2006, the only derivative financial instruments used to manage fluctuations in interest rate risks were interest rate swaps on some existing loans and on bonds issued.

COMMENTS ON THE PRINCIPAL ITEMS IN THE SEPARATE BALANCE SHEET

8. Non-current assets – Investments

Details are as follows:

€ in thousands	12/31/2006		12/31/2005		Change
	% of class of stock	Amount	% of class of stock	Amount	
Investments accounted for at cost					
Fiat S.p.A. (ordinary shares)	30.45	2,619,379	30.06	2,019,960	599,419
Fiat S.p.A. (preferred shares)	30.09	231,134	30.09	122,921	108,213
		2,850,513		2,142,881	707,632
Ifil Investissements S.A.	79.82	641,502	79.82	641,502	0
Alpitour S.p.A.	100.00	100,027	-	0	100,027
Ifil Investment Holding N.V.	100.00	68,276	100.00	68,276	0
Juventus Football Club S.p.A.	60.00	11,345	60.00	11,345	0
Soiem S.p.A.	100.00	9,981	100.00	9,981	0
Ifil New Business S.r.l.	100.00	12	100.00	23	(11)
		3,681,656		2,874,008	807,648
Investments available-for-sale (a)					
Sanpaolo IMI S.p.A. (ordinary shares)	5.85	1,640,283	6.31	1,228,630	411,653
Total investments		5,321,939		4,102,638	1,219,301

(a) Measured at fair value on the basis of the market price at the end of the year with recognition of the unrealized gains or losses in equity.

The changes during the year are as follows:

€ in thousands	Balances at 12/31/2005	Change during 2006		Balances at 12/31/2006
		Increases	Impairment (losses) reversals	
Investments accounted for at cost				
Fiat S.p.A. (ordinary shares)	2,019,960	62,347	537,072	2,619,379
Fiat S.p.A. (preferred shares)	122,921		108,213	231,134
	2,142,881	62,347	645,285	2,850,513
Ifil Investissements S.A.	641,502			641,502
Alpitour S.p.A.	0	100,027		100,027
Ifil Investment Holding N.V.	68,276			68,276
Juventus Football Club S.p.A.	11,345			11,345
Soiem S.p.A.	9,981			9,981
Ifil New Business S.r.l.	23		(11)	12
	2,874,008	162,374	645,274	3,681,656
Investments available-for-sale				
Sanpaolo IMI S.p.A. (ordinary shares)	1,228,630		411,653	1,640,283
Total investments	4,102,638	162,374	1,056,927	5,321,939

The increases, totaling € 162,374 thousand, are the result of the following transactions:

- in November and December 2006, IFIL S.p.A. purchased 4,254,000 Fiat ordinary shares (0.39% of the class of stock) on the market for an investment of € 62,347 thousand;
- on December 15, 2006, IFIL S.p.A. purchased 100% of the capital stock of Alpitour S.p.A. from its subsidiary, Ifil Investissements S.A., at the price of

€ 100,027 thousand (including transaction costs), determined on the basis of a specific appraisal performed by an independent expert.

Net Impairment reversals amount to € 1,056,927 thousand and include:

- the impairment reversals on 240,583,447 Fiat ordinary shares and 31,082,500 Fiat preferred shares which in the years 2001, 2002 and 2004 had been written down on the basis of their market price. The impairment loss on the Fiat ordinary shares was completely reversed up to the original purchase cost, for an amount of € 537,072 thousand. The impairment loss on the Fiat preferred shares was partly reversed to income, for € 108,213 thousand (out of a total of € 135,710 thousand) up to the market price at December 29, 2006, which was still lower (€ 27,497 thousand) than the original purchase cost. On these impairment reversals, recognized in the income statement, deferred income taxes were recorded for € 25,232 thousand (5.28% of the deductible impairment losses of 2002);
- the adjustment of € 411,653 thousand on the investment held in Sanpaolo IMI to the market price at December 29, 2006, recognized as an increase in equity, including the relative deferred income taxes of € 48,241 thousand. The original purchase cost of this investment amounts to € 726,631 thousand;
- the impairment loss of € 11 thousand on the investment in Ifil New Business.

Comparison between the carrying amounts and market prices of listed investments:

	Number of shares held	Carrying amount		Market price at			
				December 29, 2006		March 23, 2007	
				Per share (€)	Total (€ thsd)	Per share (€)	Total (€ thsd)
Fiat S.p.A.							
- ordinary shares	332,587,447	7.88	2,619,379	14.42	4,797,574	19.00	6,320,824
- preferred shares	31,082,500	7.44	231,134	12.06	374,824	16.44	510,872
			2,850,513		5,172,398		6,831,696
Sanpaolo IMI S.p.A.	93,071,000	17.62	1,640,283	17.62	1,640,283	5.72	1,656,871 (a)
Juventus Football Club S.p.A.	72,560,500	0.16	11,345	1.76	127,997	1.89	137,139
Total			4,502,141		6,940,678		8,625,706

(a) This refers to the valuation of 289,916,165 Intesa Sanpaolo S.p.A. shares.

Furthermore:

- there are no investments for which IFIL S.p.A. assumed unlimited responsibility for their obligations (art. 2361, paragraph 2 of the Italian Civil Code);
- there are no investments held as collateral for financial liabilities and contingent liabilities.

The following list of investments held by IFIL S.p.A. presents the additional disclosures required by the Italian Civil Code (art. 2427, paragraph 5) and Consob (Communication 6064293 dated July 28, 2006).

	Capital stock		IFIL investment				Equity €/000	Profit (loss) €/000		
	Number of shares/quotas	Par value	Amount	Number of shares/quotas	% of Cap. st.	Cl. of st.			Carrying amount Per share (€) €/000	
FIAT S.p.A. - Turin										
- ordinary shares	1,092,246,316	€ 5	5,461,231,580	332,587,447	26.08	30.45	7.88	2,619,379	9,362,000 (a)	1,065,000 (a)
- preferred shares	103,292,310	€ 5	516,461,550	31,082,500	2.44	30.09	7.44	231,134		
- savings shares	79,912,800	€ 5	399,564,000							
	<u>1,275,451,426</u>		<u>6,377,257,130</u>				<u>2,850,513</u>			
IFIL INVESTISSEMENTS S.A. (Luxembourg)	1,110,742	€ 150	166,611,300	886,548	79.82	-	723.60	641,502	2,332,883 (b)	675,813 (b)
ALPITOUR S.p.A. - Cuneo	35,450,000	€ 0.5	17,725,000	35,450,000	100.00	-	2.82	100,027	71,198 (c)	3,031 (c)
IFIL INVESTMENT HOLDING N.V. (The Netherlands)	120,000	€ 8	960,000	120,000	100.00	-	568.97	68,276	104,811 (b)	(62) (b)
IFIL NEW BUSINESS S.r.l. - Turin	1		15,000	1	100.00	-	-	12	12 (b)	(5) (b)
JUVENTUS FOOTBALL CLUB S.p.A. (Turin)	120,932,000	€ 0.1	12,093,200	72,560,500	60.00	-	0.16	11,345	29,577 (d)	(14,721) (d)
SOIEM S.p.A. - Turin	18,250,000	€ 0.5	9,125,000	18,250,000	100.00	-	0.55	9,981	11,236 (b)	213 (b)

- (a) Data taken from the consolidated financial statements at December 31, 2006.
(b) Data taken from the separate financial statements at December 31, 2006.
(c) Data taken from the consolidated financial statements at October 31, 2006.
(d) Data taken from the first-half report at December 31, 2006.

9. Current assets – Other financial assets

Details are as follows:

€ in thousands	12/31/2006	12/31/2005	Change
Fair value of cash flow hedge derivatives	1,864	255	1,609
Commissions for credit lines opened referring to the next year	295	385	(90)
Total current other financial assets	2,159	640	1,519

10. Current assets – Tax receivables

These refer to receivables from the tax authorities for:

€ in thousands	12/31/2006	12/31/2005	Change
Receivables for prior years' taxes, refunds requested	43,663	42,756	907
Receivables for current and prior years' taxes, carried forwards	7	64	(57)
VAT receivable	0	1	(1)
Total tax receivables	43,670	42,821	849

The change in receivables from the tax authorities for the year 2006 is summarized as follows:

€ in thousands	Refunds requested	Carried forward	Total
Balances at December 31, 2005	42,756	65	42,821
Receivables canceled due to expiry of refund terms	(26)		(26)
Used for compensation of withholdings and VAT payable		(65)	(65)
Interest earned during the year	933		933
Receivables arising during the year (withholdings paid)		7	7
Balances at December 31, 2006	43,663	7	43,670

11. Equity – Capital stock

At December 31, 2006, IFIL S.p.A.'s capital stock, fully subscribed to and paid-in, amounts to € 1,075,995,737 and consists of 1,038,612,717 ordinary shares and 37,383,020 non-convertible savings shares with a par value of € 1 each.

Each share has the right to a proportional share of the profits which have been approved for distribution and of the equity resulting from a wind-up except for the rights established for the savings shares with regard to the appropriation of profits, as described below.

Pursuant to art. 25 of the bylaws, the savings shares carry the right to a preference dividend, cumulative according to law, of 8.27% of their par value and to a total dividend higher than that of ordinary shares by 2.07% of the same par value. When, in any one year, the dividends assigned to the savings shares are below the percentages indicated above, the difference shall be added to the preference dividend of the next two years.

The savings shares carry no voting rights and can either be registered or bearer shares, as elected by the stockholders.

In the event of exclusion of the ordinary shares and/or savings shares from trading, the preference dividend and the dividend higher than that of the ordinary shares to which the savings shares are entitled, will be automatically increased to the extent that they are equal, respectively, to 8.52% and 2.32%.

In accordance with art. 6 of the bylaws, the directors have been vested with the power, for a period of five years from the resolution passed by the special stockholders' meeting held on May 14, 2003, to increase at one or more times, also in divisible form, the capital stock up to an amount of € 1,500 million and to issue convertible bonds, at one or more times, up to the same figure but for amounts which, each time, shall not exceed those established by law

Finally, at December 31, 2006, the capital stock includes € 1,342 thousand transferred from the revaluation reserves in the past which, in the event of distribution, will form part of the taxable income of the company.

12. Equity – Capital reserves

Details are as follows:

€ in thousands	12/31/2006	12/31/2005
Additional paid-in capital	941,822	1,091,822
Undistributable reserve from cancellation of treasury stock	65,102	65,102
Reserve for purchase of treasury stock	450,000	300,000
Total capital reserves	1,456,924	1,456,924

13. Equity – Retained earnings and other reserves

Details are as follows:

€ in thousands	12/31/2006	12/31/2005
Revaluation reserve Law 408/90	243,894	243,894
Revaluation reserve Law 413/91	2,586	2,586
Legal reserve	215,199	215,199
Extraordinary reserve	148,719	131,692
Cash flow hedge reserve	1,864	255
Fair value reserve	865,411	502,958
Stock-based compensation reserve	0	144
Total retained earnings and other reserves	1,477,673	1,096,728

14. Equity reserves available and distributable

The disclosures required by art. 2427, 7 bis of the Italian Civil Code on the equity reserves available and distributable are as follows:

€ in thousands	Balance at 12/31/2006	Possibility of use	Amount available
Capital reserves:			
Additional paid-in capital (a)	941,822	A,B,C	893,372
Legal reserve	98,423	B	0
Extraordinary reserve	697	A,B,C	697
Undistributable reserve from cancellation of treasury stock	39,950	A,B	0
Reserve for purchase of treasury stock	450,000		0
Earnings reserves:			
Revaluation reserve Law 408/90 (b)	243,894	A,B,C	243,894
Revaluation reserve Law 413/91 (b)	2,586	A,B,C	2,586
Legal reserve	116,776	B	0
Extraordinary reserve	148,022	A,B,C	148,022
Undistributable reserve from cancellation of treasury stock	25,152	A,B	0
Cash flow hedge reserve	1,864	B	0
Fair value reserve	865,411	B	0
Total	2,934,597		1,288,571

A: For capital increases; B: For coverage of losses; C: For distribution to stockholders.

- (a) Since the legal reserve is equal to one-fifth of capital stock (art. 2431 Italian Civil Code), the reserve is distributable except to the extent of the amount deriving from the reallocation of the reserve as contra-entry to stock in portfolio.
- (b) The revaluation reserves can be used for bonus increases of capital stock. If used to cover losses, they must be later replenished, if not, then no dividends can be distributed. They may not be used to set up the reserve for the purchase of treasury stock. The monetary revaluation reserves can be reduced only by resolution of the stockholders' meeting and in observance of the prescriptions indicated in art. 2445, paragraphs 2 and 3 of the Italian Civil Code.

In the years 2003, 2004 and 2005, reserves were not used to cover losses.

At December 31, 2006, tax-deferred reserves are recorded for a total of € 261,648 thousand, of which € 243,894 thousand relates to the Revaluation Reserve Law 408/90, € 2,586 thousand to the Revaluation Reserve Law 413/91 and € 15,168 thousand to other reserves. In the event of distribution, these reserves would form part of the taxable income of the company. In view of the unlikelihood of their distribution, no deferred taxes have been set aside in respect of such reserves.

15. Equity – Treasury stock

At December 31, 2006, IFIL holds, directly and indirectly, the following ordinary shares of treasury stock:

	No. of shares	Carrying amount		% of class
		Per share (€)	Total (€ in thousands)	
Held by IFIL S.p.A.	12,402,998	3.68	45,688	1.19
Held by the subsidiary Soiem S.p.A.	810,262	3.41	2,762	0.08
Balances at December 31, 2006	13,213,260	3.67	48,450	1.27

Following the exercise of the options granted in previous years, in 2006, a total of 1,382,780 IFIL ordinary shares were sold to the grantees of stock option plans for net proceeds of € 5,345 thousand and a gain of € 1,706 thousand which was directly recognized as an increase in equity.

16. Stock option plans

The stock option plans approved by the board of directors of IFIL S.p.A. are indicated below.

The notes to the consolidated financial statements at December 31, 2006 also describe the stock option plans approved by the companies consolidated line-by-line.

Stock option plans with underlying IFIL stock

At December 31, 2006, the stock option plans with underlying IFIL stock approved in the past by the board of directors of IFIL S.p.A. came to an end. Such plans can be described as follows:

- in May 2000, the IFIL S.p.A. board of directors approved a stock option plan for the directors and managers of IFIL S.p.A. and the parent, IFI S.p.A., for a maximum of 2,700,000 IFIL S.p.A. ordinary shares. A total of 2,691,500 options had been granted under this plan between 2000 and 2003, according to the level of responsibility held by the grantees in the corporate organization. Such options were exercisable up to December 31, 2006;
- in September 2003, a stock option plan was approved solely for the directors, for a maximum of 700,000 IFIL S.p.A. ordinary shares. A total of 532,000 options had been granted under this plan in 2003 to the chairman Gianluigi Gabetti for the same number of ordinary shares exercisable by December 31, 2006 at the price of € 2.28 each.

The movements during the year were as follows:

	Number of grantees	Number of options			Exercise price (a)
		Exercisable at start of 2006	Expired in 2006	Exercised in 2006	
IFIL 2000 Plan grants					
- 2000	15	522,000	522,000	-	6.997
- 2001	13	506,000	323,420	182,580	6.109
- 2002	13	810,250	142,050	668,200	4.52
		1,838,250	987,470	850,780	
IFIL 2003 Plan grants	1	532,000	-	532,000	2.28
		2,370,250	987,470	1,382,780	(b)

(a) Exercise price adjusted to take into account the cash capital stock increase in July 2003.

(b) Equal to 0.133% of current ordinary capital stock.

The market price of IFIL S.p.A. ordinary stock at December 29, 2006 was € 6.187. With regard to these plans, there were no transactions entered into to favor the purchase of shares pursuant to art. 2358, paragraph 3, of the Italian Civil Code.

Stock option plan with underlying Alpitour stock

On December 15, 2005, in execution of the resolution passed by the board of directors' meeting held on November 11, 2005, the Executive Committee of IFIL S.p.A. approved a stock option plan for two managers of the Alpitour Group designed to promote their loyalty to the IFIL Group and provide an incentive to develop and appreciate the investments of the IFIL Group in the tourism sector.

The plan calls for purchase options on Alpitour shares to be granted to the chairman and chief executive officer, D.J. Winteler, and the general manager, F. Prete, respectively, equal to 6% (2,127,000 shares) and 5% (1,772,500 shares) of Alpitour's capital stock. After approval on the part of IFIL S.p.A., the Alpitour S.p.A. board of directors may in the future grant purchase options on Alpitour shares equal to 4% (now 1,418,000 shares) of Alpitour's capital, to other managers who hold important operating positions.

The purchase options may be exercised, at one or more times, during the period between the dates of the approval of the 2006/2007 and 2008/2009 Alpitour financial statements at the price of € 2.24 per share, corresponding to the valuation of the Alpitour Group, equal to € 79.4 million, performed in December 2005 by a specially appointed expert.

IFIL S.p.A. and the managers of Alpitour S.p.A., finally, exchanged reciprocal purchase and sale options, exercisable during the same above period, on Alpitour S.p.A. shares that will have been purchased by the same managers; the exercise price will be established on the basis of the appraisal which will be performed using the same valuation principles applied in the December 2005 valuation.

From an accounting standpoint, the plan is a "cash-settled stock-based payment transaction" subject to paragraph 30 and subsequent paragraphs of IFRS 2, which requires the liability of the plan to be measured at fair value and, therefore, the options of the plan, at every closing date up to its expiration.

At December 31, 2006, the fair value of each option right of the plan was estimated at € 1.6 for a total of € 6,239,200, of which € 3,119,600 was recognized in 2006 in the income statement in "other non-current expenses from related parties" as the amount referring to the year. The liability was recorded in "other non-current liabilities due to related parties".

The estimate was performed by an independent expert who applied a binomial model of valuation to the options based on the following parameters:

1. The exercise price of the options was assumed as the par value of one Alpitour S.p.A. ordinary share at the grant date, quantified on the basis of an estimate performed by an independent expert and equal to € 2.24, rounded off.
2. The fair value of the underlying share (Alpitour S.p.A. ordinary share) at the date of reference of December 31, 2006, was quantified on the basis of an estimate by an independent expert and equal to € 3.38, rounded off, for each ordinary share.
3. The expiration date of the option was established as the date of the approval of the Alpitour S.p.A. financial statements for the year 2008/2009, fixed, conventionally, as January 31, 2010. At the date of reference of December 31, 2006, the option thus has a remaining life of 37 months (3 years and 1 month). The option will vest at the end of the vesting period (January 31, 2008) and can be exercised from that date until the expiration date (January 31, 2010).
4. The expected volatility has also been determined by referring to the historical volatility, measured over a period consistent with the remaining life of the shares in the plan, of a sample of listed companies operating in the same sector as Alpitour S.p.A..
5. The absence of the payment of dividends is assumed for the application of the valuation model.

6. The risk-free interest rate is assumed to be equal to the return on government securities having a residual life consistent with the expiration of the options in the plan.
7. An assumption was also included in the “binomial” model for the early exercise of the option rights during the period between the end of the vesting period and contractual expiration date of the options.

17. Non-current liabilities – Non-convertible bonds

Details are as follows:

Issue date	Maturity date	Issue price	Interest coupon	Interest rate	Face value (€/000)	Issue discounts and expenses (€/000)	Balance (€/000)
6/9/2006	6/9/2011	99.900	Quarterly	3-month Euribor + spread	200,000	(834)	199,166

Standard & Poor’s rated the bonds BBB+, which is the also the current rating of IFIL S.p.A.’s long-term debt. The bonds were admitted for trading on the Luxembourg stock exchange.

In order to guarantee a fixed rate for the entire period of the bonds, interest rate swap contracts were put into place on the full amount. At December 31, 2006, the fair value is a positive € 1,864 thousand.

The bonds contain covenants that are common in international practice for bond issues of this type. They may include, in particular, negative pledge clauses (the obligation to extend any real present or future guarantees given as collateral on the assets of the issuer on other bonds and other credit instruments to these bonds to the same degree), respecting a maximum limit of indebtedness in relation to the amount of the portfolio, disallowing a change of control, the maintaining of a rating by one of the major rating agencies and the obligation of providing periodic disclosure. Non-compliance with the covenants involves the immediate redemption of the bonds by the bondholders. Finally, standard events of default are envisaged in the case of serious non-fulfillment such as, for example, failure to pay interest.

On December 19, 2006, the 2003/2006 bonds with a face value of € 100 million were duly repaid at maturity.

18. Non-current liabilities – Deferred tax liabilities

An analysis is as follows:

€ in thousands	Amount	Taxable (16%)	Rate applied	To equity	To income statement	Total
Balance at December 31, 2005						100
2006 accruals on:						
- fair value of Sanpaolo IMI	913,652	146,184	33%	48,241	0	48,241
- reversals of impairment on shares:						
. Fiat ordinary shares	376,664	60,266	33%	0	19,888	19,888
. Fiat preferred shares	101,223	16,196	33%	0	5,344	5,344
Balance at December 31, 2006				48,241	25,232	73,573

19. Non-current liabilities – Provisions for employee benefits

The composition is as follows:

€ in thousands	12/31/2006	12/31/2005
Employee severance indemnities	2,172	1,940
Other provisions for employees	108	98
Total provisions for employee benefits	2,280	2,038

Details of the changes during 2006 are as follows:

€ in thousands	Balances at 12/31/2005	Accruals	Transfers from other companies	Used	Actuarial gains (losses)	Balances at 12/31/2006
Employee severance indemnities	1,940	318	9	(168)	73	2,172
Other provisions for employees	98	84	0	(42)	(32)	108
Total	2,038	402	9	(210)	41	2,280

An analysis of employee benefits is as follows:

Employee severance indemnities

Employee severance indemnities reflect the indemnity payable to employees which accrues over the service life and which is paid upon termination of employment. The indemnity may be paid in advance during the employee's service life if certain conditions are met.

In accordance with IAS 19 – Employee Benefits, IFIL S.p.A. includes employee severance indemnities under defined benefit plans and measures them with actuarial techniques, using the Project Unit Credit Method.

Besides employee severance indemnities, established by art. 2120 of the Italian Civil Code, IFIL S.p.A. guarantees other forms of benefits (termination benefits, loyalty bonuses, health care plans, defined benefit and defined contribution pension plans) under company or individual supplementary agreements, described below.

Termination benefits

This is a fixed amount in addition to employee severance indemnities which will be paid at the time and in relation to the termination of the employment relationship, at the currently-expected retirement age, on the basis of existing legislation, at the age of 65 for men and at the age of 60 for women. Any raising of the retirement age for whatsoever reasons will have no effect on the payment of these benefits. In the eventuality of the termination of employment for whatsoever reason prior to the legal retirement age indicated above, the benefits shall be paid for the amount accrued up to the date of termination of employment, compared with and in proportion to the years of service since January 1, 2000 up to the date of the termination of employment. No interest or revaluations of any sort accrue on the amount.

Health care plans

Health care plans are offered to management staff and require the payment of defined contributions to outside funds and entities which offer and pay for health care benefits.

Pension plans

The company's pension plans are for employees categorized as managers and are covered by company agreements and regulations.

They can be "defined benefit" or "defined contribution" plans and provide for the payment of contributions to outside funds that are legally separate and have autonomous assets.

The plans provide for a contribution by the employer and a contribution by the employee plan participant by conferring a part of his/her employee severance indemnity.

The liabilities for contributions payable are included in "Other payables". The contribution cost for the period accrues on the basis of the service rendered by the employee and is recognized in "Personnel costs".

Other benefits

Other benefits include loyalty bonuses payable to all employees. Loyalty bonuses accrue and are paid after a certain number of years of service (25, 30, 35 and 40 years).

Other information

The actuarial calculations required to determine the liability of defined benefit plans are performed by an independent actuary at the end of each year. At December 31, 2006, the liability has been calculated on the basis of the following actuarial assumptions:

	12/31/2006	12/31/2005
Discount rate	4.25%	4.00%
Expected remuneration increase	2-3.50%	2-3.50%
Cost-of-living increase	2.00%	2.00%

In addition to the above financial indexes, all the demographic assumptions have also been taken into account relating to the probability of events such as death, disability, dismissal and retirement of the employees.

Defined benefit plans may be unfunded or they may be wholly or partly funded by contributions paid by the employer and the employee plan participants to an entity, or fund, that is legally separate from the employer and from which the employee benefits are paid.

The plan assets do not include IFIL S.p.A. treasury stock.

The plan assets consist of debt instruments issued by third parties and other investments.

20. Current liabilities – Bank debt

Current bank debt amounts to € 274,660 thousand (€ 348,584 thousand at December 31, 2005).

At December 31, 2006, the company has credit lines available totaling € 1,560 million, of which € 830 million is irrevocable.

An analysis of credit lines by maturity is as follows:

€ in millions	Lines agreed	Of which irrevocable
Due within 1 year	1,140	420
Due between 2 and 5 years	420	410

21. Current liabilities – Other financial liabilities

They refer to:

€ in thousands	12/31/2006	12/31/2005	Change
Financial expenses on bonds:			
- IFIL 2006/2011	518	0	518
- IFIL 2003/2006	0	182	(182)
Interest on short-term loans	474	476	(2)
Commissions on unused credit lines	440	503	(63)
Total current other financial liabilities	1,432	1,161	271

22. Current liabilities – Other payables

Details are as follows:

€ in thousands	12/31/2006	12/31/2005	Change
Consob sanction payable to the tax authorities	4,500	0	4,500
Employees for salaries and wages, vacation and unused holidays	1,050	454	596
Social security payable	672	467	205
Sundry	414	384	30
Other payables	6,636	1,305	5,331

On February 13, 2007, the measure was notified by Consob relating to the content of the press release dated August 24, 2005. The measure provides, among other things, for pecuniary administrative and additional sanctions to be borne by the directors of IFIL S.p.A. and the company itself.

The pecuniary administrative sanction levied on IFIL S.p.A., equal to € 4,500 thousand, was recorded in the financial statements for the year ended December 31, 2006 here in "other payables" with a contra-entry to "Other non-current expenses from third parties" in the income statement.

Additional information is provided in the Directors' Report on Operations.

COMMENTS ON THE PRINCIPAL ITEMS IN THE SEPARATE INCOME STATEMENT

23. Dividends from investments

These amount to € 53,050 thousand (€ 154,411 thousand in 2005) and were collected from the following companies:

€ in thousands	2006	2005
Sanpaolo IMI S.p.A.	53,050	43,743
Ifil Investissements S.A.	0	41,668
Ifil Investment Holding N.V.	0	69,000
Total dividends	53,050	154,411

24. Gains (losses) on sales of investments and securities

In 2006, 18,914,511 Fiat ordinary share warrants were sold on the market for total proceeds of € 1,796 thousand and a loss of € 725 thousand.

In 2005, the gain of € 2,568 thousand was due to the sale on the market of 2,044,748 Juventus Football Club S.p.A. shares (€ 2,518 thousand) and 277,165,947 rights to subscribe to the Fiat S.p.A. capital stock increase in September 2005 (€ 50 thousand).

25. Financial expenses from third parties

These include:

€ in thousands	2006	2005	Change
Bond interest:			
- IFIL 2006/2011	5,160	0	5,160
- IFIL 2003/2006	3,852	3,427	425
- IFIL 2002/2005	0	9,185	(9,185)
Interest expenses and financial charges on bank debt	2,081	4,108	(2,027)
Bank commissions	2,445	1,670	775
Portion of bond issue expenses	171	418	(247)
Interest rate hedging charges on bank loans	0	4,234	(4,234)
Charges from discounting to present value	3	2	1
Financial expenses from third parties	13,712	23,044	(9,332)

26. Financial income from third parties

This includes:

€ in thousands	2006	2005	Change
Interest income on receivables from:			
- tax authorities	913	878	35
- banks	26	201	(175)
Interest rate hedging income on bonds	358	0	358
Income from discounting to present value	16	0	16
Total income from third parties	1,313	1,079	234

27. Personnel costs

These amount to € 8,726 thousand (€ 8,373 thousand in 2005) and show a net increase of € 353 thousand.

Details are as follows:

€ in thousands	2006	2005	Change
Salaries	6,237	5,471	766
Social security contributions	1,302	1,506	(204)
Employee severance indemnities, other long-term benefit plans and defined benefit plans and payments of plan contributions	451	565	(114)
Other personnel costs	736	831	(95)
Total personnel costs	8,726	8,373	353

The increase in salaries is mainly due to higher nonrecurring bonuses paid to employees in relation to the results achieved and for their work in connection with extraordinary operations.

The reduction in social security contributions is due to a different composition of the work force.

At the end of 2006, employees number 41 (42 at the end of 2005).
The average number of employees in 2006 was 41, summarized by category as follows:

	2006	2005
Managers	10	10
Management staff	12	13
Clerks (a)	15	17
Messengers	4	4
Average number of employees	41	44

(a) Including one person with a temporary contract.

Compensation policies

The total compensation is composed of a fixed and a variable portion, as well as additional benefits for the management staff.

The fixed compensation is connected to the responsibilities of the person's role, the level of individual expertise and the experience acquired; the variable compensation is tied to objectives and rewards the results of the work performed by that person both individually and as in a team.

Further discretionary bonuses may be paid for exemplary performance in operations which create value for the company.

The additional benefits paid to personnel with management responsibilities include supplementary pension plans, health assistance plans, insurance coverage in the case of death and disability, loyalty bonuses and the use of a rented car.

28. Purchases of goods and services from third parties

These amount to € 4,562 thousand and show an increase of € 2,086 thousand compared to the 2005 (€ 2,476 thousand). The main expenses refer to the following:

€ in thousands	2006	2005	Change
Legal fees for court and out-of-court assistance	2,182	117	2,065
Consulting	1,011	994	17
Compensation:			
- Board of Statutory Auditors	145	145	0
- Supervisory Board	6	6	0
- Common representatives of savings stockholders	3	3	0
- 4% supplementary contribution	7	10	(3)
	161	164	(3)
Travel expenses	490	372	118
Bank expenses, expenses for dividend payments and listing fees	211	196	15
Insurance	138	135	3
Audit fees	81	77	4
Office management and security	78	69	9
Rentals of goods from third parties	48	50	(2)
Raw materials and supplies	44	44	0
Maintenance, transport and car insurance	32	28	4
Gifts	36	137	(101)
Other expenses	50	93	(43)
Total purchases of goods and services from third parties	4,562	2,476	2,086

29. Other current operating expenses

These total € 2,414 thousand (€ 1,469 thousand in 2005).

Details are as follows:

€ in thousands	2006	2005	Change
Sundry taxes and duties	1,644	757	887
Association dues	200	168	32
Securities listing fees	168	136	32
Publications of annual, first-half and quarterly financial statements	149	122	27
Notary and corporate charges	127	144	(17)
Donations	59	59	0
Books, newspapers and magazines	45	48	(3)
Ads	19	32	(13)
Dividends statute-barred	3	3	0
Total other current operating expenses	2,414	1,469	945

30. Income taxes

The taxable base calculated in accordance with tax laws did not generate any current income tax expenses for the year 2006. Deferred income taxes have been set aside for € 25,232 thousand on the impairment reversal on the investment in Fiat. Additional information is provided in Note 18.

Since reasonable certainty of recovery against future taxable income is not assured, no deferred tax assets have been booked on the tax losses for the years 2002 to 2006 (€ 509 million, in total) and on the portions of writedowns of financial fixed assets that, pursuant to existing tax legislation, will be deductible in future years (€ 14 million, in total). Details are as follows:

€ in millions	2006		2005	
	Temporary differences	Theoretical tax effect (33% rate)	Temporary differences	Theoretical tax effect (33% rate)
Tax losses carried forward (for a maximum of 5 years)				
- year 2001	0 ^(a)		58	
- year 2002	58		58	
- year 2003	76		76	
- year 2004	123		123	
- year 2005	117		117	
- year 2006	135		0	
Total tax losses carried forward	509	168	432	143
Writedown of financial fixed assets deductible in future years	14	5	122	40

(a) At December 31, 2006, the possibility of using tax losses carried forward from the year 2001 has expired.

The following table presents the reconciliation between the pre-tax profit and the taxable income for the computation of Ires taxes (the taxable income for the computation of Irap taxes is negative):

€ in millions	2006	2005
Pre-tax profit	650	101
Increases:		
- temporary differences	3	9
- permanent differences	19	0
- reimbursement of additional paid-in capital by foreign subsidiaries (5%)	0	19
- dividends accrued in 2004 but received in 2005 (5%)	0	13
Total increases	22	41
Decreases:		
- 95% of dividends collected	(50)	(143)
- reversal of impairment loss on investment in Fiat	(645)	0
- portion of impairment losses on investments deductible over 5 years	(107)	(107)
- gains on investments	0	(3)
- permanent differences	(5)	(5)
- other minor differences	0	(1)
Total decreases	(807)	(259)
Loss for the year for tax purposes	(135)	(117)

The company has agreed the tax years up to December 31, 2001.

31. Compensation to directors and statutory auditors (Art. 78 of Consob Resolution 11971 dated May 14, 1999 and subsequent amendments)

All amounts in the following table are expressed in thousands of Euro.

Name	Post held	Term of office	Expiration of term of office (a)	Compensation for post held	Non-monetary benefits	Bonuses and other incentives	Other compensation
Directors in office							
Gabetti Gianluigi	Chairman	1/1-12/31	2008	2,013	5		26 (b)
Brandolini d'Adda Tiberio	Vice chairman	1/1-12/31	2008	9			3,527 (b)
Elkann John	Vice chairman	1/1-12/31	2008	17			574 (b)
Barel di Sant'Albano Carlo	Chief Executive	2/7-12/31	2008	8			
	Officer and General Manager	2/7-12/31	2008	90		1,050	
Ferrero Ventimiglia Edoardo	Director	1/1-12/31	2008	9	5		1,347 (c) (d)
Grande Stevens Franzo	Director	1/1-12/31	2008	9			3 (b)
Lombardi Giancarlo	Director	1/1-12/31	2008	13			
Marocco Antonio Maria	Director	1/1-12/31	2008	17			
Recchi Giuseppe	Director	1/1-12/31	2008	12			
Saracco Claudio	Director	1/1-12/31	2008	13			3 (b)
Teodorani-Fabbri Pio	Director	1/1-12/31	2008	9			
Winteler Daniel John	Director	1/1-12/31	2008	9			1,204 (b)
Directors no longer in office							
Ferrero Pietro	Director	1/1-2/7		1			
Total Directors				2,229	10	1,050	6,684
Statutory Auditors							
Ferrero Cesare	Chairman	1/1-12/31	2008	62			89 (b)
Giorgi Giorgio	Statutory Auditor	1/1-12/31	2008	42			24 (b)
Piccatti Paolo	Statutory Auditor	1/1-12/31	2008	42			128 (b)
Total Statutory Auditors				146			241

- (a) The term of office expires in concurrence with the stockholders' meeting that will approve the financial statements for the year ended December 31, 2007.
(b) Compensation for the posts held in companies of the Group.
(c) Employment income paid by IFIL S.p.A..
(d) Does not include € 48,288 paid by Fiat and € 10,178 paid by Juventus Football Club not received but collected directly by IFIL S.p.A..

There are no key managers with strategic responsibilities in IFIL S.p.A..

The company also signed a third-party liability insurance policy for the directors with a group of insurance companies for a maximum claim per incident and per year of € 50 million for coverage in the event of requests for reparation of non-fraudulent acts.

The proposals for the compensation of the executive directors are formulated and approved directly by the board of directors which, after a review by the Compensation and Nominating Committee, in accordance with art. 2389, paragraph 2, of the Italian Civil Code, has the power to establish the compensation of directors vested with special responsibilities in accordance with the deed of incorporation.

The Compensation and Nominating Committee also assists the board of directors in examining proposals relating to plans for development, for the evaluation and for the functional succession of staff, as well as the salary levels of first-category staff and stock option plans.

The compensation of the chairman is not linked to either the economic results of the company or targets set by the board of directors.

A part of the compensation of the CEO and general manager, however, is tied to the economic results of the company and the reaching of specific targets.

The meeting of the board of directors on June 9, 2005 approved the use of a secretarial service and a car with a driver for the chairman, Gianluigi Gabetti, also after his current term of office expires.

Additional information is provided in Note 33.

32. Stock options granted to directors (Art. 78 of Consob Resolution 11971 dated May 14, 1999 and subsequent amendments)

Name Post held	Company	Options held at beginning of year			Options granted (exercised) during year			Options held at end of year		
		Number of options	Average exercise price	Exercise period (month/year)	Number of options	Average exercise price	Exercise period (month/year)	Number of options	Average exercise price	Exercise period (month/year)
Gabetti Gianluigi Chairman	IFIL ord.	532,000	2.28	5/1 – 6/12	(532,000)	2.28	6/12	0	-	-
Winteler Daniel John Director	IFIL ord.	92,550	5.54	5/1 – 6/12	(72,550)	5.14	6/11-12	0 (a)	-	-
	Alpitour	2,127,000	2.24	8/3 – 10/3	0	-	-	2,127,000	2.24	8/3 – 10/3

(a) 20,000 unexercised options expired on December 31, 2006.

The market price of IFIL S.p.A. ordinary stock at December 29, 2006 was € 6.187. With regard to these plans, there were no transactions entered into to favor the purchase of shares pursuant to art. 2358, paragraph 3, of the Italian Civil Code.

In IFIL S.p.A., there are no key managers.

On May 3, 2005, under the stock option plan approved by the subsidiary Sequana Capital, 250,000 options were granted to Tiberto Brandolini d'Adda for the subscription or purchase of the same number of Sequana Capital shares at the price per share of € 23.5 between May 2009 and May 2013.

During 2006, the grant was partly modified following the transactions involving the capital stock of the company. At December 31, 2006, Tiberto Brandolini d'Adda holds 304,153 options for the subscription or purchase of the same number of Sequana Capital shares at a price per share of € 20.46.

Moreover, the board of directors of Sequana Capital, on March 28, 2006, approved the bonus grant of 11,650 Sequana Capital shares to Tiberto Brandolini d'Adda. On December 18, 2006, this grant was partly changed following the transactions which involved the capital stock of the company and, therefore, consists of 12,340 bonus shares which will be granted on March 29, 2008 and available on March 29, 2010.

33. Transactions with related parties

The board of directors has adopted principles of conduct for carrying out transactions with related parties which are described in the Annual Report on Corporate Governance available also on the website of the company (<http://www.ifil.it>).

With regard to the year 2006, the transactions between IFIL S.p.A. and the related parties identified in accordance with IAS 24 are carried out in accordance with existing laws on the basis of reciprocal economic gain.

Receivables and payables are not guaranteed and are settled in cash. Guarantees have neither been granted nor received.

Costs have not been recognized during the year for non-existent or doubtful liabilities in relation to amounts due from related parties.

A summary of the balances in the balance sheet and in the income statement generated by the transactions carried out during 2006 with related parties is presented below. All amounts are expressed in thousands of Euro.

Counterpart	Investments	Trade payables	Other payables	Debt	Trade and other payables
IFI S.p.A.		24			13
Ifil Investissements S.A.	100,000 (a)	427		208,912 (b)	
Soiem S.p.A.		23			445
Other companies of the "Holdings System"		35			
Juventus Football Club S.p.A.		19			
Campi di Vinovo S.p.A.		2			
Companies of the Alpitour Group		34			45
Companies of the Fiat Group					41
Directors for compensation not yet collected					8,000 (c)
Grantees of Alpitour stock option plan			3,120 (d)		
Total transactions with related parties	100,000	564	3,120	208,912	8,544
Non-current assets	5,322,117				
Current assets		46,891			
Non-current liabilities			278,339		
Current liabilities				503,206	503,206
Ratio of total transactions with related parties to the total of the lines in the balance sheet %	1.88%	1.20%	1.12%	41.52%	1.70%

Counterpart	Financial expenses	Purchases of goods and services	Revenues	Other non-current expenses
IFIL S.p.A.		33	68	
Ifil Investissements S.A.	6,912 (b)		419 (f)	
Soiem S.p.A.		1,472 (e)	23	
Other companies of the "Holdings System"			43	
Juventus Football Club S.p.A.		12	37	
Campi di Vinovo S.p.A.			5	
Companies of the Alpitour Group		193	92	
Companies of the Fiat Group		141	48	
Sequana Capital S.A.			19	
Compensation to Corporate Boards and Committees (g)				
- Chairman		2,000		
- Chief Executive Officer		1,140		
- Board of Directors		108		
- Audit Committee		16		
- Compensation and Nominating Committee		16		
Grantees of Alpitour stock option plan				3,120
Total transactions with related parties	6,912	5,131	754	3,120
Total transactions with third parties	13,712	4,562	23	4,500
Total of lines on income statement	20,624	9,693	777	7,620
Ratio of total transactions with related parties				
to the total of the lines on the income statement %	33.51%	52.94%	97.04%	40.94%

The most important transactions are commented below with reference to the notes in this and in the preceding table.

- On December 15, 2006, IFIL S.p.A. purchased 100% of the capital stock of Alpitour S.p.A. from its subsidiary, Ifil Investissements S.A., at the price of € 100 million (including transaction costs), determined on the basis of a specific appraisal performed by an independent expert. In the past, Alpitour S.p.A. was the object of a development initiative with a foreign partner of the sector which had purchased a stake. After the successful conclusion of this initiative, the investment was bought back by IFIL S.p.A..
- During 2006, IFIL S.p.A. obtained an interest-bearing loan at current interest rates from the subsidiary Ifil Investissements S.A.. At the end of 2006, the loan amounts to € 208,912 thousand, including accrued interest of € 6,912 thousand.
- Trade and other payables include the remaining amount payable to the chairman for the extraordinary compensation approved in 2005.
- Other liabilities include the fair value measurement of the liability of € 3,120 thousand due to the grantees of the Alpitour stock option plan approved at the end of 2005. The corresponding cost is presented in other non-current expenses. Additional information is provided in the preceding Note 16.

- e) Purchases for goods and services from the subsidiary Soiem S.p.A. amounting to € 1,472 thousand relate to the lease of the offices of the headquarters in Turin, Corso Matteotti 26, and computer, telephone and logistics services.
- f) Revenues of € 419 thousand from the subsidiary Ifil Investissements S.A. mainly derive from the assistance provided by IFIL S.p.A. staff and the reimbursement of out-of-pocket expenses incurred in conjunction with the analysis of the project for the investment in Cushman & Wakefield. The other revenues from Group companies refer to expenses for the performance of services and compensation for the posts held by employees of IFIL S.p.A..
- g) Compensation to the corporate boards in 2006 amounts to € 3,283 thousand. The disclosure required by art. 78 of Consob Resolution 11971, amended by resolution 15520 of July 2006, is provided in the preceding Note 31.

Moreover, during 2006, the director, Franzo Grande Stevens, rendered professional services to Fiat S.p.A. for € 1,136 thousand (including activities performed in his capacity as secretary to the board of directors).

34. Guarantees, commitments and pending litigation

In addition to the disclosure provided in the preceding notes, the following information is provided.

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 special stockholders' meeting of IFIL held on June 23, 2003, as well as the request for compensation of damages filed by K Capital.

Guarantees provided on investments sold

The subsidiary Ifil Investissements (as the merging company of Eurofind Textile), has provided the buyer with statements and guarantees regarding the Rinascente Group, the subject of the transaction, and its activities, with the usual limitations and exclusions (a part of these guarantees are undertaken by Auchan Group). Such conventional statements and guarantees regard, among other things, full ownership and title, free and clear of detrimental encumbrances and registrations, of the shares of the companies of the Rinascente Group and real estate properties, the lease relationships, the true and correct representation of the financial statements and tax, social security and legal/labor matters. The limitations and exclusions agreed within the framework of the sale process regard specific events considered by the buyer during the course of the due diligence. Such limitations and exclusions provide for the obligation of compensation in excess of a threshold of significance per individual indemnifiable event (de minimis) and as a whole (with an exempted amount) as well as, for certain matters, a maximum limit of responsibility for the seller.

IFIL S.p.A. has guaranteed the commitments undertaken by Ifil Investissements with the buyer until their expiration, anticipated, depending on the matter at hand, at December 31, 2006 or at December 31, 2008 or when they become statute-barred.

Dispute with the buyer of La Rinascente

On February 14, 2006, the buyer of the investment in La Rinascente filed for arbitration against Ifil Investissements S.A. seeking compensation for an amount of approximately € 37.6 million (in addition to interest, monetary revaluation, court expenses and legal fees) for extraordinary expenses relating to certain points of sale.

Ifil Investissements submitted to the arbitration proceedings and is taking exception to the claims which it believes are invalid and unacceptable and, in any case, completely unfounded. Moreover, the question that is raised regards aspects that have either been excluded or are not covered by the guarantees in the contract.

Furthermore, on September 5, 2006, the buyer filed another arbitration claim against Ifil Investissements seeking a total of approximately € 14,8 million in compensation principally in connection with the accounting treatments used in the financial statements at December 31, 2004.

In the opinion of Ifil Investissements, such claims are invalid and/or groundless. In any case, according to Ifil Investissements, such requests remain covered by exclusions or limitations regarding the obligations for compensation as stated in the contract.

35. Net financial position

In accordance with the provisions of Consob Communication 6064293 dated July 28, 2006, the composition of the net financial position of the IFIL S.p.A. is provided below:

€ in thousands	12/31/2006	12/31/05	Change
Non-current financial receivables:			
- from third parties	150	271	(121)
Cash and cash equivalents	309	210	99
Current financial receivables:			
- from related parties	0	0	0
- from third parties	2,159	640	1,519
Non-current debt:			
- with related parties	0	0	0
- with third parties	(199,166)	0	(199,166)
Current debt:			
- with related parties	(208,912)	0	(208,912)
- with third parties	(276,103)	(449,574)	173,471
Net financial position	(681,563)	(448,453)	(233,110)
- with related parties	(208,912)	0	(208,912)
- with third parties	(472,651)	(448,453)	(24,198)

36. Approval of the separate financial statements and authorization for publication

The separate financial statements at December 31, 2006 were approved by board of directors on March 30, 2007 which authorized their publication on March 31, 2007.

Turin, March 30, 2007

For the Board of Directors
Vice Chairman ("Vicario")
John Elkann

Turin, April 17, 2007

The Chairman
Gianluigi Gabetti

APPENDIX – TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) BY IFIL S.p.A.

1. General Information

Starting from January 1, 2006, pursuant to article 4 of Legislative Decree 38 dated February 28, 2005, IFIL S.p.A. adopted International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union for the preparation of its separate financial statements (previously referred to as statutory financial statements). The designation “IFRS” also includes all valid International Accounting Standards (“IAS”), as well as all interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), formerly the Standing Interpretation Committee (“SIC”).

IFIL S.p.A. therefore presents its financial statements at December 31, 2006 compared to those at December 31, 2005 prepared in accordance with IFRS.

2. Reconciliations required by IFRS 1

As required by IFRS 1 – First-time Adoption of International Financial Reporting Standards, this Appendix describes the policies adopted in the preparation of the IFRS opening balance sheet at January 1, 2005, the main differences with Italian GAAP used in the preparation of the financial statements up to December 31, 2005, as well as the reconciliations between the figures already published, prepared in accordance with Italian GAAP, and the corresponding figures re-measured in accordance with IFRS.

The 2005 balance sheet and income statement have been prepared in accordance with IFRS 1, based on IFRS applicable on December 31, 2005.

3. First-time adoption of IFRS

General principle

IFIL S.p.A., pursuant to IFRS 1, has applied the accounting standards in force at December 31, 2005 retrospectively to the opening balance sheet at January 1, 2005 prepared in accordance with IFRS except for the optional exemptions elected by the company under IFRS 1, described below. Having adopted IFRS for its separate financial statements subsequent to IFRS adoption for the consolidated financial statements (which presented an opening balance sheet at January 1, 2004), IFIL S.p.A. recognized the assets and liabilities according to IFRS at the same amounts in both financial statements (separate and consolidated), except for items that were adjusted on consolidation.

The 2005 financial statements presented herein constitute the figures published for comparative purposes in the separate financial statements at December 31, 2006.

The opening balance sheet at January 1, 2005 reflects the following differences as compared to the separate Italian GAAP financial statements at December 31, 2004:

- all assets and liabilities qualifying for recognition under IFRS, including assets and liabilities that were not recognized under Italian GAAP, have been recognized and measured in accordance with IFRS;
- all assets and liabilities recognized under Italian GAAP that do not qualify for recognition under IFRS have been eliminated;
- certain balance sheet items have been reclassified in accordance with IFRS.

The effects of these adjustments have been recognized directly in opening equity at January 1, 2005, the date of the first-time adoption of IFRS.

Optional exemptions elected by IFIL S.p.A.

