QUARTERLY REPORT
AT SEPTEMBER 30, 2005

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This is an English translation of the Italian original document "Relazione trimestrale al 30 settembre 2005" approved by the IFIL Board of Directors on November 11, 2005, which has been prepared solely for the convenience of the reader. The version in Italian takes precedence. For complete information about IFIL S.p.A. and the Group, reference should be made to the full original report in Italian also available on the corporate website: http://www.ifil.it.

Società per Azioni
Capital stock € 1,075,995,737 fully paid-in
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Board of Directors

Chairman and President
Gianluigi Gabetti

Managing Director and General Manager
Daniel John Winteler

Directors
Tiberto Brandolini d'Adda
John Elkann
Edoardo Ferrero Ventimiglia
Pietro Ferrero
Franzo Grande Stevens
Giancarlo Lombardi
Antonio Maria Marocco
Giuseppe Recchi
Claudio Saracco
Pio Teodorani-Fabbri

Secretary to the Board
Fernando Massara

Executive Committee

Chairman
Gianluigi Gabetti

Tiberto Brandolini d'Adda
John Elkann
Daniel John Winteler

Audit Committee

Chairman
Antonio Maria Marocco

Giancarlo Lombardi
Claudio Saracco

Compensation and Nominating Committee

Chairman
John Elkann

Pietro Ferrero
Gianluigi Gabetti

Board of Statutory Auditors

Chairman	Cesare Ferrero
Standing Auditors	Giorgio Giorgi
	Paolo Piccatti
Alternate Auditors	Lionello Jona Celesia
	Ruggero Tabone

Independent Auditors

Deloitte & Touche S.p.A.

Expiry of the terms of office
The terms of office of the Board of Directors and the Board of Statutory Auditors, elected by the Stockholders' Meeting held on June 27, 2005, will expire concurrently with the Stockholders' Meeting for the approval of the financial statements for the year ending December 31, 2007.
The Independent Auditors are appointed for the three-year period 2003-2005.
Corporate Governance
The Chairman and President may legally represent the Company (art. 20 of the bylaws). The Chairman and President, without specific authorization by resolution of the Board of Directors, may carry out all acts falling under the corporate business purpose, except as restricted by law.
The Board of Directors has conferred all powers necessary for the management of the Company to the Executive Committee, except those powers, which are expressly entrusted to the Board of Directors by law.
The Managing Director and General Manager may legally represent the Company (art. 20 of the bylaws) up to the amounts established by resolution of the Board of Directors on June 27, 2005.

THE INVESTMENT PORTFOLIO

IFIL Investments S.p.A. is the investment company of the Group headed by Giovanni Agnelli e C. S.a.p.az. (through IFI – Istituto Finanziario Industriale S.p.A. which holds approximately 63.59% of its ordinary capital stock). It commands two distinctive areas of operations: the active management of the investment in Fiat and the dynamic management of the other holdings.

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

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

Sequana Capital - ex-Worms & Cie - (52.84% holding) is a French-listed holding company with a portfolio comprising the following major investments:

- ArjoWiggins (100% holding), the world leader in the manufacture of high value-added paper products and, in Europe, leader in the manufacture of carbonless paper (ArjoWiggins absorbed Carbonless Europe effective January 1, 2004);
- Antalis (100% holding), the leading European group in the distribution of paper products for printing and writing;
- SGS (23.8% holding), a company listed on the Swiss stock exchange and leader in the verification, inspection and certification of product and service quality;

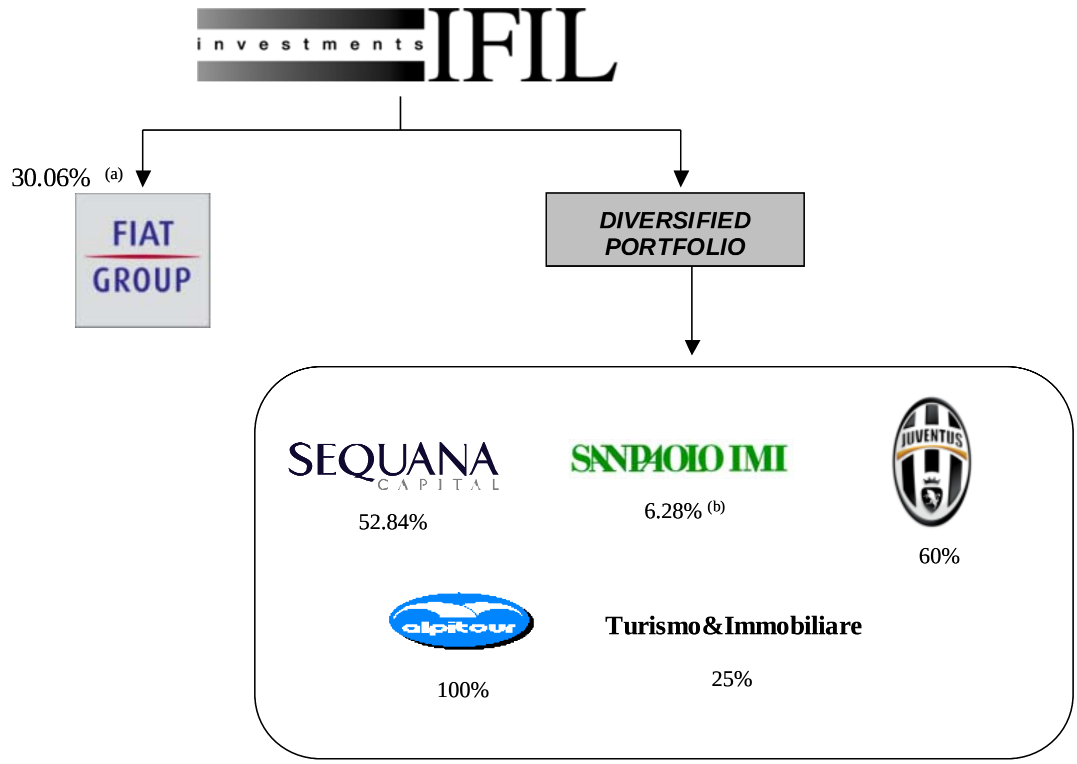
SANPAOLO IMI (6.28% holding of ordinary capital stock by IFIL) is a leading national banking group with over 3,000 branches throughout Italy;

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

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

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

The following chart is updated to the beginning of November 2005 and presents the simplified structure of the investment portfolio. Percentage holdings refer to ordinary capital stock:



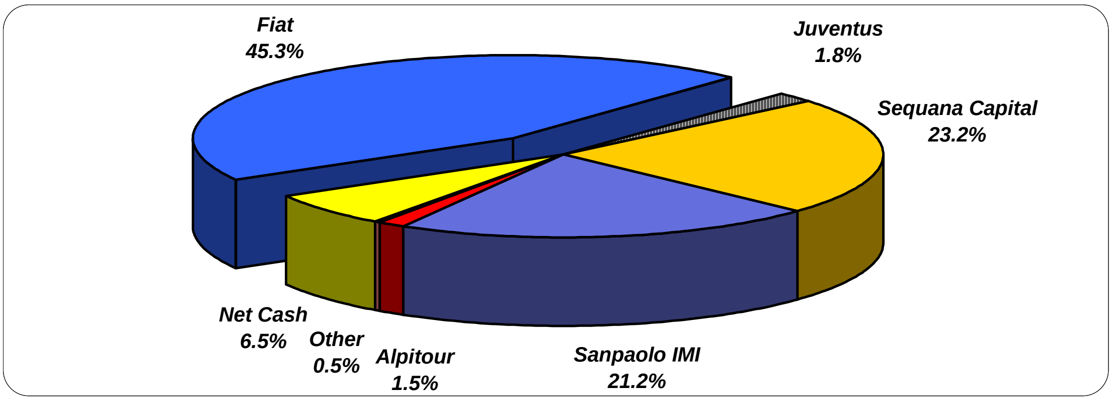
(a) IFIL also holds 30.09% of preferred capital stock.
(b) Equal to 4.98% of capital stock.

At the beginning of November 2005, the Net Asset Value is equal to € 5,467 million and is composed as follows:

€ in millions	
Current value of investment portfolio	5,109
Net cash	358
Total	5,467

As regards the investment portfolio, the listed equity holdings are valued at the closing stock market prices on November 4, 2005.

