

IFI
Istituto Finanziario Industriale

Annual report 2005

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This is an English translation of the Italian original document "Relazioni e Bilanci 2005" approved by the IFI Board of Directors on March 31, 2006, which has been prepared solely for the convenience of the reader.

The version in Italian takes precedence: for complete information about IFI S.p.A. and the Group, reference should be made to the full original report in Italian "Relazioni e Bilanci 2005" containing the Directors' Report on Operations and the Statutory financial statements and Consolidated financial statements also available on the corporate website: <http://www.gruppoifi.com>.

Board of Directors

Chairman

Vice Chairman

Directors

Gianluigi Gabetti

Pio Teodorani-Fabbri

Annibale Avogadro di Collobiano

John Elkann

Luca Ferrero Ventimiglia

Gabriele Galateri di Genola

Franzo Grande Stevens

Andrea Nasi

Lupo Rattazzi

Secretary to the Board of Directors

Pierluigi Bernasconi

General Manager

Virgilio Marrone

Board of Statutory Auditors

Chairman

Standing auditors

Alternate auditors

Cesare Ferrero

Giorgio Giorgi

Lionello Jona Celesia

Giorgio Ferrino

Paolo Piccatti

Independent Auditors

Deloitte & Touche S.p.A.

Expiry of term of office

The three-year term of office of the Board of Directors and the Board of Statutory Auditors, elected by the Stockholders' Meeting held on May 29, 2003, will expire concurrently with the Stockholders' Meeting called for the approval of the financial statements for the year ending December 31, 2005, as will the appointment of the independent auditors.

Corporate Governance

The Chairman, according to the bylaws (art. 21), may represent the Company, also before a court of law, and has signature powers.

Specific operating powers have been conferred to the Vice Chairman and the General Manager.

CHAIRMAN'S LETTER

To our Stockholders,

In 2005, the expansion phase of the global economy moved forward, driven, in particular, by growth in the United States and China. According to the International Monetary Fund (IMF), this year, the world economy grew by approximately 4.3%, still quite a high pace, but lower than that achieved in 2004 (+5.1%). The persisting, fairly favorable financial conditions limited the negative repercussions originating from the rise in the cost of oil. However, there were again very different trends of growth in the various main industrial areas: in the face of considerable expansion in the United States, activity in the Eurozone was weak, and there was a net deceleration in the United Kingdom; only in Japan was the recovery more rapid than expected, while China maintained its high growth rates.

Compared to 2004, GDP in the United States was 3.5%, less than the prior year (+4.2%) but, in any case, much higher than the figures reported in many countries in the Eurozone. The expansion of employment and the growth of consumption were the driving force behind the American economy until the end of summer 2005, only to contract suddenly due to the natural disasters, which affected part of the country. But it is precisely the reconstruction work in the areas hit by the disaster, partly financed by the national debt, which should provide the boost that will accelerate growth in 2006. However, the increase in the prices of energy led to a significant rise in consumer prices. High inflation (+4.3% in October 2005) drove the Federal Reserve to intervene, increasing the cost of money (4.5%). The current deficit in the balance of payments in 2005 exceeded 6% of domestic product, largely due to the high price of oil and the increase of imports from China.

It is precisely the trade deficit and its "twin problem" – the national deficit – which continue to constitute a serious source of concern for the American economy: the dual deficit, already referred to in the Letter to IFI Stockholders of last year, has for a long time been creating a serious imbalance which, although easily financed by the American economic system, is causing alarm for the international scenario in relation to the potential effects on American interest rates and on the U.S. dollar. In recent months, the U.S. dollar has increased in value against other strong currencies (the euro and the yen) partly as a result of higher interest rates, which generated a considerable flow of private capital from abroad.

In Europe, year-to-year growth was 1.3%, higher than in 2004. Countries which reported considerable growth include France (+1.4%), Spain (+3.4%) and the United Kingdom (+1.8%), while Germany (+0.9%) and Italy (+0.0%) showed only modest or zero growth. One source of concern for the ECB is the increase in consumer prices, forced up by the price of energy; in fact, in 2005, inflation settled at an average of 2.3%. The new estimated forecast for 2006 is an inflation rate for the Eurozone of between 1.5% and 2.1% and for 2007 between 1.6% and 2.8%. For this reason, the ECB has not ruled out that it might have to intervene again with a new increase in the cost of money (already raised from 2.25% to 2.50% in the last few months) in order to avoid an increase in prices that might slow down the much awaited economic recovery.

As far as Italy is concerned, recent figures published by ISTAT show that, in 2005, the value of GDP at market prices was equal to € 1,417,241 million, with an increase of 2% compared to 2004. The growth of GDP, valued at constant prices, on the other hand, was equal to zero, marking a net deceleration compared to the dynamics of the prior year (+1.1%). The balance of trade (the balance between exports and imports of goods and services) at current values shows a negative figure in 2005, for the first time since 2000, due largely to the rise in prices of energy products.

Despite this, growth prospects for our country over the next few years appear to be in line with the economic scenario in the Eurozone. According to estimates by the IMF, Italy should report a growth in GDP in the order of 1.5% both in 2006 and 2007. In this context, the first indications from ISTAT with regard to industrial production seem positive (+4.1% on an annual basis in January 2006), driven, in particular, by the strong growth of automotive production (+19.7% on an annual basis).

During 2005, the situation of the national debt deteriorated further. The net debt of the Public Administrations as a ratio of GDP was 4.1% compared to 3.4% in 2004. It increased in absolute value by € 10,265 million, rising to € 57,917 million. The deterioration in the dynamics of public expenditures requires immediate action to restore balance, so as not to jeopardize the prospects of higher growth forecast for 2006. With regard to the dynamics of consumer prices, the price index in Italy was impacted less by the increase in the price of energy than other countries in the Eurozone. According to figures from ISTAT, inflation in Italy in 2005 settled at an average of 2.2%.

Overall, despite some positive signs, the performance of the Italian economy in 2005 was stagnant. For some time it has been obvious that what is limiting Italy's growth potential are not only cyclical factors, but a series of serious structural problems, which it becomes ever more urgent to solve, rapidly and with determination. Competitiveness must become the priority objective for our country's policies: only by creating the broadest and most effective conditions for competition, understood as a stimulus capable of driving companies towards a more efficient use of resources, will it be possible to augment the competitiveness of our economic and production system on global markets.

To this end, it is necessary to pursue the objectives already laid down in last year's Letter: to create the conditions that will make it possible to significantly reduce the cost of energy, which, today, weighs more heavily on the companies of our country than in other European nations through investments geared to diversifying the sources and raising competition in accessing the networks; to sustain training, innovation and research, which is a strategic driver for the country's growth, with the introduction of tax credits on research expenditures; to support innovative start-ups and to relaunch public investments in this sector; to open up regulated markets, the professions and local public services more to competition, by reducing the weight of public influence; to promote greater efficiency in the Public Administration by introducing a greater simplification of procedures, strictness with regard to public expenditures and balance in taxation. Finally, the last and maybe the most important point, we must reduce tax and social security expenses which augment the cost of labor, by also completing the reform of the market, with the aim of increasing the flexibility of companies, creating growth and thus favoring an increase in the rate of employment.

If we turn our attention to our Group, the year 2005 closed with very positive results. The consolidated profit increased to € 676 million from € 120 million in 2004, benefiting from the best result ever reported by the IFIL Group (a profit of € 1,090 million, compared to € 124 million in the prior year). In the statutory financial statements, the result was a profit of € 38.5 million, slightly higher than the € 37.7 million reported in 2004.

2005 was an extremely important year for IFIL. The most significant event was certainly the fact that it succeeded in maintaining its traditional role as the stockholder of reference in the Fiat Group, through the purchase of shares completed in September.

Defending the value of its stake, the opportunity of participating fully in the plan to turn around the company, and protecting the conditions of stability, which are vital prerequisites for the job undertaken by management were the decisive factors behind the purchase.

Another important investment was made by IFIL, namely the investment in Sanpaolo IMI, increasing the Group's stake in the Turin bank to almost 5% of the capital stock.

In addition, the monetization of the investment in La Rinascente, which began in 2004 with the sale of food operations, was completed. Sequana Capital moved in a similar direction, selling Permal Group to the American company Legg Mason.

The arrival of the new Chief Executive Officer and General Manager, Carlo Barel di Sant'Albano, and the new governance framework, with the appointment of Tiberto Brandolini D'Adda and John Elkann as Vice Chairmen, have laid the foundations for achieving new aims and creating value for the stockholders. In the pursuit of this objective, IFIL will also be able to rely on the undisputed professional skills of the management of Banca Leonardo with which our Group has recently developed ties of investment and collaboration.

At the end of March 2006, recognizing the opportunity of reducing IFI's net debt (which had grown to approximately € 305 million, also as a result of further investments in IFIL) in a context of growing market rates, the company's Board of Directors approved the sale of its stake in Exor Group to that same company, which has abundant liquidity and indicated that it was interested in the acquisition. The Exor Group will subsequently cancel those shares, thus reducing its capital stock. IFI is expected to receive proceeds of more than € 200 million.

In the name of the Board of Directors I would like to thank our stockholders for the trust they have placed in us, the statutory auditors and independent auditors for their profound commitment, and the managers and all the employees of the company and its subsidiaries for their continued efforts and the results achieved.

Gianluigi Gabetti

IFI GROUP PROFILE

THE INVESTMENT PORTFOLIO

IFI – Istituto Finanziario Industriale S.p.A., is the controlling financial holding company of the Group headed by Giovanni Agnelli e C. S.a.p.az. The Company's assets are represented by the investments in IFIL Investments S.p.A., equal to approximately 64% of ordinary capital stock, and in Exor Group, equal to 29.3% of ordinary capital stock.

IFIL Investments S.p.A. (IFIL) is the investment company of the Group commanding two distinctive areas of operations: the active management of the investment in Fiat and the dynamic management of the other holdings.

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

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

Sequana Capital - ex-Worms & Cie - (52.78% holding) is a French-listed holding company with a portfolio comprising the following major investments:

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

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

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

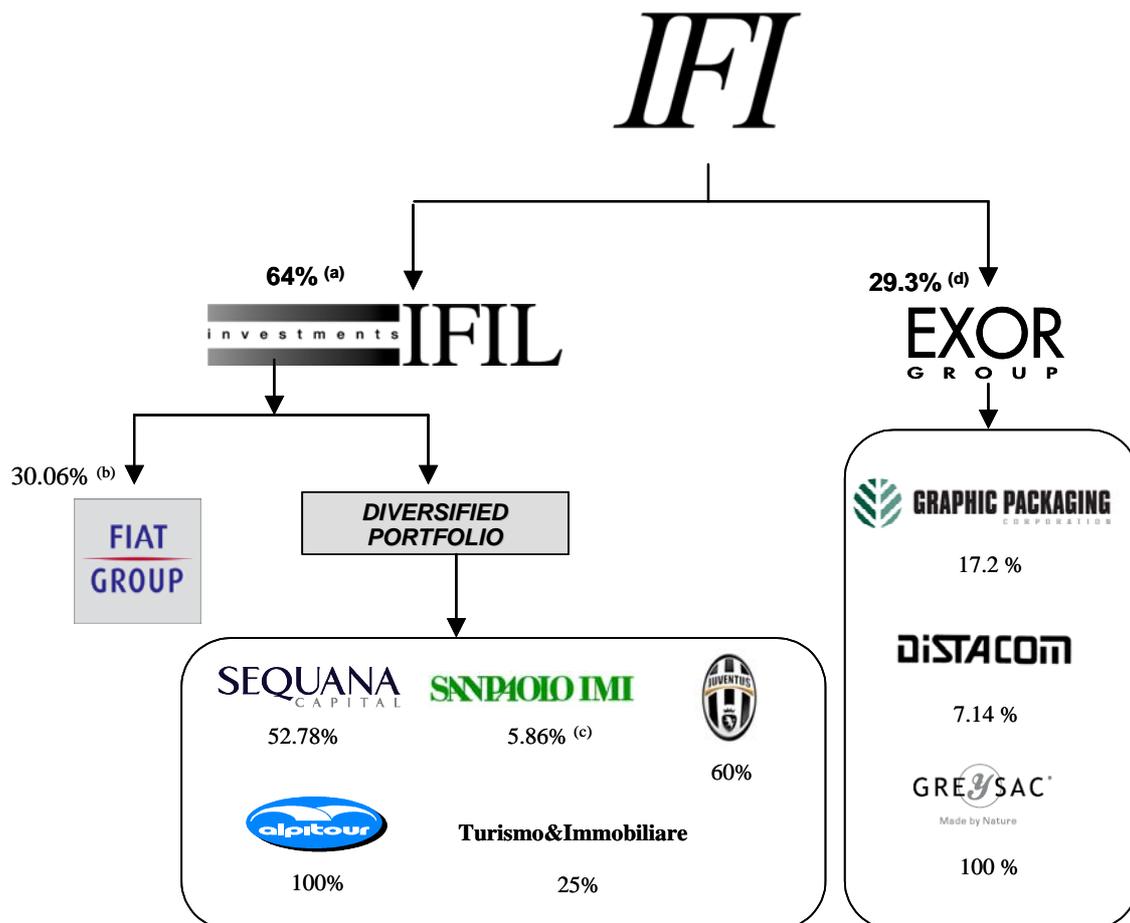
Juventus Football Club (60% holding by IFIL) is a company with more than one hundred years of history and an enviable record gained at various national and international sports events;

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

Exor Group is a Luxembourg holding company; its principal investments are the 17.2% stake in Graphic Packaging Corporation (a U.S.A. listed company in the packaging sector), the 100% holding in the French wine company Greysac (ex-Domaine Codem) and the 7.14% stake in Distacom (a company headquartered in Hong Kong operating in the telecommunications sector).

The IFI S.p.A. Board of Directors Meeting held on March 31, 2006 voted to sell the entire investment in Exor Group in order to reduce the debt of the company.

The following chart is updated to the end of March 2006 and presents the simplified structure of the investment portfolio. Percentage holdings refer to ordinary capital stock.



- (a) IFI also holds 4.99% of savings capital stock.
- (b) IFIL also holds 30.09% of preferred capital stock.
- (c) Equal to 4.97% of capital stock.
- (d) In the process of being sold.

KEY OPERATING AND FINANCIAL DATA

The key data of the IFI Group and IFI S.p.A. is presented below.

IFI GROUP

Condensed consolidated figures (prepared in accordance with IFRS) ^(a)			
€ in millions	2005	2004	Change
Consolidated profit - Group	676	120	556
Share of earnings (losses) of holdings and dividends	693	133	560
Investments	3,353	2,372	981
Consolidated equity - Group	3,084	2,123	961
Earnings per share (€)			
Consolidated profit - Group:			
- ordinary shares	4.26	0.74	3.52
- preferred shares	4.31	0.79	3.52
Consolidated equity - Group	19.53	13.45	6.08

(a) The principles used in the preparation of the financial statements are disclosed under "IFI Group - Review of the condensed consolidated results" in the Directors' Report on Operations.

IFI S.p.A.

(statutory financial statements prepared in accordance with the provisions of the Italian Civil Code)

€ in millions	2005	2004	2003	2002	2001
Net income (loss)	39	38	15	(227)	117
Stockholders' equity	1,643	1,605	1,567	1,095	1,356
Net financial position	(280)	(264)	(295)	(427)	(239)
Total dividends paid out	-	-	-	-	34
Dividends paid out per share (€)					
Per ordinary share	-	-	-	-	0.5783
Per preferred share	-	-	-	-	0.63

STOCKHOLDERS AND THE STOCK MARKET

Capital stock

IFI S.p.A.'s capital stock, fully subscribed to and paid-in, amounts to € 163,251,460 and consists of 86,450,000 ordinary shares and 76,801,460 preferred shares of par value € 1 each.

The directors have the right, for a period of five years from the resolution passed on April 22, 2003, to increase, at one or more times, also in divisible form, the capital stock up to a maximum of € 561,750,000.

The ordinary shares are held 100% by the parent, Giovanni Agnelli e C. S.a.p.az.

The preferred shares are listed on the Mercato Telematico Azionario (Electronic Trading Market) organized and operated by Borsa Italiana S.p.A.

The preferred shares have voting rights only for the resolutions set forth in art. 2365 of the Italian Civil Code (articles 10 and 13 of the bylaws). The preferred shares have the right to a preference dividend, which is not cumulative from one year to the next, equal to 5.17% of par value € 1 (article 27 of the bylaws).

IFI has approximately 13,000 preferred stockholders.

At the end of March 2006, the major preferred stockholders, indicated below, represent 69.27% of the class of stock.

Stockholders	%	Shares
K Capital Partners LLC Group	15.73	12,081,391
Amber Capital LP (Amber Master Fund - Cayman)	11.46	8,799,007
Morgan Stanley Group	10.94	8,405,820
Ing Bank NV - London	10.54	8,091,652
Deutsche Bank AG	6.55	5,034,127
UBS AG	4.05	3,112,592
Credit Suisse First Boston	3.26	2,500,000
Kairos Fund Limited	2.34	1,796,700
The Trident European Fund-Dem	2.33	1,790,000
Banca d'Italia	2.07	1,593,625
	69.27	53,204,914

Source: Stockholders' Book in addition to communications received from Consob as of March 24, 2006.

Treasury stock

IFI currently holds 5,360,300 preferred shares of treasury stock (6.98% of the class of stock).

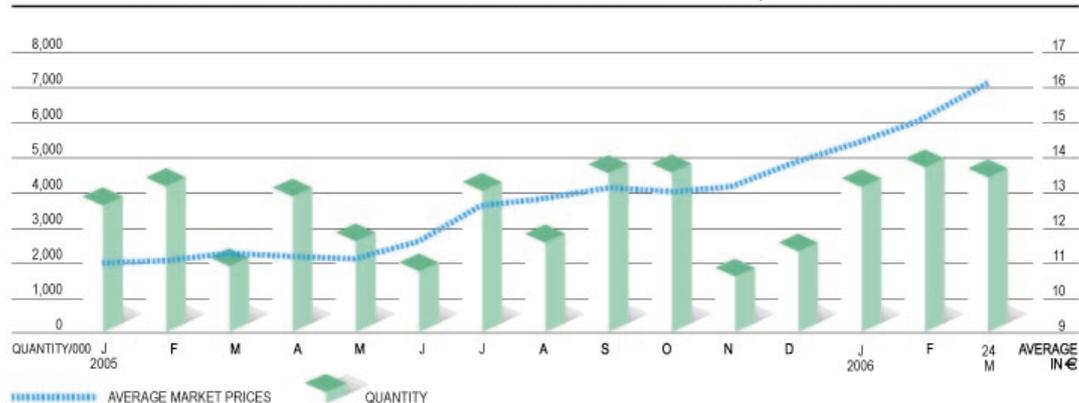
On March 31, 2006, the Board of Directors voted to put forward a motion to the Ordinary Stockholders' Meeting to renew the authorization for the purchase of treasury stock for a maximum of 16 million IFI ordinary and/or preferred shares for a global amount of € 150 million.

Stock performance

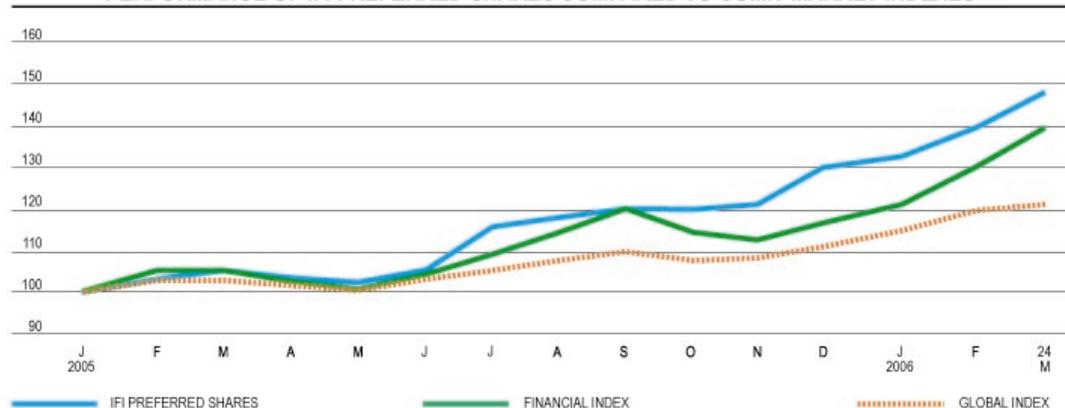
The bullish trend of IFI preferred stock that had begun in 2004 continued into 2005. The stock reached € 13.867 by the end of the year.

The stock gained 29.84% overall during 2005, outperforming the 11.43% growth of the Global Index.

IFI PREFERRED SHARES - AVERAGE MARKET PRICES IN € - QUANTITIES TRADED



PERFORMANCE OF IFI PREFERRED SHARES COMPARED TO COMIT MARKET INDEXES (a)



(a) The chart is based on average monthly stock market data.

MARKET INFORMATION

	2006 ^(a)	2005	2004	2003
Market price per preferred share (€)				
. year-end	16.895	13.867	10.431	6.708
. high	16.975	14.525	10.431	9.466
. low	13.966	10.562	6.235	5.003
Trading volumes during the period				
- preferred shares (in millions of shares)	14.3	41.5	67.7	60.9
Value of trading volumes during the period				
- preferred shares (€ in millions)	215.6	500.9	556.8	383.8

(a) From January 1 to March 24, 2006.

The 2003 market prices have been adjusted as a result of the capital stock increase in July 2003.

FINANCIAL COMMUNICATIONS AND INVESTOR RELATIONS

Activities surrounding relations with the financial community, the stockholders, the investors and the financial Press have continued during the course of the year also, where requested, through individual meetings. The new corporate website www.gruppoifi.com which came online at the beginning of 2005 has made a contribution to the improvement of the presentation of the Group, rendering the information about the company more usable and timely.

In total, about 850 copies (in Italian and English) of the annual report, the first-half report and the quarterly reports have been distributed, and are also available on request.

The corporate functions in charge of communications and external relations are:

External Relations and Press Office

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Fax +39011 – 5090386

relazioni.esterne@gruppoifi.com

Institutional Investors and Financial Analysts Relations

Tel. +39011 – 5090246

Fax +39011 – 5090280

relazioni.investitori@gruppoifi.com

Stocks and Bonds Service

Tel. +39011 – 5090323

Tel. +39011 – 5090205

Fax +39011 – 5090321

servizio.titoli@gruppoifi.com

MAJOR EVENTS IN 2005

Increase in the investment in IFIL

During March and April 2005, IFI purchased on the market 16,708,441 IFIL ordinary shares (1.61% of the class of stock) for an investment of € 55.5 million and 1,866,420 IFIL savings shares (4.99% of the class of stock) for an investment of € 6.4 million.

At December 31, 2005, IFI holds 660,491,840 IFIL ordinary shares, equal to 63.59% of the class of stock, and 1,866,420 IFIL savings shares, equal to 4.99% of the class of stock. The investment represents 61.56% of capital stock.

In the comments on the performance of the subsidiary IFIL (to which reference should be made), a description is provided about the transaction which, in September 2005, allowed the company to maintain its investment holding in Fiat S.p.A. unchanged.

IFI GROUP – REVIEW OF THE CONDENSED CONSOLIDATED RESULTS

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

In the preparation of the condensed consolidated balance sheet and income statement, the investments in IFIL and in Exor Group are accounted for by the equity method in the financial statements or accounting data drawn up by IFI S.p.A. in accordance with IFRS.

The 2004 data presented for purposes of comparison has been restated in accordance with IFRS.

Consolidated profit - IFI Group for the year 2005 is € 675.6 million (€ 120 million in 2004). The positive change of € 555.6 million is due to the considerable increase in the result of the IFIL Group which, in turn, benefited from the very positive results achieved by the Fiat Group and the Sequana Capital Group, partly due to nonrecurring transactions.

The **Group's share of the earnings (losses) of companies accounted for by the equity method** is an earnings figure of € 693 million (€ 133.1 million in 2004). The positive change of € 559.9 million is due to a higher contribution by the IFIL Group (+€ 604.9 million), which partly offsets the lower earnings by Exor Group (-€ 16.5 million) and lower consolidation adjustments (-€ 28.5 million).

The **net financial position of IFI S.p.A.** at December 31, 2005 is a net debt position of € 277.7 million, which is € 12 million higher than that at the end of 2004 (-€ 265.7 million).

Consolidated equity – Group at December 31, 2005 amounts to € 3,084 million (€ 2,123.3 million at the end of 2004). The increase of € 960.7 million is due to the consolidated profit of the Group for the year of € 675.6 million and to net positive changes in the equity of the holdings for the remaining amount of € 285.1 million, including translation differences of € 175.5 million and other net changes of € 109.6 million.

The carrying amount of **investments** at December 31, 2005 is € 3,352.9 million. The increase of € 980.5 million compared to investments at year-end 2004 (€ 2,372.4 million) is due to purchases of IFIL stock in 2005 (+€ 61.9 million) and IFI's share (+€ 918.6 million) of the positive changes in the equity of the holdings IFIL and Exor Group.

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

IFI Group - Condensed consolidated income statement

€ in millions	Note	2005	2004	Change
Group's share of the earnings (losses) of companies accounted for by the equity method	1	693.0	133.1	559.9
Dividends from other holdings		0.1	0.1	0.0
Net financial expenses		(9.1)	(11.5)	2.4
Net general expenses		(4.1)	(4.0)	(0.1)
Net other expenses		(5.6)	(1.4)	(4.2)
Income taxes		1.3	3.7	(2.4)
Profit - Group		675.6	120.0	555.6

IFI Group - Condensed consolidated balance sheet

€ in millions	Note	12/31/2005	12/31/2004	Change
Assets				
Investments in subsidiaries and associates accounted for by the equity method	2	3,352.4	2,371.9	980.5
Other investments	2	0.5	0.5	0.0
Non-current financial receivables		0.0	4.2	(4.2)
Receivables and other current assets		19.1	19.1	0.0
Cash and cash equivalents	4	0.1	0.1	0.0
Total assets		3,372.1	2,395.8	976.3
Equity and liabilities				
Capital and reserves		3,154.5	2,193.8	960.7
Treasury stock		(70.5)	(70.5)	0.0
Equity - Group	3	3,084.0	2,123.3	960.7
Provisions		4.0	5.1	(1.1)
Current and non-current financial payables	4	277.8	265.8	12.0
Other current and non-current liabilities		6.3	1.6	4.7
Total equity and liabilities		3,372.1	2,395.8	976.3

1. Group's share of earnings (losses) of companies accounted for by the equity method

€ in millions	Earnings (losses)		IFI's share		Change
	2005	2004	2005	2004	
IFIL Group	1,090.0	124.0	680.2	75.3	604.9
Exor Group	36.2	92.6	10.6	27.1	(16.5)
			690.8	102.4	588.4
Consolidation adjustments			2.2	30.7	(28.5)
Total			693.0	133.1	559.9

Consolidation adjustments amount to € 2.2 million in 2005 (€ 30.7 million in 2004) and refer to the result of the IFIL Group for:

€ in millions	2005	2004
Release of the realized portion of the gain deferred in prior years on the sale of the investment in La Rinascente	1.2	8.3
Excess of the increase in IFI's share of the consolidated equity of IFIL Group over the cost of IFIL shares purchased in 2005	1.5	0.0
Reversal of the impairment loss on goodwill referring to Juventus Football Club	0.0	22.1
Other adjustments	(0.5)	0.3
Total	2.2	30.7

Comments on the operating performance of the IFIL Group and Exor Group are presented later in the report.

2. Investments

Details are as follows:

€ in millions	12/31/2005	12/31/2004	Change
Investments in subsidiaries and associates accounted for by the equity method			
IFIL Group			
- ordinary shares	3,144.2	2,176.1	968.1
- savings shares	8.9	-	8.9
	3,153.1	2,176.1	977.0
Exor Group	199.3	195.8	3.5
Total	3,352.4	2,371.9	980.5
Other investments (accounted for at cost)			
Deutsche Morgan Grenfell Capital Italy - ordinary shares	0.2	0.2	0.0
Emittenti Titoli	0.3	0.3	0.0
Total	0.5	0.5	0.0
Total investments	3,352.9	2,372.4	980.5

3. Equity - Group

The changes during the year are analyzed as follows:

€ in millions	
Equity - Group at December 31, 2004	2,123.3
Share of the translation differences (€ 175.5 million) and other net changes (€ 109.6 million) shown by the holdings IFIL and Exor Group	285.1
Profit - Group	675.6
Net change during the year	960.7
Equity - Group at December 31, 2005	3,084.0

4. Net financial position of IFI S.p.A.

The composition of the balance is as follows.

€ in millions	12/31/2005			12/31/2004		
	Current	Non-current	Total	Current	Non-current	Total
Cash and cash equivalents	0.1		0.1	0.1		0.1
Total financial assets	0.1		0.1	0.1		0.1
Payables to the parent Giovanni Agnelli e C.	(13.9)		(13.9)	(24.2)		(24.2)
Bank debt	(105.1)	(158.8)	(263.9)	(211.6)	(30.0)	(241.6)
Total financial payables	(119.0)	(158.8)	(277.8)	(235.8)	(30.0)	(265.8)
Net financial position	(118.9)	(158.8)	(277.7)	(235.7)	(30.0)	(265.7)

At December 31, 2005, IFI S.p.A. has irrevocable credit lines for € 595 million, including € 265 million due beyond one year.

The negative change of € 12 million compared to the balance at the end of 2004 is due to the following flows:

€ in millions	
Net financial position of IFI S.p.A. at December 31, 2004	(265.7)
Dividends collected from IFIL (€ 45.2 million), Exor Group (€ 10.6 million) and Emittenti Titoli (€ 0.1 million)	55.9
Purchase of IFIL ordinary shares (1.61% of the class of stock)	(55.5)
Purchase of IFIL savings shares (4.99% of the class of stock)	(6.4)
Net financial expenses	(9.1)
Sale of Tlcom receivable	4.6
Net general expenses	(4.1)
Other net changes	2.6
Net change during the year	(12.0)
Net financial position of IFI S.p.A. at December 31, 2005	(277.7)

IFI GROUP - REVIEW OF THE RESULTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

Condensed consolidated income statement

€ in millions	2005	2004	Change
Revenues from current operations	5,467	5,380	87
Costs from current operations	(5,426)	(5,278)	(148)
Profit from current operations	41	102	(61)
Other nonrecurring income (expenses)	(183)	(275)	92
Operating loss	(142)	(173)	31
Net financial income (expenses)	6	(38)	44
Income taxes	(46)	34	(80)
Loss of companies consolidated line-by-line	(182)	(177)	(5)
Share of earnings (losses) of companies accounted for by the equity method	448	(309)	757
Profit (loss) from continuing operations	266	(486)	752
Profit from discontinued operations	1,007	654	353
Profit - Group and Minority interest	1,273	168	1,105
Profit - Minority interest	(597)	(48)	(549)
Profit - Group	676	120	556

Condensed consolidated balance sheet

€ in millions	12/31/2005	12/31/2004	Change
Investments accounted for by the equity method	3,165	1,927	1,238
Non-current financial assets	1,524	1,015	509
Other non-current assets	2,097	2,304	(207)
Current financial assets	1,765	1,895	(130)
Other current assets	1,900	1,926	(26)
Assets held for sale	25	90	(65)
Total assets	10,476	9,157	1,319
Equity - Group	3,084	2,123	961
Equity - Minority interest	2,994	2,317	677
Non-current financial liabilities	919	613	306
Other non-current liabilities	815	729	86
Current financial liabilities	1,153	1,912	(759)
Other current liabilities	1,511	1,463	48
Total equity and liabilities	10,476	9,157	1,319

Reconciliation between the net debt of IFI S.p.A. and the consolidated net financial debt (line-by-line consolidation)

€ in millions	12/31/2005	12/31/2004	Change
Net financial debt of IFI S.p.A.	(278)	(266)	(12)
Net liquidity of the IFIL Holdings System	348	680	(332)
Net financial debt of the companies consolidated line-by-line:			
- Sequana Capital Group	(441)	(905)	464
- Alpitour Group	(78)	(112)	34
- Juventus F.C.	(38)	(20)	(18)
Consolidated net financial debt	(487)	(623)	136

The composition of consolidated net financial debt is presented in Note 25 to the consolidated financial statements of the IFI Group.

IFI S.p.A. – REVIEW OF THE RESULTS OF THE STATUTORY FINANCIAL STATEMENTS

The statutory financial statements of IFI S.p.A. for the year ended December 31, 2005 have been prepared in accordance with the provisions of the Italian Civil Code.

The company has the obligation of adopting International Financial Reporting Standards (IFRS) starting from the year ending December 31, 2006. Additional information is provided under "Transition to International Financial Reporting Standards (IFRS) by IFI S.p.A."

The net income of IFI S.p.A. for the year 2005 is € 38.5 million, a slight increase (approximately +2%) compared to € 37.7 million in 2004.

The condensed income statement and balance sheet and comments on the most important items are presented below.

IFI S.p.A. - Income statement - condensed

€ in millions	Note	2005	2004	Change
Dividends	1	55.9	50.6	5.3
Financial expenses, net	2	(9.1)	(11.5)	2.4
General expenses, net	3	(4.1)	(4.0)	(0.1)
Other expenses, net	4	(5.6)	(1.4)	(4.2)
Income before taxes		37.1	33.7	3.4
Deferred income taxes	5	1.4	4.0	(2.6)
Net income		38.5	37.7	0.8

IFI S.p.A. - Balance sheet - condensed

€ in millions	Note	12/31/2005		12/31/2004		Change
		Amount	%	Amount	%	
Financial fixed assets	6	1,911.8	99.0	1,858.1	99.0	53.7
Other assets	7	19.4	1.0	19.2	1.0	0.2
Total assets		1,931.2	100.0	1,877.3	100.0	53.9
Stockholders' equity	8	1,643.2	85.1	1,604.7	85.5	38.5
Financial payables:	9					
- borrowings from banks, short-term		104.8	5.4	208.5	11.1	(103.7)
- borrowings from banks, medium-term		160.0	8.3	30.0	1.6	130.0
- Giovanni Agnelli e C., short-term		13.9	0.7	24.2	1.3	(10.3)
		278.7	14.4	262.7	14.0	16.0
Other liabilities and reserves		9.3	0.5	9.9	0.5	(0.6)
Total liabilities and stockholders' equity		1,931.2	100.0	1,877.3	100.0	53.9

1. Dividends

Dividends amount to € 55.9 million (€ 50.6 million in 2004). The increase of € 5.3 million is due to higher dividends received from IFIL (from € 39.9 million to € 45.2 million). The dividends received from Exor Group (€ 10.6 million) and from Emittenti Titoli (€ 0.1 million) are unchanged from the prior year.

2. Financial expenses, net

Financial expenses, net, totaling € 9.1 million show a reduction of € 2.4 million compared to 2004 (€ 11.5 million) due mainly to new debt with lower costs compared to the debt which fell due during the year.

3. General expenses, net

General expenses, net, of € 4.1 million are basically unchanged compared to the year 2004 (€ 4.0 million).

4. Other expenses, net

Other expenses, net, totaling € 5.6 million, include extraordinary compensation of € 5 million approved for the Chairman of the Board of Directors on November 11, 2005 and € 0.6 million for nonrecurring consulting fees.

5. Deferred income taxes

The taxable income calculated in accordance with tax laws did not generate current income taxes for the year 2005 but excess deferred income taxes set aside in prior years were released to income for € 1.4 million.

6. Financial fixed assets

€ in millions	12/31/2005	12/31/2004	Change
Investments			
IFIL S.p.A. (subsidiary)			
- ordinary shares	1,731.7	1,676.2	55.5
- savings shares	6.4	0.0	6.4
	<u>1,738.1</u>	<u>1,676.2</u>	<u>61.9</u>
Exor Group S.A. (associated company)	102.5	102.5	0.0
Other companies:			
- Deutsche Morgan Grenfell Capital Italy S.A.	0.4	0.4	0.0
- Emittenti Titoli S.p.A.	0.3	0.3	0.0
	<u>1,841.3</u>	<u>1,779.4</u>	<u>61.9</u>
Treasury stock - IFI S.p.A. preferred shares	70.5	70.5	0.0
Receivables - TLcom	-	8.2	(8.2)
Total financial fixed assets	<u>1,911.8</u>	<u>1,858.1</u>	<u>53.7</u>

The total increase of € 61.9 million in the investment in IFIL originates from the purchase on the market of 16,708,441 ordinary shares (1.61% of the class of stock) for € 55.5 million and 1,866,420 savings shares (4.99% of the class of stock) for € 6.4 million.

IFI holds 5,360,300 IFI preferred shares, equal to 6.98% of the class of stock and 3.28% of capital stock, carried for a total of € 70.5 million (€ 13.15 per share).

The investment in TLcom (€ 8.2 million) was sold to the United States fund Access Capital Technology for € 4.6 million. Considering the provision for risks of € 4 million set aside in prior years, a gain of € 422 thousand was realized on the sale.

A comparison between the carrying amounts and the market prices of listed financial fixed assets shows the following unrealized gains:

€ in millions	IFIL	IFIL	IFI	Total
	ordinary shares	savings shares	preferred shares	
Market price at December 30, 2005	649.3	0.7	3.9	653.9
Average market price in second half 2005	638.8	0.3	-	639.1
Market price at March 24, 2006, update	1,363.3	2.4	20.1	1,385.8

7. Other assets

Other assets of € 19.4 million include taxes receivable of € 18.2 million and other current assets of € 1.2 million.

8. Stockholders' equity

Stockholders' equity amounts to € 1,643.2 million at December 31, 2005 (€ 1,604.7 million at December 31, 2004). The increase of € 38.5 million coincides with the net income for the year 2005.

9. Net financial position

The data presented below is prepared in accordance with Italian GAAP and is therefore different from the data presented in the review of the condensed consolidated data which is prepared in accordance with IFRS.