In accordance with the exemption allowed by IFRS 1, IFIL S.p.A. has elected to measure the assets and liabilities at the date of transition (January 1, 2005) at the same amounts used in the preparation of the Group's consolidated financial statements at December 31, 2004. In particular:

- *Employee Benefits*: IFIL S.p.A. elected to recognize all cumulative actuarial gains and losses at January 1, 2004 on the date of transition to IFRS. To determine pension costs, starting from 2005, IFIL S.p.A. adopted, retroactively, the immediate recognition of actuarial gains and losses directly in equity, in accordance with the amendment to IAS 19 of December 16, 2004.
- *Business Combinations*: IFIL S.p.A. elected not to apply IFRS 3 – Business Combinations, retrospectively to the business combinations which occurred before the date of transition to IFRS.

IFIL S.p.A.
RECONCILIATION OF THE BALANCE SHEET AT JANUARY 1, 2005
(DATE OF TRANSITION TO IFRS)

(€ in thousands)	Fin. Stmts 12/31/2004 Italian GAAP	IFRS reclassifications	IFRS adjustments	Fin. Stmts 1/1/2005 IFRS	IFRS
Financial assets					Non-current assets
Investments in subsidiaries	3,013,139	(5,280)		3,007,859	Investments accounted for at cost
Investments in other companies	463,197	(3)	281,683	744,877	Investments available-for-sale
	Total financial assets	(5,283)	281,683	3,752,736	Total investments
Other securities		2,521		2,521	Securities
		510		510	Other financial assets
Intangible assets	6,700		(6,700)	0	Intangible assets
Tangible assets	8			8	Property, plant and equipment
Other receivables	1			1	Other receivables
Treasury stock	41,687	(41,687)		0	
Total fixed assets	3,524,732	(43,939)	274,983	3,755,776	Total Non-current assets
Current assets					Current assets
Cash and banks	114			114	Cash and cash equivalents
		335		335	Other financial assets
Tax receivables	46,388			46,388	Tax receivables
		207		207	Trade receivables from related parties
		253,553		253,553	Financial receivables from related parties
Other receivables	12	185		197	Other receivables
Receivables from subsidiaries	253,737	(253,737)		0	
Receivables from parent companies	23	(23)		0	
Prepaid expenses	1,670	(1,670)		0	
Treasury stock	5,508	(5,508)		0	
	307,452	(6,658)	0	300,794	Total Current assets
Total assets	3,832,184	(50,597)	274,983	4,056,570	Total Assets
Stockholders' equity					Equity
Capital stock	1,075,196			1,075,196	Capital stock
Additional paid-in capital	1,047,947	408,297		1,456,244	Capital reserves
Other reserves	1,001,578	(408,297)	268,471	861,752	Retained earnings and other reserves
		(49,957)		(49,957)	Treasury stock
Net income for the period	80,151		2,054	82,205	Profit for the year
Total stockholders' equity	3,204,872	(49,957)	270,525	3,425,440	Total Equity
					Non-current liabilities
Bonds 2003-2006	100,000	(265)		99,735	Non-convertible bonds
Deferred income taxes	100			100	Deferred tax liabilities
Reserve for employee severance indemnities	2,248		(229)	2,019	Provisions for employee benefits
Social security payable due beyond one year	207		(14)	193	Other payables
	102,555	(265)	(243)	102,047	Total Non-current liabilities
					Current liabilities
Bonds 2002-2005	200,000	(375)		199,625	Non-convertible bonds
Bank borrowings due within one year	318,604			318,604	Bank debt
Payables to subsidiaries	529	(529)		0	
Payables to parent companies	9	(9)		0	
		2,681	4,701	7,382	Other financial liabilities
		538		538	Trade payables and other payables to related parties
Trade account payables	526			526	Trade payables to related parties
Tax payables	499			499	Tax payables
Social security payable due within one year	676	(676)		0	
Other payables	1,233	676		1,909	Other payables
Total payables	522,076	2,306	4,701	529,083	Total Current liabilities
Accrued expenses and deferred income	2,681	(2,681)		0	
Total liabilities and stockholders' equity	3,832,184	(50,597)	274,983	4,056,570	Total Equity and liabilities

IFIL S.p.A.
RECONCILIATION OF EQUITY AT JANUARY 1, 2005

(€ in thousands)	
Stockholders' equity at December 31, 2004 (Italian GAAP)	3,204,872
Reclassification of the carrying amount of treasury stock held directly	(47,195) a.
Reclassification of the payment made by the subsidiary Soiem S.p.A. to set up the reserve for IFIL shares in portfolio	(2,762) b.
IFRS adjustments	
IAS 39 – Fair value adjustment of investment in Sanpaolo IMI	281,683 c.
IAS 38 – Derecognition of intangible assets	(6,700) d.
IAS 39 – Measurement of instruments used to hedge interest rate risk	(4,701) e.
IAS 19 – Employee benefits	229
IAS 39 – Discounting to INPS payable to present value	14
	270,525
Equity at January 1, 2005 (IFRS)	3,425,440

- a. The reclassification reduces equity by the carrying amount of treasury stock previously recorded under financial assets.
- b. The reclassification reduces equity by the amount of the payment made to the subsidiary Soiem to set up the “Reserve for shares of the parent in portfolio” against the carrying amount of IFIL ordinary shares held by Soiem itself.
- c. The positive adjustment of € 281,683 thousand is due to the alignment of the original purchase cost (€ 6.58 per share for a total of € 463,193 thousand) of the investment in Sanpaolo IMI to its market price at December 31, 2004 (€ 10.58 per share for a total of € 744,876 thousand).
- d. The negative amount of € 6,700 thousand includes the derecognition of the remaining balance of deferred charges which are not recognized under IFRS.
- e. The negative adjustment of € 4,701 thousand represents the effect of the measurement of derivative instruments used to hedge interest rate risks (IRS) on non-convertible bonds (€ 300 million) and on bank debt (€ 150 million).

IFIL S.p.A.
RECONCILIATION OF THE BALANCE SHEET AT DECEMBER 31, 2005

(€ in thousands)	Fin. Stmts 12/31/2005 Italian GAAP	IFRS reclassifications	IFRS adjustments	Fin. Stmts 12/31/2005 IFRS	IFRS	
Financial assets					Non-current assets	
Investments in subsidiaries	2,879,290	(5,283)		2,874,007	Investments accounted for at cost	
Investments in other companies	726,631		501,999	1,228,630	Available-for-sale investments	
	Total financial assets	3,605,921	(5,283)	501,999	4,102,637	Total investments
Other securities			2,521	959	3,480	Securities
			271		271	Other financial assets
Intangible assets	4,471		(4,467)		4	Intangible assets
Tangible assets	81				81	Property, plant and equipment
Other receivables	1				1	Other receivables
Treasury stock	43,819	(43,819)			0	
Total fixed assets	3,654,293	(46,310)	498,491		4,106,474	Total Non-current assets
Current assets						Current assets
Cash and banks	210				210	Cash and cash equivalents
			385	255	640	Other financial assets
Tax receivables	42,821				42,821	Tax receivables
			113		113	Trade receivables from related parties
Other receivables	69		167		236	Other receivables
Receivables from subsidiaries	90		(90)		0	
Receivables from parent companies	23		(23)		0	
Prepaid expenses	1,007		(1,007)		0	
Treasury stock	5,508		(5,508)		0	
	49,728	(5,963)	255		44,020	Total Current assets
Total assets	3,704,021	(52,273)	498,746		4,150,494	Total Assets
Stockholders' equity						Equity
Capital stock	1,075,996				1,075,996	Capital stock
Additional paid-in capital	1,042,496		414,428		1,456,924	Capital reserves
Other reserves	1,014,541		(414,428)	496,615	1,096,728	Retained earnings and other reserves
			(52,089)		(52,089)	Treasury stock
Net income for the period	98,760			2,176	100,936	Profit for the year
Total stockholders' equity	3,231,793	(52,089)	498,791		3,678,495	Total Equity
						Non-current liabilities
Deferred income taxes	100				100	Deferred tax liabilities
Reserve for employee severance indemnities	2,072			(34)	2,038	Provisions for employee benefits
Social security payable due beyond one year	117			(11)	106	Other payables
	2,289	0	(45)		2,244	Total Non-current liabilities
						Current liabilities
Bonds 2003-2006	100,000		(184)		99,816	Non-convertible bonds
Banks borrowings due within one year	348,585				348,585	Bank debt
			1,161		1,161	Other financial liabilities
Payables to subsidiaries	495		(495)		0	
Payables to parent companies	13		(13)		0	
			9,508		9,508	Trade payables and other payables to related parties
Trade account payables	4,339				4,339	Trade payables to related parties
Tax payables	5,041				5,041	Tax payables
Social security payable due within one year	467		(467)		0	
Other payables	9,838		(8,533)		1,305	Other payables
Total payables	468,778	977	0		469,755	Total Current liabilities
Accrued expenses and deferred income	1,161	(1,161)			0	
Total liabilities and stockholders' equity	3,704,021	(52,273)	498,746		4,150,494	Total Equity and liabilities

IFIL S.p.A.
RECONCILIATION OF EQUITY AT DECEMBER 31, 2005

(€ in thousands)	
Stockholders' equity at December 31, 2005 (Italian GAAP)	3,231,793
Reclassification of the carrying amount of treasury stock held directly	(49,327) a.
Reclassification of the payment made by the subsidiary Soiem S.p.A. to set up the reserve for IFIL shares in portfolio	(2,762) b.
IFRS adjustments	
IAS 39 – Fair value adjustment of investment in Sanpaolo IMI	501,999 c.
IAS 39 – Fair value adjustment of Fiat ordinary share warrants 2007	959 d.
IAS 38 – Derecognition of intangible assets	(4,467) e.
IAS 39 – Measurement of instruments used to hedge interest rate risk	255 f.
IAS 19 – Employee benefits	34
IAS 39 – Discounting to INPS payable to present value	11
	498,791
Equity at December 31, 2005 (IFRS)	3,678,495

- a. The reclassification reduces equity by the carrying amount of treasury stock previously recorded under financial assets.
- b. The reclassification reduces equity by the amount of the payment made to the subsidiary Soiem to set up the “Reserve for shares of the parent in portfolio” against the carrying amount of IFIL ordinary shares held by Soiem itself.
- c. The positive adjustment of € 501,999 thousand is due to the alignment of the original purchase cost (€ 7.81 per share for a total of € 726,631 thousand) of the investment in Sanpaolo IMI to its market price at December 31, 2005 (€ 13.20 per share for a total of € 1,228,630 thousand).
- d. The positive adjustment of € 959 thousand is due to the alignment of the original purchase cost (€ 0.13 per warrant, for a total of € 2,521 thousand) of Fiat ordinary share warrants 2007 to their market price at December 31, 2005 (€ 0.18 per warrant, for a total of € 3,480 thousand).
- e. The negative amount of € 4,467 thousand includes the derecognition of the remaining balance of deferred charges which are not recognized under IFRS.
- f. The positive adjustment of € 255 thousand represents the effect of the measurement of derivative instruments used to hedge interest rate risks (IRS) on non-convertible bonds (€ 100 million).

IFIL S.p.A.
RECONCILIATION OF THE INCOME STATEMENT FOR THE YEAR ENDED
DECEMBER 31, 2005

(€ in thousands)	Year ended 12/31/2005 Italian GAAP	IFRS reclassificati ons	IFRS adjustme nts	Year ended 12/31/2005 IFRS	IFRS
Financial income (expenses)					Investment income (charges)
Dividends	154,411			154,411	Dividends from investments
Gains on the sale of shares and securities of subsidiaries	2,568			2,568	Gains on sales of investments and securities
Writedowns of investments	(4)			(4)	Impairment losses on investments
	156,975	0	0	156,975	Net investment income
					Financial income (expenses)
Interest and financial expenses	(23,041)		(3)	(23,044)	Financial expenses from third parties
				0	Financial expenses from related parties
Financial income from others	1,079			1,079	Financial income from third parties
Financial income from subsidiaries	419			419	Financial income from related parties
Foreign exchange gains (losses)	1			1	Foreign exchange gains (losses)
	(21,542)	0	(3)	(21,545)	Net financial expenses
Costs of production					Net general expenses
Personnel costs	(7,978)	(340)	(55)	(8,373)	Personnel costs
Services costs	(24,208)	21,732		(2,476)	Purchases of goods and services from third parties
		(3,758)		(3,758)	Purchases of goods and services from related parties
Leases and rentals	(1,092)	1,092		0	
Other operating expenses	(1,330)	(139)		(1,469)	Other current operating expenses
Amortization, depreciation and writedowns	(2,265)		2,234	(31)	Depreciation and amortization
Purchases of consumables	(186)	186		0	
	(37,059)	18,773	2,179	(16,107)	
Value of production – other revenues and income	360	(321)		39	Revenues from third parties
		324		324	Revenues from related parties
	(36,699)	18,776	2,179	(15,744)	Net general expenses
Extraordinary income (expenses)	26	(26)		0	Other non-current expenses
		(18,750)		(18,750)	Other non-current expenses from related parties
	26	(18,776)	0	(18,750)	Other non-current expenses
Income before taxes	98,760	0	2,176	100,936	Profit before income taxes
Income taxes, current and deferred	0			0	Income taxes
Net income for the year	98,760	0	2,176	100,936	Profit for the year

IFIL S.p.A.
RECONCILIATION OF PROFIT FOR THE YEAR ENDED DECEMBER 31, 2005

€ in thousands	
Net income for the year ended December 31, 2005 (Italian GAAP)	98,760
IFRS adjustments	
IAS 19 – Employee benefits	(55)
IAS 38 – Reversal of amortization of intangible assets	2,234
IAS 39 – Discounting of INPS payable to present value	(3)
	<u>2,176</u>
Profit for the year ended December 31, 2005 (IFRS)	100,936



IFIL GROUP IN 2006

**CONSOLIDATED FINANCIAL STATEMENTS
OF THE IFIL GROUP AT DECEMBER 31, 2006**

CONSOLIDATED BALANCE SHEET

€ in millions	Note	12/31/2006	12/31/2005	Change
Non-current assets				
Goodwill	11	760	814	(54)
Other intangible assets	12	188	243	(55)
Property, plant and equipment	13	847	941	(94)
Investments accounted for by the equity method	14	2,619	2,966	(347)
Other financial assets	15	2,672	1,523	1,149
Deferred tax assets	30	49	68	(19)
Other non-current assets	17	55	33	22
Total Non-current assets		7,190	6,588	602
Current assets				
Inventories	16	540	554	(14)
Trade receivables	17	938	1,028	(90)
Other receivables	17	262	299	(37)
Financial assets	15	1,106	1,171	(65)
Cash and cash equivalents	18	302	595	(293)
Total Current assets		3,148	3,647	(499)
Assets held for sale				
	19	128	25	103
Total Assets		10,466	10,260 (a)	206
Equity				
Attributable to the equity holders of the company	20	6,222	5,186	1,036
Attributable to the minority interest	23	643	1,046	(403)
Total Equity		6,865	6,232	633
Non-current liabilities				
Provisions for employee benefits	24	135	170	(35)
Provisions for other liabilities and charges	25	169	410	(241)
Bonds and other debt	28	652	760	(108)
Deferred tax liabilities	30	102	92	10
Other non-current liabilities	31	57	57	0
Total Non-current liabilities		1,115	1,489	(374)
Current liabilities				
Provisions for employee benefits	24	7	12	(5)
Provisions for other liabilities and charges	25	283	36	247
Bonds and other debt	28	711	1,035	(324)
Trade payables	31	927	982	(55)
Other current liabilities	31	526	474	52
Total Current liabilities		2,454	2,539	(85)
Liabilities relating to assets held for sale				
	19	32	0	32
Total Equity and liabilities		10,466	10,260 (a)	206

(a) Certain items in the balance sheet have been reclassified since publication of the 2005 consolidated financial statements which increased both assets and liabilities by € 1 million.

CONSOLIDATED INCOME STATEMENT

€ in millions	Note	2006	2005 (a)	Change
Revenues	39	5,534	5,429	105
Other revenues from current operations	32	111	38	73
Purchases of raw materials and changes in inventories		(3,632)	(3,436)	(196)
Personnel costs	33	(922)	(925)	3
Costs for external services		(747)	(734)	(13)
Taxes and duties		(42)	(45)	3
Depreciation and amortization		(157)	(191)	34
Accruals to provisions and other expenses from current operations		(72)	(63)	(9)
Profit from current operations		73	73	0
Other nonrecurring income (expenses)	34	(67)	(203)	136
Operating profit (loss)		6	(130)	136
Gains (losses) on sales of investments		51	4	47
Cost of net debt		(31)	(44)	13
Other financial income (expenses)		72	52	20
Financial income (expenses)	35	92	12	80
Income taxes	36	(54)	(47)	(7)
Profit (loss) of companies consolidated line-by-line		44	(165)	209
Share of the profit (loss) of companies accounted for by the equity method	37	352	437	(85)
Profit from continuing operations		396	272	124
Profit from discontinued operations or assets held for sale	38	0	1,006	(1,006)
Profit		396	1,278	(882)
Profit attributable to the equity holders of the company		341	1,090	(749)
Profit attributable to the minority interest (A)		55	188	(133)
Net gain on the sale of the investment in SGS attributable to the minority interest (B)	4	396	0	396
Total profit attributable to the minority interest (A)+(B)		451	188	263
Basic earnings attributable to the equity holders of the company (€):				
- per ordinary share		0.32	1.03	(0.71)
- per savings share		0.34	1.05	(0.71)
Basic earnings from continuing operations (€):				
- per ordinary share		0.32	0.32	
- per savings share		0.34	0.34	

(a) Certain items in the income statement have been reclassified since publication of the 2005 consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ in millions	Capital stock	Treasury stock	Capital reserves	Retained earnings and other reserves	Profit for the year	Equity attributable to equity holders of the company	Equity attributable to the minority interest	Total equity
Equity at January 1, 2005	1,075	(50)	1,456	1,117	124	3,722	855	4,577
Capital stock increase from exercise of stock options	1					1		1
Treasury stock movements		(2)				(2)		(2)
Dividends paid out					(73)	(73)	(20)	(93)
Stock-based compensation				4		4	1	5
Effect of fair value change to investments and securities				247		247	7	254
Fair value change to cash flow hedge instruments				(5)		(5)		(5)
Actuarial gains (losses) recognized directly in equity				(73)		(73)	(13)	(86)
Translation differences				281		281	35	316
Change in scope of consolidation						0	(9)	(9)
Other changes				(6)		(6)	2	(4)
Profit for the year					1,090	1,090	188	1,278
Movements in equity accounts				51	(51)	0		0
Changes	1	(2)	0	499	966	1,464	191	1,655
Equity at December 31, 2005	1,076	(52)	1,456	1,616	1,090	5,186	1,046	6,232
Stock-based compensation				5		5	1	6
Treasury stock movements		4		1		5		5
Capital stock transactions						0	(754)	(754)
Dividends paid out					(86)	(86)	(166)	(252)
Effect of fair value change to investments and securities				925		925	(8)	917
Deferred taxes on fair value change to investments and securities				(45)		(45)	4	(41)
Transfer of fair value to income statement				(3)		(3)		(3)
Fair value change to cash flow hedge instruments				25		25	(1)	24
Actuarial gains (losses) recognized directly in equity				39		39	(1)	38
Translation differences				(141)		(141)	(3)	(144)
Change in scope of consolidation						0	77	77
Other changes				(29)		(29)	(3)	(32)
Profit for the year					341	341	451	792
Movements in equity accounts				1,004	(1,004)	0		0
Changes	0	4	0	1,781	(749)	1,036	(403)	633
Equity at December 31, 2006	1,076	(48)	1,456	3,397	341	6,222	643	6,865
Note	20	20		20			23	

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES

€ in millions	2006	2005
Gains (losses) recognized directly in the cash flow hedge reserve	24	(5)
Gains (losses) recognized directly in the reserve for fair value adjustments of financial assets available-for-sale	917	254
Deferred taxes on fair value change to investments and securities	(41)	0
Transfer of fair value to income	(3)	0
Gains (losses) recognized directly in the reserve for translation differences	(144)	316
Actuarial gains (losses) recognized directly in equity	38	(86)
Income (expenses) recognized directly in equity	791	479
Profit attributable to the equity holders of the company and the minority interest	792	1,278
Total recognized income (expenses)	1,583	1,757
Recognized income (expenses) attributable to the equity holders of the company	1,141	1,540
Recognized income (expenses) attributable to the minority interest	442	217

CONSOLIDATED STATEMENT OF CASH FLOWS

€ in millions	Note	2006	2005
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Profit attributable to the equity holders of the company and the minority interest		396	1,278
Elimination of income and expenses not affecting cash:			
Share of the profit (loss) of companies accounted for by the equity method		(290)	(379)
Share of earnings of SGS		(62)	(58)
Depreciation, amortization, impairments and accruals		212	382
Gains (losses) on disposals	10	(46)	(973)
Other		(52)	(67)
Current and deferred income taxes		54	47
Dividends received from investments		93	58
Income taxes paid		(20)	(24)
Change in working capital		(115)	190
NET CASH FLOWS FROM OPERATING ACTIVITIES		170	454
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangible assets		(195)	(175)
Proceeds from disposal of property, plant and equipment and intangible assets		194	78
Purchases of non-current financial assets		(110) ^(a)	(1,206)
Proceeds from disposal of non-current financial assets	10	256	914
Change in scope of consolidation	10	(17)	420
Effect of assets held for sale	10	0	(54)
Other flows provided by investing activities		97	210
CASH FLOWS FROM INVESTING ACTIVITIES		225	187
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Dividends paid out by IFIL S.p.A.		(86)	(73)
Dividends paid by consolidated companies to minority stockholders		(166)	(20)
Increase (decrease) in capital stock subscribed to by minority stockholders		8	1
Capital increase from the exercise of stock options		13	7
(Purchases) sales of treasury stock		0	(2)
New loans secured		236	513
Repayment of loans		(613)	(799)
Net effect of securitization of trade receivables		9	0
Other flows provided by (used for) financing activities		(64)	(156)
CASH FLOWS USED IN FINANCING ACTIVITIES		(663)	(529)
EFFECT OF CHANGE IN FOREIGN CURRENCIES		(9)	17
NET INCREASE (DECREASE) IN CASH FLOWS		(277)	129
CASH AND CASH EQUIVALENTS, AT START OF THE YEAR		472	343
CASH AND CASH EQUIVALENTS, AT END OF THE YEAR		195	472
NET INCREASE (DECREASE) IN CASH FLOWS		(277)	129

(a) Including € 63 million for the purchase of Fiat ordinary stock and € 47 million for the purchase of Gruppo Banca Leonardo stock.

The reconciliation between cash and cash equivalents in the statement of cash flows and the corresponding line in the balance sheet is presented in Note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information on the activities of the Group

IFIL Investments S.p.A. (abbreviated in **IFIL S.p.A.**) is a corporation organized under the laws of the Republic of Italy. The head office is located in Turin, Italy, Corso Matteotti 26. IFIL S.p.A. is the investment company of the Group headed by **Giovanni Agnelli e C. S.a.p.az.** which holds 3% of its ordinary capital stock directly and 66.23% of its ordinary capital stock through **IFI – Istituto Finanziario Industriale S.p.A.** IFIL S.p.A. shares (ordinary and non-convertible savings shares) are listed on the Electronic Share Market (MTA) of the Italian stock exchange (Blue Chip segment).

The principal subsidiaries and associates of IFIL operate in various business segments, as described in the section "IFIL Group Profile" of the Directors' Report on Operations.

The consolidated financial statements are presented in Euro, the Group's functional currency.

2. Basis of presentation of the consolidated financial statements

The consolidated financial statements at December 31, 2006 of the IFIL Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission. The designation "IFRS" also includes all valid International Accounting Standards (IAS), as well as all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC).

The consolidated financial statements have also been prepared in accordance with the provisions contained in Consob Resolutions 15519 and 15520 and in Communication 6064293 dated July 28, 2006, in accordance with art. 9, paragraph 3, of Legislative Decree 38 dated February 28, 2005.

The consolidated financial statements of the IFIL Group are expressed in millions of Euro.

3. Format of the consolidated financial statements and other information

The IFIL Group presents a consolidated income statement using a classification based on the nature of expenses as this is believed to provide information that is more relevant than one based on the function of expenses as presented by the operating companies consolidated line-by-line.

For the consolidated balance sheet, a format has been selected to present current and non-current assets and liabilities.

The consolidated statement of changes in equity shows comprehensive income and expenses in a specific section for income and expenses recognized directly in the reserves.

For the consolidated statement of cash flows, the indirect method has been selected.

Transactions with related parties are not significant in amount and are therefore not presented separately in the financial statement formats. They are, however, disclosed in Note 40 to the financial statements.

4. Unusual and/or atypical transactions and significant nonrecurring events and transactions

In 2006, there are no significant unusual and/or atypical transactions, also on the basis of information received from the companies of the Group, that are required to be disclosed pursuant to Consob Communication 6064293 dated July 28, 2006.

With regard to significant nonrecurring events and transactions, the following is noted:

IFIL S.p.A. - Consob sanctionary measure

On February 13, 2007, the measure was notified by Consob relating to the content of the press release dated August 24, 2005. The measure provides, among other things, for pecuniary administrative and additional sanctions to be borne by the directors of IFIL S.p.A. and the company itself.

The pecuniary administrative sanction levied on IFIL S.p.A., equal to € 4.5 million, was recorded in the financial statements for the year ended December 31, 2006 in "other nonrecurring expenses".

Additional information is provided in the Directors' Report on Operations.

Public Exchange and Purchase Offer launched by Sequana Capital

On September 6, 2006, Sequana Capital launched the Public Exchange Offering of a maximum of 57,646,980 Sequana Capital shares in exchange for a maximum of 1,859,580 SGS shares 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 could have chosen to tender their shares to the Public Purchase Offering and receive the price of € 21 in cash for each Sequana Capital share sold to the company.

The offering was concluded with 57,521,414 shares tendered to the Exchange Offering and 125,566 shares to the Purchase Offering. Sequana Capital therefore sold 1,855,529 SGS shares, of which 1,029,456 shares were sold to the parent Ifil Investissements at the price of CHF 1.320 per share at the CHF/Euro exchange rate equal to 1.5882, realizing a gain net of income taxes of € 889 million.

The Sequana Capital shares contributed were canceled with a consequent reduction in capital stock.

In the IFIL consolidated financial statements, the investment in SGS S.A., before the elimination of the net gain of € 493 million realized by Sequana Capital on the sale of 13.16% of SGS capital stock to Ifil Investissements, was aligned with the carrying amount which it had in the consolidated financial statements of the Sequana Capital Group before the Public Exchange and Purchase Offering, equal to € 361.6 million, and was classified in "investments available-for-sale". At December 31, 2006, the investment was therefore measured at fair value on the basis of the stock market price at the end of the year, recording an unrealized gain (€ 508.4 million) in equity.

The remaining net gain of € 396 million is entirely attributable to the minority interest and is shown separately at the bottom of the income statement.

5. Basis of consolidation

Criteria used in determining the scope of consolidation

The companies in which the IFIL Group has the power to exercise control, directly or indirectly, by determining the financial and operating policies of an enterprise so as to gain benefits from its activities are consolidated line-by-line, with the minority stockholders being attributed their interests in the equity and profit.

Pending an opinion by the IASB, which has also recently been requested by the European Commission by letter dated October 26, 2006, that will definitively clarify the criteria that will permit a verification of the presence of de facto control in accordance with

IAS 27, the IFIL Group has continued to exclude the Fiat Group, in which IFIL S.p.A. has a 30.45% holding of ordinary capital stock, from line-by-line consolidation consistently with the method followed for the first-time adoption of IFRS and the preparation of the consolidated financial statements at December 31, 2005.

However, in order to provide more meaningful disclosure, Note 44 presents the consolidated proforma data as if the Fiat Group had been consolidated line-by-line.

Subsidiaries either dormant or generating an insignificant effect on the total of the Group's assets, liabilities, financial position and earnings are also excluded from the scope of consolidation.

Subsidiaries excluded from consolidation, subsidiaries jointly controlled with other stockholders, associates and investments in other companies are accounted for as described under "Other non-current financial assets".

Consolidation procedures

The financial statements of subsidiaries as defined above are included in the consolidated financial statements from the date that control by the Group commences until the date that control ceases.

The results of discontinued operations or assets held for sale which meet the specific requirements of IFRS 5 are shown separately and correspond to the results achieved up to the time of disposal, after taxes and other direct attributable costs, as well as the gains (losses) on their sale.

Assets and liabilities, and revenues and expenses, of subsidiaries consolidated on a line-by-line basis are included in full in the consolidated financial statements of the Group; the carrying amounts of investments are eliminated against the subsidiaries' related equity, attributing to the identifiable assets and liabilities the fair value at the date of the acquisition of control. Any residual difference, if positive, is recognized in assets in "goodwill" or, if negative, in the income statement.

The share of the equity and the results of operations attributable to the minority interest is disclosed separately. The minority interest in equity is determined on the basis of the amounts attributed to the assets and liabilities at the date of the acquisition of control, excluding any goodwill referring to them.

When losses in a consolidated subsidiary pertaining to the minority stockholders exceed the minority interest in the subsidiary's capital stock, the excess, or deficit, is charged to the Group, unless the minority stockholders are expressly committed to reimbursing the losses, in which case the excess is recorded as an asset in the consolidated financial statements. If no such commitment is in place, should profits be realized in the future, the minority interests' share of those profits will be attributed to the Group, up to the amount necessary to recover the losses previously absorbed by the Group.

The effects of subscribing to capital stock increases when there are different issue prices for the various classes of stock are recognized as changes in equity.

Date of reference

Investments are consolidated using the financial statements at December 31, the closing date of the parent, which covers a 12-month period, or accounting data prepared as of the same date (when the closing date differs from that of the parent), adjusted, where necessary, to conform with the accounting principles of the Group. The Alpitour Group, whose fiscal year ends on October 31, is consolidated line-by-line, since it is impossible to obtain the consolidated accounting data at December 31, on a timely basis without disproportionate expense. Between November 1 and December 31, 2005 and 2006, there were no significant transactions or events which would have required adjustments to the consolidated financial statements of the Alpitour Group. This treatment is allowed by IAS 27 – Consolidated and Separate Financial Statements.

Intragroup transactions

Intragroup balances and significant transactions and any unrealized gains and losses between companies consolidated line-by-line are eliminated. Unrealized gains and losses arising from transactions with companies accounted for by the equity method are eliminated to the extent of the Group's interest in those companies.

Intragroup losses are not eliminated if they are considered representative of an effective lower value of the asset sold.

Consolidation of foreign entities

All assets and liabilities of foreign companies that are consolidated having a functional currency other than the Euro are translated using the exchange rates in effect at the balance sheet date (the current method). Income and expenses in the income statement and cash flows in the statement of cash flows are translated at the average exchange rate for the year. Translation differences resulting from the application of this method are classified as equity until the disposal of the investment.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are recorded in the relevant foreign currency and are translated using the period-end exchange rate.

6. Significant accounting policies

Intangible assets

Goodwill. In the case of acquisitions of businesses, the acquired identifiable assets, liabilities and contingent liabilities are recorded at fair value at the date of acquisition.

Any excess of the cost of the business combination over the Group's interest in the fair value of those assets and liabilities is classified as goodwill and recorded in the financial statements as an intangible asset. If this difference is negative, it is recognized in the income statement at the time of acquisition.

Goodwill is not amortized, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, in accordance with IAS 36 – Impairment of Assets. Goodwill is allocated to cash generating units or groups of cash-generating units representing the operating level at which the Group controls the rate of return of the investments.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Reversal of any impairment loss for goodwill is not permitted.

On disposal of a part or the whole of a business which was previously acquired and which gave rise to the recognition of goodwill, the residual amount of the related goodwill is included in the determination of the gain or loss on disposal.

In the context of IFRS First-time Adoption, the Group elected not to apply IFRS 3 – Business Combinations retrospectively to the business combinations that occurred before January 1, 2004; as a consequence, goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous Italian GAAP amounts, subject to being tested for impairment at that date.

Other intangible assets: purchased or internally-generated are recognized as assets in accordance with IAS 38 – Intangible Assets (when they are controlled by the enterprise), where it is probable that the use of the asset will generate future economic benefits and where the costs of the asset can be determined reliably.

Revaluations are not permitted even if allowed by specific laws.

Such assets are measured at purchase or manufacturing cost and amortized systematically on a straight-line basis over their estimated useful lives, if these assets have finite useful lives, taking into account estimated realizable value. Intangible assets with indefinite useful lives and those not yet in production are not amortized, but tested for impairment annually and more frequently, whenever there is an indication that the asset may be impaired. When, subsequently, there is an indication that an impairment loss may no longer exist or may have decreased, the carrying amount of the asset is

increased up to the new estimated recoverable amount which cannot exceed the amount which would have been determined had no impairment loss been recognized. The reversal of an impairment loss is recognized immediately in the income statement.

Other intangible assets acquired as part of a business are capitalized separately from goodwill if their fair value can be measured reliably.

Amortization plans and any realizable value are reviewed at least annually.

Greenhouse gas emission rights: in the absence of specific IFRS standards and IFRIC interpretations, the Sequana Capital Group has applied, on a temporary basis, the following accounting treatment which provides for:

- initial accounting: the rights (allowances) attributed, measured at the market price at the date of issue, are accounted for as “other intangible assets” with a contra-entry to deferred income classified under “other payables”;
- afterwards: the deferred income is credited to the income statement on a straight-line basis over the period of reference. Moreover, a liability is recognized corresponding to the quantity of allowances to be delivered with a contra-entry to a cost representing the gas emissions. This liability is measured at the initial amount of the allowances issued or purchased and, depending on the case, at the market value of the allowances to be delivered which exceeds those held at the balance sheet date;
- delivery of the allowances relating to the emissions during the period: at the effective date of delivery, the intangible assets and the related liability are eliminated from the balance sheet;
- sales of allowances: the gains or losses arising from the sales of allowances are recognized in the income statement under “other nonrecurring income and expenses”.

The excess allowances recognized in the assets are tested for impairment annually, or more frequently, if there are indications that they may be impaired.

Players' registration rights: are recognized at time-discounted cost, including any additional costs.

Players' registration rights are amortized on a straight-line basis over the period of the contracts signed with the individual professional players. The original amortization plan may be extended as a result of the early renewal of a contract, starting from the season in which the renewal takes place. For soccer players registered as “*giovani di serie*” (youth players), costs are amortized over five years using the straight-line method.

Players' registration rights are recorded on the date on which the contracts are ratified by the Lega Nazionale Professionisti for national transfers and on the “transfer” date indicated by the Italian Soccer Federation – F.I.G.C. for international transfers.

Player sharing receivables and payables ex. art 102 bis of the N.O.I.F (Internal Organizational Rules issued by the Italian Soccer Federation – F.I.G.C.) are also recorded in players' registration rights.

Player sharing receivables, which represent the value of the simultaneous re-acquisition of 50% of registration rights of the players transferred, are recorded at the adjusted cost and are amortized net of any residual value estimated at the end of its useful life. In the event that the residual value is equal to or higher than the historic value recorded, the amortization is zero. The adjusted cost is the lower of the cost borne according to the legal format agreed between the parties and the actual value of the re-acquisition.

Player sharing liabilities, which represent 50% of the value at which the player sharing rights were sold are recorded at the nominal value, but are deducted from the value of the registration rights of the player for which sharing rights have been disposed of, in order to represent the acquisition actually made. Due to this, the amortization of the registration right disposed of under the player sharing agreement is calculated on the lower cost thus determined.

In the presence of indicators of the loss of value of players' registration rights (impairment indicators), an evaluation is made for purposes of the impairment test that takes into account the following factors:

- direct execution by the company directors who, at their discretion, may be assisted by an external expert to support them in identifying the objective parameters to be used for the valuation of the value of players' registration rights (e.g. role and ages of the player, analysis of the values of players' transfers in the most recent transfer campaigns, call up to the national team etc.);
- identification of the cash-generating units to be taken into account in the individual player's registration rights, without the possibility of making compensations with any re-evaluations that could emerge from the valuation illustrated in the previous point; this is because it is held that the first impairment indicator can occur for each individual registration right;
- execution of a possible additional check of the recoverability of the investment through the analysis of other factors linked to the team as a whole; this makes it possible to also consider the fact that there could be a loss of value even when there are no impairment indicators (or impairment loss) at the level of the individual registration right.

The gains and losses deriving from the disposal of players' registration rights are recorded on the basis of the date of execution approved on the contracts by the Lega Nazionale Professionisti, for national transfers, and on the date of the "transfer" issued by the Italian Soccer Federation – F.I.G.C., for international transfers.

Gains and losses deriving from the disposal of players' registration rights are adjusted for accounting in the income statement of the effect due to the lower amortization of the registration rights recorded at the time-discounted cost compared to what was recorded under Italian GAAP.

The gains deriving from the disposal of players' registration rights, 50% of which was re-acquired at the same time, are adjusted for 50% of their sum so as to reflect in the income statement the revenues matured for the share of the registration right actually transferred through sale. The remaining part of the gain may, instead, be realized only at the time of the termination of the player sharing agreement, when the player leaves the company definitively. In the event that the disposal of registration rights that precedes the stipulation of the player-sharing contract generates a loss, the value of the latter is not, in contrast, subject to any adjustment for IFRS purposes. This stems from the fact that this loss is assimilated to the effect of the impairment test of the registration rights, under the assumption that the moment of disposal of the right is when this loss is incurred.

The income and expenses deriving from the termination of player-sharing agreements ex art. 102 bis of N.O.I.F. are recorded on the basis of the date of execution authorized on contracts by the Lega Nazionale Professionisti. Those deriving from the termination of sharing agreements are adjusted for the accounting in the income statement of the effect due to the lower amortization of the registration rights regarding the disposal of the player-sharing rights compared to what was recorded under Italian GAAP.

Property, plant and equipment

Property, plant and equipment are stated at purchase or production cost less accumulated depreciation and impairment losses. Revaluations are not permitted, even if allowed by specific laws.

Purchase cost includes all directly attributable costs necessary to make the asset ready for use. When there are obligations for decommissioning, the carrying amount includes the estimated costs (discounted to present value) to be incurred when the structure is decommissioned which is recognized with a contra-entry to a specific provision account.

Any capital investment grants are recorded in the balance sheet in liabilities and subsequently allocated systematically to the income statement over the number of years necessary to match the costs to be compensated.

Financial expenses associated with investments are generally charged on the accrual basis to the income statement.

Assets acquired under finance leases are recognized in property, plant and equipment with a contra-entry to financial payables to lessors and depreciated on the basis indicated below. Whenever there is a reasonable certainty that the asset will not be purchased at the end of lease, depreciation is taken over the period of the lease, if it is shorter than the useful life of the asset.

If an asset has significant components with different useful lives, these components are recorded separately.

The costs incurred subsequent to purchase are capitalized only if they increase the future economic benefits inherent to the assets to which such costs refer. All other costs are recognized in the income statement when incurred.

Assets are depreciated systematically using the straight-line method over their estimated useful lives and taking into account estimated realizable value. The carrying amounts are periodically tested for impairment. When, subsequently, there is an indication that an impairment loss may no longer exist or may have decreased, the carrying amount of the asset is increased up to new estimated recoverable amount which cannot exceed the amount which would have been determined had no impairment loss been recognized. The reversal of an impairment loss is immediately recognized in the income statement.

Depreciation is calculated when the assets are ready for use on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	from 10 to 40 years
Plant and machinery	from 5 to 20 years
Industrial equipment	from 5 to 20 years
Other assets	from 3 to 25 years

The depreciation plan and the estimate of realizable value are reviewed annually.

The cost of land is recorded separately and is not depreciated since it has an indefinite life.

Other non-current financial assets

Investments in which the Group exercises a significant influence are accounted for by the equity method. Significant influence is assumed if the Group holds more than 20% of the voting rights or in relation to the decisional power exercised.

Other investments available-for-sale are measured at fair value which coincides, for listed investments, at the market price on last day of the reporting period. Unrealized gains and losses are recognized directly in equity, net of the relevant tax effect. If there is objective evidence that the asset is impaired, the cumulative loss that was recognized directly in equity is reversed and recognized in the income statement. Such impairment losses may not later be reversed through the income statement.

Securities available-for-sale represented by debt securities, are recognized at cost and subsequently measured at fair value. The difference is recognized in equity. If there is

objective evidence that the asset is impaired, the cumulative loss that was recognized directly in equity is reversed and recognized in the income statement. Such impairment losses, when the reasons which gave rise to them no longer exist, are reversed in the income statement but only up to the initial amount.

Securities, security deposits and other financial assets held to maturity are recognized and measured at amortized cost.

The amortized cost of a financial asset is the amount at which the financial asset is measured initially net of the repayment of principal, adjusted down on the basis of the total amortization of any difference between the initial amount and the maturity amount using the effective interest method, less any writedown (made directly or through the use of an accrual) for impairment or uncollectibility.

The effective interest rate is the rate that exactly discounts future payments or collections over the expected life of the financial instrument or, if appropriate, over a shorter period at the net carrying amount of the financial asset.

Other current financial assets

Financial assets held for trading, being acquired for resale in the short term, are measured at fair value through the income statement.

This category includes short-term credit instruments and other forms of investment of liquidity, some unconsolidated investments, as well as derivative instruments.

Inventories

Inventories are stated at the lower of purchase or manufacturing cost and estimated realizable value. Cost is determined by the weighted average cost method or FIFO (First-in - First-out).

Inventories of finished and semifinished goods include the direct costs of materials and labor and indirect costs, excluding general administration expenses. The market value of the inventories takes into account provisions for obsolete inventories.

Assets held for sale

Assets, or a group of assets and liabilities (that must not be offset), which are highly probable of being sold within the next year, are classified as held for sale on a specific line in the balance sheet and, if they represent significant sectors of activities, the relative results are shown separately in the income statement.

The disclosure relating to the results of such assets, for prior periods presented in the financial statements, is shown separately.

Such assets are stated at the lower of the carrying amount and fair value less costs to sell. Any impairment loss that arises should be recorded in the income statement. The impairment loss should eventually be reversed if the reasons for the impairment no longer apply, but only up to the initial amount. From the time the asset is recognized as an asset held for sale, amortization and depreciation cease. Financial expenses and expenses attributable to the liabilities of a disposal group classified as held for sale should continue to be recognized.

When the conditions which led to the recognition of an asset as held for sale no longer apply, it should be reclassified to non-current assets and stated at the lower of the carrying amount before being designated as held for sale and its recoverable amount at the date of the subsequent decision not to sell the asset; the difference is recognized in profit and loss.

Non-financial receivables and payables

Receivables are initially recognized at fair value, represented by the present value of the amount that will be collected. Subsequently, they are measured at amortized costs using the effective interest method.

A provision for impairment of trade receivables is established when there is objective evidence of an impairment loss or a risk that the Group will not be able to collect the contractual amount (principal and interest) at the contractually agreed dates. The amount of the provision is the difference between the asset's carrying amount and the present value of recoverable estimated future cash flows, discounted at the effective interest rate. Payables are measured at their nominal amount, increased by the interest expense due, if any. Payables are subsequently measured at amortized cost.

Debt

Interest-bearing debt is recognized at cost which corresponds to the fair value of the amount received net of directly attributable costs. Debt is subsequently measured at amortized cost. The difference between amortized cost and the amount to be repaid is recognized in the income statement on the basis of the effective interest rate over the period of the loan.

Debt is classified in current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

Derivative financial instruments

Derivative financial instruments are only used for hedging purposes in order to reduce interest rate and/or currency risks and market price risks.

Financial instruments qualify for hedge accounting only when there is formal designation and documentation of the hedging relationship and the hedge, verified periodically, is highly effective.

All derivative financial instruments are measured at fair value at the end of the period.

When financial instruments qualify for hedge accounting, the following accounting treatment applies:

- **Fair value hedge:** where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability that is attributable to a particular risk and could affect profit and loss, the gain or loss from re-measuring the hedging instrument at fair value is recognized in the income statement.
- **Cash flow hedge:** where a derivative financial instrument is designated as a hedge of the exposure to variability in cash flows of a recognized asset or liability or a highly probable forecast transaction and could affect profit and loss, the effective portion of any gain or loss of the derivative financial instrument is recognized directly in equity. The cumulative gain or loss is removed from equity and recognized in the profit and loss account at the same time in which the hedged transaction affects profit and loss. The gain or loss associated with a hedge or part of a hedge that has become ineffective is recognized in the income statement immediately. When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss realized to the point of termination remains in equity and is recognized in the income statement at the same time the related transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss held in equity is recognized in the income statement immediately.

If the conditions of IAS 39 are not met, the transactions, even if they have been set up for the purpose of managing risk exposure (inasmuch as the Group's policy does not permit speculative transactions) are classified and measured as trading transactions. In that case, the difference with fair value is recognized in the income statement.

Employee benefits – Pension plans

The companies of the Group offer their employees various forms of pension plans with specific characteristics that vary according to the law, the regulations and the practices in the countries in which they operate.

The pension plans are currently either defined contribution or defined benefit plans.

Under defined contribution plans the Group pays contributions to outside, legally separate entities with administrative autonomy, which frees the employer from any subsequent obligation as the outside entity assumes the commitment to pay what is due to the employee.

Consequently, the Group companies record the contribution paid as an expense and do not recognize any liability.

Defined benefit plans include post-employment benefits, other than those under defined contribution plans. Under defined benefit plans, the Group companies have the obligation to set aside the costs relating to the benefits guaranteed to their employees in service and to retired employees. The actuarial risk and the investment risk are thus substantially borne by the companies of the Group.

Defined benefit plans, which include employee severance indemnities established by Italian laws, are measured by actuarial techniques using the Project Unit Credit Method.

As provided by the amendment to IAS 19 – Employee Benefits, issued by the IASB in December 2004, the Group elected to recognize actuarial gains and losses immediately in the period in which they arise, outside the income statement, in a statement of recognized income and expense.

All cumulative actuarial gains and losses that existed at January 1, 2004 have been recognized in equity.

For defined benefit plans without plan assets, the expenses relating to the increase in the present value of the obligation, due to the fact that the payment date of the benefits is nearing, are recognized in financial expenses.

Payments relative to defined contribution plans are recognized as an expense in the income statement as incurred.

The liability is calculated on an individual basis and takes into account life expectancy, personnel turnover, salary changes, revaluation of the yields, inflation and the present value of the amounts to be paid. The specific assumptions of each plan take into account the local economic conditions.

Defined benefit plans are in some cases covered by financial assets managed outside the Group companies. In those cases, the amount recognized in the financial statements for such liabilities corresponds to the difference between present value of future services (actuarial liability) and the market value of the assets invested that are intended to cover the liability, increased by losses or decreased by unrecognized (or not yet recorded) gains and, in any case, taking into account the surplus cap limit for assets established by paragraph 58 of IAS 19. When the result of this calculation shows a net obligation it is recognized in a provision under liabilities, in the reverse case, an asset is recognized.

Beginning January 1, 2007, the Finance Bill in Italy and the relative decrees implementing it introduced changes regarding employee severance indemnities which include allowing the employee to choose the destination of his/her indemnity that is accruing. In particular, the employee could choose to direct the new flows of the indemnity to pre-chosen pension schemes or to keep them with the company. At the present time, the uncertainty over the interpretation of the recently enacted law, the various possible interpretations of the qualification under IAS 19 of the indemnity being accrued and the resulting changes in the actuarial calculations of the indemnity already accrued, as well as the impossibility of estimating what destinations will be chosen by the employee (the individual employees have until June 30, 2007 to make their decisions) would render it premature to offer any assumptions, by the companies operating in Italy,

on the actuarial change in the calculation of the indemnity accrued at December 31, 2006.

Employee benefits – Stock option plans

In accordance with IFRS 2 – Share-based Payment, the full amount of the fair value of stock options on the grant date is expensed in personnel costs on a straight-line basis over the period from the grant date to the vesting date and recognized directly in equity. Changes in fair value after the grant date have no effect on the initial measurement.

The cost is recalculated each year in relation to the number of options not yet exercised.

In accordance with IFRS 2, the Group has applied this standard to stock options granted after November 7, 2002 and not yet vested at the effective date of IFRS 2 (January 1, 2005).

In the event the plans require a monetary payment equal to the increase in the value of the enterprise, the fair value of the liability of the plan is re-measured at each reporting date until its extinction.

The cost is recognized in the income statement in “Other nonrecurring expenses” with a contra-entry to “Other payables to related parties”.

Provisions for other liabilities and charges

Provisions for other liabilities and charges refer to costs and expenses of a determinate nature which are certain or likely to be incurred but, at the balance sheet date, are uncertain as to the amount or as to the date on which they will arise. Accruals are recorded when there is an obligation, legal or constructive, resulting from a past event, when it is probable that the use of resources will be required to satisfy the obligation and when a reliable estimate of the amount of the obligation can be made.

Changes in estimates are recorded in the income statement in the period in which the change is made.

The accruals mainly refer to environmental or legal risks and accruals for restructuring operations.

Accruals for environmental or legal risks

In general, environmental and legal risks are evaluated case by case. The accrual, if any, is booked on the basis of the best information available, on condition that this information makes it possible to determine a probable loss that is estimated in a sufficiently reliable manner.