The composition of the Net Asset Value is as follows:



Maintaining a 30.06% stake in the ordinary capital stock of Fiat S.p.A.

On September 20, 2005, IFIL purchased 82,250,000 Fiat ordinary shares from Exor Group (controlled by Giovanni Agnelli e C. S.a.p.az.). These shares came from an equity swap agreement between Exor Group and Merrill Lynch International last April. This purchase was deliberated on September 15, 2005 by the Board of Directors, which used the services of an advisor, Mr. Gerardo Braggiotti of G.B. Partners.

The purchase price was € 6.5 per share for an investment of € 534.6 million. Fiat stock was officially traded at € 7.76 per share on September 15, 2005 compared to the weighted average official prices over the last three months of € 6.91 per share and the weighted average official prices over the last six months of € 6.16 per share. The stock was transferred from Merrill Lynch to Exor Group at the same time the Fiat capital increase was executed, on September 20, 2005. The sale by Exor Group to IFIL immediately followed on the same date. In the identical context, IFIL, on the same date, sold Merrill Lynch all the option rights to which it was entitled on the Fiat capital increase.

Prior to the purchase of the above stock, after the purchase of 5,500,000 ordinary shares on the market by IFIL on September 7, 8 and 9 for € 41.1 million, the investment held by IFIL in Fiat totaled 246,083,447 ordinary shares and 31,082,500 preferred shares.

The aforementioned transactions allowed IFIL to maintain its investment in Fiat ordinary capital stock unchanged (30.06%) after the capital increase by Fiat, which took place on September 20, 2005.

On September 16, 2005, Consob asked IFIL and the parent, Giovanni Agnelli e C., to provide further information on the above-described transaction.

IFIL and Giovanni Agnelli e C. complied with Consob’s request and on September 17, 2005 issued two press releases containing the requested information.

Sale of 8.3% of Turismo&Immobiliare capital stock

At the beginning of November, once approval was received from the antitrust authority, Pirelli RE became a stockholder of Turismo&Immobiliare, purchasing about an 8.3% stake in the capital of this company from each of the three founding stockholders (IFIL, Banca Intesa and the Marcegaglia Group) for €1.1 million and assuming the same commitments. Turismo&Immobiliare, the capital of which is today owned by the aforementioned four private stockholders, each with a 25% holding, has a 49% interest in Italia Turismo (the remaining 51% stake is held by Sviluppo Italia), the largest real estate operator in the tourism-hotel sector in Italy with important investments in Apulia, Calabria, Basilicata, Sicilia and Sardinia.

Other important events

As announced at the beginning of October, by the end of 2005 the Managing Director and General Manager of the Company, Daniel John Winteler, will become the Chairman of the subsidiary Alpitour, while the head of Corporate Finance, Fabrizio Prete, will take over the position of General Manager of the same tourism company.

An important stock option plan for Alpitour stock will be offered to both men who will continue to carry out their functions at IFIL until they assume their new posts.

At one of its next meetings, the IFIL Board of Directors will review and adopt the new organizational structure of the Company.

ACCOUNTING POLICIES

The consolidated Quarterly Report at September 30, 2005 of the IFIL Group has been prepared in accordance with Article 82 of the "Regulation for the Implementation of Legislative Decree No. 58 of February 24, 1998 on the Activities of Issuers of Securities", as amended by Consob Resolution No. 14990 of April 14, 2005, in compliance with Annex 3D of the Regulation.

In order to facilitate the analysis of the financial position and results of operations of the Group, it is IFIL's practice to present "condensed" financial statements (balance sheet and income statement) for the period by applying the "condensed" basis of consolidation. Such condensed financial statements are presented with the annual consolidated financial statements and in the First-half Report of each year. The quarterly interim consolidated financial statements are also presented in the condensed format in the Quarterly Reports at March 31 and September 30 of each year, in conformity with Annex 3D of the above Consob Regulation.

In this sense, it should be noted that IFIL holds some important investments through Dutch and Luxembourg subsidiaries and controls two companies incorporated under Irish law (operating with the aim of optimizing the management of the financial resources of the Group), Soiem (a services company), as well as some companies contributing to investment activities (Ifil Investments USA and Ifil Asia). The aggregate of these companies constitutes the so-called "Holdings System".

In the preparation of the condensed consolidated balance sheet and income statement, the interim financial statements drawn up in accordance with IFRS by the parent and by the subsidiaries in the "Holdings System" are consolidated line-by-line. The investments in the operating subsidiaries and associates (Fiat, Sequana Capital, Alpitour and Juventus Football Club) are accounted for by the equity method, always on the basis of their interim financial statements prepared in accordance with IFRS. The basis of consolidation and the methods of valuation of the investment holdings applied in this Quarterly Report are disclosed in detail on the following page.

Effective January 1, 2005, the IFIL Group adopted International Financial Reporting Standards (IFRS). In this Quarterly Report, the comparative data for the corresponding periods of 2004 have thus been restated and remeasured in accordance with IFRS. The reconciliations between the latter and the condensed consolidated data for 2004 that had already been published in accordance with Italian GAAP, as required by IFRS 1 – First-time adoption of IFRS, in addition to the relative explanatory notes, are presented in the Appendix of the Quarterly Report at March 31, 2005, with regard to the condensed consolidated balance sheet and income statement for the year ending December 31, 2004, and, in the Appendix of this Quarterly Report, with regard to the condensed consolidated income statement for the first nine months of 2004.

The accounting policies adopted in the preparation of the consolidated quarterly report are the same as those applied in the preparation of the IFRS condensed opening balance sheet at January 1, 2004, as well as the 2004 condensed income statement and the condensed consolidated balance sheet at December 31, 2004, as restated in accordance with IFRS and published in the Quarterly Report at March 31, 2005. The accounting policies adopted are described in the Appendix to that Quarterly Report, to which reference should be made.

Lastly, some measurement procedures, particularly complex procedures such as the determination of possible impairment losses on non-current assets, are generally performed in a complete manner only at the time of the preparation of the annual financial statements when all the information needed becomes available, unless there are indications of impairment which require a prompt assessment to determine whether there are any impairment losses.

The consolidated Quarterly Report at September 30, 2005 of the IFIL Group is unaudited.

The basis of consolidation and the methods of valuation of the investments in subsidiaries and associates applied in this Quarterly Report are described below.

		% holding in capital stock outstanding		
		9/30/2005	12/31/2004	9/30/2004
HOLDINGS SYSTEM	**Consolidated line-by-line**			
	- IFIL Investments S.p.A.	-	-	-
	- Ifil Investment Holding N.V. (Netherlands)	100	100	100
	- Ifil Investissements S.A. (Luxembourg)	100	100	100
	- Ifilgroup Finance Ltd (Ireland)	100	100	100
	- Ifil International Finance Ltd (Ireland)	100	100	100
	- Soiem S.p.A. (Italy)	100	100	100
	- IFIL Investments USA (a)	100	100	100
	- IFIL Asia (Hong Kong)	100	100	100
	- Sadco S.A. (Switzerland) (b)	100	100	100
	- IFIL New Business S.r.l. (Italy) ©	100	100	100
	- Eufin Investments Unlimited (United Kingdom) (d)	100	-	-
	- Other companies, now in wind-ups (e)	-	100	100
	Consolidated proportionally			
	- Eurofind S.A. (Luxembourg) (f)	-	-	50
	- Eurofind Textile S.A. (Luxembourg) (f)	-	50	-
OPERATING COMPANIES	**Accounted for by the equity method**			
	- Fiat Group	28.28	27.74	27.74
	- Sequana Capital Group (ex-Worms & Cie)	52.84	52.96	52.96
	- Alpitour Group (NHT Group at 9/30/2004)	100	100	100
	- Juventus Football Club S.p.A.	60.00	61.69	61.95

(a) This line groups the companies Ifil USA Inc., Ifil Capital Partners L.P., Ifil America L.P. and Ifil Investments LLC.
(b) Company in a wind-up.
(c) Dormant company.
(d) The investment, equal to 50% of capital stock, was consolidated proportionally up to December 31, 2004.
(e) NHT New Holding for Tourism S.A., Mediterranean Capital B.V. and Ifil Finance B.V. (wholly-owned subsidiaries previously consolidated line-by-line), were put into wind-ups after the distribution of almost all their income and capital reserves; therefore, since June 30, 2005, they are stated at their residual net equity amounts.
(f) Following the proportional total spin-off of Eurofind (December 2004), the IFIL Group came to hold 50% of the capital stock of Eurofind Food (sold to the Auchan Group in December 2004) as well as 50% of the capital stock of Eurofind Textile which controlled 99.09% of the outstanding capital stock of La Rinascente (the beneficiary company of the spin-off of the textile businesses, Department Stores and Upim, of the Rinascente Group) sold on May 6, 2005 to Tamerice S.r.l. On May 17, 2005, Ifil Investissements purchased the remaining 50% interest in Eurofind Textile from the Auchan Group and merged it on June 28, 2005.

REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

RESULTS FOR THE NINE MONTHS TO SEPTEMBER 30, 2005

Consolidated profit of the IFIL Group for the nine months to September 30, 2005 is € 915.8 million compared to a consolidated loss of € 212.5 million in the corresponding period of 2004. The positive change of € 1,128.3 million is mainly due to the net gain realized on the sale of La Rinascente and better results by the Fiat Group.

The Group's share of the earnings (losses) of operating subsidiaries and associates accounted for by the equity method amounts to earnings of € 439.8 million (losses of € 179.5 million for the nine months to September 30, 2004). The positive change of € 619.3 million is due to better results posted by the Fiat Group (+€ 653.1 million, including consolidation adjustments) and to lower results reported by Sequana Capital (-€ 21.5 million), Juventus Football Club (-€ 10.5 million) and Alpitour (-€ 1.8 million, including consolidation adjustments).

The consolidated net financial position of the "Holdings System" at September 30, 2005 shows a net cash position of € 356.5 million; the decrease of € 323.5 million compared to the balance at year-end 2004 (€ 680 million) is the result of the net proceeds generated by the sale of the investment in La Rinascente (+€ 529.1 million), the receipt of dividends from holdings (+€ 66.6 million), the investments made in Fiat (-€ 575.7 million) and in SANPAOLO IMI (-€ 263.5 million), the dividends paid by IFIL (-€ 73.2 million) and other net changes (-€ 6.8 million).

Equity – Group at September 30, 2005 amounts to € 5,121.2 million (€ 3,792.9 million at the end of 2004). The increase of € 1,328.3 million is due to the fair value adjustments of the investment in SANPAOLO IMI and the Fiat ordinary share warrants 2007 (+€ 197.5 million), the consolidated profit of the Group for the period (+€ 915.8 million), positive translation differences (+€ 276.7 million), the dividends paid by IFIL S.p.A. (-€ 73.2 million) and other net changes (+€ 11.5 million).

The carrying amount of investments at September 30, 2005 is € 4,728.9 million. The increase of € 1,741 million compared to investments at year-end 2004 (€ 2,987.9 million) is due to the fair value adjustment of the investment in SANPAOLO IMI (+€ 196.1 million), the investments made in that bank (+€ 263.5 million) and in Fiat (+€ 575.7 million), IFIL's share of the changes in the equity of operating subsidiaries and associates (+€ 700.5 million), and, lastly, other net changes (+€ 5.2 million).

RESULTS FOR THE THIRD QUARTER OF 2005

Consolidated profit of the IFIL Group for the third quarter of 2005 is € 291.7 million compared to a consolidated loss of € 123.4 million for the corresponding period of 2004. The positive change of € 415.1 million is mainly due to better results by the Fiat Group.

In fact, the Group's share of the earnings (losses) of operating subsidiaries and associates accounted for by the equity method for the third quarter of 2005 amounts to earnings of € 294.4 million (losses of € 104.6 million reported for the third quarter of 2004); the increase of € 399 million is basically attributable to the improvement in the share of the earnings of the Fiat Group, equal to € 402.2 million (including consolidation adjustments of € 58.9 million posted for the third quarter of 2005).

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

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

Year			9 months to September 30			III Quarter		
2004	€ in millions	Note	2005	2004	Change	2005	2004	Change
(396.1)	Group's share of the earnings (losses) of operating subsidiaries and associates accounted for by the equity method	1	439.8	(179.5)	619.3	294.4	(104.6)	399.0
27.4	Dividends from other holdings		43.7	27.4	16.3	0.0	0.0	0.0
603.3	Gains	2	460.9	2.1	458.8	0.0	0.0	0.0
(2.3)	Profit (loss) from discontinued operations	3	0.5	(3.9)	4.4	(0.1)	(5.7)	5.6
(74.4)	Impairment (losses)/reversals on investments and securities	4	2.1	(24.7)	26.8	2.1	(1.7)	3.8
(20.9)	Financial income (expenses)	5	2.0	(17.1)	19.1	0.3	(6.5)	6.8
(22.2)	Net general expenses	6	(32.2)	(15.2)	(17.0)	(4.7)	(4.5)	(0.2)
0.3	(Accruals to)/releases of provisions		(1.1)	(1.6)	0.5	(0.3)	(0.4)	0.1
10.8	Income taxes		0.1	0.0	0.1	0.0	0.0	0.0
125.9	Profit (loss) - Group		915.8	(212.5)	1,128.3	291.7	(123.4)	415.1

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

€ in millions	Note	9/30/2005	12/31/2004	Change
Assets				
Investments in operating subsidiaries and associates accounted for by the equity method	7	3,519.2	2,243.0	1,276.2
Other investments	7	1,209.7	744.9	464.8
Non-current securities	8	8.8	7.3	1.5
Property, plant and equipment and intangible assets		13.6	13.6	0.0
Assets held for sale		0.0	72.4	(72.4)
Current securities	9	786.8	1,047.9	(261.1)
Receivables and other current assets	10	61.3	300.2	(238.9)
Cash and cash equivalents		6.5	4.2	2.3
Total assets		5,605.9	4,433.5	1,172.4
Equity and liabilities				
Capital and reserves		5,173.3	3,842.9	1,330.4
Treasury stock	11	(52.1)	(50.0)	(2.1)
Equity - Group	12	5,121.2	3,792.9	1,328.3
Provisions for other liabilities and charges		9.6	8.4	1.2
Bonds	13	300.6	300.6	0.0
Current and non-current bank debt		154.2	323.9	(169.7)
Other current and non-current liabilities		20.3	7.7	12.6
Total equity and liabilities		5,605.9	4,433.5	1,172.4

NOTES

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

Year		9 months to September 30			III Quarter		
2004	€ in millions	2005	2004	Change	2005	2004	Change
(453.3)	Fiat Group	363.2	(300.6)	663.8	231.4	(111.9)	343.3
(13.2)	Sequana Capital Group	54.1	75.6	(21.5)	15.2	15.9	(0.7)
5.7	Alpitour Group (NHT in 2004)	(24.1) (a)	(28.2) (a)	4.1	(0.2)	(5.6)	5.4
(5.6)	Juventus Football Club	(12.3) (b)	(1.8) (b)	(10.5)	(10.9)	(5.0)	(5.9)
(466.4)		380.9	(255.0)	635.9	235.5	(106.6)	342.1
70.3	Consolidation adjustments	58.9	75.5	(16.6)	58.9	2.0	56.9
(396.1)	Total	439.8	(179.5)	619.3	294.4	(104.6)	399.0

(a) Results for the period November 1 – July 31.
(b) Accounting results for the period January 1 – September 30 prepared in accordance with IFRS solely for purposes of the company's valuation by the equity method in IFIL.

Details of the consolidation adjustments are as follows:

Year		9 months to September 30		
2004	€ in millions	2005	2004	Change
69.6	Adjustments to Fiat Group results	58.9 (a)	69.6 (b)	(10.7)
0.7	Adjustments to NHT/Alpitour results	0.0	5.9	(5.9)
70.3	Total consolidation adjustments	58.9	75.5	(16.6)

(a) Excess of the increases of IFIL's share of the consolidated equity of the Fiat Group deriving from the Fiat capital stock increase subscribed to by minority stockholders (+€ 605.4 million) and the increase in the percentage of consolidation, equal to 0.54% (+€ 29.2 million), compared to the cost incurred for the purchase of 87,750,000 Fiat shares (-€ 575.7 million).
(b) Use of the remaining "Consolidation reserve for risks and future expenses" for IFIL's share of the Fiat Group's loss referring to the investment in Fiat conferred by IFI in 2003.