The net financial position of IFI S.p.A. at December 31, 2005 shows a debt position of € 279.5 million (a debt position of € 263.8 million at December 31, 2004). Details are as follows:

€ in millions	12/31/2005			12/31/2004		
	Current	Non-current	Total	Current	Non-current	Total
Cash	0.1		0.1	0.1		0.1
Borrowings from banks	(104.8)	(160.0)	(264.8)	(208.5)	(30.0)	(238.5)
Payable to Giovanni Agnelli e C.	(13.9)		(13.9)	(24.2)		(24.2)
Accrued financial expenses	(0.9)		(0.9)	(1.2)		(1.2)
Total financial liabilities	(119.6)	(160.0)	(279.6)	(233.9)	(30.0)	(263.9)
Net financial position of IFI S.p.A.	(119.5)	(160.0)	(279.5)	(233.8)	(30.0)	(263.8)

The negative change in the net financial position of € 15.7 million is due to the following flows:

€ in millions	
Net financial position of IFI S.p.A. at December 31, 2004	(263.8)
Dividends received from IFIL (€ 45.2 million), Exor Group (€ 10.6 million) and Emittenti Titoli (€ 0.1 million)	55.9
Purchase of IFIL ordinary shares (1.61% of the class of stock)	(55.5)
Purchase of IFIL savings shares (4.99% of the class of stock)	(6.4)
Financial expenses, net	(9.1)
Sale of Tlcom receivable	4.6
General expenses, net	(4.1)
Purchase of tax receivables from IFIL S.p.A.	(0.4)
Other changes, net	(0.7)
Net change during the year	(15.7)
Net financial position of IFI S.p.A. at December 31, 2005	(279.5)

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) BY IFI S.p.A.

As a result of the implementation of European Regulation No. 1606 of July 19, 2002, the IFI Group has adopted International Financial Reporting Standards (IFRS) for the preparation of its consolidated financial statements with effect from 2005. On the basis of Italian law implementing this regulation, the statutory financial statements of the parent, IFI S.p.A., will be prepared in accordance with these standards starting from 2006.

As a consequence, IFI S.p.A. is currently making the transition to IFRS for its statutory financial statements and will report its 2006 first-half results and con la comparazione del primo semestre 2005 (2005 comparative figures) in accordance with IFRS.

The following commentary describes the policies that IFI S.p.A. will adopt in preparing its IFRS opening balance sheet at January 1, 2005, as well as the main differences in relation to Italian GAAP used to prepare its statutory financial statements up until December 31, 2005.

The opening balance sheet of IFI S.p.A. at January 1, 2005 will be prepared in accordance with IFRS 1 – First-time Adoption of International Financial Reporting Standards, on the basis of the IFRS applicable from January 1, 2006, as published at December 31, 2005. In particular, the amendments to IAS 39 and IFRS 4 issued in 2005 and effective from January 1, 2006 will be applied, with regard to the measurement and recognition of financial guarantee contracts in the financial statements of the guarantor and the limitation in the use of the “fair value option” to financial instruments satisfying specific conditions.

As allowed by the amendment to IAS 19 – Employee benefits, issued by the IASB in December 2004, the company elected to recognize actuarial gains and losses immediately in the period in which they occur, outside the income statement, in a specific item of equity.

FIRST-TIME ADOPTION OF IFRS

IFI S.p.A. will apply the accounting standards in force at the reporting date for its first IFRS financial statements retrospectively to all periods presented and to the opening balance sheet, except for one permitted exemption adopted, as allowed by IFRS 1, and described in the following paragraph.

The opening IFRS balance sheet at January 1, 2005 will therefore reflect the following differences with the statutory balance sheet prepared at December 31, 2004 in accordance with Italian GAAP:

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

The impact of these adjustments will be recognized directly in opening equity at January 1, 2005, the date of transition to IFRS.

In summary, the assets and liabilities to be included in the statutory financial statements of IFI S.p.A. prepared in accordance with IFRS will be recognized and measured in the same manner as that used to prepare the financial statements drafted for inclusion in the Group's consolidated financial statements, in accordance with IFRS 1, with the exception of consolidation entries.

OPTIONAL EXEMPTION ADOPTED BY IFI S.p.A.

Employee benefits: IFI S.p.A. has elected to recognize all cumulative actuarial gains and losses that existed at January 1, 2005 with a contra-entry to equity reserves.

DESCRIPTION OF THE MAIN DIFFERENCES BETWEEN ITALIAN GAAP AND IFRS

The following paragraphs provide a description of the main differences between Italian GAAP and IFRS that will have effect on the statutory financial statements of IFI S.p.A.

Write-off of deferred costs

Under Italian GAAP, IFI S.p.A. defers and amortizes certain costs (mainly start-up and expansion costs). IFRS require these to be expensed when incurred.

In particular, costs incurred in connection with capital stock increases which are deferred and amortized under Italian GAAP are deducted directly from the proceeds of the increase and debited to equity under IFRS.

Valuation of investments not held as current assets

In the financial statements of IFI S.p.A. prepared in accordance with Italian GAAP, investments in subsidiaries and in associates included under financial fixed assets are stated at historical cost inclusive of incidental charges determined using the Last-In First-Out method of annual lots, which is written down in the event of an impairment loss; the impairment loss is reversed if in subsequent years the reasons for the writedown no longer apply.

IAS 27 requires that such investments be either recorded at cost, using the "average cost" method or at their fair value. If there are reasons to believe that all or part of the cost cannot be recovered, the carrying amount must be reduced to the recoverable amount of the investment in accordance with IAS 36. If this loss is subsequently reduced or is entirely recovered, the carrying amount is increased back up to the newly estimated recoverable amount, which may not exceed the amount that would have been determined if no impairment loss had been recorded. Any restoration of the carrying amount is recorded immediately in the income statement.

The analysis of the effects of the adoption of these methods is currently being examined.

Treasury stock

In accordance with Italian GAAP, IFI S.p.A. accounts for treasury stock as an asset and records any related value adjustments and gains or losses on disposal in the income statement.

Under IFRS, treasury stock is deducted from equity and all movements in treasury stock are recorded in equity rather than in the income statement.

Sale of receivables

IFI S.p.A. could sell a part of its trade and tax receivables through factoring transactions which may be with or without recourse to the seller; certain factoring agreements without recourse include deferred purchase price clauses (i.e. the payment of a minority portion of the purchase price is conditional upon the full collection of the receivables), and require a first loss guarantee of the seller up to a limited amount or imply a continuing significant exposure to the cash flows from receivables sold.

Under Italian GAAP, all receivables sold through factoring transactions (both with and without recourse) can be derecognized.

IAS 39 permits the derecognition from assets of a financial asset when, and only when, the risks and rewards of the ownership of the assets are substantially transferred: consequently, all receivables sold with recourse, and part of those sold without recourse, would be reinstated in the IFRS balance sheet.

Employee benefits

Employee severance indemnities (TFR), under Italian GAAP, are accounted for pursuant to specific statutory rules. As set forth in IAS 19 – Employee Benefits, employee severance indemnities are considered defined benefit obligations, and, as a result, are recalculated using the "Projected Unit Credit Method".

IFI S.p.A. also grants employees and former employees various forms of benefits (retirement incentives, compensation, bonuses) under past or current supplemental company or individual agreements that are qualified as defined benefit pension plans, just like other long-term benefits. Although these benefits are accrued in the statutory financial statements in a manner that is consistent with Italian GAAP, under IFRS they will need to be accounted for in accordance with IAS 19.

IFI S.p.A. has elected to recognize all accumulated actuarial gains and losses at January 1, 2005 as movements in equity.

Stock options

No expenses are recognized for share-based payment transactions under Italian GAAP.

In accordance with IFRS 2 – Share-based payment, the full fair value amount of stock options at the grant date is reflected in the income statement on a straight-line basis over the period from the grant date to the vesting date, with the contra-entry recognized directly in equity. Changes in fair value after the grant date have no impact on the initial measurement.

At December 31, 2005, IFI S.p.A. has not approved any stock option plans.

Recognition and measurement of financial receivables and financial payables

Financial receivables can be immediately converted into cash and are subject to an insignificant risk of change in value. The transition to IFRS will not impact their amount.

Financial payables at January 1, 2005 are principally related to bank debt. In the statutory financial statements of IFI S.p.A., under Italian GAAP, the gross amount received is recognized. The various fees owed to the lending banks (for the organization of the facility, for the share subscription commitment, etc.) at different dates (at the beginning, over the years, and upon maturity) are charged against income over the term of the facility (on a pro-rated basis).

Under IFRS, financial payables are recognized at the amounts received stated net of transaction costs and are subsequently measured at their amortized cost using the effective interest method. Adoption of IFRS will thus entail recomputation of the expenses charged to income for the various years affected, with a net effect on equity at January 1, 2005.

Recognition and measurement of derivatives

Those transactions which, according to IFI S.p.A.'s policy for risk management, are able to satisfy the conditions stated by the accounting principle for hedge accounting treatment, are designated as hedging transactions; other transactions which do not satisfy such conditions, although set up for the purpose of managing risk exposure (inasmuch as speculative transactions are not permitted as a rule), are designated as trading transactions.

The transactions put into place by IFI S.p.A. up to December 31, 2005 fall under the financial instruments designated as hedging instruments.

Under Italian GAAP, the instrument is valued symmetrically with the underlying hedged item. Therefore, where the hedged item has not been adjusted to fair value in the financial statements, the hedging instrument has also not been adjusted. Similarly, where the hedged item has not yet been recorded in the financial statements (hedging of future flows), the valuation of the hedging instrument at fair value is deferred.

Under IFRS, in the case of a cash flow hedge (hedging of future flows), the portion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity; the ineffective portion of the gain or loss is recognized in the income statement. Consequently, with reference to the effective portion, only a difference in equity will arise between Italian GAAP and IFRS.

RELATED PARTY DISCLOSURES

The Board of Directors has adopted principles of conduct for carrying out transactions with related parties (available on the corporate website of the company: <http://www.gruppoifi.com>).

These principles of conduct state that the Board of Directors must approve the following transactions:

- atypical and/or unusual intragroup transactions, meaning transactions which, because of their significance and/or relevance, nature of the counterparties, subject of the transaction (also in relation to transactions of ordinary administration), manner of determining the transfer price and timing of the event (close to the end of the year) may give rise to reservations about: the correctness and/or completeness of the information in the financial statements, conflicts of interest, safeguarding of the company's assets and protection of minority stockholders;
- transactions with subsidiaries for amounts of more than 1% of IFI's portfolio value as shown in the most recent approved accounting documents (quarterly reports, first-half report and annual financial statements) as of the date of the transaction;
- transactions with other related parties for amounts of more than € 3 million.

The bodies with delegated powers shall supply the Board with information concerning such transactions especially with regard to the nature of the relationship, the manner of execution, the economic terms and timing, the valuation criteria adopted and any risks to the company.

Whenever a director has an interest in the transaction (even a potential interest), the nature, terms, origin and import scope of such interest must be duly communicated to the Board of Directors.

In the event the nature, the amount and the manner of execution of the transaction with a related party require it, the Board of Directors can avail itself of the assistance of one or more independent experts, chosen from among individuals with recognized professional characteristics and expertise on the matter in question so that an opinion can be obtained on the economic terms of the transaction and its legitimacy, as well as the technical means and manner of execution of the transaction.

The Board of Directors and the Board of Statutory Auditors must in any case be informed of any transactions with other related parties different from those mentioned above.

The identification of relationships and transactions with related parties is made in accordance with IAS 24.

With regard to 2005, transactions among IFI and the identified related parties have been entered into in conformity with the provisions of existing laws, based upon an evaluation of reciprocal economic gain.

The most important transactions can be summarized as follows:

- sureties granted in the past in favor of Federazione Italiana Giuoco Calcio – Lega Nazionale Professionisti (F.I.G.C. - L.N.P.) on behalf of Juventus Football Club for a residual amount of € 4.1 million at the beginning of 2005, released in May 2005, remunerated at market conditions;
- purchase of tax receivables from IFIL (€ 0.4 million);
- a loan secured at floating monthly market rates from the parent, Giovanni Agnelli e C.;
- services rendered to and costs recovered from subsidiaries and associated companies;
- services rendered to the parent, Giovanni Agnelli e C. and its subsidiary GA Servizi.

The effects on the balance sheet and the income statement of transactions among IFI S.p.A., Group companies and other related parties can be summarized as follows:

€ in thousands	12/31/2005		2005	
	Receivables	Payables	Income	Expenses
Giovanni Agnelli e C. S.a.p.az.	10	13,868	33	662
Exor Group S.A.	90		180	
Juventus Football Club S.p.A.	1		6	
IFIL Investments S.p.A.	13	23	33	65
Soiem S.p.A.		120		400
Fiat Group companies	2	29	41	237
Alpitour Group companies				5
Total	116	14,040	293	1,369

During the course of the year, the director Franzo Grande Stevens rendered professional services to IFI for € 141 thousand, to IFIL for € 141 thousand and to Fiat S.p.A. for € 940 thousand (activities performed in his capacity as Secretary to the Board of Directors).

Additional information and details are disclosed in the "Notes to the statutory financial statements of IFI S.p.A." and in the "Notes to the consolidated financial statements".

On the basis of information received from the companies of the Group, there are no atypical or unusual transactions to report.

STOCK OPTION PLANS

The Board of Directors of IFI S.p.A. has not approved any stock option plans.

However, the following should be mentioned:

- 1) under the stock option plans approved in May 2000 by the Board of Directors of the subsidiary IFIL S.p.A., options rights were granted between 2000 and 2003 to Gabriele Galateri di Genola, Director, to Virgilio Marrone, General Manager and to two managers of IFI S.p.A. exercisable up to December 31, 2006 for the subscription of new IFIL ordinary shares.

A summary of these option rights is presented as follows:

	Beneficiaries			Total	Exercise Price	
	Gabriele Galateri di Genola	Virgilio Marrone	Other managers		exact	average
Options granted						
year 2000	154,000	39,000	56,500	249,500	6.997	(a)
year 2001	211,500	54,400	21,050	286,950	6.109	(a)
year 2002	311,100	85,800	37,850	434,750	4.520	(a)
year 2003	-	60,000	60,000	120,000	1.850	
Total at December 31, 2004	676,600	239,200	175,400	1,091,200		5.21
Options exercised in 2005		(60,000)	(60,000)	(120,000)	1.850	
Total at December 31, 2005	676,600	179,200	115,400	971,200		5.63

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

- 2) Under the stock option plan approved in September 2003 by the Board of Directors of IFIL S.p.A., 532,000 options were granted to Gianluigi Gabetti for the same number of ordinary shares held by IFIL S.p.A. at the price of € 2.28 each, exercisable up to December 31, 2006;
- 3) on December 15, 2000, under the stock option plan approved by the subsidiary Alpitour S.p.A., 153,500 options were granted to Gabriele Galateri di Genola for the subscription of the same number of new Alpitour shares at the price of € 6.73 per share. Such options are exercisable up to the end of August 2006. The Alpitour shares that come from the plan can be sold to Alpitour; however, the price established by the Board of Directors of the company is a negative figure due to the results reported by the Alpitour Group in 2005.

The Notes to the consolidated financial statements at December 31, 2005 of the IFI Group describe the stock option plans approved by the subsidiaries consolidated line-by-line.

OTHER INFORMATION

Management and coordination

IFI S.p.A. is not subject to management and coordination on the part of companies or entities.

Programming document on security

The company has prepared the programming document on security on December 14, 2005 for the year 2005 according to the provisions of Legislative Decree No. 196 dated June 30, 2003, Attachment B – technical specifications regarding minimum safety measures. The document has been drawn up by the person responsible for the treatment of the data.

EQUITY INVESTMENTS HELD BY DIRECTORS, STATUTORY AUDITORS AND GENERAL MANAGER
(Art. 79 of Consob resolution No. 11971 dated May 14, 1999 and subsequent amendments)

Name	Company	Number of shares			Held at 12/31/2005
		Held at 12/31/2004	Increase	Decrease	
Directors					
Gabetti Gianluigi	IFIL ordinary shares (a)	120,000			120,000
	Sequana Capital (a)	1	10 (c)		11
Teodorani-Fabbri Pio	IFI preferred shares (b)	427,895			427,895
	IFIL ordinary shares (a)	200,000		110,000	90,000
	IFIL ordinary shares (b)	500,000		281,000	219,000
	Fiat ordinary shares (b)	6,583			6,583
	Fiat ord. share warrants 2007 (b)	825			825
	Fiat savings shares (b)	5,720			5,720
	CNH ordinary shares (b)	0	10,000	10,000	0
Avogadro di Collobiano	IFI preferred shares (b)	75,000		75,000	0
Annibale	IFIL ordinary shares (a)	180,000	10,000	70,000	120,000
	IFIL ordinary shares (b)	0	150,000		150,000
	IFIL savings shares (a)	0	80,000		80,000
	IFIL savings shares (b)	0	50,000		50,000
Ferrero Ventimiglia Luca	IFI preferred shares (a)	1			1
	IFIL savings shares (a)	40,000		40,000	0
	Fiat ordinary shares (a)	10,000	40,000	50,000	0
Galateri di Genola Gabriele	IFI preferred shares (b)	125			125
	IFIL ordinary shares (b)	5,250			5,250
	Fiat ordinary shares (b)	3,328			3,328
	Fiat preferred shares (b)	440			440
Statutory Auditors					
Ferrero Cesare	Fiat ordinary shares (a)	1			1
Giorgi Giorgio	Fiat savings shares (b)	1,500		1,500	0
Jona Celesia Lionello	IFIL ordinary shares (b)	785			785
General Manager					
Marrone Virgilio	IFIL ordinary shares (a)	93,415	60,000	60,000	93,415

- (a) Direct holding.
(b) Indirect holding through spouse.
(c) Purchase made by a stock loan contract.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE YEAR

Increase in the investment in IFIL

In February and March 2006, IFI purchased on the market 4,368,876 IFIL ordinary shares (0.42% of the class of stock) for an investment of € 18.4 million.

IFI currently holds 664,860,716 IFIL ordinary shares, equal to approximately 64% of the class of stock, and 1,886,420 IFIL savings shares, equal to 4.99% of the class of stock. The entire holding represents 61.96% of capital stock.

After this investment, IFI's net debt increased by approximately € 305 million (including financial expenses and operating expenses in the first few months of 2006).

Sale of the investment in Exor Group

In its meeting of March 31, 2006, the IFI S.p.A. Board of Directors voted to sell the entire investment in Exor Group (3,418,242 shares, equal to 29.3% of capital stock) to the same Exor Group in order to reduce the company's debt. Given that the transaction was between related parties, Citigroup Global Markets was appointed an advisor and checked the fairness of the sales price, equal to € 207 million (€ 60.5 per share).

The transaction will allow IFI S.p.A. to reduce its debt considerably (from € 305 million to about € 100 million) and realize a gain of € 104 million in the statutory financial statements.

After concluding the sale, which should take place in April, Exor Group will proceed to cancel the treasury stock that was purchased and will consequently reduce its capital stock.

Additional information

On February 21, 2006, Virgilio Marrone (General Manager of IFI S.p.A.), as an individual with power of attorney in Giovanni Agnelli e C. S.a.p.az., was notified by Consob of its objections under art. 187-septies of Legislative Decree No. 58/1998 in relation to the content of the press release issued by Giovanni Agnelli e C. on August 24, 2005.

BUSINESS OUTLOOK

Taking into account the motion for the distribution of dividends from 2005 profits formulated by the IFIL Board of Directors and the operating and financial effects of the sale of the investment in Exor Group, 2006 forecasts for IFI S.p.A. are for a considerably higher profit than in 2005 and a significant reduction in net debt.

On the basis of the indications formulated by the IFIL Group, the IFI Group is expected to show a profit for 2006, although lower than that of 2005.



(64.01% of ordinary capital stock)

The consolidated data of the IFIL Group at December 31, 2005 commented on below is taken from the condensed consolidated balance sheet and income statement.

This data has been prepared by consolidating the holdings and services companies which constitute the "Holdings System" on a line-by-line basis and accounting for the other subsidiaries and associates (Fiat Group, Sequana Capital Group, Alpitour Group, Juventus F.C. and Turismo & Immobiliare) by the equity method.

€ in millions	12/31/2005	12/31/2004	Change
Profit - Group	1,090.0	124.0	966.0
Consolidated equity - Group	5,186.0	3,722.2	1,463.8
Consolidated net financial position of the "Holdings System"	348.3	680.0	(331.7)
Investments	4,806.5	2,917.9	1,888.6

Consolidated profit - IFIL Group for the year 2005 is € 1,090 million (€ 124 million in 2004). The positive change of € 966 million is mainly due to a decisive improvement in the results of the Fiat Group and the Sequana Capital Group, partly due to nonrecurring transactions.

The condensed consolidated income statement and balance sheet and comments on the most important items are presented below.

IFIL Group - Condensed consolidated balance sheet

€ in millions	2005	2004	Change
Group's share of the earnings (losses) of operating subsidiaries and associates accounted for by the equity method	622.0	(397.8)	1,019.8
Dividends from other holdings	43.7	27.4	16.3
Net gains	460.9	603.3	(142.4)
Profit (loss) from discontinued operations	0.5	(2.3)	2.8
Impairment (losses)/reversals of investments and securities	3.4	(74.4)	77.8
Net financial income (expenses)	2.0	(20.9)	22.9
Net general expenses	(41.1)	(22.2)	(18.9)
(Accruals to)/releases of provisions	(1.3)	0.3	(1.6)
Income taxes	(0.1)	10.6	(10.7)
Profit - Group	1,090.0	124.0	966.0

The **Group's share of the earnings (losses) of operating subsidiaries and associates accounted for by the equity method** is an earnings figure of € 622 million (losses of € 397.8 million in 2004). The positive change of € 1,019.8 million is due to better results posted by the Fiat Group (+€ 817.3 million) and by the Sequana Capital Group (+€ 224.4 million), as well as lower results reported by Alpitour Group (-€ 17.1 million), Juventus Football Club (-€ 4.4 million) and a loss reported by Turismo&Immobiliare (-€ 0.4 million).

Dividends from other holdings, entirely paid out by Sanpaolo IMI, amount to € 43.7 million and increased by € 16.3 million compared to 2004 (€ 27.4 million) partly as a result of the increase in the investment in the bank during 2005.

Net gains realized in 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). Net gains in 2004 totaling € 603.3 million originated from the sale of 50% of Eurofind Food capital stock (€ 577 million), 7.2% of Club Mediterranée capital stock (€ 26 million) and 0.32% of Juventus Football Club capital stock (€ 0.3 million).

In 2005, **impairment (losses)/reversals of investments and securities** include the positive fair value adjustment of current securities for € 3.4 million. In 2004, this item amounted to € 74.4 million and included the impairment loss of goodwill on Alpitour (-€ 36.5 million) and Juventus Football Club (-€ 36.4 million) as well as that of securities (-€ 1.5 million).

In 2005, **net financial income** amounts to € 2 million. In 2004, net financial expenses totaled € 20.9 million owing to the fact that the consolidated net debt position of the "Holdings System" returned to a liquidity position only towards the end of the year.

Net general expenses amount to € 41.1 million for the year 2005 and include the extraordinary compensation approved for the Chairman and President (€ 15 million) and the former Chief Executive Officer (€ 3.8 million). The remaining amount of € 22.3 million is basically in line with that in 2004 (€ 22.2 million).

IFIL Group – Condensed balance sheet

€ in millions	12/31/2005	12/31/2004	Change
Assets			
Investments in operating subsidiaries and associates accounted for by the equity method	3,576.8	2,173.0	1,403.8
Other investments	1,229.7	744.9	484.8
Other financial assets	8.3	7.3	1.0
Property, plant and equipment and intangible assets	13.5	13.6	(0.1)
Assets held for sale	0.0	72.4	(72.4)
Current financial assets	792.7	1,047.9	(255.2)
Receivables and other current and non-current assets	43.7	300.2	(256.5)
Cash and cash equivalents	4.2	4.2	0.0
Total assets	5,668.9	4,363.5	1,305.4
Equity and liabilities			
Capital and reserves	5,238.1	3,772.2	1,465.9
Treasury stock	(52.1)	(50.0)	(2.1)
Equity - Group	5,186.0	3,722.2	1,463.8
Provisions	10.9	9.2	1.7
Bonds	99.7	300.6	(200.9)
Current and non-current bank debt	348.9	323.9	25.0
Other current and non-current liabilities	23.4	7.6	15.8
Total equity and liabilities	5,668.9	4,363.5	1,305.4

Consolidated equity – Group at December 31, 2005 amounts to € 5,186 million (€ 3,722.2 million at the end of 2004). The increase of € 1,463.8 million is due to the fair value adjustment of the investment in Sanpaolo IMI (+€ 220.3 million), the consolidated profit of the Group for the year (+€ 1,090 million), positive translation differences (+€ 281 million), dividends paid by IFIL S.p.A. (-€ 73.2 million) and other net changes (-€ 54.3 million).

The **consolidated net financial position of the “Holdings System”** at December 31, 2005 shows a net liquidity position of € 348.3 million. The decrease of € 331.7 million compared to the balance at year-end 2004 (€ 680 million) comes from 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 (-€ 580.2 million) and Sanpaolo IMI (-€ 263.5 million), the dividends paid by IFIL (-€ 73.2 million) and other net changes (-€ 10.5 million). On October 26, 2005, following the investment in Fiat and less diversification of the portfolio as a result, 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.

The carrying amount of **investments** at December 31, 2005 is € 4,806.5 million. The increase of € 1,888.6 million compared to investments at year-end 2004 (€ 2,917.9 million) is due to the fair value adjustment of the investment in Sanpaolo IMI (+€ 220.3 million), the investments made in that bank (+€ 263.5 million) and in Fiat (+€ 580.2 million), IFIL's share of the changes in the equity of the operating subsidiaries and associates (+€ 823.6 million), and, lastly, other net changes (+€ 1 million).

The net income of the parent IFIL S.p.A. for the year 2005 is € 98.8 million, with an increase of € 18.6 million (+23.2%) compared to € 80.2 million in 2004.

The Board of Directors' Meeting held on March 30, 2006 put forward a motion for the distribution of dividends of € 0.08 per ordinary share and € 0.1007 per savings share for a maximum total of € 86.9 million.

IFI's share of the dividends will amount to € 53.4 million.

The major events in 2005 and in the first few months of 2006 are presented in the following paragraphs.

Increase in the investment in Sanpaolo IMI

During March and April 2005, IFIL purchased on the market 22,700,000 Sanpaolo IMI ordinary shares (1.43% of the current ordinary capital stock) for an investment of € 263.5 million.

IFIL currently holds 93,071,000 Sanpaolo IMI ordinary shares, equal to 5.86% of ordinary capital stock and 4.97% of capital stock.

Investment in Italia Turismo (ex-Sviluppo Italia Turismo)

In April 2005, the agreement was executed between IFIL, Banca Intesa, the Marcegaglia Group and Sviluppo Italia for the partial privatization of Italia Turismo. Turismo&Immobiliare (the company in which the three private stockholders each own equal stakes) subscribed to Italia Turismo's capital stock increase of € 60 million and purchased stock of the company from Sviluppo Italia for € 16 million thus acquiring a 49% stake for a total investment of € 76 million.

At the beginning of November, 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 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), which is the largest real estate operator in the tourism-hotel sector in Italy with important investments in Apulia, Calabria, Basilicata, Sicily and Sardinia.

Finally, the agreements with Sviluppo Italia provide for the possibility that Turismo&Immobiliare will reach a controlling interest (approximately 65%) in Italia Turismo by 2009.

The additional commitment by the IFIL Group will amount to € 19 million.

Sale of La Rinascente S.p.A.

On May 6, 2005, Eurofind Textile S.A. (the Luxembourg company controlled by Auchan and Ifil Investissements) sold 99.09% of Rinascente S.p.A. capital stock to Tamerice S.r.l., a company heading a group composed of Investitori Associati SGR S.p.A., DB Real Estate Global Opportunities IB L.P., Pirelli RE S.p.A. and the Borletti family, for a price of € 888 million.

On May 17, 2005, the subsidiary Ifil Investissements purchased the remaining 50% of Eurofind Textile capital stock from the Auchan Group for € 349.5 million and then merged it on June 28, 2005. As a result of these transactions, the IFIL Group received net proceeds for a total of € 529.1 million and realized a gain of € 459.1 million (both amounts are net of selling costs), with no significant tax effects.

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 (part of such guarantees are borne by the 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 when thresholds of significance are exceeded per individual indemnifiable event (*de minimis*) and as a whole (with an exempted amount) and, 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 maturity, estimated, depending on the matter at hand, at December 31, 2006 or at December 31, 2008 or when barred by the statute of limitations.

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.p.A.). These shares came from an equity swap agreement between Exor Group and Merrill Lynch International last April. This purchase was approved 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 a total 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.

A total of 87,750,000 Fiat ordinary shares was purchased for a global investment of € 580.2 million, including incidental charges of € 4.5 million.

At December 31, 2005, IFIL holds 328,333,447 Fiat ordinary shares and 31,082,500 Fiat preferred shares.

Investment in Banca Leonardo

At the end of November 2005, the IFIL Group displayed its interest in the project for the acquisition and recapitalization of Banca Leonardo S.p.A., assuming a commitment for an investment of € 46.6 million to purchase 10% of the capital of the bank.

On March 3, 2006, Ifil Investissements filed a petition with Banca d'Italia to obtain authorization for the investment which it is believed can be executed by the end of the month of April 2006.

Investigations by Consob and the Judicial Authorities

On February 21, 2006, Consob notified IFIL S.p.A. of its objections under art. 187-septies of Legislative Decree No. 58/1998 in relation to the content of the press release dated August 24, 2005.

Analogous objections were also notified to Giovanni Agnelli e C. S.a.p.az. regarding the content of its press release on the same date.

Furthermore, Gianluigi Gabetti, Franzo Grande Stevens and Virgilio Marrone received notification of the objection regarding the violation of art. 187-ter of Legislative Decree No. 58/1998, with Consob assuming that each of those individuals participated in the decisional process relating to the above press releases.

Exor Group S.A. and its legal representatives, instead, received notification of the violation of the obligations of communication as regards significant investments under art. 120 of Legislative Decree No. 58/1998 beginning with Consob's notice from August 30, 2005.

It is the intention of the parties, which received the notifications from Consob to lodge their objections in accordance with the law and take advantage of every other opportunity of defense.

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

Business outlook

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

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



(29.3% of ordinary capital stock)

Exor Group reported a consolidated profit of € 36.2 million for the year 2005, compared to a profit of € 92.6 million in 2004.

Net revenues for the year total € 43.2 million, including € 27 million of financial gains (net of accruals to the provision for investment writedowns), € 15.7 million of net financial income (interest and exchange differences) and € 0.5 million of dividends.

Taking into account the fair value of the investment in Graphic Packaging Corp. at the end of the year, the provision for investment writedowns was adjusted by € 47.9 million.

In 2005, Exor Group's cash was mainly invested in short-term assets on which gross income was realized for € 15.8 million.

General expenses decreased from € 8.1 million in 2004 to € 6.9 million.

At December 31, 2005, the consolidated equity of Exor Group amounts to € 680.1 million (€ 668.3 million at December 31, 2004). Changes in equity during the year include the distribution of dividends for € 36.2 million and the recognition, in accordance with IFRS, of a reserve for fair value adjustments in respect of certain investments for € 11.4 million.

At December 31, 2005, the assets of Exor Group include investments for € 99.1 million, principally represented by the investment held in Graphic Packaging Corp., and cash for € 583.7 million. Exor Group shows no financial liabilities in its financial statements.

As described earlier, on February 21, 2006, Exor Group S.A. and its legal representatives were notified by Consob of the violation of the obligations of communication as regards significant investments pursuant to art. 120 of Legislative Decree No. 58/1998 beginning with Consob's notice, in relation to Fiat ordinary shares, from August 30, 2005.

MOTION FOR THE APPROVAL OF THE FINANCIAL STATEMENTS AND THE APPROPRIATION OF NET INCOME FOR THE YEAR

We invite you to approve the statutory financial statements for the year ended December 31, 2005. In view of the fact that the Board of Directors has waived, by specific resolution, the share of the profits to which it is entitled pursuant to art. 27 of the bylaws and that the legal reserve amounts to one-fifth of capital stock, we propose the appropriation of the net income of € 38,534,823 as follows:

in €	
- to the reserve for unrealized net foreign exchange gains (art. 2426, para. 8-bis, of the Italian Civil Code)	202.39
- to the extraordinary reserve	38,534,620.61
Net income for the year 2005	38,534,823.00

Turin, March 31, 2006

For the Board of Directors
The Chairman
Gianluigi Gabetti

IFI S.p.A.

BALANCE SHEET

ASSETS (in €)	Note	12/31/2005	12/31/2004	Change
FIXED ASSETS				
Intangible fixed assets - Intellectual property rights	1	3,034	6,067	(3,033)
Property, plant and equipment - Office furniture and equipment and motor vehicles	2	12,919	0	12,919
Financial fixed assets				
Investments in subsidiaries		1,738,109,182	1,676,161,514	61,947,668
Investments in associated companies		102,559,055	102,559,055	0
Investments in other companies		666,111	735,596	(69,485)
Total investments	3	1,841,334,348	1,779,456,165	61,878,183
Receivables - from others	4	0	8,178,274	(8,178,274)
Treasury stock	5	70,477,224	70,477,224	0
Total financial fixed assets		1,911,811,572	1,858,111,663	53,699,909
TOTAL FIXED ASSETS		1,911,827,525	1,858,117,730	53,709,795
CURRENT ASSETS				
Receivables (a)				
Trade receivables		562,421	0	562,421
Receivables from subsidiaries	6	13,628	289,379	(275,751)
Receivables from associated companies	6	90,000	100,000	(10,000)
Receivables from parent company	6	9,900	9,900	0
Taxes receivable	7	18,200,114	17,807,307	392,807
Other receivables	8	144,320	839,873	(695,553)
Total receivables		19,020,383	19,046,459	(26,076)
Cash				
Bank and post office accounts		93,507	75,602	17,905
Cash on hand		2,173	3,263	(1,090)
Total cash		95,680	78,865	16,815
TOTAL CURRENT ASSETS		19,116,063	19,125,324	(9,261)
Accrued income		5,415	0	5,415
Prepaid expenses	9	268,135	58,162	209,973
Total accrued income and prepaid expenses		273,550	58,162	215,388
TOTAL ASSETS		1,931,217,138	1,877,301,216	53,915,922

(a) Unless otherwise indicated, the receivables are due within one year.

LIABILITIES AND STOCKHOLDERS' EQUITY (in €)	Note	12/31/2005	12/31/2004	Change
STOCKHOLDERS' EQUITY	10			
Capital stock		163,251,460	163,251,460	0
Additional paid-in capital		386,346,907	386,346,907	0
Revaluation reserves				
Revaluation reserve Law No. 74/52		156,734	156,734	0
Revaluation reserve Law No. 576/75		16,939,786	16,939,786	0
Revaluation reserve Law No. 72/83		64,265,310	64,265,310	0
Total revaluation reserves		81,361,830	81,361,830	0
Legal reserve		32,650,292	32,650,292	0
Statutory reserves				
Extraordinary reserve (statutory)		720,647,405	712,904,015	7,743,390
Treasury stock valuation reserve		70,477,224	70,477,224	0
Reserve for purchase of treasury stock		150,000,000	120,000,000	30,000,000
Net income		38,534,823	37,707,363	827,460
TOTAL STOCKHOLDERS' EQUITY		1,643,269,941	1,604,699,091	38,570,850
RESERVES FOR RISKS AND CHARGES	11			
For income taxes, also deferred income taxes		100,000	1,504,268	(1,404,268)
Other reserves		200,000	4,200,000	(4,000,000)
TOTAL RESERVES FOR RISKS AND CHARGES		300,000	5,704,268	(5,404,268)
RESERVE FOR EMPLOYEE SEVERANCE INDEMNITIES	12	1,711,542	1,495,991	215,551
PAYABLES (a)				
Borrowings from banks due within one year	13	104,817,037	208,455,620	(103,638,583)
Borrowings from banks due beyond one year	13	160,000,000	30,000,000	130,000,000
Trade payables		182,348	164,802	17,546
Payables to subsidiaries	14	172,128	192,202	(20,074)
Payables to parent company	15	13,867,500	24,189,192	(10,321,692)
Taxes payable	16	160,064	133,211	26,853
Social security payable	17			
due within one year		283,662	323,187	(39,525)
due beyond one year		117,178	254,272	(137,094)
Other payables	18	5,455,361	505,259	4,950,102
TOTAL PAYABLES		285,055,278	264,217,745	20,837,533
ACCRUED EXPENSES	19	880,377	1,184,121	(303,744)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		1,931,217,138	1,877,301,216	53,915,922
GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS				
Sureties issued on behalf of subsidiaries		0	4,128,053	(4,128,053)
Commitments	20	170,092,962	161,592,962	8,500,000
Other memorandum accounts				
Securities held in deposit by third parties	21	34,189,531	34,189,866	(335)
Third-party assets held by the company	22	86,450,000	86,450,000	0
Total other memorandum accounts		120,639,531	120,639,866	(335)

(a) Unless otherwise indicated, the payables are due within one year.

INCOME STATEMENT

(in €)	Note	2005	2004	Change
VALUE OF PRODUCTION				
Revenues from sales and services	23	647,276	1,008,667	(361,391)
Other income and revenues	24	389,380	505,848	(116,468)
TOTAL VALUE OF PRODUCTION		1,036,656	1,514,515	(477,859)
COSTS OF PRODUCTION				
Raw materials, supplies and merchandise	25	(35,742)	(43,224)	7,482
Services	26	(7,317,412)	(1,993,747)	(5,323,665)
Leases and rentals	27	(347,032)	(382,236)	35,204
Personnel	28			
salaries and wages		(1,647,260)	(1,661,020)	13,760
social security contributions		(426,342)	(485,083)	58,741
employee severance indemnities		(194,652)	(226,590)	31,938
other costs		(244,466)	(142,889)	(101,577)
		(2,512,720)	(2,515,582)	2,862
Amortization, depreciation and writedowns				
amortization of intangible fixed assets		(3,033)	(3,033)	0
amortization of property, plant and equipment		(3,996)	(10,524)	6,528
		(7,029)	(13,557)	6,528
Other operating costs	29			
donations to charities and other cultural organizations		(323,550)	(218,850)	(104,700)
other		(272,950)	(372,043)	99,093
		(596,500)	(590,893)	(5,607)
TOTAL COSTS OF PRODUCTION		(10,816,435)	(5,539,239)	(5,277,196)
FINANCIAL INCOME AND EXPENSES				
Dividends relating to	30			
subsidiaries		45,277,704	39,914,571	5,363,133
associated companies		10,596,550	10,596,550	0
other companies		63,240	87,840	(24,600)
		55,937,494	50,598,961	5,338,533
Gains on sales of investments in other companies		906	19,415	(18,509)
Other financial income				
from receivables held in financial fixed assets	31	421,626	0	421,626
from parent company		0	43,081	(43,081)
other income	32	481,926	237,442	244,484
Interest and other financial expenses from	33			
parent company		(661,651)	(619,130)	(42,521)
others		(9,329,675)	(12,616,445)	3,286,770
		(9,991,326)	(13,235,575)	3,244,249
Foreign exchange gains and losses		203	(437)	640
TOTAL FINANCIAL INCOME AND EXPENSES		46,850,829	37,662,887	9,187,942
EXTRAORDINARY INCOME AND EXPENSES				
Income	34	100,798	145,946	(45,148)
Expenses	34	(41,293)	(31,573)	(9,720)
TOTAL EXTRAORDINARY INCOME AND EXPENSES		59,505	114,373	(54,868)
INCOME BEFORE INCOME TAXES		37,130,555	33,752,536	3,378,019
INCOME TAXES, CURRENT AND DEFERRED	35	1,404,268	3,954,827	(2,550,559)
NET INCOME		38,534,823	37,707,363	827,460

STRUCTURE AND CONTENT OF THE STATUTORY FINANCIAL STATEMENTS

The statutory financial statements of IFI S.p.A. for the year ended December 31, 2005 are expressed in euros and have been prepared in accordance with the provisions of the Italian Civil Code.