Accruals for restructuring operations

An accrual for restructuring operations is booked on condition that a detailed and formal restructuring plan has been approved and that the restructuring has begun or the details of the restructuring plan have been made public.

Treasury stock

The cost of any treasury stock purchased and/or held, also through subsidiaries, as a result of specific stockholder resolutions are recognized as a deduction of equity and, therefore, the reserve as the contra-entry of treasury stock in portfolio is not shown separately. The proceeds from any subsequent sale are recognized as movements in equity.

Income taxes

Current income taxes are calculated according to the tax laws in force in the countries in which the companies of the Group operate.

Taxes on income are recognized in the income statement except to the extent that they relate to items directly charged or credited to equity, in which case the related income tax effect is recognized directly in equity.

Temporary differences between the amounts of assets and liabilities in the financial statements and the corresponding amounts for tax purposes give rise to temporarily

deferred tax liabilities recorded in liabilities. Deferred tax assets relating to the carryforward of unused tax losses, as well as those arising from temporary differences, are recognized to the extent that it is probable that future profits will be available against which they can be utilized.

Deferred tax assets and liabilities are measured at the tax rates expected to apply to taxable income in the periods in which temporary differences will be reversed. Deferred income tax assets and liabilities are offset where there is a legally enforceable right of offset.

Deferred tax assets and liabilities are shown separately from other receivables and taxes payable in a specific caption under non-current assets or liabilities.

Transactions in foreign currencies

Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements are recognized in the income statement.

Sales and purchases of receivables

Receivables sold with recourse remain in the balance sheet of the assignor which records a payable to the buyer against collection and financial expenses to be borne. Receivables sold without recourse are only derecognized if it can be demonstrated that the risks and rewards relating to the asset have been substantially transferred to the assignee.

Consequently, all receivables sold which do not meet IAS 39 derecognition requirements are recognized as such in the Group financial statements even though they have been legally sold. A corresponding financial liability is recorded in the consolidated balance sheet in debt. Gains and losses relating to the sale of such assets are not recognized until the assets are removed from the Group balance sheet.

Revenues

Revenues are stated net of discounts, allowances and rebates and are formed by sales of merchandise, goods and services as part of the Group's principal activities. Revenues from sales of goods and merchandise are recognized when the risks and rewards of ownership of the goods are transferred to the customer.

Revenues from services are recognized by reference to the stage of completion of the transaction at the balance sheet date and measured on the basis of the services rendered.

Financial income is recognized according to the accrual principle on the basis of the effective rate of return.

Dividends from investments accounted for at cost are recognized in the income statement when they are approved by the stockholders and only from the earnings generated after the acquisition of the investee company. Instead, when the dividends are distributed from reserves generated before acquisition, the dividends are reported as a deduction from the cost of the investment.

Other nonrecurring income (expenses)

Other nonrecurring income (expenses) include the gains and/or the losses on the disposal of non-current assets other than discontinued operations or assets held for sale (the results of the latter are included in "Profit (loss) from discontinued operations or assets held for sale"). They also include impairment losses of assets, restructuring costs, accruals and utilizations of non-current provisions for liabilities.

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the parent by the weighted average number of shares outstanding during the period, excluding treasury stock. Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. The profit attributable to the equity holders of the company is also adjusted to take into account the effects, net of taxes, of the conversion.

Segment information

Given the nature of investment companies, IFIL S.p.A. presents segment information which coincides with the consolidated data of each subsidiary and associate holding company, each of which represents an investment in a primary reporting segment.

7. Use of estimates

The preparation of financial statements and related disclosures that conforms to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from those estimates. Estimates and assumptions are reviewed periodically and the effects of any changes are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments and the key assumptions concerning the future that management has made in the process of applying the Group accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Recoverability of non-current assets

Non-current assets include property, plant and equipment, investment property, intangible assets (including goodwill), investments and other financial assets. Management reviews the carrying value of non-current assets held and used and that of assets to be disposed of when events and circumstances warrant such a review. Management performs this review using estimates of future cash flows from the use or disposal of the asset and suitable discount rates in order to calculate present value. If the carrying amount of a non-current asset is considered impaired, the Group records an impairment charge for the amount by which the carrying amount of the asset exceeds its estimated recoverable amount from use or disposal determined by reference to its most recent corporate plans.

Pension and other post-retirement benefits

Group companies sponsor pension and other post retirement benefits in various countries. Management uses several statistical and judgmental factors that attempt to anticipate future events in calculating the expense, the liability and the assets related to these plans. These factors include assumptions about the discount rate, expected return on plan assets, rate of future compensation increases and health care cost trend rates. In addition, the Group's actuarial consultants also use subjective factors such as resignations and mortality rates in making relevant estimates.

Contingent liabilities

The cases and claims against the Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably

estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed in the notes.

8. Adoption of new accounting standards and interpretations issued by the IASB

Standards and interpretations in effect since January 1, 2006

In 2006, the IFIL Group adopted all the new and revised standards and the interpretations released by the IASB and IFRIC which had an effect on the transactions carried out or relevant to the financial statements for the years beginning on or after January 1, 2006.

In April 2005, the IASB issued an amendment to IAS 39 – Financial instruments: recognition and measurement, to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as the hedged item in a cash flow hedge in financial statements – provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and the foreign currency risk will affect the consolidated financial statements. The amendment also specifies that if the hedge of a forecast intragroup transaction qualifies for hedge accounting, any gain or loss that is recognized directly in equity in accordance with the hedge accounting rules in IAS 39 must be reclassified into profit or loss in the same period or periods during which the foreign currency risk of the hedged transaction affects consolidated income statement.

In June 2005, the IASB issued another amendment to IAS 39 – Financial instruments: recognition and measurement, to restrict the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement (the fair value option). The revisions limit the use of the option to those financial instruments that meet certain conditions. Those conditions are that:

- the fair value option designation eliminates or significantly reduces an accounting mismatch;
- a group of financial assets, financial liabilities, or both is managed and their performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy; and
- an instrument contains an embedded derivative that meets particular conditions.

The adoption of these standards and interpretations had no material impact on the financial statements for the year ended December 31, 2006.

Standards and interpretations not yet in effect

In August 2005, the IASB issued IFRS 7 – Financial instruments: disclosures and a complementary amendment to IAS 1 – Presentation of financial statements: capital disclosures, effective beginning January 1, 2007.

IFRS 7 requires disclosures about the significance of financial instruments for an entity's financial position and performance. These disclosures incorporate many of the requirements previously in IAS 32 – Financial instruments: disclosure and presentation. IFRS 7 also requires information about the extent to which the entity is exposed to risks arising from financial instruments, and a description of management's objectives, policies and processes for managing those risks.

The amendment to IAS 1 introduces requirements for disclosures about an entity's capital.

The IFIL Group has decided not to elect the early adoption of IFRS 7 and the amendment to IAS 1.

On November 30, 2006, the IASB issued IFRS 8 – Operating segments that will become effective beginning from January 1, 2009 and which will replace IAS 14 – Segment reporting.

In 2006, the following interpretations were also issued:

- IFRIC 9 – Reassessment of embedded derivatives (effective from January 1, 2007)
- IFRIC 10 – Interim financial reporting and impairment (effective from January 1, 2007)
- IFRIC 11 – IFRS 2: Group and treasury share transactions (effective from January 1, 2008).

The Group believes that the adoption of these interpretations will not have a material effect on the financial statements.

The following interpretations were issued in 2006 but are not applicable to the IFIL Group:

- IFRIC 8 – Scope of IFRS 2 (effective from January 1, 2007)
- IFRIC 7 – Applying the restatement approach under IAS 29 Financial reporting in hyper-inflationary economies (effective from January 1, 2007)
- IFRIC 12 – Service concession arrangements (effective from January 1, 2008).

9. Risk management

IFIL Holdings System

In view of its business as an investment company, IFIL S.p.A. is not subject to specific credit risks. Moreover, it is not subject to direct currency risks since it does not hold significant equity investments denominated in currencies other than the Euro.

The consolidated net financial position of the “Holdings System” (see also “IFIL Group – Review of the condensed consolidated results” in the Directors' Report on Operations) is currently a net cash position and, therefore this also renders the liquidity risk insignificant. In any case, the financing requirements and the cash flows of the companies in the “Holdings System” are coordinated so that the financial resources are managed effectively and efficiently. Outgoing flows of current operations are substantially financed by incoming flows from normal business and cash availability.

Liquidity risk could therefore arise only in the event of investment decisions in excess of cash availability that are not preceded by sufficient liquidation of assets or raising of sufficient funds that can be readily used. In this sense, IFIL S.p.A. operates so as to have irrevocable credit lines available with expiration dates and amounts consistent with its investment plans.

IFIL S.p.A. assesses and manages its exposure to changes in interest rate risks consistently with its management policy and utilizes derivative financial instruments to fix some of the financing obtained with a predetermined interest rate. Derivative financial instruments are not used for speculative purposes.

In particular, during 2006, the only derivative financial instruments used to manage fluctuations in interest rate risks were interest rate swaps on some existing loans and on bonds issued.

Sequana Capital Group

The sales of net options are prohibited. The Sequana Capital Group's policies do not allow it to operate on financial markets for speculative purposes and provide for the use of derivative financial instruments only in the event of exposure to certain or highly probable risks.

The Sequana Capital Group uses derivative financial instruments to hedge exposure to interest rate fluctuations as its loans, for the most part, are obtained at 1-, 2- or 3-month floating rates.

The operating companies of the group use derivative instruments to hedge interest rates under the coordination of the general management of the group for a part or the whole of its net debt.

At December 31, 2006, Arjowiggins has a portfolio of swap contracts for € 100 million and collar contracts for € 70 million. These derivatives are recognized at fair value through the income statement.

At December 31, 2006, Antalis has a portfolio of swaps for fixed rates against the 1-month Euribor for € 225 million. These derivatives are classified as hedging derivatives and their fair value is recognized in equity.

The Sequana Capital Group uses certain derivative instruments to hedge exchange rate risk.

Sequana Capital put into place currency options to guarantee the exchange rate of the Legg Mason shares listed in U.S. dollars on the New York stock exchange.

On cash resources in Euros held by the British holding companies, a reverse position was taken by selling Euros against the British pound for an amount that varies in relation to the changes in the positions for purposes of canceling the economic effect of the change in the Euro/British pound exchange rate.

As for the operating companies, derivative instruments were put into place for future flows in currencies other than the Euro.

Arjowiggins has hedging contracts in place for energy prices which are recognized at fair through the income statement.

Alpitour Group

The Alpitour Group's policies exclude the possibility of using derivative financial instruments for speculative purposes.

The Group uses derivatives to hedge currency risk (mainly with forward purchases in U.S. dollars to hedge payments of tourism services) and interest rate risk (with interest rate swaps).

Moreover, the aviation division is subject to the risk of fluctuations in fuel prices that are largely associated with the international political equilibrium and other exogenous factors. Since fuel is a primary factor in air transport, price fluctuations could have a significant impact on the Group's margin and, consequently, the risk exposure is hedged by commodity swaps and zero cost collars.

10. Change in the scope of consolidation

Changes in the scope of consolidation during 2006 at the various levels of consolidation are described below.

IFIL Holdings System

In 2006, the subsidiary Sadco S.A. was accounted for by the equity method since it was put into a wind-up at the end of 2005.

Sequana Capital Group

In August 2006, Antalis purchased the company Dekker Packaging BV and in December 2006 Antonin Rodet purchased the company Dufouleur Père et Fils. Information on the acquisition of Dekker Packaging is presented below.

€ in millions	Dekker Packaging
Acquisition date	8/11/2006
Acquisition percentage	100%
Country	The Netherlands
Closing date of financial statements	December 31
Amounts expressed in local currency	Euro
Acquisition information (referring to a 12-month period):	
Sales	24
Total assets	8
Acquisition analysis:	
Acquisition price (a)	11
Nature of acquisition price	Cash
Non-current assets	1
Working capital requirements	2
Net other liabilities	(1)
Net assets acquired (b)	2
Net goodwill (a-b)	9

Alpitour Group

Alpitour, through its subsidiary Alpitour World Hotels & Resorts S.p.A., purchased a 100% stake in the capital of Netrade S.p.A., a company with headquarters in Rome which operates in the hotel management sector.

Alpitour also sold the entire holding in Jumbo Grandi Eventi S.r.l. (70% of capital stock), in Renthôtel Tunisie S.A. (100% of capital stock), previously consolidated line-by-line, and in Blumarín Hotels S.A. de C.V., owner of the "El Mandarin" hotel resort in Mexico.

The effects of these transactions are described below.

€ in millions	Netrade S.p.A.
Acquisition date	9/26/2006
Acquisition percentage	100%
Country	Italy
Closing date of financial statements	October 31
Acquisition information (a):	
Sales	-
Profit	-
Total assets	3
Acquisition analysis:	
Purchase price	4
Nature of purchase price	Cash
Accounting equity (excluding profit)	-
Higher amount attributed to hotel	4

(a) Data refers to the financial statements at October 31, 2006.

	Blumarín Hotels S.A. de C.V.	Jumbo Grandi Eventi S.r.l.	Renthotel Tunisie S.A.
€ in millions			
Sale date	12/13/2005	9/11/2006	10/31/2006
Sale percentage	99.998%	70.00%	99.97%
Country	Mexico	Italy	Tunisia
Sale information (a):			
Sales	7	12	5
Profit (loss)	1	n.s.	(2)
Total assets	16	55	12
Sale analysis:			
Sale price	38	5	n.s.
Nature of sales price	Cash	Cash	Cash
Gain (loss)	14	2	(2)

(a) Data refers to the financial statements at October 31, 2005.

The effect on the income statement is recorded in "Gains (losses) on sales of investments".

The analysis of the most important flows presented in the statement of cash flows relating to acquisitions and sales is the following:

€ in millions	2006	2005
(Gains) losses on sales		
Sale of Legg Mason securities	(38)	
Sale of Permal Group		(504)
Sale of investment in La Rinascente		(459)
Sale of "El Mandarin" resort	(14)	
Other	6	(10)
(Gains) losses on sales	(46)	(973)
Sales of non-current financial assets		
Sale of Legg Mason securities	184	
Sale of "El Mandarin" resort	38	
Reimbursement of capital received from SGS	23	
Sale of investment in La Rinascente		904
Other	11	10
Sales of non-current financial assets	256	914
Change in the scope of consolidation		
Purchase of Dekker Packaging BV (Antalis)	(11)	
Purchase of Dufouleur Père et Fils (Antonin Rodet)	(6)	
Purchase of Netrade (Alpitour Group)	(3)	
Sale price of Permal Group in cash		436
Sale price of Ifabanque		7
Sales transaction costs, paid		(25)
Sale price of Pechel Industries		17
Purchase of Antaréa S.p.A. and First Graphic		(18)
Sale price of Canson received in advance	20	
Deconsolidation of net liquidity of Canson	(12)	
Other	(5)	3
Change in the scope of consolidation	(17)	420
Effect of assets held for sale		
Permal Group Ltd, net effect of deconsolidation		(54)
Effect of assets held for sale	0	(54)

COMMENTS ON THE PRINCIPAL ITEMS IN THE CONSOLIDATED BALANCE SHEET

11. Goodwill

The composition of goodwill by business segment is as follows:

€ in millions	12/31/2006	12/31/2005	Change
Portion of goodwill on the 2000 takeover bid allocated to Arjowiggins	467	497	(30)
Other companies	3	3	0
Arjowiggins Group	470	500	(30)
Portion of goodwill on the 2000 takeover bid allocated to Antalis	155	155	0
Inversiones GMS	30	35	(5)
Promotional Products	15	23	(8)
Antalis GmbH	15	23	(8)
Brangs & Heinrich	22	22	0
Dekker Packaging BV	9		9
Other companies	17	29	(12)
Antalis Group	263	287	(24)
Other Sequana Capital Group	2		2
Jumboturismo S.A.	11	11	0
Altamarea V&H Compagnia Alberghiera S.p.A.	8	8	0
Viaggidea S.p.A.	6	6	0
Other Alpitour Group companies	0	2	(2)
Alpitour Group	25	27	(2)
Net goodwill	760	814	(54)

The analysis of the changes in goodwill is as follows:

€ in millions	12/31/2006	12/31/2005
GROSS AMOUNT		
Opening balance	1,009	1,040
Changes during the year		
Changes due to business combinations	11	(35)
Decreases		(19)
Reclassification to "Assets held for sale"	(30)	
Exchange differences	(6)	9
Other changes	(20)	14
	Changes in gross amount	(45)
Closing balance	964	1,009
ACCUMULATED IMPAIRMENT LOSSES		
Opening balance	(195)	(248)
Changes during the year		
Exchange differences	1	(1)
Impairment losses recognized in the income statement (a)	(28)	
Use of accumulated impairment losses due to sale (income statement) (a)		68
Other changes	18	(14)
	Changes in accumulated impairment losses	(9)
Closing balance	(204)	(195)
NET AMOUNT		
Opening balance	814	792
Changes during the year		
Changes due to business combinations	11	(35)
Decreases	0	(19)
Reclassification to "Assets held for sale"	(30)	
Exchange differences	(5)	8
Impairment losses recognized in the income statement (a)	(28)	
Use of accumulated impairment losses due to sale (income statement) (a)	0	68
Other changes	(2)	
	Changes in net amount	(54)
Closing balance	760	814

(a) Recorded under "Other nonrecurring income (expenses)" in the income statement.

In August 2006, the Sequana Capital Group purchased the company Dekker Packaging NV and recognized goodwill of € 9 million on the acquisition; at the end of 2006, the company Dufouleur Père et Fils was purchased and goodwill of € 2 million was recognized on the acquisition. The financial statements used for the acquisitions are in the process of being valued so the final amount of goodwill will be decided in 2007.

At the end of 2006, the impairment tests of the Antalis Group indicated an impairment loss of € 28 million which was recognized in the income statement. Following the classification of the activities of Canson Grand Public to "Assets held for sale", an amount of € 30 million of the goodwill on Arjowiggins allocated to those activities was reclassified to the same line of the balance sheet.

Impairment test on the goodwill of the Sequana Capital Group

The value of the company is the reference used for the valuation of the goodwill of the Group. It is calculated using a multi-criteria approach which includes multiples of the current operating earnings, future net cash flows and comparable transactions. This calculation, moreover, is confirmed by an external assessment.

The value of the company as determined above less net financial debt constitutes the fair value to be used to compare the carrying amount of the cash-generating units (CGU) to which the goodwill is allocated. When this comparison produces an impairment loss, it is recognized as a deduction from goodwill.

The principal assumptions used in the calculation of the impairment test are as follows:

		Arjowiggins	Antalis
Growth rate after the explicit period of cash flows	2006	1.49%	0.12%
	2005	0.21%	0.38%
Pretax discount rate	2006	8.30%	7.70%
	2005	8.00%	8.70%

In 2006, the impairment tests indicated an impairment of certain assets for € 28 million, recognized in the income statement and attributable to:

€ in millions	
Promotional Products Gmbh	12
Antalis Gmbh	8
Singe Turquie	6
Other minor companies	2
Total	28

With the exception of the goodwill relating to Promotional Products Gmbh, which was completely written off, the sensibility of the impairment tests at a +/- 0.5% variation is equal to +/- € 1 million.

12. Other intangible assets

The changes in other intangible assets are as follows:

€ in millions	Concessions, licenses and trademarks	Players' registration rights	Other intangible assets	Intangible assets in progress and advances	Total
GROSS AMOUNT – Opening balance at December 31, 2005	191	386	46	11	634
Changes during the year					
Increases	23	12	4	40	79
Increases due to business combinations	1				1
Decreases	(23)	(170)	(1)		(194)
Exchange differences	(1)				(1)
Reclassification to "Assets held for sale"			(1)		(1)
Other changes and reclassifications	10		(1)	(7)	2
Total changes during the year	10	(158)	1	33	(114)
Closing balance at December 31, 2006	201	228	47	44	520
ACCUMULATED AMORTIZATION AND IMPAIRMENTS					
Opening balance at December 31, 2005	(119)	(240)	(32)	0	(391)
Changes during the year					
Decreases	14	109			123
Impairments (a)	(8)				(8)
Amortization	(17)	(38)	(3)		(58)
Exchange differences					0
Other changes and reclassifications	(2)		4		2
Total changes during the year	(13)	71	1	0	59
Closing balance at December 31, 2006	(132)	(169)	(31)	0	(332)
NET AMOUNT – Opening balance at December 31, 2005	72	146	14	11	243
Changes during the year					
Increases	23	12	4	40	79
Increases due to business combinations	1	0	0	0	1
Decreases	(9)	(61)	(1)	0	(71)
Impairments (a)	(8)	0	0	0	(8)
Amortization	(17)	(38)	(3)	0	(58)
Exchange differences	(1)	0	0	0	(1)
Reclassification to "Assets held for sale"	0	0	(1)	0	(1)
Other changes and reclassifications	8	0	3	(7)	4
Total changes during the year	(3)	(87)	2	33	(55)
Closing balance at December 31, 2006	69	59	16	44	188

(a) Recorded under "Other nonrecurring income (expenses)" in the income statement.

€ in millions	Concessions, licenses and		Players' registration rights	Other Intangible assets		Total
	trademarks			intangible assets	in progress and advances	
GROSS AMOUNT – Opening balance at December 31, 2004	174		397	31	10	612
Changes during the year						
Increases	15		46	3	9	73
Increases due to business combinations	2					2
Decreases	(6)		(57)			(63)
Exchange differences				8		8
Other changes	6			4	(8)	2
Total changes during the year	17		(11)	15	1	22
Closing balance at December 31, 2005	191		386	46	11	634
ACCUMULATED AMORTIZATION AND IMPAIRMENTS						
Opening balance at December 31, 2004	(109)		(229)	(17)	0	(355)
Changes during the year						
Increases due to business combinations	(1)					(1)
Decreases	4		44			48
Amortization	(17)		(55)	(4)		(76)
Exchange differences				(8)		(8)
Other changes	4			(3)		1
Total changes during the year	(10)		(11)	(15)	0	(36)
Closing balance at December 31, 2005	(119)		(240)	(32)	0	(391)
NET AMOUNT – Opening balance at December 31, 2004	65		168	14	10	257
Changes during the year						
Increases	15		46	3	9	73
Increases due to business combinations	1					1
Decreases	(2)		(13)			(15)
Amortization	(17)		(55)	(4)		(76)
Other changes	10			1	(8)	3
Total changes during the year	7		(22)	0	1	(14)
Closing balance at December 31, 2005	72		146	14	11	243

Commitments for the purchase of intangible assets by the IFIL Group amount to € 1 million (€ 1 million at December 31, 2005).

Research and development expenditures charged to income in 2006 amount € 17 million (€ 17 million in 2005).

Intangible assets completely amortized but still in use amount to € 33 million and refer to concessions, licenses and trademarks of the Alpitour Group for € 16 million, players' registration rights for € 10 million and other intangible assets for € 7 million.

In 2006, the line "Increases" includes internally-developed assets for € 6 million (€ 9 million in 2005).

13. Property, plant and equipment

The changes in property, plant and equipment are as follows:

€ in millions	Construction							Total
	Land	Buildings	Plant and machinery	Industrial equipment	Other assets	in progress	Advances	
GROSS AMOUNT								
Opening balance at December 31, 2005	57	539	21	1,960	209	48	1	2,835
Changes during the year								
Additions	4	10	1	27	25	54	2	123
Decreases	(22)	(80)		(93)	(10)			(205)
Reclassification to "Assets held for sale"				(10)	(3)		(2)	(15)
Acquisitions through business combinations	2	2		1	3			8
Exchange differences	(1)	(10)	(1)	(47)	(5)	(1)		(65)
Other changes and reclassifications	19	(1)	1	26	(3)	(44)	(1)	(3)
Total change during the year	2	(79)	1	(96)	7	9	(1)	(157)
Closing balance at December 31, 2006	59	460	22	1,864	216	57	0	2,678
ACCUMULATED DEPRECIATION AND IMPAIRMENTS								
Opening balance at December 31, 2005	(3)	(241)	(8)	(1,506)	(136)	0	0	(1,894)
Changes during the year								
Decreases	11	30		78	8			127
Reclassification to "Assets held for sale"					(2)			(2)
Acquisitions through business combinations					(1)			(1)
Impairments (a)		(1)		(25)				(26)
Reversals of impairments				9	1			10
Depreciation		(18)	(2)	(61)	(17)			(98)
Exchange differences		4		41	3			48
Other changes and reclassifications	(9)	13	1	(3)	3			5
Total change during the year	2	28	(1)	39	(5)	0	0	63
Closing balance at December 31, 2006	(1)	(213)	(9)	(1,467)	(141)	0	0	(1,831)
NET AMOUNT								
Opening balance at December 31, 2005	54	298	13	454	73	48	1	941
Changes during the year								
Additions	4	10	1	27	25	54	2	123
Decreases	(11)	(50)	0	(15)	(2)	0	0	(78)
Reclassification to "Assets held for sale"	0	0	0	(10)	(5)	0	(2)	(17)
Acquisitions through business combinations	2	2	0	1	2	0	0	7
Impairments (a)	0	(1)	0	(25)	0	0	0	(26)
Reversals of impairments	0	0	0	9	1	0	0	10
Depreciation	0	(18)	(2)	(61)	(17)	0	0	(98)
Exchange differences	(1)	(6)	(1)	(6)	(2)	(1)	0	(17)
Other changes and reclassifications	10	12	2	23	0	(44)	(1)	2
Total change during the year	4	(51)	0	(57)	2	9	(1)	(94)
Closing balance at December 31, 2006	58	247	13	397	75	57	0	847

(a) Recorded under "Other nonrecurring income (expenses)" in the income statement.

€ in millions	Construction						Advances	Total
	Land	Buildings	Plant and machinery	Industrial equipment	Other assets	in progress		
GROSS AMOUNT								
Opening balance at December 31, 2004	69	619	21	1,870	199	32	0	2,810
Changes during the year								
Additions		8	1	31	17	46	1	104
Decreases	(8)	(67)	(1)	(59)	(19)	(2)		(156)
Reclassification to "Assets held for sale"	(8)	(36)		28	11	(28)		(33)
Acquisitions through business combinations	2	(1)		3	(3)			1
Exchange differences	2	16		87	4			109
Total change during the year	(12)	(80)	0	90	10	16	1	25
Closing balance at December 31, 2005	57	539	21	1,960	209	48	1	2,835
ACCUMULATED DEPRECIATION AND IMPAIRMENTS								
Opening balance at December 31, 2004	(3)	(269)	(7)	(1,258)	(136)	0	0	(1,673)
Changes during the year								
Decreases		41	1	50	17			109
Reclassification to "Assets held for sale"		16		(6)	(2)			8
Acquisitions through business combinations		(2)		(2)	2			(2)
Impairments (a)				(144)	(2)			(146)
Depreciation		(21)	(2)	(80)	(15)			(118)
Exchange differences		(6)		(66)				(72)
Total change during the year	0	28	(1)	(248)	0	0	0	(221)
Closing balance at December 31, 2005	(3)	(241)	(8)	(1,506)	(136)	0	0	(1,894)
NET AMOUNT								
Opening balance at December 31, 2004	66	350	14	612	63	32	0	1,137
Changes during the year								
Additions		8	1	31	17	46	1	104
Decreases	(8)	(26)		(9)	(2)	(2)		(47)
Reclassification to "Assets held for sale"	(8)	(20)		22	9	(28)		(25)
Acquisitions through business combinations	2	(3)		1	(1)			(1)
Impairments (a)				(144)	(2)			(146)
Depreciation		(21)	(2)	(80)	(15)			(118)
Exchange differences	2	10		21	4			37
Total change during the year	(12)	(52)	(1)	(158)	10	16	1	(196)
Closing balance at December 31, 2005	54	298	13	454	73	48	1	941

(a) Recorded under "Other nonrecurring income (expenses)" in the income statement.

The line "Reclassification to Assets held for sale" includes non-current assets of the Sequana Capital Group for € 17 million transferred to assets held for sale.

In 2006 and 2005, no borrowing costs were capitalized.

Commitments for the acquisition of property, plant and equipment amount to € 5 million at December 31, 2006 (€ 11 million at December 31, 2005).

At December 31, 2006, the gross carrying amount of property, plant and equipment completely depreciated but still in use amounts to € 7 million.

Impairment test on the property, plant and equipment of the Sequana Capital Group

In 2006, the measurement of property, plant and equipment resulted in an impairment loss of € 24 million for Arjowiggins as a result of the comparison of the recoverable amount of the assets of Arjowiggins and the net carrying amount.

Such measurements were carried out on the basis of the impairment tests performed at the level of cash-generating units which represent the level at which the operating subsidiaries of the group manage their production systems. The recoverable amount of the cash-generating units is determined on the basis of the value in use, that is, by projecting the discounted cash flows, for five years, taken from the budgets approved by management. Beyond that period, the cash flows are extrapolated starting from the growth rates by activity.

The discount rates used in 2006 are 7.8% for European Union countries and 9.3% for North America.

Finance lease contracts on property, plant and equipment

The carrying amount of property, plant and equipment includes € 41 million (€ 11 million at December 31, 2005) relating to assets acquired under finance leases, mainly referring to the Sequana Capital Group, Juventus Football Club and the Alpitour Group.

These particularly refer to:

- the Juventus Football Club training center at Vinovo, for a total amount of € 22 million;
- some finance lease contracts referring to two buildings located in Milan and Padua carried by Welcome Travel Group, a subsidiary of the Alpitour Group.

Leasing information is as follows:

€ in millions	Land and buildings	Plant and machinery	Total
YEAR 2006			
Lease debt information			
Nominal amount of lease debt at inception	31	18	49
<u>At the reporting date</u>			
Residual amount of fixed-rate lease debt	5	11	16
Residual amount of floating-rate lease debt	19	6	25
Total amount of residual debt	24	17	41
<u>Residual lease debt due at the reporting date</u>			
Within 1 year	2	1	3
Between 2 and 5 years	3	6	9
Beyond 5 years	18	11	29
	23	18	41
<u>Present value of lease debt</u>	22	12	34

14. Investments accounted for by the equity method

Details are as follows:

€ in millions	December 31, 2006		December 31, 2005		Change
	% of investment	Carrying amount	% of investment	Carrying amount	
FIAT	28.60	2,611	28.28	2,336	275
SGS	-	-	24.33	623	(623)
Turismo&Immobiliare	25.00	4	25.00	4	0
Sundry Antalis Group associates		3	-	3	0
Sundry Alpitour Group associates		1			1
		2,619		2,966	(347)

On December 18, 2006, as part of the Public Purchase and Exchange Offering launched by Sequana Capital, the 24.33% capital investment in SGS was partly sold to Ifil Investissements (a stake equal to 13.16%) and partly to the other stockholders of Sequana Capital.

The balance sheet and income statement effects of the intragroup transaction were eliminated at the IFIL consolidation level. However, since the conditions for accounting for the investment by the equity method are no longer valid (the stake held is now less than 20%), the remaining investment in SGS has been reclassified to other financial assets and measured at fair value.

The analysis of the changes during the year is as follows:

€ in millions	2006
Opening balance	2,966
Investments in Fiat stock	63
Sale of the stake of the investment in SGS to third parties	(276)
Reclassification of the investment in SGS to "Other financial assets"	(350)
Reimbursement of capital received from SGS	(23)
Share of profit (loss) – Note 37	352
Translation differences	(152)
Dividends distributed	(37)
Gains (losses) recognized directly in equity	8
Other movements	68
Total changes during the year	(347)
Closing balance	2,619

Highlights of the Fiat Group are presented below (see also Note 44).

€ in millions	Fiat Group	
	2006	2005
Currency	Euro	Euro
Closing date	12/31/2006	12/31/2005
Total assets	58,303	62,454
Current and non-current liabilities	48,267	53,041
Revenues	51,832	46,544
Profit attributable to the equity holders of the company and the minority interest	1,151	1,420
Of which, the IFIL Group's share	289	379
Net financial position	(231)	(2,550)
Fair value of shares held by the Group (based on stock market prices at December 29, 2006)	5,172	2,592

15. Financial assets

The composition of financial assets is as follows:

€ in millions	2006	2005	Change
Non-current financial assets	2,672	1,523	1,149
Current financial assets	1,106	1,171	(65)
Total financial assets	3,778	2,694	1,084

Details are as follows:

€ in millions	Non-current financial assets		Current financial assets			
	12/31/2006	% held	12/31/2005	% held	12/31/2006	12/31/2005
Investments available-for-sale						
Sanpaolo IMI S.p.A.	1,640	4.96%	1,229	4.97%	0	0
SGS S.A.	870	13.16%	0		3	0
Gruppo Banca Leonardo S.p.A.	47	9.43%	0		0	0
Other investments at fair value	12		14		0	0
Other investments						
Campi di Vinovo S.p.A.	0		18		0	0
Legg Mason	0		0		0	169
Total investments	2,569		1,261		3	169
Other financial investments						
Fox River deposits	79		97		6	3
DG IV deposit	0		92		92	0
Other deposits and security deposits	11		11		2	6
Other minor investments	0		1		0	0
Ocean Club Méditerranée bonds	5		5		0	0
Fiat ordinary share warrants 2007	0		3		0	0
	95		209		100	9
Other financial investments at fair value						
Receivable from Legg Mason	7		48		39	0
Credit instruments	0		0		954	978
	7		48		993	978
Other financial assets and financial receivables	1		5		10	15
Total other financial assets	103		262		1,103	1,002
Total	2,672		1,523		1,106	1,171

The investment in Sanpaolo IMI is measured at fair value on the basis of the market price at December 29, 2006, equal to € 17.62 per share (€ 13.2 per share in 2005), with the unrealized gain recognized in equity.

The investment in SGS obtained through the exchange of Sequana Capital shares (see Note 4), recorded in non-current financial assets, is measured at fair value on the basis of the market price at December 29, 2006, equal to CHF 1.358 CHF per share, (at the CHF/Euro exchange rate of 1.6069), with the unrealized gain recognized in equity.

The deposit in connection with the DG IV dispute was reclassified to current financial assets in that the Sequana Capital Group, with regard to this dispute, is waiting for the communication of the ruling handed down in the second half of 2006.

The SGS shares classified in current financial assets refer to the 4,051 shares sold by Sequana Capital to BNP Paribas as part of the equity swap contract. These shares were definitively sold by Sequana Capital on February 15, 2007.

Credit instruments included in current financial assets include temporary investments of cash resources made with leading credit institutions on the money market, in time deposits, in securities issued by the Italian government and in other short-term financial instruments held by the foreign subsidiaries of the IFIL Holdings System and Sequana Capital, which do not meet the conditions for classification as “Cash and cash equivalents”.

They also include securities subscribed to by Alpitour for € 46 million as part of the transaction for the securitization of trade receivables carried out in 2006 (Note 17).

The analysis of changes during 2006 is as follows:

€ in millions	Non-current financial assets		Current financial assets	
	12/31/2006	12/31/2005	12/31/2006	12/31/2005
Opening balance	1,523	1,010	1,171	1,361
Increases	64	333	100	316
Decreases	(32)	(19)	(285)	(516)
Fair value recognized in equity	920	221	(20)	24
Fair value recognized through the income statement	(1)		10	
Reversal (accrual) for impairments	1	1		
Reclassification of the SGS investment from “Investments accounted for by the equity method”	350			
Reclassification to “Assets held for sale”	(19)			
Exchange differences	(8)	17		1
Change in the scope of consolidation	(3)	(43)		(14)
Other changes and reclassifications	(123)	3	130	(1)
Changes during the year	1,149	513	(65)	(190)
Closing balance	2,672	1,523	1,106	1,171

The fair value of current securities is calculated using the market prices at the balance sheet date, where available, or discounting future cash flows.

At December 31, 2006, the line “Fair value recognized in equity” includes the fair value adjustment of the investment in Sanpaolo IMI (€ 412 million) and in SGS S.A. (€ 508 million) recorded in non-current financial assets and, for current assets, the release to the income statement of the fair value recognized in prior years on the Legg Mason securities, sold during 2006.

In 2006, the line “Decreases” in current financial assets mainly refers to the sale of Legg Mason stock (1,664,963 shares received as payment on the sale of the 70.5% investment in Permal Group Ltd in November 2005) for € 146 million and the reduction of the credit instruments portfolio of Sequana Capital for € 128 million.

The line “Reclassifications to assets held for sale” refers to the investment in Campi di Vinovo S.p.A. held by Juventus Football Club.

The line “Change in the scope of consolidation”, in 2005, included the reclassification of the Permal Group to “Assets held for sale” for € 67 million.

Non-current other financial assets, excluding investments, by maturity are as follows:

€ in millions	12/31/2006	12/31/2005
From 1 to 5 years	80	204
Beyond 5 years	23	58
	103	262

16. Inventories

Details are as follows:

€ in millions	12/31/2006	12/31/2005	Change
Raw materials and other supplies	111	120	(9)
Work in progress	45	40	5
Semifinished and finished goods	122	106	16
Merchandise	262	288	(26)
Total inventories	540	554	(14)

At December 31, 2006, the inventories of the Sequana Capital Group are held as collateral for € 8 million (€ 5 million at December 31, 2005).

17. Other assets

Details are as follows:

€ in millions	12/31/2006	12/31/2005	Change
Other non-current assets			
Receivables for direct taxes	1	3	(2)
Receivables for disposals of intangible assets and property, plant and equipment	24	7	17
Other assets	30	23	7
Total other non-current assets	55	33	22
Other current assets			
Trade receivables			
Gross amount of trade receivables	1,004	1,101	(97)
Provision for impairment	(68)	(76)	8
Trade receivables from related parties	2	3	(1)
Trade receivables	938	1,028	(90)
Other receivables			
Receivables for direct taxes	56	76	(20)
Receivables for indirect taxes	45	14	31
Receivables for disposals of intangible assets and property, plant and equipment	47	36	11
Other receivables	114	173	(59)
Total other receivables	262	299	(37)
Total other current assets	1,200	1,327	(127)
Total other non-current and current assets	1,255	1,360	(105)

During the course of 2006, the Alpitour Group started a monthly securitization program of its trade receivables, the amount of which totals € 55 million at October 31, 2006. The securitization operation formalized by Alpitour S.p.A. with Banca Calyon in Milan provides for a revolving credit line which can be used on a monthly basis up to a net amount of € 55 million against the sale of the trade receivables. Furthermore, in accordance with the contract terms, in exchange for the monthly sale of receivables and the amount of utilization requested (monthly program), Alpitour is obliged to subscribe to short-term securities (30-day maturities) issued by a French-registered associate of the Calyon Group, the amount of which is determined on the basis of the quality of the receivables sold and the relative degree of concentration. At October 31, 2006, short-term securities were subscribed to for an amount of € 46 million against a monthly program of € 55 million; the net use of the securitization line at the year-end closing date is therefore equal to € 9 million against a credit line made available by Calyon for € 55 million.

The breakdown of other assets by maturity is as follows:

€ in millions	Within 1 year	Between 2 and 5 years	Beyond 5 years	Total
Other non-current assets		32	23	55
Trade receivables	938			938
Other receivables	218		44	262
Balances at December 31, 2006	1,156	32	67	1,255
Other non-current assets		28	5	33
Trade receivables	1,028			1,028
Other receivables	254	2	43	299
Balances at December 31, 2005	1,282	30	48	1,360

18. Cash and cash equivalents

The reconciliation of cash and cash equivalents in the statement of cash flows and the the corresponding line in the balance sheet is as follows:

€ in millions	12/31/2006	12/31/2005	Change
Cash and cash equivalents	302	595	(293)
Bank overdrafts and bank borrowings	(107)	(123)	16
Cash and cash equivalents	195	472	(277)

19. Assets held for sale

The lines on the balance sheet relating to assets or groups of assets held for sale are detailed as follows:

€ in millions	12/31/2006	12/31/2005
Assets held for sale		
<u>Non-current assets held for sale</u>		
Property, plant and equipment	10	25
Investments	19	
<u>Groups of assets held for sale</u>		
Goodwill	30	
Other intangible assets	1	
Property, plant and equipment	11	
Other non-current assets	1	
Inventories	12	
Trade receivables	25	
Other current assets	19	
Total	128	25
Liabilities relating to assets held for sale		
Provisions for other liabilities and charges	1	
Bonds and other debt	5	
Trade payables	23	
Other current liabilities	3	
Total	32	0

The groups of assets held for sale and the other property, plant and equipment relate to the Canson Grand Public activity of Arjowiggins, classified in "Assets held for sale" by Sequana Capital since it is expected to be sold, at the beginning of 2007, to the Hamelin Group, and some buildings and land owned by the Antalis Group, classified in "Assets held for sale" as part of the disposal program of a portfolio of properties in France, Spain, Italy, Germany, Switzerland and Finland.

The line "Investments" refers to Campi di Vinovo S.p.A., a company held by Juventus Football Club S.p.A. and classified here as a result of an agreement with Costruzioni Generali Gilardi S.p.A. which provided for the sale of the call option on the Campi di Vinovo shares to the same company.

Property, plant and equipment classified here in 2005 mainly consisted of the assets held by the "El Mandarin" hotel resort which was sold in 2006.

20. Equity attributable to the equity holders of the company

Capital stock

At December 31, 2006, IFIL S.p.A.'s capital stock, fully subscribed to and paid-in, amounts to € 1,075,995,737 and consists of 1,038,612,717 ordinary shares and 37,383,020 non-convertible savings shares with a par value of € 1 each.

Each share has the right to a proportional share of the profits which have been approved for distribution and of the equity resulting from a wind-up except for the rights established for the savings shares with regard to the appropriation of profits, as described below.

Pursuant to art. 25 of the bylaws, the savings shares carry the right to a preference dividend, cumulative according to law, of 8.27% of their par value and to a total dividend higher than that of ordinary shares by 2.07% of the same par value. When, in any one year, the dividends assigned to the savings shares are below the percentages indicated above, the difference will be added to the preference dividend of the next two years.

The savings shares carry no voting rights and can either be registered or bearer shares, as elected by the stockholders.

In the event of exclusion of the ordinary shares and/or savings shares from trading, the preference dividend and the dividend higher than that of the ordinary shares to which the savings shares are entitled, will be automatically increased to the extent that they are equal, respectively, to 8.52% and 2.32%.

In accordance with art. 6 of the bylaws, the directors have been vested with the power, for a period of five years from the resolution passed by the special stockholders' meeting held on May 14, 2003, to increase at one or more times, also in divisible form, the capital stock up to an amount of € 1,500 million and to issue convertible bonds, at one or more times, up to the same figure but for amounts which, each time, shall not exceed those established by law.

Finally, at December 31, 2006, the capital stock includes € 1,342 thousand of transfers from the revaluation reserves made in the past which, in the event of distribution, will form part of the taxable income of the company.

Retained earnings and other reserves

€ in millions	Reserve for		Reserve for	Fair value reserve	Cash flow hedge reserve	Reserve for actuarial gains (losses)	Other reserves and retained earnings	Retained earnings and other reserves
	Legal reserve	translation differences	stock-based compensation					
Equity at January 1, 2005	215	(43)	1	149	0	(63)	858	1,117
Stock-based compensation			4					4
Effect of fair value change to investments and securities				247				247
Fair value change to cash flow hedge instruments					(5)			(5)
Actuarial gains (losses) recognized directly in equity						(73)		(73)
Translation differences		281						281
Other changes							(6)	(6)
Movements in equity accounts							51	51
Changes	0	281	4	247	(5)	(73)	45	499
Equity at December 31, 2005	215	238	5	396	(5)	(136)	903	1,616
Stock-based compensation			5					5
Treasury stock movements							1	1
Effect of fair value change to investments and securities				925				925
Deferred taxes on fair value change to investments and securities				(45)				(45)
Transfer of fair value to income statement				(3)				(3)
Fair value change to cash flow hedge instruments					25			25
Actuarial gains (losses) recognized directly in equity						39		39
Translation differences		(141)						(141)
Other changes							(29)	(29)
Movements in equity accounts							1,004	1,004
Changes	0	(141)	5	877	25	39	976	1,781
Equity at December 31, 2006	215	97	10	1,273	20	(97)	1,879	3,397

Treasury stock

At December 31, 2006, IFIL holds, directly and indirectly, the following ordinary shares of treasury stock:

	No. of shares	Carrying amount		% of class
		Per share (€)	Total (€ in thousands)	
Held by IFIL S.p.A.	12,402,998	3.68	45,688	1.19
Held by the subsidiary Soiem S.p.A.	810,262	3.41	2,762	0.08
Balance at December 31, 2006	13,213,260	3.67	48,450	1.27

Following the exercise of the options granted in previous years, in 2006, a total of 1,382,780 IFIL ordinary shares were sold to the grantees of stock option plans for net proceeds of € 5,345 thousand and a gain of € 1,706 thousand which was directly recognized as an increase in equity.

Dividends paid out

Dividends paid out by IFIL S.p.A.	Per share (€)			Total (€ ml)		Change	
	2006	2005	% Change	2006	2005	Amount	%
Ordinary shares	0.10	0.08	25.0	102.5	82.0	20.5	25.0
Savings shares	0.1207	0.1007	19.9	4.5	3.8	0.7	18.4
Total				107.0	85.8	21.2	24.7

A motion for dividends relating to the year 2006 will be proposed to the stockholders' meeting called for the approval of the separate financial statements for the year ended December 31, 2006. The total amounts are calculated on the basis of the shares outstanding as of March 30, 2007.

21. Stock option plans

Stock option plans with underlying IFIL stock

At December 31, 2006, the stock option plans with underlying IFIL stock approved in the past by the board of directors of IFIL S.p.A. came to an end. Such plans can be described as follows:

- in May 2000, the IFIL S.p.A. board of directors approved a stock option plan for the directors and managers of IFIL S.p.A. and the parent, IFI S.p.A., for a maximum of 2,700,000 IFIL S.p.A. ordinary shares. A total of 2,691,500 options had been granted under this plan between 2000 and 2003, according to the level of responsibility held by the grantees in the corporate organization. Such options were exercisable up to December 31, 2006;
- in September 2003, a stock option plan was approved solely for the directors, for a maximum of 700,000 IFIL S.p.A. ordinary shares. A total of 532,000 options had been granted under this plan in 2003 to the chairman Gianluigi Gabetti for the same number of ordinary shares exercisable by December 31, 2006 at the price of € 2.28 each.

The movements during the year were as follows:

	Number of grantees	Number of options			Exercise price (a)
		Exercisable at start of 2006	Expired in 2006	Exercised in 2006	
IFIL 2000 Plan grants					
- 2000	15	522,000	522,000	-	6.997
- 2001	13	506,000	323,420	182,580	6.109
- 2002	13	810,250	142,050	668,200	4.52
		1,838,250	987,470	850,780	
IFIL 2003 Plan grants					
	1	532,000	-	532,000	2.28
		2,370,250	987,470	1,382,780	(b)

(a) Exercise price adjusted to take into account the cash capital stock increase in July 2003.

(b) Equal to 0.133% of current ordinary capital stock.

The market price of IFIL S.p.A. ordinary stock at December 29, 2006 was € 6.187. With regard to these plans, there were no transactions entered into to favor the purchase of shares pursuant to art. 2358, paragraph 3, of the Italian Civil Code.

Stock option plan with underlying Alpitour stock

On December 15, 2005, in execution of the resolution passed by the board of directors' meeting held on November 11, 2005, the Executive Committee of IFIL S.p.A. approved a stock option plan for two managers of the Alpitour Group designed to promote their loyalty to the IFIL Group and provide an incentive to develop and appreciate the investments of the IFIL Group in the tourism sector.

The plan calls for purchase options on Alpitour shares to be granted to the chairman and chief executive officer, D.J. Winteler, and the general manager, F. Prete, respectively, equal to 6% (2,127,000 shares) and 5% (1,772,500 shares) of Alpitour's capital stock. After approval on the part of IFIL S.p.A., the Alpitour S.p.A. board of directors may in the future grant purchase options on Alpitour shares equal to 4% (now 1,418,000 shares) of Alpitour's capital, to other managers who hold important operating positions.

The purchase options may be exercised, at one or more times, during the period between the dates of the approval of the 2006/2007 and 2008/2009 Alpitour financial statements at the price of € 2.24 per share, corresponding to the valuation of the Alpitour Group, equal to € 79.4 million, performed in December 2005 by a specially appointed expert.

IFIL S.p.A. and the managers of Alpitour S.p.A., finally, exchanged reciprocal purchase and sale options, exercisable during the same above period, on Alpitour S.p.A. shares

that will have been purchased by the same managers; the exercise price will be established on the basis of the appraisal which will be performed using the same valuation principles applied in the December 2005 valuation.

From an accounting standpoint, the plan is a “cash-settled stock-based payment transaction” subject to paragraph 30 and subsequent paragraphs of IFRS 2, which requires the liability of the plan to be measured at fair value and, therefore, the options of the plan, at every closing date up, to its expiration.