Comments on the operating performance of the operating subsidiaries and associates are presented in the following sections.

2. Gains
Gains realized for the nine months to September 30, 2005 amount to € 460.9 million and refer to the sale of 99.09% of La Rinascente S.p.A. capital stock to Tamerice S.r.l. (€ 459.1 million) and the sale on the market of a marginal interest (1.69% of capital stock) in Juventus Football Club (€ 1.8 million).

3. Profit (loss) from discontinued operations
For the nine months to September 30, 2005, the profit (loss) from discontinued operations includes dividends collected from La Rinascente S.p.A. For the same period of the prior year, this caption included IFIL's share of the earnings (losses) of the Rinascente Group (-€ 3.9 million).

4. Impairment (losses)/reversals on investments and securities
Impairment (losses)/reversals on investments and securities for the nine months to September 30, 2005 include the fair value adjustment of current securities. For the first nine months of 2004, this caption amounted to € 24.7 million and basically referred to the difference on consolidation stemming from the purchase of 10% of the capital stock of New Holding for Tourism from the TUI Group (€ 23.6 million).

5. Financial income (expenses)
For the nine months to September 30, 2005, net financial income amounts to € 2 million and is due to a return to a consolidated net cash position of the "Holdings System". For the first nine months of 2004, net financial expenses totaled € 17.1 million.

6. **Net general expenses**

Net general expenses amount to € 32.2 million for the nine months to September 30, 2005 and include the accrual for the extraordinary compensation of € 15 million voted for the Chairman and President at the Board of Directors' Meeting held on June 9, 2005. The remaining amount of € 17.2 million shows an increase of € 2 million compared to the nine months ending September 30, 2004 (€ 15.2 million) which is mainly due to the consolidation of Ifil Investments USA, Ifil Asia and Sadco (which, in 2004, were only consolidated starting from the third quarter of the year) as well as the payment of nonrecurring bonuses to some employees for their work in connection with extraordinary transactions.

7. **Investments**

Details are as follows:

€ in millions	9/30/2005	12/31/2004	Change
Investments in operating subsidiaries and associates accounted for by the equity method			
Fiat Group	2,434.1	1,194.1	1,240.0
Sequana Capital Group	1,004.0	931.7	72.3
Alpitour Group	56.4	79.2	(22.8)
Juventus Football Club S.p.A.	24.7	38.0	(13.3)
Total	3,519.2	2,243.0	1,276.2
Other investments - available-for-sale			
SANPAOLO IMI (a)	1,204.5	744.9	459.6
Other investments - sundry			
Turismo&Immobiliare (b)	4.5	0.0	4.5
Companies of the "Holdings System" in wind-ups and others	0.7	0.0	0.7
Total other investments	1,209.7	744.9	464.8

(a) Measured at fair value on the basis of the stock market price at the balance sheet date with recognition of the unrealized gain or loss in equity.
(b) The investment in Turismo&Immobiliare (33.33% of capital stock at September 30, 2005) is accounted for at purchase cost (€ 4.5 million) which corresponds to the share of accounting net equity.

The comparison between carrying amounts and market prices of listed investments is presented below:

	Number of shares held	Carrying amount		Market price September 30, 2005		Market price November 4, 2005	
		Per share (€)	Total (€ mn)	Per share (€)	Total (€ mn)	Per share (€)	Total (€ mn)
Fiat Group							
- ordinary shares	328,333,447	6.77	2,223.6	7.44	2,442.5	6.99	2,293.7
- preferred shares	31,082,500	6.77	210.5	6.58	204.4	5.69	176.9
			2,434.1		2,646.9		2,470.6
Sequana Capital Group	55,922,623	17.95	1,004.0	23.40	1,308.6	22.70	1,269.4
Juventus Football Club	72,560,500	0.34	24.7	1.41	102.5	1.38	99.8
SANPAOLO IMI	93,071,000	12.94	1,204.5	12.94	1,204.5	12.47	1,160.6
Total			4,667.3		5,262.5		5,000.4

8. **Non-current securities**

These include 76,614 Ocean Club Méditerranée bonds, maturing November 1, 2008 (€ 4.8 million), and 18,914,511 Fiat ordinary share warrants 2007 (€ 4 million).

9. **Current securities**

These amount to € 786.8 million and mainly include investments on the money market in time deposits, short-term Italian government securities and other short-term financial instruments.

10. Receivables and other current assets

These amount to € 61.3 million and include a receivable of € 17.9 million from the subsidiary Juventus Football Club due in December 2005 (on the purchase of trade receivables with recourse of a nominal value of € 18 million due from Sky Italia), receivables from the tax authorities of € 42.6 million and, lastly, other current assets of € 0.8 million.

11. Treasury stock

Treasury stock includes IFIL ordinary shares held by IFIL and its subsidiary Soiem; the change compared to the end of 2004 is presented below.

	Number of ordinary shares held	% of class of stock	% of capital stock	Amount Per share (€)	Amount Total (€ in mn)
Balance at December 31, 2004:					
- held by IFIL S.p.A.	13,155,472	1.27	1.22	3.59	47.2
- held by the subsidiary Soiem S.p.A.	810,262	0.08	0.08	3.41	2.8
Total at December 31, 2004	13,965,734	1.35	1.30	3.58	50.0
Purchases during period by IFIL S.p.A.	630,306	0.06	0.06	3.38	2.1
Balance at September 30, 2005	14,596,040 (a)	1.41	1.36	3.57	52.1

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

12. Equity - Group

The changes during the period are analyzed as follows:

€ in millions	
Equity - Group at December 31, 2004	3,792.9
Fair value adjustments of the investment in SANPAOLO IMI (+€ 196.1 million) and Fiat ordinary share warrants 2007 (+€ 1.4 million)	197.5
Measurement of IFIL S.p.A. hedging instruments	3.9
Share of translation differences (+€ 276.7 million) in the equity of subsidiaries and associates and other net changes (+€ 8.2 million)	284.9
Cost of IFIL ordinary shares purchased during the period	(2.1)
IFIL S.p.A. capital stock increase for the exercise of stock options	1.5
Dividends distributed by IFIL S.p.A. (a)	(73.2)
Profit - Group	915.8
Net change during the period	1,328.3
Equity - Group at September 30, 2005	5,121.2

(a) Net of intragroup dividends of € 0.1 million.

13. Bonds

Details are provided below:

€ in millions	Maturity date	Nominal amount	Amortized cost
IFIL 2002/2005	12/20/2005	200	200.4
IFIL 2003/2006	12/19/2006	100	100.2
		300	300.6

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

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

6/30/2005				9/30/2005			12/31/2004		
Current	Non-current	Total	€ in millions	Current	Non-current	Total	Current	Non-current	Total
1,402.4	0.0	1,402.4	Current securities	786.8	0.0	786.8	1,047.9	0.0	1,047.9
20.8	0.0	20.8	Receivables and other current assets	18.0	0.0	18.0	252.4	0.0	252.4
34.5	0.0	34.5	Cash and cash equivalents	6.5	0.0	6.5	4.2	0.0	4.2
1,457.7	0.0	1,457.7	Total financial assets	811.3	0.0	811.3	1,304.5	0.0	1,304.5
(201.1)	0.0	(201.1)	IFIL 2002/2005 bonds	(200.4)	0.0	(200.4)	(200.7)	0.0	(200.7)
0.0	(100.1)	(100.1)	IFIL 2003/2006 bonds	0.0	(100.2)	(100.2)	0.0	(99.9)	(99.9)
(226.5)	0.0	(226.5)	Bank debt and other financial payables	(154.2)	0.0	(154.2)	(323.9)	0.0	(323.9)
(427.6)	(100.1)	(527.7)	Total financial liabilities	(354.6)	(100.2)	(454.8)	(524.6)	(99.9)	(624.5)
1,030.1	(100.1)	930.0	Consolidated net financial position of the "Holdings System"	456.7	(100.2)	356.5	779.9	(99.9)	680.0

At September 30, 2005, IFIL S.p.A. has unrevocable credit lines for € 830 million, of which € 470 million is due after September 30, 2006.