The balance sheet and income statement show the changes in the individual captions on the face of the statements. In the Notes, prepared in accordance with the provisions of art. 2427 of the Italian Civil Code, the comments are limited to the principal changes. Unless otherwise indicated, all amounts in the notes are expressed in thousands of euros. In the "Annexes", which are an integral part of these notes, information is shown which is either required by current laws or presented as additional disclosure for purposes of clarity and completeness of the financial statements, including the information requested by Recommendation No. 94001437 dated February 23, 1994 issued by the National Commission for Corporations and the Stock Exchange (Consob).

SIGNIFICANT ACCOUNTING POLICIES

Pursuant to art. 2423-bis of the Italian Civil Code, the financial statements have been prepared on the basis of the general principle of prudence, using the accrual basis of accounting and according to the going-concern concept. The accounting policies discussed below have been applied on a basis consistent with the prior years and conform with the provisions of art. 2426 of the Italian Civil Code, as well as take into account the economic function of the assets and liabilities under consideration.

Furthermore, there were no departures from paragraph 4 of art. 2423 of the Italian Civil Code in preparing these financial statements.

Intangible fixed assets

Intangible fixed assets are recorded at cost of acquisition and amortized on a straight-line basis over a period of not more than five years. Unamortized intangible fixed assets are covered by available reserves.

Property, plant and equipment

These are stated at cost of acquisition, including accessory charges, net of accumulated depreciation. Depreciation is calculated on a straight-line basis each year over the estimated useful lives of the assets.

In view of the nature of the property, plant and equipment, depreciation is calculated at the ordinary depreciation rates plus the rates for allowable accelerated depreciation. For property, plant and equipment purchased during the year, these rates are reduced by half. Purchases of assets of below € 516 are entirely expensed in the year of purchase.

Financial fixed assets

Financial fixed assets are valued at cost of acquisition, including accessory charges, determined using the LIFO method with annual adjustments.

The cost of acquisition of the investments in IFIL and in Exor Group has been revalued in previous years as allowed by monetary revaluation laws. If, at the balance sheet date, the investment value is determined to have suffered a permanent impairment in value to below the cost of acquisition as defined above, it is written down to the lower value.

Should the reasons for the writedowns no longer apply, the value of the financial fixed assets will be reinstated up to the limit of the cost of acquisition; for financial fixed assets prior to the enactment of Legislative Decree No. 127/91, this limit is represented by the amounts recorded in the financial statements at March 31, 1993.

Receivables

Receivables are stated at estimated realizable value and include, where applicable, accrued interest earned and collectible at the end of the year.

Accruals and deferrals

These are income and expenses, common to two or more years, calculated on the accrual principle with the matching of costs and revenues of the year.

Employee severance indemnities

Employee severance indemnities, revalued on the basis of indexes, and determined in accordance with existing labor legislation and contracts, reflect the liability in respect of all employees. This liability is calculated in reference to the years of service and the employee's annual salary, in accordance with art. 2120 of the Italian Civil Code.

The reserve also includes the liability pursuant to the company agreements dated December 23, 1999.

Payables

Payables are recorded at nominal value and include, where applicable, accrued interest payable at the end of the year.

Guarantees, commitments and other memorandum accounts

Financial instruments used to hedge interest rate risks and, in general, the fluctuations in the value of assets and liabilities, are recorded under "Commitments".

Such contracts form part of the results for the year on the basis of the accrual principle.

Commitments relating to the performance of contracts are recorded under memorandum accounts on the basis of the nominal value to which they refer.

Securities held in deposit by third parties are shown at their nominal value.

Dividends

Dividends are recorded in the year in which they are declared.

Financial income and expenses

Financial income and expenses are recorded in the financial statements based on the accrual concept. As for financial instruments used to hedge interest rate risk, the interest differentials are recognized in the income statement based on the accrual concept.

Extraordinary income and expenses

Extraordinary income and expenses are generated by events unrelated to ordinary activities or by income and expenses and nonexistent assets and liabilities relating to prior years.

Income taxes

Ires and Irap taxes for the current year are calculated on the basis of the tax legislation in force.

Deferred taxes are calculated on temporary differences between the asset and liability items and the corresponding tax items and the deferred tax liability is recorded in a specific reserve in liabilities; any deferred tax assets are recorded in "Receivables – deferred tax assets" only if there is a reasonable certainty of their future recovery. Deferred tax assets and liabilities are offset where allowed by law.

Transactions denominated in foreign currency

Transactions in currencies other than the euro are recorded at the exchange rates agreed with the counterparts or, in their absence, at the exchange rate as of the date of transaction.

Assets and liabilities in currencies other than the euro, except for property, plant and equipment, intangible fixed assets and financial fixed assets (if made up of investments valued at cost) are adjusted to the year-end exchange rate, in the absence of a hedging contract for exchange rate risks.

Any net positive difference is booked, for the part not absorbed by a possible loss for the year, in a reserve under stockholders' equity which cannot be distributed until such time as the gains have effectively been realized. This reserve, however, may be used, from the year it is booked, to absorb the losses of prior years.

Property, plant and equipment, intangible fixed assets and financial fixed assets (if made up of investments valued at cost) in currencies other than the euro are booked at the exchange rate in effect at their date of purchase or at the rate at the end of the year if this results in a lower value and constitutes an impairment considered as permanent.

COMMENTS ON THE PRINCIPAL ITEMS IN THE BALANCE SHEET

1. Intangible fixed assets – Intellectual property rights

Intangible fixed assets amount to € 3 thousand and relate to costs to update the corporate website (€ 9 thousand), net of the amortization charge for the year (€ 6 thousand). Such costs are amortized over a period of three years.

2. Property, plant and equipment – Office furniture and equipment and motor vehicles

The analysis of the changes in 2005 is summarized as follows:

€ in thousands	Depreciation rate %	Original cost	Accumulated depreciation	Net book value
Balance at December 31, 2004		235	(235)	0
Increases (Depreciation)	20/25	17	(4)	13
(Decreases) Utilizations		(105)	105	0
Balance at December 31, 2005		147	(134)	13

3. Financial fixed assets – Investments

Details of investments and the percentage holdings of the classes of capital stock are summarized in the following table.

€ in thousands	12/31/2005		12/31/2004	
	%	Balance	%	Balance
Subsidiaries				
IFIL S.p.A.				
- ordinary shares	63.59	1,731,726 (a)	62.03	1,676,162
- savings shares	4.99	6,383	-	0
		<u>1,738,109</u>		<u>1,676,162</u>
Associated companies - Exor Group S.A. (ordinary shares)	29.29	102,559 (b)	29.29	102,559
Other companies				
Deutsche Morgan Grenfell Capital Italy S.A.				
- ordinary shares	0.79	389	0.93	455
- preferred shares	1.28	5	1.28	5
Emittenti Titoli S.p.A.	6.43	272	6.43	272
Sundry consortiums	-	-	-	3
		<u>666</u>		<u>735</u>
Total investments		1,841,334		1,779,456

(a) In prior years, the investment in IFIL was revalued pursuant to Law No. 576 dated December 2, 1975 for € 608 thousand and Law No. 72 dated March 19, 1983 for € 4,246 thousand and was written down in 2002 for € 73,473 thousand.

(b) This amount includes revaluations made in the past pursuant to Law No. 576 dated December 2, 1975 for € 5,920 thousand and Law No. 72 dated March 19, 1983 for € 37,519 thousand.

The increase in the investment in IFIL amounting to € 61,947 thousand originates from purchases on the market of 16,708,441 IFIL ordinary shares (1.61% of the class of stock) for € 55,564 thousand and 1,866,420 IFIL savings shares (4.99% of the class of stock) for € 6,383 thousand. In addition, 130 Deutsche Morgan Grenfell Capital Italy shares were reimbursed (0.14% of the class of stock).

4. Financial fixed assets – Receivables from others

The investment in TLcom, equal to € 8,178 thousand at December 31, 2004, was sold in 2005 to the United States fund Access Capital Technology for € 4,600 thousand. Taking into account the utilization of the reserve for risks of € 4,000 thousand set aside in prior years, the sale gave rise to a gain of € 422 thousand.

5. Financial fixed assets – Treasury stock

There were no transactions during the year in preferred treasury stock carried under financial fixed assets. The balance at December 31, 2005 refers to the following:

	Number of shares	Carrying value	
		Unit (€)	Total (€ in thousands)
IFI preferred shares	5,360,300	13.15	70,477 (a)

(a) Net of writedowns of € 58,934 thousand made in 2002.

IFI preferred stock in portfolio at December 31, 2005 has a par value of € 5,360 thousand and represents 3.28% of capital stock (6.98% of the class of stock).

A comparison between the carrying value of the treasury stock and the market price at December 30, 2005 (€ 13.87) shows an unrealized gain of € 3.9 million; compared to the market price at March 24, 2006 (€ 16.90), the unrealized gain is € 20.1 million.

Additional details are provided in Annex 3.

6. Current assets – Receivables from subsidiaries, associated companies and parent company

The following receivables originate from the performance of services and cost recoveries.

€ in thousands	12/31/2005	12/31/2004	Change
Subsidiaries:			
IFIL S.p.A.	13	9	4
Juventus Football Club S.p.A.	1	35	(34)
Fiat S.p.A.	0	228	(228)
Neos S.p.A.	0	9	(9)
Welcome Travel Group S.p.A.	0	1	(1)
Other Fiat Group companies	0	7	(7)
Total receivables from subsidiaries	14	289	(275)
Associated companies - Exor Group S.A.	90	100	(10)
Parent company - Giovanni Agnelli e C. S.a.p.az.	10	10	0

7. Current assets – Taxes receivable

These refer to receivables from the tax authorities for:

€ in thousands	12/31/2005	12/31/2004	Change
Receivables from the tax authorities for prior years' taxes, refunds requested	17,909	17,437	472
VAT receivable	290	235	55
Receivables from the tax authorities for current and prior years' taxes, carried forward	1	113	(112)
Excess tax on companies	0	22	(22)
Total taxes receivable	18,200	17,807	393

There are no receivables due beyond five years.

The changes in receivables from the tax authorities for the year 2005 are as follows.

€ in thousands	
Balance at December 31, 2004	17,807
Purchase of receivables from the tax authorities from the subsidiary IFIL S.p.A.	400
Higher VAT receivable resulting from the annual return	54
Used to compensate withholdings payable, net of withholdings receivable during the year	(512)
Interest earned during the year	473
Refund of excess tax on companies	(22)
Balance at December 31, 2005	18,200

8. Current assets – Other receivables

Other receivables amount to € 144 thousand (€ 840 thousand at December 31, 2004) and include sundry revenues and cost recoveries.

9. Prepaid expenses

Prepaid expenses total € 268 thousand (€ 58 thousand at December 31, 2004) and relate to portions of costs referring to future years. In particular, € 220 thousand relates to fees for opening new credit lines, charged to the income statement on the accrual basis.

10. Stockholders' equity

Capital stock

At December 31, 2005, the capital stock of IFI S.p.A., fully subscribed to and paid-in, amounts to € 163,251,460 and consists of 86,450,000 ordinary shares and 76,801,460 preferred shares of par value € 1 each.

Pursuant to art. 10 of the bylaws, preferred shares have voting rights only for the resolutions set forth in art. 2365 of the Italian Civil Code and the second paragraph of art. 13 of the bylaws.

Pursuant to art. 27 of the bylaws, the net income of each year is appropriated as follows:

- 10% to the legal reserve until it reaches one-fifth of capital stock;
- of the remaining amount, 1% is at the board of directors' disposition for distribution among its members;
- the remaining net income is appropriated as follows:
 - to preferred shares, a preference dividend of 5.17% of their par value, which is not cumulative from one year to the next;
 - after any appropriations to reserves, the residual amount is attributed equally to the ordinary and preferred shares.

Capital stock may be increased for a period of five years, at one or more times, also in divisible form, up to a maximum of € 561,750,000, by the authority delegated, pursuant to art. 2443 of the Italian Civil Code, to the board of directors by the extraordinary stockholders' meeting held April 22, 2003.

Reserves

The statement of changes in stockholders' equity is presented in Annex 4.

The information required by art. 2427, number 7 bis of the Italian Civil Code (available and distributable reserves) is presented as follows.

Balance sheet caption € in thousands	Balance at 12/31/2005	Possibility of use	Portion available	Used to cover losses in the years 2003, 2004 and 2005
Capital stock	163,251			
Capital stock reserves:				
Additional paid-in capital (a)	386,347	A, B, C	386,347	35,206
Revaluation reserve Law 74, 2/11/1952 (b)	157	A, B, C	157	
Revaluation reserve Law 576, 12/2/1975 (b)	16,940	A, B, C	16,940	
Revaluation reserve Law 72, 3/19/1983 (b)	64,265	A, B, C	64,265	
Legal reserve	2,032	B	0	
Treasury stock valuation reserve	458		0	
Reserve under DPR No. 597, art. 55, 9/29/1973	0		0	91
Merger surplus reserve	0		0	191,628
Retained earnings	0		0	11
Earnings reserves:				
Legal reserve	30,618	B	0	
Treasury stock valuation reserve	70,019		0	
Extraordinary reserve	720,648	A, B, C	720,648	
Reserve for purchase of treasury stock	150,000		0	
Total	1,604,735		1,188,357	226,936
Portion not distributable (c)			(3)	
Residual portion distributable			1,188,354	

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 of the Italian Civil Code), the reserve can be distributed.

(b) The revaluation reserves can be used for bonus increases of capital stock. If used to cover losses, they must be subsequently replenished. If not, then no dividends can be distributed. They cannot 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 compliance with the prescriptions of art. 2445, paragraphs 2 and 3 of the Italian Civil Code.

(c) Pursuant to art. 2426 of the Italian Civil Code, paragraph 5, when there are start-up and expansion costs that must still be amortized, dividends can only be distributed if there are available reserves sufficient to cover the unamortized portion of these costs. Art. 2426 of the Italian Civil Code, paragraph 8 bis requires that unrealized net exchange gains, insofar as they derive from the valuation of the balances in foreign currency at year-end exchange rates, should be recorded, for the part not absorbed by any loss for the year, in a non-distributable reserve until the gain is realized.

At December 31, 2005, tax-deferred reserves are recorded for a total amount of € 83,394 thousand, of which € 81,362 thousand relates to the monetary revaluation reserve and € 2,032 thousand to the legal reserve. In the event of distribution, such amounts 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.

11. Reserves for risks and charges

These amount to € 300 thousand, of which € 100 thousand refers to taxes and € 200 thousand to the risk of writedowns of financial fixed assets.

The decrease in the reserve for deferred taxes of € 1,404 thousand is due to the deferred taxes released to income which, in 2005, became in excess of requirements. The decrease in the reserve for the risk of writedowns of financial fixed assets of € 4,000 thousand under other reserves is due to the utilization as a result of the sale of the financial receivable from TLcom.

12. Reserve for employee severance indemnities

This reserve refers to the liability for employee severance indemnities, calculated in accordance with art. 2120 of the Italian Civil Code, as well as the liability in respect of employees arising from the December 23, 1999 agreement.

Details of the changes are as follows:

€ in thousands	Employee Sever. Indem.	Agreement 12/23/1999	Total
Balance at December 31, 2004	1,194	302	1,496
Provisions	132	63	195
Payments	(24)	0	(24)
Decrease for transfers to other Group companies	(42)	(11)	(53)
Increase for transfers from other Group companies	73	25	98
Balance at December 31, 2005	1,333	379	1,712

13. Borrowings from banks

€ in thousands	12/31/2005	12/31/2004	Change
Due within one year	104,817	208,456	(103,639)
Due beyond one year	160,000	30,000	130,000
Total borrowings from banks	264,817	238,456	26,361

Borrowings from banks due within one year include loans of € 10 million due in the first half of 2006, on which interest rate swaps have been put into place to guarantee a fixed interest rate.

On borrowings from banks due beyond one year (€ 160 million) interest rate swaps have been put into place to guarantee a fixed interest rate on the full amount.

Loans are classified as due beyond one year on the basis of the residual period of the loan and the period of the hedging contracts.

Borrowings from banks due beyond one year are payable within five years.

The company has irrevocable lines of credit available from banks totaling € 595 million, of which € 265 million is due beyond one year.

14. Payables to subsidiaries

Payables to subsidiaries amount to € 172 thousand and refer entirely to trade payables.

€ in thousands	12/31/2005	12/31/2004	Change
Soiem S.p.A.	120	128	(8)
IFIL S.p.A.	23	23	0
Fiat Auto S.p.A.	2	5	(3)
Other Fiat Group companies	27	36	(9)
Total payables to subsidiaries	172	192	(20)

15. Payables to parent company

Payables to parent company amount to € 13,868 thousand (€ 24,189 thousand at December 31, 2004) and include the loan granted by the parent company Giovanni Agnelli e C. S.a.p.az., including interest accrued at December 31, 2005.

16. Taxes payable

Taxes payable amounts to € 160 thousand (€ 133 thousand in 2004) and relates to Irpef withholding taxes.

The Company has agreed its tax years up to December 31, 2000.

17. Social security payable

€ in thousands	12/31/2005	12/31/2004	Change
INPS solidarity fund (MD No. 158 dated 4/28/2000)	250 (a)	442	(192)
INPS social security contributions on salaries and unused vacation and holidays	151	135	16
Total social security payable	401	577	(176)

(a) Including € 117 thousand due beyond one year.

Ministerial Decree No. 158 dated April 28, 2000, established, at INPS, the "Solidarity Fund for the support of earnings, employment and professional reconversion and requalification of credit personnel". Financial and asset management of the Fund is administered autonomously. The Fund provides, in exceptional circumstances, for the issue of allowances to support earnings at the request of the employer and up until the right accrues for the years-of-service or old age pension by employees who accrue the requisites within a maximum period of 60 months from the date of termination of the working relationship. The above liabilities (€ 250 thousand in total) represent the extraordinary contribution that IFI must pay to cover the exceptional allowances that are due to former employees, including related social security contributions.

18. Other payables

These refer to payables to:

€ in thousands	12/31/2005	12/31/2004	Change
Chairman for extraordinary compensation	5,000	0	5,000
Employees for salaries, holidays and vacation	244	258	(14)
Statutory auditors for compensation	151	154	(3)
Stockholders for dividends	52	89	(37)
Sundry	8	4	4
Total other payables	5,455	505	4,950

19. Accrued expenses

Accrued expenses amount to € 880 thousand (€ 1,184 thousand at December 31, 2004) and include interest expenses on borrowings from banks (€ 690 thousand), expenses on interest rate swaps (€ 78 thousand) accrued to December 31, 2005 and bank fees for credit lines not drawn down (€ 112 thousand).

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

20. Commitments

€ in thousands	12/31/2005	12/31/2004	Change
Commitments with leading banking institutions relating to transactions to hedge interest rate fluctuations on bank debt due in 2007 and 2008 (a)	170,000	160,000	10,000
Residual commitment to subscribe to Emittenti Titoli's capital increase	93	93	0
Residual commitment to invest in Ticom	0	1,500	(1,500)
Total commitments	170,093	161,593	8,500

- (a) The transactions in derivative financial instruments are used exclusively to hedge the risk of interest rate fluctuations and are therefore not valued separately.
At December 31, 2005, the fair value was equal to € 1,531 thousand.

21. Other memorandum accounts – Securities held in deposit by third parties

These amount to € 34,190 thousand and refer to 3,418,242 Exor Group S.A. ordinary shares and 2,756 Deutsche Morgan Grenfell shares deposited at banks.

22. Other memorandum accounts – Third-party assets held by the company

These amount to € 86,450 thousand and refer to 86,450,000 IFI ordinary shares owned by the parent company Giovanni Agnelli e C. S.a.p.az.

COMMENTS ON THE PRINCIPAL ITEMS IN THE INCOME STATEMENT

23. Value of production – Revenues from sales and services

€ in thousands	2005	2004	Change
Services rendered to subsidiaries, associated companies and parent company:			
- Exor Group S.A.	180	207	(27)
- Juventus Football Club S.p.A.	2	54	(52)
- Giovanni Agnelli e C. S.a. p.az. (parent company)	0	33	(33)
- IFIL S.p.A.	0	25	(25)
Services rendered to Fiat Sava S.p.A.	465	620	(155)
Services rendered to third parties	0	70	(70)
Total revenues from sales and services	647	1,009	(362)

The services rendered to Fiat Sava consist of the custody of receivables (€ 515.5 million) which guarantee the circulation of interest-bearing Sava Fiat bonds (outstanding bonds at December 31, 2005 amount to € 401 million).

24. Value of production – Other income and revenues

€ in thousands	2005	2004	Change
Cost recoveries from subsidiaries:			
- Fiat S.p.A.	0	229	(229)
- IFIL S.p.A.	0	16	(16)
	0	245	(245)
Compensation for posts held by IFI employees in:			
- Sanpaolo IMI S.p.A.	160	129	31
- Fiat S.p.A.	41	0	41
- IFIL S.p.A.	3	2	1
- Juventus F.C. S.p.A.	3	0	3
- Neos S.p.A.	0	9	(9)
- Welcome Travel Group S.p.A.	0	1	(1)
	207	141	66
Assistance and consulting:			
- Giovanni Agnelli e C. S.a.p.az.	33	0	33
- IFIL S.p.A.	30	0	30
Sundry	119	120	(1)
Total other income and revenues	389	506	(117)

25. Costs of production – Raw materials, supplies and merchandise

These costs total € 36 thousand (€ 43 thousand in 2004) and refer to the purchase of stationery supplies, printed forms and gifts.

26. Costs of production – Services

Services total € 7,317 thousand (€ 1,994 thousand in 2004).

Details of the main service expenses are as follows:

€ in thousands	2005	2004	Change
Consulting and services rendered by:			
- Third parties	1,051 ^(a)	544	507
- Soiem S.p.A. (subsidiary)	255	262	(7)
- IFIL S.p.A. (subsidiary)	65	70	(5)
	1,371	876	495
Compensation to corporate boards:			
- Extraordinary compensation to the Chairman	5,000	0	5,000
- Board of Directors	350	451	(101)
- Board of Statutory Auditors	146	146	0
- Supervisory Panel	9	6	3
- Common representatives of preferred stockholders	3	3	0
	5,508	606	4,902
Office management and security	157	189	(32)
Vehicle maintenance, office equipment and insurance	86	115	(29)
Bank charges and fees	49	43	6
Audit fees	47	42	5
Travel and entertainment	41	58	(17)
Other expenses	22	25	(3)
Employee expenses	28	28	0
Mailing and similar expenses	8	12	(4)
Total services	7,317	1,994	5,323

(a) Including € 628 thousand for extraordinary consulting fees.

27. Costs of production – Leases and rentals

These amount to € 347 thousand (€ 382 thousand in 2004) and include the rent on the furnished headquarters in Turin (€ 145 thousand to the subsidiary company Soiem S.p.A.), leases and expenses of the Rome headquarters (€ 70 thousand), leases for office machines, for cars for service use and other rentals (€ 132 thousand).

28. Costs of production – Personnel

These total € 2,513 thousand (€ 2,516 thousand in 2004).

Other costs for personnel include the contribution (€ 147 thousand) to a separately administered Corporate Employee Benefits Fund – Pension Fund in which IFI S.p.A. and other companies in the Group participate. The purpose of this Fund, which is non-profit, is to pay benefits to supplement the obligatory public system, either directly or by taking out insurance policies, in conformity with the provisions of the collective labor contracts, agreements or company regulations. The technical equilibrium between benefits and contributions is ensured by the company partners in the Fund.

At year-end 2005, employees number 16 (15 at the end of 2004).

The average number of employees in 2005 was 16, summarized by category as follows:

	2005	2004	Change
Managers	2	2	0
Management staff	2	4	(2)
Clerks	9	7	2
Messengers	3	3	0
Average number of employees	16	16	0

29. Costs of production – Other operating costs

Other operating costs total € 597 thousand (€ 591 thousand in 2004). Details are as follows:

€ in thousands	2005	2004	Change
Donations to charities and cultural organizations	324	219	105
Notary and corporate charges	98	105	(7)
Publication of annual, first-half and quarterly financial statements	81	87	(6)
Association dues	56	53	3
Books, newspapers and magazines	19	24	(5)
Ads	11	13	(2)
Indirect taxes and duties	8	73	(65)
Sundry	0	17	(17)
Total other operating costs	597	591	6

Donations to charities and cultural organizations in 2005 were paid from the portion of prior years' profits to which the board of directors is entitled according to the bylaws and which it waived.

30. Dividends

Details are as follows:

€ in thousands	2005	2004	Change
Subsidiaries			
IFIL S.p.A. (ordinary shares)	45,112	39,915	5,197
IFIL S.p.A. (savings shares)	166	0	166
	45,278	39,915	5,363
Associated companies			
Exor Group S.A. (ordinary shares)	10,596	10,596	0
Other companies			
Emittenti Titoli S.p.A.	63	88	(25)
Total dividends	55,937	50,599	5,338

31. Other financial income – From receivables held in financial fixed assets

This totals € 422 thousand and originates from the sale of the receivable due from TLcom for a nominal value of € 8,178 thousand to the United States fund Access Capital Technology for € 4,600 thousand and the utilization of the reserve for risks of € 4,000 thousand set aside in prior years.

32. Other financial income – Other income

This totals € 482 thousand (€ 237 thousand at December 31, 2004) and refers to interest income on receivables from the tax authorities (€ 473 thousand), bank interest income (€ 3 thousand) and income from interest rate swap transactions (€ 6 thousand).

33. Interest and other financial expenses

These include:

€ in thousands	2005	2004	Change
Interest expenses on the loan from the parent company			
Giovanni Agnelli e C. S.a.p.az.	662	619	43
Other financial expenses			
- interest expenses on borrowings from banks	6,606	6,327	279
- expenses relating to the hedge of interest rate fluctuations	1,773	4,045	(2,272)
- sundry bank fees	951	744	207
- accrual for sundry financial risks	0	1,500	(1,500)
Total interest and other financial expenses	9,992	13,235	(3,243)

34. Extraordinary income and expenses

Extraordinary income amounts to € 101 thousand and relates to prior period income. Extraordinary expenses of € 41 thousand refer entirely to prior period expenses.

35. Income taxes, current and deferred

The taxable base calculated in accordance with tax laws did not generate any current income tax expenses for the year 2005 and resulted in the release of € 1,404 thousand of excess deferred taxes provided in previous years. Since reasonable certainty of future recovery is not assured, no deferred tax assets have been booked on the tax losses for the years 2003, 2004 and 2005 (€ 200 million, in total) and on the portions of investment writedowns that, pursuant to existing tax legislation, will be deductible in future years (€ 26 million, in total). Details are as follows:

€ in millions	2005		2004	
	Temporary differences	Tax effect (33% rate)	Temporary differences	Tax effect (33% rate)
Deferred tax benefit	0	-	0	-
Deferred tax expenses on gains realized in the years 2000 (€ 39 million) and in 2001 (€ 21 million) subject to taxes over 5 years	4	1	12	4
Temporary differences excluded from the calculation of deferred income taxes				
Tax losses carried forward:				
- year 2003	147		147	
- year 2004	20		20	
- year 2005	33			
Total tax losses carried forward	200	66	167	55
Writedown of financial fixed assets deductible in future years	26	9	53	17

The reconciliation between pre-tax income and the taxable base is presented in the following table:

€ in millions	2005	2004
IRES taxes		
Pre-tax income	37	34
Increases:		
- temporary differences	5	0
- permanent differences	4	9
- gains on investments deferred in prior years	4	12
Total increases	13	21
Decreases:		
- 95% of dividends collected	(53)	(48)
- portion of writedowns of investments and treasury stock deductible over 5 years	(26)	(26)
- other permanent differences	(4)	(1)
Total decreases	(83)	(75)
Taxable loss	(33)	(20)

Taxable income for the computation of IRAP taxes is negative.

36. Compensation to directors, statutory auditors and general manager

(Art. 78 of Consob resolution No. 11971 dated May 14, 1999 and subsequent amendments)

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

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
Gabetti Gianluigi	Chairman	1/1 - 12/31	2006	250		5,000	16,864 (b)
Teodorani-Fabbri Pio	Vice Chairman	1/1 - 12/31	2006	100 (c)			9 (b)
Avogadro di Collobiano Annibale	Director	1/1 - 12/31	2006				
Elkann John	Director	1/1 - 12/31	2006				588 (b)
Ferrero Ventimiglia Luca	Director	1/1 - 12/31	2006				
Galateri di Genola Gabriele	Director	1/1 - 12/31	2006				
Nasi Andrea	Director	1/1 - 12/31	2006				
Rattazzi Lupo	Director	1/1 - 12/31	2006				40 (b)
Grande Stevens Franzo	Director	1/1 - 12/31	2006				14 (b)
Total Board of Directors				350		5,000	17,515
Board of Statutory Auditors							
Ferrero Cesare	Chairman	1/1 - 12/31	2006	62			135 (b)
Giorgi Giorgio	Statutory Auditor	1/1 - 12/31	2006	42			20 (b)
Jona Celesia Lionello	Statutory Auditor	1/1 - 12/31	2006	42			
Total Board of Statutory Auditors				146			155
Marrone Virgilio	General Manager	1/1 - 12/31	-		96	200 (d)	489 (d)

(a) The term of office expires in concurrence with the stockholders' meeting that will approve the financial statements for the year ended December 31, 2005.

(b) Compensation for the posts held in subsidiaries.

(c) Compensation as the person in charge of IFI headquarters in Rome.

(d) Employment income.

37. Stock options granted to directors and general manager

(Art. 78 of Consob resolution No. 11971 dated May 14, 1999 and subsequent amendments)

The board of directors of IFI S.p.A. to date has not approved any stock option plans.

However, under the stock option plans approved in May 2000 and September 2003 by the board of directors of the subsidiary IFIL S.p.A., options were assigned between 2000 and 2003 for the subscription of IFIL ordinary shares to the chairman, a director, the general manager and managers of IFI S.p.A.

The relative information is presented under "Stock option plans" in the Directors' Report on Operations.

Turin, March 31, 2006

For the Board of Directors
The Chairman
Gianluigi Gabetti

ANNEXES TO THE NOTES TO THE STATUTORY FINANCIAL STATEMENTS

Changes in investments (Consob Recommendation No. 94001437 dated February 23, 1994)	1
List of investments in subsidiaries and associated companies at December 31, 2005	2
Comparison between the carrying values and the market prices of listed financial fixed assets (Consob Recommendation No. 94001437 dated February 23, 1994)	3
Statement of changes in stockholders' equity for the years 2003, 2004 and 2005	4
Statement of cash flows for the years 2005 and 2004	5
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Turin, March 31, 2006

For the Board of Directors
The Chairman
Gianluigi Gabetti

CHANGES IN INVESTMENTS (CONSOB RECOMMENDATION NO. 94001437 DATED FEBRUARY 23, 1994)

	Balance at December 31, 2004			
	Number of shares	% of class of stock	Carrying value	
			Per share (€)	Total (€/000)
SUBSIDIARIES				
IFIL S.p.A. - ordinary shares	643,783,399	62.03	2.60	1,676,162 (a)
IFIL S.p.A. - savings shares				
Total subsidiaries				1,676,162
ASSOCIATED COMPANIES				
EXOR GROUP S.A. - ordinary shares	3,418,242	29.29	30.00	102,559
OTHER COMPANIES				
EMITTENTI TITOLI S.p.A.	527,000	6.43	0.52	272
DEUTSCHE MORGAN GRENPELL C.I. S.A.				
- ordinary shares	886	0.93	513.90	455
- preferred shares (b)	2,000	1.28	2.58	5
CONSORTIUMS				3
Total other companies				735
TOTAL INVESTMENTS				1,779,456

(a) Net of the writedown of € 73,473 million made in 2002.

(b) Also including 1,114 shares, not representative of capital stock.

Changes during 2005				Balance at December 31, 2005			
Increase		Decrease		Number of shares	% of class of stock	Carrying value	
No. of shares	Carrying value (€/000)	No. of shares	Carrying value (€/000)			Per share (€)	Total (€/000)
16,708,441	55,564			660,491,840	63.59	2.62	1,731,726
1,866,420	6,383			1,866,420	4.99	3.42	6,383
	61,947						1,738,109
				3,418,242	29.29	30.00	102,559
				527,000	6.43	0.52	272
		130	66	756	0.79	513.90	389
				2,000	1.28	2.58	5
				3			0
				69			666
	61,947		69				1,841,334

LIST OF INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES AT DECEMBER 31, 2005

	Capital stock			Amount
	Number of shares	Currency	Par value	
SUBSIDIARIES				
IFIL Investments S.p.A. - Turin				
- ordinary shares	1,038,612,717	Euro	1	1,038,612,717
- savings shares	37,383,020	Euro	1	37,383,020
	<u>1,075,995,737</u>			<u>1,075,995,737</u>
ASSOCIATED COMPANIES				
EXOR GROUP S.A. - Luxembourg				
- ordinary shares	11,670,050	Euro	10	116,700,500
- preferred shares	4,110	Euro	10	41,100
	<u>11,674,160</u>			<u>116,741,600</u>

(a) Data relating to the financial statements for the year ended December 31, 2005.