At December 31, 2006, the fair value of each option right of the plan was estimated at € 1.6 for a total of € 6,239,200, of which € 3,119,600 was recognized in 2006 in the income statement in “Other nonrecurring income (expenses)”. The liability was recorded in “Other non-current liabilities”.

The estimate was performed by an independent expert who applied a binomial model of valuation to the options based on the following parameters:

1. The exercise price of the options was assumed as the par value of one ordinary Alpitour S.p.A. share at the grant date, quantified on the basis of an estimate performed by an independent expert and equal to € 2.24, rounded off.
2. The fair value of the underlying share (Alpitour S.p.A. ordinary share) at the date of reference of December 31, 2006, was quantified on the basis of an estimate by an independent expert and equal to € 3.38, rounded off, for each ordinary share.
3. The expiration date of the option was established as the date of the approval of the Alpitour S.p.A. financial statements for the year 2008/2009, fixed, conventionally, as January 31, 2010. At the date of reference of December 31, 2006, the option thus has a remaining life of 37 months (3 years and 1 month). The options will vest at the end of the vesting period (January 31, 2008) and can be exercised from that date until the expiration date (January 31, 2010).
4. The expected volatility has also been determined by referring to the historical volatility, measured over a period consistent with the remaining life of the shares in the plan, of a sample of listed companies operating in the same sector as Alpitour S.p.A..
5. The absence of the payment of dividends is assumed for the application of the valuation model.
6. The risk-free interest rate is assumed to be equal to the return on government securities having a residual life consistent with the expiration of the options in the plan.
7. An assumption was also included in the “binomial” model for the early exercise of the option rights during the period between the end of the vesting period and contractual expiration date of the options.

Sequana Capital S.A. stock option plans

Sequana Capital granted options to subscribe to the stock of the company to some employees and directors of the company. The plans were approved by the stockholders' meetings held on May 19, 1998, May 21, 2003 and May 3, 2005. The exercise price of these options is fixed, without reductions, on the basis of period market prices. According to the plans in force, the stock may not be subscribed or sold prior to the end of the four-year fiscal unavailability period and the options may not be exercised after eight years from the date they were granted.

The stock option plans in effect are the following:

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8	Plan 9	Total
Date of the directoire or board of directors' meeting	5/4/00	4/5/01	4/6/01	4/11/02	10/31/02	5/15/03	6/18/04	5/3/06	5/10/06	
Date of the stockholders' meeting	5/19/98	5/19/98	5/19/98	5/19/98	5/19/98	5/19/98	5/21/03	5/3/05	5/3/05	
Number of shares that can be subscribed to or purchased at the start of the plan	235,000	115,000	115,000	658,300	302,500	420,000	55,000	515,000	90,000	
Exercise period	from	5/4/02	5/4/03	4/6/03	4/11/04	10/31/04	5/15/05	6/18/04	5/3/09 (a)	5/10/10
	to	5/4/08	5/4/09	4/6/09	4/11/10	10/31/10	5/15/11	6/18/12 (a)	5/3/13	5/10/14
Exercise price at the start of plan	€	16.00	19.50	19.50	20.30	16.00	16.90	20.47	23.50	25.46
Adjusted exercise price at December 31, 2006	€	13.06	15.91	15.91	16.90	13.69	14.47	17.53	20.46	22.17
Movements:										
Total number of shares at January 1, 2004	252,105	123,402	123,405	640,184	310,064	420,000				1,869,160
New plan and adjustments							55,000			55,000
Options exercised	(218,390)									0
Options expired				(25,670)						0
Total number of shares at December 31, 2004	33,715	123,402	123,405	614,514	310,064	420,000	55,000	0	0	1,680,100
New plan and adjustments	591	1,180	1,545	10,419	5,335	7,054	930	515,000		542,054
Options exercised	(12,937)	(124,582)	(121,596)	(32,105)	(69,858)	(13,000)				(374,078)
Options expired				(7,337)						(7,337)
Total number of shares at December 31, 2005	21,369	0	3,354	585,491	245,541	414,054	55,930	515,000	0	1,840,739
New plan and adjustments	3,584		727	71,868	36,588	86,896	12,098	111,556	109,476	432,793
Options exercised	(17,642)			(507,924)	(282,129)	(12,928)				(820,623)
Options expired				(11,787)						(11,787)
Total number of shares at December 31, 2006	7,311	0	4,081	137,648	0	488,022	68,028	626,556 (b)	109,476	1,441,122

- (a) For the plans issued on May 3, 2005 and May 10, 2006, the rights to the options are gradually acquired by the grantees in successive tranches over three years, one-third of the options granted per year of presence.
- (b) Including 304,153 options granted to Tiberio Brandolini D'Adda who is also a vice chairman of IFIL S.p.A..

In accordance with IFRS, plans introduced after November 7, 2002 are measured in the financial statements of the Sequana Capital Group starting from January 1, 2005 according to the binomial model using the following assumptions: volatility: 30%; expected dividend yield rate: 3%; risk-free interest rate: between 3.25% and 4.25%, depending on the plans.

Accordingly, personnel costs were recorded for € 1 million in 2006 (€ 1.1 million in 2005).

Options outstanding and options exercisable at the end of the years 2006 and 2005 are as follows, together with an indication of the relative weighted average prices for the year.

	Year 2006		Year 2005	
	Number of shares	Weighted average exercise price (€)	Number of shares	Weighted average exercise price (€)
Options outstanding at the beginning of the year	1,840,739	19.40	1,680,100	18.11
Options outstanding at the end of the year (a)	1,441,122	18.03	1,840,739	19.40
Options exercisable at the end of the year	705,090	15.23	1,269,809	17.71

- (a) Taking into account the options granted, lapsed or exercised during the year and, with regard to the years 2005 and 2006, the adjustments which followed as a result of the dividends drawn from reserves and, for the year 2006, the adjustments made following the buyback or the possibility of all the stockholders buying back the Sequana Capital shares at a lower price than the stock market price (November 2006 Purchase and Exchange Offering).

Stock bonus plans

In 2006, Sequana Capital, Arjowiggins and Antalis granted options for the subscription of shares at no charge.

Sequana Capital

The board of directors' meeting held on March 28, 2006 decided to grant stock of the company at no charge to three directors of the company at the following terms:

Grant date	Shares assigned		Adjusted number of shares (a)	Definitive vesting starting from	Possible sale starting from	Shares acquired in 2006	Shares lapsed	Balance of shares at 12/31/2006	Per share measurement IFRS 2 (€)
	Number of grantees	Number of shares							
03/28/06	3	28,100	29,765 (b)	03/29/08	03/30/10	0	0	29,765	22.87

- (a) Adjustment, envisaged by law and by the plan, carried out in December 2006 following the buyback of treasury stock by Sequana Capital.
(b) Including 12,340 options granted to Tiberto Brandolini D'Adda who is also vice chairman of IFIL S.p.A..

Arjowiggins and Antalis

In order to promote the loyalty of the key managers of the two subsidiaries which constitute the main business sectors of the Group and to directly involve them in the management and in the results of their companies, a decision was taken to introduce a stock bonus plan linked to an initial investment by the interested parties in their companies.

The number of shares granted to each grantee is not fixed at the start but depends on the performance of their companies (the growth in value within the Sequana Capital Group between December 31, 2005 and December 31, 2008) and the number of shares of the company which the manager will have purchased in advance from Sequana Capital.

A summary of the plans follows:

Grant date	Number of shares (a)		Adjusted number of shares	Definitive vesting starting from	Possible sale starting from	Shares acquired in 2006	Shares lapsed	Balance of shares at 12/31/2006	Per share measurement IFRS 2 (€)
	Number of grantees	Number of shares							
Arjowiggins									
12/01/06	13	36,754	-	5/01/2009	5/02/2011	0	0	36,754	70.15
Antalis									
12/08/06	8	135,254	-	5/01/2009	5/02/2011	0	0	135,254	25.26

- (a) On the basis of the number of shares previously purchased from the grantees and assuming a rate of growth in value of 5%.

Put and call options were exchanged between Sequana Capital and the grantees of the stock plans which guarantee that Sequana Capital will repurchase the shares purchased at the start and the stock granted at no charge at a price which corresponds to the value attributed to the interested company within the Sequana Capital Group in the year prior to the one in which the options can be exercised.

Alpitour S.p.A. stock option plan

The stock option plan approved on December 15, 2000 on behalf of the directors, managers and middle management of Alpitour expired on August 31, 2006 and there were no requests to exercise the options received from the grantees of the plan.

22. Earnings per share

		Year 2006	Year 2005
Average number of ordinary shares outstanding, net of treasury stock	number	1,024,180,446	1,024,085,752
Average number of savings shares issued (a)	number	37,383,020	37,383,020
Net earnings attributable to the equity holders of the company	€ in ml	341	1,090
Earnings attributable to ordinary shares	€ in ml	328	1,051
<i>per ordinary share</i>	€	0.321	1.026
Earnings attributable to savings shares	€ in ml	13	39
<i>per savings share</i>	€	0.342	1.047
Earnings from continuing operations	€ in ml	341	342
Earnings from continuing operations attributable to ordinary shares	€ in ml	328	329
<i>per ordinary share</i>	€	0.321	0.322
Earnings from continuing operations attributable to savings shares	€ in ml	13	13
<i>per savings share</i>	€	0.342	0.342
Earnings from discontinued operations	€ in ml	0	748
Earnings from discontinued operations attributable to ordinary shares	€ in ml		721
<i>per ordinary share</i>	€		0.704
Earnings from discontinued operations attributable to savings shares	€ in ml		27
<i>per savings share</i>	€		0.724

(a) The Group does not hold savings treasury stock.

23. Equity attributable to the minority interest

Details are as follows:

€ in millions		December 31, 2006			December 31, 2005		
		Capital and reserves	Profit (loss)	Total	Capital and reserves	Profit (loss)	Total
	%						
Sequana Capital Group	51.12	172	454 (a)	626	829	195	1,024
Alpitour Group	(b)	2	3	5	5	(1)	4
Juventus Football Club S.p.A.	40.00	18	(6)	12	24	(6)	18
Total		192	451	643	858	188	1,046

(a) Including € 396 million relating to the minority interest's share of the net gain on the sale of SGS.

(b) These refer to percentage holdings held by minority stockholders in subsidiaries of the Alpitour Group.

24. Provisions for employee benefits

The composition is as follows:

€ in millions	Current portion		Non-current portion	
	12/31/2006	12/31/2005	12/31/2006	12/31/2005
Alpitour Group			21	20
Juventus Football Club S.p.A.			1	2
IFIL Holdings System			3	2
Sequana Capital S.A.	7	12	110	146
Total	7	12	135	170

The breakdown of the provisions by expected utilization is as follows:

€ in millions	December 31, 2006		December 31, 2005	
	From 1 to 5	Beyond 5	From 1 to 5	Beyond 5
	years	years	years	years
Total	59	76	62	108

Changes during 2006 and 2005 are presented as follows:

€ in millions	Balances at 12/31/2005	Accruals	Release of provisions used	Release of provisions not used	Change in the scope of consolidation	Other changes	Balances at
							12/31/2006
Alpitour Group	20	4	(3)				21
Juventus Football Club S.p.A.	2		(2)			1	1
IFIL Holdings System	2					1	3
Sequana Capital S.A.	158	11	(24)	(10)		(18)	117
	182	15	(29)	(10)	0	(16)	142
Effect on the income statement:							
Result from current operations		13	(20)	(10)			
Other nonrecurring income and expenses		2	(9)				

€ in millions	Balances at 12/31/2004	Accruals	Release of provisions used	Release of provisions not used	Change in the scope of consolidation	Other changes	Balances at
							12/31/2005
Alpitour Group	17	4	(3)		(1)	3	20
Juventus Football Club S.p.A.	2						2
IFIL Holdings System	2	1				(1)	2
Sequana Capital S.A.	149	9	(19)	(1)		20	158
	170	14	(22)	(1)	(1)	22	182
Effect on the income statement:							
Result from current operations		5	(3)	(1)			
Other nonrecurring income and expenses		9	(19)				

An analysis of employee benefits by Group is as follows:

IFIL Holdings System, Alpitour Group and Juventus Football Club S.p.A.

Employee severance indemnities

Employee severance indemnities reflect the indemnity payable to employees which accrues over the service life and which is paid upon termination of employment. The indemnity may be paid in advance during the employee's service life if certain conditions are met.

In accordance with IAS 19 – Employee Benefits, the Italian companies of the Group have included employee severance indemnities under defined benefit plans and measures them with actuarial techniques using the Project Unit Credit Method.

Besides employee severance indemnities, established by art. 2120 of the Italian Civil Code, IFIL S.p.A. guarantees other forms of benefits (termination benefits, loyalty

bonuses, health care plans, defined benefit and defined contribution pension plans) under company or individual supplementary agreements. These are described in Note 19 of the separate financial statements.

Other information

The actuarial calculations required to determine the liability of defined benefit plans are performed by an independent actuary at the end of each year. At December 31, 2006, the liability has been calculated on the basis of the following actuarial assumptions:

	12/31/2006	12/31/2005
Discount rate	4.25%	4.00%
Expected remuneration increase	2-3.50%	2-3.50%
Cost-of-living increase	2.00%	2.00%

In addition to the above financial indexes, all the demographic assumptions have also been taken into account relating to the probability of events such as death, disability, dismissal and retirement of the employees.

Defined benefit plans may be unfunded or they may be wholly or partly funded by contributions paid by the employer and the employee plan participants to an entity, or fund, that is legally separate from the employer and from which the employee benefits are paid.

The plan assets do not include IFIL S.p.A. treasury stock.

The plan assets consist of debt instruments issued by third parties and other investments.

Sequana Capital Group

Change in actuarial obligation

€ in millions	December 31, 2006			December 31, 2005		
	Pension obligations	Other long-term obligations	Total obligations	Pension obligations	Other long-term obligations	Total obligations
Actuarial obligation - Opening balance	1,115	20	1,135	982	22	1,004
Service costs	19		19	19		19
Interest costs	52	1	53	50	2	52
Contributions by plan participants	3		3	4		4
Plan amendments	(10)		(10)			0
Additions/deductions			0			0
Actuarial (gains) and losses	(13)	(2)	(15)	80		80
Benefits paid	(55)	(4)	(59)	(54)	(4)	(58)
Other changes (including exchange differences)	1		1	34		34
Actuarial obligation - Closing balance	1,112	15	1,127	1,115	20	1,135
Actuarial obligation at the closing date						
Funded, wholly or partially	1,069		1,069	1,061		1,061
Unfunded	43	15	58	54	20	74

Change in plan assets

€ in millions	December 31, 2006			December 31, 2005		
	Pension obligations	Other long-term obligations	Total obligations	Pension obligations	Other long-term obligations	Total obligations
Fair value of plan assets - Opening balance	1,002		1,002	881		881
Expected return of plan assets	53		53	49		49
Contributions by employer	35		35	38		38
Contribution by plan participants	3		3	4		4
Additions/deductions			0			0
Benefits paid	(52)		(52)	(50)		(50)
Actuarial (gains) and losses	(2)		(2)	54		54
Other changes (including exchange differences)	(1)		(1)	26		26
Fair value of plan assets - Closing balance	1,038	0	1,038	1,002	0	1,002
Actual return of plan assets	5.02%			11.72%		
Percentage composition of plan assets:						
Stocks	21.00%			22.00%		
Bonds	70.00%			69.00%		
Other	9.00%			9.00%		

Funded

€ in millions	December 31, 2006			December 31, 2005		
	Pension obligations	Other long-term obligations	Total obligations	Pension obligations	Other long-term obligations	Total obligations
Funded	(75)	(15) ^(a)	(90)	(113)	(20) ^(a)	(133)
Limit due to reaching the ceiling of plan assets	(7)		(7)	(7)		(7)
Net amount recognized	(82)	(15)	(97)	(120)	(20)	(140)
Geographical breakdown						
United Kingdom	(11)		(11)	(24)		(24)
Other European Union countries	(40)	(15)	(55)	(46)	(19)	(65)
Switzerland	1		1	2	(1)	1
North America	(30)		(30)	(49)		(49)
Other countries	(2)		(2)	(3)		(3)

(a) In 2006, this amount includes the accrual for pension plans and employee benefits of € 118 million (€ 158 million in 2005) and receivables for € 17 million (€ 17 million in 2005). The difference of € 4 million in 2006 (€ 1 million in 2005) corresponds to the total accruals associated with the subsidiaries excluded from the application of IAS 19, since they were not significant at an individual level.

Analysis of gains and losses recognized

€ in millions	December 31, 2006			December 31, 2005		
	Pension obligations	Other long-term obligations	Total obligations	Pension obligations	Other long-term obligations	Total obligations
Gains (losses) at opening	21		21	(6)		(6)
Change during the year	(4)		(4)	27		27
Gains (losses) recognized at closing	17	0	17	21	0	21

Analysis of net cost of employees

€ in millions	December 31, 2006			December 31, 2005		
	Pension obligations	Other long-term obligations	Total obligations	Pension obligations	Other long-term obligations	Total obligations
Current service cost	19		19	19	1	20
Interest cost	52	1	53	50	1	51
Expected return on plan assets	(53)		(53)	(49)		(49)
Amortization of actuarial (gains) losses		(2)	(2)	1		1
Amortization of plan amendments	(6)		(6)			0
Effect of curtailments or settlements	(3)		(3)			0
Limitations on plan assets			0			0
Total net cost	9	(1)	8	21	2	23

Actuarial assumptions used

	December 31, 2006			December 31, 2005		
	Pension obligations	Other long-term obligations	Total obligations	Pension obligations	Other long-term obligations	Total obligations
For the determination of obligations at year-end						
Discount rate - inflation included	4.96%	4.18%		4.62%	3.80%	
Future salary increase	3.86%	2.76%		3.56%		
Increase in health care costs	11.58%			10.00%		
For the determination of the cost for the year						
Discount rate - inflation included	4.62%	3.80%		5.09%	4.22%	
Future salary increase	3.56%			3.62%		
Expected return on plan assets	5.50%			5.54%		
Increase in health care costs	10.00%			10.00%		

Actuarial assumptions used broken down by geographical area

	December 31, 2006				December 31, 2005			
	Other European			North America	Other European			North America
	United Kingdom	Union countries	Switzerland		United Kingdom	Union countries	Switzerland	
Discount rate - inflation included	5.10	4.46	2.85	5.75	4.75	4.00	2.60	5.50
Expected return on plan assets	5.57	4.42	3.90	8.00	5.27	4.54	3.56	8.00
Future salary increase	4.21	3.03	1.00	4.00	4.01	2.92	1.00	4.00
Increase in pension costs	2.84	1.95	0.50	3.00	2.72	2.08	0.50	3.00

Sensitivity analysis – On total employee obligations

€ in millions	Benchmark discount rate -0.50%	Benchmark discount rate	Benchmark discount rate +0.50%
Fair value of obligations at December 31, 2006	1,231	1,128	1,031

Sensitivity analysis – On medical care costs

€	Impact on normal cost and interest of obligation	Impact on actuarial obligation
Impact at December 31, 2006 of changes in the assumptions used for the increase in health care costs		
Increase of 100 basis points	74,167	773,401
Decrease of 100 basis points	(75,439)	(814,301)

The amount to be paid for 2007 by the Sequana Capital Group for pension obligations is estimated in € 30 million.

Description of obligations under defined benefit plans

Under these pension plans, contributions are made for pensions, pension supplements and indemnities.

The principal pension plan obligations are in the United Kingdom, in the United States, in France and in Switzerland and represent 92% of the total obligations of the Sequana Capital Group.

In the United Kingdom, the main obligations regard two pension plans as follows:

- the WTPS defined benefit plan for employees of ArjoWiggins and some of the employees of Antalis;
- the ArjoWiggins plan for certain employees of Antalis UK (based on their location). This plan was closed to employees in 2005 and was replaced by a defined benefit plan.

The mortality table was updated for the WTPS plan in 2006 and generated an increase in the pension obligations of approximately GBP 25 million, recognized in equity.

In the United States, the two main pension obligations of the subsidiary Appleton Coated LLC refer to the following:

- the defined benefit pension plan;
- the health care plan for retired employees.

In France, the two main defined benefit plans are:

- the RCR plan, for certain categories of management employees of Arjowiggins. This plan was closed to new employees, starting from 1981;
- the severance indemnity plan of Arjowiggins.

In Switzerland, a defined benefit plan is in place for employees of Antalis.

Return on plan assets

The return on plan assets is determined on the basis of the allocation of the assets, projections of the expected return and historical experience.

UK pension funds

The British subsidiaries of the Sequana Capital Group use defined benefit pension plans. In 2004, the trustee administrator of the pensions funds, on the basis of the actuarial calculation performed by its actuary, unilaterally decided to ask Sequana Capital Group for an additional contribution of GBP 49.5 million to be paid on a straight-line basis from 2004 to 2008 to fund the plans which it manages.

At December 31, 2006, the remaining balance of this additional contribution amounts to British pounds 19.8 million. The obligation was accrued in accordance with IFRS on the basis of the above actuarial assumptions. The payments made to pay off the balance of this additional contribution are reflected, when paid, in the calculations of the liability performed each year.

In 2006, the Trustee, on the basis of the actuarial calculation performed by its actuary at December 31, 2005, again decided, unilaterally, that the funding requirements for the pension fund for the next five years will be GBP 105 million. The Sequana Capital Group disputed this amount, which it believes to be completely unfounded legally, and brought the dispute before the pension regulator (the British administrative regulatory authority for pension funds) in September 2006. Despite this, the Trustee sent a request for deficiency contributions on December 19, 2006, asking the Group to pay GBP 1.75 million a month for five years starting from January 19, 2007. The Sequana Capital Group has refused to

pay this new additional contribution while awaiting the outcome of the mediation in progress with the pension regulator.

25. Provisions for other liabilities and charges

The composition of the provisions is as follows:

€ in millions	Current portion		Non-current portion	
	12/31/2006	12/31/2005	12/31/2006	12/31/2005
Restructuring provisions	54	13	12	2
Fox River disputes provisions	6	3	115	137
DG IV disputes provisions	184	0	0	184
Ecological risks provisions	7	10	27	36
Other risks provisions	32	10	15	51
Total	283	36	169	410

The breakdown of provisions by expected use is as follows:

€ in millions	December 31, 2006			December 31, 2005		
	From 1 to 5	Beyond 5	Total	From 1 to 5	Beyond 5	Total
	years	years		years	years	
Restructuring provisions	12		12	2		2
Fox River and DG IV disputes provisions	60	55	115	208	113	321
Ecological risks provisions	26	1	27	34	2	36
Other risks provisions	8	7	15	23	28	51
Total	106	63	169	267	143	410

Details of changes during 2006 and 2005 relating to current and non-current provisions are as follows:

€ in millions	Balance at 12/31/2005		Accruals	Release of provisions used	Release of provisions not used	Other changes	Balance at 12/31/2006
Restructuring provisions	15	59		(6)	(1)	(1)	66
Fox River and DG IV disputes provisions	324	3		(7)	(4)	(11)	305
Ecological risks provisions	46	6		(6)	(12)		34
Other risks provisions	61	17		(14)	(19)	2	47
	446	85		(33)	(36)	(10)	452
Effect on the income statement:							
Operating profit (loss) from current operations			11	(7)			
Other nonrecurring income (expenses)			66	(26)	(30)		
Other financial income (expenses)			8		(6)		

€ in millions	Balance at 12/31/2004		Accruals	Release of provisions used	Release of provisions not used	Other changes	Balance at 12/31/2005
Restructuring provisions	23	8		(16)	(1)	1	15
Fox River and DG IV disputes provisions	249	70		(10)	(5)	20	324
Ecological risks provisions	16	22		(4)	(8)	20	46
Other risks provisions	89	15		(7)	(1)	(35)	61
	377	115		(37)	(15)	6	446
Effect on the income statement:							
Operating profit (loss) from current operations			14	(22)			
Other nonrecurring income (expenses)			95	(15)	(9)		
Other financial income (expenses)			6		(6)		

The restructuring provisions relate to the corporate restructuring programs of the Sequana Capital Group.

The Fox River and DG IV disputes provisions refer to accruals made by the Sequana Capital Group for the Fox River environmental risks and the fine levied by the European Commission for the alleged violation of fair trade practices. Additional information is provided in Note 26 "Pending litigation".

The other risks provisions include accruals set aside by the individual companies mainly in respect of contractual, commercial and litigation risks.

26. Pending litigation

IFIL S.p.A. and subsidiaries in the "Holdings System"

On February 13, 2007, the measure was notified by Consob with regard to the content of the press release dated August 24, 2005. The measure provides, among other things, for pecuniary and additional administrative sanctions to be borne by the directors of IFIL S.p.A. and the company itself.

The pecuniary administrative sanction levied on IFIL S.p.A., equal to € 4.5 million, was recorded in the financial statements for the year ended December 31, 2006.

Additional information is provided in the Directors' Report on Operations.

On May 9, 2006, The Turin Court rejected the request to cancel the resolution to increase IFIL capital stock reserved for IFI S.p.A. passed by the special stockholders' meeting of IFIL S.p.A. held on June 23, 2003, as well as the request for compensation of damages filed by K Capital.

On February 14, 2006, the buyer of the investment in La Rinascente filed for arbitration against Ifil Investissements S.A. seeking compensation for an amount of approximately € 37.6 million (in addition to interest, monetary revaluation, court expenses and legal fees) for extraordinary expenses relating to certain points of sale.

Ifil Investissements submitted to the arbitration proceedings and is taking exception to the claims which it believes are invalid and unacceptable and, in any case, completely unfounded. Moreover, the question that is raised regards aspects that have either been excluded or are not covered by the guarantees in the contract.

Furthermore, on September 5, 2006, the buyer filed another arbitration claim against Ifil Investissements seeking a total of approximately € 14.8 million in compensation principally in connection with the accounting treatments used in the financial statements at December 31, 2004.

In the opinion of Ifil Investissements, such claims are invalid and/or groundless. In any case, according to Ifil Investissements, such requests remain covered by exclusions or limitations regarding the obligations for compensation as stated in the contract.

Sequana Capital – Fox River and European Commission (DG IV) disputes

Fox River

In 1998, the American authorities, the Environmental Protection Agency (EPA), brought suit against Appleton Papers Inc. (API was then a subsidiary of Arjo Wiggins Appleton), NCR Corporation and five other American paper manufacturers for the alleged contamination of the Fox River in the State of Wisconsin.

This event took place at the beginning of the 1950s when NCR Corporation had perfected a process for the manufacture of carbonless paper using polychlorinated biphenyl emulsions which, at that time, it had licensed until 1971, to a certain number of paper manufacturers, the most important of which was API, a division of NCR.

This process had already been abandoned three years before the use of polychlorinated biphenyl had been banned in the United States, beginning from 1974.

Appleton Papers Inc. was later purchased by British American Tobacco (BATUS) in 1978 and then by Arjo Wiggins Appleton (AWA) in 1990. On this occasion, AWA continued to benefit from the guarantees over liabilities agreed by British Tobacco which allowed them to share certain costs with NCR borne by Appleton Papers Inc. The Fox River event in 1997 naturally came under this category.

In 2001, Appleton Papers Inc. was sold by AWA and a guarantee was given to the buyers regarding all the liabilities resulting from the Fox River dispute. This guarantee consisted of a deposit made with the insurance company AIG, equal to \$ 163 million, deducted from the price received at the time of the sale. The deposit partially earns interest at 2.02%. At December 31, 2006, the deposit amounts to € 85 million (see Note 15), equal to \$ 112 million, including capitalized interest less research and defense costs.

In 2001, the Group had also accrued an amount of \$ 125 million, which corresponded to the best estimate at that time, of its share of the expenses discounted to present value to reclaim the Fox River.

In 2003, the "Department of Natural Resources" of Wisconsin, and the federal government published a first long-term action plan for the work to be carried out by 2045. This was based on surveys of the river bed and different technical solutions that could be adopted to decontaminate the Fox River, at an estimated total cost of \$ 400 million, to be borne by the industries involved.

This first official estimate had no effect on the accrual already booked by the Sequana Capital Group since it confirmed the estimate which had already led to the quantification of the accrual in 2001.

In 2005, events arose which led to a significant increase in the estimate of the reclamation costs:

- identification of new polluted areas;
- adoption of new technical solutions for decontamination;
- probable increase in the volumes of the sediments to be decontaminated.

Moreover, since the 2001 agreements for the sharing of the costs between Appleton Papers Inc and NCR expired, the two companies had agreed to a new sharing plan by virtue of an arbitration ruling decided in November 2005. This arbitration ruling, without any possibility of appeal, has established a 10% increase in the portion of the costs to be paid by API.

This led the Sequana Capital Group to revise its 2001 estimates and set aside a further amount of \$ 87.7 million (€ 70 million) which has been determined on the basis of the new estimated reclamation costs to be completed by 2045 and the new portion of the expenses to be borne by Appleton Papers Inc. discounted to present value at 4.95%, which corresponds to the rate on 30-year bonds issued by the American government.

After charging the research and defense costs already incurred by Appleton Papers Inc. since 2001 (approximately \$ 57 million at December 31, 2006), the Fox River provision amounts to \$ 160 million (€ 121 million at December 31, 2006, see Note 25), compared to \$ 165 million (€ 140 million) December 31, 2005.

However, in July 2003, a ruling by the Supreme Court of Justice of the State of Wisconsin gave the industries which had signed insurance contracts covering environmental risks the possibility of claiming the guarantees provided in those same contracts. AWA Ltd retained the benefit of these insurance contracts, even after the sale of Appleton Papers Inc. in 2001.

Negotiations are currently underway with the insurance companies to obtain, on one hand, the reimbursement of the research and defense costs already incurred and, on the other, for them to take up the decontamination costs to be sustained in the future.

Negotiations with the insurance companies continue; considering their uncertain nature, no accruals have been made concerning the compensation to be received, albeit AWA in

2005 and 2006 has already received compensation from the insurance companies totaling \$ 45 million for the reimbursement of defense costs.

European Commission (DG IV)

The inquiry by the Commission for the alleged violation of fair trade practices had ended in July 2000 with notification of a fine, against which Arjo Wiggins Appleton had submitted its comments on the subject. On December 20, 2001, the Commission levied a fine of € 184 million on Arjo Wiggins Appleton which the company had accrued in full in the 2001 financial statements.

During the first half of 2002, the company filed an appeal to revoke the sentence, which it maintains is out of proportion to the facts of the case. Since the appeal does not suspend the obligation to pay the fine, the company, in compliance with existing regulations, had decided to fulfill this obligation partly through a deposit of € 92 million and partly by providing a bank guarantee of the same amount.

The proceedings before the Court of the European Community in the first instance are still pending. After a first hearing held on June 16, 2005, a sentence was handed down during the first half of 2006 which will be communicated to the company by the end of April 2007. At December 31, 2006, the accrual has been calculated on the basis of the maximum potential risk.

Alpitour Group – Bravo Club Zanzibar

In reference to the damages to the “Bravo Club” resort in Zanzibar caused by the fire in January 2001, a case is pending before the competent authorities in Tanzania to establish the compensation for damages due from Royal Insurance. During 2005, Royal Insurance was sentenced, in the judgment of first instance, to pay the damages requested in addition to interest and legal fees. The insurance company appealed this decision and the case is now being judged in the second instance. Based on available information, it is believed that there is reasonable certainty that the judgment of the first instance will be upheld. Therefore, a receivable of € 1.5 million due from Royal Insurance has been kept in the financial statements and is recorded in “Other receivables”.

Juventus Football Club

Sports proceedings against the company

On July 14, 2006, the Federal Appeals Commission (CAF) issued its ruling in the sports proceedings against the company, begun with the disciplinary referral of June 22, 2006, specifying the penalties for Juventus Football Club as follows: “relegation of the team to last place in the 2005/2006 championship, a 30-point penalty in the 2006/2007 season's rankings, revocation of the title of champion of Italy 2004/2005, non-recognition of the title of champion of Italy 2005/2006 and a fine of € 80,000”.

The company filed an appeal with the Federal Court.

On October 27, 2006, the sports proceedings were concluded and the CONI Sports Conciliation and Arbitration Board confirmed the team's relegation to Serie B, the fine of € 120,000 and reduced the point-penalty deduction for the team in the current Serie B Championship from -17 to -9 points. The same Arbitration Board levied another fine, in lieu of disqualifying the home playing field (a sanction suspended by a precautionary measure on September 6, 2006), for an amount equal to the receipts of the first three home games, a total of € 194,450.

Other investigations and proceedings pending against the former directors of Juventus Football Club

The penal proceedings regarding Antonio Giraudo and Luciano Moggi assigned to the Assistant District Attorney Bruno Tinti, is pending before the Turin District Attorney's Office for the following offenses: 2621-2622, paragraph 3 of the Italian Civil Code (accounting fraud) and articles 2 and 8 Law 74/2000 (issue of invoices or other documents for non-existent transactions and fraudulent declarations based on the use of these documents). The proceedings are still currently in the preliminary investigation stage.

As regards the position concerning only the former CEO Antonio Giraudo, the appeal is pending in the Supreme Court of Cassation by the District Attorney General against the acquittal ruled by the Turin Court of Appeals regarding the above defendant charged with the offense of sports fraud in the case known as the "doping trial".

Pending before the Rome District Attorney's Office is the criminal proceeding for the offense of conspiracy to engage in unlawful competition (art. 513 bis of the Italian Penal Code) in reference to the management of players through the company GEA World in which the defendants include, among others, the former director and general manager Luciano Moggi. In February, the Public Prosecutor asked that he be committed to trial.

Investigations currently underway following the tragedy at the Vinovo Training Center

Following the accident that occurred on December 15, 2006 at the Vinovo Training Center, the Turin District Attorney's office opened an inquiry to ascertain the state of the places, the facts surrounding the accident, the characteristics and observance of regulations, also in relation to the use of the sports facilities. Those under investigation are Maurizio Schincaglia and Lorenzo Frison, respectively the trainer and goalkeeper coach, and Renato Opezzi CEO of the company Semana S.r.l. and Jean Claude Blanc and Alessandro Sorbone, respectively the CEO and employee manager of Juventus Football Club S.p.A.. The proceedings are currently in the inquiry stage while awaiting the technical opinions requested by the Public Prosecutors heading the inquiry.

Como Calcio bankruptcy

The bankruptcy of Como Calcio, in June 2006, led to a suit being brought against Juventus for the payment of the sum of € 1,580,000 allegedly still due to Como Calcio for the definitive sale of the registration rights of the players Piccolo and Pederzoli.

Juventus Football Club appeared before the courts and asked for the rejection of the bankruptcy filing since the sum had already been paid and also for Mr. Preziosi to appear in court so that Juventus would be relieved of responsibility and not be held accountable for damage compensation in the event of a judgment against Juventus. The case was adjourned to the first hearing set for May 30, 2007 in order to allow for the appearance of Mr. Preziosi.

Claim for damages by Brescia Calcio S.p.A.

Under the appeal received by the company on November 27, 2006, Brescia Calcio S.p.A. asked the CONI Sports Conciliation and Arbitration Board to order Juventus Football Club and F.I.G.C to pay damages of € 30 million on the grounds that "Brescia did not play in Serie A" in the 2005/2006 soccer season owing to sports offenses committed by the managers of Juventus Football Club as confirmed by the sports proceedings of the summer.

In a brief filed on December 7, 2006, the company appeared before the Board and pleaded for the rejection of the claims made by Brescia Calcio on the grounds that they are completely unfounded in fact and law and pleaded, on a preliminary basis, that the CONI Sports Conciliation and Arbitration Board has no jurisdiction to hear the proceeding.

On December 12, 2006, F.I.G.C. appeared before the Board and also pleaded for the rejection of the claims made by Brescia Calcio on the grounds that they are completely unfounded in fact and law and pleaded, on a preliminary basis, that the CONI Sports Conciliation and Arbitration Board has no jurisdiction to hear the proceeding.

At the March 13, 2007 hearings, the Arbitration Board fixed a discussion hearing for April 17, 2007, giving the parties time to file their defenses and briefs.

27. Consolidated net financial position

The composition of the gross and net financial position of the consolidated companies is as follows:

€ in millions	Gross financial position (borrowings)/ cash	Financial assets	Net financial position (borrowings)/cash
IFIL S.p.A. and the "Holdings System"	(477)	863	386
Sequana Capital Group	(686)	306	(380)
Alpitour Group	(123)	94	(29)
Juventus Football Club S.p.A.	(77)	2	(75)
Total	(1,363)	1,265	(98)

In accordance with the provisions of Consob Communication 6064293 dated July 28, 2006, the composition of the net financial position of the IFIL Group is provided below:

€ in millions	12/31/2006	12/31/2005	Change
Non-current financial liabilities			
IFIL 2006/2011 bonds	(199)	0	(199)
Debt	(453)	(749)	296
Other financial liabilities	0	(11)	11
Total non-current financial liabilities	(652)	(760)	108
Non-current financial assets – Financial receivables	4	5	(1)
Non-current net financial position (A)	(648)	(755)	107
Current financial liabilities			
IFIL 2003/2006 bonds	0	(100)	100
Current portion of medium/long-term debt	(23)	(39)	16
Debt	(688)	(895)	207
Other loans and debt		(1)	1
Total current financial liabilities	(711)	(1,035)	324
Current financial assets			
Financial receivables	2	4	(2)
Credit instruments	954	978	(24)
Other financial assets	3	4	(1)
Total current financial assets	959	986	(27)
Cash and cash equivalents	302	595	(293)
Current net financial position (B)	550	546	4
Consolidated net financial position (A+B)	(98)	(209)	111

There are no financial receivables or payables balances with related parties.

28. Bonds and other debt

The composition is as follows:

€ in millions	Non-current portion		Current portion	
	12/31/2006	12/31/2005	12/31/2006	12/31/2005
IFIL 2006/2011 bonds	(199)	0		
IFIL 2003/2006 bonds				(100)
Debt	(453)	(749)	(688)	(895)
Current portion of medium/long-term debt			(23)	(39)
Other financial liabilities	0	(11)		(1)
Total bonds and other debt	(652)	(760)	(711)	(1,035)

The IFIL 2006/2011 bonds issued on June 9, 2006 for a face value of € 200 million, maturing June 9, 2011, pay interest at the 3-month Euribor plus a spread of 68 basis points.

Standard & Poor's rated the bonds BBB+, which is the also the current rating of IFIL S.p.A.'s long-term debt. In order to guarantee a fixed rate for the entire period of the bonds, interest rate swap contracts were put into place on the full amount. At December 31, 2006, the fair value is a positive € 1,864 thousand.

The bonds contain covenants that are common in international practice for bond issues of this type, such as, in particular, negative pledge clauses (the obligation to extend any real present or future guarantees given as collateral on the assets of the issuer on other bonds and other credit instruments to these bonds to the same degree), respecting a maximum limit of indebtedness in relation to the amount of the portfolio, disallowing a change of control, the maintaining of a rating by one of the major rating agencies and the obligation of providing periodic disclosure. Non-compliance with the covenants involves the immediate redemption of the bonds by the bondholders. Finally, standard events of default are envisaged in the case of serious non-fulfillment such as, for example, failure to pay interest.

The 2003/2006 bonds of face value € 100 million were repaid on December 19, 2006.

The analysis of debt by maturity is as follows:

€ in millions	Within 1 year	Between 2 and 5 years	Beyond 5 years	Total
At December 31, 2006				
IFIL 2006/2011 bonds		(199)		(199)
Debt	(711)	(422)	(31)	(1,164)
Total debt	(711)	(621)	(31)	(1,363)
At December 31, 2005				
IFIL 2003/2006 bonds	(100)			(100)
Debt	(934)	(741)	(8)	(1,683)
Other financial liabilities	(1)	(8)	(3)	(12)
Total debt	(1,035)	(749)	(11)	(1,795)

The analysis of debt by interest rate is as follows:

€ in millions	Under 2%	Between 2 and 3%	Between 3 and 7.5%	Over 7.5%	Total
At December 31, 2006					
IFIL 2006/2011 bonds			(199)		(199)
Debt	(9)	(1)	(1,152)	(2)	(1,164)
Total debt	(9)	(1)	(1,351)	(2)	(1,363)
At December 31, 2005					
IFIL 2003/2006 bonds			(100)		(100)
Debt	(50)	(962)	(658)	(13)	(1,683)
Other financial liabilities	(5)	(1)	(6)		(12)
Total debt	(55)	(963)	(764)	(13)	(1,795)

The analysis of debt by nominal currency is as follows:

€ in millions	EUR	GBP	USD	CHF	Other	Total
At December 31, 2006						
IFIL 2006/2011 bonds	(199)					(199)
Debt	(1,025)	(68)	(51)		(20)	(1,164)
Total debt	(1,224)	(68)	(51)	0	(20)	(1,363)
At December 31, 2005						
IFIL 2003/2006 bonds	(100)					(100)
Debt	(1,411)	(134)	(113)	(2)	(23)	(1,683)
Other financial liabilities	(12)					(12)
Total debt	(1,523)	(134)	(113)	(2)	(23)	(1,795)

At December 31, 2006, the IFIL Group has unused credit lines for € 2,335 million (€ 1,955 million at December 31, 2005).

The Sequana Capital Group loan is secured in part by credit lines with maturities of less than one year. The refinancing agreements allow this loan to be classified as medium-term (€ 380 million in 2006).

The Alpitour Group's credit lines total € 336 million, of which € 97 million is used for short-term loans and € 25 million for medium-term loans.

The medium and long-term loan contracts signed by the Alpitour Group (equal to € 43.7 million) state that the Group must abide by the covenants calculated on consolidated equity, economic and financial data (mainly net debt/equity and Ebitda/net debt). In view of the seasonal nature of the business, these ratios, as established by the relevant contracts, are calculated on an annual basis at the year-end closing date.

At October 31, 2006, these ratios are fully within the limits established by the covenants. Furthermore, the EIB loan of € 20 million disbursed by Sanpaolo IMI and Banca Intesa to the Alpitour Group for the purpose of building a hotel resort is collateralized by the shares (€ 38 million) of the subsidiary Blumarini Hotels Sicilia S.p.A., the company which owns that property.

29. Derivative financial instruments

Interest rate risk

The fair value effect of the transactions to hedge the exposure of interest rate risk put into place by the consolidated companies is as follows:

€ in thousands	12/31/2006	12/31/2005	Change
Sequana Capital Group	3,824	1,329	2,495
Alpitour Group	(341)	(1,229)	888
IFIL S.p.A. and the "Holdings System"	1,864	241	1,623
Total	5,347	341	5,006

The summary of transactions to hedge interest rates put into place by the Sequana Capital Group at December 31, 2006 and the relative fair value effect are as follows:

	Notional (€ m)	Fixed rate (received)	Floating rate (paid)	Maturity	Effect of fair value		Total (€ in thds)
					Income statement (€ in thds)	Balance sheet (€ in thds)	
SWAPS	150	3.1305%	1-month Euribor	22/2/2009	1,538	1,065	2,603
	75	3.6140%	1-month Euribor	27/9/2008		472	472
	100	2.3600%	3-month Euribor	5/31/2007	691		691
					2,229	1,537	3,766
COLLARS	50	4.53%	Floor	5/31/2009	16		16
	20	4.49%	Floor	5/31/2009	42		42
					58	0	58

Alpitour S.p.A. has interest rate swap contracts for a notional amount of a total of € 22.5 million put into place to hedge fluctuations in interest rates on bank loans. The fair value of the IRSs at October 31, 2006 is estimated at a negative amount of € 341 thousand (a negative amount of € 1,229 thousand at October 31, 2005). These transactions qualify for hedge accounting and the fair value adjustments, equal to a positive € 888 thousand, are recognized in a reserve in equity.

At December 31, 2006, IFIL Investments S.p.A. has an interest rate swap contract in place for a notional amount of a total of € 200 million to hedge fluctuations in interest rates on the IFIL 2006-2011 bonds with a positive fair value equal to € 1,864 thousand.

Exchange rate risk

The summary of the principal contracts to hedge exchange rates put into place by the Sequana Capital Group at December 31, 2006 and the relative fair value effect are as follows:

Company	Exchange rates	Notional	
Sequana Capital	EUR/GBP	385.8	€ ml
Arjowiggins	EUR/GBP	53	£ ml
Antalis	EUR/PLN	4	€ ml
Antalis	EUR/ZAR	3.3	€ ml
Antalis	EUR/ZAR	0.7	Zar ml
Antalis	USD/ZAR	7.5	\$ ml
Antalis	JPY/ZAR	12.6	JPY ml
Antalis	EUR/CZK	0.6	€ ml
Antalis	EUR/USD	7	\$ ml
Antalis	EUR/CHF	0.5	CHF ml
Antalis	USD/THB	0.5	\$ ml
Antalis	USD/MYR	1.7	\$ ml
Antalis	USD/SGD	0.5	\$ ml
Antalis	EUR/GBP	0.6	£ ml
Fair value effect recognized in the income statement	2005	2006	
	(2,705)	(33)	€/000

Other risks

At October 31, 2006, the Alpitour Group has contracts in place for the forward purchase of 36,000 tons of fuel for a notional amount of € 15,461 thousand to hedge the risk of fluctuations in the price of fuel.

At October 31, 2006, the fair value of these contracts, which qualify for hedge accounting, equal to a negative amount of € 631 thousand, were recognized in a reserve in equity.

At December 31, 2006, Arjowiggins has contracts in place to hedge gas purchases which are recognized at fair value through the income statement.

30. Deferred income taxes

The change in deferred tax assets is as follows:

€ in millions	Employee benefits	Tax losses	Other	Total
Balance at December 31, 2005	39	57	(28)	68
Income taxes accrued (reversed) to the income statement	(9)	(3)	(26)	(38)
Income taxes relating to items directly credited to equity	(2)	3	3	4
Exchange differences	(1)	(4)	4	(1)
Net other movements	1	(2)	17	16
Balance at December 31, 2006	28	51	(30)	49

The change in deferred tax liabilities is as follows:

€ in millions	Property, plant and equipment	Depreciation and tax accruals	Other	Total
Balance at December 31, 2005	(92)	(35)	35	(92)
Income taxes accrued (reversed) to the income statement	7	3	37	47
Income taxes relating to items directly debited to equity			(55) (a)	(55)
Exchange differences	4		(4)	0
Net other movements		2	(4)	(2)
Balance at December 31, 2006	(81)	(30)	9	(102)

(a) Including € 48 million relating to the Sanpaolo IMI S.p.A. investment.

The analysis of unused tax loss carryforwards and unused tax credits on which deferred tax assets have not been calculated is as follows:

€ in millions	Taxable base				Estimated tax benefit
	Within 1 year	Between 2 and 4 years	Beyond 4 years	Total	
At December 31, 2006					
Current tax losses	114	379	744	1,237	394
Other tax credits					NONE
Total at December 31, 2006	114	379	744	1,237	394
At December 31, 2005					
Current tax losses	98	356	723	1,177	386
Other tax credits					NONE
Total at December 31, 2005	98	356	723	1,177	386

The recognition of deferred tax assets on tax losses is limited to those whose recoverability is highly probable during the following year or in the medium term, taking into account the estimated taxable income established by medium-term operating plans.

31. Other liabilities

Details of other liabilities are as follows:

€ in millions	12/31/2006	12/31/2005	Change
Other non-current liabilities			
Other non-current liabilities	54	57	(3)
Other non-current payables to related parties	3	0	3
Total other non-current liabilities	57	57	0
Other current liabilities			
Trade payables			
Trade payables	912	968	(56)
Trade payables to related parties	15	14	1
Total trade payables	927	982	(55)
Other liabilities			
Payables for direct income taxes	67	42	25
Payables for indirect income taxes	70	43	27
Payables to employees and similar	142	112	30
Payables on purchase of property, plant and equipment	47	61	(14)
Other payables	200	211	(11)
Other payables to related parties	0	5	(5)
Total other liabilities	526	474	52
Total other current liabilities	1,453	1,456	(3)
Total other non-current and current liabilities	1,510	1,513	(3)

Other non-current and current liabilities by maturity are as follows:

€ in millions	Within 1 year	Between 2 and 5 years	Beyond 5 years	Total
Other non-current liabilities		45	12	57
Trade payables	927			927
Other payables	526			526
Balances at December 31, 2006	1,453	45	12	1,510
Other non-current liabilities		54	3	57
Trade payables	982			982
Other payables	474			474
Balances at December 31, 2005	1,456	54	3	1,513

COMMENTS ON THE PRINCIPAL ITEMS IN THE CONSOLIDATED INCOME STATEMENT

32. Other revenues from current operations

Details of other revenues from current operations are as follows:

€ in millions	2006	2005	Change
Inventories	21	(13)	34
Operating grants	0	1	(1)
Income from concessions and patents	2	4	(2)
Other income	88	46	42
Total other revenues from current operations	111	38	73

33. Personnel costs

Details of the composition of personnel costs are as follows:

€ in millions	2006	2005	Change
Salaries and wages	(684)	(702)	18
Social security contributions	(163)	(168)	5
Employee stock options	(8)	(1)	(7)
Employee severance indemnities expense	(5)	(5)	0
Temp work costs	(25)	(22)	(3)
Other employee costs	(37)	(27)	(10)
Total personnel costs	(922)	(925)	3

34. Other nonrecurring income (expenses)

Details are as follows:

€ in millions	2006	2005	Change
Gains (losses) on disposals of property, plant and equipment and intangible assets	29	16	13
Impairment (losses) reversals on property, plant and equipment and intangible assets	(66)	(144)	78
Restructuring expenses	(82)	(31)	(51)
(Accruals) release of environmental disputes provisions	8	(80)	88
(Accruals) release of provisions for other disputes	21	(3)	24
Insurance compensation received for Fox River dispute	24	11	13
Net other income (expenses)	(1)	28	(29)
Total other nonrecurring income (expenses)	(67)	(203)	136

Gains (losses) on disposals of property, plant and equipment include € 32 million realized by the Sequana Capital Group on the sale of land and buildings.