The negative change in the consolidated net financial position of € 323.5 million compared to the balance at the end of 2004 is due to the following flows:

€ in millions		
Consolidated net financial position of the "Holdings System" at December 31, 2004		680.0
Investments		
- Purchase of Fiat ordinary shares (8.03% of the class of stock)	(575.7)	
- Purchase of SANPAOLO IMI ordinary shares (1.54% of the class of stock)	(263.5)	
- Capitalization of Turismo&Immobiliare (33.33% of capital stock)	(4.5)	
Investments		(843.7)
Sales		
- Net proceeds on the sale of the investment in La Rinascente	529.1	
- Sale of Juventus Football Club shares (1.69% of capital stock)	2.8	
Sales		531.9
Dividends received from:		
- SANPAOLO IMI	43.7	
- Sequana Capital	22.4	
- La Rinascente	0.5	
Dividends received		66.6
Net financial income		2.0
Net general expenses		(17.2) (a)
Other changes:		
- Dividends paid by IFIL S.p.A.	(73.2) (b)	
- Purchase of IFIL ordinary shares (0.06% of the class of stock)	(2.1)	
- Sale of receivables from the tax authorities to subsidiaries and the parent	3.6	
- IFIL S.p.A. capital stock increase (exercise of stock options)	1.5	
- Other, net	7.1	
Other changes		(63.1)
Net change during the period		(323.5)
Consolidated net financial position of the "Holdings System" at September 30, 2005		356.5

(a) Does not include the accrual for extraordinary compensation not yet paid.
(b) Net of intragroup dividends of € 0.1 million.

It should be noted that on October 26, 2005, Standard & Poor's downgraded its rating of IFIL's long-term debt from "A –" to "BBB+" and confirmed its rating of short-term debt in "A – 2", with a stable outlook.

15. Update of the litigation pending with K Capital

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

The preliminary investigation stage is, currently, concluded. The judge chose not to call for an assessment of the case (CTU), requested by K Capital, which nevertheless could be decided by the Board of Judges during the decision stage. Last October 26, 2005, the hearing was held for stating the conclusions. After an exchange of the concluding statements (which will be completed by January 16, 2006) and after the oral discussion in court (the date of which has not yet been fixed), a decision in the case will be reached.

Both of the above requests by K Capital (request to declare the stockholders' resolution null and void and the request to seek a sum of compensation for damages) appear to be inadmissible and without grounds and therefore at this time the Company does not believe that any contingent liabilities will arise as a consequence.

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

Taking into account the consolidated profit reported for the first nine months of 2005 (€ 915.8 million) and the forecasts formulated by the major holdings (indicated below), it is expected that the 2005 consolidated financial statements of the IFIL Group will show a strong growth in the equity, economic and financial results compared to 2004.

Also with regard to IFIL S.p.A., the profit for 2005 is expected to be significantly higher than that of the prior year (€ 80.2 million).

Fiat Group

In the first nine months of 2005, the Fiat Group succeeded in finding optimal solutions to pending financial issues and sharply improved the operating performance and financial results of its main Sectors and consequently is on track to achieving its stated targets for 2005.

Sequana Capital Group

At the beginning of November, Sequana Capital sold 70.5% of Permal Group capital stock to Legg Mason for U.S. $ 705 million (of which 25% is in Legg Mason shares). Taking into account the gain realized on this deal, the Sequana Group expects to close 2005 with a quite positive consolidated result which, nevertheless, could be influenced by the measurement of investments which will only be carried out at the end of the year.

Alpitour Group

The powerful tsunami which hit important tourist spots in the East and the consequences of the terrorist attacks at Taba and Sharm El Sheik led to a reduction in the results for the first nine months of the fiscal year both against budget and compared to the results for the first nine months of the prior fiscal year.
The significant reduction in the sales of Egyptian destinations, which normally generate an excellent margin, particularly influenced the economic trend of the August-October quarter which, for those destinations, represent the busiest period of the year.
On those grounds, it is reasonable to expect that the results for the year 2004/2005 will show a decline compared to the prior year.

Juventus Football Club

The 2005/2006 financial year will be significantly influenced by the results of the soccer season, the overall economic results of the transfer campaign and any extraordinary transactions concerning other assets.

Following the coming into force of European Regulation No. 1606 dated July 2002, the Fiat, Sequana Capital and Alpitour groups adopted International Financial Reporting Standards (IFRS) and therefore prepared their interim consolidated quarterly figures using those standards.
Juventus Football Club drew up its accounting situation for the period January 1 – September 30, 2005 on the basis of the same IFRS standards solely for the purpose of its valuation using the equity method in IFIL's quarterly report.
The comparative figures for 2004 have been restated by the companies according to the new accounting standards.

Fiat Group

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

The consolidated results of the Fiat Group in the first nine months of 2005 can be summarized as follows:

	III Quarter		9 months to September 30	
€ in millions	2005	2004	2005	2004
Net revenues	10,597	10,386	33,404	33,419
Trading profit	232	(30)	639	175
Operating result	409	(122)	1,854	3
Result before taxes	1,036	(301)	2,070	(696)
Group interest in net result	818	(404)	1,293	(1,084)
Stockholders' equity - Group	-	-	8,608	-
Net debt	-	-	19,105	-

Net revenues of the Fiat Group total € 10.6 billion for the third quarter of 2005, up to 2% with respect to the same period of 2004 thanks to the growth in the Automobiles business area (Fiat Auto, Fiat Powertrain Technologies, Ferrari and Maserati, +5.3%), Components and Production Systems business area (Magneti Marelli, Teksid and Comau, +4.5%) and at Iveco (+1.6%), against stable results at CNH and decreases in the Other Businesses (Services, Publishing, Holding companies and Other companies, -24.2%).

Trading profit is € 232 million for the third quarter of 2005, as compared to a trading loss of € 30 million in the same period of 2004. The significant improvement is due to the sharp reduction in loss at the Automobiles business area, combined with the positive performance of CNH, Iveco and the Components and Production Systems business area. The Other Businesses reported higher losses of € 29 million.

The Automobiles business area records a trading loss of € 44 million for the third quarter of 2005, compared to a trading loss of € 265 million in the corresponding period of 2004. In particular:

- Fiat Auto shows a trading loss of € 85 million for the third quarter of 2005, representing a sharp improvement from the loss of € 282 million reported in the corresponding period of 2004. The result benefits from a reduction in governance and product costs, the streamlining of research and development activities, the preference for more profitable sales channels and a more favorable product mix that more than offset the effects of lower sales volumes in Europe;
- Fiat Powertrain Technologies reports a trading profit of € 9 million for the third quarter of 2005;
- Ferrari closes the third quarter of 2005 with a trading profit of € 42 million, an increase from the € 30 million recorded in the same period last year. The improvement is mainly attributable to an increase in sales volumes and efficiency gains which are partially offset by the negative foreign exchange effect;
- Maserati posts a trading loss of € 10 million for the third quarter of 2005. The improvement with respect to the loss of € 13 million of the third quarter of 2004 is due to a growth in volumes and the more favorable sales mix, partially offset by the negative foreign exchange effect.

CNH closes the third quarter of 2005 with a trading profit of € 133 million, an improvement with respect to the profit of € 112 million reported for the third quarter of 2004. Increased sales of construction equipment, better sales prices, efficiency gains and the improved profitability of financial services more than offset higher raw material prices and lower volumes in the agricultural equipment sector.

Iveco shows a trading profit of € 102 million for the third quarter of 2005, an improvement of € 28 million with respect to the third quarter of 2004. The positive contribution from the increase in volumes, higher sales prices and efficiency gains are partly absorbed by increased raw material prices and a less favorable market mix.

The Components and Production Systems business area records a trading profit of € 77 million for the third quarter of 2005, against a trading profit of € 56 million for the third quarter of 2004. In particular:

- Magneti Marelli shows a trading profit of € 38 million, substantially in line with the result of the corresponding period of 2004 (€ 36 million), on a comparable scope of consolidation. The unfavorable trend in raw material prices and the consequently negative price/cost ratio is offset by the efficiency gains realized;
- Teksid closes the third quarter of 2005 with a trading profit of € 14 million. This result includes the positive effect (approximately € 5 million) of sundry income. Net of this item, the result would be substantially in line with the profit (€ 10 million) posted for the third quarter of 2004;
- Comau reports a trading profit of € 25 million for the third quarter of 2005, an improvement from the € 10 million reported in the same period last year. The change stems in particular from the North American activities where efficiency gains were realized representing the positive effects of restructuring plans started in the first half.