Number of shares	IFI's investment				Stockholders' equity (a) (€/000)	Net income/(loss) (a) (€/000)
	% of ownership of		Carrying value			
	Cap. stock	Class of stock	Per share (€)	Total (€/000)		
660,491,840	61.38	63.59	2.62	1,731,726	5,315,800	1,096,000
1,866,420	0.17	4.99	3.42	6,383		
				1,738,109		
3,418,242	29.28	29.29	30.00	102,559	680,129	36,217
				102,559		

COMPARISON BETWEEN THE CARRYING VALUES AND THE MARKET PRICES OF LISTED FINANCIAL
FIXED ASSETS (CONSOB RECOMMENDATION NO. 94001437 DATED FEBRUARY 23, 1994)

	Balance at December 31, 2005			Market prices at December 30, 2005		
	Number of shares	Carrying value		Per share (€)	Total (€/000)	Difference (€/000)
		Per share (€)	Total (€/000)			
IFIL S.p.A. - ordinary shares	660,491,840	2.622	1,731,726	3.605	2,381,073	649,347
IFIL S.p.A. - savings shares	1,866,420	3.420	6,383	3.775	7,046	663
			<u>1,738,109</u>		<u>2,388,119</u>	<u>650,010</u>
IFI S.p.A. - preferred shares	5,360,300	13.148	70,477	13.867	74,331	3,854

Average market prices II half 2005			Average market prices December 2005		
Per share (€)	Total (€/000)	Difference (€/000)	Per share (€)	Total (€/000)	Difference (€/000)
3.589	2,370,505	638,779	3.621	2,391,641	659,915
3.584	6,689	306	3.759	7,016	633
	<u>2,377,194</u>	<u>639,085</u>		<u>2,398,657</u>	<u>660,548</u>
13.146	70,466	(11)	14.073	75,435	4,958

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEARS 2003, 2004 AND 2005

€ in thousands	Capital stock	Additional paid-in capital	Revaluation reserves	Legal reserve
BALANCE AT DECEMBER 31, 2002	61,750	65,614	81,362	14,789
Resolutions of ordinary stockholders' meeting held on May 29, 2003				
- Absorption of 2002 loss		(35,206)		
- Revocation of resolution to purchase treasury stock of May 28, 2002				
- Transfer to Reserve for purchase of treasury stock pursuant to art. 2357 and 2357-ter of the Italian Civil Code				
Resolutions of Board of Directors' Meeting held on June 27, 2003				
- Capital stock increase with issue of 55,575,000 ordinary shares and 45,926,460 preferred shares at € 4.5 each of which € 1 of par value and € 3.5 of paid-in-capital	101,501	355,255		
- Sale of 285,410 unexercised rights on IFI preferred shares		684		
Statute-barred dividends				
Net income 2003				
Changes in 2003	101,501	320,733	0	0
BALANCE AT DECEMBER 31, 2003	163,251	386,347	81,362	14,789
Resolutions of ordinary stockholders' meeting held on June 23, 2004				
- Increase of legal reserve to one-fifth of capital stock				17,861
- Appropriation of 2003 net income				
- Revocation of resolution to purchase treasury stock of May 29, 2003				
- Transfer to Reserve for purchase of treasury stock pursuant to art. 2357 and art. 2357-ter of the Italian Civil Code				
Statute-barred dividends				
Net income 2004				
Changes in 2004	0	0	0	17,861
BALANCE AT DECEMBER 31, 2004	163,251	386,347	81,362	32,650
Resolutions of ordinary stockholders' meeting held on June 28, 2005				
- Appropriation of 2004 net income				
- Revocation of resolution to purchase treasury stock of June 23, 2004				
- Transfer to Reserve for purchase of treasury stock pursuant to art. 2357 and art. 2357-ter of the Italian Civil Code				
Statute-barred dividends				
Net income 2005				
Changes in 2005	0	0	0	0
BALANCE AT DECEMBER 31, 2005	163,251	386,347	81,362	32,650

Treasury stock valuation reserve	Extraordinary reserve	Reserve for purchase of treasury stock	Retained earnings and other reserves	Net income (loss) for the year	Total
70,477	638,156	197,908	191,730	(226,936)	1,094,850
			(191,730)	226,936	0
	197,908	(197,908)			0
	(100,000)	100,000			0
				456,756	
				684	
	17			17	
				14,666	14,666
0	97,925	(97,908)	(191,730)	241,602	472,123
70,477	736,081	100,000	0	14,666	1,566,973
	(17,861)				0
	14,666			(14,666)	0
	100,000	(100,000)			0
	(120,000)	120,000			0
	19				19
				37,707	37,707
0	(23,176)	20,000	0	23,041	37,726
70,477	712,905	120,000	0	37,707	1,604,699
	37,707			(37,707)	0
	120,000	(120,000)			0
	(150,000)	150,000			0
	36				36
				38,535	38,535
0	7,743	30,000	0	828	38,571
70,477	720,648	150,000	0	38,535	1,643,270

STATEMENT OF CASH FLOWS FOR THE YEARS 2005 AND 2004

(€ in thousands)	2005	2004
A) Cash at January 1	79	64
B) Cash flows provided by (used in) operating activities		
Net income	38,535	37,707
Amortization and depreciation	7	14
(Gains) Losses on disposals of:		
financial fixed assets	(3)	(19)
property, plant and equipment	(11)	(2)
Purchases of receivables from the tax authorities	(400)	(516)
Net change in employee severance indemnities	216	195
Change in working capital:		
trade receivables	276	(48)
trade payables	(5)	(1,232)
reserve for income taxes and other reserves	(1,404)	(2,568)
other assets and liabilities	4,015	(812)
	41,226	32,719
C) Cash flows provided by (used in) investment activities		
Investments in fixed assets:		
financial fixed assets	(61,948)	(1,500)
property, plant and equipment	(17)	(9)
Proceeds from the sale of fixed assets:		
financial fixed assets	4,672	207
property, plant and equipment	0	3
	(57,293)	(1,299)
D) Cash flows provided by (used in) financial activities		
Increase (repayment) of loans	130,000	(182,700)
(Repayment) Increase in loans from subsidiaries and parent company	(10,318)	9,010
Net change in borrowings from banks	(103,639)	142,194
	16,043	(31,496)
E) Cash flows provided by (used in) net equity movements	41	91
F) Net change in cash	17	15
G) Cash at December 31	96	79

RECLASSIFIED INCOME STATEMENT ACCORDING TO THE FORMAT RECOMMENDED BY CONSOB
(CONSOB RECOMMENDATION NO. 94001437 DATED FEBRUARY 23, 1994)

(Amounts in €)	2005	2004	Change
FINANCIAL INCOME AND EXPENSES			
Dividends relating to			
subsidiaries	45,277,704	39,914,571	5,363,133
associated companies	10,596,550	10,596,550	0
other companies	63,240	87,840	(24,600)
Gains on sales of investments in other companies	906	19,415	(18,509)
	<u>55,938,400</u>	<u>50,618,376</u>	<u>5,320,024</u>
Other financial income from			
receivables held in financial fixed assets	421,626	0	421,626
parent company	0	43,081	(43,081)
other income	481,926	237,442	244,484
	<u>903,552</u>	<u>280,523</u>	<u>623,029</u>
Interest and other financial expenses from			
parent company	(661,651)	(619,130)	(42,521)
other companies	(9,329,675)	(12,616,445)	3,286,770
	<u>(9,991,326)</u>	<u>(13,235,575)</u>	<u>3,244,249</u>
Foreign exchange gains and losses	203	(437)	640
TOTAL FINANCIAL INCOME AND EXPENSES	<u>46,850,829</u>	<u>37,662,887</u>	<u>9,187,942</u>
VALUE OF PRODUCTION			
Revenues from services	647,276	1,008,667	(361,391)
Other income and revenues	389,380	505,848	(116,468)
TOTAL VALUE OF PRODUCTION	<u>1,036,656</u>	<u>1,514,515</u>	<u>(477,859)</u>
OTHER OPERATING COSTS			
Raw materials, supplies and merchandise	(35,742)	(43,224)	7,482
Services	(7,317,412)	(1,993,747)	(5,323,665)
Leases and rentals	(347,032)	(382,236)	35,204
Personnel			
Salaries and wages	(1,647,260)	(1,486,020)	(161,240)
Social security contributions	(426,342)	(485,083)	58,741
Employee severance indemnities	(194,652)	(226,590)	31,938
Other costs	(244,466)	(317,889)	73,423
	<u>(2,512,720)</u>	<u>(2,515,582)</u>	<u>2,862</u>
Amortization, depreciation and writedowns	(7,029)	(13,557)	6,528
Other operating costs	(596,500)	(590,893)	(5,607)
TOTAL OTHER OPERATING COSTS	<u>(10,816,435)</u>	<u>(5,539,239)</u>	<u>(5,277,196)</u>
INCOME BEFORE EXTRAORDINARY INCOME AND EXPENSES AND TAXES	<u>37,071,050</u>	<u>33,638,163</u>	<u>3,432,887</u>
EXTRAORDINARY INCOME AND EXPENSES			
Income	100,798	145,946	(45,148)
Expenses	(41,293)	(31,573)	(9,720)
TOTAL EXTRAORDINARY INCOME AND EXPENSES	<u>59,505</u>	<u>114,373</u>	<u>(54,868)</u>
INCOME BEFORE TAXES	<u>37,130,555</u>	<u>33,752,536</u>	<u>3,378,019</u>
INCOME TAXES, CURRENT AND DEFERRED	<u>1,404,268</u>	<u>3,954,827</u>	<u>(2,550,559)</u>
NET INCOME	<u>38,534,823</u>	<u>37,707,363</u>	<u>827,460</u>

IFI Group

CONSOLIDATED BALANCE SHEET

€ in millions	Note	12/31/2005	12/31/2004	Change
Non-current assets				
Goodwill	10	814	792	22
Other intangible assets	11	243	257	(14)
Property, plant and equipment	12	939	1,135	(196)
Investments accounted for by the equity method	13	3,165	1,927	1,238
Other financial assets	14	1,524	1,015	509
Deferred tax assets	27	68	84	(16)
Other non-current assets	16	33	36	(3)
Total non-current assets		6,786	5,246	1,540
Current assets				
Inventories	15	554	574	(20)
Trade receivables	16	1,029	1,035	(6)
Other receivables	16	317	317	0
Financial assets	14	1,170	1,361	(191)
Cash and cash equivalents	17	595	534	61
Total current assets		3,665	3,821	(156)
Assets held for sale	18	25	90	(65)
TOTAL ASSETS		10,476	9,157	1,319
<hr/>				
€ in millions	Note	12/31/2005	12/31/2004	Change
Equity				
Group	19	3,084	2,123	961
Minority interest	21	2,994	2,317	677
Total equity		6,078	4,440	1,638
Non-current liabilities				
Provisions for employee benefits	22	172	164	8
Provisions for other liabilities and charges	23	491	417	74
Bonds and other financial debt	25	919	613	306
Deferred tax liabilities	27	95	99	(4)
Other non-current liabilities	28	57	49	8
Non-current liabilities		1,734	1,342	392
Current liabilities				
Provisions for employee benefits	22	12	8	4
Provisions for other liabilities and charges	23	36	41	(5)
Bonds and other financial debt	25	1,153	1,912	(759)
Trade payables	28	982	1,010	(28)
Other current liabilities	28	481	404	77
Current liabilities		2,664	3,375	(711)
Liabilities relating to assets held for sale	18	0	0	0
TOTAL EQUITY AND LIABILITIES		10,476	9,157	1,319

CONSOLIDATED INCOME STATEMENT

€ in millions	Note	2005	2004	Change
Revenues		5,429	5,288	141
Other revenues from current operations	29	38	92	(54)
Purchases of raw materials and changes in inventories		(3,436)	(3,316)	(120)
Personnel costs	30	(927)	(916)	(11)
Costs for external services		(764)	(710)	(54)
Taxes and duties		(45)	(47)	2
Amortization and depreciation		(191)	(194)	3
Accruals to provisions and other expenses from current operations		(63)	(95)	32
Profit from current operations		41	102	(61)
Other non-recurring income (expenses)	31	(183)	(275)	92
Operating loss		(142)	(173)	31
Cost of net financial debt		(67)	(76)	9
Other financial income (expenses)		73	38	35
Financial income (expenses)	32	6	(38)	44
Income taxes	34	(46)	34	(80)
Profit (loss) of companies consolidated line-by-line		(182)	(177)	(5)
Share of earnings (losses) of companies accounted for by the equity method	35	448	(309)	757
Profit (loss) from continuing operations		266	(486)	752
Profit (loss) from discontinued operations or assets held for sale	18	1,007	654	353
Profit before minority interest		1,273	168	1,105
Profit - minority interest		(597)	(48)	(549)
Profit - Group		676	120	556

Earnings per share information is presented in Note 20.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

€ in millions	Capital stock	Treasury stock	Capital reserves	Translation differences	Retained earnings and other reserves	Profit - Group	Equity - Group	Equity - Minority interest	Total Equity
Equity at January 1, 2004	163	(70)	1,389	0	578	0	2,060	2,398	4,458
Change in accounting principles					(4)		(4)	(7)	(11)
Stock-based compensation			1				1	4	5
Dividends distributed							0	(61)	(61)
Effect of fair value changes					20		20	18	38
Change in fair value of cash flow hedge derivatives					11		11		11
Actuarial gains (losses) recognized in equity					(35)		(35)	(21)	(56)
Translation differences				(26)			(26)	(37)	(63)
Other changes					(24)		(24)	(25)	(49)
Profit for the year						120	120	48	168
Changes in equity accounts			15		(15)		0		0
Changes during the year	0	0	16	(26)	(47)	120	63	(81)	(18)
Equity at December 31, 2004	163	(70)	1,405	(26)	531	120	2,123	2,317	4,440
Stock-based compensation			4				4	5	9
Dividends distributed							0	(48)	(48)
Effect of fair value changes					157		157	100	257
Change in fair value of cash flow hedge derivatives					(5)		(5)	(5)	(10)
Actuarial gains (losses) recognized in equity					(46)		(46)	(40)	(86)
Translation differences				175			175	141	316
Change in scope of consolidation							0	(71)	(71)
Other changes								(2)	(2)
Profit for the year						676	676	597	1,273
Changes in equity accounts			38		82	(120)	0		0
Changes during the year	0	0	42	175	188	556	961	677	1,638
Equity at December 31, 2005	163	(70)	1,447	149	719	676	3,084	2,994	6,078

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE IN 2005 AND 2004

€ in millions	2005	2004
Gains (losses) recognized directly in the cash flow hedge reserve	(10)	16
Gains (losses) recognized directly in the reserve for fair value adjustments of available-for-sale financial assets	257	33
Gains (losses) recognized directly in the reserve for translation differences	316	(63)
Actuarial gains (losses) recognized directly in equity	(86)	(56)
Gains (losses) recognized directly in equity	477	(70)
Profit for the year	1,273	168
Recognized income (expense) during the year	1,750	98
Recognized income (expense) during the year - Group	957	90
Recognized income (expense) during the year - Minority interest	793	8

CONSOLIDATED STATEMENT OF CASH FLOWS

€ in millions	2005	2004
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Profit - Group and Minority interest	1,273	168
Elimination of income and expenses not affecting cash:		
Share of earnings (losses) of companies accounted for by the equity method	(448)	309
Amortization, depreciation and impairments and accruals	382	435
(Gains) losses on disposals	(992)	(625)
Others	(50)	(1)
Current and deferred income taxes	46	(34)
Dividends received from investments	58	41
Income taxes paid	(24)	(27)
Change in working capital	189	(107)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	434	159
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Investments in property, plant and equipment and intangible assets	(175)	(291)
Proceeds from the disposal of property, plant and equipment and intangible assets	78	83
Investments in non-current financial assets	(1,268)	(152)
Proceeds from the disposal of non-current financial assets	914	1,166
Change in the scope of consolidation (a)	366	(19)
Change in loans and guarantee deposits	3	270
Other flows provided by (used for) investing activities	212	(511)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	130	546
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
Dividends paid by consolidated companies to minority stockholders	(48)	(61)
Capital increases from the exercise of stock options	7	3
New loans secured	640	539
Repayment of loans	(915)	(647)
Other flows provided by (used for) financing activities	(136)	(264)
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	(452)	(430)
IMPACT OF EXCHANGE RATE DIFFERENCES	17	(14)
NET CHANGE IN CASH AND CASH EQUIVALENTS	129	261
CASH AND CASH EQUIVALENTS, AT START OF THE YEAR	343	82
CASH AND CASH EQUIVALENTS, AT END OF THE YEAR	472	343
NET CHANGE IN CASH AND CASH EQUIVALENTS	129	261
<hr/>		
(a) CHANGES IN THE SCOPE OF CONSOLIDATION	12/31/2005	12/31/2004
Acquisition of Brangs & Heinrich		(33)
Impact of entry of Brangs & Heinrich in the scope of consolidation		9
Sales price of Permal Group in cash	436	
Sales price of Ifabanque	7	
Sale transaction expenses, paid	(25)	
Impact of the deconsolidation of Permal Group net liquidity	(54)	
Sales price of Pechel Industries	17	
Sales price of RTC Group		5
Acquisition of Antaréa S.p.A. and First Graphic	(18)	
Other	3	
	366	(19)

The reconciliation between cash and cash equivalents in the statement of cash flows and in the balance sheet is presented in Note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2005

1. GENERAL INFORMATION ON THE ACTIVITIES OF THE GROUP

IFI – Istituto Finanziario Industriale S.p.A. (abbreviated in IFI S.p.A.) is a corporation organized under the laws of the Republic of Italy with its registered office in Turin, Italy, listed on the Italian stock exchange. It is the controlling financial holding company headed by Giovanni Agnelli e C. S.a.p.az. The assets of the company are represented by the investments in IFIL Investments S.p.A. and in Exor Group.

IFIL Investments S.p.A. (IFIL), a corporation organized under the laws of the Republic of Italy with its registered office in Turin, Italy. It is the investment company of the Group and is listed on Italian stock exchange. The principal subsidiaries and associates of IFIL operate in various business segments and are described below.

Fiat S.p.A., in which IFIL holds approximately 30% of the ordinary capital stock and preferred stock, is a corporation organized under the laws of the Republic of Italy, listed on the Italian stock exchange. The Fiat Group operates in 190 countries and is principally engaged in the manufacture and distribution of automobiles, agricultural machinery and construction equipment and commercial vehicles. It also manufactures other products and systems, primarily automotive components, metallurgical products and production systems. It is also active in other business segments including publishing and communications and service activities, which represent a marginal part of the Group's business. The headquarters of the Group is in Turin, Italy.

Sequana Capital S.A., in which IFIL holds approximately 53% of capital, is a corporation organized under the laws of the Republic of France, with headquarters in Paris, France, listed on the French stock exchange. It operates through its subsidiaries and associates principally in the following business segments:

- the manufacture of creative, business communications, printing/graphics and security paper products, in addition to carbonless paper, through ArjoWiggins, a wholly-owned subsidiary;
- distribution of professional paper products for communications, through Antalis, a wholly-owned subsidiary;
- verification, inspection and certification, through SGS, a 24.33%-owned associate;
- marketing of Burgundy wines, through Antonin Rodet, a wholly-owned subsidiary.

Sequana Capital was also engaged in the management of multi-investment funds through Permal Group, a 76.86%-owned company, until its sale to Legg Mason on November 3, 2005.

Alpitour S.p.A., a wholly-owned subsidiary of IFIL, is a corporation organized under the laws of the Republic of Italy, with headquarters in Cuneo, Italy. The Alpitour Group operates in the tourism sector providing a vast range of integrated services through various subsidiaries.

"Tour operating", "Hotel", "Aviation", "Distribution", "Incoming", "Incentive and Grandi Eventi" are the main segments in which the Group operates under various and well-known brands.

Juventus Football Club S.p.A., in which IFIL owns 60% of capital, is one of the most important professional soccer companies internationally, with about 21 million fans in Europe and about 10 million in Italy. The company is a corporation organized under the laws of the Republic of Italy and has its headquarters in Turin, Italy. The company is listed on the Italian stock exchange.

Exor Group is a Luxembourg holding company; its principal investments are the 17.2% stake in Graphic Packaging Corporation (a U.S.A. listed company in the packaging sector), the 100% holding in the French wine company Greysac (ex-Domaine Codem) and the 7.14% stake in Distacom (a company headquartered in Hong Kong operating in the telecommunications sector).

The euro is the functional currency and presentation currency of the Group.

2. BASIS OF PREPARATION

The consolidated financial statements at December 31, 2005 of the IFI 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 IFI Group adopted IFRS on January 1, 2005 on the coming into effect of European Union Regulation No. 1606 of July 19, 2002.

The accounting policies applied in these financial statements are consistent with those adopted in preparing the IFRS opening consolidated balance sheet at January 1, 2004, as well the consolidated financial statements at December 31, 2004, 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 the Group at time of application of IFRS, the reconciliations between profit or loss and equity under previous GAAP (Italian GAAP) to profit or loss and equity under IFRS for the periods shown as comparatives, as required by IFRS 1 – First-time Adoption of IFRS, together with related explanatory notes, are included in this Appendix.

3. FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The income statement is presented using a classification based on the nature of expenses.

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

The statement of changes in consolidated 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.

These formats are believed to best represent the operating companies consolidated line-by-line as compared to the alternative presentations provided by IFRS.

4. BASIS OF CONSOLIDATION

Criteria used in determining the scope of consolidation

The companies in which the IFI 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.

Therefore, according to the currently prevailing interpretation of IAS 27 "Consolidated and Separate Financial Statements", companies in which the IFI Group holds sufficient voting power to exercise a de facto significant influence in the ordinary stockholders' meeting (de facto subsidiaries, under art. 2359, paragraph 1, number 2, of the Italian Civil Code) are excluded from the scope of consolidation. As a result of applying this standard, the investment in the Fiat Group, in which de facto control is held by IFIL which owns 30.06% of Fiat S.p.A. ordinary capital stock, is excluded from the scope of consolidation.

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 commences until the date that control ceases.

The results of discontinued operations 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.

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 minority interests are 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 generally consolidated using the financial statements at December 31 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 of each year, is consolidated line-by-line using the consolidated financial statements at October 31, 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, 2004 and 2005, 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 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.

In the context of IFRS First-time Adoption, the cumulative translation difference arising from the consolidation of foreign companies was set at nil, as permitted by IFRS 1; gains or losses on subsequent disposal of any foreign operation only include accumulated translation differences arising after January 1, 2004.

Hyperinflationary economies

Hyperinflationary economies are defined as countries whose cumulative inflation for three years is higher than 100%. For the companies operating in those countries, the financial statements are translated into the functional currency as follows:

- non-monetary items of the balance sheet and their counterpart in the income statement or in the flows of the statement of cash flows are translated at the historical rate;
- monetary items of the balance sheet are translated at the period-end exchange rate;
- other items of the income statement or flows in the statement of cash flows are translated at the average exchange rate for the year.

5. SUMMARY OF 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 (where 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 or 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 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 an acquisition of a business are capitalized separately from goodwill if their fair value can be measured reliably.

The majority of research and development costs incurred by the Sequana Capital Group does not meet the conditions for capitalization under IAS 38 and are therefore charged to the income statement in the year incurred.

Other intangible assets of the Sequana Capital Group represent mainly software and patents which are amortized as follows:

Software	from 3 to 8 years
Patents	maximum 5 years

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

Greenhouse gas emission rights: in the absence IFRS standards and IFRIC interpretations, the Sequana Capital Group has applied, on a temporary basis, the accounting treatment suggested by the French accounting board 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 exceed 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 non-recurring 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 held by Juventus Football Club and are recognized at present value, including any incidental charges. They 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.

The 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 Federazione Italiana Giuoco Calcio for international transfers.

For soccer players registered as "giovani di serie" (youth players), costs are amortized over five years using the straight-line method.

In the case of the sale of the registration rights of a player and simultaneous buyback of 50% of the rights previously sold ("sale sharing"), only 50% of any gain are considered to be realized (100% if it is a loss).

In the case of the purchase of the registration rights of a player and the simultaneous resale of 50% of the rights previously purchased ("purchase sharing"), the effective costs incurred (50% of the cost of the registration rights of the player) are recorded in "players' registration rights" and amortized over the period of the contract signed with the player.

Property, plant and equipment

Property, plant and equipment are stated at purchase or production cost less accumulated depreciation and impairment losses, if any. 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 unconsolidated subsidiaries and investments in associates, generally those 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 period. Unrealized gains and losses are recognized directly 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 may not later be reversed through the income statement.

Securities available-for-sale represented by debt securities, are recognized at cost, less any impairment losses, 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 or liability is the amount at which the financial asset or liability is measured initially net of the repayment of principal, adjusted up or 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 or liability.

Other current financial assets

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

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

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 (variable and fixed), 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.

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.

Debt

Debt bearing interest 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

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 or loss, the gain or loss from remeasuring 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 forecasted transaction and could affect profit or loss, the effective portion of any gain or loss on 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 or 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 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 its 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 Projected 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.

To determine the cost of pension plans for the period, the Group has retroactively adopted starting from 2005, the immediate recognition of actuarial gains and losses directly in equity (presented in the consolidated statement of recognized income and expense in 2005 and 2004), in accordance with the amendment to IAS 19 dated December 16, 2004. For other long-term benefits, actuarial gains and losses are recognized immediately in profit and loss.

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, with a contra-entry 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).

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 that the details of the restructuring plan have been made public.

Treasury stock

The cost of any treasury stock purchased and/or held as a result of specific stockholder resolutions and 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 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 a specific provision under liabilities or eventually to deferred tax assets recorded in deferred tax assets only if there is reasonable certainty of future recovery. Deferred tax assets are also recognized for the tax benefit connected with tax loss carryforwards whenever specific requisites for recoverability are met. Deferred tax assets and liabilities are offset when they refer to the same company and 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 as "Debt for advances on the sales of receivables". 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 are recorded in the year in which they are approved for distribution by the disbursing company.

Other non-recurring income (expenses)

Other non-recurring income (expenses) includes 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 utilization of non-current provisions for liabilities.

Earnings per share

Basic earnings per share is calculated by dividing the profit of the Group 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 of the Group is also adjusted to take into account the effects, net of taxes, of the conversion.

Use of estimates

The preparation of the financial statements and related disclosures that conform 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 impairment tests of goodwill, depreciation and impairments of property, plant and equipment, accruals for employee benefits and accruals for environmental and other disputes. Estimates and assumptions are reviewed periodically and the effects of any changes are reflected in the income statement.

Segment information

Given the nature of the activities of IFI and the subsidiary IFIL, IFI 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.

6. NEW ACCOUNTING STANDARDS ISSUED BY THE IASB

The IFI Group is evaluating the impact, if any, of the new accounting standards and interpretations issued during 2005, which are described below.

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 consolidated 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 the income statement 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 the final 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 are managed and their performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy;
- an instrument contains an embedded derivative that meets particular conditions.

These amendments to IAS 39 are effective for annual periods beginning on or after January 1, 2006.

In August 2005, the IASB issued IFRS 7 – Financial Instruments: Disclosures and a complementary amendment to IAS 1 – Presentation of Financial Statements – Capital Disclosures. 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.

IFRS 7 and the amendment to IAS 1 are effective for annual periods beginning on or after January 1, 2007.

In August 2005, the IASB issued an amendment to IAS 39 on the accounting treatment of financial guarantee contracts issued. The amendment requires that issuers of financial guarantee contracts include the resulting liabilities in their financial statement, measured as follows:

- initially at fair value;
- subsequently at the higher of the best estimate of the expenditure required to settle the present obligation at the balance sheet date in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with IAS 18 – Revenue.

These amendments are effective for annual periods beginning on or after January 1, 2006.

During 2005, IFRIC interpretation No. 4 was issued – Determining whether an arrangement contains a lease.

Lastly, the IFI Group believes that the additional interpretations (IFRS 6, IFRIC 5 and IFRIC 6) issued during 2005 have no impact on the Group.

7. RISK MANAGEMENT

IFI S.p.A.

In view of its business as an investment company, IFI 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 is currently a borrowings position. The liquidity risk could increase as a result of investment decisions that are not preceded by sufficient liquidation of assets or raising of sufficient funds that can be readily used. To this end, IFI has credit lines of € 1,106 million of which € 595 million is irrevocable, due beyond one year.

IFI 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 2005, the only derivative financial instruments used to manage fluctuations in interest rate risks were interest rate swaps and collars on some existing loans.

IFIL Holdings System

In view of its business as an investment company, IFIL 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" 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. To this end, IFIL current has credit lines of € 1,458 million, of which € 570 million is irrevocable, due beyond one year.

IFIL 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 2005, the only derivative financial instruments used to manage fluctuations in interest rate risks were interest rate swaps and collars on some existing loans and on a part of the 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- and 3-month floating rates.

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

In the past, the parent, Sequana Capital, hedged interest rate exposure on its net debt by putting into place interest rate options and CAPs against the 1- to 3-month Euribor or used zero cost collars. After the reduction in its net debt, in 2005, the hedges that terminated were not renewed.

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 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.

Alpitour Group

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

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

8. CHANGE IN THE SCOPE OF CONSOLIDATION

Changes in the scope of consolidation during 2005 at the various levels of consolidation are described below.

IFIL Holdings System

Some wholly-owned subsidiaries, after the distribution of almost all their earnings and capital reserves, were wound up (Mediterranean Capital B.V. and Ifil Finance B.V.) or put into a wind-up (NHT New Holding for Tourism S.A.) and at December 31, 2005 they are therefore accounted for by the equity method (they were previously consolidated line-by-line). Sadco S.A. was put into a wind-up at the end of 2005 and is therefore consolidated line-by-line until December 31, 2005.

In 2005, the wind-ups were closed for Mediterranean Capital B.V., Ifil Finance B.V., Ifil Capital Partners LP, Ifil America LP and Ifil Investments LLC.

Sequana Capital Group

On June 23, 2005, Sequana Capital, Legg Mason and the management of Permal Group Ltd reached an agreement for the sale of Permal Group Ltd for varying interest holdings at different times to Legg Mason.

In accordance with this agreement, after the legal reorganization which had brought the Sequana Capital Group and management of Permal Group Ltd to hold, respectively, 76.86% and 23.14% of Permal Group Ltd capital stock, on November 3, 2005, Sequana Capital sold 70.5% of Permal Group Ltd's capital stock to Legg Mason for U.S. \$ 718 million. This amount was paid in cash for U.S.\$ 542 million (equal to € 447 million, of which € 436 million was received in November 2005 and € 11 million was received in January 2006). The remaining amount of U.S.\$ 176 million (equal to € 146 million) was paid with 1,664,963 Legg Mason shares for a par value of U.S.\$ 105.90 per share.

At December 31, 2005, such shares were classified as "available-for-sale" and were measured at fair value on the basis of the stock market price at December 30, 2005 of U.S.\$ 119.69, with a gain of € 15 million, net of taxes, accounted for as an increase of consolidated equity.

A hedging transaction was put into place on the amount received in cash and made it possible to reduce the debt of the Sequana Capital Group in euros.

Taking into account the reciprocal purchase and sale transactions provided by the June 23, 2005 agreement on the remaining 6.36% stake in Permal Group Ltd held by Sequana Capital, Permal Group Ltd was fully deconsolidated on the basis of the data at October 31, 2005 with a consolidated gain of € 455 million, net of selling costs and income taxes. This gain at the level of IFIL amounts to € 504 million, in that IFIL had entirely amortized the goodwill on that investment in prior years. The remaining stake was classified as "long-term receivables" in non-current financial assets.

The due dates of this receivable are:

- November 2007 for U.S.\$ 53.6 million (for a 5.36% stake)
- November 2009 for U.S.\$ 10 million (for a 1% stake)

The amounts were discounted to present value at a 5.15% rate (the rate listed for U.S.\$ bonds by issuers with a BBB rating in the United States financial sector) by due date; at December 31, 2005, the present value of the amount is U.S.\$ 57 million (€ 48 million).

Finally, depending on the results of Permal Group Ltd in 2007 and in 2009, Sequana Capital may receive an additional amount over and above the price of each of the tranches of shares sold for a maximum amount, respectively, of U.S.\$ 146 million and U.S.\$ 30 million. These additional amounts, in view of their uncertain nature, have not been accounted for in 2005.

The following tables present the effects of the deconsolidation of Permal Group and Pechel Industries on the consolidated income statement for the year 2004 (IFRS 2004 financial statements) restated and adjusted in accordance with IFRS.

The reconciliation between the latter and the published consolidated income statement for the year 2004 prepared in accordance with Italian GAAP is presented in the Appendix.

€ in millions	Financial Statements 12/31/2004	Deconsolidation of Permal and Pechel held for sale	Financial Statements 12/31/2004
Revenues	5,565	(277)	5,288
Other revenues from current operations	92	0	92
Purchases of raw materials and changes in inventories	(3,316)	0	(3,316)
Personnel costs	(985)	69	(916)
Costs for external services	(851)	141	(710)
Taxes and duties	(47)	0	(47)
Amortization and depreciation	(195)	1	(194)
Accruals to provisions and other expenses from current operations	(96)	1	(95)
Profit from current operations	167	(65)	102
Other non-recurring income (expenses)	(275)	0	(275)
Operating loss	(108)	(65)	(173)
Cost of net financial debt	(74)	(2)	(76)
Other financial income (expenses)	34	4	38
Financial income (expenses)	(40)	2	(38)
Income taxes	12	22	34
Profit (loss) of companies consolidated line-by-line	(136)	(41)	(177)
Share of earnings (losses) of companies accounted for by the equity method	(302)	(7)	(309)
Loss from continuing operations	(438)	(48)	(486)
Profit (loss) from discontinued operations or assets held for sale	606	48	654
Profit before minority interest	168	0	168
Profit - minority interest	(48)	0	(48)
Profit - Group	120	0	120

Various minor transactions took place in the Antalis Group, such as the purchase of the companies First Graphics (South Africa) and Antaréa (Italy), as well as the purchase of the minority stakes in Simge Turquie and Shriro Pacific Paper Singapore.

During 2004, the only change in the scope of consolidation referred to the purchase of the 100% stake in the Brangs & Heinrich Group by Antalis.

The data relating to the most important acquisitions is as follows:

€ in millions	First Graphic	Antaréa	Brangs & Heinrich
Date of acquisition	July 1, 2005	August 2, 2005	July 1, 2004
Percentage of acquisition	100%	100%	100%
Country	South Africa	Italy	Germany
Closing date of financial statements	February 28	December 31	December 31
Amounts expressed in local currency (thousands)	ZAR	EUR	EUR
Information on the acquisitions (referring to 12 months):			
Sales	151	15	56
Profit (loss)	10	(1)	1
Total assets	54	11	27
Analysis of acquisitions:			
Purchase price (a)	12	6	33
Nature of the purchase price	Cash	Cash	Cash
Assets	1	1	6
Working capital requirements	5	3	12
Net cash		1	1
Provisions for other liabilities and charges			(5)
Other net liabilities			(3)
Net assets purchased (b)	6	5	11
Net goodwill (a-b)	6	1	22

Alpitour Group

Alpitour subscribed to 50% of the capital stock of two newly-established companies: Vacanzeitalia S.p.A. which operates in the hotel sector and Alpitour Group Egypt For Tourism S.A.E. which operates in the incoming sector. Both companies are stated at cost as they are not operational. The consolidation of these companies line-by-line would not have had a significant impact on the result or on the consolidated net equity of the Group since their balance sheet values are negligible.

Alpitour has also sold the entire investment (70% of capital stock) held in Jumbo Tours Sicilia S.r.l. and in Elshah For Floating Hotels in which a 99.67% stake was held by the subsidiary I.E.T.I.C., previously consolidated line-by-line.

9. OTHER INFORMATION

Significant subsequent events and related party transactions are presented in the Directors' Report on Operations.

COMMENTS ON THE PRINCIPAL ITEMS IN THE CONSOLIDATED BALANCE SHEET

10. GOODWILL

The composition of goodwill by business segment is as follows:

€ in millions	12/31/2005	12/31/2004	Change
Portion of goodwill on the 2000 takeover bid allocated to ArjoWiggins	497	497	0
Other companies	3	3	0
ArjoWiggins Group	500	500	0
Portion of goodwill on the 2000 takeover bid allocated to Antalis	155	155	0
Inversiones GMS	35	28	7
Promotional Products	23	23	0
Antalis GmbH	23	23	0
Brangs & Heinrich	22	22	0
Other companies	29	16	13
Antalis Group	287	267	20
Permal Group	0	4	(4)
Jumboturismo S.A.	11	11	0
Altamarea V & H Compagnia alberghiera S.p.A.	8	2	6
Viaggidea S.p.A	6	6	0
Other Alpitour Group companies	2	2	0
Alpitour Group	27	21	6
Net goodwill	814	792	22

The analysis of the changes in goodwill is as follows:

€ in millions	12/31/2005	12/31/2004
GROSS AMOUNT		
Opening balance	1,040	1,078
<i>Changes during the year</i>		
Changes due to business combinations	(35)	73
Decreases	(19)	
Exchange differences	9	(4)
Reclassifications		(3)
Other changes	14	13
Accounting elimination of goodwill completely written off		(117)
	<i>Changes in gross amount</i>	(31)
Closing balance	1,009	1,040
ACCUMULATED IMPAIRMENT LOSSES		
Opening balance	(248)	(181)
<i>Changes during the year</i>		
Changes due to business combinations		(23)
Exchange differences	(1)	
Impairment losses recognized in the income statement (a)		(164)
Use of accumulated impairment losses due to disposal (income statement) (a)	68	
Reclassifications		3
Other changes	(14)	
Accounting elimination of goodwill completely written off		117
	<i>Changes in accumulated impairment losses</i>	53
Closing balance	(195)	(248)
NET AMOUNT		
Opening balance	792	897
<i>Changes during the year</i>		
Changes due to business combinations	(35)	50
Decreases	(19)	
Exchange differences	8	(4)
Impairment losses recognized in the income statement (a)		(164)
Use of accumulated impairment losses due to disposal (income statement) (a)	68	
Other changes		13
	<i>Changes in net amount</i>	22
Closing balance	814	792

(a) Recorded under "Other non-recurring income (expenses)" in the income statement.

During 2005, the changes due to business combinations principally originate from the disposal of Permal Group (-€ 53 million), from the line-by-line consolidation of some companies in the Antalis Group (mainly First Graphic, Antalis Malaysia and Antaréa S.p.A.) for +€ 11 million and the goodwill paid on the acquisition of an additional 40% stake in Altamarea V&H Compagnia Alberghiera S.p.A. for € 5 million. In 2004, € 22 million of the increase was attributable to the addition of the Brangs & Heinrich Group in the scope of consolidation.

The use of accumulated impairment losses due to disposal refers to Permal Group for € 49 million and the Alpitour Group for € 19 million.

In 2004, impairment losses largely referred to the impairment test on the goodwill of Antalis and Alpitour.

Impairment test on the goodwill of the Sequana Capital Group

The value of a company is the only method used for the valuation of the equity investments of the Group and 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. This value, from which the net financial debt is deducted, constitutes the revalued net asset.

The annual impairment test on the investments of the Sequana Capital Group is based on the comparison between the consolidated net accounting amount of its equity investments and the revalued net asset. Only the losses are accounted for in the income statement.

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

		ArjoWiggins	Antalis
DCF infinite growth rate	2005	0.21%	0.38%
	2004	(0,15%)	0.86%
Pretax discount rate	2005	8.00%	8.70%
	2004	8.60%	9.30%

11. 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	Total
GROSS AMOUNT - Opening balance at December 31, 2004	174	397	31	10	612
Additions	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
GROSS AMOUNT - 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)
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)
ACCUMULATED AMORTIZATION AND IMPAIRMENTS					
Closing balance at December 31, 2005	(119)	(240)	(32)	0	(391)
NET AMOUNT - Opening balance at December 31, 2004	65	168	14	10	257
Additions	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)
NET AMOUNT - Closing balance at December 31, 2005	72	146	14	11	243

€ in millions	Concessions, licenses and trademarks	Players' registration rights	Other intangible assets	Intangible assets in progress	Total
GROSS AMOUNT - Opening balance at January 1, 2004	153	361	32	11	557
Additions	15	104	2	13	134
Increases due to business combinations			(1)		(1)
Decreases	(5)	(68)	(2)		(75)
Exchange differences	(1)				(1)
Other changes	12			(14)	(2)
Total changes during the year	21	36	(1)	(1)	55
GROSS AMOUNT - Closing balance at December 31, 2004	174	397	31	10	612
ACCUMULATED AMORTIZATION AND IMPAIRMENTS					
Opening balance at January 1, 2004	(97)	(189)	(16)	(3)	(305)
Increases due to business combinations			1		1
Decreases	5	19			24
Amortization	(17)	(59)	(4)		(80)
Other changes			2	3	5
Total changes during the year	(12)	(40)	(1)	3	(50)
ACCUMULATED AMORTIZATION AND IMPAIRMENTS					
Closing balance at December 31, 2004	(109)	(229)	(17)	0	(355)
NET AMOUNT - Opening balance at January 1, 2004	56	172	16	8	252
Additions	15	104	2	13	134
Decreases		(49)	(2)		(51)
Amortization	(17)	(59)	(4)		(80)
Exchange differences	(1)				(1)
Other changes	12		2	(11)	3
Total changes during the year	9	(4)	(2)	2	5
NET AMOUNT - Closing balance at December 31, 2004	65	168	14	10	257

The IFI Group has commitments for the purchase of intangible assets of € 1 million (€ 9 million at December 31, 2004).

Research and development costs charged to the income statement in 2005 amount to € 17 million (€ 17 million in 2004).

Intangible assets completely amortized but still in use amount to € 29 million and refer to the concessions, licenses and trademarks of the Alpitour Group of € 16 million, players' registration rights of € 9 million and other intangible assets of € 4 million.

In 2005, additions refer to internally-generated assets of € 9 million (€ 13 million in 2004).