Restructuring expenses include € 48 million relating to Arjowiggins, € 15 million for the reorganization of the "Envelopes" sector by Antalis and € 19 million for the reorganization of the logistics and sales activities of Antalis (France, Great Britain, Italy and South Africa).

In 2005, the accruals for environmental disputes included the additional accrual for € 70 million (\$ 87.7 million) regarding the Fox River dispute.

In 2006, net other income (expenses) include the accrual for the administrative sanction of € 4.5 million levied on the company by Consob in reference to the content of the press release dated August 24, 2005, the cost for the year of € 3.1 million relating to the stock option plan approved for the management of the subsidiary Alpitour, as well as the release of the provision set aside in prior years for the Alpitour stock option plan 2000 which was not exercised by the expiration date of August 31, 2006 (+€ 7.8 million) and other sundry expenses of € 1 million.

In 2005, net other income (expenses) included:

- the excess, equal to € 55 million, of the increments in IFIL's share of the consolidated equity of the Fiat Group subscribed to by minority stockholders (+€ 606 million) and the increase in the percentage of consolidation, equal to 0.54% (+€ 29 million), compared to the cost incurred for the purchase of 87,750,000 Fiat shares (-€ 580 million);
- other minor net negative items amounting to € 8 million;

- extraordinary compensation approved for the chairman (€ 15 million) and for the former CEO (€ 4 million) of IFIL S.p.A..

35. Financial income (expenses)

Details of the composition of net financial income (expenses) are as follows:

€ in millions	2006	2005	Change
Gains (losses) on sales of investments			
Sale of Legg Mason securities	38		38
Sale of Blumarine Hotel S.A. de C.V.	14		14
Other minor investments	(1)	4	(5)
Total gains (losses) on sales of investments	51	4	47
Cost of net debt			
Income on disposals of cash and cash equivalents	38	39	(1)
Exchange differences	(5)	(1)	(4)
Net income from interest rate and foreign exchange hedges		(7)	7
Interest expenses on loan transactions	(61)	(74)	13
Commissions for unused credit lines	(3)	(1)	(2)
Cost of net debt	(31)	(44)	13
Other financial income (expenses)			
Dividends	56 ^(a)	44	12
Interest income on other financial assets	5	2	3
Changes in the fair value of financial assets and liabilities	12	2	10
Accruals (release) of provisions for financial risks	(1)	4	(5)
Total other financial income (expenses)	72	52	20
Net financial income (expenses)	92	12	80

(a) Including € 53 million collected from Sanpaolo IMI S.p.A..

36. Income taxes

Details of income taxes recorded in the income statement are as follows:

€ in millions	2006	2005	Change
Current income taxes	(63)	(36)	(27)
Deferred income taxes	9	(11)	20
Total income taxes	(54)	(47)	(7)

National income taxes are calculated at 33%, in 2006 and 2005, on the estimated taxable income for the year. The income taxes for other jurisdictions are calculated at the enacted tax rates in those countries.

The reconciliation between the tax charge recorded in the consolidated financial statements and the theoretical tax charge, calculated on the basis of the theoretical tax rate in effect in Italy, is the following:

€ in millions	2006	2005
Operating profit (loss)	6	(130)
Financial income (expenses)	92	12
Profit (loss) before income taxes	98	(118)
Current tax rate in Italy	33%	33%
Theoretical income taxes	(32)	39
Effective income taxes	(54)	(47)
Difference	22	86
The difference can be analyzed as follows:		
Tax effect of difference between foreign tax rates and the theoretical Italian tax rate	3	(14)
Tax effect of other permanent differences	62	55
Deferred tax assets not recognized	(21)	(63)
Tax losses used	(41)	(41)
Use of excess tax liabilities	(18)	(21)
Other differences	(7)	(2)
Difference	(22)	(86)

The impairment loss on the goodwill of Antalis, which is not deductible for tax purposes, generated a permanent difference of € 10 million.

In addition to the income taxes recorded in the income statement, deferred tax charges of € 55 million (€ 7 million in 2005) and deferred tax benefits of € 4 million (€ 8 million in 2005) were recognized directly in equity.

Other differences include the Exit Tax, an extraordinary 2.5% tax introduced in France in 2004, for an amount of € 21 million. This tax is recorded in payables with a contra-entry to equity in the separate financial statements of the subsidiary Sequana Capital; on consolidation the Exit Tax is recognized in the income statement.

In 2005, deferred income taxes were not recognized on the writedown of property, plant and equipment made by Arjowiggins as there were no prospects of recoverability.

37. Share of profit (loss) of companies accounted for by the equity method

Details are as follows:

€ in millions	2006	2005	Change
FIAT Group	289 (a)	379	(90)
SGS Group	62 (b)	58	4
Sundry Sequana Capital Group	1		1
	352	437	(85)

(a) Includes consolidation adjustments for € 15 million.

(b) This is the pro rata share of the profit of the SGS Group prior to the Public Purchase and Exchange Offer launched by Sequana Capital, after which, the remaining investment in SGS was classified as available-for-sale and measured at fair value.

38. Profit from discontinued operations or assets held for sale

This line included the gains on disposals and the share of the profit (loss) of discontinued operations as follows:

€ in millions	2006	2005
Gains on disposals of investments in:		
- La Rinascente S.p.A.	0	459
- Permal Group Limited and Ifabanque	0	504
Share of profit:		
- Permal Group S.A.	0	43
Total	0	1,006

The analysis of the share of the profit from discontinued operations is as follows:

€ in millions	2006	2005
Permal Group Limited and Ifabanque		
Revenues	0	235
Operating expenses	0	(172)
Financial income (expenses)	0	2
Profit before taxes	0	65
Income taxes	0	(22)
Profit	0	43

In the statement of cash flows, the line "Change in the scope of consolidation" includes the net movement of the changes associated with the assets or groups of assets held for sale, an analysis of which is provided as follows:

€ in millions	2006	2005
Consolidated cash flows of assets held for sale		
Cash flows from operating activities:		
<i>Permal Group</i>	0	140
Cash flows used in investing activities:		
<i>Permal Group</i>	0	(27)
Cash flows used in financing activities:		
<i>Permal Group</i>	0	(121)
Total cash flows	0	(8)

39. Segment information

Information by business segment and by geographical area, presented as set forth in IAS 14 – Segment Reporting, is prepared according to the same accounting policies adopted in the preparation and presentation of the consolidated financial statements of the Group.

The primary reporting format consists of the business segments whereas the geographical areas make up the secondary reporting format. This distinction is based upon the nature of the risks and rewards inherent in the Group's activities and reflects the organizational structure.

The segment information presented by the IFIL Group agrees with the consolidated data of each subsidiary and associate holding company, every one of which represents an investment in a major business segment: Sequana Capital Group, Alpitour Group, Juventus Football Club, Fiat Group and the IFIL Holdings System.

For an analysis of the performance of the various sectors, reference should be made to "Review of the operating performance of the major holdings" in the Directors' Report on Operations.

The segment information relating to continuing operations is presented in the following tables; the segment information relating to discontinued operations or assets held for sale is presented in Notes 19 and 38.

The analysis of the income statement by business segment is as follows:

€ in millions	IFIL Holdings System					Total
	Sequana Capital	Alpitour	Juventus	Fiat	and eliminations	
2006						
Revenues	4,045	1,332	156		1	5,534
Operating profit (loss)	27	12	(12)		(21)	6
Financial income (expenses)						92
Income taxes						(54)
Profit (loss) of companies consolidated line-by-line						44
Share of profit (loss) of companies accounted for by the equity method	63			289		352
Profit						396
Profit attributable to the equity holders of the company						341
Profit attributable to the minority interest						55
Net gain on the sale of the investment in SGS attributable to the minority interest	396					396

€ in millions	IFIL Holdings System					Total
	Sequana Capital	Alpitour	Juventus	Fiat	and eliminations	
2005						
Revenues	4,067	1,147	214		1	5,429
Operating profit (loss)	(128)	1	(15)		12	(130)
Financial income (expenses)						12
Income taxes						(47)
Profit (loss) of companies consolidated line-by-line						(165)
Share of profit (loss) of companies accounted for by the equity method	58			379		437
Profit (loss) from discontinued operations or assets held for sale	547				459	1,006
Profit attributable to the minority interest						(188)
Profit attributable to the equity holders of the company						1,090

Segment assets are as follows:

€ in millions	Sequana Capital	Alpitour	Juventus	Fiat	IFIL Holdings System and eliminations	Total
2006						
Assets						
Segment assets	3,011	325	210		16	3,562
Investments accounted for by the equity method	3	1		2,611	4	2,619
Other assets						4,157
Assets held for sale	109		19			128
Total assets					20	10,466
Liabilities						
Segment liabilities	1,071	243	131		27	1,472
Other liabilities						8,962
Liabilities relating to assets held for sale	32					32
Total liabilities				0	27	10,466
Investments in property, plant and equipment and intangible assets	(132)	(16)	(47)			(195)
Amortization and depreciation	103	16	38			157
Impairment losses of assets	62					62
Reversals of impairment losses of assets	(10)					(10)
Other (accruals) releases of provisions	(2)					(2)
Other non-monetary elements	(938)					(938)
Cash flows						
Cash flows from operating activities	134	30	(74)		80	170
Cash flows from investing activities	334	22	38		(169)	225
Cash flows from financing activities	(694)	(103)	4		130	(663)

€ in millions	IFIL Holdings System				Total
	Sequana Capital	Alpitour	Juventus	Fiat and eliminations	
2005					
Assets					
Segment assets	3,230	404	260	752	4,646
Investments accounted for by the equity method	626			4	2,966
Other assets					2,648
Total assets					10,260
Liabilities					
Segment liabilities	1,005	278	206	25	1,514
Other liabilities					8,746
Total liabilities					10,260
Investments in property, plant and equipment and intangible assets	(97)	(12)	(65)	(1)	(175)
Amortization and depreciation	120	15	55	1	191
Impairment losses of assets	144				144
Other (accruals) releases of provisions	47	1		3	51
Non-monetary costs	(427)				(427)
Cash flows					
Cash flows from operating activities	209	41	20	187	457
Cash flows from investing activities	319	(4)	(37)	(94)	184
Cash flows from financing activities	(414)	(35)	15	(95)	(529)

The following table presents an analysis of the revenues of the Group in the various geographical markets, regardless of the origin of the goods and services, and an analysis of the carrying amount of the segment assets and investments in property, plant and equipment and intangible assets on the basis of the geographical location of the assets.

€ in millions	Revenues	Investments in property, plant and equipment and intangible assets	
		Segment assets	intangible assets
2006			
European Union			
Italy	1,612	591	66
France	610	1,001	52
United Kingdom	556	439	19
Other European Union countries	1,475	852	16
Total European Union	4,253	2,883	153
United States	388	264	6
Rest of the world	893	415	36
Total at December 31, 2006	5,534	3,562	195

€ in millions	Revenues	Segment assets	Investments in property, plant and equipment and intangible assets
2005			
European Union			
Italy	1,513	759	78
France	688	1,031	43
United Kingdom	594	492	17
Other European Union countries	1,452	1,637	20
Total European Union	4,247	3,919	158
United States	388	298	6
Rest of the world	794	429	11
Total at December 31, 2005	5,429	4,646	175

40. Intragroup and related party transactions

The IFIL Group is directly controlled by IFI S.p.A., a company registered in Italy, listed on the Italian stock exchange, and indirectly controlled by Giovanni Agnelli e C. S.a.p.az., a company registered in Italy which holds the entire ordinary capital stock of IFI S.p.A..

The transactions between the company and its consolidated subsidiaries, which are related parties of the same company, are eliminated in the consolidated financial statements of IFIL and are therefore not presented in this note.

Related party transactions are carried out in accordance with existing laws on the basis of reciprocal economic gain.

Receivable and payables are not guaranteed and are settled in cash. Guarantees have neither been granted nor received.

Costs have not been recognized during the year for non-existent or doubtful liabilities in relation to amounts due from related parties.

A summary of the balances in the balance sheet and in the income statement generated by the transactions carried out during 2006 with related parties, identified in accordance with IAS 24 and communicated by the companies of the Group, are summarized in the following tables. Transactions are indicated only if close to Euro one million, which is the unit of measure for the presentation of the consolidated figures of the IFIL Group.

€ in millions	Trade receivables	Trade payables	Other assets	Financial assets	Other liabilities	Costs	Revenues
Directors for compensation not yet collected		(8)				(9)	
Grantees of Alpitour stock option plans 2005					(3)	(3)	
Sundry companies of Antonin Rodet				3		(3)	1
Jumboturismo S.A. Unipersonal			1				
Alpitour Group Egypt for Tourism S.A.E. (a)		(6)				(25)	
Viajes Medymar S.L.	1						
Semana S.r.l.		(1)				(5)	
Fiat Auto S.p.A.	1						2
TOTAL IFIL GROUP	2	(15)	1	3	(3)	(45)	3

(a) The company Alpitour Group Egypt for Tourism S.A.E. is the local correspondent for incoming activities for the major destinations in Egypt.

41. Compensation to directors and statutory auditors

In 2006, the compensation to the directors and statutory auditors of IFIL S.p.A., to perform their duties in IFIL S.p.A. and also in other companies included in consolidation, is as follows:

€ in thousands	IFIL S.p.A.	Subsidiaries ^(a)	Total
Directors	4,626	4,654	9,280
Statutory Auditors	146	33	179
Total	4,772	4,687	9,459

(a) This does not include the compensation paid by Fiat and its subsidiaries since the Fiat Group is not included in the scope of consolidation.

In 2005, compensation amounted to € 23,132 thousand, of which € 22,426 thousand was paid by IFIL and € 706 thousand by the subsidiaries.

The company also signed a third-party liability insurance policy for the directors with a group of insurance companies for a maximum claim per incident and per year of € 50 million for coverage in the event of requests for reparation of non-fraudulent acts.

The proposals for the compensation of the executive directors of IFIL S.p.A. are formulated and approved directly by the board of directors which, after a review by the Compensation and Nominating Committee, in accordance with art. 2389, paragraph 2, of the Italian Civil Code, has the power to establish the compensation of directors vested with special responsibilities in accordance with the deed of incorporation.

The Compensation and Nominating Committee of IFIL S.p.A. also assists the board of directors in examining proposals relating to plans for development, for the evaluation and for the functional succession of staff, as well as the salary levels of first-category staff and stock option plans.

The compensation of the chairman of IFIL S.p.A. is not linked to either the economic results of the company or targets set by the board of directors.

A part of the compensation of the CEO and general manager, however, is tied to the economic results of the company and the reaching of specific targets.

The meeting of the board of directors of IFIL S.p.A. on June 9, 2005 approved the use of a secretarial service and a car with a driver for the chairman, Gianluigi Gabetti, also after his current term of office expires.

Additional information on compensation, as requested by national law (Consob Regulation 11971 dated May 14, 1999 and later amendments and integrations), is provided in the notes to the separate financial statements of IFIL S.p.A..

42. Commitments

Details are as follows:

€ in millions	12/31/2006	12/31/2005
Credit lines		
Credit lines used	1,061	1,381
Credit lines unused	2,335	1,955
Total credit lines	3,396	3,336
Commitments undertaken		
Bills discounted and not yet due	1	1
Guarantees	572	394
Sureties, guarantees of notes and other guarantees	78	144
Commitments for the purchase of intangible assets	1	1
Commitments for the purchase of property, plant and equipment	5	11
Commitments for the purchase of investments and financial assets	585 (a)	23
Options for the purchase of players' rights	13	3
Goods on deposit with third parties	2	64
Forward purchase of goods and raw materials (b)	173	199
Other commitments	58	50
Total commitments undertaken	1,488	890
Commitments received		
Sureties, guarantees of notes and other guarantees	170	19
Real guarantees		35
Options on soccer players	23	7
Commitments for the sale of property, plant and equipment	5	2
Commitments for the sale of investments and financial assets	0	2
Forward purchase of goods and raw materials (b)	156	190
Other commitments	57	61
Total commitments received	411	316

(a) These include the commitment for the purchase of a controlling stake in Cushman & Wakefield.

(b) These are basically forward purchases and sales of paper pulp.

Credit lines and commitments by due date are as follows:

€ in millions	Within 1 year	Between 2 and 5 years	Beyond 5 years	Total
At December 31, 2006				
Credit lines unused	1,750	535	50	2,335
Commitments undertaken	1,128	191	169	1,488
Commitments received	192	216	3	411
At December 31, 2005				
Credit lines unused	956	856	143	1,955
Commitments undertaken	512	191	187	890
Commitments received	197	112	7	316

The amount of future minimum lease payments relating to operating leases is as follows:

€ in millions	Within 1 year	Between 2 and 5 years	Beyond 5 years	Total
At December 31, 2006				
	51	125	128	304
At December 31, 2005	68	70	50	188

In 2006, fixed-rate lease contracts amount to € 209 million while floating-rate lease contracts total € 95 million (respectively € 134 million and € 54 million in 2005). Lease expenses recognized in the 2006 income statement amount to € 75 million (€ 63 million in 2005). They include € 31 million for irrevocable leases (€ 20 million in 2005), € 23 million for other operating leases (€ 14 million in 2005) and € 21 million for simple lease contracts (€ 29 million in 2005).

Juventus Football Club

On March 31, 2006, Costruzioni Generali Gilardi S.p.A. acquired options to purchase, in two installments, 69.8% of the capital stock of Campi di Vinovo S.p.A. currently held by Juventus Football Club S.p.A..

The first option will allow Costruzioni Generali Gilardi S.p.A. to purchase 64.8% of the capital stock of Campi di Vinovo S.p.A.. This right must be exercised within two years of signing the option contract or, alternatively, within three months of the date of the issue of all the administrative authorizations for the "Mondo Juve – Commercial Park".

The second option will allow Costruzioni Generali Gilardi S.p.A. to purchase the remaining 5% of capital stock of Campi di Vinovo S.p.A.. This right must be exercised by March 31, 2008 and can be exercised at the same time the first option is exercised.

The exercise price of the two purchase options is a total of € 37,698,141, of which € 35,000,000 refers to the first option and € 2,698,141 to the second option.

The payment of the exercise price for the first option, if exercised, will be made according to the following due dates: € 1 million at the exercise date of the first option, € 12 million at the date of the start of construction work on the Commercial Park, but no later than December 31, 2008, € 12 million at the end of the first year following its opening to the public, but no later than December 31, 2012, € 10 million at the end of the second year after its opening to the public, but no later than December 31, 2013.

The payment of the exercise price for the second option, if exercised, will be made according to the following due dates: € 100,000 at the exercise date of the second option, € 500,000 at the date of the start of construction on the Commercial Park, but no later than December 31, 2008, € 500,000 at the end of the first year following its opening to

the public but no later than December 31, 2012, € 1,598,141 at the end of the second year after its opening to the public, but no later than December 31, 2013.

As consideration for the acquisition of these rights, Costruzioni Generali Gilardi S.p.A. paid a total lump-sum amount of € 10,000, plus VAT to Juventus Football Club.

Guarantees – Third party guarantees on behalf of third parties

These relate to:

- guarantee of € 3 million issued by Banca Cassa di Risparmio di Savigliano S.p.A. to soccer clubs for the purchase of players' registration rights for payment to be made in the 2007/2008 season (renewable annually for the following installments due up to September 30, 2008);
- guarantee of € 5 million issued by Banca Sella S.p.A. to soccer clubs for the purchase of players' registration rights for payment to be made in the 2007/2008 season;
- guarantee of € 3 million issued by Banca Popolare Italiana Società Cooperativa to soccer clubs for the purchase of players' registration rights for payment to be made in the 2007/2008 and 2008/2009 seasons;
- guarantees of € 0.9 million issued by Banca Sella S.p.A. to the Municipality of Vinovo for € 0.6 million and to the City of Turin for € 0.3 million for the construction work and urbanization costs of the Sports Training Center and the Stadio delle Alpi;
- guarantee of € 1 million issued by Banca Sella S.p.A. to Virgiliocinque S.p.A. for the rental of of the building used as the company's headquarters;
- guarantee of € 6 million issued by Banca Popolare Italiana Società Cooperativa to the City of Turin for the payment of the second installment of the sum for the acquisition of the surface rights of the Stadio degli Alpi and adjacent areas;
- guarantee of € 2 million issued by Banca Popolare Italiana Società Cooperativa to the City of Turin for the payment of the annual installment of the sum for the acquisition of the surface rights of the Stadio degli Alpi and adjacent areas (renewable annually for all installments due up to July 15, 2012).

Guarantees – Third party guarantees on our behalf

These amount to € 165 million and relate to:

- guarantee of € 78 million issued by Intesa Sanpaolo S.p.A. in favor of Sky Italia S.r.l. for the sales contract of the television broadcasting rights to the championship games for the 2007/2008 season;
- guarantee of € 52 million issued by Intesa Sanpaolo S.p.A. in favor of Reti Televisive Italiane S.p.A. for the sales contract of the television broadcasting rights to the championship games for the 2007/2008 season;
- guarantee of € 15 million issued by Caja de Ahorros de Baleares in favor of Real Madrid CF for the installments due on the contract for the sale of the definitive title to the registration rights of the players Fabio Cannavaro and Ferreira Da Rosa Emerson;
- guarantee of € 14 million issued by La Caixa in favor of F.C. Barcelona for the installments due on the contract for the sale of the definitive title to the registration rights of the players Liliam Thuram and Gianluca Zambrotta;
- guarantee of € 5 million issued by Intesa Sanpaolo S.p.A. in favor of Fenerbanche Spor Kulubu for the installments due on the contract for the sale of the definitive title to the registration rights of the player Stephen Appiah;
- other guarantees for a total of € 1 million for the payment relating to commercial contracts.

Other commitments and contingent liabilities

Description	Signing date	Amount in currency (ml)	Amount in € ml	Expiration date
Disposal of Appleton Papers Inc (USA) (a)	2004	USD 97.5 max	74 max	Unlimited
Disposal of Permal - guarantee provided to Legg Mason (b)	6/23/2005	USD 479	364	Between 5/3/2007 and 6/23/2011 at the most
Disposal of Ifabanque - guarantee provided to BSI AG (Switzerland)	12/21/2005	-	4.5	12/21/2010 renewable for one year each year
Disposal of La Rinascente - guarantee provided by Eurofind Textile to Tamerice (c)	5/6/2005	-	71	Sundry

Sequana Capital Group

- (a) Guarantees for environmental risks provided to the buyers of Appleton Papers Inc
 In 2004, the early repayment of the loan made by Arjo Wiggins to the buyers of Appleton Papers Inc. led to the renegotiation of all the guarantees provided by AWA Ltd to the same buyers of Appleton Papers Inc.
 At the present time there is only one guarantee regarding environmental risks (excluding Fox River). Details are as follows:
- up to \$ 5 million, the costs are divided 50-50 between Appleton Papers Ltd and AWA Ltd;
 - over \$ 5 million, AWA Ltd assumes the entire amount of the costs up to a maximum of \$ 100 million.
- The aforementioned guarantee is unlimited. To date, there has been no request to meet the terms of the guarantee.
- (b) Guarantees provided to Legg Mason on the sale of Permal
 Sequana Capital has guaranteed the commitments undertaken by Sequana UK Limited and Permal Group S.a.s. (the sellers) under the contract for the sale of the stock.
 Such commitments regard obligations to compensate Legg Mason in case of falsehood or breach of statements and guarantees provided by the sellers, in particular: the legal foundation and existence of the parties, the authorizations received to undertake the commitments negotiated in the sales contract and their validity as well as the absence of tax risks in Permal Group Ltd.
 Some commitments expire after 18 months from the date of sale, on May 3, 2007, and, others, in particular regarding legal and tax matters, when they become statute-barred which could reasonably be considered as a maximum of six years.
 The guarantee is given without joint and several obligation among the seller parties.
- (c) Guarantees provided by Ifil Investissements relating to the sale of La Rinascente
 Ifil Investissements, as the merging company of Eurofind Textile, has provided the buyer with statements and guarantees regarding the Rinascente Group, the subject of the transaction, and its activities, with the usual limitations and exclusions (a part of these guarantees are undertaken by Auchan Group). Such conventional statements and guarantees regard, among other things, full ownership and title, free and clear of detrimental encumbrances and registrations, of the shares of the companies of the Rinascente Group and real estate properties, the lease relationships, the true and correct representation of the financial statements and tax, social security and legal/labor matters. The limitations and exclusions agreed within the framework of the sale process regard specific events considered by the buyer during the course of the due diligence. Such limitations and exclusions provide for the obligation of compensation in excess of a threshold of significance per individual indemnifiable event (de minimis) and as a whole (with an exempted amount) as well as, for certain matters, a maximum limit of responsibility for the seller.

IFIL S.p.A. has guaranteed the commitments undertaken by Ifil Investissements with the buyer until their expiration, anticipated, depending on the matter at hand, at December 31, 2006 or at December 31, 2008 or when they become statute-barred.

Litigation in progress relating to the sale of La Rinascente is disclosed in Note 26 "Pending litigation".

Procedures for the identification and control of commitments

The information regarding commitments is transmitted to the parent through the consolidation process under the responsibility of the Legal Representatives of the companies which sign a representation letter addressed to the parent.

On the basis of information known to the company, no significant commitments have been omitted by the companies of the Group.

43. Employees

The breakdown of the average number of employees is provided as follows:

Average number of employees	12/31/2006	12/31/2005
Breakdown by business segment		
Sequana Capital Group	14,055	14,305
Alpitour Group	3,983	3,951
Juventus Football Club S.p.A.	130	132
IFIL Holdings System	56	54
	18,224	18,442
Breakdown by geographical area		
Italy	2,753	2,460
France	4,557	4,605
United Kingdom	1,946	2,254
Other European Union countries	3,887	3,847
United States	973	979
Rest of the world	4,108	4,297
	18,224	18,442
Breakdown by category		
Managers	218	218
Middle management and staff	8,777	8,865
Pilots and flight attendants	183	69
Soccer players	60	59
Blue-collar	8,986	9,231
	18,224	18,442

44. Proforma consolidated data prepared by consolidating the Fiat Group line-by-line

Pending an opinion by the IASB, which the European Commission has also recently requested by letter dated October 26, 2006, that will definitively clarify the criteria that will permit a verification of the presence of de facto control in accordance with IAS 27, the IFIL Group has continued to exclude the Fiat Group, in which IFIL has a 30.45% holding of ordinary capital stock, from line-by-line consolidation consistently with the method followed for the first-time adoption of IFRS and the preparation of the consolidated financial statements at December 31, 2005.

However, presented below are the proforma consolidated balance sheet, the proforma consolidated income statement and the composition of the proforma consolidated net financial position prepared by consolidating the Fiat Group line-by-line.

IFIL Group – Proforma consolidated balance sheet prepared by consolidating the Fiat Group line-by-line

€ in millions	Consolidated IFIL Group	Consolidated Fiat Group	Aggregate	Elimination Fiat	Consolidated Proforma
Non-current assets					
Goodwill	760	2,850	3,610		3,610
Other intangible assets	188	3,571	3,759		3,759
Property, plant and equipment	847	10,559	11,406		11,406
Investment in Fiat accounted for by the equity method	2,611	0	2,611	(2,611)	0
Investments accounted for by the equity method	8	1,719	1,727		1,727
Other financial assets	2,672	561	3,233		3,233
Leased assets	0	247	247		247
Deferred tax assets	49	1,860	1,909		1,909
Other non-current assets	55	11	66		66
Total Non-current assets	7,190	21,378	28,568	(2,611)	25,957
Current assets					
Inventories	540	8,447	8,987		8,987
Trade receivables	938	4,944	5,882		5,882
Receivables from financing activities	0	11,743	11,743		11,743
Other receivables, accruals and prepayments	262	3,086	3,348		3,348
Financial assets	1,106	637	1,743		1,743
Cash and cash equivalents	302	7,736	8,038		8,038
Total Current assets	3,148	36,593	39,741	0	39,741
Assets held for sale	128	332	460		460
Total Assets	10,466	58,303	68,769	(2,611)	66,158
Equity					
Equity attributable to the equity holders of the company	6,222	9,362	15,584	(9,362)	6,222
Equity attributable to the minority interest	643	674	1,317	6,751	8,068
Total Equity	6,865	10,036	16,901	(2,611)	14,290
Current and non-current liabilities					
Provisions for employee benefits	142	3,761	3,903		3,903
Provisions for other liabilities and charges	452	4,850	5,302		5,302
Bonds and other debt	1,363	20,293	21,656		21,656
Deferred tax liabilities	102	263	365		365
Trade payables	927	12,603	13,530		13,530
Other liabilities, accruals and deferrals	583	6,188	6,771		6,771
Total Current and non-current liabilities	3,569	47,958	51,527	0	51,527
Liabilities relating to assets held for sale	32	309	341		341
Total Equity and liabilities	10,466	58,303	68,769	(2,611)	66,158

IFIL Group – Proforma consolidated income statement prepared by consolidating the Fiat Group line-by-line

€ in millions	Consolidated IFIL Group	Consolidated Fiat Group	Aggregate	Elimination Fiat	Consolidated Proforma
Net revenues	5,534	51,832	57,366		57,366
Other income (expenses)	111	105	216		216
Current operating costs	(5,572)	(49,986)	(55,558)		(55,558)
Trading profit	73	1,951	2,024	0	2,024
Gains (losses) on sales of investments		607	607		607
Restructuring costs and other nonrecurring income (expenses)	(67)	(497)	(564)		(564)
Operating profit (loss)	6	2,061	2,067	0	2,067
Gains (losses) on sales of investments	51		51		51
Other financial income (expenses)	41	(576)	(535)		(535)
Financial income (expenses)	92	(576)	(484)	0	(484)
Income taxes	(54)	(490)	(544)		(544)
Profit (loss) of companies consolidated line-by-line	44	995	1,039	0	1,039
Share of profit (loss) of the Fiat Group	289	0	289	(289)	0
Share of profit (loss) of other companies accounted for by the equity method	63	156	219		219
Profit	396	1,151	1,547	(289)	1,258
Profit attributable to the equity holders of the company	341	1,065	1,406	(1,065)	341
Profit attributable to the minority interest (A)	55	86	141	776	917
Net gain on the sale of the investment in SGS attributable to the minority interest (B)	396		396		396
Total profit attributable to the minority interest (A)+(B)	451	86	537	776	1,313

IFIL Group – Proforma consolidated net financial position prepared by consolidating the Fiat Group line-by-line

€ in millions	Consolidated IFIL Group	Consolidated Fiat Group	Consolidated Proforma
Cash and cash equivalents	1,256	7,965	9,221
Financial receivables	6	11,743	11,749
Financial receivables included in “Assets held for sale”		5	5
Other current financial assets	3	382	385
Debt	(1,164)	(20,188)	(21,352)
IFIL 2006/2011 bonds	(199)		(199)
Current debt included in liabilities relating to assets held for sale		(33)	(33)
Other current financial liabilities		(105)	(105)
Consolidated net financial position	(98)	(231)	(329)

45. Translation of foreign currency financial statements

The principal exchange rates used for the translation of the 2006 and 2005 foreign currency financial statements to Euro are as follows:

	2006	2005
Year-end exchange rate		
Pound sterling	0.6715	0.6853
U.S. dollar	1.3170	1.1797
Swiss franc	1.6069	1.5551
Average exchange rate		
Pound sterling	0.6818	0.6839
U. S. dollar	1.2561	1.2445
Swiss franc	1.5732	1.5483

46. Approval of the consolidated financial statements and authorization for publication

The consolidated financial statements at December 31, 2006 were approved by the board of directors on March 30, 2007 which authorized their publication on March 31, 2007.

Turin, March 30, 2007

For the Board of Directors
Vice Chairman ("Vicario")
John Elkann

Turin, April 17, 2007

The Chairman
Gianluigi Gabetti

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE SEPARATE FINANCIAL STATEMENTS

Dear Stockholders,

Under art. 153 of Legislative Decree 58 dated February 24, 1998, the board of statutory auditors has the obligation to report to the stockholders' meeting on matters concerning the supervisory work carried out and any omissions and censurable matters that may have come to its attention. The board of statutory auditors may also formulate proposals to the stockholders' meeting in relation to the financial statements, to its approval and to matters of its competence.

In keeping with the above law, we have written this report.

In this past year, we have complied with the board's obligations under art. 149 of Legislative Decree 58 dated February 24, 1998, which allow us to convey to you information, in particular on the following matters.

We have participated in the meetings of the board of directors during which the directors informed us about the activities carried out and about the significant economic, financial and equity transactions entered into or in the process of being entered into by the company and/or its subsidiaries. In this regard we have ascertained and we have ensured that the transactions approved and carried out were in conformity with the law and the corporate bylaws, were not in disagreement with the resolutions approved by the stockholders' meeting or in conflict of interest and were based upon the principles of good administration.

As a result, the board of statutory auditors, also on the basis of meetings held with company management and with representatives of the audit firm, has gathered extensive information regarding compliance with the principles of diligent and proper administrative management.

The organizational structure of the company, insofar as we are responsible, appears to be adequate for the specific type of business and size of the company.

Our evaluation regarding the adequacy of the internal control system is positive in the sense that the system has the task of verifying that the internal operating and administrative procedures are being followed, with such procedures having been adopted for the purpose of ensuring a correct and efficient management, as well as identifying, preventing and managing, where possible, risks of a financial and operating nature and any fraud to the detriment of the company.

Furthermore, we consider that the administrative accounting system, insofar as ascertained and checked by us, also in prior years, is in a position to record and correctly represent operating events.

In the same manner, the directives given by IFIL Investments S.p.A. to the subsidiaries as per art. 114, paragraph 2, of Legislative Decree 58 dated February 24, 1998 seem adequate.

The board of directors has sent us, in accordance with the law, the report relating to the first half of the year, making it public within the time-frame and according to the regulations established by Consob and has produced, according to law, the quarterly reports on performance.

With reference to Consob Communications, with regard to our competence, we can attest to the following:

- the information provided by the directors in the report on operations is considered to be extensive and complete;
- the board of statutory auditors, pursuant to the Consolidated Law on Financial Intermediation (Legislative Decree 58 dated February 24, 1998) was constantly informed with regard to matters of its competence;
- the periodical verifications and tests on the company did not bring to light any atypical and/or unusual transactions;
- balances in the balance sheet and income statement originating from transactions with related parties are shown separately in the financial statement formats and commented on in a specific note in the separate financial statements;
- there have been no petitions and/or complaints received by the company;
- the audit report does not indicate any qualifications or other matters of interest or proposals;
- during the financial year 2006, the board of directors held eight meetings, the Executive Committee one meeting, which we attended, and the board of statutory auditors held 13 meetings, five of which were attended by representatives of the audit firm;

- during the year, we issued the opinions requested of the board of statutory auditors as set forth by law;
- in conformity with the provision of art. 149 No. 1, letter c) bis of Legislative Decree 58 dated February 24, 1998, we take note that the company adopted the corporate governance model described in the code of self-discipline, including the principles and rules of corporate governance conforming to that model, indicating in the specific report the departures from some of its principles.

The adoption of this model has been checked specifically by us and is the basis, under its various aspects, of the report on corporate governance which the board of directors places at your disposition and to which we refer you for more complete and adequate disclosure in this regard.

We have been informed by Deloitte & Touche S.p.A. that IFIL Investments S.p.A., besides the appointment for the audit of the separate financial statements and the consolidated financial statements and the limited-scope audit of the first-half report (for total fees of € 70,000 for a total of 800 hours, excluding the hours and fees of the subsidiaries whose engagements were conferred autonomously) – conferred assignments for relating to the following:

- . audit of the separate opening balance sheet at January 1, 2005 of the company, prepared in accordance with International Financial Reporting Standards (“IFRS”), as well as the separate financial statements at December 31, 2005, prepared for purposes of comparison, in conformity with IFRS, for a total fee of € 8,000;
- . verification relative to the confirmation of the amount of the Financial Ratio, called for by the Information Memorandum dated December 12, 2003, relative to the issue, by IFIL, of € 100 million of “Floating Rate Notes due 2006”, for a fee of € 5,000;
- . verification relative to the confirmation of the amounts of the Financial Covenants, envisaged by the agreement dated July 2, 2004 between IFIL Investments S.p.A., ING. Bank N.V. and other financial institutions, for a credit facility received of € 150 million for the three-year period 2004-2006, for a fee of € 3,000;
- . verifications for the purpose of the issue of the comfort letter on the Prospectus dated June 6, 2006 connected with IFIL's floating of € 200 million of “Floating Rate Notes due 2011”, for a fee of € 20,000;
- . verification relative to the confirmation of the amount of the Financial Ratio, called for by the Information Memorandum dated June 6, 2006, relative to the issue, by IFIL, of € 200 million “Floating Rate Notes due 2011”, for a fee of € 2,500;
- . during the same year, there were no appointments conferred to entities connected with Deloitte & Touche S.p.A..

With regard to the separate financial statements which show a profit of € 625,320,513, the formation of which is described in the report on operations, we have ascertained that the laws have been observed with regard to its format and structure through tests carried out directly by us and on the basis of information supplied to us by the audit firm. This being said, we invite you to approve the financial statements together with the motion by the board of directors for the appropriation of the profit for the year.

The board of directors, lastly, invites you to authorize the purchase of treasury stock for the amount and according to the manner and terms indicated in the specific report. As to our responsibilities in this case, we can attest that the proposal conforms to existing laws.

Turin, April 18, 2007

THE BOARD OF STATUTORY AUDITORS

(Cesare Ferrero)

(Giorgio Giorgi)

(Paolo Piccatti)

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Dear Stockholders,

The consolidated financial statements of IFIL Investments S.p.A. for the year ended December 31, 2006, submitted to you, show a profit for the group of € 341 million, compared to a profit of € 1,090 million in the prior year. The consolidated financial statements were submitted to us, within the terms of the law, together with the report on operations, and are prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the European Union.

The audit firm has issued its report on the consolidated financial statements with an unqualified opinion, noting, for purposes of full disclosure, that the Fiat Group has been excluded from the scope of line-by-line consolidation.

The tests carried out by Deloitte & Touche S.p.A. have led to the assertion that the values expressed in the financial statements agree with the accounting records of the parent, the separate and consolidated financial statements of the subsidiaries, adjusted, where necessary, to conform to IFRS, and the relative information formally communicated by the latter.

Such financial statements, transmitted by the subsidiaries to the parent for purposes of drawing up the consolidated financial statements, prepared by their relevant corporate bodies, have been examined by the bodies and/or parties in charge of controlling the individual subsidiaries, according to the respective regulations, and on the part of the audit firm within the scope of the procedures carried out for the audit of the consolidated financial statements. The board of statutory auditors has, therefore, not extended its examination to these financial statements.

The determination of the scope of consolidation, the choice of the principles of consolidation of the investments and the procedures adopted for this purpose are in agreement with IFRS. The structure of the consolidated financial statements is thus to be considered technically correct and, as a whole, conforms to the specific law.

The report on operations adequately describes the results of operations and financial condition, the performance of operations during the course of 2006 and the business outlook of the whole of the companies in the scope of consolidation after the end of the year. The examination to which the report has been subjected shows its congruity with the consolidated financial statements.

Turin, April 18, 2007

THE BOARD OF STATUTORY AUDITORS

(Cesare Ferrero)

(Giorgio Giorgi)

(Paolo Piccatti)

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS PURSUANT TO ART. 156 OF LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998

To the Stockholders of IFIL INVESTMENTS S.p.A.

1. We have audited the financial statements of IFIL Investments S.p.A. as of and for the year ended December 31, 2006, which comprise the balance sheet, the statements of income, changes in stockholders' equity and cash flows and the related explanatory notes. These financial statements are the responsibility of the Directors of IFIL Investments S.p.A. Our responsibility is to express an opinion on these financial statements based on our audit. These financial statements represent IFIL Investments S.p.A.'s first annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.
2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Regulatory Commission for Listed Companies and the Stock Exchange. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

For comparative purposes the financial statements present the corresponding data of the prior year prepared in accordance with IFRS. In addition, the Appendix to the financial statements explains the effects of the transition to IFRS as adopted by the European Union and includes the reconciliation statements required by IFRS 1, previously published in the appendix to the First-Half Report at June 30, 2006, which we have audited and on which we issued a special purpose auditors' report dated September 15, 2006.

3. In our opinion, the financial statements referred to above present fairly the financial position of the IFIL Investments S.p.A. as of December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with IFRS as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

DELOITTE & TOUCHE S.p.A.

Signed by
Franco Riccomagno
Partner

Turin, Italy
April 4, 2007

This report has been translated into the English language solely for the convenience of international readers.

**REPORT OF THE INDEPENDENT AUDITORS ON THE CONSOLIDATED
FINANCIAL STATEMENTS PURSUANT TO ART. 156 OF LEGISLATIVE DECREE
No. 58 OF FEBRUARY 24, 1998**

**To the Stockholders of
IFIL INVESTMENTS S.p.A.**

1. We have audited the consolidated financial statements of IFIL Investments S.p.A. and its subsidiaries (the "IFIL Group") as of and for the year ended December 31, 2006, which comprise the consolidated balance sheet, the consolidated statements of income, changes in stockholders' equity and cash flows and the related explanatory notes. These consolidated financial statements are the responsibility of the Directors of IFIL Investments S.p.A. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Regulatory Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the prior year consolidated financial statements, the balances of which are presented for comparative purposes, reference should be made to our auditors' report dated April 7, 2006.
3. In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of the IFIL Group as of December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.
4. For a better understanding of the consolidated financial statements, attention is drawn to the fact that IFIL Group, pending an opinion by the IASB, which the European Commission has also recently requested by letter dated October 26, 2006, that will definitively clarify the criteria that will permit a verification of the presence of de facto control in accordance with IAS 27, has continued to exclude the Fiat Group, in which IFIL Investments S.p.A. owns 30.45% of ordinary capital stock, from line-

by-line consolidation, consistently with the methodology followed for the first-time adoption of IFRS and for the preparation of the consolidated financial statements as of December 31, 2005. However, in note 44 to the consolidated financial statements are presented the pro-forma consolidated financial data prepared consolidating line-by-line the Fiat Group.

DELOITTE & TOUCHE S.p.A.

Signed by
Franco Riccomagno
Partner

Turin, Italy
April 4, 2007

This report has been translated into the English language solely for the convenience of international readers.



IFIL GROUP IN 2006

LIST OF GROUP COMPANIES

The list of companies included in the scope of consolidation, the investments accounted for by the equity method and other significant investments, subdivided by business segment, are set out in accordance with Consob resolution 11971 dated May 14, 1999, as amended (art. 126 of the Regulation), and Consob Communication 6064293 dated July 28, 2006.

Investments of the “Holdings System” consolidated on a line-by-line basis

Name	Country	Capital stock at 12/31/2006	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
IFIL INVESTMENTS S.p.A.	ITALY	1,075,995,737	EUR				
COMPANIES OF THE HOLDINGS SYSTEM (Holding companies and services)							
IFIL INVESTMENT HOLDING N.V.	THE NETHERLANDS	54,000,000	EUR	100.00	IFIL INVESTMENTS S.p.A.	100.000	100.000
IFIL INVESTISSEMENTS S.A.	LUXEMBOURG	166,611,300	EUR	100.00	IFIL INVESTMENTS S.p.A. IFIL INVESTMENT HOLDING N.V.	79,816 20.184	79,816 20.184
IFILGROUP FINANCE L.T.D.	IRELAND	4,000,000	EUR	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
IFIL INTERNATIONAL FINANCE L.T.D.	IRELAND	4,000,000	EUR	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
SOIEM S.p.A.	ITALY	9,125,000	EUR	100.00	IFIL INVESTMENTS S.p.A.	100.000	100.000
IFIL USA INC.	USA	500,000	USD	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
IFIL ASIA LIMITED	HONG KONG CHINA (PEOPLE'S REP.)	1	HKD	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
IFIL NEW BUSINESS S.r.l.	ITALY	15,000	EUR	100.00	IFIL INVESTMENTS S.p.A.	100.000	100.000
EUFIN INVESTMENTS UNLIMITED U.K.	UNITED KINGDOM	243,100	EUR	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
C&W GROUP INC. (a)	USA	1	USD	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
OPERATING COMPANIES							
Holding companies and other companies							
SEQUANA CAPITAL S.A.	FRANCE	73,679,608	EUR	48.88	IFIL INVESTISSEMENTS S.A.	48.879	48.879
Tourism and Hotel activities							
ALPITOUR S.p.A.	ITALY	17,725,000	EUR	100.00	IFIL INVESTMENTS S.p.A.	100.000	100.000
Football club							
JUVENTUS FOOTBALL CLUB S.p.A.	ITALY	12,093,200	EUR	60.00	IFIL INVESTMENTS S.p.A.	60.001	60.001

(a) Company accounted for at cost in the 2006 consolidated financial statements since it was set up in December 2006.