Other Businesses report a trading loss of € 36 million for the third quarter of 2005, compared to a loss of € 7 million in the corresponding period of 2004. In particular:

- Business Solutions closes the third quarter of 2005 with a trading profit of € 13 million, against a profit of € 9 million for the third quarter of 2004. This positive result is mainly attributable to efficiency actions realized;
- Itedi closes the third quarter of 2005 (a traditionally negative period for the advertising market due to seasonal factors) with a trading loss of € 3 million, against a loss of € 2 million in the same period in 2004. The change is mainly attributable to costs incurred for a major prize competition in the period and lower newspaper sales revenues.

Operating result is an operating income of € 409 million for the third quarter of 2005, compared with the loss of € 122 million for the third quarter of 2004. The significant increase (+€ 531 million) reflects the € 262 million improvement in trading profit, an € 841 million increase in net gains on sales of equity investments, partially absorbed by both higher restructuring costs of € 328 million and other unusual expenses of € 244 million.
Net gains on sales of equity investments total € 881 million for the third quarter of 2005, of which € 878 million from the sale to EDF of the interest held in Italenergia Bis. For the third quarter of 2004, such gains totaled € 40 million, due to the sale of the Midas activities (€ 30 million) and Edison warrants (€ 12 million).
Restructuring costs total € 420 million for the third quarter of 2005 (€ 92 million for the third quarter of 2004) and chiefly refer to the rationalization of governance costs and restructuring of a number of foreign entities throughout most of the Group Sectors.
For the third quarter of 2005, other unusual income (expenses) showed net charges of € 284 million (charges of € 40 million for the third quarter of 2004) and include: charges of € 121 million related to the reorganization and rationalization of Group suppliers, charges of € 141 million associated with platform rationalization and product relocation (Fiat Auto) together with € 22 million one-off charges related to prior years business disposals.

Result before taxes increased from the loss of € 301 million for the third quarter of 2004 to the income of € 1,036 million for the third quarter of 2005. The improvement, which totals € 1,337 million, stems from the € 531 million increase in operating income, lower net financial expenses for € 11 million and the above unusual financial income of € 858 million, against lower income from equity investments (-€ 63 million).
The unusual financial income stems from the capital increase of September 20, 2005 following conversion of the Mandatory Convertible loan. The income represents the difference between the subscription price of the shares and their stock market price at the date of subscription.

Group interest in net income is € 818 million for the third quarter of 2005, against a loss of € 404 million in the same period of 2004.

At September 30, 2005 consolidated **net debt** totals € 19,105 million, for a decrease of € 6,318 million with respect to the € 25,423 million at December 31, 2004. During the third quarter of 2005, net debt decreased by € 4,619 million, € 3 billion of which due to the reimbursement of the Mandatory Convertible Facility. Furthermore, upon conclusion of the Italenergia Bis transaction, through sale to EDF of the 24.6% shareholding owned by the Fiat Group, the financing of € 1,147 million extended by Citigroup and a restricted pool of banks was reimbursed. Additionally, the payable of approximately € 600 million recorded in respect of the bank stockholders of Italenergia Bis that purchased 14% of the shares of Italenergia Bis from Fiat in 2002 was written back.
In the first six months of 2005, Group net debt decreased by € 1,699 million due to the collection from General Motors of € 1.56 billion (partially reduced by the effect of the consolidation of powertrain activities) and the reimbursement of approximately € 2 billion in financing that had previously been extended by central cash management to the financial services companies sold by Iveco to Barclays. Such proceeds are only partially offset by funds required by the seasonal increase in working capital and by foreign currencies translation differences.

So as to further strengthen the Automobile Sector, the Fiat Group management continued to seek strategic alliances with major partners. In September 2005, Fiat signed two memoranda of understanding, with Ford and with the Indian Group Tata Motors Limited, to study collaboration opportunities.
The agreement signed with Ford in November 2005 is aimed at jointly developing two new vehicles (the future Fiat 500 and the successor to the Ford Ka). The talks with Tata are focused on broader cooperation in the automotive area, including development, manufacturing, components, purchasing and distribution.
In October 2005, Fiat signed a letter of intent with Suzuki Motor Corporation to study the feasibility of licensed manufacture of the new Euro 5-compliant 2.0 JTD Multijet diesel engine, developed by Fiat. Production of the new engine by Fiat Powertrain Technologies will start in Italy in 2008 and manufacturing in Asia could commence in 2010, with a targeted volume of approximately 100,000 units.
These agreements represent further steps in the alliance strategy implemented with PSA Peugeot Citroën and Tofas for the joint development and production of a light commercial vehicle, and with Suzuki to develop and manufacture an SUV that will debut in conjunction with the Turin Winter Olympics in the first quarter of 2006.

Sequana Capital Group

(52.84% of capital stock through Ifil Investissements)

The consolidated results of the Sequana Capital Group for the nine months ending September 30, 2005, prepared in accordance with IFRS, are as follows:

€ in millions	9 months to 9/30/2005	9 months to 9/30/2004 (a)	Change Amount	Change %
Share of earnings (losses) of operating companies	136.8	125.7	11.1	8.8
Financial income (expenses)	0.8	17.0	(16.2)	n.s.
General expenses and income taxes	(15.1)	(10.8)	(4.3)	39.8
Trading profit	122.5	131.9	(9.4)	-7.1
Nonrecurring income (expenses)	(20.2)	11.0	(31.2)	n.s.
Profit - Group	102.3	142.9	(40.6)	-28.4

(a) Restated in conformity with IFRS.

The result of the operating companies shows an increase of 8.8% (16%, without considering the share of the result of Pechel Industries, sold in March 2005, and therefore not included in the 2005 figures). This is in line with targets except for the ArjoWiggins Group which is faced with a market situation that remains problematic on account of the sector's excess production capacity and the increase in energy and raw material costs.

Taking into account nonrecurring items, which had a positive effect on the first nine months of 2004, and the impact of the restructuring costs incurred by the ArjoWiggins Group, the consolidated profit of the Sequana Group is € 102.3 million for the nine months to September 30, 2005 (€ 142.9 million for the nine months to September 30, 2004).

Alpitour Group

(100% of capital stock through Ifil Investissements)

The consolidated results of the Alpitour Group in the first nine months of the fiscal year 2004/2005 can be summarized as follows:

€ in millions	9 months to July 31, 2005 (a)	9 months to July 31, 2004 (a)	Change Amount	%
Revenues	723.0	700.5	22.5	3.2
Operating loss	(8.9)	(3.5)	(5.4)	n.s.
Loss - Group	(24.1)	(21.4)	(2.7)	-12.6

(a) Corresponding to the period November 1 – July 31.

In order to be able to correctly interpret the results for the period, it should be stressed that such results are greatly affected by the seasonal nature of the Group's business since revenues are concentrated in the summer season while structure costs are incurred throughout the course of the year.

The first nine months of the fiscal year 2004/2005 are severely penalized by the decline in demand for some of the Group's most important destinations. The decline is a consequence of the devastating tsunami, which hit on December 26, 2004, and the effects of protracted international tension, with particular reference to the attack at Taba (Egypt) in October 2004. These are extraordinary events which were followed in July by the vicious attack at Sharm El Sheik.

In spite of the climate of political and economic uncertainty, the first few months of the summer season, up until the date of the attack at Sharm El Sheik, presented a positive picture: sales and margins were up compared to the corresponding period of the prior year and in line with forecasts. Following the attack, the Alpitour Group worked unstintingly with a great deal of success to propose new destinations to customers who had originally planned vacations at Sharm El Sheik using a variety of alternatives such as the Italian beaches, Greece, the Canary Islands, the Balearic Islands and Cape Verde. These substitutions made it possible to limit the effect of the attack on the profitability of the Group, which, in any case, was negatively impacted to a significant extent by that incident.

Notwithstanding these unfavorable events, the consolidated accounting data of the Alpitour Group at July 31, 2005 shows net revenues of € 723 million, a slight improvement compared to the corresponding period of the prior year.