12. PROPERTY, PLANT AND EQUIPMENT

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

€ in millions	Land	Buildings	Plant and machinery	Industrial equipment	Other assets	Construction in progress	Advances	Total
GROSS AMOUNT								
Opening balance at December 31, 2004	67	619	21	1,870	199	32	0	2,808
<i>Changes during the year</i>								
Additions		8	1	31	17	46	1	104
Decreases	(8)	(67)	(1)	(59)	(19)	(2)		(156)
Transfer 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
<i>Total changes during the year</i>	(12)	(80)	0	90	10	16	1	25
Closing balance at December 31, 2005	55	539	21	1,960	209	48	1	2,833
ACCUMULATED DEPRECIATION AND IMPAIRMENTS								
Opening balance at December 31, 2004	(3)	(269)	(7)	(1,258)	(136)	0	0	(1,673)
<i>Changes during the year</i>								
Decreases		41	1	50	17			109
Transfer 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)
<i>Total changes during the year</i>	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	64	350	14	612	63	32	0	1,135
<i>Changes during the year</i>								
Additions		8	1	31	17	46	1	104
Decreases	(8)	(26)		(9)	(2)	(2)		(47)
Transfer 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
<i>Total changes during the year</i>	(12)	(52)	(1)	(158)	10	16	1	(196)
Closing balance at December 31, 2005	52	298	13	454	73	48	1	939

(a) Recorded under "Other non-recurring income (expenses)" in the income statement.

€ in millions	Land	Buildings	Plant and machinery	Industrial equipment	Other assets	Construction in progress	Advances	Total
GROSS AMOUNT								
Opening balance at January 1, 2004	71	589	16	1,807	181	78	25	2,767
<i>Changes during the year</i>								
Additions	1	26	6	55	17	53	1	159
Decreases	(7)	(31)	(1)	(34)	(17)	(2)		(92)
Acquisitions through business combinations		5			15			20
Exchanges differences		(9)		(34)	(1)	1		(43)
Other changes	2	39		76	4	(98)	(26)	(3)
<i>Changes in gross amount</i>	(4)	30	5	63	18	(46)	(25)	41
Closing balance at December 31, 2004	67	619	21	1,870	199	32	0	2,808
ACCUMULATED DEPRECIATION AND IMPAIRMENTS								
Opening balance at January 1, 2004	(3)	(264)	(7)	(1,192)	(133)	0	0	(1,599)
<i>Changes during the year</i>								
Decreases		22		31	14		1	68
Acquisitions through business combinations		(2)			(3)			(5)
Depreciation		(31)	(2)	(120)	(17)		(1)	(171)
Exchanges differences		2		26	1			29
Other changes		4	2	(3)	2			5
<i>Changes in accumulated depreciation and impairments</i>	0	(5)	0	(66)	(3)	0	0	(74)
Closing balance at December 31, 2004	(3)	(269)	(7)	(1,258)	(136)	0	0	(1,673)
NET AMOUNT								
Opening balance at January 1, 2004	68	325	9	615	48	78	25	1,168
<i>Changes during the year</i>								
Additions	1	26	6	55	17	53	1	159
Decreases	(7)	(9)	(1)	(3)	(3)	(2)	1	(24)
Acquisitions through business combinations		3			12			15
Depreciation		(31)	(2)	(120)	(17)		(1)	(171)
Exchanges differences		(7)		(8)		1		(14)
Other changes	2	43	2	73	6	(98)	(26)	2
<i>Changes in net amount</i>	(4)	25	5	(3)	15	(46)	(25)	(33)
Closing balance at December 31, 2004	64	350	14	612	63	32	0	1,135

The item "transfer to assets held for sale" includes the value of the non-current assets of the companies of the Alpitour Group (Blumarín Hotel S.A. de C.V. and Blumarín Services S.A. de C.V.) of € 22 million, transferred to assets held for sale.

In 2005 and 2004, no borrowing costs were capitalized.

Commitments for the acquisition of property, plant and equipment amount to € 11 million at December 31, 2005 (none in 2004).

The amount of expenses included in the carrying amount of assets under construction in progress, recorded in 2005, amounts to € 1 million (none in 2004).

In 2005, restrictions on the ownership of property, plant and equipment as a result of real guarantees amount to € 5 million and relate to the Sequana Capital Group. In 2004, there were no restrictions as a result of real guarantees provided on property, plant and equipment.

Temporarily inactive tangible assets amount to € 22 million at December 31, 2005 and refer entirely to Juventus Football Club; they include costs for the design project of the new stadium and the Campi di Vinovo sports center.

At December 31, 2005, 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 2005, the measurement of property, plant and equipment led to an impairment loss of € 145 million for ArjoWiggins, determined by a comparison of the recoverable amount of the assets of ArjoWiggins, equal to € 258 million, and the net carrying amount of € 403 million.

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 system. 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 taken from the budgets approved by management for five years. Beyond that period, the cash flows are extrapolated starting from the growth rates by activity. The discount rates used in 2005 are between 7.4% and 8.4% for European Union countries and 11% for North America.

Finance lease contracts on property, plant and equipment

The carrying amount of property, plant and equipment includes € 11 million (€ 14 million at December 31, 2004) relating to assets acquired under finance leases, mainly referring to the Sequana Capital Group and Alpitour. In particular, there are some finance lease contracts which refer to three buildings located in Cuneo, Milan and Padua held by Welcome Travel Group, a subsidiary of the Alpitour Group.

The changes compared to 2004 are the following:

€ in millions	Buildings	Industrial equipment	Total
GROSS AMOUNT			
Opening balance at December 31, 2004	12	6	18
Changes during the year			
Decreases	(2)		(2)
Exchange differences		(1)	(1)
<i>Changes in gross amount</i>			
Closing balance at December 31, 2005	10	5	15
ACCUMULATED DEPRECIATION AND IMPAIRMENTS			
Opening balance at December 31, 2004	(2)	(2)	(4)
Changes during the year			
Decreases	1		1
Depreciation		(1)	(1)
<i>Changes in accumulated depreciation and impairments</i>			
Closing balance at December 31, 2005	(1)	(3)	(4)
NET AMOUNT			
Opening balance at December 31, 2004	10	4	14
Changes during the year			
Decreases	(1)		(1)
Depreciation		(1)	(1)
Exchange differences		(1)	(1)
<i>Changes in net amount</i>			
Closing balance at December 31, 2005	9	2	11

€ in millions	Buildings	Industrial equipment	Total
GROSS AMOUNT			
Opening balance at January 1, 2004	10	87	97
Changes during the year			
Additions	2		2
Decreases		(81)	(81)
	<i>Changes in gross amount</i>		(79)
Closing balance at December 31, 2004	12	6	18
ACCUMULATED DEPRECIATION AND IMPAIRMENTS			
Opening balance at January 1, 2004	(1)	(40)	(41)
Changes during the year			
Decreases		38	38
Depreciation	(1)		(1)
	<i>Changes in accumulated depreciation and impairments</i>		37
Closing balance at December 31, 2004	(2)	(2)	(4)
NET AMOUNT			
Opening balance at January 1, 2004	9	47	56
Changes during the year			
Additions	2		2
Decreases		(43)	(43)
Depreciation	(1)		(1)
	<i>Changes in net amount</i>		(42)
Closing balance at December 31, 2004	10	4	14

Leasing information is as follows:

€ in millions	Buildings	Industrial equipment	Total
Information on lease debt			
Nominal amount of lease debt at inception	10	4	14
<u>At the reporting date</u>			
Residual amount of fixed-rate lease debt	6	2	8
Residual amount of floating-rate lease debt	2	2	4
Total amount of residual debt	8	4	12
<u>Residual lease debt due at the reporting date</u>			
Within 1 year	1		1
Between 2 and 5 years	4	3	7
Beyond 5 years	3	1	4
	8	4	12
<u>Present value of lease debt</u>	6	2	8

13. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

Details are as follows:

€ in millions	December 31, 2005		December 31, 2004		Change
	% of investment	Carrying amount	% of investment	Carrying amount	
Fiat	28.28	2,336	27.74	1,134	1,202
SGS	24.33	623	24.33	585	38
Exor Group	29.3	199	29.3	195	4
Turismo&Immobiliare	25.0	4			4
Sundry Antalis Group associates	-	3	-	5	(2)
Sundry Alpitour Group subsidiaries	-	0	-	1	(1)
Ifabanque		0	25.0	7	(7)
		3,165		1,927	1,238

The amount of the investment in SGS includes, at December 31, 2005, goodwill of € 395 million (€ 399 million at December 31, 2004). The Sequana Capital Group measures the fair value of the investment in SGS using the average stock market price of the last 45 days with a 5% discount. At December 31, 2005, the fair value of the investment in SGS was equal to € 1,212 million (€ 886 million at the end of 2004).

The analysis of the changes is as follows:

€ in millions	2005	2004	Change
Opening balance	1,927	2,888	(961)
Changes during the year			
Early application of the IAS 19 amendment	0	(71)	71
Investments	585	116	469
Disposals	(1)	(481)	480
Share of earnings (losses)	448	(379)	827
Translation exchange differences	245	(20)	265
Dividends distributed	(26)	(22)	(4)
Reclassification to "Assets held for sale"	(7)	(87)	80
Other movements	(6)	(17)	11
Total changes during the year	1,238	(961)	2,199
Closing balance	3,165	1,927	1,238

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 approved 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 a total 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.

On September 7, 8 and 9, IFIL purchased 5,500,000 Fiat ordinary shares on the market for € 41.1 million.

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.

A total of 87,750,000 Fiat ordinary shares was purchased for a global investment of € 580.2 million, including incidental charges of € 4.5 million.

The investments in 2004 referred to the purchase of 9.53% of Eurofind capital stock from Mediobanca in January 2004 by the subsidiary Ifil Investissements.

In 2005, the item "Reclassification to assets held for sale" refers entirely to the subsidiaries of Permal Group. In 2004, the item referred to the investment in Pechel Industries for € 17 million, sold in March 2005, and the investment in Eurofind Textile for € 70 million.

The disposals in 2004 referred solely to 50% of Eurofind Food capital stock.

Highlights of the principal associates accounted for by the equity method are as follows:

€ millions	Fiat Group		SGS Group		Exor Group	
	2005	2004	2005	2004 (a)	2005	2004
Currency	Euro	Euro	CHF	CHF	Euro	Euro
Closing date	12/31/2005	12/31/2004	12/31/2005	12/31/2004	12/31/2005	12/31/2004
Total assets	62,454	62,522	2,765	2,252	709	677
Current and non-current liabilities	53,041	57,594	1,290	1,063	29	8
Revenues	46,544	45,637	3,308	2,885		
Profit - Group and minority interest	1,420	(1,579)	388	293	36	93
Official market price at closing date:						
Fair value of investment held by the Group	2,592	1,542	1,212	886	207	215

(a) Adjusted data following the early adoption of IAS 19 revised.

With regard to the consolidated profit of the Fiat Group, it should be pointed out that in the absence of the positive effects of non-recurring transactions, the result would have essentially been a breakeven.

14. FINANCIAL ASSETS

The composition of financial assets is as follows:

€ in millions	12/31/2005	12/31/2004	Change
Non-current financial assets	1,524	1,015	509
Current financial assets	1,170	1,361	(191)
Total financial assets	2,694	2,376	318

Details are as follows:

€ in millions	Non-current financial assets		Current financial assets	
	12/31/2005	12/31/2004	12/31/2005	12/31/2004
Investments held to maturity				
Fox River deposits (see Note 24)	97	81	3	12
DG IV deposit (see Note 24)	92	92		
Other deposits and security deposits	10	10		1
Other minor investments	6	5		
Ocean Club Méditerranée bonds	5	4		
Fiat ordinary share warrants 2007	3	3		
	213	195	3	13
Investments available-for-sale				
Sanpaolo IMI	1,229	745		
Other investments	18	15		
Legg Mason (see Note 8)			169	
	1,247	760	169	0
Financial assets at fair value through profit and loss				
Permal investment funds		37		
Receivable from Legg Mason (see Note 8)	48			
Other investments	10	10		
Credit instruments			978	1,083
Other financial assets			7	12
	58	47	985	1,095
Financial receivables	6	13	13	253
Total	1,524	1,015	1,170	1,361

The Ocean Club Méditerranée bonds mature on November 1, 2008 and bear annual interest at 3% per annum and give the right, at maturity, to subscribe to the same number of Club Méditerranée shares at € 58 per share or to receive a total reimbursement of € 5.2 million.

The investment in Sanpaolo IMI is measured at fair value on the basis of the market price at December 30, 2005 equal to € 13.2 per share (€ 10.58 per share in 2004) with the unrealized gain or loss recognized in equity.

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".

In 2004, financial receivables totaled € 253 million and referred to the residual receivable (received in 2005) from the Auchan Group, on the disposal of the investment in Eurofind Food.

The analysis of changes during 2005 is as follows:

€ in millions	Non-current financial assets		Current financial assets	
	12/31/2005	12/31/2004	12/31/2005	12/31/2004
Opening balance	1,015	1,060	1,361	775
Increases	332	48	316	861
Decreases	(27)	(102)	(516)	(251)
Fair value recognized in equity	221	12	23	
Fair value recognized through profit and loss		3		
Reversal of (accrual for) impairments	5	(3)		
Exchange differences	17	1	1	(2)
Change in the scope of consolidation	(43)	(8)	(14)	2
Other changes	4	4	(1)	(24)
Changes during the year	509	(45)	(191)	586
Closing balance	1,524	1,015	1,170	1,361

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

In 2005, the item "increases" includes IFIL's purchase on the market of 22,700,000 Sanpaolo IMI ordinary shares (1.43% of current ordinary capital stock) for € 264 million, and various transactions by the Sequana Capital Group carried out with regard to the disposal of Permal, detailed as follows:

- increase in Legg Mason stock of € 146 million, which is part of the consideration on the sale of Permal;
- increase in credit instruments for € 163 million;
- measurement of the U.S.\$ 63.6 million financial receivables (for the remaining 6.36% stake of Permal not yet sold) due in 2007 and in 2009, at fair value by discounting to present value at the rate of 5.15% equal to € 48 million.

In 2004, the item "decreases" mainly referred to the Sequana Capital Group in respect of the following significant transactions:

- early repayment on June 14, 2004 of the loan made by ArjoWiggins to the buyers of Appleton Papers Inc. (€ 137 million, equal to U.S.\$ 167 million);
- discharge on February 27, 2004 of the guarantee deposit made by ArjoWiggins for finance lease transactions (€ 117 million);
- disposal, at market value, of Accor stock (€ 44 million).

In 2005, the item "fair value recognized in equity" includes the fair value adjustment of the investment in Sanpaolo IMI (+€ 220 million) and Fiat ordinary share warrants (+€ 1 million), recorded in financial assets, and the fair value adjustment of Legg Mason stock, recorded in short-term financial assets (+€ 23 million).

The item "change in the scope of consolidation", in 2004, referred to the consolidation of Permal branches and, in 2005, the reclassification of Permal Group to "Assets held for sale" for € 67 million.

15. INVENTORIES

Details are as follows:

€ in millions	12/31/2005	12/31/2004	Change
Raw materials and other supplies	120	152	(32)
Work in progress	40	44	(4)
Semifinished and finished goods	106	113	(7)
Merchandise	288	265	23
Total inventories	554	574	(20)

16. OTHER ASSETS

Details are as follows:

€ in millions	12/31/2005	12/31/2004	Change
Other non-current assets			
Receivables for direct taxes	3	1	2
Receivables for indirect taxes		1	(1)
Receivables for disposals of intangible assets and property, plant and equipment	7	15	(8)
Other assets	23	19	4
Total other non-current assets	33	36	(3)
Other current assets			
Gross amount of trade receivables	1,105	1,110	(5)
Provision for impairment	(76)	(75)	(1)
Trade receivables	1,029	1,035	(6)
Other receivables			
Receivables for direct taxes	94	82	12
Receivables for indirect taxes	14	46	(32)
Receivables for disposals of intangible assets and property, plant and equipment	36	22	14
Other receivables	173	167	6
Total other receivables	317	317	0
Total other current assets	1,346	1,352	(6)
Total other non-current and current assets	1,379	1,388	(9)

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		28	5	33
Trade receivables	1,029			1,029
Other receivables	254	2	61	317
Balances at December 31, 2005	1,283	30	66	1,379
Other non-current assets		23	13	36
Trade receivables	1,035			1,035
Other receivables	256		61	317
Balances at December 31, 2004	1,291	23	74	1,388

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

€ in millions	12/31/2005	12/31/2004	Change
Cash and cash equivalents	595	534	61

At December 31, 2005, cash of € 20 million of the Sequana Capital Group guarantees the credit lines used by Antalis: this cash comes from collections of receivables that are provided as collateral and are released once a week against the addition of an equivalent amount of new trade receivables.

The reconciliation of the amounts shown in the statement of cash flows with the equivalent item in the balance sheet is as follows:

€ in millions	12/31/2005	12/31/2004	Change
Cash and cash equivalents	595	534	61
Bank overdrafts and bank borrowings	(123)	(191)	68
Cash and cash equivalents	472	343	129

18. PROFIT (LOSS) FROM DISCONTINUED OPERATIONS OR ASSETS HELD FOR SALE

The item includes the gains on disposals and the results of the investments sold as follows:

€ in millions	2005	2004
Gains on disposals of investments in:		
- La Rinascente	460	0
- Permal Group and Ifabanque	504	0
- Eurofind Food	0	585
- Club Méditerranée	0	26
Share of earnings (losses) in:		
- Permal Group	43	46
- Eurofind Food	0	(6)
Other investment holdings	0	3
Total	1,007	654

On May 6, 2005, Eurofind Textile S.A. (a Luxembourg company controlled by Auchan and Ifil Investissements) sold 99.09% of Rinascente S.p.A. capital stock to Tamerice S.r.l., a company headed by a group of companies formed by Investitori Associati SGR S.p.A., DB Real Estate Global Opportunities IB L.P., Pirelli RE S.p.A. and the Borletti family, for a price of € 888 million.

On May 17, 2005, the subsidiary Ifil Investissements purchased the remaining 50% of Eurofind Textile capital stock from the Auchan Group for € 349.5 million and then merged it on June 28, 2005. As a result of these transactions, the IFIL Group received net proceeds for a total of € 529 million and realized a gain, at the IFI consolidation level, of € 460 million (both amounts are net of selling costs), with no significant tax effects.

As described in Note 8, on November 3, 2005, Sequana Capital sold 70.5% of Permal Group capital stock to Legg Mason. The sale gave rise to a net gain of € 504 million (after income taxes of € 7 million).

In 2004, the IFIL Group sold 50% of Eurofind Food capital stock for € 1,063 million and 7.2% of Club Méditerranée capital stock for € 62 million, realizing, respectively, net gains of € 577 million (€ 585 million at the IFI consolidation level) and € 26 million.

The analysis of the results of discontinued operations is as follows:

€ in millions	2005	2004
Permal Group Limited and Ifabanque		
Revenues	235	277
Operating expenses	(172)	(212)
Net financial income	2	3
Profit before income taxes	65	68
Income taxes	(22)	(22)
Profit	43	46

In the statement of cash flows, the item "change in the scope of consolidation" includes the net movement of the changes associated with the assets or groups of assets held for sale, which are analyzed as follows:

€ in millions	12/31/2005	12/31/2004
Consolidated cash flows of assets held for sale		
Net cash flows from operating activities	140	22
Net cash flows from investing activities	(27)	(11)
Net cash flows from financing activities	(121)	3
Total cash flows	(8)	14 (a)

(a) The amount refers to Permal Group (€ 12 million) and Pechel Industries (€ 2 million).

The items in the financial statements connected with assets or groups of assets held for sale are as follows:

€ in millions	12/31/2005	12/31/2004
Assets held for sale		
<u>Groups of assets held for sale</u>		
Investments accounted for by the equity method:		
- Pechel Industries		17
- Eurofind Textile		70
<u>Non-current assets held for sale</u>		
Property, plant and equipment	25	3
Total	25	90

The item "property, plant and equipment" included under non-current assets held for sale mainly refers to the hotel resort complex "Club El Mandarin" located in Cancun and owned by the Alpitour Group.

The transaction was effected by the sale of the entire capital stock of the subsidiaries Bluemarin Hotel S.A. de C.V. (the company which owns the hotel complex) and Bluemarin Services S.A. de C.V. (a services company) for a total amount of U.S.\$ 45.5 million.

19. EQUITY - GROUP

Capital stock

At December 31, 2005, IFI S.p.A.'s capital stock, fully subscribed to and paid-in, amounts to € 163,251,460 and consists of 86,450,000 ordinary shares and 76,801,460 preferred shares with a par value of € 1 each.

Pursuant to art. 10 of the bylaws, preferred shares have voting rights only for the resolutions set forth in art. 2365 of the Italian Civil Code and the second paragraph of art. 13 of the bylaws.

Pursuant to art. 27 of the bylaws, the net income of each year is appropriated as follows:

- 10% to the legal reserve until it reaches one-fifth of capital stock;
- of the remaining amount, 1% is at the board of directors' disposition for distribution among its members;

- the remaining net income is appropriated as follows:
- to preferred shares, a preference dividend of 5.17% of their par value, which is not cumulative from one year to the next;
- after any appropriations to reserves, the residual amount is attributed equally to the ordinary and preferred shares.

Capital stock may be increased for a period of five years, at one or more times, also in divisible form, up to a maximum of € 561,750,000, by the authority delegated, pursuant to art. 2443 of the Italian Civil Code, to the board of directors by the extraordinary stockholders' meeting held April 22, 2003.

IFI stock option plans

The board of directors of IFI S.p.A. to date has not approved any stock option plans.

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

In May 2000, the IFIL board of directors approved a stock option plan for the directors and managers of IFIL and the parent, IFI, for a maximum of 2,700,000 new IFIL ordinary shares.

A total of 2,691,500 options were granted under this plan between 2000 and 2003, according to the level of responsibility held by the beneficiaries in the corporate organization. Such options are exercisable up to December 31, 2006.

Under the power conferred by the stockholders' meeting held on May 25, 2001, the board of directors, on February 7, 2005, voted to increase capital stock as a result of the exercise of 800,000 options granted in 2003 to seven beneficiaries. The stock increase took place in April with the issue of 800,000 IFIL ordinary shares (0.07% of capital stock) of par value € 1, which were subscribed in cash at a per unit price of € 1.85 for a total of € 1,480,000.

In 2005, moreover, 53,250 options became null and void.

The options granted in 2003 gave rise to the recognition of expenses relating solely to 2004 (€ 0.2 million).

In September 2003, the IFIL board of directors approved a second stock option plan solely for the directors, for a maximum of 700,000 IFIL ordinary shares, already issued and purchased by IFIL pursuant to article 2357 and subsequent articles of the Italian Civil Code. A total of 532,000 options were 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.

With regard to these plans, there were no transactions entered into to favor either the purchase or subscription of shares pursuant to art. 2358, paragraph 3, of the Italian Civil Code.

A summary of the stock option plans on IFIL shares outstanding at December 31, 2005 is presented below.

	Number of options	Number of beneficiaries	Exercise price		Market price (c)
			actual	(b) average	
IFIL 2000 Plan (expiring December 2006)					
Options granted (a)					
- year 2000	522,000	15	6.997		
- year 2001	506,000	13	6.109		
- year 2002	810,250	13	4.520		
	1,838,250 (d)			5.66	4.686
IFIL 2003 Plan (expiring December 2006)					
Options granted	532,000 (e)	1	2.280	2.28	4.686
Options exercisable at December 31, 2005	2,370,250			4.90	4.686

(a) Net of 800,000 options exercised and 53,250 that became null and void in 2005.

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

(c) Market price at March 24, 2006.

(d) Equal to 0.18% of current ordinary capital stock.

(e) Equal to 0.05% of current ordinary capital stock.

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

On December 15, 2005, in execution of the resolution passed by the meeting of the board of directors 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% (now 2,127,000 shares) and 5% (now 1,772,500 shares) of Alpitour's capital, held by the subsidiary Ifil Investissements.

After approval on the part of IFIL, the Alpitour 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 € 2.238 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 and the managers of Alpitour, finally, exchanged reciprocal purchase and sale options, exercisable during the same above period, on Alpitour 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 December 2005 valuation.

This plan will be accounted for starting from the 2006 statutory and consolidated financial statements of IFIL S.p.A. in relation to the economic performance of the Alpitour Group during the next years.

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 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 force are the following:

Approval date by Administrative Board	5/4/2000	4/5/2001	4/6/2001	4/11/2002	10/31/2002	5/15/2003	6/18/2004	5/3/2005	Total
Date of stockholders' meeting	5/19/1998	5/19/1998	5/19/1998	5/19/1998	5/19/1998	5/19/1998	5/21/2003	5/3/2005	
Number of shares that can be subscribed or purchased									
At the start of the plan	235,000	115,000	115,000	658,300	302,500	420,000	55,000	515,000	
Exercise period	from 5/4/2002 to 5/4/2008	4/5/2003 4/5/2009	4/6/2003 4/6/2009	4/11/2004 4/11/2010	10/31/2004 10/31/2010	5/15/2005 5/15/2011	6/18/2006 6/18/2012	5/3/2009 ^(a) 5/3/2013	
Exercise price at start	€ 16.00	19.50	19.50	20.30	16.00	16.90	20.47	23.50	
Adjusted exercise price at December 31, 2005	€ 15.00	18.27	18.27	19.41	15.73	16.62	20.13	23.50	
Details of movements:									
Number of shares at January 1, 2004	252,105	123,402	123,405	640,184	310,064	420,000	0	0	1,869,160
New plan and adjustments							55,000		55,000
Options exercised	(218,390)								(218,390)
Options null and void				(25,670)					(25,670)
Number of shares at December 31, 2004	33,715	123,402	123,405	614,514	310,064	420,000	55,000	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 null and void				(7,337)					(7,337)
Number of shares at December 31, 2005	21,369	0	3,354	585,491	245,541	414,054	55,930	515,000	1,840,739

- (a) For the plan issued on May 3, 2005, the rights to the options are gradually acquired by the beneficiaries for subsequent tranches over three years, one-third of the options granted per year of presence.

In accordance with IFRS, plans introduced after November 7, 2002 are measured in the financial statements of 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 € 1.1 million in 2005 (€ 1.1 million in 2004).

Options outstanding and options exercisable at the end of the years 2005 and 2004 are as follows, together with an indication of the relative weighted average prices for the year.

	December 31, 2005		December 31, 2004	
	Weighted average		Weighted average	
	Number of shares	exercise price (€)	Number of shares	exercise price (€)
Options outstanding at the beginning of the year	1,680,100	18.11	1,869,160	17.64
Options outstanding at the end of the year (a)	1,840,739	19.40	1,680,100	18.11
Options exercisable at the end of the year	1,269,809	17.71	1,205,100	18.43

(a) Taking into account the options granted, forfeit or exercised during the year and, with regard to the year 2005, the adjustment which followed as a result of the distribution of dividends from reserves.

Alpitour S.p.A. stock option plan

On December 15, 2000, the extraordinary stockholders' meeting of Alpitour S.p.A. voted to vest the board of directors with the power to increase capital stock by a maximum amount of € 767,500 to service a stock option plan on behalf of the directors, managers and middle management of Alpitour and the companies of the Group.

The regulations of the stock option plan approved by the board of directors on December 15, 2000 state that the aforementioned capital increase of € 767,500 will occur by the issue of a maximum 1,535,000 new ordinary shares of par value € 0.50 each. The options granted under the plan, which carries a period of 68 months, vest in annual lots (at October 31, of each year) and are fully exercisable at a price equal to € 6.73 per share within six months of the approval of the financial statements ended October 31, 2005 (end of August 2006).

The shares purchased in execution of the above plan may be sold to Alpitour; however, the price established by the board of directors of the company is a negative figure due to the results reported by the Alpitour Group in 2005.

At the current date, no options have been exercised by the beneficiaries.

Treasury stock

There were no transactions in preferred treasury stock carried during the year. The balance at December 31, 2005 refers to the following:

	Number of shares	Carrying amount	
		Per share (€)	Total (€ in thousands)
IFI preferred shares	5,360,300	13.15	70,477 (a)

(a) Net of writedowns of € 58,934 thousand made in 2002.

IFI preferred stock in portfolio at December 31, 2005 has a par value of € 5,360 thousand and represents 3.28% of capital stock (6.98% of the class of stock).

A comparison between the carrying value of the treasury stock and the market price at December 30, 2005 (€ 13.87) shows an unrealized gain of € 3.9 million; compared to the market price at March 24, 2006 (€ 16.90), the unrealized gain is € 20.1 million.

Capital reserves

€ in millions	Legal reserve	Additional paid-in capital	Other capital reserves	Revaluation reserve	Reserve for stock-based compensation	Total
Balance at January 1, 2004	15	386	907	81	0	1,389
Recognition of stock-based compensation					1	1
Movements among equity accounts	18		(3)			15
Balance at December 31, 2004	33	386	904	81	1	1,405
Recognition of stock-based compensation					4	4
Movements among equity accounts			38			38
Balance at December 31, 2005	33	386	942	81	5	1,447

Retained earnings and other consolidated reserves

€ in millions	Retained earnings and other reserves
Balance at January 1, 2004	578
Effects of changes in accounting principles	(4)
Fair value changes	20
Fair value change in cash flow hedge derivatives	11
Actuarial gains (losses) recognized in equity	(35)
Other changes	(24)
Movements in equity accounts	(15)
Balance at December 31, 2004	531
Fair value changes	157
Fair value change in cash flow hedge derivatives	(5)
Actuarial gains (losses) recognized in equity	(46)
Appropriation of profit	82
Balance at December 31, 2005	719

20. EARNINGS PER SHARE

	Year 2005		Year 2004
Average number of ordinary shares issued (a)	Number	86,450,000	86,450,000
Average number of preferred shares outstanding, net of treasury stock	Number	71,441,160	71,441,160
Net earnings - Group	€ in ml	676	120
Earnings attributable to ordinary shares	€ in ml	368	64
<i>per ordinary share</i>	<i>euro</i>	4.2555	0.7366
Earnings attributable to preferred shares	€ in ml	308	56
<i>per preferred share</i>	<i>euro</i>	4.3072	0.7883
Earnings (losses) from continuing operations	€ in ml	208	(269)
Earnings (losses) from continuing operations attributable to ordinary shares	€ in ml	112	(147)
<i>per ordinary share</i>	<i>euro</i>	1.2924	-1.7014
Earnings (losses) from continuing operations attributable to preferred shares	€ in ml	96	(122)
<i>per preferred share</i>	<i>euro</i>	1.3441	-1.7014
Earnings from discontinued operations	€ in ml	468	389
Earnings from discontinued operations attributable to ordinary shares	€ in ml	254	211
<i>per ordinary share</i>	<i>euro</i>	2.9397	2.438
Earnings from discontinued operations attributable to preferred shares	€ in ml	214	178
<i>per preferred share</i>	<i>euro</i>	2.9914	2.4897

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

21. EQUITY – MINORITY INTEREST

The minority interest refers to the following percentages held by minority stockholders in the direct holding, IFIL:

€ in millions	12/31/2005				12/31/2004
	%	Capital and reserves	Profit	Total	
IFIL Group	37.6	2,397	597	2,994	2,317

22. PROVISIONS FOR EMPLOYEE BENEFITS

The composition is as follows:

€ in millions	Current portion		Non-current portion	
	12/31/2005	12/31/2004	12/31/2005	12/31/2004
Employee severance indemnities			26	23
Other provisions for employees	12	8	146	141
Total	12	8	172	164

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

€ in millions	December 31, 2005		December 31, 2004	
	From 1 to 5 years	Beyond 5 years	From 1 to 5 years	Beyond 5 years
Employee severance indemnities	3	23	2	21
Other provisions for employees	59	87	61	80
Total	62	110	63	101

Changes during 2005 and 2004 are presented as follows:

€ 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
Employee severance indemnities	23	5	(3)		(1)	2	26
Other provisions for employees	149	9	(19)	(1)		20	158
	172	14	(22)	(1)	(1)	22	184
Effect on the income statement:							
Result from current operations		5	(3)	(1)			
Other non-recurring income and expenses		9	(19)				

€ in millions	Balances at 1/1/2004	Accruals	Release of provisions used	Release of provisions not used	Change in the scope of consolidation	Other changes	Balances at 12/31/2004
Employee severance indemnities	21	5	(4)			1	23
Other provisions for employees	161	21	(10)	(6)	3	(20)	149
	182	26	(14)	(6)	3	(19)	172
Effect on the income statement:							
Result from current operations		5	(14)	(6)			
Other non-recurring income and expenses		21					

An analysis of employee benefits by Group is as follows:

IFI S.p.A. and IFIL S.p.A.

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

Details are as follows:

Employee severance indemnities

Employee severance indemnities reflect the indemnity payable to Italian 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, IFI and IFIL include employee severance indemnities under defined benefit plans and measures it with actuarial techniques, using the Project Unit Credit Method.

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 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 accrued but not paid are included in the item "Other payables". The contribution cost is recognized when the employee has rendered his/her service and this cost is recognized in the item "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).

In the case of defined contribution plans, the company pays contributions to publicly or privately administered insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the company has no further payment obligations.

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. For defined benefit plans, the liability for the company is calculated on the basis of the following actuarial assumptions:

	12/31/2005	12/31/2004
Discount rate	4.00%	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.

The amounts shown in the balance sheet, those recognized in the income statement and the movements in the present value of the obligations, for post-employment benefits, at December 31, 2005 and 2004, are not significant for IFI and IFIL.

The plan assets do not include IFI and IFIL treasury stock.

The assets consist of debt instruments issued by third parties (78%) and other investments (22%).

Sequana Capital Group

€ in millions	12/31/2005			12/31/2004		
	Pension obligations	Other long-term obligations	Total obligations	Pension obligations	Other long-term obligations	Total obligations
CHANGE IN ACTUARIAL OBLIGATION						
Present value of obligation - Opening balance	982	22	1,004	938	21	959
Service costs	19		19	18	1	19
Interest costs	50	2	52	52		52
Contributions by plan participants	4		4	4		4
Plan amendments			0	2		2
Additions/deletions			0	4		4
Actuarial (gains) and losses	80		80	20	3	23
Benefits paid	(54)	(4)	(58)	(49)	(3)	(52)
Other changes (including exchange differences)	34		34	(7)		(7)
Present value of obligation - Closing balance	1,115	20	1,135	982	22	1,004
Actuarial obligation at the closing date						
Funded, wholly or partially	-	-	1,061	-	-	933
Unfunded	-	-	74	-	-	71
CHANGE IN PLAN ASSETS						
Fair value of plan assets - Opening balance	881		881	822		822
Expected return of plan assets	49		49	43		43
Contributions by employer	38		38	34		34
Contribution by plan participants	4		4	4		4
Additions/deletions			0	2		2
Benefits paid	(50)		(50)	(47)		(47)
Actuarial (gains) and losses	54		54	28		28
Other changes (including exchange differences)	26		26	(5)		(5)
Fair value of plan assets - Closing balance	1,002		1,002	881		881
Actual return of plan assets	-	-	11.72%	-	-	8.59%
Percentage composition of plan assets:						
Stocks	-	-	22%	-	-	25%
Bonds	-	-	69%	-	-	66%
Other changes (including exchange differences)	-	-	9%	-	-	9%
FUNDED						
Funded	(113)	(20)	(133)	(101)	(22)	(123)
Limit due to reaching the ceiling of plan assets	(7)		(7)	(7)		(7)
Net amount recognized	(120)	(20)	(140) ^(a)	(108)	(22)	(130) ^(a)
Geographical breakdown						
United Kingdom	-	-	(25)			(29)
Other European Union countries	-	-	(65)			(63)
Switzerland	-	-	2			1
North America	-	-	(49)			(41)
Other countries	-	-	(3)			2

(a) In 2005, this amount includes the accrual for pension plans and employee benefits of € 158 million (€ 149 million in 2004) and receivables for € 17 million (€ 18 million in 2004); the difference of € 1 million 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.

€ in millions	2005			2004		
	Pension obligations	Other long-term obligations	Total obligations	Pension obligations	Other long-term obligations	Total obligations
ANALYSIS OF GAINS AND LOSSES RECOGNIZED ^(a)						
Gains (losses) at opening	(6)		(6)			
Change during the year	27		27	(6)		(6)
Gains (losses) recognized at closing	21	0	21	(6)		(6)
ANALYSIS OF NET COST OF EMPLOYEES ^(a)						
Current service cost	19	1	20	18		18
Interest costs	50	1	51	52	1	53
Expected return on plan assets	(49)		(49)	(43)		(43)
Amortization of actuarial (gains) and losses	1		1	1	1	2
Amortization of plan amendments					2	2
Effect of curtailments or settlements						
Limitations on plan assets				(2)		(2)
Net cost of employees	21	2	23	26	4	30

(a) The data for 2004 was adjusted for the early adoption of IAS 19 revised

Actuarial assumptions used

	12/31/2005		12/31/2004	
	Pension obligations	Other long-term obligations	Pension obligations	Other long-term obligations
For the determination of obligations at year-end				
Discount rate - inflation included	4.62%	3.80%	5.09%	4.22%
Future salary increase	3.56%	-	3.62%	-
Increase in health care costs	10.00%	-	10.00%	-
For the determination of the cost for the year				
Discount rate - inflation included	5.09%	4.22%	5.39%	6.84%
Future salary increase	3.62%	-	3.61%	-
Expected return on plan assets	5.54%	-	5.13%	-
Increase in health care costs	10.00%	-	10.00%	-

Actuarial assumptions used broken down by geographical area

	12/31/2005				12/31/2004			
	United Kingdom	Other European Union countries	Switzerland	North America	United Kingdom	Other European Union countries	Switzerland	North America
Discount rate - inflation included	4.75%	4.00%	2.60%	5.50%	5.25%	4.39%	3.25%	6.00%
Expected return on plan assets	5.27%	4.54%	3.56%	8.00%	5.56%	5.33%	4.00%	7.57%
Future salary increase	4.01%	2.92%	1.00%	4.00%	4.01%	2.85%	1.00%	4.00%
Increase in pension costs	2.72%	2.08%	0.50%	3.00%	2.72%	2.07%	0.50%	3.00%

Medical care costs – Impact of changes in assumptions

€	Impact on normal cost and interest of obligation	Impact on actuarial obligation
Impact at December 31, 2005 of changes in the assumptions used for the increase in health care costs		
Increase of 100 basis points	378,323	1,048,126
Decrease of 100 basis points	(322,444)	(1,302,923)

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 91% 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.

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 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 unilaterally asked the Sequana Capital Group for an additional contribution to fund the plans which it manages. The calculation of this contribution, the amount of which was British pounds 49.5 million, had to be paid on a linear basis from 2004 to 2008 and originates from the actuarial calculation prepared by the trustee's British actuary.

At December 31, 2005, the remaining balance of this additional contribution amounts to British pounds 29.7 million. Sequana Capital Group's entire obligation for the U.K. pension plans was accrued in accordance with IFRS on the basis of the above actuarial assumptions. From an accounting standpoint, 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.

23. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

The composition of the provisions is as follows:

€ in millions	Current portion		Non-current portion	
	12/31/2005	12/31/2004	12/31/2005	12/31/2004
Restructuring provisions	13	2	2	21
Fox River and DG IV disputes provisions	3	11	321	238
Ecological risks provisions	10	0	36	16
Other risks provisions	10	28	132	142
Total	36	41	491	417

The breakdown of provisions by expected use is as follows:

€ in millions	December 31, 2005			December 31, 2004		
	From 1 to 5	Beyond 5	Total	From 1 to 5	Beyond 5	Total
	years	years		years	years	
Restructuring provisions	2	0	2	21	0	21
Fox River and DG IV disputes provisions	208	113	321	228	10	238
Ecological risks provisions	34	2	36	14	2	16
Other risks provisions	23	109	132	56	86	142
Total	267	224	491	319	98	417

Details of changes during 2005 and 2004 are as follows:

€ in millions	Balances at 12/31/2004	Accruals	Release of provisions used	Release of provisions not used	Other changes	Balances 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	170	15	(7)	(1)	(35)	142
	458	115	(37)	(15)	6	527
Effect on the income statement:						
Operating profit (loss) from current operations		14	(22)			
Other non-recurring income and expenses		95	(15)	(9)		
Other financial income and expenses		6		(6)		

€ in millions	Balances at 1/1/2004	Accruals	Release of provisions used	Release of provisions not used	Other changes	Balances at 12/31/2004
Restructuring provisions	11	18	(6)	(1)	1	23
Fox River and DG IV disputes provisions	250		(12)		11	249
Ecological risks provisions	17	16			(17)	16
Other risks provisions	250	44	(108)	(5)	(11)	170
	528	78	(126)	(6)	(16)	458
Effect on the income statement:						
Operating profit (loss) from current operations		23	(26)	(1)		
Other non-recurring income and expenses		44	(30)	(5)		
Other financial income and expenses		11				
Share of earnings (losses) of companies accounted for by the equity method			(70)			

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

The Fox River and DG IV disputes 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 24 "Pending Litigation".

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

24. PENDING LITIGATION

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

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 Institute 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. On October 26, 2005, the hearing was held for stating the conclusions. After the exchange of the concluding statements (completed in January 2006) and after the oral discussion in court (held on March 10, 2006), a decision in the case will now 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.

Following the communication dated June 17, 2005, the buyer of the investment in La Rinascente, on February 14, 2006, filed for arbitration against Ifil Investissements seeking compensation for an amount of approximately € 32.5 million (in addition to interest, monetary revaluation, court expenses and legal fees) for extraordinary expenses relating to certain points of sale.

In the opinion of Ifil Investissements, the requests are not valid 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 guarantees in the contract.

Furthermore, in the second half of 2005 and during the first few months of 2006, the same party brought actions seeking additional compensation from Ifil Investissements for a total amount of approximately € 16 million principally in connection with accounting treatments in the financial statements at December 31, 2004.

Some minor requests have already been agreed between the parties, whereas the others have been rejected inasmuch as they are not valid and/or unfounded. In any case, in the opinion of Ifil Investissements, such requests are nevertheless covered by exclusions and limitations in the contract with regard to the obligations of compensation.

As described in detail under "Review of the operating performance of the holding IFIL" in the Directors' Report on Operations, on February 21, 2006, Consob notified IFIL S.p.A. of its objections under art. 187-septies of Legislative Decree No. 58/1998 in relation to the content of the press release dated August 24, 2005.

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

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

Fox River

In 1998, the American authorities, in particular, 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 U.S.\$ 163 million, deducted from the price received at the time of the sale. The deposit partially earns interest at 2.02%.

At December 31, 2005, the deposit amounts to € 100 million, equal to U.S.\$ 118 million, including capitalized interest less research and defense costs .

In 2001, the Group had also accrued an amount of U.S.\$ 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 U.S.\$ 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 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 U.S.\$ 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 4.65%, 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 (about U.S.\$ 48 million at December 31, 2005), the Fox River provision amounts to U.S.\$ 165 million (€ 140 million at December 31, 2005), compared to U.S.\$ 89 million (€ 65 million) at December 31, 2004.

However, in July 2003, a ruling by a 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 has already received compensation from the insurance companies totaling U.S.\$ 13.4 million for the reimbursement of defense costs. In February 2006, the company received a further payment of U.S.\$ 15 million for the same purpose.

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 rescind 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 should be handed down during the first half of 2006. At December 31, 2005, the accrual has been calculated on the basis of the maximum potential risk.

Alpitour Group

A lawsuit was brought before the competent authorities in Tanzania against the Royal Insurance company to establish the compensation for the damages caused by the fire to the Bravo Club tourist resort complex in Zanzibar in January 2001. 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.

Juventus Football Club

As for the investigation by the Judicial Authorities against the Chief Executive Officer and the Juventus Football Club S.p.A. physician concerning the alleged improper use of medicines by Juventus F.C. players, on December 14, 2005, the Court of Appeals of Turin, Penal Section III, fully acquitted both parties.

With regard to the investigation by the Judicial Authorities of Como against the General Manager, Luciano Moggi, for alleged irregularities as part of the inquiry into the bankruptcy of Società Como Calcio, On October 19, 2005, the District Attorney asked the judge to dismiss the case.

25. CONSOLIDATED NET DEBT

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

€ in millions	Gross debt	Financial assets	(Net debt) cash
IFI S.p.A.	(278)	0	(278)
IFIL and the "Holdings System"	(449)	797	348
Sequana Capital Group	(1,117)	676	(441)
Alpitour Group	(187)	109	(78)
Juventus Football Club	(41)	3	(38)
Total	(2,072)	1,585	(487)

The balance of consolidated net debt consists of the following:

€ in millions	12/31/2005	12/31/2004	Change
Non-current financial liabilities			
IFIL 2003/2006 bonds	0	(100)	100
Debt	(908)	(503)	(405)
Other financial liabilities	(11)	(10)	(1)
Total non-current financial liabilities	(919)	(613)	(306)
Non-current financial assets - Financial receivables	5	10	(5)
Non-current net debt	(914)	(603)	(311)
Current financial liabilities			
IFIL 2003/2006 bonds	(100)	0	(100)
Current portion of medium/long-term debt	(37)	(545)	508
IFIL 2002/2005 bonds	0	(201)	201
Debt	(1,000)	(1,127)	127
Debt payable to Giovanni Agnelli e C.	(14)	(24)	10
Other loans and debt	(1)	(2)	1
Total current financial liabilities	(1,152)	(1,899)	747
Current financial assets			
Financial receivables	4	257	(253)
Credit instruments	978	1,083	(105)
Other financial assets	2	5	(3)
Total current financial assets	984	1,345	(361)
Cash and cash equivalents	595	534	61
Current net debt	427	(20)	447
Consolidated net debt	(487)	(623)	136

The 2003/2006 bonds of face value € 100 million issued following the resolution of the board of directors' meeting held on December 2, 2003, subscribed to by primary institutional investors, pay quarterly floating-rate interest indexed against the Euribor. The bonds are repayable in a one-off payment at maturity on December 19, 2006. In order to fix the interest rate for the entire amount of the bonds, an interest rate swap was put into place. The bonds are carried at amortized cost.

The 2002/2005 bonds of face value € 200 million were repaid on December 20, 2005.

26. ANALYSIS OF DEBT

€ in millions	Between 2 and 5			Total
	Within 1 year	years	Beyond 5 years	
AT DECEMBER 31, 2005				
IFIL 2003/2006 bonds	(100)			(100)
Debt	(1,052)	(885)	(8)	(1,945)
Debt payable to Giovanni Agnelli e C.	(14)			(14)
Other financial liabilities	(1)	(8)	(3)	(12)
TOTAL DEBT	(1,167)	(893)	(11)	(2,071)
AT DECEMBER 31, 2004				
IFIL 2002/2005 bonds	(201)			(201)
IFIL 2003/2006 bonds		(100)		(100)
Debt	(1,684)	(492)	(11)	(2,187)
Debt payable to Giovanni Agnelli e C.	(24)			(24)
Other financial liabilities	(2)	(7)	(3)	(12)
TOTAL DEBT	(1,911)	(599)	(14)	(2,524)

The analysis of debt by interest rate is as follows:

€ in millions	Under 2%	Between 2% and 3%		Over 7.5%	Total
		3%	and 7.5%		
AT DECEMBER 31, 2005					
IFIL 2003/2006 bonds			(100)		(100)
Debt	(53)	(1,116)	(763)	(13)	(1,945)
Debt payable to Giovanni Agnelli e C.		(14)			(14)
Other financial liabilities	(1)	(5)	(6)		(12)
TOTAL DEBT	(54)	(1,135)	(869)	(13)	(2,071)
AT DECEMBER 31, 2004					
IFIL 2002/2005 bonds			(201)		(201)
IFIL 2003/2006 bonds			(100)		(100)
Debt	(59)	(1,336)	(784)	(8)	(2,187)
Debt payable to Giovanni Agnelli e C.		(24)			(24)
Other financial liabilities	(5)		(5)	(2)	(12)
TOTAL DEBT	(64)	(1,360)	(1,090)	(10)	(2,524)

The analysis of debt by nominal currency is as follows:

€ in millions	EUR	GBP	USD	CHF	OTHER	Total
AT DECEMBER 31, 2005						
IFIL 2003/2006 bonds	(100)					(100)
Debt	(1,673)	(134)	(113)	(2)	(23)	(1,945)
Debt payable to Giovanni Agnelli e C.	(14)					(14)
Other financial liabilities	(12)					(12)
TOTAL DEBT	(1,799)	(134)	(113)	(2)	(23)	(2,071)
AT DECEMBER 31, 2004						
IFIL 2002/2005 bonds	(201)					(201)
IFIL 2003/2006 bonds	(100)					(100)
Debt	(2,076)	(82)	(2)		(27)	(2,187)
Debt payable to Giovanni Agnelli e C.	(24)					(24)
Other financial liabilities	(10)				(2)	(12)
TOTAL DEBT	(2,411)	(82)	(2)	0	(29)	(2,524)

At December 31, 2005, the IFI Group has unused credit lines for € 2,796 million (€ 3,325 million at December 31, 2004).

The Sequana Capital Group loan is secured in part by credit lines with maturities of less than one year. The refinancing agreements do not allow this loan to be classified as medium-term.

The Alpitour Group's credit lines total € 283 million, of which € 94 million is used for short-term loans and € 76 million for medium-term loans (of which € 32 million is repayable within the year).

Interest rate risk

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

€ in thousands	12/31/2005	12/31/2004
Sequana Capital Group	1,329	(462)
Alpitour Group	(1,229)	(2,212)
IFIL and the "Holdings System"	241	(4,713)
IFI S.p.A.	1,531	(1,978)
Total	1,872	(9,365)

The summary of transactions to hedge interest rates put into place by the Sequana Capital Group at December 31, 2005 and the effect of the relative fair value are as follows:

	Notional (€ ml)	Fixed rate (received)	Floating rate (paid)	Maturity	Fair value effect (€ in thousands)
SWAPS	100	2.20%	3-month Euribor	5/31/2006	179
	100	2.36%	3-month Euribor	5/31/2007	683
	Notional (€ ml)	Cap	Floor	Maturity	Fair value effect (€ in thousands)
COLLARS	100	4.50%	2.5%	1/17/2007	376
	Notional (€ ml)	Cap	Floor	Maturity	Fair value effect (€ in thousands)
CAPS	100	4.50%		1/17/2006	102
	100	4.0%		5/21/2006	(11)
General total					1,329

Alpitour S.p.A. has four interest rate swap contracts for a notional amount of a total of € 44.9 million put into place to hedge fluctuations in interest rates on bank loans. The fair value of the IRSs at October 31, 2005 is estimated at a negative amount of € 1,229 thousand (a negative amount of € 2,212 thousand at October 31, 2004). These transactions qualify for hedge accounting and the fair value adjustments, equal to a positive € 983 thousand, are recognized in a reserve in equity.

At December 31, 2005, IFIL S.p.A. has an interest rate swap contract in place for a total notional amount of € 100 million to hedge fluctuations in interest rates on the IFIL 2003-2006 bonds with a positive fair value equal to € 241 thousand.

At December 31, 2004, IFIL had interest rate swap contracts for a total notional amount of € 395 million to hedge fluctuations in interest rates on IFIL 2003-2006 bonds, IFIL 2002-2005 bonds and bank loans with a negative fair value of € 4,713 thousand. During 2005, bank loans and the IFIL 2002-2005 bonds were repaid for a total of € 295 million.

The transactions qualify for hedge accounting and the fair value adjustments, equal to a positive balance of € 4,954 thousand, were recognized in a reserve in equity.

At December 31, 2005, IFI S.p.A. has interest rate swap contracts in place for a total notional amount of € 170 million to hedge fluctuations in interest rates on bank loans with a positive fair value of € 1,531 thousand. At December 31, 2004, IFI S.p.A. had interest rate swap contracts for a total notional amount of € 160 million to hedge fluctuations in interest rates on bank loans with a negative fair value of € 1,978 thousand.

The transactions qualify for hedge accounting and the fair value adjustments, equal to a positive balance of € 3,850 thousand, were recognized in a reserve in equity.

Exchange rate risk

The summary of principal transactions to hedge exchange rates put into place by the Sequana Capital Group at December 31, 2005 and the effect of the relative fair value are as follows:

Company	Exchange rates	Notional
Sequana Capital	EUR/USD	\$ 191.7 ml
AWA Ltd	EUR/GBP	€ 137.3 ml
ArjoWiggins	NDF/CNY	CNY 100 ml
ArjoWiggins	EUR/GBP	£ 55 ml
ArjoWiggins	EUR/USD	\$ 10 ml
Antalis	EUR/PLN	€ 9 ml
Antalis	EUR/ZAR	€ 3.1 ml
Antalis	USD/ZAR	\$ 5 ml
Antalis	JPY/ZAR	JPY 20.9 ml
Antalis	EUR/USD	\$ 7.1 ml
Antalis	EUR/CHF	CHF 9.5 ml
Antalis	EUR/HKD	HKD 10.1 ml
<hr/>		
Fair value effect	2004	2005
	-	(2,705) €/000

At October 31, 2005, the Alpitour Group has transactions in place for the forward purchase of currency for U.S.\$ 8 million maturing in the months of November and December 2005 and January 2006. These transactions were put into place for purchases of tourist services expressed in foreign currency. At October 31, 2005, the fair value of the transactions in foreign currency show a positive balance of € 192 thousand. These amounts were determined on the basis of the fair value of the equivalent financial instruments at the balance sheet date. The fair value adjustments of the derivative financial instruments on currencies, which qualify as cash flow hedge derivatives, amount to € 192 thousand and are recognized in a reserve in equity. At October 31, 2004, there were no forward purchase currency transactions in place.

27. DEFERRED INCOME TAXES

The change in deferred tax assets is as follows:

€ in millions	Employee benefits	Tax losses	Other	Total
Balance at January 1, 2004	29	37	(5)	61
Income taxes accrued (reversed) to profit and loss	5	33	(38)	0
Exchange differences		(3)	2	(1)
Net other movements	(5)		29	24
Balance at December 31, 2004	29	67	(12)	84
Income taxes accrued (reversed) to profit and loss	(7)	(14)	(9)	(30)
Income taxes relating to items directly credited to equity	8			8
Exchange differences	2	5	(4)	3
Net other movements	7	(1)	(3)	3
Balance at December 31, 2005	39	57	(28)	68

The change in deferred tax liabilities is as follows:

€ in millions	Property, plant and equipment	Depreciation and tax accruals	Other	Total
Balance at January 1, 2004	(110)	(30)	19	(121)
Income taxes accrued (reversed) to profit and loss	2	(7)	57	52
Income taxes relating to items directly debited to equity			(2)	(2)
Exchange differences	3		(2)	1
Net other movements	1	(2)	(28)	(29)
Balance at December 31, 2004	(104)	(39)	44	(99)
Income taxes accrued (reversed) to profit and loss	16	5	(4)	17
Income taxes relating to items directly debited to equity			(7)	(7)
Exchange differences	(6)	(1)	7	0
Net other movements	2		(8)	(6)
Balance at December 31, 2005	(92)	(35)	32	(95)

Details of income taxes collectible/payable or deferred relating to items directly credited or debited to equity are as follows:

€ in millions	Employee benefits	Fair value of financial instruments	Other	Total
Balance at December 31, 2005	8	(7)		1
Balance at December 31, 2004	(2)			(2)

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

€ in millions	Taxable base			Total	Estimated tax benefit
	Within 1 year	Between 2 and 4 years	Beyond 4 years		
At December 31, 2005					
Current tax losses	98	524	756	1,378	452
Other tax credits					NONE
Total at December 31, 2005	98	524	756	1,378	452
At December 31, 2004					
Current tax losses	11	416	754	1,181	378
Other tax credits					NONE
Total at December 31, 2004	11	416	754	1,181	378

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 prospects for recoverability established by medium term operating plans.

28. OTHER LIABILITIES

Details of other liabilities are as follows:

€ in millions	12/31/2005	12/31/2004	Change
Other non-current liabilities			
Payables for direct income taxes		5	(5)
Other liabilities	57	44	13
Total other non-current liabilities	57	49	8
Other current liabilities			
Trade payables	982	1,011	(29)
Other payables			
Payables for direct income taxes	42	26	16
Payables for indirect income taxes	43	35	8
Payables to employees and similar	118	141	(23)
Payables on disposal of property, plant and equipment	61	35	26
Other payables	217	167	50
Total other payables	481	404	77
Total other current liabilities	1,463	1,415	48
Total other non-current and current liabilities	1,520	1,464	56

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

€ in millions	Within 1 year	Between 2 and 5 years		Total
		years	Beyond 5 years	
Other non-current liabilities		54	3	57
Trade payables	982			982
Other payables	481			481
Balances at December 31, 2005	1,463	54	3	1,520
Other non-current liabilities		46	3	49
Trade payables	1,011			1,011
Other payables	404			404
Balances at December 31, 2004	1,415	46	3	1,464

COMMENTS ON THE PRINCIPAL ITEMS IN THE CONSOLIDATED INCOME STATEMENT

29. OTHER REVENUES FROM CURRENT OPERATIONS

Details of other revenues from current operations are as follows:

€ in millions	2005	2004	Change
Inventories	(13)	11	(24)
Operating grants	1	3	(2)
Income from concessions and patents	4	3	1
Other income	46	75	(29)
Total other revenues from current operations	38	92	(54)

30. PERSONNEL COSTS

Details of the composition of personnel costs are as follows:

€ in millions	2005	2004	Change
Salaries and wages	(703)	(700)	(3)
Social security contributions	(169)	(167)	(2)
Employee stock options	(1)	(1)	0
Employee severance indemnities expense	(5)	(5)	0
Temp work costs	(22)	(23)	1
Other employee costs	(27)	(20)	(7)
Total personnel costs	(927)	(916)	(11)

31. OTHER NON-RECURRING INCOME (EXPENSES)

Details are as follows:

€ in millions	2005	2004	Change
Gains (losses) on disposals of property, plant and equipment and intangible assets	16	7	9
Impairment loss of goodwill	0	(164)	164
Impairment (loss) reversal on property, plant and equipment and intangible assets	(144)	(55)	(89)
Net restructuring expenses of the Arjo Wiggins Group	(31)	(31)	0
(Accruals) release of provisions for environmental disputes	(80)	(16)	(64)
(Accruals) release of provisions for other litigation	(3)	(5)	2
Insurance compensation received for Fox River dispute	11	2	9
Net other income (expenses)	48	(13)	61
Total other non-recurring income (expenses)	(183)	(275)	92

In 2004, the item "impairment loss of goodwill" essentially included the effect of the test for the impairment on goodwill booked in relation to the AWA 2000 takeover bid (€ 124 million) and the Alpitour Group (€ 38 million).

The accruals for environmental disputes include the additional accrual regarding the Fox River dispute set aside during 2005 for € 70 million (U.S. \$ 87.7 million).

Net other income (expenses) include:

- the excess, equal to € 55 million, of the increments in IFIL's share of the consolidated equity of the Fiat Group originating from the increase in Fiat capital stock 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);

- the excess, equal to € 1 million, of the increment in IFI's share of the consolidated equity of the IFIL Group compared to the cost of the IFIL shares purchased during the year;
- other minor net negative items amounting to € 8 million (a negative amount of € 13 million in 2004).

32. FINANCIAL INCOME (EXPENSES)

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

€ in millions	2005	2004	Change
Cost of net financial debt			
Income on disposals of cash and cash equivalents	26	6	20
Exchange differences	(1)	5	(6)
Net income from interest rate and foreign exchange hedges	(8)	(11)	3
Interest expenses on loan transactions	(81)	(74)	(7)
Commissions for unused credit lines	(3)	(2)	(1)
Cost of net financial debt	(67)	(76)	9
Gains (losses) on disposals of investments	4	0	4
Other financial income (expenses)			
Dividends	44	29	15
Interest income on other financial assets	19	15	4
Changes in the fair value of financial assets and liabilities	2	2	0
Accruals (release) of provisions for financial risks	4	(8)	12
Total other financial income (expenses)	69	38	31
NET FINANCIAL INCOME (EXPENSES)	6	(38)	44

33. EXCHANGE DIFFERENCES

Details of the exchange differences recorded in the income statement are as follows:

€ in millions	2005	2004	Change
Exchange differences:			
- on revenues from sales and other income		(2)	2
- on purchases and other operating expenses	1	(5)	6
- on the cost of net financial debt	(1)	5	(6)
	0	(2)	2

The principal exchange rates used for the translation to euro of the 2005 and 2004 foreign currency financial statements are as follows:

	2005	2004
Final exchange rates		
British pound	0.6853	0.7050
U.S. dollar	1.1797	1.3621
Swiss franc	1.5551	1.5429
Average exchange rates		
British pound	0.6839	0.6786
U.S. dollar	1.2445	1.2430
Swiss franc	1.5483	1.5441

34. INCOME TAXES

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

€ in millions	2005	2004
Current income taxes	(36)	(14)
Deferred income taxes	(10)	48
Total income taxes	(46)	34

National income taxes are calculated at 33%, in 2005 and 2004, 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	2005	2004
Operating loss	(142)	(173)
Financial income (expenses)	6	(38)
Loss before income taxes	(136)	(211)
Current tax rate in Italy	33%	33%
Theoretical income taxes	45	70
Effective income taxes	(46)	34
Difference	(91)	(36)
The difference can be analyzed as follows:		
Tax effect of difference between foreign tax rates and the theoretical Italian tax rate	(14)	16
Tax effect of impairment losses on goodwill	0	(46)
Tax effect of other permanent differences	62	36
Deferred tax assets not recognized	(63)	(28)
Use of tax losses	(52)	(40)
Use of excess tax liabilities	(21)	7
Other differences	(3)	19
Difference	(91)	(36)

Other differences include the Exit tax, an extraordinary 2.5% tax introduced in France in 2004, for an amount of € 10 million. This tax is recorded in payables with a contra-entry to equity in the statutory financial statements of the subsidiary Sequana Capital, whereas, on consolidation, it 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 are no prospects of recoverability.

In addition to the taxes recorded in the income statement, deferred tax liabilities of € 7 million (€ 2 million in 2004) and deferred tax assets of € 8 million (none in 2004) were recognized directly in equity.

35. SHARE OF THE EARNINGS (LOSSES) OF COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

Details are as follows:

€ in millions	2005	2004	Change
Fiat Group	379	(384)	763
SGS Group	58	48	10
Exor Group	11	27	(16)
Total	448	(309)	757

36. SEGMENT INFORMATION

Information by business segment and by geographical area, presented as set forth in IAS 14 – Segment Information, 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 IFI Group agrees with the consolidated data of every subsidiary and associate holding company of the IFIL Group, each of which represents an investment in a major business segment: Sequana Capital Group, Alpitour Group, Juventus Football Club, Fiat Group and IFI/IFIL Holdings System.

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 Note 18.

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

€ in millions	Sequana Capital Group	Alpitour Group	Juventus Football Club	Fiat Group	IFI and IFIL Holdings System and eliminations	Total
2005						
Revenues	4,067	1,147	214		1	5,429
Operating profit (loss)	(132)	1	(15)		4	(142)
Net financial income (expenses)						6
Income taxes						(46)
Profit (loss) of companies consolidated line-by-line						(182)
Share of earnings (losses) of companies accounted for by the equity method	58			379	11	448
Profit (loss) from discontinued operations or assets held for sale	547				460	1,007
Profit - minority interest						(597)
Profit - Group						676

€ in millions	Sequana Capital Group	Alpitour Group	Juventus Football Club	Fiat Group	IFI and IFIL Holdings System and eliminations	Total
2004						
Revenues	3,989	1,108	189		2	5,288
Operating profit (loss)	(112)	7	(8)		(60)	(173)
Net financial income (expenses)						(38)
Income taxes						34
Profit (loss) of companies consolidated line-by-line						(177)
Share of earnings (losses) of companies accounted for by the equity method	48			(384)	27	(309)
Profit (loss) from discontinued operations or assets held for sale	49				605	654
Profit - minority interest						(48)
Profit - Group						120

Segment assets are as follows:

€ in millions	Sequana Capital Group	Alpitour Group	Juventus Football Club	Fiat Group	IFI and IFIL Holdings System and eliminations	Total
2005						
Assets						
Segment assets	3,230	404	260		753	4,647
Investments accounted for by the equity method	626			2,336	203	3,165
Other assets						2,664
Total assets						10,476
Liabilities						
Segment liabilities	1,005	278	206		30	1,519
Other liabilities						8,957
Total liabilities						10,476
Investments in property, plant and equipment and intangible assets	98	12	65			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	(475)					(475)
Cash flows						
Cash flows from operating activities	206	41	20		167	434
Cash flows from investing activities	322	(4)	(37)		(151)	130
Cash flows from financing activities	(414)	(35)	15		(18)	(452)

€ in millions	Sequana Capital Group	Alpitour Group	Juventus Football Club	Fiat Group	IFI and IFIL Holdings System and eliminations	Total
2004						
Assets						
Segment assets	3,475	378	280		15	4,148
Investments accounted for by the equity method	597	1		1,134	195	1,927
Other assets						3,082
Total assets						9,157
Liabilities						
Segment liabilities	1,040	208	217		9	1,474
Other liabilities						7,683
Total liabilities						9,157
Investments in property, plant and equipment and intangible assets	155	29	106		1	291
Amortization and depreciation	(119)	(14)	(60)		(1)	(194)
Impairment losses of assets	(180)	(2)			(36)	(218)
Other (accruals) releases of provisions	(22)	1	2		70	51
Non-monetary costs	(64)					(64)
Cash flows						
Cash flows from operating activities	226	6	13		(86)	159
Cash flows from investing activities	153	(22)	(45)		460	546
Cash flows from financing activities	(85)	11			(356)	(430)

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	Segment assets	Investments in property, plant and equipment and intangible assets
2005			
European Union			
Italy	1,519	760	78
France	688	1,031	43
United Kingdom	594	492	17
Other European Union countries	1,446	1,637	20
Total European Union	4,247	3,920	158
United States	388	298	6
Rest of the world	794	429	11
Total at December 31, 2005	5,429	4,647	175

€ in millions	Revenues	Segment assets	Investments in property, plant and equipment and intangible assets
2004			
European Union			
Italy	1,477	708	134
France	688	1,157	45
United Kingdom	617	626	31
Other European Union countries	1,387	915	43
Total European Union	4,169	3,406	253
United States	382	325	26
Rest of the world	737	417	12
Total at December 31, 2004	5,288	4,148	291

37. TRANSACTIONS WITH RELATED PARTIES

The IFI Group is directly controlled by Giovanni Agnelli e C. S.a.p.az., an Italian-registered company which holds the entire ordinary capital stock of IFI.

The transactions between the companies and its subsidiaries, which are related parties of the same company, are eliminated in the consolidated financial statements of IFI and are therefore not shown in this note. Such information is nevertheless presented in a specific section of the Directors' Report on Operations to which reference can be made for additional information.

As for the transaction for the purchase of Fiat shares from Exor Group (controlled by Giovanni Agnelli e C. S.a.p.az.), please refer to Note 13.

Compensation to directors and statutory auditors

In 2005, the compensation to the directors and statutory auditors of IFI S.p.A., to perform their duties in IFI S.p.A. and also in other companies included in consolidation, is as follows:

€ in thousands	IFI S.p.A.	Subsidiaries	Total
Directors	5,350	17,515	22,865
Statutory auditors	146	155	301
Total	5,496	17,670	23,166

In 2004, compensation amounted to € 3,942 thousand, of which € 597 thousand was paid by IFI and € 3,345 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 repair of non-fraudulent acts.

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

Additional information on compensation, as requested by the national law (Consob regulation No. 11971 dated May 14, 1999 and later amendments and integrations), is provided in the notes and in the Directors' Report on Operations of IFI to which reference can be made.

38. COMMITMENTS

Details are as follows:

€ in millions	12/31/2005	12/31/2004
Credit lines		
Credit lines used	1,646	1,415
Credit lines unused	2,795	3,325
Total credit lines	4,441	4,740
Commitments undertaken		
Bills discounted and not yet due	1	1
Guarantees	394	238
Sureties, guarantees of notes and other guarantees	144	134
Commitments for the purchase of intangible assets	1	9
Commitments for the purchase of property, plant and equipment	11	
Commitments for the purchase of investments and financial assets	23	47
Options for the purchase of players' rights	3	
Goods on deposit with third parties	97	95
Forward purchase of goods and raw materials ^(a)	199	148
Other commitments	50	57
Total commitments undertaken	923	729
Commitments received		
Sureties, guarantees, guarantees of notes and other guarantees	19	36
Real guarantees	35	35
Options on soccer players	7	12
Commitments for the sale of property, plant and equipment	2	
Commitments for the sale of investments and financial assets	2	
Forward sale of goods and raw materials ^(a)	190	136
Other commitments	61	51
Total commitments received	316	270

(a) These are basically forward purchases and sales of paper pulp.

The commitments for the purchase of investments include a commitment undertaken for the purchase and recapitalization of Banca Leonardo S.p.A. in which IFIL will hold a 10% stake.

On March 3, 2006, Ifil Investissements filed a petition with Banca d'Italia to obtain authorization for the investment which it is believed can be executed by the end of the month of April 2006.

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, 2005				
Credit lines unused	1,691	961	143	2,795
Commitments undertaken	511	191	221	923
Commitments received	197	112	7	316
At December 31, 2004				
Credit lines unused	503	2,757	65	3,325
Commitments undertaken	424	164	141	729
Commitments received	165	98	7	270

The amount of minimum future 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, 2005	68	70	50	188
At December 31, 2004	29	73	30	132

In 2005, fixed-rate lease contracts amount to € 134 million while floating-rate lease contracts amount to € 34 million (respectively, € 105 million and € 3 million in 2004).

Lease expenses recognized in 2005 amount to € 63 million (€ 59 million in 2004). They include € 20 million for irrevocable leases (€ 19 million in 2004), € 14 million for other operating leases (€ 12 million in 2004) and € 29 million for simple lease contracts (€ 28 million in 2004).

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	82.6 max	Unlimited
Disposal of Permal - guarantee provided to Legg Mason (b)	6/23/2005	USD 479	406	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

(a) Guarantees for environmental risks provided to the buyers of Appleton Papers Inc.

In 2004, the early repayment of the loan made by ArjoWiggins 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 U.S.\$ 5 million, the costs are divided 50-50 between Appleton Papers Ltd and AWA Ltd;
- over U.S.\$ 5 million, AWA Ltd assumes the entire amount of the costs up to a maximum of U.S.\$ 100 million.

The aforementioned guarantee is unlimited. To date, there has been no request to meet the terms of 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: these refer to 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 obligations 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 maturity, anticipated, according to the matter at hand, at December 31, 2006 or at December 31, 2008 or when they become statute-barred.

On February 14, 2006, the buyer of the investment in La Rinascente filed for arbitration against Ifil Investissements seeking compensation for an amount of approximately € 32.5 million (in addition to interest, monetary revaluation, court expenses and legal fees) for extraordinary expenses relating to certain points of sale. In the opinion of Ifil Investissements, the requests are not valid and unacceptable and, in any case, completely unfounded. Moreover, the question raised regards aspects that have either been excluded or are not covered by guarantees in the contract.

Furthermore, in the second half of 2005 and during the first few months of 2006, the same party brought actions seeking additional compensation from Ifil Investissements for a total amount of approximately € 16 million principally in connection with accounting treatments in the financial statements at December 31, 2004.

Some minor requests have already been agreed between the parties, whereas the others have been rejected inasmuch as they are not valid and/or unfounded. In any case, in the opinion of Ifil Investissements, such requests are nevertheless covered by exclusions and limitations in the contract with regard to the obligations of compensation.

Procedures for the identification and control of commitments

The information regarding commitments are 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.

39. EMPLOYEES

The breakdown of the average number of employees is provided as follows:

Average number of employees	12/31/2005	12/31/2004
Breakdown by business segment		
Sequana Capital Group	14,305	14,556
Alpitour Group	3,951	3,663
Juventus	132	130
IFI and IFIL Holdings System	70	65
	18,458	18,414
Breakdown by geographical area		
Italy	2,476	2,059
France	4,605	4,449
United Kingdom	2,254	2,535
Other European Union countries	3,847	3,958
United States	979	1,033
Rest of the world	4,297	4,380
	18,458	18,414
Breakdown by category		
Managers	220	234
Middle management and staff	8,948	9,249
Soccer players	59	58
Blue-collar	9,231	8,873
	18,458	18,414

40. APPROVAL OF THE FINANCIAL STATEMENTS AND AUTHORIZATION FOR PUBLICATION

The financial statements at December 31, 2005 were approved by board of directors on March 31, 2006 which authorized the publication on the same date.

Turin, March 31, 2006

For the Board of Directors
The Chairman
Gianluigi Gabetti

APPENDIX 1 – TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

RECONCILIATIONS REQUIRED BY IFRS 1

The 2004 restated IFRS consolidated balance sheet and income statement have been prepared in accordance with IFRS 1 – First-time Adoption of IFRS. In particular, the IFRS applicable from January 1, 2005, as 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 on 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.
- 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 occur, outside the income statement, in a specific statement of recognized income and expense.

FIRST-TIME ADOPTION OF IFRS

General principle

The Group applied the accounting standards in force at December 31, 2004 retrospectively to all periods presented in the first IFRS financial statements and to the opening balance sheet, except for certain exemptions adopted by the Group in accordance with IFRS 1, as described in the following paragraph.

The 2004 consolidated figures presented in the financial statements at December 31, 2004 constitute the comparative figures published in the consolidated financial statements at December 31, 2005.

The opening consolidated IFRS balance sheet at January 1, 2004 reflects the following differences as compared to the consolidated balance sheet at December 31, 2003 prepared in accordance with Italian GAAP:

- the investment in Fiat is accounted for by the equity method (it was previously consolidated line-by-line);
- the subsidiary Juventus Football Club is consolidated line-by-line (it was previously accounted for by the equity method in view of the dissimilarity of its activities);
- 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 financial statement items have been reclassified in accordance with IFRS.

The impact of these adjustments is recognized directly in opening equity at the date of transition to IFRS (January 1, 2004).

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 with a contra-entry to equity reserves.

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 disposal of any foreign operation will only include accumulated translation differences after January 1, 2004.

At December 31, 2005, certain reclassifications and adjustments have been made to the data published in the Appendix to the First-half Report at June 30, 2005. Such changes gave rise to a negative effect on consolidated equity of approximately € 9 million on the data relative to January 1, 2004, a negative effect on profit of approximately € 2 million and a positive effect on consolidated equity of approximately € 78 million on the data relative to December 31, 2004.

The most significant impact is due to the early adoption of IAS 19 revised.

(€ in millions)	January 1, 2004			December 31, 2004		
	Group	Minority interest	Total	Group	Minority interest	Total
IFRS consolidated equity - published version at June 30, 2005	2,063	2,403	4,466	2,166	2,354	4,520
Early adoption of IAS 19 revised				(38)	(28)	(66)
Adjustments to the measurement assumptions made for pension plans	(1)	(3)	(4)	(1)	(3)	(4)
Other adjustments	(2)	(3)	(5)	(4)	(6)	(10)
Total changes	(3)	(6)	(9)	(43)	(37)	(80)
IFRS consolidated equity - published version at December 31, 2005	2,060	2,397	4,457	2,123	2,317	4,440

AUDIT OF THE RECONCILIATIONS REQUIRED BY IFRS 1

The IFRS reconciliations of the consolidated balance sheets at January 1, 2004 and December 31, 2004 and of the consolidated income statement for the year ended December 31, 2004, together with the related explanatory notes included in the First-half Report, were audited.