Investments of the Sequana Capital Group consolidated on a line-by-line basis (percentage of IFIL Group consolidation equal to 48.88%)

Name	Country	Capital stock at 12/31/2006	Currency	% of Group consolidation Interest held by	% of interest held	% of voting rights
Paper						
AGENA N.V.	BELGIUM	62,000.00	EUR	100.00 ARJOWIGGINS PAPIERS COUCHES SAS	99.200	99.200
ANTALIS (HONG KONG) LIMITED	HONG KONG	150,000.00	HKD	100.00 ANTALIS OVERSEAS HOLDINGS LIMITED WIGGINS TEAPE LIMITED	99.993 0.007	99.993 0.007
ANTALIS (MALAYSIA) SDN. BHD.	MALAYSIA	2,500,000.00	MYR	100.00 ANTALIS OVERSEAS HOLDINGS LIMITED	100.000	100.000
ANTALIS (PROPRIETARY) LIMITED	SOUTH AFRICA	1,000.00	ZAR	100.00 ANTALIS SA HOLDINGS LIMITED	100.000	100.000
ANTALIS (SHANGAI) TRADING CO., LIMITED	PEOPLES REP. OF CHINA	1,200,000.00	HKD	100.00 ANTALIS (HONG KONG) LTD	100.000	100.000
ANTALIS (SINGAPORE) PTE LTD	SINGAPORE	10,000,000.00	SGD	100.00 ANTALIS OVERSEAS HOLDINGS LIMITED	100.000	100.000
ANTALIS (SWITZERLAND) AG	SWITZERLAND	10,000,000.00	CHF	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS (THAILAND) LIMITED	THAILAND	30,000,000.00	THB	84.00 ANTALIS OVERSEAS HOLDINGS LIMITED ANTALIS (SINGAPORE) PTE LTD	80.000 9.999	80.000 9.999
ANTALIS A/S	DENMARK	2,001,000.00	DKK	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS AG	SWITZERLAND	3,000,000.00	CHF	100.00 ANTALIS (SWITZERLAND) AG	100.000	100.000
ANTALIS BOLIVIA SRL	BOLIVIA	2,775,000.00	BOB	100.00 GMS DISTRIBUIDORA GRAFICA SA INVERSIONES ANTALIS HOLDING LTDA	0.036 99.964	0.036 99.964
ANTALIS BOTSWANA (PTY) LIMITED	BOTSWANA	80,000.00	BWP	100.00 ANTALIS SA HOLDINGS LIMITED	99.999	99.999
ANTALIS BV	THE NETHERLANDS	2,314,279.10	EUR	100.00 MÜHLEBACH B.V.	100.000	100.000
ANTALIS DO BRAZIL PRODUTOS PARA A INDUSTRIA GRAFICA LTDA	BRAZIL	6,866,161.00	BRL	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS OFFICE LIMITED	UNITED KINGDOM	1.00	GBP	100.00 ANTALIS INTERNATIONAL	100.000	100.000
ANTALIS ENVELOPES MANUFACTURING, S.L.	SPAIN	2,815,988.40	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS EUROPE HOLDINGS	UNITED KINGDOM	39,775,643.00	GBP	100.00 ANTALIS GROUP PROTALIS LIMITED	100.000 0.000	100.000 0.000
ANTALIS GMBH	GERMANY	4,725,000.00	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS GROUP	UNITED KINGDOM	136,928,562.00	GBP	100.00 ANTALIS GROUP HOLDINGS LIMITED PROTALIS LIMITED	100.000 0.000	100.000 0.000
ANTALIS GROUP HOLDINGS LIMITED	UNITED KINGDOM	575,179,200.00	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS HOLDINGS LIMITED	UNITED KINGDOM	86,244,205.00	GBP	100.00 ANTALIS GROUP	100.000	100.000
ANTALIS IBERIA SA	SPAIN	9,407,866.37	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS INTERNATIONAL SAS	FRANCE	596,966,040.00	EUR	100.00 SEQUANA CAPITAL MANAGERS	99.990 < 0.01	99.990 < 0.1
ANTALIS INTERSERVICES NV/SA	BELGIUM	99,000,000.00	EUR	100.00 ANTALIS INTERNATIONAL SAS MÜHLEBACH B.V.	100.000 0.000	100.000 0.000
ANTALIS IRELAND LIMITED	IRELAND	3,491,779.50	EUR	100.00 ANTALIS HOLDINGS LIMITED WIGGINS TEAPE LIMITED	100.000 0.000	100.000 0.000
ANTALIS LIETUVA UAB	LITHUANIA	4,000,000.00	LTL	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS LIMITED	UNITED KINGDOM	71,346,866.00	GBP	100.00 ANTALIS HOLDINGS LIMITED	100.000	100.000
ANTALIS NV/SA	BELGIUM	7,437,128.00	EUR	100.00 ANTALIS INTERNATIONAL SAS MÜHLEBACH B.V.	99.995 0.002	99.995 0.002
ANTALIS OFFICE SUPPLIES, S.L.	SPAIN	11,262,331.92	EUR	100.00 ANTALIS INTERNATIONAL SAS ANTALIS IBERIA	98.830 1.170	98.830 1.170
ANTALIS OVERSEAS HOLDINGS LIMITED	UNITED KINGDOM	7,948,114.00	GBP	100.00 ANTALIS GROUP	100.000	100.000
ANTALIS OY	FINLAND	1,918,600.00	FIM	100.00 MÜHLEBACH B.V.	100.000	100.000
ANTALIS PERU SA	PERU	5,864,184.43	SOL	100.00 GMS DISTRIBUIDORA GRAFICA SA INVERSIONES ANTALIS HOLDING LTDA	0.002 99.998	0.002 99.998
ANTALIS POLAND SPOLKA Z O.O.	POLAND	3,011,600.00	PLN	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS PORTUGAL S.A.	PORTUGAL	4,990,000.00	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS PROMOTIONAL PRODUCTS BV	THE NETHERLANDS	907,560.43	EUR	100.00 ANTALIS INTERNATIONAL	100.000	100.000
ANTALIS PROMOTIONAL PRODUCTS GMBH	GERMANY	25,000,000.00	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS PROMOTIONAL PRODUCTS S.L.	SPAIN	26,913,010.00	EUR	100.00 ANTALIS IBERIA SA MÜHLEBACH B.V.	81.410 18.590	81.410 18.590
ANTALIS PROMOTIONAL PRODUCTS SNC	FRANCE	1,000,278.00	EUR	100.00 ANTALIS INTERNATIONAL SAS ANTALIS PURCHASING SASU	99.998 0.002	99.998 0.002
ANTALIS PURCHASING SASU	FRANCE	40,000.00	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS S.R.O.	CZECH REPUBLIC	62,200,000.00	CZK	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
ANTALIS SA	ROMANIA	240,000.00	RON	100.00 MÜHLEBACH B.V.	100.000	100.000
ANTALIS SA HOLDINGS LIMITED	UNITED KINGDOM	1,001.00	GBP	100.00 ANTALIS GROUP PROTALIS LIMITED	99.900 0.100	99.900 0.100
ANTALIS SNC	FRANCE	25,309,566.00	EUR	100.00 ANTALIS INTERNATIONAL SAS ANTALIS PURCHASING SASU	100.000 0.000	100.000 0.000
ANTALIS SPA	ITALY	18,937,828.00	EUR	99.37 ANTALIS INTERNATIONAL SAS	99.369	99.369
ANTALIS, A.S.	SLOVAK REP.	2,000,000.00	SKK	100.00 ANTALIS S.R.O. MÜHLEBACH B.V.	61.000 39.000	61.000 39.000
ANTAPRINT SRL	ITALY	50,000.00	EUR	100.00 CENTRO DISTRIBUZIONE ARTICOLI DA REGALO SPA	100.000	100.000
ANTAREA SPA	ITALY	6,000,000.00	EUR	100.00 ANTALIS INTERNATIONAL	100.000	100.000
ANTHALO SRL	ITALY	100,000.00	EUR	100.00 CENTRO DISTRIBUZIONE ARTICOLI DA REGALO SPA ANTAREA SPA	50.000 50.000	50.000 50.000
APPLETON COATED LLC	USA	100.00	USD	100.00 APPLETON COATED PAPER HOLDINGS INC.	100.000	100.000
APPLETON COATED PAPERS HOLDINGS INC.	USA	14.45	USD	100.00 ARJOWIGGINS	100.000	100.000
ARJO WIGGINS PTY LIMITED	AUSTRALIA	400,000.00	AUD	100.00 ARJOWIGGINS	100.000	100.000
ARJO WIGGINS APPLETON INSURANCE LIMITED	GUERNSEY	1,000,000.00	GBP	100.00 THE WIGGINS TEAPE GROUP LIMITED ARJO WIGGINS UK HOLDINGS LIMITED	100.000 0.000	100.000 0.000
ARJO WIGGINS AUSTRALIA PTY LIMITED	AUSTRALIA	200,000.00	AUD	99.99 ARJO WIGGINS BELGIUM S.A.	100.000	100.000
ARJO WIGGINS BELGIUM HOLDINGS S.A.	BELGIUM	193,852,736.37	EUR	100.00 LIMITED ARJO WIGGINS LIMITED	99.998 0.002	99.998 0.002
ARJO WIGGINS BELGIUM S.A.	UNITED KINGDOM	32,500,000.00	EUR	99.99 ARJO WIGGINS BELGIUM HOLDINGS S.A. ARJO WIGGINS LIMITED	99.990 0.000	99.990 0.000
ARJO WIGGINS CANSON KK	JAPAN	20,000,000.00	JPY	100.00 ARJOWIGGINS	100.000	100.000
ARJO WIGGINS CARBONLESS PAPERS CHINA LIMITED	UNITED KINGDOM	2.00	GBP	100.00 LIMITED	100.000	100.000
ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	UNITED KINGDOM	170,735,640.00	GBP	100.00 ARJO WIGGINS U.K. HOLDINGS	100.000	100.000
ARJO WIGGINS CARBONLESS PAPERS INTERNATIONAL LTD	UNITED KINGDOM	75,000.00	GBP	100.00 LIMITED	100.000	100.000
ARJO WIGGINS CARBONLESS PAPERS LIMITED	UNITED KINGDOM	2.00	GBP	100.00 LIMITED	100.000	100.000

Investments of the Sequana Capital Group consolidated on a line-by-line basis (percentage of IFIL Group consolidation equal to 48.88%)

Name	Country	Capital stock at 12/31/2006	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
ARJO WIGGINS CASTING PAPERS LIMITED	UNITED KINGDOM	2.00	GBP	100.00	THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJOWIGGINS CHENMING SPECIALTY PAPERS CO., LTD.	PEOPLES REP. OF CHINA	150,000,000.00	CHN	70.00	ARJOWIGGINS HKK2 LTD	70.000	70.000
ARJO WIGGINS CHINA HOLDINGS LIMITED	UNITED KINGDOM	100.00	GBP	100.00	LDDI 12 SAS	100.000	100.000
ARJO WIGGINS DEUTSCHLAND GMBH	GERMANY	12,271,005.15	EUR	100.00	ARJOWIGGINS SAS	100.000	100.000
ARJO WIGGINS ERMSTAL GMBH & CO. KG	GERMANY	54,836,054.26	EUR	100.00	ARJO WIGGINS GERMANY HOLDINGS LIMITED	48.951	48.951
					ARJOWIGGINS SAS	51.049	51.049
ARJO WIGGINS ERMSTAL VERWALTUNGS GMBH	GERMANY	25,564.59	EUR	100.00	ARJOWIGGINS SAS	100.000	100.000
ARJO WIGGINS ESPANA S.A.	SPAIN	60,200.00	EUR	99.96	ARJO WIGGINS BELGIUM S.A. WIGGINS TEAPE LIMITED	99.970	99.970
						0.030	0.030
ARJO WIGGINS FEINPAPIER GMBH	GERMANY	2,556,459.00	EUR	99.99	ARJO WIGGINS BELGIUM SA	100.000	100.000
ARJO WIGGINS FINE PAPERS EXPORT LIMITED	UNITED KINGDOM	25,000.00	GBP	100.00	THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJO WIGGINS FINE PAPERS HOLDINGS LIMITED	UNITED KINGDOM	10,253,565.00	GBP	100.00	ARJO WIGGINS UK HOLDINGS LIMITED	100.000	100.000
ARJO WIGGINS FINE PAPERS LIMITED	UNITED KINGDOM	25,010,000.00	GBP	100.00	THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJO WIGGINS FINE PAPERS PTY LTD	AUSTRALIA	2.00	AUD	100.00	ARJO WIGGINS FINE PAPERS HOLDINGS LTD	100.000	100.000
ARJO WIGGINS GERMANY HOLDINGS LIMITED	UNITED KINGDOM	25,000,000.00	GBP	100.00	THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJOWIGGINS HKK1 LTD	HONG KONG	1.00	HKD	100.00	ARJOWIGGINS SAS	100.000	100.000
ARJOWIGGINS HKK2 LTD	HONG KONG	101,250,000.00	HKD	100.00	ARJOWIGGINS SAS	100.000	100.000
ARJO WIGGINS ITALIA S.R.L.	ITALY	2,275,000.00	EUR	100.00	LIMITED	100.000	100.000
					ARJO WIGGINS LIMITED	0.000	0.000
ARJO WIGGINS LIMITADA	BRAZIL	23,593,226.00	BRL	100.00	ARJO WIGGINS SECURITY	98.610	98.610
					ARJOWIGGINS	1.390	1.390
ARJO WIGGINS LIMITED	UNITED KINGDOM	92,260,100.00	GBP	100.00	IDEM LIMITED	100.000	100.000
ARJO WIGGINS MEDICAL, INC	USA	2,201,280.00	USD	100.00	ARJO WIGGINS SPECIALTY HOLDINGS INC.	100.000	100.000
ARJO WIGGINS NC, LLC	USA	13,258,824.00	USD	100.00	MURO, INC.	100.000	100.000
ARJO WIGGINS S.P. ITALIA S.r.l.	ITALY	46,482.00	EUR	100.00	ARJOWIGGINS SAS	100.000	100.000
ARJO WIGGINS SARL	SWITZERLAND	200,000.00	CHF	100.00	ARJOWIGGINS PAPIERS COUCHES SAS	99.500	99.500
					ARJOWIGGINS SAS	0.500	0.500
ARJO WIGGINS SPECIALTY HOLDINGS INC.	USA	200,000.00	USD	100.00	APPLETON COATED PAPERS HOLDINGS INC.	100.000	100.000
ARJO WIGGINS SVENSKA AB	SWEDEN	100,000.00	SEK	99.99	ARJO WIGGINS BELGIUM S.A.	100.000	100.000
ARJO WIGGINS UK HOLDINGS LIMITED	UNITED KINGDOM	206,000,000.00	EUR	100.00	ARJOWIGGINS SAS	100.000	100.000
ARJO WIGGINS USA, INC	USA	1,000.00	USD	100.00	ARJO WIGGINS SPECIALTY HOLDINGS INC.	100.000	100.000
ARJOBEX AMERICA	USA	21,000,000.00	USD	100.00	MJ.R.O. INC.	51.000	51.000
					ARJO WIGGINS NC, LLC.	49.000	49.000
ARJOBEX LIMITED	UNITED KINGDOM	2,000,100.00	GBP	100.00	THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJOBEX SAS	FRANCE	1,029,280.00	EUR	100.00	ARJOWIGGINS SAS	100.000	100.000
ARJOWIGGINS s.r.o.	CZECH REPUBLIC	14,000,000.00	CZK	100.00	ARJOWIGGINS SAS	100.000	100.000
ARJOWIGGINS CANSON SAS	FRANCE	5,356,213.00	EUR	100.00	ARJOWIGGINS SAS	100.000	100.000
ARJOWIGGINS CHARTHAM LIMITED	UNITED KINGDOM	6,000,000.00	GBP	100.00	THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJOWIGGINS IVYBRIDGE LIMITED	UNITED KINGDOM	2,500,000.00	GBP	100.00	THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
ARJOWIGGINS LE BOURRAY SAS	FRANCE	1,351,577.00	EUR	100.00	ARJOWIGGINS SAS	100.000	100.000
ARJOWIGGINS PAPIERS COUCHES SAS	FRANCE	87,916,250.00	EUR	100.00	ARJOWIGGINS SAS	100.000	100.000
ARJOWIGGINS RIVES	FRANCE	30,000,000.00	EUR	100.00	ARJOWIGGINS	100.000	100.000
ARJOWIGGINS SAS	FRANCE	165,920,000.00	EUR	100.00	SEQUANA CAPITAL MANAGERS	99.990	99.990
						<0.01	<0.01
ARJOWIGGINS SECURITY SAS	FRANCE	70,000,000.00	EUR	100.00	ARJOWIGGINS SAS	100.000	100.000
AWA QINGDAO PAPER LIMITED	PEOPLES REP. OF CHINA	6,350,000.00	USD	63.15	ARJO WIGGINS CARBONLESS PAPERS CHINA LIMITED	63.150	63.150
B.T.I.I.	FRANCE	30.00	EUR	90.00	ARJOWIGGINS CANSON SAS	90.000	90.000
BERNARD DUMAS SAS	FRANCE	686,070.00	EUR	99.93	GUARRO CASAS S.A.	100.000	100.000
BRANGS AND HEINRICH GES.M.B.H.	AUSTRIA	510,000.00	EUR	100.00	ANTALIS (SWITZERLAND) AG	100.000	100.000
BRANGS AND HEINRICH GMBH	GERMANY	1,600,050.00	EUR	100.00	ANTALIS GMBH	100.000	100.000
BRANOPACK LIMITED	UNITED KINGDOM	175,000.00	GBP	100.00	ANTALIS (SWITZERLAND) AG	100.000	100.000
CANSON & MONTGOLFIER (DEUTSCHLAND) GMBH	GERMANY	512,000.00	EUR	100.00	CANSON INTERNATIONAL SAS	100.000	100.000
CANSON INTERNATIONAL SAS	FRANCE	76,250.00	EUR	100.00	ARJOWIGGINS CANSON SAS	100.000	100.000
CANSON ITALIA S.P.A.	ITALY	312,000.00	EUR	100.00	CANSON INTERNATIONAL SAS	95.000	95.000
					ARJOWIGGINS CANSON SAS	5.000	5.000
CANSON POLSKA SP.Z.O.O.	POLAND	63,300.00	PLN	100.00	CANSON INTERNATIONAL SAS	100.000	100.000
CANSON, INC.	USA	1,560.00	USD	100.00	APPLETON COATED PAPERS HOLDINGS INC.	100.000	100.000
CARBONLESS PAPERS LIMITED	UNITED KINGDOM	2.00	GBP	100.00	LIMITED	100.000	100.000
CENTRO DISTRIBUZIONE ARTICOLI DA REGALO SPA	ITALY	2,000,000.00	EUR	100.00	ANTALIS INTERNATIONAL SAS	100.000	100.000
CLASS PAPIER B.V.	THE NETHERLANDS	18,151.00	EUR	100.00	ARJOWIGGINS PAPIERS COUCHES SAS	100.000	100.000
CREA PAPIER GMBH	GERMANY	26,000.00	EUR	100.00	ARJOWIGGINS PAPIERS COUCHES SAS	100.000	100.000
DEKKER PACKAGING BV	THE NETHERLANDS	1,975,808.00	EUR	100.00	MUHLEBACH B.V.	100.000	100.000
DISTRIBUIDORA OFIMARKET SA	CHILE	2,930,611.86	CLP	50.00	INVERSIONES ANTALIS HOLDING LIMITADA	50.000	50.000
					GMS PRODUCTOS GRAFICOS LIMITADA	<0.001	<0.001
ESPECIALIDADES DEL PAPEL DE COLOMBIA LTDA (ESPACOL LTDA)	COLOMBIA	608,003,000.00	COP	99.93	TORDERA S.A.	99.697	99.697
EUROPEAN PRINTED PRODUCTS S.A.S. (E2P)	FRANCE	6,100,000.00	EUR	100.00	ARJOWIGGINS SAS	100.000	100.000
FAIRPRINT BV	THE NETHERLANDS	16,336.09	EUR	100.00	ANTALIS PROMOTIONAL PRODUCTS BV	100.000	100.000
FYNE PAPERS LIMITED	UNITED KINGDOM	5,000,000.00	GBP	100.00	ANTALIS LIMITED	100.000	100.000
GEP S.P.A.	ITALY	1,662,792.00	EUR	84.60	ARJOWIGGINS SECURITY SAS	84.600	84.600
GMS DISTRIBUIDORA GRAFICA SA	CHILE	483,528,762.00	CLP	100.00	INVERSIONES ANTALIS HOLDING LIMITADA	1.000	1.000
					GMS PRODUCTOS GRAFICOS LIMITADA	99.000	99.000
GMS PRODUCTOS GRAFICOS LIMITADA	CHILE	30,515,570,540.00	CLP	100.00	INVERSIONES ANTALIS HOLDINGS LIMITADA	99.990	99.990
					MUHLEBACH B.V.	0.010	0.010
GRAPHIC SUPPLIES LIMITED	UNITED KINGDOM	1,000.00	USD	100.00	ANTALIS INTERNATIONAL SAS	100.000	100.000
GST - GRAPHIC SERVICES TEAM LIMITADA (BRESIL)	BRAZIL	852,787.00	BRL	100.00	MUHLEBACH B.V.	99.883	99.883
GUARRO CASAS FRANCE SARL	FRANCE	8,000.00	EUR	99.93	GUARRO CASAS S.A.	100.000	100.000
GUARRO CASAS S.A.	FRANCE	6,600,000.00	EUR	99.93	ARJOWIGGINS CANSON SAS	97.958	97.958
					GUARRO CASAS S.A. (*)	1.981	1.981
GUERIMAND SAS	FRANCE	11,900,000.00	EUR	100.00	ARJOWIGGINS SAS	100.000	100.000
HARDWARE SOFTWARE ENGINEERING SRL	ITALY	20,000,000.00	EUR	100.00	MUHLEBACH B.V.	100.000	100.000
I-PAPERS LIMITED	UNITED KINGDOM	5,000.00	GBP	100.00	LIMITED	100.000	100.000
IDEM LIMITED	UNITED KINGDOM	92,250,002.00	GBP	100.00	ARJO WIGGINS BELGIUM HOLDINGS S.A. LIMITED	81.301	81.301
						18.699	18.699

(*) Voting suspended.

Investments of the Sequana Capital Group consolidated on a line-by-line basis (percentage of IFIL Group consolidation equal to 48.88%)

Name	Country	Capital stock at 12/31/2006	Currency	% of Group consolidation Interest held by	% of interest held	% of voting rights
INTERPAPEL S.A.	MEXICO	50,000.00	MXP	99.93 TORDERA S.A.	100.000	100.000
INVERSIONES ANTALIS HOLDINGS LIMITADA	CHILE	18,693,542,100.00	CLP	100.00 ANTALIS OVERSEAS HOLDINGS LIMITED ANTALIS INTERNATIONAL SAS MÜHLEBACH B.V.	12.890 59.130 27.980	12.890 59.130 27.980
ISSY 5 EURL	FRANCE	8,000.00	EUR	100.00 ARJOWIGGINS SAS	100.000	100.000
JAMICE	FRANCE	38,125.00	EUR	100.00 ARJOWIGGINS	100.000	100.000
LODI 11 SAS	FRANCE	40,000.00	EUR	100.00 ARJOWIGGINS SAS	100.000	100.000
LODI 12	FRANCE	38,112.00	EUR	100.00 ARJOWIGGINS	100.000	100.000
MJ.RO. INC.	USA	10,291,000.00	USD	100.00 ARJO WIGGINS SPECIALTY HOLDINGS INC.	100.000	100.000
MUHLEBACH B.V.	THE NETHERLANDS	21,500.00	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000	100.000
NEWTON FALLS LLC	USA	1.00	USD	100.00 APPLETON COATED LLC	100.000	100.000
PACIFIC SOLUTIONS GROUP LIMITED	HONG KONG	100,000.00	HKD	100.00 ANTALIS INTERNATIONAL SAS ANTALIS (HONG KONG) LIMITED	99.000 1.000	99.000 1.000
PAPER PEOPLE LIMITED	UNITED KINGDOM	5,000,000.00	GBP	100.00 ANTALIS LIMITED	100.000	100.000
PERFORMANCE PAPERS LIMITED	UNITED KINGDOM	550,000.00	GBP	100.00 THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000
FRIPLAK SAS	FRANCE	323,554.00	EUR	100.00 ARJOWIGGINS SAS	100.000	100.000
FRONTALIS LIMITED	UNITED KINGDOM	4,100.00	GBP	100.00 ANTALIS GROUP HOLDINGS LIMITED	100.000	100.000
QINGDAO ARJO WIGGINS PAPER CO., LTD.	PEOPLES REP. OF CHINA	1,176,000.00	USD	100.00 LODI 12 SAS ARJO WIGGINS CHINA HOLDINGS LIMITED	40.000 60.000	40.000 60.000
QUAIFE PAPER LIMITED	UNITED KINGDOM	2,026,000.00	GBP	100.00 ANTALIS LIMITED	100.000	100.000
SARNIA (PTY) LIMITED	BOTSWANA	1,345,625.00	BWP	100.00 FIRST PAPER HOUSE BOTSWANA (PTY) LIMITED	92.569	100.000
SIMGE ANTALIS KAGIT SANAYI VE TICARET AS	TURKEY	31,459,475,000,000.00	TLR	100.00 MUHLEBACH B.V.	100.000	100.000
SOCIEDAD COMERCIALIZADORA DE PAPELES ESPACHILE LTDA	CHILE	16,995,300.00	CLP	99.93 TORDERA S.A.	100.000	100.000
SOCIETE CIVILE IMMOBILIERE DU MARAIS	FRANCE	152.45	EUR	100.00 ARJOWIGGINS SAS ARJOWIGGINS LE BOURRAY SAS	95.000 5.000	95.000 5.000
THE WIGGINS TEAPE GROUP LIMITED	UNITED KINGDOM	282,500,000.00	GBP	100.00 ARJO WIGGINS UK HOLDINGS LIMITED	100.000	100.000
TORDERA S.A.	PANAMA	97,000.00	USD	99.93 GUARRO CASAS S.A.	100.000	100.000
VEILIGHEIDSPAPIERFABRIEK UGCHELEN	THE NETHERLANDS	6,806,703.24	EUR	100.00 ARJOWIGGINS SECURITY SAS	100.000	100.000
WIGGINS TEAPE LIMITED	UNITED KINGDOM	21,300,000.00	GBP	100.00 ANTALIS LIMITED	100.000	100.000
WILLOW PAPER COMPANY LIMITED	UNITED KINGDOM	16,000.00	GBP	100.00 ANTALIS LIMITED	100.000	100.000
WITCEL S.A.	ARGENTINA	1,901,200.00	USD	100.00 ARJOWIGGINS SECURITY SAS ARJOWIGGINS SAS	95.000 5.000	95.000 5.000
Holding companies and other companies						
ANTONIN RODET SAS	FRANCE	11,100,000.00	EUR	100.00 W PARTICIPATIONS SAS	100.000	100.000
AP CROISSANCE SAS	FRANCE	40,000.00	EUR	100.00 SEQUANA CAPITAL	100.000	100.000
AP GESTION ET FINANCEMENT SAS	FRANCE	40,000.00	EUR	100.00 SEQUANA CAPITAL	100.000	100.000
ARJO WIGGINS (BERMUDA) HOLDINGS LIMITED	BERMUDAS	15,000.00	USD	100.00 ARJO WIGGINS APPLETON LIMITED	20.000	100.000
ARJO WIGGINS APPLETON LIMITED	UNITED KINGDOM	213,954,077.75	GBP	100.00 SEQUANA CAPITAL	100.000	100.000
ARJO WIGGINS APPLETON (BERMUDA) LIMITED	BERMUDAS	61,020.00	USD	100.00 ARJO WIGGINS (BERMUDA) HOLDINGS LIMITED	89.910	89.910
ARJO WIGGINS APPLETON HOLDINGS	UNITED KINGDOM	1,000.00	GBP	100.00 ARJO WIGGINS APPLETON LIMITED AWA FINANCE	99.900 0.100	99.900 0.100
ARJO WIGGINS EUROPE HOLDINGS	UNITED KINGDOM	1,000.00	GBP	100.00 ARJO WIGGINS APPLETON LIMITED ARJO WIGGINS APPLETON HOLDINGS	99.900 0.100	99.900 0.100
ARJO WIGGINS NORTH AMERICA INVESTMENTS	UNITED KINGDOM	1,000.00	GBP	100.00 ARJO WIGGINS APPLETON LIMITED AWA FINANCE	99.900 0.100	99.900 0.100
ARJO WIGGINS US HOLDINGS	UNITED KINGDOM	36,187,415.00	GBP	100.00 ARJO WIGGINS APPLETON LIMITED AWA FINANCE	100.000 0.000	100.000 0.000
AWA FINANCE	UNITED KINGDOM	1,000.00	GBP	100.00 ARJO WIGGINS APPLETON LIMITED ARJO WIGGINS APPLETON HOLDINGS	99.900 0.100	99.900 0.100
BOCCAFIN	FRANCE	286,219,820.00	EUR	100.00 SEQUANA CAPITAL	100.000	100.000
FINANCIERE WORMS & CIE S.A.	SWITZERLAND	250,000.00	CHF	100.00 BOCCAFIN	100.000	100.000
SEQUANA CAPITAL UK LIMITED	UNITED KINGDOM	120,714.00	GBP	100.00 SEQUANA CAPITAL	100.000	100.000
SOCIETE FERMIERE ET DE PARTICIPATIONS S.A. (IN LIQUIDATION)	FRANCE	2,287,500.00	EUR	100.00 W PARTICIPATIONS SAS	99.986	99.986
W PARTICIPATIONS SAS	FRANCE	42,696,720.00	EUR	100.00 SEQUANA CAPITAL	100.000	100.000
W SYSTEMES ET INFORMATION	FRANCE	N.D.	EUR	100.00 ANTALIS INTERNATIONAL SAS ARJOWIGGINS SAS SEQUANA CAPITAL	39.500 44.000 16.500	39.500 44.000 16.500

Investments of the Alpitour Group consolidated on a line-by-line basis (percentage of IFIL Group consolidation equal to 100%)

Name	Country	Capital stock at 12/31/06	Currency	% of consolidation	Interest held by	% of interest held	% of voting rights
Sector of activity: HOTEL MANAGEMENT							
ALPITOUR ESPANA S.L. UNIPERSONAL	SPAIN	22,751,000.00	EURO	100.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	100.000	100.000
ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	PORTUGAL	2,494,000.00	EURO	100.000	ALPITOUR S.p.A.	100.000	100.000
ALPITOUR WORLD HOTELS & RESORTS S.p.A.	ITALY	140,385.00	EURO	100.000	ALPITOUR S.p.A.	100.000	100.000
BLUE MARIN TUNISIE S.A.	TUNISIA	3,000,000.00	TND	99.998	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	99.998	99.998
BLUMARIN DE IMPORTAÇÃO, SOCIEDAD UNIPESOAAL, S.A.	CAPE VERDE	5,000,000	CVE	100.000	BLUMARIN HOTELS, SOCIEDADE UNIPESOAAL, S.A.	100.000	100.000
BLUMARIN HOTELS, SOCIEDADE UNIPESOAAL, S.A.	CAPE VERDE	2,500,000.00	CVE	100.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	100.000	100.000
BLUMARIN HOTELS SICILIA S.p.A.	ITALY	38,000,000.00	EURO	100.000	ALPITOUR S.p.A.	100.000	100.000
D.I. RESORTS PRIVATE LTD	MALDIVES	100,000	MVR	100.000	ALPITOUR S.p.A.	99.000	99.000
					HORIZON HOLIDAYS S.A. UNIPERSONAL	1.000	1.000
EL-MASRIEN FOR HOTELS AND SHIPPING CONSTRUCTION	EGYPT	4,000,000.00	EGP	100.000	ITALIAN EGYPTIAN COMPANY FOR TOURISTIC INVESTMENT (S.A.E.)	100.000	100.000
HARROW TRADING E INVESTIMENTOS SOCIEDADE UNIPESOAAL LDA	PORTUGAL	5,000.00	EURO	100.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	100.000	100.000
HORIZON HOLIDAYS S.A. UNIPERSONAL	SPAIN	20,133,500.00	EURO	100.000	ALPITOUR ESPANA S.L. UNIPERSONAL	100.000	100.000
INVERSIONES LOS UVEROS S.A. DE C.V.	DOMINICAN REP.	200,000	DOP	99.700	HORIZON HOLIDAYS S.A. UNIPERSONAL	99.700	99.700
ITALIAN EGYPTIAN COMPANY FOR TOURISTIC INVESTMENT (S.A.E.)	EGYPT	4,536,000.00	EGP	100.000	ALPITOUR WORLD HOTELS & RESORTS S.p.A.	100.000	100.000
KELIBIA BEACH S.A.	TUNISIA	6,000,000	TND	99.990	HORIZON HOLIDAYS S.A. UNIPERSONAL	99.990	99.990
KIWENGWA LIMITED	TANZANIA	745,559,000	TZS	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	98.964	98.964
					ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	1.036	1.036
KIWENGWA STRAND HOTEL LTD.	TANZANIA	1,480,000,000	TZS	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	99.000	99.000
					ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	1.000	1.000
MEDITERRANEAN TOURIST COMPANY S.A.	GREECE	3,603,900.00	EURO	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	100.000	100.000
NETRADE S.P.A.	ITALY	300,000.00	EURO	100.000	ALPITOUR WORLD HOTELS & RESORTS S.p.A.	100.000	100.000
ORIENT SHIPPING FOR FLOATING HOTELS	EGYPT	1,450,000.00	EGP	100.000	ITALIAN EGYPTIAN COMPANY FOR TOURISTIC INVESTMENT (S.A.E.)	100.000	100.000
RENTHOTEL MEXICO S.A. DE C.V.	MEXICO	50,000	MXP	98.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	98.000	98.000
RENTHOTEL TRAVEL SERVICE S.A. UNIPERSONAL	SPAIN	1,562,860.00	EURO	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	100.000	100.000
RIVIERA AZUL S.A. DE C.V.	MEXICO	50,000.00	MXP	96.000	HARROW TRADING E INVESTIMENTOS SOCIEDADE UNIPESOAAL LDA	96.000	96.000
S.T. RESORTS PRIVATE LTD.	MALDIVES	100,000	MVR	50.000	ALPITOUR S.p.A.	50.000	50.000
STAR RESORT & HOTELS COMPANY PVT LTD.	MALDIVES	1,000,000	MVR	100.000	ALPITOUR S.p.A.	99.000	99.000
					HORIZON HOLIDAYS S.A. UNIPERSONAL	1.000	1.000
Sector of activity: INSURANCE							
ALPITOUR REINSURANCE COMPANY LIMITED	IRELAND	750,000.00	EURO	100.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	100.000	100.000
Sector of activity: DISTRIBUTION (Travel agency)							
WELCOME TRAVEL GROUP S.p.A.	ITALY	6,380,000	EURO	100.000	ALPITOUR S.P.A.	100.000	100.000
BLUE VIAGGI S.A.	SWITZERLAND	100,000	CHF	100.000	WELCOME TRAVEL GROUP S.p.A.	100.000	100.000
Sector of activity: INCOMING SERVICES							
CONSORCIO TURISTICO PANMEX S.A. DE C.V.	MEXICO	50,000	MXP	70.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOAAL, LDA	70.000	70.000
JUMBO CANARIAS S.A. UNIPERSONAL	SPAIN	180,300.00	EURO	100.000	JUMBOTURISMO S.A. UNIPERSONAL	100.000	100.000
JUMBO TOURS DOMINICANA S.A.	DOMINICAN REP.	100,000	DOP	99.500	JUMBOTURISMO S.A. UNIPERSONAL	99.300	99.300
					JUMBO CANARIAS S.A. UNIPERSONAL	0.100	0.100
					JUMBO TOURS ESPANA S.L. UNIPERSONAL	0.100	0.100
JUMBO TOURS ESPANA S.L. UNIPERSONAL	SPAIN	904,505.00	EURO	100.000	JUMBOTURISMO S.A. UNIPERSONAL	100.000	100.000
JUMBO TOURS FRANCE S.A.	FRANCE	152,400.00	EURO	99.970	JUMBOTURISMO S.A. UNIPERSONAL	99.970	99.970
JUMBO TOURS ITALIA S.r.l.	ITALY	78,000.00	EURO	100.000	JUMBOTURISMO S.A. UNIPERSONAL	100.000	100.000
JUMBO TOURS MEXICO S.A. DE C.V.	MEXICO	50,000	MXP	98.000	JUMBOTURISMO S.A. UNIPERSONAL	98.000	98.000
JUMBO TOURS TUNISIE S.A.	TUNISIA	105,000	TUD	49.983	JUMBOTURISMO S.A. UNIPERSONAL	49.983	49.983

**Investments of the Alpitour Group consolidated on a line-by-line basis
(percentage of IFIL Group consolidation equal to 100%)**

Name	Country	Capital stock		% of Group		% of interest held	% of voting rights
		at 12/31/06	Currency	consolidation	Interest held by		
JUMBOTURISMO S.A. UNIPERSONAL	SPAIN	364,927.20	EURO	100.000	ALPITOUR ESPANA S.L. UNIPERSONAL	100.000	100.000
JUMBOTURISMO CABO VERDE, Agencia de Viagens e Turismo, SOCIEDADE UNIPESSOAL, S.A.	CAPE VERDE	5,000,000	CVE	100.000	JUMBOTURISMO S.A. UNIPERSONAL	100.000	100.000
PANAFRICAN TOURS S.A.	MOROCCO	400,000.00	MAD	99.700	JUMBOTURISMO S.A. UNIPERSONAL	99.700	99.700
PANCARIBE S.A.	DOMINICAN REP.	200,000	DOP	69.900	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESSOAL, LDA	69.900	69.900
PROMOTORA DE SERVICIOS TURISTICOS DE ESPANA EN MEXICO S.A. DE C.V.	MEXICO	50,000	MXP	98.000	JUMBOTURISMO S.A. UNIPERSONAL	98.000	98.000
Sector of activity: TOUR OPERATING							
FRI M.I.C.E. S.r.l.	ITALY	10,400.00	EURO	100.000	ALPITOUR S.p.A.	100.000	100.000
Sector of activity: AIRLINE							
NEOS S.p.A.	ITALY	4,425,800.00	EURO	100.000	ALPITOUR S.p.A. WELCOME TRAVEL GROUP S.p.A.	100.000 0.000	100.000 0.000

Investments of the “Holdings System” accounted for by the equity method

Name	Country	Capital stock at 12/31/2006	Currency	% of Group consolidation Interest held by	% of interest held	% of voting rights	
Holding companies and other companies							
FIAT S.p.A. (a)	ITALY	6,377,257,130	EUR	28.60	IFIL INVESTMENTS S.p.A. FIAT S.p.A. (*)	28.513 0.331	30.450 0.387
Real estate - Tourism							
TURISMO & IMMOBILIARE S.p.A. (b)	ITALY	120,000	EUR	-	IFIL INVESTISSEMENTS S.A.	25.000	25.000
Holding companies and other companies							
SADCO S.A. (c)	SWITZERLAND	300,000	CHF	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000

(a) The investments of the Fiat Group are shown separately.

(b) Investment sold on March 26, 2007.

(c) Company in liquidation.

(*) Voting suspended.

Investments of the Sequana Capital Group accounted for by the equity method (percentage of IFIL Group consolidation equal to 48.88%)

Name	Country	Capital stock at 12/31/2006	Currency	% of Group consolidation Interest held by	% of interest held	% of voting rights	
Paper							
DIMAGRAF SA	ARGENTINE	125,000.00	ARS	30.00	INVERSIONES ANTALIS HOLDINGS LTDA	30.000	30.000
MWT PAPER PROCESSING LIMITED	MAURITIUS	20,000,000.00	MUR	50.00	ANTALIS INTERNATIONAL	50.000	50.000
QUIMIGRAF SA	ARGENTINE	100,000.00	ARS	30.00	INVERSIONES ANTALIS HOLDINGS LTDA	30.000	30.000

Investments of the Alpitour Group accounted for by the equity method (percentage of IFIL Group consolidation equal to 100%)

Name	Country	Capital stock at 12/31/06	Currency	% of Group consolidation Interest held by	% of interest held	% of voting rights	
Sector of activity: Hotel management							
BLUE DIVING MEXICO S.A. DE C.V.	MEXICO	50,000	MXP	49.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	49.000	49.000
VACANZEINITALIA S.p.A.	ITALY	300,000	EURO	50.000	ALPITOUR S.p.A.	50.000	50.000
Sector of activity: Distribution (Travel agency)							
AGENZIA VIAGGI SAUGO S.r.l.	ITALY	20,938.00	EURO	95.000	WELCOME TRAVEL GROUP S.p.A.	95.000	95.000
Sector of activity: Incoming services							
ALPITOUR GROUP EGYPT FOR TOURISM S.A.E.	EGYPT	2,000,000	EGP	50.000	ALPITOUR S.p.A.	50.000	50.000
HOY VIAJAMOS S.A.	SPAIN	732,032.74	EURO	28.629	JUMBOTURISMO S.A. UNIPERSONAL	28.629	28.629
ITALO HISPANA DE INVERSIONES S.L.	SPAIN	3,005.06	EURO	30.000	ALPITOUR S.p.A.	30.000	30.000
JUMBO TOURS CARIBE S.A.	MEXICO	50,000	MXP	50.000	JUMBOTURISMO S.A. UNIPERSONAL	50.000	50.000
PANAFRICAN SERVICE S.a.r.l.	TUNISIA	10,500	TND	50.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPessoal, LDA	50.000	50.000
PEMBA S.A.	SPAIN	510,809.20	EURO	25.000	JUMBOTURISMO S.A. UNIPERSONAL	25.000	25.000
VIAJES MEDYMAR S.L.	SPAIN	60,101.21	EURO	30.000	ALPITOUR S.p.A.	30.000	30.000

Significant investments of the “Holdings System”

Name	Country	Capital stock at 12/31/2006	Currency Interest held by	% of interest held	% of voting rights
Holding companies and other companies					
SANPAOLO IMI S.p.A.	ITALY	5,399,586,248	EUR IFIL INVESTMENTS S.p.A.	4.964	5.851
GRUPPO BANCA LEONARDO S.p.A.	ITALY	163,990,200	EUR IFIL INVESTISSEMENTS S.A.	9.597	9.597
SGS S.A.	SWITZERLAND	156,448,720	CHF IFIL INVESTISSEMENTS S.A.	13.16	13.16
EUROMEDIA LUXEMBOURG ONE S.A. (a)	LUXEMBOURG	44,887,500	USD IFIL INVESTISSEMENTS S.A. FIAT NETHERLAND HOLDING N.V.	14.286	14.286

(a) Company in liquidation.

Significant investments of Juventus Football Club S.p.A.

Name	Country	Capital stock at 12/31/2006	Currency Interest held by	% of interest held	% of voting rights
Lease of own real estate and sublease					
CAMPI DI VINOVO S.p.A.	ITALY	1,300,000	EUR JUVENTUS FOOTBALL CLUB S.p.A. CAMPI DI VINOVO S.p.A. (*)	69.800	69.800
Stadium management					
SEMANA S.r.l.	ITALY	100,000	EUR JUVENTUS FOOTBALL CLUB S.p.A.	30.000	30.000

(*) Voting suspended.

Significant investments of the Sequana Capital Group

Name	Country	Capital stock at 12/31/2006	Currency Interest held by	% of interest held	% of voting rights
Paper					
EXPRESSO PAPER PLATFORM BV	THE NETHERLANDS	3,346,410.20	EUR MÜHLEBACH B.V.	12.895	12.895

Significant investments of the Alpitour Group

Name	Country	Capital stock at 12/31/06	Currency Interest held by	% of interest held	% of voting rights
Sector of activity: Distribution (Travel agency)					
AIRPORTS & TRAVEL S.r.l.	ITALY	50,000.00	EURO WELCOME TRAVEL GROUP S.p.A.	49.000	49.000
TEAM TRAVEL SERVICE S.r.l.	ITALY	102,000.00	EURO WELCOME TRAVEL GROUP S.p.A.	50.000	50.000
WELCOME TRAVEL SUD S.R.L.	ITALY	100,000.00	EURO WELCOME TRAVEL GROUP S.p.A.	50.000	50.000
Sector of activity: Incoming services					
CALOBANDE S.L. UNIPERSONAL	SPAIN	453,755.00	EURO JUMBOTURISMO S.A. UNIPERSONAL	100.000	100.000
JUMBO TOURS ZANZIBAR LIMITED	TANZANIA	1,000,000.00	TZS JUMBOTURISMO S.A. UNIPERSONAL	49.000	49.000

The companies of the Fiat Group

In the consolidated financial statements of the IFIL Group, the investment in the Fiat Group (28.6% of outstanding capital stock) is accounted for by the equity method (please refer to Notes 5 and 44 in the consolidated financial statements).

For purposes of complete disclosure, this appendix shows the investments of the Fiat Group exactly as they are presented in the consolidated financial statements of the Fiat Group.

The companies of the Fiat Group

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation Interest held by	% of interest held	% of voting rights
Controlling company							
Parent company							
Fiat S.p.A.	Turin	Italy	6,377,257,130	EUR	- -	-	-
Subsidiaries consolidated on a line-by-line basis							
Automobiles							
Fiat Auto S.p.A.	Turin	Italy	645,031,979	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000
Banco Fids de Investimento SA	Betim	Brazil	116,235,465	BRL	100.00	Fids S.p.A.	98.970
						Fiat Automovels S.A. - FIASA	1.030
Clickar Assistance S.R.L.	Turin	Italy	335,632	EUR	100.00	Fids S.p.A.	100.000
Customer Center S.r.l.	Turin	Italy	2,500,000	EUR	100.00	Fiat Auto S.p.A.	100.000
Easy Drive S.r.l.	Turin	Italy	10,400	EUR	100.00	Fiat Auto S.p.A.	99.000
						Fiat Center Italia S.p.A.	1.000
Fiat Auto Argentina S.A.	Buenos Aires	Argentina	476,464,366	ARS	100.00	Fiat Auto S.p.A.	72.495
						Fiat Automovels S.A. - FIASA	27.505
Fiat Auto (Belgio) S.A.	Brussels	Belgium	18,600,000	EUR	100.00	Fiat Finance Netherlands B.V.	99.998
						Fiat Auto (Suisse) S.A.	0.002
Fiat Auto Dealer Financing SA	Brussels	Belgium	62,000	EUR	99.84	Fiat Auto (Belgio) S.A.	99.839
Fiat Auto España S.A.	Alcalá De Henares	Spain	35,346,850	EUR	100.00	Fiat Finance Netherlands B.V.	99.998
						Fiat Auto (Suisse) S.A.	0.002
Fiat Auto Hellas S.A.	Argyroupoli	Greece	62,033,499	EUR	100.00	Fiat Finance Netherlands B.V.	100.000
Fiat Auto (Ireland) Ltd.	Dublin	Ireland	5,078,952	EUR	100.00	Fiat Finance Netherlands B.V.	100.000
Fiat Auto Japan K.K.	Minato-Ku, Tokyo	Japan	420,000,000	JPY	100.00	Fiat Auto S.p.A.	100.000
Fiat Auto Maroc S.A.	Casablanca	Morocco	1,000,000	MAD	99.95	Fiat Auto S.p.A.	99.950
Fiat Auto Nederland B.V.	Lijnden	The Netherlands	5,672,250	EUR	100.00	Fiat Netherlands Holding N.V.	100.000
Fiat Auto Poland S.A.	Bielsko-Biala	Poland	860,334,600	PLN	100.00	Fiat Auto S.p.A.	100.000
Fiat Auto Portuguesa S.A.	Alges	Portugal	1,000,000	EUR	100.00	Fiat Finance Netherlands B.V.	100.000
Fiat Auto South Africa (Proprietary) Ltd	Sunninghill	South Africa	640	ZAR	100.00	Fiat Auto S.p.A.	100.000
Fiat Auto (Suisse) S.A.	Schlieren	Switzerland	21,400,000	CHF	100.00	Fiat Auto S.p.A.	100.000
Fiat Auto (U.K.) Ltd	Slough Berkshire	United Kingdom	44,600,000	GBP	100.00	Fiat Finance Netherlands B.V.	100.000
Fiat Auto Var S.r.l.	Turin	Italy	7,370,000	EUR	100.00	Fiat Auto S.p.A.	100.000
Fiat Automobli AG	Heilbronn	Germany	97,280,000	EUR	100.00	Fiat Finance Netherlands B.V.	99.000
						Fiat Auto (Suisse) S.A.	1.000
Fiat Automobli GmbH	Vienna	Austria	37,000	EUR	100.00	Fiat Finance Netherlands B.V.	100.000
Fiat Automobli Vertriebs GmbH	Frankfurt	Germany	8,700,000	EUR	100.00	Fiat Automobli AG	100.000
Fiat Automobilier Danmark A/S	Glostrup	Denmark	55,000,000	DKK	100.00	Fiat Finance Netherlands B.V.	100.000
Fiat Automovels S.A. - FIASA	Betim	Brazil	1,233,506,013	BRL	100.00	Fiat Auto S.p.A.	100.000
Fiat Center Italia S.p.A.	Turin	Italy	2,000,000	EUR	100.00	Fiat Auto S.p.A.	100.000
Fiat Center (Suisse) S.A.	Geneva	Switzerland	13,000,000	CHF	100.00	Fiat Auto (Suisse) S.A.	100.000
Fiat CR Spol. S.R.O.	Prague	Czech Republic	1,000,000	CZK	100.00	Fiat Auto S.p.A.	100.000
Fiat Credito Compania Financiera S.A.	Buenos Aires	Argentina	142,630,748	ARS	100.00	Fids S.p.A.	99.999
						Fiat Auto Argentina S.A.	0.001
Fiat Finance Netherlands B.V.	Amsterdam	The Netherlands	690,000,000	EUR	100.00	Fiat Auto S.p.A.	100.000
Fiat France	Trappes	France	235,480,520	EUR	100.00	Fiat Finance Netherlands B.V.	100.000
(*) Fiat India Automobiles Private Limited	Mumbai	India	19,620,126,500	INR	100.00	Fiat Auto S.p.A.	100.000
(*) Fiat India Private Ltd.	Mumbai	India	8,363,617,700	INR	100.00	Fiat India Automobiles Private Limited	52.196
						Fiat Auto S.p.A.	47.804
							47.372
Fiat Magyarorszag Kereskedelmi KFT.	Budapest	Hungary	150,000,000	HUF	100.00	Fiat Auto S.p.A.	100.000
Fiat Motor Sales Ltd	Slough Berkshire	United Kingdom	1,500,000	GBP	100.00	Fiat Auto (U.K.) Ltd	100.000
Fiat Purchasing Italia S.r.l.	Turin	Italy	600,000	EUR	100.00	Fiat Auto S.p.A.	100.000
FIAT Purchasing Poland Sp. z o.o.	Bielsko-Biala	Poland	300,000	PLN	100.00	Fiat Auto S.p.A.	100.000
Fiat SR Spol. SR.O.	Bratislava	Slovak Republic	1,000,000	SKK	100.00	Fiat Auto S.p.A.	100.000
Fiat Teamsys GmbH	Heilbronn	Germany	500,000	EUR	100.00	Fiat Automobli AG	100.000
Fiat Teamsys S.A.	Alges	Portugal	50,000	EUR	100.00	Fiat Auto Portuguesa S.A.	100.000
Fiat Versicherungsdienst GmbH	Heilbronn	Germany	26,000	EUR	100.00	Fiat Automobli AG	51.000
						Rimaco S.A.	49.000
Fids Hungary Ltd. under liquidation	Budapest	Hungary	13,000	EUR	100.00	Fids S.p.A.	100.000
Fids S.p.A.	Turin	Italy	311,232,342	EUR	100.00	Fiat Auto S.p.A.	99.900
						Nuove Iniziative Finanziarie Z S.r.l.	0.100
i-FAST Automotive Logistics S.r.l.	Turin	Italy	500,000	EUR	100.00	Fiat Auto S.p.A.	100.000
Inmap 2000 Espana S.L.	Alcalá De Henares	Spain	4,698,919	EUR	100.00	Fiat Auto España S.A.	100.000
International Metropolitan Automotive Promotion (France) S.A.	Trappes	France	2,977,680	EUR	100.00	Fiat France	99.997
Italian Automotive Center S.A.	Brussels	Belgium	8,500,000	EUR	100.00	Fiat Auto (Belgio) S.A.	99.998
						Nuove Iniziative Finanziarie Z S.r.l.	0.012
New Business 16 S.p.A. a socio unico	Chivasso	Italy	1,500,000	EUR	100.00	Fiat Auto S.p.A.	100.000
Sata-Società Automobilistica Tecnologie Avanzate S.p.A.	Meff	Italy	276,640,000	EUR	100.00	Fiat Auto S.p.A.	100.000
SCDR Automotive Limited	Baskidon	United Kingdom	50,000	GBP	100.00	Società di Commercializzazione e Distribuzione Ricambi S.p.A.	100.000
SCDR (Ireland) Limited	Dublin	Ireland	70,000	EUR	100.00	Società di Commercializzazione e Distribuzione Ricambi S.p.A.	100.000
SCDR (Switzerland) S.A.	Schlieren	Switzerland	100,000	CHF	100.00	Società di Commercializzazione e Distribuzione Ricambi S.p.A.	100.000
Società di Commercializzazione e Distribuzione Ricambi S.p.A.	Turin	Italy	100,000	EUR	100.00	Fiat Auto S.p.A.	100.000
Targa Rent S.r.l.	Turin	Italy	310,000	EUR	100.00	Fids S.p.A.	100.000
Targaysa Espana S.L.	Alcalá De Henares	Spain	5,000	EUR	100.00	Fiat Auto España S.A.	100.000
Ferrari							
Ferrari S.p.A.	Modena	Italy	20,260,000	EUR	85.00	Fiat S.p.A.	85.000
Charles Pozzi S.a.r.l.	Levittis-Perret	France	959,519	EUR	85.00	Ferrari West Europe S.A.	100.000
Ferrari Deutschland GmbH	Wiesbaden	Germany	1,000,000	EUR	85.00	Ferrari International S.A.	100.000
Ferrari Financial Services AG	Monaco	Germany	1,777,600	EUR	76.50	Ferrari Financial Services S.p.A.	100.000
Ferrari Financial Services S.p.A.	Modena	Italy	600,000	EUR	76.50	Ferrari S.p.A.	90.000
Ferrari GB Limited	Slough Berkshire	United Kingdom	50,000	GBP	85.00	Ferrari International S.A.	100.000
Ferrari GE.D. S.p.A.	Modena	Italy	31,000,000	EUR	85.00	Ferrari S.p.A.	100.000
Ferrari International S.A.	Luxembourg	Luxembourg	13,112,000	EUR	85.00	Ferrari S.p.A.	99.999
						Ferrari N.America Inc.	0.001
Ferrari N.America Inc.	Englewood Cliffs	U.S.A.	200,000	USD	85.00	Ferrari S.p.A.	100.000
Ferrari San Francisco Inc.	Mill Valley	U.S.A.	100,000	USD	85.00	Ferrari N.America Inc.	100.000
Ferrari (Suisse) SA	Nyon	Switzerland	1,000,000	CHF	85.00	Ferrari International S.A.	100.000

(*) Assets held for sale.