Regarding economic performance, the increase in sales volumes produced a corresponding increase in the gross profit, rising from € 94.7 million for the nine months to July 31, 2004 to € 97.3 million for the nine months to July 31, 2005.
As for the operating result, instead, there was an increase in the operating loss of € 5.4 million compared to the same period of the prior year. The change in the operating loss compared to the change in gross profit is principally due to higher lease costs attributable to more installments on the aircraft leased by Neos, higher rent on the hotels in Italy that operate starting from the summer and higher amortization for the start-up of operations at the Arenella tourist resort in Sicily.

The consolidated loss – Group is € 24.1 million. This figure is after amortization and depreciation of € 12 million and deferred tax benefits of € 2.8 million.

The consolidated net financial position at the end of the quarter is a debt position of € 209.2 million. The negative change of € 33.5 million from the debt position at the end of the corresponding period of 2004 (-€ 175.7 million) is principally due to investments during the last year, the economic situation and the different classification of credit advices presented for collection which last year had been included in the financial position.

Juventus Football Club
(60% of capital stock)

The following figures are taken from the accounting data prepared in accordance with Italian accounting principles:

Year 2004/2005 (a)	€ in millions	9 months to September 30 (b) 2005	2004	Change	III Quarter (b) 2005	2004	Change
229.3	Operating revenues	172.1	155.2	16.9	38.3	36.7	1.6
45.7	Gross operating margin (c)	33.7	26.2	7.5	(5.0)	(4.0)	(1.0)
(3.0)	Net income (loss)	(12.1)	1.0	(13.1)	(18.9)	(3.0)	(15.9)
77.9	Stockholders' equity (d)	59.1	78.0	(18.9)			
(16.4)	Net financial position (d)	(17.6)	6.4	(24.0)			

(a) Corresponding to the period July 1, 2004-June 30, 2005.
(b) Reclassified data. In view of the fact that Juventus F.C.'s fiscal year ends on June 30 of every year and the highly seasonal nature of the sector, it should be stressed that the data shown cannot represent the basis for a full-year projection.
(c) Before amortization of players' registration rights.
(d) Data refers to the end of the period.

The considerable increase in operating revenues for the period January 1 – September 30, 2005 compared to the corresponding period of 2004 (+10.9%) is due to the bonuses received on winning the Championship 2004/2005 and higher revenues from games (mainly for friendly games and home U.E.F.A. Champions League games).
In March 2005, a gain of € 18 million was also recorded on the sale of the option rights to Oilinvest B.V., the Dutch company which owns the Tamoil trademark, for the new official sponsorship contract. In the six months to June 30, 2004, operating revenues included € 20 million stemming from agreements signed with the Mediaset Group for the sale of television rights to broadcast games for future seasons.

The gross operating margin (+28.6%) benefited from the increase in revenues despite higher operating costs, in particular service costs.

The net loss, instead, is impacted by lower income from the management of players' registration rights, from € 17 million for the Summer 2004 transfer campaign to € 2 million for the Summer 2005 campaign.
The reduction in the amortization of the abovementioned rights (+€ 6.1 million), mainly due to the extension of the current contract period for certain players, is offset by higher income taxes (–€ 6.2 million).

The income statement for the third quarter of 2005 shows a slight increase in all revenue items and a deterioration in gross operating margin due to higher service costs and operating costs compared to the corresponding period last year. Conversely, personnel costs decreased from € 31.6 million to € 30.3 million. The profit shows a considerable reduction due, as described earlier, to lower income from players' management.

From a financial standpoint, the first stage of the 2005/2006 transfer campaign, which closed at the end of August 2005, generated a total financial imbalance of € 21.8 million. The net financial position at September 30, 2005 is a debt position of € 17.6 million (a cash position of € 6.4 million at September 30, 2004).

Turin, November 11, 2005

For the Board of Directors
The Chairman and President
Gianluigi Gabetti

FORWARD

As provided by European Regulation No. 1606 dated July 19, 2002 of the European Union, starting from January 1, 2005 the IFIL Group has adopted the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Commission. Therefore, the 2005 annual consolidated financial statements will be prepared in accordance with these IFRS. 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").

This Appendix to the Quarterly Report at September 30, 2005 provides the reconciliation between the already-published consolidated result for the period prepared in accordance with Italian accounting principles (GAAP) and the consolidated result for the period drawn up in accordance with IFRS for the prior periods presented for comparative purposes, as required by "IFRS 1 - First-time Adoption of International Financial Reporting Standards", together with the relative explanatory notes.

In this specific case, however, it should be noted that for the purpose of facilitating the analysis of the financial position and the results of operations of the Group and in compliance with Annex 3D of the earlier-mentioned Consob Regulation, it is the Company's practice to present the interim quarterly financial statements (balance sheet and income statement) by applying the "condensed" basis of consolidation as used in the analysis of the performance of the Group included in the Directors' Reports on Operations presented together with the annual consolidated financial statements and the first-half report of each year. (For a detailed description of the "condensed" basis of consolidation mentioned herein, reference should be made to the section "Accounting policies" in this Quarterly Report).

Accordingly, also the reconciliations of the balance sheets and income statements to IFRS presented in this report have been adjusted to conform to the "condensed" form of presentation adopted in the interim consolidated quarterly financial statements, without changing the amounts of the consolidated equity and the consolidated profit of the Group. The IFRS reconciliations of the consolidated balance sheets at January 1, 2004 and December 31, 2004 and the consolidated income statement for the year 2004 prepared according to the line-by-line consolidation method as provided by IFRS have been presented in the consolidated first-half report at June 30, 2005 to which reference should be made.
This information has been prepared as part of the process of conversion to IFRS and in compliance with the cited art. 82 of Consob Regulation No. 11971. It therefore does not include all the statements, the comparative information and the notes under the line-by-line consolidation method which would be necessary to provide a complete representation, in conformity with IFRS, of the financial position and the results of operation of the Group at December 31, 2004.

RECONCILIATIONS REQUIRED BY IFRS 1

As required by IFRS 1, this note presents the reconciliation of the already-published figures of the condensed consolidated income statement for the third quarter of 2004 and the first nine months of 2004, prepared in accordance with Italian GAAP, and the corresponding figures remeasured under IFRS.

The 2004 balance sheets and income statements have been prepared in accordance with IFRS 1 – *First-time Adoption of IFRS*. In particular, IFRS applicable from January 1, 2005, published as of December 31, 2004, have been adopted, including the following:

- *IAS 39 – Financial Instruments: Recognition and Measurement* in its entirety. In particular, the Group adopted derecognition requirements retrospectively from the date in which financial assets and financial liabilities had been derecognized under Italian GAAP.
- *IFRS 2 – Share-based Payment*, which was published by the IASB on February 19, 2004 and adopted by the European Commission on February 7, 2005.

FIRST-TIME ADOPTION OF IFRS

General principle

The IFRS accounting standards in force at December 31, 2004 have been applied retrospectively to all periods presented in the first condensed financial statements prepared in accordance with IFRS and to the relative opening balance sheet, except for some exemptions adopted, as allowed by IFRS 1, as described in the following subsection.

Those 2004 condensed consolidated financial statements will constitute the comparative figures that will be published in the report that will be presented with the consolidated financial statements at December 31, 2005. Those figures could change if any international standards are revised or amended during 2005. It should be noted that revised versions or interpretations of IFRS may be issued prior to publication of the Group's full year 2005 consolidated financial statements at December 31, 2005, possibly with retroactive effects. If this happens, it could affect the 2004 restated IFRS balance sheet and income statement, including the third quarter of 2004 and the income statement for the nine months to September 30, 2004 presented herein.

Optional exemptions adopted by the Group

Business combinations: the Group elected not to apply IFRS 3 - Business Combinations retrospectively to the business combinations that occurred before the date of transition to IFRS.

Employee benefits: the Group elected to recognize all cumulative actuarial gains and losses that existed at January 1, 2004, even if it decided to use the corridor approach for actuarial gains and losses after that date.

Cumulative translation differences: the cumulative translation differences arising from the consolidation of foreign operations have been set at nil as at January 1, 2004. Gains or losses on subsequent disposals of any foreign operation will only include accumulated translation differences after January 1, 2004.