IFI GROUP
RECONCILIATION OF THE CONSOLIDATED BALANCE SHEET AT JANUARY 1, 2004
(DATE OF TRANSITION TO IFRS)

EFFECTS OF TRANSITION TO IFRS							
(€ in millions)	Balance sheet 1/1/2004 Italian GAAP	Deconsolidation Fiat Group	Consolidation Juventus F.C. IFRS reclassifications	IFRS Adjustments	Balance sheet 1/1/2004 IFRS	IFRS	
ASSETS							ASSETS
AMOUNTS DUE FROM STOCKHOLDERS FOR SHARES SUBSCRIBED BUT NOT CALLED							
FIXED ASSETS							Non-current assets
Intangible fixed assets							
- Differences on consolidation	3,164	(2,251)		(18)	2	897	Goodwill
- Other intangible assets	1,547	(1,473)	179	24	(25)	252	Other intangible assets
Property, plant and equipment	10,811	(9,675)	39	2	(8)	1,169	Property, plant and equipment
							Investments accounted for by the equity method
Financial fixed assets	8,334	(3,900)	(23)	(3,516)	165	1,060	Other financial assets
				32	29	61	Deferred tax assets
				54	(1)	53	Other non-current assets
TOTAL FIXED ASSETS	23,856	(17,299)	195	(299)	(73)	6,380	Total non-current assets
CURRENT ASSETS							Current assets
Inventories	15,938	(15,360)		(1)	(4)	573	Inventories
Receivables	10,775	(9,513)	126	(1,388)		994	Trade receivables
				994	0	348	Other receivables
Financial assets not held as fixed assets	15,161	(14,659)	3	271	(1)	775	Financial assets
Cash	3,461	(3,211)	10	1	(1)	260	Cash and cash equivalents
TOTAL CURRENT ASSETS	45,335	(42,743)	139				
ACCRUED INCOME AND PREPAID EXPENSES	849	(793)	14	(70)			
TOTAL ASSETS	70,040	(60,835)	348	152	(3)	2,950	Total current assets
				35	7	42	Assets held for sale
				(112)	(69)	9,372	Total assets
LIABILITIES AND STOCKHOLDERS' EQUITY							EQUITY AND LIABILITIES
STOCKHOLDERS' EQUITY - GROUP	2,221			(71)	(90)	2,060	Equity - Group
MINORITY INTEREST	8,071	(5,618)	29	(1)	(84)	2,397	Equity - Minority interest
TOTAL STOCKHOLDERS' EQUITY	10,292	(5,618)	29	(72)	(174)	4,457	Equity
RESERVES FOR RISKS AND CHARGES	6,073	(5,379)	32	(219)	101	608	Non-current liabilities Employee benefits and provisions for other liabilities and charges
RESERVE FOR EMPLOYEE SEVERANCE INDEMNITIES PAYABLES	1,332	(1,313)	2	(21)			
	50,007	(46,240)	132	(3,899)			
				944	2	946	Bonds and other financial debt
				103	18	121	Deferred tax liabilities
				34	(21)	13	Other non-current liabilities
				(3,058)	100	1,688	Total non-current liabilities
ACCRUED EXPENSES AND DEFERRED INCOME	2,336	(2,285)	153	(204)			Current liabilities
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	70,040	(60,835)	348				
				102	0	102	Employee benefits and provisions for other liabilities and charges
				1,670	18	1,688	Bonds and other financial debt
				1,011	(1)	1,010	Trade payables
				439	(13)	426	Other current liabilities
				3,018	4	3,226	Total current liabilities
				0	0	0	Liabilities relating to assets held for sale
				(112)	(70)	9,371	Total equity and liabilities

IFI GROUP
RECONCILIATION OF CONSOLIDATED EQUITY AT JANUARY 1, 2004
(DATE OF TRANSITION TO IFRS)

€ in millions	Equity		
	Group	Minority interest	Total
Consolidated equity of the IFI Group at December 31, 2003 (Italian GAAP)	2,221	8,071	10,292
Effects of transition to IFRS			
Deconsolidation of the Fiat Group		(5,618)	(5,618)
Consolidation of Juventus F.C.		29	29
Reclassification of the carrying amount of treasury stock	(70)		(70) a
IFRS adjustments			
IAS 1 - Reclassification of the accounting amount of treasury stock held by IFIL	(1)	(1)	(2)
IAS 39 - Fair value adjustment of the investment in Sanpaolo IMI	80	52	132 b
IAS 39 - Fair value adjustment of the investment in Club Méditerranée	4	3	7 c
IAS 39 - Fair value adjustment of the investment in Accor	7	14	21 d
IAS 39 - Fair value adjustment of the investment in Domaines Antonin Rodet	2	4	6 e
IAS 39 - Fair value adjustment of other assets	3	4	7 f
IAS 39 - Measurement of instruments used to hedge interest rate risk	(14)	(9)	(23) g
IAS 38 - Derecognition of intangible assets and reversal of amortization	(4)	0	(4) h
IAS 19 - Employee benefits	(20)	(41)	(61) i
IAS 18 - Revenue	(2)	(4)	(6) l
IAS 17 - Application of finance method to leasing transactions	0	1	1
IAS 16 - Derecognition of accumulated depreciation on land	1	1	2 m
IAS 12 - Income taxes	(3)	(8)	(11) n
Other minor adjustments	(1)	(8)	(9)
	<u>52</u>	<u>8</u>	<u>60</u>
IFI's share of the effects of the adoption of IFRS on the adjusted consolidated equity of the Fiat Group (accounted for by the equity method)	(143)	(93)	(236) o
Consolidated equity of the IFI Group at January 1, 2004 (IFRS)	2,060	2,397	4,457

Explanatory notes relating to the main IFRS adjustments are presented on the following page.

- a. The reclassification is made to reduce equity by the carrying amount of IFI preferred treasury stock (€ 70 million) previously recorded in fixed assets.
- b. The positive adjustment of € 132 million is due to the alignment of the original purchase cost (€ 8.54 per share for a total of € 601 million) of the investment in Sanpaolo IMI to the market price at December 31, 2003 (€ 10.41 per share for a total of € 733 million).
- c. The positive adjustment of € 7 million is due to the alignment of the carrying amount (€ 25.2 per share) of the investment in Club Méditerranée to the market price at December 31, 2003 (€ 29.9 per share). This investment is reclassified to "Assets held for sale".
- d.e.f. The positive adjustments are due to the alignment of the carrying amount of the investments to the market price at December 31, 2003.
- g. The negative adjustment of € 23 million represents the measurement of the derivative instruments used to hedge interest rate risk (swaps) on bonds and bank debt for € 18 million; the remaining € 5 million refers to the separation of the financial portion included in receivables from/payables to the soccer companies and in the cost of players' registration rights.
- h. The negative amount of € 4 million mainly includes the derecognition of the remaining balance of deferred charges which are not capitalizable under IFRS.
- i. The negative adjustment of € 61 million is due to the adoption of IAS 19 by the Sequana Capital Group.
- l. € 4 million of the adjustment of refers to the gains realized on the sale of players under sharing contracts since, under the adoption of IFRS, the amounts have been classified in "Players' sharing rights". The sale is only for half the rights; accordingly the gain realized is lower.
- m. The positive adjustment of € 2 million refers to the derecognition of accumulated depreciation on the amount of the land separated from the carrying amount of the building owned by the subsidiary Soiem.
- n. The negative adjustment of € 11 million is made to take into account the different criteria used to measure deferred taxes relating to the Sequana Capital Group.
- o. The effects of the first-time application of IFRS on the consolidated equity of the Fiat Group (-€ 236 million) are mainly due to the adoption of IAS 38 – Intangible Assets (in relation to development costs), IAS 19 – Employee Benefits, IAS 18 – Revenue, IAS 39 – Financial Instruments: Recognition and Measurement, and other effects described in the specific document presented by Fiat S.p.A. with the Annual Report 2005, previously made public.

IFI GROUP
RECONCILIATION OF THE CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2004

(€ in millions)	EFFECTS OF TRANSITION TO IFRS					Balance sheet	
	Balance sheet	Deconsolidation Fiat Group	Consolidation Juventus F.C.	IFRS reclassifications	IFRS Adjustments	12/31/2004	IFRS
	12/31/2004 Italian GAAP					12/31/2004 IFRS	IFRS
ASSETS							ASSETS
AMOUNTS DUE FROM STOCKHOLDERS FOR SHARES SUBSCRIBED BUT NOT CALLED							
FIXED ASSETS							Non-current assets
Intangible fixed assets							
- Differences on consolidation	2,779	(1,989)	0	(17)	19	792	Goodwill
- Other intangible assets	1,414	(1,333)	173	30	(27)	257	Other intangible assets
Property, plant and equipment	10,633	(9,537)	35	0	4	1,135	Property, plant and equipment
							Investments accounted for by the equity method
Financial fixed assets	7,382	(4,117)	(9)	(2,391)	150	1,927	Other financial assets
				60	24	84	Deferred tax assets
				39	(2)	37	Other non-current assets
TOTAL FIXED ASSETS	22,208	(16,976)	199	(97)	(87)	5,247	Total non-current assets
CURRENT ASSETS							Current assets
Inventories	16,198	(15,617)	0	1	(8)	574	Inventories
Receivables	11,255	(9,959)	104	(1,400)	(6)	1,034	Trade receivables
				1,040	(4)	317	Other receivables
Financial assets not held as fixed assets	10,740	(9,394)	2	8	5	1,361	Financial assets
Cash	3,689	(3,164)	8	2	(1)	534	Cash and cash equivalents
TOTAL CURRENT ASSETS	41,882	(38,134)	114	(58)	89	90	Total current assets
ACCRUED INCOME AND PREPAID EXPENSES	769	(725)	14	(58)	1	90	Assets held for sale
TOTAL ASSETS	64,859	(55,835)	327	(86)	(14)	3,820	Total current assets
				89	1	90	Assets held for sale
				(94)	(100)	9,157	Total assets
LIABILITIES AND STOCKHOLDERS' EQUITY							EQUITY AND LIABILITIES
STOCKHOLDERS' EQUITY - GROUP	2,269	0	0	(68)	(78)	2,123	Equity - Group
MINORITY INTEREST	6,679	(4,349)	27	(7)	(33)	2,317	Equity - Minority interest
TOTAL STOCKHOLDERS' EQUITY	8,948	(4,349)	27	(75)	(111)	4,440	Equity
RESERVES FOR RISKS AND CHARGES	6,055	(5,382)	19	(113)	2	581	Non-current liabilities
RESERVE FOR EMPLOYEE SEVERANCE							Employee benefits and provisions for other liabilities and charges
INDEMNITIES	1,308	(1,286)	2	(24)			
PAYABLES	46,582	(42,908)	169	(3,843)			
				612	1	613	Bonds and other financial debt
				77	22	99	Deferred tax liabilities
				71	(22)	49	Other non-current liabilities
				(3,220)	3	1,342	Total non-current liabilities
							Current liabilities
ACCRUED EXPENSES AND DEFERRED INCOME	1,966	(1,910)	110	(166)			
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	64,859	(55,835)	327				
				48	1	49	Employee benefits and provisions for other liabilities and charges
				1,907	5	1,912	Bonds and other debt
				1,001	9	1,010	Trade payables
				411	(7)	404	Other current liabilities
				3,201	8	3,375	Total current liabilities
				0	0	0	Liabilities relating to assets held for sale
				(94)	(100)	9,157	Total equity and liabilities

IFI GROUP
RECONCILIATION OF CONSOLIDATED EQUITY AT DECEMBER 31, 2004

€ in millions	Equity		
	Group	Minority interest	Total
Consolidated equity of the IFI Group at December 31, 2004 (Italian GAAP)	2,269	6,679	8,948
Effects of transition to IFRS			
Deconsolidation of the Fiat Group		(4,349)	(4,349)
Consolidation of Juventus F.C.		27	27
Reclassification of the carrying amount of treasury stock	(70)		(70) a
IFRS adjustments			
IAS 1 - Reclassification of the accounting amount of treasury stock held by IFIL	2	(7)	(5)
IAS 39 - Fair value adjustment of the investment in Sanpaolo IMI	87	57	144 b
IAS 39 - Fair value adjustment of the investment in Domains Antonin Rodet	1	5	6 c
IAS 39 - Fair value adjustment of other assets	1	3	4 d
IAS 39 - Measurement of instruments used to hedge interest rate risk	(6)	(3)	(9) e
IAS 39 - Separation of implicit financial income/expenses included in the historical cost of players' registration rights and in the receivables from/payables to soccer companies	(2)	(3)	(5) f
IAS 38 - Derecognition of intangible assets and reversal of amortization	0	8	8 g
IAS 37 - Provisions	0	(2)	(2)
IAS 36 - Goodwill	16	34	50 h
IAS 20 - Investment grants	(1)	(2)	(3)
IAS 19 - Employee benefits	(2)	(7)	(9)
IAS 18 - Revenue	(4)	(8)	(12) i
IAS 17 - Application of finance method to leasing transactions	1	0	1
IAS 16 - Derecognition of accumulated depreciation on land	1	1	2 l
IAS 12 - Income taxes	0	2	2
IAS 2 - Inventories	(2)	(5)	(7)
Other minor adjustments	(2)	(5)	(7)
	90	68	158
IFI's share of the effects of the adoption of IFRS on the adjusted consolidated equity of the Fiat Group (accounted for by the equity method)	(166)	(108)	(274) m
Consolidated equity of the IFI Group at December 31, 2004 (IFRS)	2,123	2,317	4,440

Explanatory notes relating to the main IFRS adjustments are presented on the following page.

- a. The reclassification is made to reduce equity by the carrying amount of IFI preferred treasury stock (€ 70 million) previously recorded in fixed assets.
- b. The positive adjustment of € 144 million is due to the alignment of the original purchase cost (€ 8.54 per share for a total of € 601 million) of the investment in Sanpaolo IMI to the market price at December 31, 2004 (€ 10.58 per share for a total of € 745 million).
- c.d. The positive adjustments are due to the alignment of the carrying amount of the investments and other assets to the market price at December 31, 2004.
- e. The negative adjustment of € 9 million represents the measurement of the derivative instruments used to hedge interest rate risk (swaps) on bonds and bank debt.
- f. The negative adjustment of € 5 million is made to separate the financial portion included in receivables from/payables to the soccer companies and in the cost of players' registration rights.
- g. The amount of € 8 million includes the derecognition of amortization on deferred costs and players' registration rights (the historical costs of which have been remeasured with a consequent adjustment of the relative amortization).
- h. The positive adjustment of € 50 million is mainly due to the derecognition of the amortization on the goodwill referring to the investment in Antalis, and the relative impairment test performed on this investment.
- i. The negative adjustment of € 12 million refers to the derecognition of 50% of the gains realized on the sale of players under sharing contracts since the sale is only for half the rights.
- l. The positive adjustment of € 2 million refers to the derecognition of accumulated depreciation on the amount of the land separated from the carrying amount of the building owned by the subsidiary Soiem.
- m. The effects of the first-time application of IFRS on the consolidated equity of the Fiat Group (-€ 214 million) are mainly due to the adoption of IAS 38 – Intangible Assets (in relation to development costs), IAS 19 – Employee Benefits, IAS 18 – Revenue, IAS 39 – Financial Instruments: Recognition and Measurement, IAS 37 – Provisions, Contingent Liabilities and Contingent Assets and other effects described in the specific document presented by Fiat S.p.A. with the Annual Report 2005, previously made public.
A negative adjustment of € 60 million was made to the IFIL Group's share of the consolidated equity of the Fiat Group to account for the actuarial losses reducing equity as a result of the early application of IAS 19 revised by the IFI Group.

IFI GROUP
RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED
DECEMBER 31, 2004

(€ in millions)	EFFECTS OF TRANSITION TO IFRS					Year 2004 IFRS (a)	IFRS
	Year 2004 Italian GAAP	Deconsolidation FIAT Group	Consolidation Juventus FC	Reclassifications IFRS	IFRS adjustments		
VALUE OF PRODUCTION							
Revenues from sales and services	51,878	(46,488)	18	172	(15)	5,565	Revenues
products inventories	(192)	202		(10)			
Change in contract work in progress	215	(215)					
Additions to internally produced fixed assets	810	(809)		(1)			
Other income and revenues	1,606	(1,516)	202	(191)	(9)	92	Other revenues from current operations
TOTAL VALUE OF PRODUCTION	54,317	(48,826)	220	(30)			
COSTS OF PRODUCTION							
Raw materials, supplies and merchandise	(31,484)	28,951	(3)	(784)	4	(3,316)	Purchases and changes in inventories
Services	(9,532)	7,984	(26)	1,574			
Leases and rentals	(450)	364	(3)	89			
Personnel	(7,217)	6,369	(120)	(15)	(2)	(985)	Personnel costs
				(852)	1	(851)	Costs for external services
				(47)		(47)	Taxes and duties
Amortization, depreciation and writedowns	(2,834)	2,486	(63)	206	10	(195)	Amortization and depreciation
inventories	222	(230)		8			
Provisions for risks	(1,395)	1,394		8	(4)	3	Accruals to provisions
Other provisions	(22)	15		7			
Other operating costs	(1,170)	1,075	(22)	14	4	(99)	Other expenses from current operations
Interest and other expenses of financial services companies	(376)	376					
Insurance claims and other insurance costs	(20)	20					
TOTAL COSTS OF PRODUCTION	(54,278)	48,804	(237)	208			
DIFFERENCE BETWEEN THE VALUE AND COSTS OF PRODUCTION							
	39	(22)	(17)	178	(11)	167	Profit (loss) from current operations
				(303)	28	(275)	Other non-recurring income (expenses)
				(125)	17	(108)	Operating loss
FINANCIAL INCOME AND EXPENSES							
Investment income	38	(9)		(29)			
Other financial income	1,334	(1,296)	3	(41)			
				(72)	(2)	(74)	Cost of net financial debt
Interest and other financial expenses	(2,055)	1,944	(2)	142	5	34	Other financial income (expenses)
TOTAL FINANCIAL INCOME AND EXPENSES	(683)	639	1	0	3	(40)	Financial income (expenses)
ADJUSTMENTS TO FINANCIAL ASSETS							
Revaluations	203	(125)		(78)			
Writedowns	(266)	(146)	4	408			
TOTAL ADJUSTMENTS TO FINANCIAL ASSETS	(63)	(271)	4	330			
EXTRAORDINARY INCOME AND EXPENSES							
Income	986	(316)	20	(690)			
Expenses	(1,336)	1,179	(7)	164			
TOTAL EXTRAORDINARY INCOME AND EXPENSES	(350)	863	13	(526)			
INCOME (LOSS) BEFORE TAXES	(1,057)	1,209	1	(446)	20	(148)	PROFIT (LOSS) BEFORE TAXES
INCOME TAXES	28	(29)	(3)	1	15	12	Income taxes
				(320)	35	(124)	Profit (loss) of companies consolidated
							Share of earnings (losses) of companies
				(299)	(3)	(302)	accounted for by the equity method
				(619)	32	(426)	Profit (loss) from continuing operations
							Profit (loss) from discontinued operations
				619	(13)	606	and assets held for sale
CONSOLIDATED NET INCOME (LOSS)	(1,029)	1,180	(2)	0	19	180	Profit (loss) before minority interest
CONSOLIDATED NET INCOME (LOSS) - MINORITY	1,146	(1,180)	2	(16)	(48)	(48)	Profit (loss) - Minority interest
CONSOLIDATED NET INCOME - GROUP	117				3	120	Profit (loss) - Group

(a) Pre-deconsolidation data of the Permal Group and Pechel Industries, classified in 2005 as assets held for sale. The effects of the deconsolidation are presented in Note 8 "Changes in the scope of consolidation".

IFI GROUP
RECONCILIATION OF CONSOLIDATED PROFIT (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2004

€ in millions	Profit (loss)		
	Group	Minority interest	Total
Consolidated profit (loss) of the IFI Group for the year ended December 31, 2004 (Italian GAAP)	117	(1,146)	(1,029)
Effects of transition to IFRS			
Deconsolidation of the Fiat Group		1,180	1,180
Consolidation of Juventus F.C.		(2)	(2)
IFRS adjustments			
IFRS 2 - Share-based payment	(1)		(1)
IAS 39 - Reversal of the fair value adjustment made to the investment in Accor	(7)	(14)	(21) a
IAS 39 - Fair value adjustment of the investment in Domaines Antonin Rodet	1		1
IAS 39 - Fair value adjustment of other assets	1	1	2
IAS 39 - Adjustment of the loss realized on players' registration rights	(1)		(1)
IAS 38 - Reversal of amortization of intangible assets	5	4	9 b
IAS 36 - Goodwill	14	33	47 c
IAS 19 - Employee benefits	1		1
IAS 18 - Revenue	(5)	(5)	(10) d
IAS 17 - Application of finance method to leasing transactions	1		1
IAS 12 - Income taxes	6	9	15 e
IAS 2 - Inventories	(2)	(5)	(7)
Other minor adjustments	(1)	(1)	(2)
	<u>12</u>	<u>22</u>	<u>34</u>
IFI's share of the effects of the adoption of IFRS on the adjusted consolidated result of the Fiat Group (accounted for by the equity method)	(9)	(6)	(15) f
Consolidated profit (loss) of the IFI Group for the year ended December 31, 2004 (IFRS)	120	48	168

Explanatory notes relating to the main IFRS adjustments are presented on the following page.

- a. The negative adjustment of € 21 million is due to the reversal of the fair value of the investment in Accor after its sale in 2004.
- b. The positive adjustment of € 9 million is principally due to the reversal of the amortization of deferred charges eliminated from assets.
- c. The positive adjustment of € 47 million is mainly due to the reversal of the amortization of the difference on consolidation on the investment in Antalis.
- d. The negative adjustment of € 10 million refers entirely to Juventus F.C. and includes the reversal of 50% of the gains realized on the sale of players under sharing contracts since the sale is only for half of the players' rights.
- e. The positive adjustment of € 15 million is principally due to the elimination of a time lag between Italian GAAP and IFRS.
- f. The effects of the application of IFRS on the consolidated result of the Fiat Group (-€ 15 million) are mainly due to the adoption of IAS 38 – Intangible Assets (in relation to development costs), IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, IAS 19 – Employee Benefits, IAS 18 – Revenue, IAS 39 – Financial Instruments: Recognition and Measurement, and other effects described in the specific document presented by Fiat S.p.A. with the Annual Report 2005, previously made public.

REPORT OF THE BOARD OF STATUTORY AUDITORS PURSUANT TO ART. 153 OF LEGISLATIVE DECREE NO. 58 DATED FEBRUARY 24, 1998 AND ART. 2429, PARAGRAPH 2 OF THE ITALIAN CIVIL CODE

Dear Stockholders,

Under art. 153 of Legislative Decree No. 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 No. 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.

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. 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.

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.

As for Corporate Governance, the directors have prepared the specific report required by the Code of Self-discipline of listed companies. As for our responsibilities, in conformity with the provision of art. 149 No. 1 letter c) bis of Legislative Decree No. 58 dated February 24, 1998, we take note that the directors, in their report on corporate governance, specified the following: "IFI, in view of its particular capital structure, which, for ordinary capital stock is represented by unlisted shares held entirely by Giovanni Agnelli e C. S.a.p.az., has not adopted the Code of Self-discipline of listed companies.

Therefore, the corporate governance system adopted by the company is adapted to the capital structure and guarantees transparency according to market practices."

The rules and procedures specifically adopted, as we have ascertained, are nevertheless adequate and complete for purposes of achieving transparency as proposed by the directors.

In the same manner, the directives given by IFI S.p.A. to the subsidiaries as per art. 114, paragraph 2, of Legislative Decree No. 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, also with regard to the status of the implementation of the systems and procedures for the application of international financial reporting standards (Consob Communication DEM/5015175 of March 10, 2005) which became mandatory for the year in progress.
- The board of statutory auditors, pursuant to the Consolidated Law on Financial Intermediation (Legislative Decree No. 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.

- With regard to intragroup transactions, the directors, in their report on operations, present and illustrate the numerous exchange transactions of goods and services between your company, the companies of the group and/or related parties, specifying that such transactions have been carried out on the basis of the evaluation of reciprocal economic benefit.
- The audit report does not indicate any qualifications or other matters of interest or proposals.
- During the financial year 2005, the board of directors held five meetings, which we attended, and the board of statutory auditors held 12 meetings, five of which were attended by representatives of the audit firm.
- A complaint was received by the board of statutory auditors under ex art. 2408 of the Italian Civil Code, discussed in the following point, and, at this time, the board does not have information about any other complaint which could involve the board.
- During the year, we issued the opinions requested of the board of statutory auditors as set forth by law.

We have been informed by Deloitte & Touche S.p.A. that IFI S.p.A., besides the appointment for the audit of the statutory financial statements and the consolidated financial statements and the limited-scope audit of the first-half report (for total fees of € 40,000), conferred the assignment for the audit of the reconciliations to International Financial Reporting Standards ("IFRS") of the company and its subsidiaries, consisting of: the statements of the effects of the transition to IFRS on consolidated stockholders' equity, the reconciliations of consolidated stockholders equity at January 1, 2004 and at December 31, 2004, the statement of the effects of the transition to IFRS on the consolidated income statement and the reconciliation of consolidated net income for the year ended December 31, 2004 and the relative explanatory notes, for a total fee of € 5,000.

During the same year, there were no appointments conferred to entities connected with Deloitte & Touche S.p.A.

Complaint under ex art. 2408 of the Italian Civil Code.

The stockholder Marco Bava, holder of 3 preferred shares, filed a complaint on September 27, 2005, consisting of two typewritten pages addressed to the Board of Statutory Auditors of IFI S.p.A. in the name of its chairman, with a copy to the audit firm of Deloitte & Touche S.p.A., in which, among other things, a statement is expressed and reported word for word as follows:

"I, the undersigned, Marco Bava, a stockholder of IFI S.p.A. (parent of IFIL S.p.A.) believe the management of IFIL to be censurable with regard to the investment of € 535 million in Fiat shares purchased from Exor, a related party, which reported a gain of € 74 million.

This investment, which reduces liquidity from approximately € 800 million to approximately € 300 million, may jeopardize the company as a going concern, therefore, under art. 2408 of the Italian Civil Code, a complaint is presented to the board of statutory auditors, bringing to its attention its obligations under art. 2403 of the Italian Civil Code, in that without further urgent capital increases Fiat S.p.A. should be put into a wind-up."

The complaint continues by indicating specific aspects of the operations of Fiat S.p.A. and its subsidiary Fiat Auto S.p.A., however, without identifying any censurable event under ex art. 2408 of the Italian Civil Code, but expressing criticism about the operations and future of these companies.

Bearing in mind these remarks which maintain as censurable a transaction that is not subjectively referable to the company, but to its subsidiary, it could be said that no further analysis would be necessary and that the subsidiary must take care of this matter, which is what took place.

However, the board of statutory auditors, for purposes of the utmost clarity, believes that certain observations are necessary.

The fact of having invested € 534.6 million in Fiat shares, a transaction that was described in detail in the report on operations, is the result of a motivated operational decision, falling within the business purpose of the company, its discretionary powers and the powers of the administrative body, aimed at maintaining the stability of the investment of the principal subsidiary on the part of IFIL S.p.A. and thus not constituting a censurable event under art. 2408 of the Italian Civil Code.

It is confirmed that "Exor", a related party, had a gain of € 74 million. In this sense, the board of statutory auditors of IFI S.p.A., also taking advantage of the provisions of art. 151, No. 1 of Legislative Decree No. 58 dated February 24, 1998, requested information from the IFIL S.p.A. board of statutory auditors which, also as part of the controls that are normally carried out with regard to related party transactions, examined the transaction for the purchase of 82,250,000 Fiat S.p.A. shares from Exor S.A., in terms of the contractual documentation and from an accounting standpoint, ascertaining:

- compliance with art. 2391 of the Italian Civil Code by the interested parties;
- compliance with art. 2391 bis of the Italian Civil Code and Consob recommendations with regard to the observance of the rules of substance and of procedure for transactions with related parties;

- the suitability of the price for IFIL S.p.A. (€ 6.50 per Fiat S.p.A. share) certified by the fairness opinion issued by the advisor Gerardo Braggiotti of G.B. Partners S.r.l., and, also as additional support, the market prices.
- the proper recording of the transaction in the accounting entries.

The above led to exclude that the transaction examined constitutes a censurable event under ex art. 2408 of the Italian Civil Code.

Additional aspects and developments regarding the assessments and investigations by Consob and the Judiciary are described in detail in a specific heading in the report on operations.

With regard to the statutory financial statements, which show a profit of € 38,534,823, 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. At this point, we would like to inform you that our term of office has expired.

Turin, April 27, 2006

THE STATUTORY AUDITORS

(Cesare Ferrero)

(Giorgio Giorgi)

(Lionello Jona Celesia)

REPORT OF THE BOARD OF STATUTORY AUDITORS ACCORDING TO ART. 41 OF LEGISLATIVE DECREE NO. 127/1991

Dear Stockholders,

The consolidated financial statements of IFI S.p.A. for the year ended December 31, 2005, submitted to you, show a profit for the group of € 676 million, compared to a profit of € 120 million in the prior year. The consolidated financial statements were submitted to us, together with the report on operations, and are prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the European Union.

The tests carried out by Deloitte & Touche S.p.A., the audit firm charged with the audit of the financial statements, has led to the assertion that the values expressed in the financial statements agree with the accounting records of the parent, the statutory and consolidated financial statements of the subsidiaries, adjusted, where necessary, to conform with 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, containing in a specific appendix, the illustration of the transition to international accounting principles.

The report on operations adequately describes the results of operations and financial condition, the performance of operations during the course of 2005 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 27, 2006

THE STATUTORY AUDITORS

(Cesare Ferrero)

(Giorgio Giorgi)

(Lionello Jona Celesia)

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 IFI – ISTITUTO FINANZIARIO INDUSTRIALE S.p.A.

1. We have audited the financial statements of IFI – Istituto Finanziario Industriale S.p.A. as of and for the year ended December 31, 2005. These financial statements are the responsibility of the Directors of IFI - Istituto Finanziario Industriale S.p.A. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in Italy as recommended by the Italian Regulatory Commission for Companies and the Stock Exchange (CONSOB). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the adequacy and the fairness of the accounting principles used and the reasonableness of the estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion. The audit of the financial statements of certain investments in subsidiaries and affiliates, which represent approximately 23% of the Group's consolidated net equity and approximately 17% of the Group's consolidated net result for the year, is the responsibility of other auditors.

For the opinion on the prior year's financial statements, which are presented for comparative purposes as required by law, reference should be made to our auditors' report dated April 8, 2005.

3. In our opinion, the financial statements of IFI - Istituto Finanziario Industriale S.p.A. as of and for the year ended December 31, 2005 comply with the Italian statutory provisions governing the criteria for their preparation; accordingly, they give a true and fair view of the Company's financial position and results of operations.

DELOITTE & TOUCHE S.p.A.

Signed by
Colin Johnston
Partner

Turin, Italy
April 10, 2006

This report has been translated into the English language solely for the convenience of international readers.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma
Torino Treviso Verona

Member of
Deloitte Touche Tohmatsu

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**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
IFI – ISTITUTO FINANZIARIO INDUSTRIALE S.p.A.**

1. We have audited the consolidated financial statements of IFI – Istituto Finanziario Industriale S.p.A. and its subsidiaries (the “IFI Group”) as of and for the year ended December 31, 2005, constituted by the consolidated balance sheet, the consolidated statements of income, cash flows and changes in stockholders’ equity and the related explanatory notes. These consolidated financial statements are the responsibility of the Directors of IFI – Istituto Finanziario Industriale S.p.A.. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. These consolidated financial statements represent IFI – Istituto Finanziario Industriale S.p.A.’s first annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.
2. We conducted our audit in accordance with generally accepted auditing standards in Italy as recommended by the Italian Regulatory Commission for Companies and the Stock Exchange (“Consob”). 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 and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the adequacy and the fairness of the accounting principles used and the reasonableness of the estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion. The audit of the financial statements of certain investments in subsidiaries and affiliates, which represent approximately 23% of the Group’s consolidated net equity and approximately 17% of the Group’s consolidated net result for the year, is the responsibility of other auditors.

The consolidated financial statements present for comparative purposes the corresponding data for the year 2004 prepared in accordance with IFRS. In addition, the Appendix to the consolidated financial statements, entitled “Transition to International Financial Reporting Standards (IFRS)”, explains the effects of the transition to IFRS as adopted by the European Union. As explained in this Appendix, the Directors changed the information on the effects of the transition to IFRS previously approved by the Board of Directors and published in the appendix to the First-Half Report at June 30, 2005 in the IFRS Reconciliation Statements,

which we have audited and on which we issued a special purpose auditors' report dated September 29, 2005. These changes have been made to render the prior year data comparable with the first IFRS consolidated financial statements, in which, 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. We examined the information included in the Appendix for the purposes of expressing our opinion on the consolidated financial statements as of and for the year ended December 31, 2005.

3. In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of the IFI Group as of December 31, 2005 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.
4. For a better understanding of the consolidated financial statements, attention is drawn to the following matters:
 - (a) On September 20, 2005, following the resolutions passed by the Board of Directors on September 15, 2005, the subsidiary IFIL Investments S.p.A. purchased from Exor Group (a subsidiary of Giovanni Agnelli e C. S.a.p.az.) n. 82,250,000 Fiat S.p.A. ordinary shares at a purchase price of € 6.5 per share. This purchase was made at the same time as the Fiat capital increase executed in settlement of the Mandatory Convertible Financing and, together with other transactions that occurred in the same month, allowed IFIL Investments S.p.A. to maintain its investment in Fiat ordinary capital stock unchanged (30.06%) after the capital increase made by Fiat. For further information on these transactions reference should be made to the information provided in the report on operations and in the notes to the consolidated financial statements.
 - (b) The indirect investment in Fiat S.p.A., in which the subsidiary IFIL Investments S.p.A. owns 30.06% of ordinary capital stock, has been accounted for under the equity method in accordance with the interpretation of IAS 27 “Consolidated and separate financial statements” under which entities which are identified as “de facto” controlled entities under Italian law (art. 2359, paragraph 1, n° 2 of the Italian Civil Code) are excluded from the scope of line-by-line consolidation in the consolidated financial statements prepared in accordance with IFRS.

DELOITTE & TOUCHE S.p.A.

Signed by
Colin Johnston
Partner

Turin, Italy
April 10, 2006

This report has been translated into the English language solely for the convenience of international readers.

LIST OF IFI GROUP COMPANIES AND SIGNIFICANT INVESTMENTS AT DECEMBER 31, 2005

As required by Consob Resolution No. 11971 of May 14, 1999, as amended (art. 126 of the Regulations), a complete list of the companies and significant equity investments of the IFI Group is provided on the following pages.

The companies on this list have been classified according to percentage of ownership, method of consolidation and type of business. The information provided for each company includes: name, registered office, country and capital stock stated in the original currency. The percentage of Group consolidation and the percentage held by IFI S.p.A. or by other subsidiaries are also shown.

A separate column shows the percentage held of the voting rights at the ordinary stockholders' meeting when this figure differs from the percentage interest held in the company. An asterisk denotes the percentage with suspended voting rights.

Name	Country	Capital stock at 12/31/2005	Currency	% of Group consolidation Interest held by	% of interest held	% of voting rights
IFI S.p.a.	ITALY	163,251,460	EUR			

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Holding companies - diversified

IFIL INVESTMENTS S.p.A.	ITALY	1,075,995,737	EUR	62.40	Società per Azioni ISTITUTO FINANZIARIO		
					INDUSTRIALE	61.560	63.590
					IFIL INVESTMENTS S.p.A. (*)	1.281	1.131
					SOIEM S.p.A.(*)	0.075	0.078

ASSOCIATED COMPANIES VALUED BY THE EQUITY METHOD

Holding companies - diversified

EXOR GROUP S.A.	LUXEMBOURG	116,741,600	EUR	29.30	Società per Azioni ISTITUTO FINANZIARIO		
					INDUSTRIALE	29.280	29.291
					Exor Group S.A. (*)	0.031	0.031
					Adriatique Holding B.V.	0.033	0.000

(*) Voting suspended.

For purposes of a clearer presentation, the investments held through IFIL are shown separately.

INVESTMENTS HELD THROUGH IFIL S.p.A. (percentage of Group consolidation equal 62.40%)

Name	Country	Capital stock at 12/31/2005	Currency	% of Group consolidation	Interest held by	% of interest held	% of voting rights
COMPANIES IN THE "HOLDINGS SYSTEM" (Holding companies and services)							
CONSOLIDATED ON A LINE-BY-LINE BASIS							
IFIL INVESTMENT HOLDING N.V.	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.	U.S.A.	500,000	USD	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
IFIL ASIA LIMITED	PEOPLE'S REP. OF CHINA	1	HKD	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
SADCO S.A. (a)	SWITZERLAND	300,000	CHF	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	50.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
COMPANIES IN THE "HOLDINGS SYSTEM" (Holding companies and services)							
VALUED BY THE EQUITY METHOD							
NHT NEW HOLDING FOR TOURISM B.V. (a)	NETHERLANDS	32,980,000	EUR	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000
OPERATING COMPANIES							
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS							
Miscellaneous and Holding companies							
SEQUANA CAPITAL S.A. (b)	FRANCE	158,938,536	EUR	52.78	IFIL INVESTISSEMENTS S.A.	52.778	52.778
Tourism and Hotel activities							
ALPITOUR S.p.A. (b)	ITALY	17,725,000	EUR	100.00	NHT NEW HOLDING FOR TOURISM B.V. (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
SUBSIDIARIES VALUED BY THE EQUITY METHOD							
Miscellaneous and Holding companies							
FIAT S.p.A. (b) (c)	ITALY	6,377,257,130	EUR	28.28	IFIL INVESTMENTS S.p.A. FIAT S.p.A. (*)	28.180 0.446	30.060 0.548
ASSOCIATED COMPANIES VALUED BY THE EQUITY METHOD							
Miscellaneous and Holding companies							
TURISMO&IMMOBILIARE	ITALY	120,000	EUR	-	IFIL INVESTISSEMENTS S.A.	25.000	25.000
SUBSIDIARIES VALUED AT COST							
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 3.000	69.800 3.000
ASSOCIATED COMPANIES VALUED AT COST							
Miscellaneous and Holding companies							
EUROMEDIA LUXEMBOURG ONE S.A. (a)	LUXEMBOURG	44,887,500	USD	-	IFIL INVESTISSEMENTS S.A. FIAT NETHERLAND HOLDING N.V.	14.286 14.286	14.286 14.286
Stadium management							
SEMANA S.r.l.	ITALY	100,000	EUR	-	JUVENTUS FOOTBALL CLUB S.p.A.	30.000	30.000

- (a) Company put into a wind-up.
(b) For purposes of a clearer presentation, the investments held through Sequana Capital, Alpitour and Fiat are shown separately.
(c) A de facto subsidiary under art. 2359, paragraph 1, number 2, of the Italian Civil Code.
(*) Voting suspended.