The companies of the Fiat Group

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Ferrari West Europe S.A.	Levallois-Perret	France	280,920	EUR	85.00	Société Française de Participations Ferrari - S.F.P.F. S.A.R.L.	100.000	
GSA-Gestions Sportives Automobiles S.A.	Meyrin	Switzerland	1,000,000	CHF	85.00	Ferrari International S.A.	100.000	
Pozzi Rent Snc	Lyon	France	15,256	EUR	85.00	Ferrari West Europe S.A.	100.000	
Société Française de Participations Ferrari - S.F.P.F. S.A.R.L.	Levallois-Perret	France	6,000,000	EUR	85.00	Ferrari International S.A.	100.000	
410 Park Display Inc.	New York	U.S.A.	100	USD	85.00	Ferrari N America Inc.	100.000	
Maserati								
Maserati S.p.A.	Modena	Italy	40,000,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Maserati Deutschland GmbH	Wiesbaden	Germany	500,000	EUR	100.00	Maserati S.p.A.	100.000	
Maserati GB Limited	Slough Berkshire	United Kingdom	20,000	GBP	100.00	Maserati S.p.A.	100.000	
Maserati North America Inc.	Englewood Cliffs	U.S.A.	1,000	USD	100.00	Maserati S.p.A.	100.000	
Maserati (Suisse) S.A.	Nyon	Switzerland	250,000	CHF	100.00	Maserati S.p.A.	100.000	
Maserati West Europe société par actions simplifiée	Levallois-Perret	France	37,000	EUR	100.00	Maserati S.p.A.	100.000	
Agricultural and Construction Equipment								
CNH Global N.V.	Amsterdam	The Netherlands	531,719,530	EUR	89.71	Fiat Netherlands Holding N.V.	89.652	89.711
						CNH Global N.V.	0.096	0.000
Austoft Industries Limited	St. Marys	Australia	16,353,225	AUD	89.71	CNH Australia Pty Limited	100.000	
Banco CNH Capital S.A.	Curitiba	Brazil	252,285,242	BRL	89.71	CNH Global N.V.	98.760	
						CNH Latin America Ltda.	1.240	
Bli Group Inc.	Wilmington	U.S.A.	1,000	USD	89.71	CNH America LLC	100.000	
Blue Leaf LP Inc.	Wilmington	U.S.A.	1,000	USD	89.71	Bli Group Inc.	100.000	
Case Brazil Holdings Inc.	Wilmington	U.S.A.	1,000	USD	89.71	CNH America LLC	100.000	
Case Canada Receivables Inc.	Calgary	Canada	1	CAD	89.71	CNH Capital America LLC	100.000	
Case Credit Australia Investments Pty Ltd	St. Marys	Australia	71,516,000	AUD	89.71	CNH Australia Pty Limited	100.000	
Case Credit Holdings Limited	Wilmington	U.S.A.	5	USD	89.71	CNH Capital America LLC	100.000	
Case Equipment Holdings Limited	Wilmington	U.S.A.	5	USD	89.71	CNH America LLC	100.000	
Case Equipment International Corporation	Wilmington	U.S.A.	1,000	USD	89.71	CNH America LLC	100.000	
Case Europe S.a.r.l.	La Pléssis-Belleville	France	7,622	EUR	89.71	CNH America LLC	100.000	
Case Harvesting Systems GmbH	Berlin	Germany	281,211	EUR	89.71	CNH America LLC	100.000	
Case IH Machinery Trading Shanghai Co. Ltd.	Shanghai	People's Rep. of China	2,250,000	USD	89.71	CNH America LLC	100.000	
Case India Limited	Wilmington	U.S.A.	5	USD	89.71	CNH America LLC	100.000	
Case International Marketing Inc.	Wilmington	U.S.A.	5	USD	89.71	CNH America LLC	100.000	
Case LBX Holdings Inc.	Wilmington	U.S.A.	5	USD	89.71	CNH America LLC	100.000	
Case New Holland Inc.	Wilmington	U.S.A.	5	USD	89.71	CNH Global N.V.	100.000	
Case United Kingdom Limited	Basildon	United Kingdom	3,763,618	GBP	89.71	CNH America LLC	100.000	
CNH America LLC	Wilmington	U.S.A.	0	USD	89.71	Case New Holland Inc.	100.000	
CNH Argentina S.A.	Buenos Aires	Argentina	29,611,105	ARS	89.71	New Holland Holdings Argentina S.A.	80.654	
						CNH Latin America Ltda.	19.346	
CNH Asian Holding Limited N.V.	Zedelgem	Belgium	34,594,401	EUR	89.71	CNH Global N.V.	100.000	
CNH Australia Pty Limited	St. Marys	Australia	306,785,439	AUD	89.71	CNH Global N.V.	100.000	
CNH Baumaschinen GmbH	Berlin	Germany	61,355,030	EUR	89.71	CNH International S.A.	100.000	
CNH Belgium N.V.	Zedelgem	Belgium	27,268,300	EUR	89.71	CNH International S.A.	100.000	
CNH Canada, Ltd.	Toronto	Canada	28,000,100	CAD	89.71	CNH Global N.V.	100.000	
CNH Capital America LLC	Wilmington	U.S.A.	0	USD	89.71	CNH Capital LLC	100.000	
CNH Capital Australia Pty Limited	St. Marys	Australia	83,248,874	AUD	89.71	CNH Australia Pty Limited	100.000	
CNH Capital Automotive Receivables LLC	Wilmington	U.S.A.	0	USD	89.71	CNH Capital America LLC	100.000	
CNH Capital Benelux	Zedelgem	Belgium	6,350,000	EUR	89.71	CNH Global N.V.	98.999	
						CNH Capital U.K. Ltd.	1.001	
CNH Capital Canada Ltd.	Calgary	Canada	1	CAD	89.71	Case Credit Holdings Limited	99.500	
						CNH Canada, Ltd.	0.500	
CNH Capital (Europe) plc	Dublin	Ireland	38,100	EUR	89.71	CNH Capital plc	99.984	
						CNH Global N.V.	0.005	
						CNH Financial Services A/S	0.003	
						CNH International S.A.	0.003	
						CNH Trade N.V.	0.003	
						CNH Financial Services S.r.l.	0.002	
CNH Capital Insurance Agency Inc.	Wilmington	U.S.A.	5	USD	89.71	CNH Capital America LLC	100.000	
CNH Capital LLC	Wilmington	U.S.A.	0	USD	89.71	CNH America LLC	100.000	
CNH Capital plc	Dublin	Ireland	6,386,791	EUR	89.71	CNH Global N.V.	100.000	
CNH Capital RACES LLC	Wilmington	U.S.A.	1,000	USD	89.71	CNH Capital America LLC	100.000	
CNH Capital Receivables LLC	Wilmington	U.S.A.	0	USD	89.71	CNH Capital America LLC	100.000	
CNH Capital U.K. Ltd	Basildon	United Kingdom	10,000,001	GBP	89.71	CNH Global N.V.	100.000	
CNH Componentes, S.A. de C.V.	San Pedro	Mexico	135,834,842	MXN	89.71	CNH America LLC	100.000	
CNH Denmark A/S	Hvidovre	Denmark	12,000,000	DKK	89.71	CNH International S.A.	100.000	
CNH Deutschland GmbH	Heilbronn	Germany	18,457,650	EUR	89.71	CNH International S.A.	100.000	
CNH Engine Corporation	Wilmington	U.S.A.	1,000	USD	89.71	CNH America LLC	100.000	
CNH Financial Services A/S	Hvidovre	Denmark	500,000	DKK	89.71	CNH Global N.V.	100.000	
CNH Financial Services GmbH	Heilbronn	Germany	1,151,000	EUR	89.71	CNH International S.A.	100.000	
CNH Financial Services S.A.S.	Puteaux	France	28,860,625	EUR	89.71	CNH Global N.V.	98.040	
						CNH Capital Benelux	1.960	
CNH Financial Services S.r.l.	Modena	Italy	10,400	EUR	89.71	CNH Capital plc	100.000	
CNH France S.A.	Morigny-Champigny	France	138,813,150	EUR	89.71	CNH International S.A.	100.000	
CNH International S.A.	Luxembourg	Luxembourg	300,000,000	USD	89.71	CNH Global N.V.	100.000	
CNH Italia s.p.a.	Modena	Italy	15,600,000	EUR	89.71	CNH Osterreich GmbH	75.000	
						CNH Global N.V.	25.000	
CNH Latin America Ltda.	Contagem	Brazil	967,783,051	BRL	89.71	CNH Global N.V.	85.658	
						Case Brazil Holdings Inc.	12.557	
						Case Equipment International Corporation	1.785	
CNH Maquinaria Spain S.A.	Coslada	Spain	21,000,000	EUR	89.71	CNH International S.A.	100.000	
CNH Osterreich GmbH	St. Valentin	Austria	2,000,000	EUR	89.71	CNH Global N.V.	100.000	
CNH Polska Sp. z o.o.	Plock	Poland	162,591,660	PLN	89.71	CNH Belgium N.V.	99.995	
						Fiat Polska Sp. z o.o.	0.005	
CNH Portugal-Comercio de Tractores e Maquinas Agricolas Ltda	Camaxide	Portugal	498,798	EUR	89.71	CNH International S.A.	99.980	
						CNH Italia s.p.a.	0.020	

The companies of the Fiat Group

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation Interest held by	% interest held	% of voting rights
CNH Receivables LLC	Wilmington	U.S.A.	0	USD	89.71 CNH Capital America LLC	100.000	
CNH Serviços Técnicos e Desenvolvimento de Negócios Ltda	Curitiba	Brazil	1,000,000	BRL	89.71 Banco CNH Capital S.A.	100.000	
CNH Trade N.V.	Amsterdam	The Netherlands	50,000	EUR	89.71 CNH Global N.V.	100.000	
CNH U.K. Limited	Basildon	United Kingdom	91,262,275	GBP	89.71 New Holland Holding Limited	100.000	
CNH Wholesale Receivables LLC	Wilmington	U.S.A.	0	USD	89.71 CNH Capital America LLC	100.000	
Fiatalis North America LLC	Wilmington	U.S.A.	32	USD	89.71 CNH America LLC	100.000	
Flex-Coil (U.K.) Limited	Basildon	United Kingdom	3,291,776	GBP	89.71 CNH Canada, Ltd.	100.000	
Harbin New Holland Tractors Co., Ltd.	Harbin	People's Rep. of China	2,859,091	USD	89.71 CNH Asian Holding Limited N.V. CNH International S.A.	99.000 1.000	
HFI Holdings Inc.	Wilmington	U.S.A.	1,000	USD	89.71 CNH America LLC	100.000	
JV Uzcaseagroleasing LLC	Tashkent	Uzbekistan	0	USD	45.75 Case Credit Holdings Limited	51.000	
JV UzCaseMash LLC	Tashkent	Uzbekistan	0	USD	53.83 Case Equipment Holdings Limited	60.000	
JV UzCaseService LLC	Tashkent	Uzbekistan	0	USD	45.75 Case Equipment Holdings Limited	51.000	
JV UzCaseTractor LLC	Tashkent	Uzbekistan	0	USD	45.75 Case Equipment Holdings Limited	51.000	
Kobelco Construction Machinery America LLC	Wilmington	U.S.A.	0	USD	89.71 New Holland Excavator Holdings LLC	85.000	
MBA AG	Bassensdorf	Switzerland	4,000,000	CHF	89.71 CNH Global N.V.	100.000	
New Holland Australia Pty Ltd	St. Marys	Australia	1	AUD	89.71 CNH Australia Pty Limited	100.000	
New Holland Credit Australia Pty Limited	St. Marys	Australia	725,834	AUD	89.71 CNH Capital Australia Pty Limited	100.000	
New Holland Credit Company, LLC	Wilmington	U.S.A.	0	USD	89.71 CNH Capital LLC	100.000	
New Holland Excavator Holdings LLC	Wilmington	U.S.A.	0	USD	89.71 CNH America LLC	100.000	
New Holland Holding Limited	London	United Kingdom	165,000,000	GBP	89.71 CNH International S.A.	100.000	
New Holland Holdings Argentina S.A.	Buenos Aires	Argentina	23,555,415	ARS	89.71 CNH Latin America Ltda	100.000	
New Holland Kobelco Construction Machinery Belgium SA	Herstal-Lez-Liege	Belgium	247,900	EUR	66.94 New Holland Kobelco Construction Machinery S.p.A.	99.990	
New Holland Kobelco Construction Machinery S.p.A.	San Mauro Torinese	Italy	80,025,291	EUR	66.96 CNH Italia S.p.A.	74.625	
New Holland Ltd	Basildon	United Kingdom	1,000,000	GBP	89.71 CNH Global N.V.	100.000	
New Holland Tractor Ltd. N.V.	Antwerp	Belgium	9,631,500	EUR	89.71 New Holland Holding Limited	100.000	
New Holland Tractors (India) Private Ltd	New Delhi	India	1,949,835,804	INR	89.71 CNH Asian Holding Limited N.V.	100.000	
O & K - Hife GmbH	Berlin	Germany	25,565	EUR	89.71 CNH Baumaschinen GmbH	100.000	
Pryor Foundry Inc.	Oklahoma City	U.S.A.	1,000	USD	89.71 CNH America LLC	100.000	
Receivables Credit II Corporation	Calgary	Canada	1	CAD	89.71 CNH Capital America LLC	100.000	
RosCaseMash	Saratov	Russia	200,000	RUR	34.31 Case Equipment Holdings Limited	38.250	51.000
Shanghai New Holland Agricultural Machinery Corporation Limited	Shanghai	People's Rep. of China	35,000,000	USD	53.83 CNH Asian Holding Limited N.V.	60.000	
Powertrain Technologies							
Fiat Powertrain Technologies SpA	Turin	Italy	750,000,000	EUR	100.00 Fiat Partecipazioni S.p.A.	100.000	
FMA - Fabbrica Motori Automobilistici S.r.l.	Pratola Serra	Italy	306,186,210	EUR	100.00 Fiat Powertrain Technologies SpA	100.000	
Milantech S.R.L.	Cusago	Italy	100,000	EUR	100.00 Fiat Powertrain Technologies SpA	100.000	
Powertrain Mekanik Sanayi ve Ticaret Limited Sirketi	Demirtas-Bursa	Turkey	75,329,600	TRY	100.00 Fiat Auto Holdings B.V. in liquidation	99.980	
					Fiat Powertrain Technologies SpA	0.020	
Trucks and Commercial Vehicles							
Iveco S.p.A.	Turin	Italy	858,400,000	EUR	100.00 Fiat S.p.A.	60.563	
					Fiat Partecipazioni S.p.A.	39.437	
Afin Asigurari S.r.l.	Bucharest	Romania	2,000,000	RON	100.00 s.c. Afin Leasing Ifn s.a.	100.000	
Afin Bohemia	Prague	Czech Republic	30,000	EUR	100.00 Afin Leasing AG	100.000	
Afin Bulgaria EAD	Sofia	Bulgaria	200,000	BGL	100.00 Afin Leasing AG	100.000	
Afin Hungary Kereskedelmi KFT.	Budapest	Hungary	24,000,000	HUF	100.00 Afin Leasing AG	100.000	
Afin Leasing AG	Vienna	Austria	1,500,000	EUR	100.00 Iveco International Trade Finance S.A.	100.000	
Afin Slovakia S.R.O.	Bratislava	Slovak Republic	30,000	EUR	100.00 Afin Leasing AG	100.000	
Afin Trade Bulgaria Eood	Sofia	Bulgaria	5,000	BGL	100.00 Afin Bulgaria EAD	100.000	
Afin Trade Vostok OOO	Moscow	Russia	345,000	RUR	100.00 Afin Leasing AG	100.000	
Amco-Automotive Manufacturing Co Ethiopia	Addis Abeba	Ethiopia	3,000,000	ETB	70.00 Iveco S.p.A.	70.000	
AS Afin Baltica	Tallin	Estonia	800,000	EEK	100.00 Afin Leasing AG	100.000	
Astra Veicoli Industriali S.p.A.	Placenza	Italy	10,400,000	EUR	100.00 Iveco S.p.A.	100.000	
Brandschutztechnik Gortitz GmbH	Gortitz	Germany	511,292	EUR	88.00 Iveco Magirus Brandschutztechnik GmbH	88.000	
C.A.M.I.V.A. Constructeurs Associés de Matériels d'Incendie, Voirie, Aviation S.A.	Saint-Alban-Leyse	France	1,870,169	EUR	99.96 Iveco Magirus Fire Fighting GmbH	99.961	
Componentes Mecanicos S.A.	Barcelona	Spain	37,405,038	EUR	59.39 Iveco España S.L.	59.387	
Elfe Grundbesitz GmbH	Ulm	Germany	10,225,838	EUR	100.00 Iveco Investitions GmbH	90.000	
Electronica Trasporti Commerciali S.r.l. (Etrac S.r.l.)	Turin	Italy	109,200	EUR	Iveco S.p.A.	10.000	
European Engine Alliance S.c.r.l.	Turin	Italy	32,044,797	EUR	63.24 CNH Global N.V. Iveco S.p.A.	33.333 33.333	
FPT - Powertrain Technologies France S.A.	Garchizy	France	73,444,960	EUR	100.00 Iveco France Iveco Participations S.A.	97.200 2.800	
Heuliez Bus S.A.	Rorthais	France	9,000,000	EUR	100.00 Société Charolaise de Participations S.A.	100.000	
IWV-Industrie-Anlagen-Verpachtung GmbH	Ulm	Germany	25,565	EUR	100.00 Iveco Investitions GmbH Iveco S.p.A.	95.000 5.000	
Ikanus Egyedi Autobusz GY	Budapest	Hungary	350,000,000	HUF	68.15 Iveco España S.L.	68.146	
Industrial Vehicles Center Hainaut S.A.	Charleroi	Belgium	600,000	EUR	100.00 S.A. Iveco Belgium N.V. Iveco Nederland B.V.	95.000 5.000	
Irisbus Australia Pty. Ltd.	Dandenong	Australia	1,500,000	AUD	100.00 Iveco España S.L.	100.000	
Irisbus Benelux Ltd.	Ludelange	Luxembourg	594,000	EUR	100.00 Iveco France Société Charolaise de Participations S.A.	99.983 0.017	
Irisbus Deutschland GmbH	Mainz-Mombach	Germany	8,800,000	EUR	100.00 Iveco España S.L.	100.000	
Irisbus Italia S.p.A.	Turin	Italy	44,644,811	EUR	100.00 Iveco España S.L.	100.000	
Irisbus (U.K.) Ltd	Watford	United Kingdom	200,000	GBP	100.00 Iveco España S.L.	100.000	
IVC Brabant N.V. S.A.	Groot	Belgium	800,000	EUR	100.00 S.A. Iveco Belgium N.V. Iveco Nederland B.V.	75.000 25.000	
Iveco Argentina S.A.	Cordoba	Argentina	130,237,793	ARS	100.00 Iveco España S.L. Astra Veicoli Industriali S.p.A.	99.000 1.000	
Iveco Austria GmbH	Vienna	Austria	6,178,000	EUR	100.00 Iveco S.p.A.	100.000	
Iveco Bayern GmbH	Nurimberg	Germany	742,000	EUR	100.00 Iveco Magirus AG	100.000	
Iveco Contract Services Limited	Watford	United Kingdom	17,000,000	GBP	100.00 Iveco Partecipazioni Finanziarie S.r.l.	100.000	
Iveco Danmark A/S	Glostrup	Denmark	501,000	DKK	100.00 Iveco S.p.A.	100.000	
Iveco España S.L.	Madrid	Spain	121,612,116	EUR	100.00 Iveco S.p.A.	100.000	

The companies of the Fiat Group

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Iveco Est Sas	Haucourt	France	305,600	EUR	100.00	Iveco France	100.000	
Iveco Finland OY	Espoo	Finland	200,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco France	Vénissieux	France	92,856,130	EUR	100.00	Iveco España S.L. Iveco S.p.A.	50.326 49.674	
Iveco Holdings Limited	Watford	United Kingdom	47,000,000	GBP	100.00	Iveco S.p.A.	100.000	
Iveco International Trade Finance S.A.	Paradiso	Switzerland	30,800,000	CHF	100.00	Iveco Partecipazioni Finanziarie S.r.l.	100.000	
Iveco Investitions GmbH	Ulm	Germany	2,556,459	EUR	100.00	Iveco Magirus AG Iveco S.p.A.	99.020 0.980	
Iveco Latin America Ltda	Vila da Serra	Brazil	684,700,000	BRL	100.00	Iveco España S.L. Astra Veicoli Industriali S.p.A.	99.999 0.001	
Iveco Limited	Watford	United Kingdom	117,000,000	GBP	100.00	Iveco Holdings Limited	100.000	
Iveco L.V.I. S.a.s.	Saint-Priest-En-Jarez	France	503,250	EUR	100.00	Iveco France	100.000	
Iveco Magirus AG	Ulm	Germany	250,000,000	EUR	100.00	Iveco S.p.A. Fiat Netherlands Holding N.V.	53.660 46.340	
Iveco Magirus Brandschutztechnik GmbH	Ulm	Germany	6,493,407	EUR	100.00	Iveco Magirus Fire Fighting GmbH Iveco S.p.A.	99.764 0.236	
Iveco Magirus Fire Fighting GmbH	Weisweil	Germany	30,776,857	EUR	100.00	Iveco Magirus AG Iveco S.p.A.	90.032 9.968	
Iveco Mezzi Speciali S.p.A.	Brescia	Italy	13,120,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Motorenforschung AG	Arbon	Switzerland	4,600,000	CHF	100.00	Iveco S.p.A.	60.000	
Iveco Motors of North America Inc.	Wilmington	U.S.A.	1	USD	100.00	Iveco S.p.A.	100.000	
Iveco Nederland B.V.	Breda	The Netherlands	4,537,802	EUR	100.00	Fiat Netherlands Holding N.V.	100.000	
Iveco Nord Nutzfahrzeuge GmbH	Hamburg	Germany	818,500	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Nord-Ost Nutzfahrzeuge GmbH	Berlin	Germany	2,120,000	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Norge A.S.	Voyenenga	Norway	18,600,000	NOK	100.00	Iveco S.p.A.	100.000	
Iveco Otomotiv Ticaret A.S.	Samandra-Kartal/Istanbul	Turkey	5,960,707	TRY	100.00	Iveco S.p.A.	99.995	
Iveco Partecipazioni Finanziarie S.r.l.	Turin	Italy	50,000,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Participations S.A.	Trappes	France	10,896,100	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Pension Trustee Ltd	Watford	United Kingdom	2	GBP	100.00	Iveco Holdings Limited Iveco Limited	50.000 50.000	
Iveco Poland Ltd.	Warsaw	Poland	46,974,500	PLN	100.00	Iveco S.p.A. Fiat Polska Sp. z o.o.	99.989 0.011	
Iveco Portugal-Comercio de Veiculos Industriais S.A.	Vila Franca de Xira	Portugal	15,962,000	EUR	100.00	Iveco S.p.A. Astra Veicoli Industriali S.p.A.	99.997 0.001	
Iveco (Schweiz) AG	Kloten	Switzerland	9,000,000	CHF	100.00	Iveco Nederland B.V.	100.000	
Iveco South Africa (Pty) Ltd.	Wadeville	South Africa	15,000,750	ZAR	100.00	Iveco S.p.A.	100.000	
Iveco Sud-West Nutzfahrzeuge GmbH	Mannheim-Neckarau	Germany	1,533,900	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Sweden A.B.	Arlov	Sweden	600,000	SEK	100.00	Iveco S.p.A.	100.000	
Iveco Trucks Australia Limited	Dandenong	Australia	47,492,260	AUD	100.00	Iveco S.p.A.	100.000	
Iveco Ukraine Inc.	Kiev	Ukraine	55,961,760	UAH	99.97	Iveco S.p.A.	99.968	
Iveco Venezuela C.A.	La Victoria	Venezuela	2,495,691,000	VEB	100.00	Iveco S.p.A.	100.000	
Iveco West Nutzfahrzeuge GmbH	Colonia	Germany	1,662,000	EUR	100.00	Iveco Magirus AG	100.000	
Karosa A.S.	Vyske Myto	Czech Republic	1,065,559,000	CZK	97.98	Iveco France	97.978	
Karosa r.s.o.	Bratislava	Slovak Republic	200,000	SKK	97.98	Karosa A.S.	100.000	
Lohr-Magirus Feuerwehrtechnik GmbH	Kainbach	Austria	1,271,775	EUR	95.00	Iveco Magirus Brandschutztechnik GmbH	95.000	
Mediterranea de Camiones S.L.	Valencia	Spain	48,080	EUR	100.00	Iveco España S.L.	100.000	
Officine Brennero S.p.A.	Trento	Italy	7,120,000	EUR	100.00	Iveco S.p.A.	100.000	
OOO Afin Leasing Vostok LLC	Moscow	Russia	50,000,000	EUR	100.00	Afin Leasing AG	100.000	
S.A. Iveco Belgium N.V.	Groot	Belgium	6,000,000	EUR	100.00	Iveco S.p.A. Iveco Nederland B.V.	99.983 0.017	
s.c. Afin Leasing IIn s.a.	Bucharest	Romania	2,063,200,000	RON	100.00	Afin Leasing AG	100.000	
s.c. Afin Trade Company S.r.l.	Bucharest	Romania	17,500	RON	100.00	Afin Leasing AG	100.000	
S.C.I. La Méditerranéenne	Vitrolles	France	248,000	EUR	100.00	Iveco France Société de Diffusion de Vehicules Industriels-SDVI S.A.S.	50.000 50.000	
Seddon Atkinson Vehicles Ltd	Oldham	United Kingdom	41,700,000	GBP	100.00	Iveco Holdings Limited	100.000	
Société Charolaise de Participations S.A.	Vénissieux	France	2,370,000	EUR	100.00	Iveco España S.L.	100.000	
Société de Diffusion de Vehicules Industriels-SDVI S.A.S.	Trappes	France	7,022,400	EUR	100.00	Iveco France	100.000	
Transolver Service S.A.	Madrid	Spain	610,000	EUR	100.00	Iveco Partecipazioni Finanziarie S.r.l.	100.000	
Transolver Service S.p.A.	Turin	Italy	1,989,000	EUR	100.00	Iveco Partecipazioni Finanziarie S.r.l.	100.000	
Transolver Services GmbH	Heilbronn	Germany	750,000	EUR	100.00	Iveco Partecipazioni Finanziarie S.r.l.	100.000	
UAB Afin Baltica (Lithuanian)	Vilnius	Lithuania	35,000	LTT	100.00	Afin Leasing AG	100.000	
Utilitaires & Vehicules Industriels Franciliens-UVIF SAS	La Garenne	France	1,067,500	EUR	100.00	Iveco France	100.000	
Zona Franca Alan Sepauto S.A.	Barcelona	Spain	520,560	EUR	51.87	Iveco España S.L.	51.867	
Z.H Energy S.A.S.	Fécamp	France	2,000,000	EUR	100.00	Iveco Participations S.A.	100.000	
Components								
Magneti Marelli Holding S.p.A.	Corbetta	Italy	254,324,998	EUR	99.99	Fiat S.p.A.	99.991	100.000
Automotive Lighting Brottrode GmbH	Meiningen	Germany	7,270,000	EUR	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Italia S.p.A.	Venaria Reale	Italy	2,000,000	EUR	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting LLC	Farmington Hills	U.S.A.	25,001,000	USD	99.99	Magneti Marelli Holding U.S.A. Inc.	100.000	
Automotive Lighting o.o.o.	Rijasan	Russia	36,875,663	RUR	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Polska Sp. z o.o.	Sosnowiec	Poland	83,500,000	PLN	99.99	Automotive Lighting Reutlingen GmbH Fiat Polska Sp. z o.o.	99.997 0.003	
Automotive Lighting Rear Lamps Espana S.A.	Linares del Valles	Spain	3,655,385	EUR	99.99	Automotive Lighting Rear Lamps Italia S.p.A.	100.000	
Automotive Lighting Rear Lamps France S.A.	Saint Denis	France	1,011,536	EUR	99.98	Automotive Lighting Rear Lamps Italia S.p.A.	99.992	
Automotive Lighting Rear Lamps Italia S.p.A.	Tolmezzo	Italy	10,000,000	EUR	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V.	El Marques Queretaro	Mexico	50,000	MXN	99.99	Magneti Marelli Holding U.S.A. Inc.	100.000	
Automotive Lighting Reutlingen GmbH	Reutlingen	Germany	1,330,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Automotive Lighting S.R.O.	Jihlava	Czech Republic	927,637,000	CZK	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting UK Limited	Cannock	United Kingdom	15,387,348	GBP	99.99	Magneti Marelli Holding S.p.A.	100.000	
Fiat CIEI S.p.A. in liquidation	Corbetta	Italy	220,211	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Industrial Yorka de Mexico S.A. de C.V.	Mexico City	Mexico	50,000	MXN	99.99	Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V. Industrial Yorka de Tepotzotlan S.A. de C.V.	98.000 2.000	

The companies of the Fiat Group

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Industrial Yorke de Tepotzotlan S.A. de C.V.	Mexico City	Mexico	50,000	MXN	99.99	Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V. Industrial Yorke de Mexico S.A. de C.V.	99.000	
Industrias Magneti Marelli Mexico S.A. de C.V.	Tepotzotlan	Mexico	50,000	MXN	99.99	Magneti Marelli Sistemas Electronicos Mexico S.A. Servicios Administrativos Corp. IPASA S.A.	99.998	0.002
Kadron S/A	Maua	Brazil	2,622,229	BRL	99.99	Magneti Marelli Sistemas Automotivos Industria e Comercio Ltda	100.000	
Magneti Marelli After Market S.p.A.	Turin	Italy	1,550,000	EUR	99.99	Magneti Marelli Holding S.p.A.	99.999	100.000
Magneti Marelli Argentina S.A.	Buenos Aires	Argentina	700,000	ARS	99.99	Magneti Marelli Holding S.p.A. Magneti Marelli France S.a.s.	95.000	5.000
Magneti Marelli Automotive Components (WUHU) Co. Ltd.	Anhui	People's Rep. of China	5,000,000	USD	99.99	Magneti Marelli Powertrain S.p.A.	100.000	
Magneti Marelli Copaf Companhia Fabricadora de Pecas	Santo Andre	Brazil	170,950,534	BRL	99.63	Magneti Marelli Holding S.p.A.	99.634	99.996
Magneti Marelli Components B.V. in liquidation	Amsterdam	The Netherlands	53,600,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Magneti Marelli Conjuntos de Escape S.A.	Buenos Aires	Argentina	12,000	ARS	99.99	Magneti Marelli Sistemi di Scarico S.p.A. Magneti Marelli Argentina S.A.	95.000	5.000
Magneti Marelli Deutschland GmbH in liquidation	Russelsheim	Germany	1,050,000	EUR	99.99	Magneti Marelli After Market S.p.A.	100.000	
Magneti Marelli do Brasil Industria e Comercio SA	Hortolandia	Brazil	40,568,427	BRL	99.86	Magneti Marelli Holding S.p.A.	99.872	99.990
Magneti Marelli Electronica SL	Barcelona	Spain	18,388,581	EUR	99.99	Magneti Marelli Iberica S.A.	100.000	
Magneti Marelli Elektronische Systeme GmbH	Heilbronn	Germany	100,000	EUR	99.99	Magneti Marelli Sistemi Elettronici S.p.A.	100.000	
Magneti Marelli Exhaust Systems Polska Sp. z o.o.	Sosnowiec	Poland	15,000,000	PLN	99.99	Magneti Marelli Sistemi di Scarico S.p.A. Fiat Polska Sp. z o.o.	99.993	0.007
Magneti Marelli France S.a.s.	Nanterre	France	42,672,960	EUR	99.99	Magneti Marelli Sistemi Elettronici S.p.A. Ulma S.A.S.	99.999	0.001
Magneti Marelli Guangzhou Motor Vehicle Instruments Co. Limited	Guangzhou	People's Rep. of China	8,100,000	USD	99.99	Magneti Marelli Sistemi Elettronici S.p.A.	100.000	
Magneti Marelli Holding U.S.A. Inc.	Wilmington	U.S.A.	10	USD	99.99	Magneti Marelli Holding S.p.A.	100.000	
Magneti Marelli Iberica S.A.	Sanpedro	Spain	18,099,776	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Magneti Marelli Motorpropulsion France SAS	Nanterre	France	10,692,500	EUR	99.99	Magneti Marelli Powertrain S.p.A.	100.000	
Magneti Marelli North America Inc.	Wilmington	U.S.A.	40,223,205	USD	99.63	Magneti Marelli Copaf Companhia Fabricadora de Pecas	100.000	
Magneti Marelli Poland S.A.	Sosnowiec	Poland	10,567,800	PLN	99.99	Magneti Marelli Holding S.p.A. Fiat Polska Sp. z o.o.	99.995	0.005
Magneti Marelli Powertrain GmbH	Russelsheim	Germany	100,000	EUR	99.99	Magneti Marelli Powertrain S.p.A.	100.000	
Magneti Marelli Powertrain (Shanghai) Co. Ltd.	Shanghai	People's Rep. of China	17,500,000	USD	99.99	Magneti Marelli Powertrain S.p.A.	100.000	
Magneti Marelli Powertrain S.p.A.	Corbetta	Italy	85,690,872	EUR	99.99	Magneti Marelli Holding S.p.A.	99.999	100.000
Magneti Marelli Powertrain U.S.A. LLC	Sanford	U.S.A.	25,000,000	USD	99.99	Magneti Marelli Holding U.S.A. Inc.	100.000	
Magneti Marelli Racing Ltd	Basildon	United Kingdom	10,000	GBP	99.99	Magneti Marelli Holding S.p.A.	100.000	
Magneti Marelli Sistemas Automotivos Industria e Comercio Ltda	Contagem	Brazil	196,634,874	BRL	99.99	Magneti Marelli Powertrain S.p.A. Automotive Lighting Reutlingen GmbH	66.111	33.889
Magneti Marelli Sistemas Electronicos Mexico S.A.	Tepotzotlan	Mexico	23,611,680	MXN	99.99	Magneti Marelli Sistemi Elettronici S.p.A.	100.000	
Magneti Marelli Sistemi di Scarico S.p.A.	Corbetta	Italy	20,000,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Magneti Marelli Sistemi Elettronici S.p.A.	Corbetta	Italy	74,897,548	EUR	99.99	Magneti Marelli Holding S.p.A.	99.999	100.000
Magneti Marelli South Africa (Proprietary) Limited	Johannesburg	South Africa	1,950,000	ZAR	99.99	Magneti Marelli Sistemi di Scarico S.p.A.	100.000	
Magneti Marelli Suspension Systems Bielsko Sp. z o.o.	Bielsko-Biala	Poland	70,050,000	PLN	99.99	Magneti Marelli Holding S.p.A.	100.000	
Magneti Marelli Suspension Systems Poland Sp. z o.o.	Sosnowiec	Poland	43,100,000	PLN	99.99	Magneti Marelli Holding S.p.A. Fiat Polska Sp. z o.o.	99.993	0.007
Magneti Marelli Tubos de Escape SL	Barcelona	Spain	10,154,256	EUR	99.99	Magneti Marelli Iberica S.A.	100.000	
Magneti Marelli U.K. Limited in liquidation	Cannock	United Kingdom	12,400,000	GBP	99.99	Magneti Marelli Holding S.p.A.	100.000	
Mako Elektrik Sarayı Ve Ticaret A.Ş.	Osmanqazi Bursa	Turkey	16,500,000	TRY	94.99	Magneti Marelli Holding S.p.A.	95.000	
Malaysian Automotive Lighting SDN. BHD	Penang	Malaysia	8,000,000	MYR	79.99	Automotive Lighting Reutlingen GmbH	80.000	
Servicios Administrativos Corp. IPASA S.A.	Col. Chapultepec	Mexico	1,000	MXN	99.99	Magneti Marelli Sistemas Electronicos Mexico S.A. Industrias Magneti Marelli Mexico S.A. de C.V.	99.990	0.010
Sistemi Sospensioni S.p.A.	Corbetta	Italy	60,500,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Tecnologia de Iluminacion Automotriz S.A. de C.V.	Chihuahua	Mexico	50,000	MXN	99.99	Automotive Lighting LLC	100.000	
Ulma S.A.S.	Nanterre	France	44,940	EUR	99.94	Magneti Marelli Holding S.p.A. Fiat Partecipazioni S.p.A.	64.967	34.980
Metallurgical Products								
Teksid S.p.A.	Turin	Italy	145,817,739	EUR	84.79	Fiat S.p.A.	84.791	
(*) CHONGQING MERIDIAN BoAo MAGNESIUM Co. Ltd.	Nanping	People's Rep. of China	3,000,000	USD	23.78	Meridian Technologies Inc.	55.000	
Compania Industrial Frontera S.A. de C.V.	Frontera	Mexico	50,000	MXN	84.79	Teksid Hierro de Mexico S.A. de C.V.	100.000	
Fonderie du Poitou Fonte S.A.S.	Ingrandes-sur-Vienne	France	26,958,464	EUR	84.79	Teksid S.p.A.	100.000	
Funfrap-Fundicao Portuguesa S.A.	Cacia	Portugal	13,697,550	EUR	70.89	Fonderie du Poitou Fonte S.A.S.	83.807	
(*) Magnesium Products of America Inc.	Eaton Rapids	U.S.A.	43,454,000	USD	43.24	Meridian Technologies Inc.	100.000	
(*) Magnesium Products of Italy S.r.l.	Verres	Italy	13,962,000	EUR	43.24	Magnesium Products of America Inc.	100.000	
(*) Meridian Deutschland GmbH	Stuttgart	Germany	25,600	EUR	43.24	Meridian Technologies Inc.	100.000	
(*) Meridian Technologies Inc.	Saint John	Canada	158,823,445	CAD	43.24	Teksid S.p.A.	31.450	19.550
(*) Meridian Technologies Japan Inc.	Saint John	Canada	6,210	CAD	43.24	Meridian Technologies Inc.	100.000	
(*) Shanghai Meridian Magnesium Products Company Limited	Shanghai	People's Rep. of China	12,000,000	USD	25.95	Meridian Technologies Inc.	60.000	
Teksid Acquisition Inc.	Toronto	Canada	63,700,001	CAD	84.79	Teksid S.p.A.	100.000	
Teksid do Brasil Ltda	Betim	Brazil	59,899,570	BRL	84.79	Teksid S.p.A.	100.000	
Teksid Hierro De Mexico Arrendadora S.A. de C.V.	Frontera	Mexico	497,690,000	MXN	84.79	Teksid S.p.A.	100.000	
Teksid Hierro de Mexico S.A. de C.V.	Frontera	Mexico	418,874,300	MXN	84.79	Teksid S.p.A.	100.000	
Teksid Inc.	Wilmington	U.S.A.	100,000	USD	84.79	Teksid S.p.A.	100.000	
Teksid Iron Poland Sp. z o.o.	Skoczow	Poland	115,678,500	PLN	84.79	Teksid S.p.A. Fiat Polska Sp. z o.o.	99.996	0.004
Production Systems								
Cornau S.p.A.	Grugliasco	Italy	100,000,000	EUR	100.00	Fiat S.p.A.	100.000	
Autodia International, Inc.	Grand Rapids	U.S.A.	1,000	USD	100.00	Cornau Pico Holdings Corporation	100.000	
Cornau France S.A.	Trappes	France	11,900,000	EUR	100.00	Cornau S.p.A.	100.000	
Cornau Argentina S.A.	Buenos Aires	Argentina	25,680	ARS	100.00	Cornau S.p.A. Cornau do Brasil Industria e Comercio Ltda.	44.688	0.031
Cornau Deutschland GmbH	Boblingen	Germany	1,330,000	EUR	100.00	Cornau S.p.A.	100.000	
Cornau do Brasil Industria e Comercio Ltda.	Betim	Brazil	29,312,653	BRL	100.00	Cornau S.p.A. Fiat do Brasil S.A.	99.999	0.001
Cornau Estil Uni.	Luton	United Kingdom	86,027,139	USD	100.00	Cornau S.p.A.	100.000	

(*) Assets held for sale.

The companies of the Fiat Group

Name	Registered office	Country	Capital stock Currency	% of Group consolidation Interest held by	% interest held	% of voting rights
Comau India Private Limited	Pune	India	58,435,020 INR	100.00 Comau S.p.A.	99.990	
				Comau Deutschland GmbH	0.010	
Comau Pico Expatriate, Inc.	Southfield	U.S.A.	1,000 USD	100.00 Comau Pico Holdings Corporation	100.000	
Comau Pico Holdings Corporation	New York	U.S.A.	100 USD	100.00 Comau S.p.A.	100.000	
Comau Pico laisa S.de R.L. de C.V.	Tepotzotlan	Mexico	3,000 MXN	100.00 Comau Pico Mexico S.de R.L. de C.V.	99.967	
				Comau S.p.A.	0.033	
Comau Pico Inc.	Southfield	U.S.A.	21,455 USD	100.00 Comau Pico Holdings Corporation	100.000	
Comau Pico Mexico S.de R.L. de C.V.	Tepotzotlan	Mexico	3,000 MXN	100.00 Comau S.p.A.	99.967	
				Comau Deutschland GmbH	0.033	
Comau Pico of Canada Inc.	Windsor	Canada	100 CAD	100.00 Comau Pico Inc.	100.000	
Comau Pico Pilex S.de R.L. de C.V.	Tepotzotlan	Mexico	3,000 MXN	100.00 Comau Pico Mexico S.de R.L. de C.V.	99.967	
				Comau S.p.A.	0.033	
Comau Pico Resources, Inc.	Southfield	U.S.A.	1,000 USD	100.00 Comau Pico Holdings Corporation	100.000	
Comau Pico Trebol S.de R.L. de C.V.	Tepotzotlan	Mexico	3,000 MXN	100.00 Comau Pico Mexico S.de R.L. de C.V.	99.967	
				Comau S.p.A.	0.033	
Comau Poland Sp. z o.o.	Bielsko-Biala	Poland	2,100,000 PLN	100.00 Comau S.p.A.	99.976	
				Fiat Polska Sp. z o.o.	0.024	
Comau Romania S.R.L.	Bihor	Romania	324,980 RON	100.00 Comau S.p.A.	100.000	
Comau Russia OOO	Moscow	Russia	4,770,225 RUR	100.00 Comau S.p.A.	99.000	
				Comau Deutschland GmbH	1.000	
Comau SA Body Systems (Pty) Ltd.	Uitenhage	South Africa	301 ZAR	100.00 Comau South Africa (Pty) Ltd.	100.000	
Comau SA Press Tools and Parts (Pty) Ltd.	Uitenhage	South Africa	100 ZAR	100.00 Comau SA Body Systems (Pty) Ltd.	100.000	
Comau SA Properties (Pty) Ltd.	Uitenhage	South Africa	100 ZAR	100.00 Comau SA Body Systems (Pty) Ltd.	100.000	
Comau Service Systems S.L.	Madrid	Spain	250,000 EUR	100.00 Comau S.p.A.	100.000	
Comau (Shanghai) Automotive Equipment Co. Ltd.	Shanghai	People's Rep. of China	1,000,000 USD	100.00 Comau S.p.A.	100.000	
Comau South Africa (Pty) Ltd.	Uitenhage	South Africa	1,001,001 ZAR	100.00 Comau S.p.A.	100.000	
Comau Sverige AB	Trollhattan	Sweden	5,000,000 SEK	100.00 Comau S.p.A.	100.000	
Mecanar S.A.	Urduliz	Spain	6,000,000 EUR	100.00 Comau S.p.A.	100.000	
Pico Europe, Inc.	Southfield	U.S.A.	1,000 USD	100.00 Comau S.p.A.	100.000	
Precision Pico Products Inc.	Plymouth	U.S.A.	1,000 USD	100.00 Comau Pico Holdings Corporation	100.000	
Services						
Business Solutions S.p.A.	Turin	Italy	4,791,396 EUR	100.00 Fiat S.p.A.	100.000	
(*) Building Services S.r.l.	Turin	Italy	90,000 EUR	51.00 Ingest Facility S.p.A.	51.000	
(*) Building Support S.r.l.	Turin	Italy	90,000 EUR	51.00 Building Services S.r.l.	100.000	
Business Solutions Argentina S.A.	Buenos Aires	Argentina	845,860 ARS	100.00 Fiat do Brasil S.A.	99.990	
				Fiat Auto Argentina S.A.	0.010	
Business Solutions Polska Sp. z o.o.	Bielsko-Biala	Poland	3,600,000 PLN	100.00 Business Solutions S.p.A.	99.986	
				Fiat Polska Sp. z o.o.	0.014	
eSPIN S.p.A.	Turin	Italy	1,000,000 EUR	100.00 Business Solutions S.p.A.	100.000	
Fiat Argentina S.A.	Buenos Aires	Argentina	4,446,257 ARS	100.00 Fiat Partecipazioni S.p.A.	90.961	
				Fiat do Brasil S.A.	9.029	
				SGR-Sociedad para la Gestion de Riesgos S.A.	0.009	
				Fiat Auto Argentina S.A.	0.001	
Fiat do Brasil S.A.	Nova Lima	Brazil	28,513,780 BRL	100.00 Fiat Partecipazioni S.p.A.	99.998	
				Fiat Gesco S.p.A.	0.002	
Fiat Finance et Services S.A.	Trappes	France	3,700,000 EUR	100.00 Business Solutions S.p.A.	99.997	
				Fiat Partecipazioni S.p.A.	0.001	
Fiat GES.CO. Belgium N.V.	Zedelgem	Belgium	62,500 EUR	100.00 Fiat U.K. Limited	99.960	
				Fiat Gesco S.p.A.	0.040	
Fiat Gesco S.p.A.	Turin	Italy	3,600,000 EUR	100.00 Business Solutions S.p.A.	100.000	
Fiat GmbH	Ulm	Germany	200,000 EUR	100.00 Fiat Gesco S.p.A.	100.000	
Fiat Iberica S.A.	Madrid	Spain	2,797,054 EUR	100.00 Fiat Gesco S.p.A.	100.000	
Fiat Servizi per l'Industria S.c.p.a.	Turin	Italy	1,652,669 EUR	99.38 Fiat Partecipazioni S.p.A.	51.000	
				Fiat Auto S.p.A.	25.500	
				Iveco S.p.A.	6.000	
				Fiat S.p.A.	5.000	
				CNH Italia s.p.a.	3.000	
				Teksid S.p.A.	2.000	
				Comau S.p.A.	1.500	
				C.R.F. Società Consortile per Azioni	1.500	
				Edifrice La Stampa S.p.A.	1.500	
				Fiat Gesco S.p.A.	1.500	
				Magnoli Marelli Holding S.p.A.	1.500	
Fiat U.K. Limited	Basildon	United Kingdom	750,000 GBP	100.00 Fiat Gesco S.p.A.	100.000	
(*) Ingest Facility Polska Sp. z o.o.	Bielsko-Biala	Poland	500,000 PLN	100.00 Ingest Facility S.p.A.	100.000	
(*) Ingest Facility S.p.A.	Turin	Italy	1,700,000 EUR	100.00 Business Solutions S.p.A.	100.000	
ITS-GSA FiatGroup France S.A.S.	Trappes	France	1,737,440 EUR	100.00 Fiat Finance et Services S.A.	100.000	
ITS-GSA Deutschland GmbH	Ulm	Germany	25,000 EUR	100.00 Fiat GmbH	100.000	
ITS-GSA U.K. Limited	Walford	United Kingdom	50,000 GBP	100.00 Fiat U.K. Limited	100.000	
KeyG Consulting S.p.A.	Turin	Italy	167,352 EUR	60.00 Fiat Gesco S.p.A.	60.000	
Risk Management S.p.A.	Turin	Italy	120,000 EUR	100.00 Business Solutions S.p.A.	100.000	
Sadł Polska-Agencja Celna Sp. z o.o.	Bielsko-Biala	Poland	500,000 PLN	100.00 Servizi e Attività Doganali per l'Industria S.p.A.	99.800	
				Fiat Polska Sp. z o.o.	0.200	
Servizi e Attività Doganali per l'Industria S.p.A.	Turin	Italy	520,000 EUR	100.00 Fiat Gesco S.p.A.	100.000	
Telexis do Brasil Ltda.	Nova Lima	Brazil	1,400 BRL	100.00 Fiat do Brasil S.A.	99.929	
				Fiat Financas Brasil Ltda	0.071	
Publishing and Communications						
Itedi-Italiana Edizioni S.p.A.	Turin	Italy	5,980,000 EUR	100.00 Fiat S.p.A.	100.000	
BMI S.p.A.	Genoa	Italy	124,820 EUR	58.00 Itedi-Italiana Edizioni S.p.A.	58.004	
Edifrice La Stampa S.p.A.	Turin	Italy	4,160,000 EUR	100.00 Itedi-Italiana Edizioni S.p.A.	100.000	
La Stampa Europe SAS	Paris	France	18,600,000 EUR	100.00 Itedi-Italiana Edizioni S.p.A.	100.000	
Publikompass S.p.A.	Milan	Italy	3,068,000 EUR	100.00 Itedi-Italiana Edizioni S.p.A.	100.000	

(*) Assets held for sale.