IFIL GROUP
RECONCILIATION OF THE CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 AND RELATED EXPLANATORY NOTES
(unaudited)

€ in millions	Italian GAAP	Effects of transition to IFRS: Adjustments		Effects of transition to IFRS: Reclassifications		IFRS	
Group's share of earnings (losses) of companies accounted for using the equity method	(238.9)	55.5	a	3.9	f	(179.5)	Group's share of earnings (losses) of operating subsidiaries and associates accounted for by the equity method
Dividends from other holdings	27.4					27.4	Dividends from other holdings
Gains, net	1.4			0.7		2.1	Gains on disposal of equity investments
				(3.9)	f	(3.9)	Profit (loss) from discontinued operations
Amortization of differences on consolidation	(34.8)	11.2	b	23.6	g		
		(0.4)	c	(24.3)	g	(24.7)	Impairment (losses)/reversals on investments and securities
Financial expenses, net	(17.1)					(17.1)	Financial income (expenses)
General expenses, net	(12.6)	0.5	d	(3.1)		(15.2)	Net general expenses
				(1.6)		(1.6)	(Accruals to)/releases of provisions
Other expenses, net	(6.4)	1.7	e	4.7			
Income taxes	0.0					0.0	Income taxes
Net loss - Group	(281.0)	68.5		0.0		(212.5)	Loss - Group

a. The positive adjustment of € 55.5 million represents IFIL's share of the effects of the adoption of IFRS on the earnings (losses) for the nine months ended September 30, 2004 of operating subsidiaries and associates accounted for by the equity method. Details are as follows:

€ in millions	Earnings (losses) of holdings: Italian GAAP	Earnings (losses) of holdings: IFRS	IFIL's share: Italian GAAP	IFIL's share: IFRS	Difference
FIAT Group	(1,212.3)	(1,083.6)	(334.8)	(300.6)	34.2
Sequana Capital Group	101.5	142.9	53.9	75.6	21.7
NHT Group	(31.3)	(28.2)	(31.3)	(28.2)	3.1
Juventus Football Club	1.0	(2.9)	0.6	(1.8)	(2.4)
					56.6
Consolidation adjustments					(1.1)
					55.5

The differences indicated for the individual holdings are principally due to the effects on the loss for the period of the application of IAS 38 – Intangible assets, IAS 19 – Employee benefits, IAS 36 – Impairment of assets, IAS 39 – Financial Instruments: Recognition and measurement and IFRS 3 – Business combinations (in reference to the elimination of the amortization of goodwill).

b. The positive adjustment of € 11.2 million includes the reversal of the amortization of the differences on consolidation relating to the investments in La Rinascente (+€ 8.3 million) and Juventus Football Club (+€ 2.9 million).

c. The negative adjustment of € 0.4 million is due to the fair value adjustment of current securities.

d. The positive adjustment of € 0.5 million is due to the reversal of the amortization of deferred charges, the depreciation on the building of the subsidiary Soiem (+€ 0.7 million) and the accrual for stock option costs (-€ 0.2 million).

e. The positive adjustment of € 1.7 million is due to the reversal of the amortization of the deferred charges derecognized from assets.

f. The reclassification is made to show the share of the earnings (losses) of the Rinascente Group (-€ 3.9 million) in "Profit (loss) from discontinued operations".

g. The reclassification of € 23.6 million is made to show the extraordinary amortization of the differences on consolidation relating to NHT in the caption "Impairment (losses)/reversals on investments and securities".

IFIL GROUP
RECONCILIATION OF THE CONSOLIDATED LOSS OF THE GROUP
FOR THE NINE MONTHS TO SEPTEMBER 30, 2004

€ in millions			Note
Consolidated loss of the IFIL Group for the nine months to September 30, 2004 (Italian GAAP)		(281.0)	
	IFIL's share of the effects of the adoption of IFRS on the earnings (losses) of operating subsidiaries and associates accounted for by the equity method	55.5	a
IFRS 3 -	Reversal of amortization of differences on consolidation	11.2	b
IAS 39 -	Fair value adjustment of current securities	(0.4)	c
IAS 16 -	Reversal of depreciation on building	0.3	d
IFRS 2 -	Stock option costs	(0.2)	d
IAS 38 -	Reversal of amortization on intangible assets	2.1	d,e
Net difference		68.5	
Consolidated loss of the IFIL Group for the nine months to September 30, 2004 (IFRS)		(212.5)	

The explanatory notes are presented on page 25 and page 26.

IFIL GROUP
RECONCILIATION OF THE CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THIRD QUARTER OF 2004 AND RELATED EXPLANATORY NOTES
(unaudited)

€ in millions	Italian GAAP	Effects of transition to IFRS: Adjustments		Effects of transition to IFRS: Reclassifications		IFRS	
Group's share of earnings (losses) of companies accounted for using the equity method	(153.3)	43.0	a	5.7	f	(104.6)	Group's share of earnings (losses) of operating subsidiaries and associates accounted for by the equity method
Gains, net	(0.7)			0.7		0.0	Gains on disposal of equity investments
				(5.7)	f	(5.7)	Profit (loss) from discontinued operations
Amortization of differences on consolidation	(3.8)	3.8	b				
		(1.0)	c	(0.7)		(1.7)	Impairment (losses)/reversals on investments and securities
Financial expenses, net	(6.5)					(6.5)	Financial income (expenses)
General expenses, net	(4.6)	0.2	d	(0.1)		(4.5)	Net general expenses
				(0.4)		(0.4)	(Accruals to)/releases of provisions
Other expenses, net	(1.1)	0.6	e	0.5			
Net loss - Group	(170.0)	46.6		0.0		(123.4)	Loss - Group

a. The positive adjustment of € 43 million represents IFIL's share of the effects of the adoption of IFRS on the earnings (losses) for the third quarter of 2004 of operating subsidiaries and associates accounted for by the equity method. Details are as follows:

€ in millions	Earnings (losses) of holdings: Italian GAAP	Earnings (losses) of holdings: IFRS	IFIL's share: Italian GAAP	IFIL's share: IFRS	Difference
FIAT Group	(554.6)	(403.4)	(153.2)	(111.9)	41.3
Sequana Capital Group	25.8	30.1	13.7	15.9	2.2
NHT Group	(7.7)	(5.7)	(7.7)	(5.6)	2.1
Juventus Football Club	(4.3)	(8.1)	(2.6)	(5.0)	(2.4)
					43.2
Consolidation adjustments					(0.2)
					43.0

The differences indicated for the individual holdings are principally due to the effects on the loss for the third quarter of 2004 of the application of IAS 38 – Intangible assets, IAS 19 – Employee benefits, IAS 36 – Impairment of assets, IAS 39 – Financial Instruments: Recognition and measurement and IFRS 3 – Business combinations
(in reference to the elimination of the amortization of goodwill).

b. The positive adjustment of € 3.8 million includes the reversal of the amortization of the differences on consolidation relating to the investments in La Rinascente (+€ 2.8 million) and Juventus Football Club (+€ 1 million).

c. The negative adjustment of € 1 million is due to the fair value adjustment of current securities.

d. The positive adjustment of € 0.2 million is due to the reversal of the amortization of deferred charges and the depreciation on the building of the subsidiary Soiem.

e. The positive adjustment of € 0.6 million is due to the reversal of the amortization of the deferred charges derecognized from assets.

f. The reclassification is made to show the share of the earnings (losses) of the Rinascente Group (-€ 5.7 million) in “Profit (loss) from discontinued operations”.

IFIL GROUP
RECONCILIATION OF THE CONSOLIDATED LOSS OF THE GROUP
FOR THE THIRD QUARTER OF 2004

€ in millions			Note
Consolidated loss of the IFIL Group for the third quarter of 2004 (Italian GAAP)		(170.0)	
	IFIL's share of the effects of the adoption of IFRS on the earnings (losses) of operating subsidiaries and associates accounted for by the equity method	43.0	a
IFRS 3 -	Reversal of amortization of differences on consolidation	3.8	b
IAS 39 -	Fair value adjustment of current securities	(1.0)	c
IAS 38 -	Reversal of amortization on intangible assets	0.8	d,e
Net difference		46.6	
Consolidated loss of the IFIL Group for the third quarter of 2004 (IFRS)		(123.4)	

The explanatory notes are presented on page 28 and page 29.