The companies of the Fiat Group

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation Interest held by	% interest held	% of voting rights
Holding companies and Other companies							
Centro Ricerche Plast-Optica S.p.A.	Amaro	Italy	1,033,000	EUR	75.13 C.R.F. Società Consortile per Azioni Automotive Lighting Rear Lamps Italia S.p.A.	51.000 24.500	
C.R.F. Società Consortile per Azioni	Orbassano	Italy	45,000,000	EUR	99.29 Fiat Partecipazioni S.p.A. Fiat Auto S.p.A. Iveco S.p.A. Magnetit Marelli Holding S.p.A. Fiat Powertrain Technologies SpA CNH Italia s.p.a. Comau S.p.A. Teksid S.p.A. Ferrari S.p.A.	52.061 17.478 9.987 7.490 4.994 2.497 2.497 2.497 0.499	
Deposito Avogadro S.r.l.	Turin	Italy	100,000	EUR	100.00 Fiat Partecipazioni S.p.A.	100.000	
Elastis-Società Consortile per Azioni	Pomigliano d'Arco	Italy	20,000,000	EUR	98.93 Fiat Auto S.p.A. C.R.F. Società Consortile per Azioni CNH Italia s.p.a. Fiat Powertrain Technologies SpA Iveco S.p.A. Comau S.p.A. Magnetit Marelli Holding S.p.A. Fiat Partecipazioni S.p.A. Ferrari S.p.A. Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni Fiat S.p.A.	51.000 27.933 6.800 5.000 3.300 1.500 1.500 1.450 1.100 0.250 0.167	
Fahaq Immobilien-und Finanz-Gesellschaft AG	Zurich	Switzerland	500,000	CHF	100.00 IHF-Internazionale Holding Fiat S.A.	100.000	
Fast Buyer France S.a.r.l.	Trappes	France	7,700	EUR	100.00 Fast-Buyer S.p.A.	100.000	
Fast-Buyer S.p.A.	Turin	Italy	500,000	EUR	100.00 Fiat Partecipazioni S.p.A.	100.000	
Fiat Attività Immobiliari S.p.A.	Turin	Italy	65,700,000	EUR	100.00 Fiat Partecipazioni S.p.A.	100.000	
Fiat Auto Holdings B.V. in liquidatie	Amsterdam	The Netherlands	1,000,000	EUR	100.00 Fiat Partecipazioni S.p.A.	100.000	
Fiat Financas Brasil Ltda	Nova Lima	Brazil	2,469,701	BRL	100.00 Fiat Finance S.p.A. Fiat do Brasil S.A.	99.994 0.006	
Fiat Finance and Trade Ltd	Luxembourg	Luxembourg	251,494,000	EUR	100.00 Fiat Finance S.p.A. Fiat Finance Canada Ltd.	99.993 0.007	
Fiat Finance Canada Ltd.	Calgary	Canada	10,099,885	CAD	100.00 Fiat Finance S.p.A.	100.000	
Fiat Finance Luxembourg S.A.	Luxembourg	Luxembourg	100,000	USD	100.00 Intermap (Nederland) B.V. Fiat Netherlands Holding N.V.	99.000 1.000	
Fiat Finance North America Inc.	Wilmington	U.S.A.	40,090,010	USD	100.00 Fiat Finance S.p.A. Fiat S.p.A.	60.526 39.474	
Fiat Finance S.p.A.	Turin	Italy	224,440,000	EUR	100.00 Fiat S.p.A.	100.000	
Fiat Information & Communication Services società consortile per azioni	Turin	Italy	800,000	EUR	98.06 Fiat S.p.A. CNH Italia s.p.a. Fiat Auto S.p.A. Iveco S.p.A. Comau S.p.A. Ferrari S.p.A. Fiat Gesco S.p.A. Itedi-Italiana Edizioni S.p.A. Magnetit Marelli Holding S.p.A. Teksid S.p.A. Fiat Partecipazioni S.p.A.	51.000 10.000 10.000 10.000 3.000 3.000 3.000 3.000 3.000 3.000 1.000	
Fiat Netherlands Holding N.V.	Amsterdam	The Netherlands	2,610,397,295	EUR	100.00 Fiat S.p.A. Fiat Partecipazioni S.p.A.	60.563 39.437	
Fiat Partecipazioni S.p.A.	Turin	Italy	306,158,302	EUR	100.00 Fiat S.p.A.	100.000	
Fiat Partecipazioni (U.K.) Limited	London	United Kingdom	860,000	GBP	100.00 Fiat Partecipazioni S.p.A.	100.000	
Fiat Polska Sp. z o.o.	Warsaw	Poland	25,500,000	PLN	100.00 Fiat Auto Poland S.A. Magnetit Marelli Suspension Systems Poland Sp. z o.o. Automotive Lighting Polska Sp. z o.o. Magnetit Marelli Exhaust Systems Polska Sp. z o.o. Magnetit Marelli Poland S.A. Teksid Iron Poland Sp. z o.o. Business Solutions Polska Sp. z o.o. CNH Polska Sp. z o.o. Comau Poland Sp. z o.o. Iveco Poland Ltd. Sadi Polska-Agencja Celna Sp. z o.o. Sirio Polska Sp. z o.o.	99.907 0.029 0.012 0.010 0.010 0.010 0.010 0.002 0.002 0.002 0.002 0.002 0.002	
Fiat Servizi S.A.	Paradiso	Switzerland	100,000	CHF	100.00 IHF-Internazionale Holding Fiat S.A.	100.000	
Fiat U.S.A. Inc.	New York	U.S.A.	16,830,000	USD	100.00 Fiat S.p.A.	100.000	
Fiat-Revisione Interna S.c.r.l.	Turin	Italy	300,000	EUR	98.37 Fiat S.p.A. Fiat Auto S.p.A. CNH Global N.V. Iveco S.p.A. Comau S.p.A. Ferrari S.p.A. Fiat Gesco S.p.A. Fiat Powertrain Technologies SpA Itedi-Italiana Edizioni S.p.A. Magnetit Marelli Holding S.p.A. Maserati S.p.A. Teksid S.p.A. Fiat Finance S.p.A. Fiat Partecipazioni S.p.A.	51.000 15.000 10.000 6.000 2.000 2.000 2.000 2.000 2.000 2.000 2.000 2.000 2.000 1.000 1.000	

The companies of the Fiat Group

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
IHF-Internazionale Holding Fiat S.A.	Lugano	Switzerland	100,000,000	CHF	100.00	Fiat S.p.A.	100.000	
Intermap (Nederland) B.V.	Amsterdam	The Netherlands	200,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	Turin	Italy	300,000	EUR	99.23	Fiat Partecipazioni S.p.A. Fiat Auto S.p.A. Iveco S.p.A. CNH Italia s.p.a. Comau S.p.A. Fiat Gesco S.p.A. Fiat Powertrain Technologies SpA Fiat S.p.A. Magnetit Marelli Holding S.p.A. Teksid S.p.A.	51.000 16.000 12.000 3.000 3.000 3.000 3.000 3.000 3.000 3.000	
Neptunia Assicurazioni Maritime S.A.	Lausanne	Switzerland	10,000,000	CHF	100.00	Rimaco S.A.	100.000	
New Business 7 S.p.A.	Turin	Italy	11,899,524	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
New Business 8 S.p.A.	Turin	Italy	1,437,210	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Rimaco S.A.	Lausanne	Switzerland	350,000	CHF	100.00	IHF-Internazionale Holding Fiat S.A.	100.000	
SIRIO - Sicurezza Industriale Società consortile per azioni	Turin	Italy	120,000	EUR	92.99	Fiat Partecipazioni S.p.A. Fiat Auto S.p.A. Iveco S.p.A. Fiat Powertrain Technologies SpA Magnetit Marelli Powertrain S.p.A. Comau S.p.A. Fiat S.p.A. Ferrari S.p.A. Teksid S.p.A. Irisbus Italia S.p.A. Fiat Gesco S.p.A. Sistemi Sospensioni S.p.A. C.R.F. Società Consortile per Azioni New Holland Kobelco Construction Machinery S.p.A. Fiat Servizi per l'Industria S.c.p.a. Fiat Finance S.p.A. Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azion Magnetit Marelli Sistemi Elettronici S.p.A. Fidis S.p.A. CNH Italia s.p.a. Automotive Lighting Italia S.p.A. Editrice La Stampa S.p.A. Elasis-Società Consortile per Azioni Ingest Facility S.p.A. Magnetit Marelli Sistemi di Scarico S.p.A. Astra Veicoli Industriali S.p.A. Fiat Information & Communication Services società consortile per azioni Servizi e Attività Doganali per l'Industria S.p.A. Magnetit Marelli Holding S.p.A. Fiat Purchasing Italia S.r.l. Fiat-Revisione Interna S.c.r.l. Iveco Mezzi Speciali S.p.A. Fiat Center Italia S.p.A. eSPIN S.p.A. Fast-Buyer S.p.A. Itedi-Italiana Edizioni S.p.A. Maserati S.p.A. New Business 16 S.p.A. a socio unico Orione-Società Industriale per la Sicurezza e la Vigilanza Consortile per Azion PDL Services S.r.l. Risk Management S.p.A. Sisport Fiat S.p.A. - Società sportiva dilettantistica Automotive Lighting Rear Lamps Italia S.p.A. Easy Drive S.r.l. Fiat Attività Immobiliari S.p.A.	57.177 17.415 4.583 2.356 1.159 0.751 0.729 0.664 0.622 0.593 0.551 0.535 0.535 0.503 0.449 0.449 0.438 0.325 0.237 0.233 0.233 0.233 0.233 0.218 0.103 0.103 0.091 0.063 0.061 0.061 0.045 0.040 0.040 0.039 0.039 0.039 0.039 0.039 0.022 0.022	
Sisport Fiat S.p.A. - Società sportiva dilettantistica	Turin	Italy	2,720,800	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Jointly-controlled entities accounted for using the proportional consolidation								
Powertrain Technologies								
Fiat-GM Powertrain Polska Sp. z o.o.	Bielsko-Biala	Poland	220,100,000	PLN	50.00	Fiat Powertrain Technologies SpA	50.000	
Jointly-controlled entities accounted for using the equity method								
Automobiles (**)								
Fiat Auto Financial Services S.p.A.	Turin	Italy	700,000,000	EUR	50.00	Fiat Auto S.p.A.	50.000	
FAL Fleet Services S.A.S.	Trappes	France	3,000,000	EUR	50.00	Fidis Servizi Finanziari S.p.A.	100.000	
FC France S.A.	Trappes	France	11,380,000	EUR	50.00	Fiat Auto Financial Services S.p.A.	99.999	
Fiat Auto Contracts Ltd	Slough Berkshire	United Kingdom	16,000,000	GBP	50.00	Fidis Servizi Finanziari S.p.A.	100.000	
Fiat Auto Financial Services (Wholesale) Ltd.	Slough Berkshire	United Kingdom	3,500,000	GBP	50.00	Fidis Servizi Finanziari S.p.A.	100.000	
Fiat Auto Financial Services Limited	Slough Berkshire	United Kingdom	10,250,000	GBP	50.00	Fiat Auto Financial Services S.p.A.	100.000	
Fiat Auto Lease N.V.	Amsterdam	The Netherlands	454,000	EUR	50.00	Fidis Servizi Finanziari S.p.A.	100.000	
Fiat Bank GmbH	Heilbronn	Germany	39,600,000	EUR	50.00	Fiat Auto Financial Services S.p.A.	100.000	
Fiat Bank Polska S.A.	Warsaw	Poland	125,000,000	PLN	50.00	Fiat Bank GmbH	100.000	
Fiat Credit Belgio S.A.	Evere	Belgium	3,718,500	EUR	50.00	Fidis Servizi Finanziari S.p.A. Fidis Nederland B.V.	99.999 0.001	
Fiat Credit Hellas Commercial S.A. of Vehicles	Argyroupoli	Greece	600,000	EUR	50.00	Fiat Auto Financial Services S.p.A.	100.000	
Fiat Distribuidora Portugal S.A. (***)	Alges	Portugal	450,300	EUR	100.00	Fiat Auto Portuguesa S.A.	100.000	
Fiat Finance Holding S.A.	Luxembourg	Luxembourg	2,300,000	EUR	50.00	Fidis Servizi Finanziari S.p.A. Fidis Nederland B.V.	99.995 0.005	
Fiat Finance S.A.	Luxembourg	Luxembourg	9,900,000	EUR	50.00	Fiat Auto Financial Services S.p.A. Fidis Finance (Suisse) S.A.	99.995 0.005	

(**) The Fiat Group consolidated financial statements include the valuation by the equity method of the FAFS Group, which comprises FAFS S.p.A. and its subsidiaries listed below.

(***) At December 31, 2006, a subsidiary in accordance with article 2359 of the Italian Civil Code, qualified as a jointly-controlled entity for financial statements purpose, following the agreement with the partner Sofinco (Crédit Agricole Group).

The companies of the Fiat Group

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation Interest held by	% interest held	% of voting rights
Fiat Finansiering A/S	Glostrup	Denmark	13,000,000	DKK	50.00 Fiat Auto Financial Services S.p.A.	100.00	
Fiat Handlerservice GmbH (***)	Heilbronn	Germany	5,100,000	EUR	100.00 Fiat Automobil AG	100.00	
Fidis Credit Danmark A/S (***)	Glostrup	Denmark	500,000	DKK	100.00 Fiat Finance Netherlands B.V.	100.00	
Fidis Dealer Services B.V. (***)	Utrecht	The Netherlands	698,000	EUR	100.00 Fiat Auto Nederland B.V.	100.00	
Fidis Finance (Suisse) S.A.	Schlieren	Switzerland	24,100,000	CHF	50.00 Fiat Auto Financial Services S.p.A.	100.00	
Fidis Finance Polska Sp. z o.o.	Warsaw	Poland	10,000,000	PLN	50.00 Fidis Serviz Finanziari S.p.A.	100.00	
Fidis Insurance Consultants SA	Argyroupoli	Greece	60,000	EUR	49.99 Fiat Credit Hellas Commercial S.A. of Vehicles	99.975	
Fidis Leasing GmbH	Vienna	Austria	40,000	EUR	50.00 Fiat Auto Financial Services S.p.A.	100.00	
Fidis Leasing Polska Sp. z o.o.	Warsaw	Poland	12,500,000	PLN	50.00 Fiat Auto Financial Services S.p.A.	100.00	
Fidis Nederland B.V.	Utrecht	The Netherlands	3,085,800	EUR	50.00 Fiat Auto Financial Services S.p.A.	100.00	
Fidis Retail Financial Services (Ireland) PLC	Dublin	Ireland	100,007	EUR	50.00 Fiat Auto Financial Services S.p.A.	99.994	
Fidis Retail IFIC SA	Alpes	Portugal	10,000,000	EUR	50.00 Fiat Auto Financial Services S.p.A.	100.00	
Fidis Retail Portugal Aluquer de Veiculos S.A.	Alpes	Portugal	60,000	EUR	50.00 Fiat Auto Financial Services S.p.A.	100.00	
Fidis Serviz Finanziari S.p.A.	Turin	Italy	80,349,266	EUR	50.00 Fiat Auto Financial Services S.p.A.	100.00	
Firplus Renting S.A.	Alcala De Henares	Spain	2,225,884	EUR	50.00 Fidis Serviz Finanziari S.p.A.	100.00	
FL Auto Snc	Trappes	France	8,954,581	EUR	50.00 FC France S.A.	99.998	
FL Location SNC	Paris	France	76,225	EUR	49.99 FC France S.A.	99.980	
Leseye S.p.A. a socio unico	Fiumicino	Italy	77,499,400	EUR	50.00 Fidis Serviz Finanziari S.p.A.	100.00	
Saverent Società per Azioni a Socio Unico	Turin	Italy	21,000,000	EUR	50.00 Fidis Serviz Finanziari S.p.A.	100.00	
TarCredit E.F.C. S.A.	Alcala De Henares	Spain	16,671,569	EUR	50.00 Fiat Auto Financial Services S.p.A.	100.00	
Tarfin S.A.	Schlieren	Switzerland	500,000	CHF	50.00 Fidis Serviz Finanziari S.p.A.	100.00	
Targays Stock SA (***)	Alcala De Henares	Spain	5,108,799	EUR	100.00 Fiat Auto España S.A.	100.00	
Sofize-Société de Financement des Concessionnaires s.a.s. (***)	Trappes	France	3,353,600	EUR	100.00 Fiat France	100.00	
G.E.I.E. Gisewel	Paris	France	15,200	EUR	50.00 Fiat France	50.000	
G.E.I.E.-Sevelind	Paris	France	15,200	EUR	50.00 Fiat France	50.000	
Nan Jing Fiat Auto Co. Ltd.	Nanjing	People's Rep. of China	1,409,469,782	CNY	50.00 Fiat Auto S.p.A.	50.000	
Società Europea Veicoli Leggeri-Sevel S.p.A.	Atessa	Italy	68,640,000	EUR	50.00 Fiat Auto S.p.A.	50.000	
Société Européenne de Véhicules Légers du Nord-Sevelnord Société Anonyme	Paris	France	80,325,000	EUR	50.00 Fiat France	50.000	
Tofas-Turk Otomobil Fabrikasi Tofas A.S.	Levent	Turkey	500,000,000	TRY	37.86 Fiat Auto S.p.A.	37.856	
Agricultural and Construction Equipment							
Case Mexico S.A. de C.V.	San Pedro	Mexico	810,000	MXN	44.86 CNH de Mexico SA de CV	100.000	
Case Special Excavators N.V.	Zedelgem	Belgium	1,100,000	EUR	44.86 CNH Global N.V.	50.000	
CNH Comercial, SA de C.V.	San Pedro	Mexico	160,050,000	MXN	44.86 CNH de Mexico SA de CV	100.000	
CNH de Mexico SA de CV	San Pedro	Mexico	165,276,000	MXN	44.86 CNH Global N.V.	50.000	
CNH Industrial, S.A. de C.V.	San Pedro	Mexico	200,050,000	MXN	44.86 CNH de Mexico SA de CV	100.000	
CNH Servicios Comerciales, S.A. de C.V.	San Pedro	Mexico	50,000,000	MXN	43.96 CNH Global N.V.	49.000	
CNH Servicios Corporativos S.A. de C.V.	San Pedro	Mexico	375,000	MXN	44.86 CNH de Mexico SA de CV	99.999	
Consolidated Diesel Company	Whitakers	U.S.A.	100	USD	44.86 CNH Engine Corporation	50.000	
LBX Company LLC	Wilmington	U.S.A.	0	USD	44.86 Case LBX Holdings Inc.	50.000	
L&T-Case Equipment Private Limited	Mumbai	India	240,100,000	INR	44.86 CNH America LLC	50.000	
Megavolt L.P. L.L.L.P.	Wilmington	U.S.A.	500,000	USD	35.88 CNH America LLC	40.000	
New Holland HFT Japan Inc.	Sapporo	Japan	240,000,000	JPY	44.86 CNH Global N.V.	50.000	
New Holland Trakmak Traktor A.S.	Izmir	Turkey	800,000	TRY	33.64 CNH Global N.V.	37.500	
Turk Traktor Ve Ziraat Makinaleri A.S.	Ankara	Turkey	47,000,000	TRY	33.64 CNH Global N.V.	37.500	
Trucks and Commercial Vehicles							
Iveco Fiat - Oto Melara Società consortile r.l.	Rome	Italy	40,000	EUR	50.00 Iveco S.p.A.	50.000	
Naveco Ltd.	Nanjing	People's Rep. of China	2,527,000,000	CNY	50.00 Iveco S.p.A.	50.000	
SAIC IVECO Commercial Vehicle Investment Company Limited	Shanghai	People's Rep. of China	50,000,000	USD	50.00 Iveco S.p.A.	50.000	
Transolver Finance Establecimiento Financiero de Credito S.A.	Madrid	Spain	9,315,500	EUR	50.00 Iveco S.p.A.	50.000	
Components							
Gestamp Marelli Autochassis S.L.	Barcelona	Spain	2,000,000	EUR	50.00 Sistemi Sospensioni S.p.A.	50.000	
Metallurgical Products							
Hua Dong Teksid Automotive Foundry Co. Ltd.	Zhenjiang-Jangsu	People's Rep. of China	346,637,050	CNY	42.40 Teksid S.p.A.	50.000	
Subsidiaries accounted for using the equity method							
Automobiles							
Alfa Romeo Inc.	Orlando	U.S.A.	3,000,000	USD	100.00 Fiat Auto S.p.A.	100.000	
Alfa Romeo Motors Ltd.	Bangkok	Thailand	160,000,000	THB	100.00 Fiat Auto S.p.A.	99.999	
Auto Italia Erfurt GmbH in liquidation	Erfurt	Germany	2,985,000	EUR	100.00 Fiat Automobil Vertriebs GmbH	100.000	
F.A. Austria Commerz GmbH	Vienna	Austria	37,000	EUR	100.00 Fiat Auto (Suisse) S.A.	100.000	
Fiat Auto Egypt Industrial Company SAE	Giza	Egypt	50,000,000	EGP	80.40 Fiat Auto S.p.A.	80.400	
Fiat Auto Egypt S.A.E.	Giza	Egypt	5,000,000	EGP	79.80 Fiat Auto Egypt Industrial Company SAE	99.000	
Fiat Auto S.A. de Ahorro para Fines Determinados	Buenos Aires	Argentina	24,535,149	ARS	100.00 Fiat Auto Argentina S.A.	100.000	
Fiat Auto Thailand Pvt. Ltd.	Bangkok	Thailand	276,000,000	THB	100.00 Fiat Auto S.p.A.	100.000	
Italcara SA	Casablanca	Morocco	28,000,000	MAD	99.94 Fiat Auto Maroc S.A.	99.986	
Sinio Polska Sp. z o.o.	Bielsko-Biala	Poland	1,350,000	PLN	100.00 Fiat Auto Poland S.A.	99.963	
					Fiat Polska Sp. z o.o.	0.037	
Zao Zernoproductpromsnabmechanizatsija	Nizhnyj Novgorod	Russia	24,660,000	RUR	73.14 Fiat Auto S.p.A.	73.139	73.127
Ferrari							
Ferrari Financial Services, Inc.	Wilmington	U.S.A.	1,000	USD	76.50 Ferrari Financial Services S.p.A.	100.000	
Agricultural and Construction Equipment							
Farmers New Holland Inc.	Wilmington	U.S.A.	800,000	USD	89.71 CNH America LLC	100.000	
Medicine Hat New Holland Ltd.	Ottawa	Canada	926,783	CAD	71.59 CNH Canada, Ltd.	79.800	
Memphis New Holland Inc.	Wilmington	U.S.A.	487,600	USD	86.79 CNH America LLC	96.739	
Northside New Holland Inc.	Wilmington	U.S.A.	250,000	USD	69.97 CNH America LLC	78.000	
Ridgeview New Holland Inc.	Wilmington	U.S.A.	534,000	USD	61.79 CNH America LLC	68.876	
Southside New Holland Tractor & Equipment, Inc.	Wilmington	U.S.A.	325,000	USD	89.71 CNH America LLC	100.000	
Sunrise Tractor & Equipment Inc.	Wilmington	U.S.A.	875,000	USD	70.85 CNH America LLC	78.971	
Tri-County New Holland Inc.	Wilmington	U.S.A.	400,000	USD	89.71 CNH America LLC	100.000	
Trucks and Commercial Vehicles							
Altra S.p.A.	Genoa	Italy	516,400	EUR	100.00 Iveco S.p.A.	100.000	
F. Pegaso S.A.	Madrid	Spain	993,045	EUR	100.00 Iveco España S.L.	100.000	
Financière Pegaso France S.A.	Trappes	France	260,832	EUR	100.00 Iveco España S.L.	100.000	

(***) At December 31, 2006, a subsidiary in accordance with article 2359 of the Italian Civil Code, qualified as a jointly-controlled entity for financial statements purpose, following the agreement with the partner Sofinco (Crédit Agricole Group).

The companies of the Fiat Group

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Iveco Colombia Ltda.	Santa Fe' de Bogota	Colombia	7,596,249,000	COP	100.00	Iveco Venezuela C.A. Iveco Latin America Ltda	99.990 0.010	
Iveco Plan S.A. de Ahorro para fines determinados	Buenos Aires	Argentina	153,000	ARS	100.00	Iveco Argentina S.A. Fiat Argentina S.A.	99.600 0.400	
Iveco S.P.R.L.	Kinshasa	Congo (Dem. Rep. Congo)	340,235,000	CDF	100.00	Iveco S.p.A. Astra Veicoli Industriali S.p.A.	99.992 0.008	
Components								
Cofap Fabricadora de Peças Ltda	Santo Andre	Brazil	62,838,291	BRL	68.26	Magneti Marelli do Brasil Industria e Comercio SA	68.350	
Seima Italiana Auto Svet	Krasnig Okljabr Kirz	Russia	14,574,000	RUR	99.99	Automotive Lighting o.o.o. Automotive Lighting Reutlingen GmbH	99.167 0.833	
Production Systems								
Comau AGS S.p.A.	Grugliasco	Italy	1,000,000	EUR	100.00	Comau S.p.A.	100.000	
Comau Service U.K. Ltd	Watford	United Kingdom	260,000	GBP	100.00	Comau S.p.A.	100.000	
Services								
Cromos Consulenza e Formazione S.r.l. in liquidation	Turin	Italy	13,000	EUR	76.00	Business Solutions S.p.A.	76.000	
Holding companies and Other companies								
Centro Studi sui Sistemi di Trasporto-CSSST S.p.A.	Turin	Italy	520,000	EUR	89.92	Fiat Auto S.p.A. Iveco S.p.A. C.R.F. Società Consortile per Azioni	49.000 30.000 11.000	
European Engine Alliance EEIG	Basildon	United Kingdom	0	GBP	63.24	CNH U.K. Limited Iveco S.p.A.	33.333 33.333	
Fiat (China) Business Co., Ltd	Beijing	People's Rep. of China	500,000	USD	100.00	Fiat Partecipazioni S.p.A.	100.000	
Isvor Dealernet S.r.l. in liquidation	Turin	Italy	10,000	EUR	99.39	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni Fiat Auto S.p.A.	80.000 20.000	
SGR-Sociedad para la Gestion de Riesgos S.A.	Buenos Aires	Argentina	10,000	ARS	99.96	Rimaco S.A.	99.960	
Sistemi Ambientali S.p.A. in liquidation	Rivoli	Italy	9,544,080	EUR	99.79	Fiat Partecipazioni S.p.A.	99.785	
Subsidiaries valued at cost								
Automobiles								
Fiat Auto Espana Marketing Instituto Agrupacion de Interes Economico Alcala De Henares	Spain	Spain	30,051	EUR	95.00	Fiat Auto España S.A.	95.000	
Fiat Auto Marketing Institute (Portugal) ACE	Alges	Portugal	15,000	EUR	80.00	Fiat Auto Portuguesa S.A.	80.000	
New Business 21 S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Auto S.p.A.	100.000	
New Business 22 S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Auto S.p.A.	100.000	
New Business 23 S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Auto S.p.A.	100.000	
New Business 24 S.p.A.	Turin	Italy	120,000	EUR	100.00	Fiat Auto S.p.A.	100.000	
Nuove Iniziative Finanziarie 2 S.r.l.	Turin	Italy	25,000	EUR	100.00	Fiat Auto S.p.A. Fidis S.p.A.	99.000 1.000	
(*) Powertrain India Pvt. Ltd. in liquidation	Mumbai	India	101,000	INR	100.00	Fiat India Automobiles Private Limited	100.000	
Ferrari								
Scuderia Ferrari Club S.c. a r.l.	Maranello	Italy	105,000	EUR	81.47	Ferrari S.p.A.	95.848	
Agricultural and Construction Equipment								
Case Credit Wholesale Pty. Limited	St. Marys	Australia	347,750	AUD	89.71	CNH Australia Pty Limited	100.000	
Fermac North America Inc.	Wilmington	U.S.A.	5	USD	89.71	CNH America LLC	100.000	
International Harvester Company	Wilmington	U.S.A.	1,000	USD	89.71	CNH America LLC	100.000	
J.I. Case Company Limited	Basildon	United Kingdom	2	GBP	89.71	Case United Kingdom Limited	100.000	
Trucks and Commercial Vehicles								
Consorzio per la Formazione Commerciale Iveco-Colofma	Turin	Italy	51,646	EUR	59.92	Iveco S.p.A. Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	50.000 10.000	
Iran Magirus-Deutz	Teheran	Iran	180,000,000	IRR	100.00	Iveco Magirus AG	100.000	
Irisbus North America Limited Liability Company	Las Vegas	U.S.A.	20,000	USD	100.00	Iveco France	100.000	
Iveco Motors of China Limited	Shanghai	People's Rep. of China	300,000	USD	100.00	Iveco S.p.A.	100.000	
M.R. Fire Fighting International S.A.	Brasov	Romenia	35,000,000	RON	75.88	Iveco Magirus Brandschutztechnik GmbH Brandschutztechnik Gortitz GmbH Iveco Magirus Fire Fighting GmbH	74.000 1.000 1.000	
Components								
Automotive Lighting Japan K.K.	Kohoku-Ku-Yokohama	Japan	10,000,000	JPY	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Electromechanical Racing S.r.l.	Corbeta	Italy	100,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Magneti Marelli Automotive Components (India) Limited	Pune	India	125,000,000	INR	99.99	Magneti Marelli Components B.V. in liquidazione	100.000	
Magneti Marelli Electronic Systems (Asia) Limited	Hong Kong	People's Rep. of China	10,000	HKD	99.99	Magneti Marelli Sistemi Elettronici S.p.A. Magneti Marelli France S.a.s.	99.990 0.010	
Yorka Northamerica Corp.	Southfield	U.S.A.	10,000	USD	99.99	Automotive Lighting Rear Lamps Mexico S. de r.l. de C.V.	100.000	
Production Systems								
Comau (Shanghai) International Trading Co. Ltd.	Shanghai	People's Rep. of China	200,000	USD	100.00	Comau S.p.A.	100.000	
Comau U.K. Limited	Telford	United Kingdom	2,500	GBP	100.00	Comau S.p.A.	100.000	
Consorzio Fermaq in liquidation	Milan	Italy	144,608	EUR	68.00	Comau S.p.A.	68.000	
Synesis	Modugno	Italy	20,000	EUR	75.00	Comau S.p.A.	75.000	
Services								
(*) CONSORZIO SERMAGEST - Servizi Manutentivi Gestionali	Turin	Italy	16,108	EUR	60.00	Ingest Facility S.p.A.	60.001	
Fiat Common Investment Fund Limited	London	United Kingdom	2	GBP	100.00	Fiat U.K. Limited	100.000	
PDL Services S.r.l.	Turin	Italy	105,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Holding companies and Other companies								
Fast Buyer Middle East A.S.	Bursa	Turkey	350,230	TRY	98.80	Fast-Buyer S.p.A.	98.800	
Fiat Gra.De EEIG	Watford	United Kingdom	0	GBP	97.47	Fiat Auto S.p.A. CNH Global N.V. Fiat Netherlands Holding N.V. Business Solutions S.p.A. Fiat S.p.A. Comau S.p.A. C.R.F. Società Consortile per Azioni Magneti Marelli Holding S.p.A. Teksid S.p.A.	46.000 23.000 23.000 2.000 2.000 1.000 1.000 1.000 1.000	
Fiat Oriente S.A.E. in liquidation	Cairo	Egypt	50,000	EGP	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fides Correlagens de Seguros Ltda	Nova Lima	Brazil	365,525	BRL	100.00	Rimaco S.A.	99.998	
Isvor Fiat India Private Ltd. in liquidation	New Delhi	India	1,750,000	INR	99.23	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	100.000	

(*) Assets held for sale.

The companies of the Fiat Group

Name	Registered office	Country	Capital stock Currency	% of Group consolidation Interest held by	% interest held	% of voting rights
MC2 - Media Communications S.p.A.	Turin	Italy	219,756 EUR	51.00 Fiat Partecipazioni S.p.A.	51.000	
New Business 18 S.r.l.	Turin	Italy	50,000 EUR	100.00 Fiat Partecipazioni S.p.A.	100.000	
New Business 19 S.r.l.	Turin	Italy	50,000 EUR	100.00 Fiat Partecipazioni S.p.A.	100.000	
New Business 20 S.r.l.	Turin	Italy	50,000 EUR	100.00 Fiat Partecipazioni S.p.A.	100.000	
Nuova Immobiliare nove S.r.l.	Turin	Italy	50,000 EUR	100.00 Fiat Partecipazioni S.p.A.	100.000	
Nuova Immobiliare Otto S.r.l.	Turin	Italy	50,000 EUR	100.00 Fiat Partecipazioni S.p.A.	100.000	
Nuova Immobiliare Tre S.p.A.	Turin	Italy	120,000 EUR	100.00 Fiat Partecipazioni S.p.A.	100.000	
Nuove Iniziative Finanziarie 4 S.r.l.	Turin	Italy	50,000 EUR	100.00 Fiat Partecipazioni S.p.A.	100.000	
Orione-Società Industriale per la Sicurezza e la Vigilanza Consortile pe	Turin	Italy	120,000 EUR	98.88 Fiat Partecipazioni S.p.A. Fiat S.p.A. Editrice La Stampa S.p.A. Fiat Auto S.p.A. CNH Italia s.p.a. Comau S.p.A. Fiat Finance S.p.A. Fiat Gescio S.p.A. Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azion Iveco S.p.A. Magneti Marelli Holding S.p.A. Sisport Fiat S.p.A. - Società sportiva dilettantistica	78.262 18.003 0.439 0.439 0.220 0.220 0.220 0.220 0.220 0.220 0.220 0.220	
Associated companies accounted for using the equity method						
Automobiles						
Fiat Auto Kreditbank GmbH	Vienna	Austria	5,000,000 EUR	25.00 Fidis S.p.A.	25.000	
Fidis Bank G.m.b.H.	Vienna	Austria	4,740,000 EUR	25.00 Fidis S.p.A.	25.000	
Targemys S.r.l.	Turin	Italy	4,322,040 EUR	40.00 Fidis S.p.A.	40.000	
Ferrari						
Ferrari Maserati Cars International Trading (Shanghai) Co. Ltd.	Shanghai	People's Rep. of China	3,000,000 USD	34.00 Ferrari S.p.A.	40.000	
Senator Software GmbH	Monaco	Germany	25,565 EUR	37.49 Ferrari Financial Services AG	49.000	
Agricultural and Construction Equipment						
Al-Ghazi Tractors Ltd	Karachi	Pakistan	214,682,226 PKR	38.73 CNH Global N.V.	43.169	
CNH Capital Europe S.a.S.	Puteaux	France	88,482,297 EUR	44.77 CNH Global N.V.	49.900	
Employers Health Initiatives LLC	Wilmington	U.S.A.	0 USD	44.86 CNH America LLC	50.000	
Kobelco Construction Machinery Co. Ltd.	Tokyo	Japan	16,000,000,000 JPY	17.94 CNH Global N.V.	20.000	
New Holland Finance Ltd	Basingstoke	United Kingdom	2,900,001 GBP	43.96 CNH Global N.V.	49.000	
Rathell Farm Equipment Company Inc.	Wilmington	U.S.A.	640,000 USD	38.81 CNH America LLC	43.266	
Powertrain Technologies						
Powertrain Industrial Services S.C.R.L. in liquidation	Turin	Italy	100,000 EUR	50.00 Fiat Powertrain Technologies SpA FMA - Fabbrica Motori Automobilistici S.r.l. Fiat Automoveis S.A. - FIASA Powertrain Mekanik Sanayi ve Ticaret Limited Sirketi	25.000 22.000 2.000 1.000	
Trucks and Commercial Vehicles						
GEIE V.IV.RE	Boulogne	France	0 EUR	50.00 Iveco S.p.A.	50.000	
Haveco Automotive Transmission Co. Ltd.	Zhajiang	People's Rep. of China	200,010,000 CNY	33.33 Iveco S.p.A.	33.330	
Iveco Finance Holdings Limited	Basingstoke	United Kingdom	1,000 EUR	49.00 Iveco Partecipazioni Finanziarie S.r.l.	49.000	
Iveco Uralaz Ltd.	Mass	Russia	65,255,056 EUR	33.33 Iveco S.p.A.	33.330	
Iveco-Motor Sich, Inc.	Zaporozhye	Ukraine	26,568,000 UAH	38.62 Iveco S.p.A.	38.618	
Otoyol Sanayi A.S.	Samandira-Kartal/Istanbul	Turkey	52,674,386 TRY	27.00 Iveco S.p.A.	27.000	
V.IV.RE Gruppo Europeo di Interesse Economico	Turin	Italy	0 EUR	50.00 Iveco S.p.A.	50.000	
Production Systems						
Gonzalez Production Systems Inc.	Pontiac	U.S.A.	10,000 USD	49.00 Comau Pico Holdings Corporation	49.000	
G.P. Properties I L.L.C.	Pontiac	U.S.A.	10,000 USD	49.00 Comau Pico Holdings Corporation	49.000	
Services						
Servizio Titoli S.p.A.	Turin	Italy	126,000 EUR	27.24 Business Solutions S.p.A.	27.238	
Publishing and Communications						
Editalia S.r.l.	Caserta	Italy	2,833,050 EUR	45.00 Editrice La Stampa S.p.A.	45.000	
Edizioni Dost S.r.l.	Bologna	Italy	1,042,914 EUR	40.00 Editrice La Stampa S.p.A.	40.000	
Società Editrice Mercantile S.r.l.	Genoa	Italy	4,247,000 EUR	40.00 Editrice La Stampa S.p.A.	40.000	
Tovdis S.r.l. a socio unico	Turin	Italy	510,000 EUR	45.00 Editrice La Stampa S.p.A.	45.000	
Holding companies and Other companies						
Livingstone Motor Assemblers Ltd.	Livingstone	Zambia	20,000,000 ZMK	20.00 Fiat Partecipazioni S.p.A.	20.000	
Rizzoli Corriere della Sera MediaGroup S.p.A.	Milan	Italy	762,019,050 EUR	9.90 Fiat Partecipazioni S.p.A.	9.895	10.291
WorkNet S.p.A.	Milan	Italy	1,000,000 EUR	35.00 Fiat Partecipazioni S.p.A.	35.000	
Associated companies valued at cost						
Automobiles						
Consorzio per la Reindustrializzazione Area di Arese S.r.l. in liquidation	Arese	Italy	1,020,000 EUR	30.00 Fiat Auto S.p.A.	30.000	
Fidis Rent GmbH	Frankfurt	Germany	50,000 EUR	49.00 Fiat Teamsys GmbH	49.000	
Ferrari						
Iniziativa Fiorano S.r.l.	Modena	Italy	90,000 EUR	28.33 Ferrari S.p.A.	33.333	
Agricultural and Construction Equipment						
Nido Industria Vallesina	Ancona	Italy	53,903 EUR	34.74 CNH Italia s.p.a.	38.728	
Trucks and Commercial Vehicles						
Sotra S.A.	Abidjan	Ivory Coast	3,000,000,000 XAF	39.80 Iveco France	39.800	
Trucks & Bus Company	Tajoura	Libia	96,000,000 LYD	25.00 Iveco España S.L.	25.000	
Zastava-Kamioni D.O.O.	Kragujevac	Serbia	1,673,505,893 YUM	33.68 Iveco S.p.A.	33.677	
Components						
Flexider S.p.A.	Turin	Italy	4,131,655 EUR	25.00 Magneti Marelli Holding S.p.A.	25.000	
Mars Seal Private Limited	Mumbai	India	400,000 INR	24.00 Magneti Marelli France S.a.s.	24.000	
Malay Otomotif Yan Sanay Ve Ticaret A.S.	Istanbul	Turkey	2,400,000 TRY	28.00 Magneti Marelli Holding S.p.A.	28.000	
M.L.P.-Master Imprese Politecnico	Milan	Italy	20,658 EUR	50.00 Magneti Marelli Holding S.p.A.	50.000	
Production Systems						
Consorzio Generazione Forme-CO.GE.F.	San Mauro Torinese	Italy	15,494 EUR	33.33 Comau S.p.A.	33.333	
Services						
FMA-Consultoria e Negocios Ltda	San Paolo	Brazil	1 BRL	50.00 Fiat do Brasil S.A.	50.000	
(*) S.I.M.A.GEST2 Società Consortile a Responsabilità Limitata	Zola Predosa	Italy	50,000 EUR	30.00 Ingest Facility S.p.A.	30.000	

The companies of the Fiat Group

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	voting rights
Società Cooperativa Delta Più r.l. in liquidation	Trieste	Italy	44,865	EUR	34.96	Cromos Consulenza e Formazione S.r.l. in liquidazione	46.000	
Publishing and Communications								
Le Monde Europe S.A.S.	Paris	France	5,024,274	EUR	48.44	La Stampa Europe SAS	48.443	
Le Monde Presse S.A.S.	Paris	France	7,327,930	EUR	27.28	La Stampa Europe SAS	27.277	
Holding companies and Other companies								
Agenzia Internazionalizzazione Imprese Torino S.r.l. in liquidation	Turin	Italy	102,000	EUR	35.00	Fiat Partecipazioni S.p.A.	35.000	
Ascal Servizi S.r.l. in liquidation	Rome	Italy	73,337	EUR	25.77	Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azion	25.970	
Ciosa S.p.A. in liquidation	Milan	Italy	516	EUR	25.00	Fiat Partecipazioni S.p.A.	25.000	
Concordia Finance S.A.	Luxembourg	Luxembourg	13,137,000	EUR	29.46	Fiat Netherlands Holding N.V.	29.459	
Consorzio Parco Industriale di Chivasso	Chivasso	Italy	51,650	EUR	27.40	Fiat Partecipazioni S.p.A.	23.100	4.300
Consorzio per lo Sviluppo delle Aziende Fornitrici in liquidation	Turin	Italy	241,961	EUR	30.92	New Business 16 S.p.A. a socio unico	10.672	
						Fiat Auto S.p.A.	10.672	
						Iveco S.p.A.	10.672	
Consorzio Prode	Naples	Italy	51,644	EUR	34.63	Elasis-Società Consortile per Azioni	35.000	
Consorzio Scire	Pomigliano d'Arco	Italy	51,644	EUR	49.47	Elasis-Società Consortile per Azioni	50.000	
Consorzio Scuola Superiore per l'Alta Formazione Universitaria Federico II	Naples	Italy	127,500	EUR	19.79	Elasis-Società Consortile per Azioni	20.000	
Interfinanziaria S.A.	Paradiso	Switzerland	1,000,000	CHF	33.33	IHF-Internazionale Holding Fiat S.A.	33.330	
MB Venture Capital Fund I Participating Company F.N.V.	Amsterdam	The Netherlands	50,000	EUR	45.00	Fiat Partecipazioni S.p.A.	45.000	
Nuova Didactica S.c.a.r.l.	Modena	Italy	112,200	EUR	24.92	Ferrari S.p.A.	16.364	12.273
						CNH Italia s.p.a.		
Tecnologie per il Calcolo Numerico-Centro Superiore di Formazione S.c.a.r.l.	Trento	Italy	100,000	EUR	24.82	C.R.F. Società Consortile per Azioni	25.000	
Zetesis S.p.A. in liquidation	Milan	Italy	283,150	EUR	40.00	Fiat Partecipazioni S.p.A.	40.000	
Other companies valued at cost								
Agricultural and Construction Equipment								
Polagris S.A.	Pikieliszki	Lithuania	1,133,400	LTT	9.92	CNH Polska Sp. z o.o.	11.054	
Trucks and Commercial Vehicles								
Consorzio Spike	Genoa	Italy	90,380	EUR	15.00	Iveco S.p.A.	15.000	
Holding companies and Other companies								
Centro di Eccellenza su Metodi e Sistemi per le Aziende Competitive	Fisciano	Italy	225,000	EUR	15.83	Elasis-Società Consortile per Azioni	16.000	
Consorzio Calef (Consorzio per la ricerca e lo sviluppo delle applicazioni industriali laser e del fascio elettronico)	Rotondella	Italy	83,445	EUR	10.44	Elasis-Società Consortile per Azioni	5.213	5.213
						C.R.F. Società Consortile per Azioni		
Consorzio Lingotto	Turin	Italy	9,612	EUR	16.90	Fiat Attività Immobiliari S.p.A.	11.500	
						Fiat S.p.A.	5.400	
Consorzio Technapoli	Naples	Italy	1,626,855	EUR	10.99	Elasis-Società Consortile per Azioni	11.110	
Ercole Marelli & C. S.p.A. in liquidation	Milan	Italy	9,633,000	EUR	13.00	Fiat Partecipazioni S.p.A.	13.000	
Euromedia Luxembourg One S.A. in liquidation	Luxembourg	Luxembourg	44,887,500	USD	14.29	Fiat Netherlands Holding N.V.	14.286	
Expo 2000 - S.p.A.	Turin	Italy	2,205,930	EUR	18.95	Fiat Partecipazioni S.p.A.	18.949	
Fin.Priv. S.r.l.	Milan	Italy	20,000	EUR	14.29	Fiat S.p.A.	14.285	
Sorore Ricerche per Santa Maria della Scala	Siena	Italy	9,296	EUR	16.66	Fiat Partecipazioni S.p.A.	16.663	
Torino Zerocinque Investment S.p.A.	Milan	Italy	2,755,000	EUR	17.62	Fiat Partecipazioni S.p.A.	17.620	
Torino Zerocinque Trading S.p.A.	Milan	Italy	2,425,000	EUR	15.04	Fiat Partecipazioni S.p.A.	15.040	