(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through SEQUANA CAPITAL S.A.
(percentage of IFIL Group consolidation equal to 52.78%)

Name	Country	Capital stock at 12/31/2005	Currency	% of Group consolidation Interest held by	% interest held % of voting rights
Companies consolidated on a line-by-line basis					
Paper					
AGENA N.V.	BELGIUM	62,000.00	EUR	100.00 ARJOWIGGINS PAPIERS COUCHES SAS	99.200 99.200
ANTALIS AG	SWITZERLAND	3,000,000.00	CHF	100.00 ANTALIS (SWITZERLAND) AG	100.000 100.000
ANTALIS A/S	DENMARK	2,001,000.00	DKK	100.00 ANTALIS INTERNATIONAL SAS	100.000 100.000
ANTALIS, A.S.	SLOVAK REP.	2,000,000.00	SKK	100.00 ANTALIS S.R.O.	61.000 61.000
ANTALIS BOLIVIA SRL	BOLIVIA	2,775,000.00	BOB	100.00 ANTALIS INTERNATIONAL HOLDINGS BV INVERSIONES EXTERIOR SA INVERSIONES LOS PELLINES DOS SA	39.000 74.000 39.000 26.000
ANTALIS BV	NETHERLANDS	2,314,279.10	EUR	100.00 ANTALIS INTERNATIONAL HOLDINGS BV	100.000 100.000
ANTALIS DO BRAZIL PRODUTOS PARA A INDUSTRIA GRAFICA LTDA	BRAZIL	3,867,961.00	BRL	100.00 ANTALIS INTERNATIONAL SAS	100.000 100.000
ANTALIS ENVELOPPES LIMITED	UNITED KINGDOM	1.00	GBP	100.00 ANTALIS GROUP HOLDINGS LIMITED	100.000 100.000
ANTALIS ENVELOPPES 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 HOLDINGS LIMITED	UNITED KINGDOM	575,179,200.00	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000 100.000
ANTALIS GROUP	UNITED KINGDOM	115,991,323.00	GBP	100.00 ANTALIS GROUP HOLDINGS LIMITED PROTALIS LIMITED	100.000 0.000 100.000 0.000
ANTALIS HOLDINGS LIMITED	UNITED KINGDOM	86,244,205.00	GBP	100.00 ANTALIS GROUP	100.000 100.000
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 IBERIA SA	SPAIN	9,407,866.37	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000 100.000
ANTALIS INTERNATIONAL HOLDINGS BV	NETHERLANDS	21,500.00	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000 100.000
ANTALIS INTERNATIONAL SAS	FRANCE	986,880,573.00	EUR	100.00 SEQUANA CAPITAL	100.000 100.000
ANTALIS INTERSERVICES NV/SA	BELGIUM	99,000,000.00	EUR	100.00 ANTALIS INTERNATIONAL SAS ANTALIS INTERNATIONAL HOLDINGS BV	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 ARJO WIGGINS BELGIUM S.A.	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 ANTALIS INTERNATIONAL HOLDINGS BV	100.000 100.000
ANTALIS PERU SA	PERU	5,590,261.61	SOL	100.00 INVERSIONES EXTERIOR SA INVERSIONES LOS PELLINES DOS SA	74.000 26.000 74.000 26.000
ANTALIS POLAND SPOLKA Z O.O.	POLAND	2,011,600.00	PLN	100.00 ANTALIS INTERNATIONAL SAS	100.000 100.000
ANTALIS PROMOTIONAL PRODUCTS BV	NETHERLANDS	907,560.43	EUR	100.00 MÜHLEBACH B.V.	100.000 100.000
ANTALIS PROMOTIONAL PRODUCTS GMBH	GERMANY	25,000,000.00	EUR	100.00 ANTALIS INTERNATIONAL SAS	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
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 (PROPRIETARY) LIMITED	SOUTH AFRICA	1,000.00	ZAR	100.00 ANTALIS SA HOLDINGS LIMITED	100.000 100.000
ANTALIS PURCHASING SASU	FRANCE	40,000.00	EUR	100.00 ANTALIS INTERNATIONAL SAS	100.000 100.000
ANTALIS SA	ROMANIA	240,000.00	RON	100.00 ANTALIS INTERNATIONAL HOLDINGS BV	100.000 100.000
ANTALIS SA HOLDINGS LIMITED	UNITED KINGDOM	1,000.00	GBP	100.00 ANTALIS GROUP	100.000 100.000
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	32,217,406.00	EUR	99.37 ANTALIS INTERNATIONAL SAS	99.369 99.369
ANTALIS S.R.O.	CZECH REPUBLIC	62,200,000.00	CZK	100.00 ANTALIS INTERNATIONAL SAS	100.000 100.000
ANTALIS (MALAYSIA) SDN. BHD.	MALAYSIA	2,500,000.00	MYR	100.00 ANTALIS OVERSEAS HOLDINGS LIMITED	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
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 SRL 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

(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through SEQUANA CAPITAL S.A.
(percentage of IFIL Group consolidation equal to 52.78%)

Name	Country	Capital stock at		Currency	% of Group consolidation		% interest held	% of voting rights
		12/31/2006	Interest held by					
APPLETON COATED PAPERS HOLDINGS INC.	USA	1,445.00	USD	100.00	ARJO WIGGINS FINE PAPERS HOLDINGS LIMITED	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 SAS	FRANCE	30,000,000.00	EUR	100.00	ARJOWIGGINS CANSON SAS	100.000	100.000	
ARJOWIGGINS SAS	FRANCE	165,920,000.00	EUR	100.00	SEQUANA CAPITAL	100.000	100.000	
ARJOWIGGINS SECURITY SAS	FRANCE	70,000,000.00	EUR	100.00	ARJOWIGGINS SAS	100.000	100.000	
ARJO WIGGINS APPLETON INSURANCE LIMITED	GUERNSEY	2,000,000.00	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 PTY LIMITED	AUSTRALIA	400,000.00	AUD	100.00	CANSON INTERNATIONAL SAS ARJOWIGGINS SAS	91.500 8.500	91.500 8.500	
ARJO WIGGINS BELGIUM HOLDINGS S.A.	BELGIUM	193,852,736.37	EUR	100.00	ARJO WIGGINS CARBONLESS PAPERS EUROPE 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	CANSON INTERNATIONAL SAS	100.000	100.000	
ARJO WIGGINS CARBONLESS PAPERS CHINA LIMITED	UNITED KINGDOM	2.00	GBP	100.00	ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	100.000	100.000	
ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	UNITED KINGDOM	170,735,640.00	GBP	100.00	ARJOWIGGINS SAS	100.000	100.000	
ARJO WIGGINS CARBONLESS PAPERS INTERNATIONAL LTD	UNITED KINGDOM	75,000.00	GBP	100.00	ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	100.000	100.000	
ARJO WIGGINS CARBONLESS PAPERS LIMITED	UNITED KINGDOM	2.00	GBP	100.00	ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	100.000	100.000	
ARJO WIGGINS CASTING PAPERS LIMITED	UNITED KINGDOM	2.00	GBP	100.00	THE WIGGINS TEAPE GROUP LIMITED	100.000	100.000	
ARJO WIGGINS CHINA HOLDINGS LIMITED	UNITED KINGDOM	100.00	GBP	100.00	LODI 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 ARJOWIGGINS SAS	48.951 51.049	48.951 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 0.030	99.970 0.030	
ARJO WIGGINS FEINPAPIER GMBH	GERMANY	2,556,459.41	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	
ARJO WIGGINS HKK1 LTD	HONG KONG	1.00	HKD	100.00	ARJO WIGGINS SAS	100.000	100.000	
ARJO WIGGINS HKK2 LTD	HONG KONG	1.00	HKD	100.00	AW HKK1 LTD	100.000	100.000	
ARJO WIGGINS CHENMING SPECIALITY PAPERS CO., LTD.	PEOPLE'S REP. OF CHINA	200,000,000.00	CHN	70.00	AW HKK2 LTD	70.000	70.000	
ARJO WIGGINS ITALIA S.R.L.	ITALY	2,275,000.00	EUR	100.00	ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED ARJO WIGGINS LIMITED	100.000 0.000	100.000 0.000	
ARJO WIGGINS LIMITED	UNITED KINGDOM	92,260,100.00	GBP	100.00	IDEM LIMITED	100.000	100.000	
ARJO WIGGINS LIMITADA	BRAZIL	25,205,145.00	BRL	100.00	ARJO WIGGINS PARTICIPACOES LTDA CANSON INTERNATIONAL SAS	98.698 1.302	98.698 1.302	
ARJO WIGGINS MEDICAL INC	USA	1.00	USD	100.00	ARJO WIGGINS SPECIALTY HOLDINGS INC.	100.000	100.000	
ARJO WIGGINS NC, LLC	USA	1.00	USD	100.00	MURO, INC.	100.000	100.000	
ARJO WIGGINS PARTICIPACOES LTDA	BRAZIL	49,705,800.00	BRL	100.00	ARJOWIGGINS SECURITY SAS	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 ARJOWIGGINS SAS	99.500 0.500	99.500 0.500	
ARJO WIGGINS SPECIALTY HOLDINGS INC.	USA	5,000.00	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	1.00	USD	100.00	ARJO WIGGINS SPECIALTY HOLDINGS INC.	100.000	100.000	
ARJOBEX AMERICA	USA	21,000,000.00	USD	100.00	MU.RO, INC. ARJO WIGGINS NC, LLC.	51.000 49.000	51.000 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	
AS ANTALIS	ESTHONIA	5,700,000.00	EEL	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000	
AWA QINGDAO PAPER LIMITED	PEOPLE'S REP. OF CHINA	6,350,000.00	USD	63.15	ARJO WIGGINS CARBONLESS PAPERS CHINA LIMITED	63.150	63.150	
BRANGS AND HEINRICH GMBH	GERMANY	1,600,050.00	EUR	100.00	ANTALIS GMBH	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	
BRANOPAC S.R.L.	ITALY	100,000.00	EUR	100.00	ANTALIS (SWITZERLAND) AG	100.000	100.000	
BRANOPACK LIMITED	UNITED KINGDOM	175,000.00	GBP	100.00	ANTALIS (SWITZERLAND) AG	100.000	100.000	
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	

(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through SEQUANA CAPITAL S.A.
(percentage of IFIL Group consolidation equal to 52.78%)

Name	Country	Capital stock at		% of Group		% interest held	% of voting rights
		12/31/2005	Currency	consolidation	Interest held by		
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	ARJO WIGGINS CARBONLESS PAPERS EUROPE 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.	NETHERLANDS	40,000.00	NLG	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
DISTRIBUIDORA OFIMARKET SA	CHILE	1,216,260,179.00	CLP	100.00	INVERSIONES ANTALIS HOLDING LIMITADA	99.993	99.993
					GMS PRODUCTOS GRAFICOS LIMITADA	0.007	0.007
ESPECIALIDADES DEL PAPEL DE COLOMBIA LTDA (ESPACOL LTDA)	COLOMBIA	608,003,000.00	COP	99.93	TORDERA S.A.	100.000	100.000
EUROPEAN PRINTED PRODUCTS S.A.S. (E2P)	FRANCE	6,100,000.00	EUR	100.00	ARJOWIGGINS SAS	100.000	100.000
FAIRPRINT BV	NETHERLANDS	16,336.09	EUR	100.00	ANTALIS PROMOTIONAL PRODUCTS BV	100.000	100.000
FIRMO - PAPEIS E PAPELARIA, S.A.	PORTUGAL	4,990,000.00	EUR	100.00	ANTALIS INTERNATIONAL SAS	100.000	100.000
FIRST GRAPHICS (PROPRIETARY) LIMITED	SOUTH AFRICA	1,000.00	ZAR	100.00	ANTALIS (PROPRIETARY) LIMITED	100.000	100.000
FIRST PAPER HOUSE BOTSWANA (PTY) LIMITED	BOTSWANA	80,000.00	BWP	100.00	ANTALIS SA HOLDINGS LIMITED	99.999	99.999
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	W PARTICIPATIONS SAS	28.575	28.575
					ARJOWIGGINS SECURITY SAS	56.029	56.029
GMS DISTRIBUIDORA GRAFICA SA	CHILE	455,343,028.00	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
					ANTALIS INTERNATIONAL HOLDINGS BV	0.010	0.010
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	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
I-PAPERS LIMITED	UNITED KINGDOM	5,000.00	GBP	100.00	ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	100.000	100.000
IDEM LIMITED	UNITED KINGDOM	92,250,002.00	GBP	100.00	ARJO WIGGINS BELGIUM HOLDINGS S.A.	81.301	81.301
					ARJO WIGGINS CARBONLESS PAPERS EUROPE LIMITED	18.699	18.699
INTERPAPEL S.A.	MEXICO	50,000.00	MXP	99.93	TORDERA S.A.	100.000	100.000
INVERSIONES ANTALIS HOLDINGS LIMITADA	CHILE	13,986,735,100.00	CLP	100.00	ANTALIS OVERSEAS HOLDINGS LIMITED	17.230	17.230
					ANTALIS INTERNATIONAL SAS	45.380	45.380
					ANTALIS INTERNATIONAL HOLDINGS BV	37.390	37.390
INVERSIONES EXTERIOR SA	CHILE	3,094,646,599.00	CLP	100.00	GMS PRODUCTOS GRAFICOS LIMITADA	99.990	99.990
					INVERSIONES ANTALIS HOLDINGS LIMITADA	0.010	0.010
INVERSIONES LOS PELLINES DOS SA	CHILE	1,088,894,160.00	CLP	100.00	GMS PRODUCTOS GRAFICOS LIMITADA	99.990	99.990
					INVERSIONES ANTALIS HOLDINGS LIMITADA	0.010	0.010
ISSY 5 EUROL	FRANCE	8,000.00	EUR	100.00	ARJOWIGGINS SAS	100.000	100.000
JAMICE SAS	FRANCE	38,125.00	EUR	100.00	ARJOWIGGINS CANSON SAS	100.000	100.000
LODI 12 SAS	FRANCE	38,112.00	EUR	100.00	CANSON INTERNATIONAL SAS	100.000	100.000
LODI 11 SAS	FRANCE	40,000.00	EUR	100.00	ARJOWIGGINS SAS	100.000	100.000
MU.RO. INC.	USA	5,000.00	USD	100.00	ARJO WIGGINS SPECIALTY HOLDINGS INC.	100.000	100.000
MUHLBACH B.V.	NETHERLANDS	45,378.02	EUR	100.00	ANTALIS INTERNATIONAL HOLDINGS BV	100.000	100.000
NEWTON FALLS LLC	USA	1.00	USD	100.00	APPLETON COATED LLC	100.000	100.000
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
PRIPLAK SAS	FRANCE	323,554.00	EUR	100.00	ARJOWIGGINS SAS	100.000	100.000
PROTALIS LIMITED	UNITED KINGDOM	4,100.00	GBP	100.00	ANTALIS GROUP HOLDINGS LIMITED	100.000	100.000
QINGDAO ARJO WIGGINS PAPER CO., LTD.	PEOPLE'S REP. OF CHINA	1,176,000.00	USD	100.00	LODI 12 SAS	40.000	40.000
					ARJO WIGGINS CHINA HOLDINGS LIMITED	60.000	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	ANTALIS INTERNATIONAL HOLDINGS BV	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	95.000	95.000
					ARJOWIGGINS LE BOURRAY SAS	5.000	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	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	95.000	95.000
					ARJO WIGGINS	5.000	5.000

(*) Voting suspended.

(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through SEQUANA CAPITAL S.A.
(percentage of IFIL Group consolidation equal to 52.78%)

Name	Country	Capital stock at 12/31/2005	Currency	% of Group consolidation Interest held by	% interest held	% of voting rights
Miscellaneous and Holding companies						
ANTONIN RODET SAS	FRANCE	11,100,000.00	EUR	100.00 W PARTICIPATIONS SAS	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 APPLETON LIMITED	UNITED KINGDOM	213,954,077.75	GBP	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 EUROPE HOLDINGS	UNITED KINGDOM	1,000.00	GBP	100.00 ARJO WIGGINS APPLETON LIMITED	99.900	99.900
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
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
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
FINANCIERE WORMS & CIE S.A.	SWITZERLAND	10,000,000.00	CHF	100.00 PERMAL GROUP	100.000	100.000
PERMAL GROUP	FRANCE	286,219,820.00	EUR	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
SEQUANA CAPITAL UK LIMITED	UNITED KINGDOM	120,714.00	GBP	100.00 SEQUANA CAPITAL	100.000	100.000
W PARTICIPATIONS SAS	FRANCE	42,323,123.70	EUR	100.00 SEQUANA CAPITAL	100.000	100.000
W SYSTEMES ET INFORMATION	FRANCE	N.D.	EUR	100.00 ANTALIS INTERNATIONAL SAS ARJOWIGGINS SAS PERMAL France SAS SEQUANA CAPITAL	40.000 37.000 8.000 15.000	40.000 38.000 8.000 15.000
Companies valued by the equity method						
Paper						
DIMAGRAF SA	ARGENTINA	125,000.00	ARS	30.00 INVERSIONES EXTERIOR SA INVERSIONES LOS PELLINES DOS SA	22.200 7.800	22.200 7.800
MWT PAPER PROCESSING LIMITED	MAURITIUS	20,000,000.00	MUR	50.00 ANTALIS SA HOLDINGS LIMITED	50.000	50.000
QUIMIGRAF SA	ARGENTINA	100,000.00	ARS	30.00 INVERSIONES EXTERIOR SA INVERSIONES LOS PELLINES DOS SA	22.200 7.800	22.200 7.800
Miscellaneous and Holding companies						
SGS S.A. / SGS LTD	SWITZERLAND	156,443,320.00	CHF	24.33 SEQUANA CAPITAL	23.773	24.326
Companies valued at cost						
Paper						
ARJO WIGGINS ARGENTINA S.A.	ARGENTINA	12,000.00	ARS	- ARJO WIGGINS FINE PAPERS HOLDINGS LTD	99.992	99.992
ARJO WIGGINS CHINA LIMITED	PEOPLE'S REP. OF CHINA	1,000.00	HKD	- ANTALIS (HONG KONG) LIMITED	89.900	89.900
ARJO WIGGINS PAPER PRODUCTS (SHANGHAI) CO.LTD.	PEOPLE'S REP. OF CHINA	470,000.00	USD	- ARJO WIGGINS CHINA LIMITED	100.000	100.000
PAPELCO SAI CIF	ARGENTINA	N.D.	USD	- WITCEL S.A.	99.776	99.776
ANTALIS FINANCE	FRANCE	1.00	EUR	- ANTALIS INTERNATIONAL	100.000	100.000
ANTALIS SERVICES GMBH	GERMANY	25,000.00	EUR	- ANTALIS GMBH	100.000	100.000
ANTALIS (SHANGAI) TRADING CO., LIMITED	PEOPLE'S REP. OF CHINA	1,200,000.00	HKD	- ANTALIS (HONG KONG) LTD	100.000	100.000
GRAPHIC SUPPLIES LIMITED	UNITED KINGDOM	1,000.00	USD	- ANTALIS INTERNATIONAL	100.000	100.000
Miscellaneous and Holding companies						
AP FRANKLIN SAS	FRANCE	40,000.00	EUR	- SEQUANA CAPITAL	100.000	100.000
AP PLACEMENTS SAS	FRANCE	40,000.00	EUR	- SEQUANA CAPITAL	100.000	100.000
AP STRATEGIE SAS	FRANCE	40,000.00	EUR	- AP FRANKLIN SAS	100.000	100.000
AP VALORISATION SAS	FRANCE	40,000.00	EUR	- SEQUANA CAPITAL	100.000	100.000
CHATEAU DE MERCEY DOMAINE RODET SAS	FRANCE	542,500.00	EUR	- ANTONIN RODET SAS	100.000	100.000
DUCS DE SAVOIE	FRANCE	3,200.00	EUR	- SEQUANA CAPITAL	23.810	23.810
DUVERGEY S.A.R.L.	FRANCE	7,622.45	EUR	- ANTONIN RODET SAS	95.000	95.000
FINANCIERE DES GRANDS VIGNOBLES DE BOURGOGNE SAS	FRANCE	4,575,000.00	EUR	- ANTONIN RODET SAS	35.625	35.625
FRANKLIN INTERNATIONAL SAS	FRANCE	40,000.00	EUR	- W PARTICIPATIONS SAS	100.000	100.000
S.C.I. ELISEE RECLUS PARIS 17E	FRANCE	1,524.00	EUR	- SEQUANA CAPITAL	50.000	50.000
SCE DU DOMAINE DE LA BRESSANDE	FRANCE	15,244.90	EUR	- ANTONIN RODET SAS	99.800	99.800
SOCIETE D'EXPLOITATION DU DOMAINE DE L'AIGLE (SCEA)	FRANCE	642,430.00	EUR	- ANTONIN RODET SAS CHATEAU DE MERCEY DOMAINE RODET SAS	99.998 0.002	99.998 0.002
WIGGINS TEAPE PENSIONS LIMITED	UNITED KINGDOM	3.00	GBP	- ARJO WIGGINS APPLETON LIMITED	100.000	100.000
Other companies pursuant to Consob resolution No. 11971 (art. 126 of the Regulations)						
EXPRESSO PAPER PLATFORM BV	NETHERLANDS	3,346,410.20	EUR	- ANTALIS INTERNATIONAL HOLDINGS BV	12.895	12.895

(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through ALPITOUR S.p.A.
(percentage of IFIL Group consolidation equal to 52.78%)

Name	Country	Capital Stock at 12/31/2005	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Companies consolidated on a line-by-line basis							
Hotel management							
ALPITOUR ESPANA S.L. UNIPERSONAL	SPAIN	22,751,000.00	EURO	100.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOOAL, LDA	100.000	100.000
ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOOAL, LDA	PORTUGAL	2,494,000.00	EURO	100.000	ALPITOUR S.p.A.	100.000	100.000
ALTAMAREA V & H COMPAGNIA ALBERGHIERA 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	TND	99.998	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOOAL, LDA	99.998	99.998
BLUMARIN DE IMPORTAÇÃO, SOCIEDAD UNIPESOOAL, S.A.	CAPE VERDE	5,000,000	CVE	100.000	BLUMARIN HOTELS, SOCIEDADE UNIPESOOAL, S.A.	100.000	100.000
BLUMARIN HOTELS, SOCIEDADE UNIPESOOAL, S.A.	CAPE VERDE	2,500,000	CVE	100.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOOAL, LDA	100.000	100.000
BLUMARIN HOTELS SICILIA S.p.A.	ITALY	38,000,000.00	EURO	100.000	ALPITOUR S.p.A.	99.900	99.900
					FRANCOROSSO INCENTIVE S.r.l.	0.100	0.100
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	EGP	100.000	ITALIAN EGYPTIAN COMPANY FOR TOURISTIC INVESTMENT (S.A.E.)	100.000	100.000
HARROW TRADING E INVESTIMENTOS SOCIEDADE UNIPESOOAL LDA	PORTUGAL	5,000.00	EURO	100.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOOAL, 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	EGP	100.000	ALTAMAREA V & H COMPAGNIA ALBERGHIERA 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
KIWENGA LIMITED	TANZANIA	745,559,000	TZS	100.000	HORIZON HOLIDAYS S.A. UNIPERSONAL	98.964	98.964
					ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOOAL, LDA	1.036	1.036
KIWENGA 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 UNIPESOOAL, 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
ORIENT SHIPPING FOR FLOATING HOTELS	EGYPT	1,450,000	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
RENTHOTEL TUNISIE S.A.	TUNISIA	200,000	TND	99.970	HORIZON HOLIDAYS S.A. UNIPERSONAL	99.970	99.970
RIVIERA AZUL S.A. DE C.V.	MEXICO	50,000	MXP	96.000	HARROW TRADING E INVESTIMENTOS SOCIEDADE UNIPESOOAL 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
Insurance company							
ALPITOUR REINSURANCE COMPANY LIMITED	IRELAND	750,000.00	EURO	100.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOOAL, LDA	100.000	100.000
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	97.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOOAL, LDA	97.000	97.000
Incoming services							
CONSORCIO TURISTICO PANMEX S.A. DE C.V.	MEXICO	50,000	MXP	70.000	ALPITURISMO SERVICES OF TOURISM, SOCIEDADE UNIPESOOAL, 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	64.980	JUMBOTURISMO S.A. UNIPERSONAL	64.980	64.980
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	300,000	TUD	49.983	JUMBOTURISMO S.A. UNIPERSONAL	49.983	49.983
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 UNIPESOOAL, 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	MAD	99.700	JUMBOTURISMO S.A. UNIPERSONAL	99.700	99.700

(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through ALPITOUR S.p.A.
(percentage of IFIL Group consolidation equal to 52.78%)

Name	Country	Capital Stock at 12/31/2005	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
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
Tour operating							
FRANCOROSSO INCENTIVE S.r.l.	ITALY	10,400.00	EURO	100.000	ALPITOUR S.p.A.	100.000	100.000
JUMBO GRANDI EVENTI S.r.l.	ITALY	78,000.00	EURO	70.000	JUMBO TOURS ITALIA S.r.l.	70.000	70.000
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
Companies valued by the equity method							
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
Incoming services							
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
Tour operating							
VIAGGI DELL'ELEFANTE S.p.A.	ITALY	260,000.00	EURO	35.000	ALPITOUR S.p.A.	35.000	35.000
Companies valued at cost							
Hotel management							
VACANZEINITALIA S.p.A.	ITALY	300,000	EURO	-	ALPITOUR S.p.A.	50.000	50.000
Distribution (Travel agency)							
AIRPORTS & TRAVEL S.r.l.	ITALY	50,000.00	EURO	-	WELCOME TRAVEL GROUP S.p.A.	49.000	49.000
SAUGO VIAGGI S.r.l.	ITALY	20,938.00	EURO	-	WELCOME TRAVEL GROUP S.p.A.	95.000	95.000
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
Incoming services							
ALPITOUR GROUP EGYPT FOR TOURISM S.A.E.	EGYPT	2,000,000	EGP	-	ALPITOUR S.p.A.	50.000	50.000
CALOBANDE S.L. UNIPERSONAL	SPAIN	453,755.00	EURO	-	JUMBOTURISMO S.A. UNIPERSONAL	100.000	100.000
INFRATOURS DOMINICANA S.A.	DOMINICAN REP.	400,000.00	DOP	-	JUMBOTURISMO S.A. UNIPERSONAL	49.500	49.500

(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through FIAT S.p.A. (a)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Subsidiaries consolidated on a line-by-line basis								
Automobiles								
Fiat Auto Holdings B.V.	Amsterdam	Netherlands	1,000,000	EUR	100.00	Fiat Partecipazioni S.p.A. Fiat Auto Holdings B.V.	90.000	100.00
Andalcar Motor S.L.	Jerez	Spain	2,186,928	EUR	100.00	Inmap 2000 Espana S.L.	10.000	0
Banco Fidis de Investimento SA	Betim	Brazil	116,235,465	BRL	100.00	Fidis S.p.A. Fiat Automovels S.A. - FIASA	98.970 1.030	
Clickar Assistance S.R.L.	Turin	Italy	335,632	EUR	100.00	Fidis S.p.A.	100.000	
Easy Drive S.r.l.	Turin	Italy	10,400	EUR	100.00	Fiat Auto S.p.A. Fiat Center Italia S.p.A.	99.000 1.000	
FAL Fleet Services S.A.S.	Trappes	France	3,000,000	EUR	100.00	Fidis Renting Italia S.p.A.	100.000	
Fiat Auto Argentina S.A.	Buenos Aires	Argentina	377,439,448	ARS	100.00	Fiat Auto S.p.A. Fiat Automovels S.A. - FIASA Fiat Argentina S.A.	65.278 34.721 0.001	
Fiat Auto (Belgio) S.A.	Brussels	Belgium	20,951,220	EUR	100.00	Fiat Finance Netherlands B.V. Fiat Auto (Suisse) S.A.	99.998 0.002	
Fiat Auto Contracts Ltd	Slough Berkshire	United Kingdom	16,000,000	GBP	100.00	Fidis Renting Italia S.p.A.	100.000	
Fiat Auto Dealer Financing SA	Brussels	Belgium	62,000	EUR	99.84	Fiat Auto (Belgio) S.A.	99.839	
Fiat Auto Espana S.A.	Alcala De Henares	Spain	60,696,601	EUR	100.00	Fiat Finance Netherlands B.V. Fiat Auto (Suisse) S.A.	99.998 0.002	
Fiat Auto Financial Services (Wholesale) Ltd.	Slough Berkshire	United Kingdom	3,500,000	GBP	100.00	Fidis S.p.A.	100.000	
Fiat Auto Hellas S.A.	Aryroupoli	Greece	60,533,499	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.	Minatu-Ku, Tokyo	Japan	420,000,000	JPY	100.00	Fiat Auto S.p.A.	100.000	
Fiat Auto Kreditbank GmbH	Vienna	Austria	5,000,000	EUR	100.00	Fiat Auto S.p.A. Fidis S.p.A.	50.000 50.000	
Fiat Auto Lease N.V.	Amsterdam	Netherlands	454,000	EUR	100.00	Fidis Renting Italia 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	Netherlands	5,672,250	EUR	100.00	Fiat Auto Holdings B.V.	100.000	
Fiat Auto Poland S.A.	Bielsko-Biala	Poland	660,334,600	PLN	100.00	Fiat Auto S.p.A.	100.000	
Fiat Auto Portuguesa S.A.	Alges	Portugal	8,000,000	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 S.p.A.	Turin	Italy	2,500,000,000	EUR	100.00	Fiat Auto Holdings B.V.	100.000	
Fiat Auto (Suisse) S.A.	Schlieren	Switzerland	21,400,000	CHF	100.00	Fiat Auto S.p.A.	100.000	
Fiat Auto Trasporti S.r.l.	Turin	Italy	10,000	EUR	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 Automobil AG	Heilbronn	Germany	97,280,000	EUR	100.00	Fiat Finance Netherlands B.V. Fiat Auto (Suisse) S.A.	99.000 1.000	
Fiat Automobil GmbH	Vienna	Austria	37,000	EUR	100.00	Fiat Finance Netherlands B.V.	100.000	
Fiat Automobil Vertriebs GmbH	Frankfurt	Germany	8,700,000	EUR	100.00	Fiat Automobil 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 Credit Belgio S.A.	Evere	Belgium	3,718,500	EUR	100.00	Fidis S.p.A.	99.999	
Fiat Credito Compania Financiera S.A.	Buenos Aires	Argentina	119,791,680	ARS	100.00	Fidis S.p.A. Fiat Auto Argentina S.A.	99.999 0.001	
Fiat Distribuidora Portugal S.A.	Lisbon	Portugal	450,300	EUR	100.00	Fiat Auto Portuguesa S.A.	100.000	
Fiat Finance Holding S.A.	Luxembourg	Luxembourg	2,300,000	EUR	100.00	Fidis S.p.A. Fiat Finance Netherlands B.V.	99.995 0.005	
Fiat Finance Netherlands B.V.	Amsterdam	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 Handlarservice GmbH	Heilbronn	Germany	5,100,000	EUR	100.00	Fiat Automobil AG	100.000	
Fiat India Automobiles Private Limited	Mumbai	India	18,780,741,500	INR	100.00	Fiat Auto S.p.A.	100.000	
Fiat India Private Ltd.	Mumbai	India	8,363,617,700	INR	99.87	Fiat Auto S.p.A. Fiat India Automobiles Private Limited	57.532 42.337	57.181 42.687
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 Holdings B.V.	100.000	
FIAT Purchasing Poland Sp. z o.o.	Bielsko-Biala	Poland	300,000	PLN	100.00	Fiat Auto Holdings B.V.	100.000	
Fiat SR Spol. SR.O.	Bratislava	Slovak Republic	1,000,000	SKK	100.00	Fiat Auto S.p.A.	100.000	
Fiat Versicherungsdienst GmbH	Heilbronn	Germany	26,000	EUR	100.00	Fiat Automobil AG Rimaco S.A.	51.000 49.000	
Fidis Credit Danmark A/S	Glostrup	Denmark	500,000	DKK	100.00	Fiat Finance Netherlands B.V.	100.000	
Fidis Dealer Services B.V.	Utrecht	Netherlands	698,000	EUR	100.00	Fiat Auto Nederland B.V.	100.000	

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The consolidation method and the percentage of Group consolidation indicated in the list refer to the consolidated financial statements of the Fiat Group.

(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through FIAT S.p.A. (a)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Fidis Faktoring Polska Sp. z o.o.	Warsaw	Poland	1,000,000	PLN	100.00	Fidis S.p.A.	99.950	
						Fiat Polska Sp. z o.o.	0.050	
Fidis Finance Polska Sp. z o.o.	Warsaw	Poland	10,000,000	PLN	100.00	Fidis S.p.A.	99.980	
						Fiat Polska Sp. z o.o.	0.020	
Fidis Hungary KFT	Budapest	Hungary	13,000	EUR	100.00	Fidis S.p.A.	100.000	
Fidis Renting Italia S.p.A.	Turin	Italy	5,800,000	EUR	100.00	Fiat Auto S.p.A.	100.000	
Fidis S.p.A.	Turin	Italy	311,232,342	EUR	100.00	Fiat Auto S.p.A.	99.900	
						Nuove Iniziative Finanziarie 2 S.r.l.	0.100	
Finplus Renting S.A.	Madrid	Spain	3,955,986	EUR	100.00	Fidis Renting Italia S.p.A.	100.000	
Inmap 2000 Espana S.L.	Alcala De Henares	Spain	2,448,955	EUR	100.00	Fiat Auto Espana 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	19,749,554	EUR	100.00	Fiat Auto (Belgio) S.A.	100.000	
Leasys S.p.A.	Fiumicino	Italy	77,499,400	EUR	100.00	Fidis Renting Italia S.p.A.	100.000	
Multipoint Sevilla S.A.	Seville	Spain	851,578	EUR	100.00	Inmap 2000 Espana S.L.	100.000	
Sala Società Automobilistica Tecnologie Avanzate S.p.A.	Melfi	Italy	276,640,000	EUR	100.00	Fiat Auto S.p.A.	100.000	
Savarent Società per Azioni	Turin	Italy	21,000,000	EUR	100.00	Fidis Renting Italia S.p.A.	100.000	
Solice-Société de Financement des Concessionnaires s.a.s.	Trappes	France	3,353,600	EUR	100.00	Fiat France	100.000	
Tarfin S.A.	Schlieren	Switzerland	500,000	CHF	100.00	Fidis S.p.A.	100.000	
Targa Rent S.r.l.	Turin	Italy	310,000	EUR	100.00	Fidis S.p.A.	100.000	
Targasy's Espana S.L.	Alcala De Henares	Spain	5,000	EUR	100.00	Fiat Auto Espana S.A.	100.000	
Targasy's Stock SA	Alcala De Henares	Spain	5,108,799	EUR	100.00	Fiat Auto Espana S.A.	100.000	
Ferrari								
Ferrari S.p.A.	Modena	Italy	20,000,000	EUR	56.00	Fiat S.p.A.	56.000	
Charles Pozzi S.a.r.l.	Levallois-Perret	France	959,519	EUR	56.00	Ferrari West Europe S.A.	100.000	
Ferrari Deutschland GmbH	Wiesbaden	Germany	1,000,000	EUR	56.00	Ferrari International S.A.	100.000	
Ferrari GB Limited	Slough Berkshire	United Kingdom	50,000	GBP	56.00	Ferrari International S.A.	100.000	
Ferrari G.E.D. S.p.A.	Modena	Italy	31,000,000	EUR	56.00	Ferrari S.p.A.	100.000	
Ferrari International S.A.	Luxembourg	Luxembourg	13,112,000	EUR	56.00	Ferrari S.p.A.	99.999	
						Ferrari N. America Inc.	0.001	
Ferrari N. America Inc.	Englewood Cliffs	U.S.A.	200,000	USD	56.00	Ferrari S.p.A.	100.000	
Ferrari San Francisco Inc.	Mill Valley	U.S.A.	100,000	USD	56.00	Ferrari N. America Inc.	100.000	
Ferrari (Suisse) SA	Nyon	Switzerland	1,000,000	CHF	56.00	Ferrari International S.A.	100.000	
						Société Française de Participations Ferrari - S.F.P.F.		
Ferrari West Europe S.A.	Levallois-Perret	France	280,920	EUR	56.00	S.A.R.L.	100.000	
GSA-Geslions Sportives Automobiles S.A.	Meyrin	Switzerland	1,000,000	CHF	56.00	Ferrari International S.A.	100.000	
Pozzi Rent Snc	Lyon	France	15,256	EUR	56.00	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	56.00	Ferrari International S.A.	100.000	
410 Park Display Inc.	New York	U.S.A.	100	USD	56.00	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 North America Inc.	Englewood Cliffs	U.S.A.	1,000	USD	100.00	Maserati S.p.A.	100.000	
Agricultural and Construction Equipment								
CNH Global N.V.	Amsterdam	Netherlands	321,795,983	EUR	83.90	Fiat Netherlands Holding N.V.	83.810	83.901
						CNH Global N.V.	0.108	0
Austoft Industries Limited	Bundaberg	Australia	16,353,225	AUD	83.90	CNH Australia Pty Limited	100.000	
Banco CNH Capital S.A.	Curitiba	Brazil	252,285,242	BRL	83.90	CNH Global N.V.	59.760	
						CNH Latin America Ltda.	40.240	
Bii Group Inc.	Wilmington	U.S.A.	1,000	USD	83.90	CNH America LLC	100.000	
Blue Leaf I.P. Inc.	Wilmington	U.S.A.	1,000	USD	83.90	Bii Group Inc.	100.000	
Case Brazil Holdings Inc.	Wilmington	U.S.A.	1,000	USD	83.90	CNH America LLC	100.000	
Case Canada Receivables, Inc.	Calgary	Canada	1	CAD	83.90	CNH Capital America LLC	100.000	
Case Credit Australia Investments Pty Ltd	St. Marys	Australia	71,516,000	AUD	83.90	CNH Australia Pty Limited	100.000	
Case Credit Holdings Limited	Wilmington	U.S.A.	5	USD	83.90	CNH Capital America LLC	100.000	
Case Equipment Holdings Limited	Wilmington	U.S.A.	5	USD	83.90	CNH America LLC	100.000	
Case Equipment International Corporation	Wilmington	U.S.A.	1,000	USD	83.90	CNH America LLC	100.000	
Case Europe S.a.r.l.	Le Plessis-Belleville	France	7,622	EUR	83.90	CNH America LLC	100.000	
Case Harvesting Systems GmbH	Neustadt	Germany	281,211	EUR	83.90	CNH America LLC	100.000	
Case India Limited	Wilmington	U.S.A.	5	USD	83.90	CNH America LLC	100.000	
Case International Marketing Inc.	Wilmington	U.S.A.	5	USD	83.90	CNH America LLC	100.000	
Case LBX Holdings Inc.	Wilmington	U.S.A.	5	USD	83.90	CNH America LLC	100.000	
Case Machinery (Shanghai) Co. Ltd.	Shanghai	People's Rep. of China	2,250,000	USD	83.90	CNH America LLC	100.000	
Case New Holland Inc.	Wilmington	U.S.A.	5	USD	83.90	CNH Global N.V.	100.000	
Case United Kingdom Limited	Basildon	United Kingdom	3,763,618	GBP	83.90	CNH America LLC	100.000	
CNH America LLC	Wilmington	U.S.A.	0	USD	83.90	Case New Holland Inc.	100.000	
CNH Argentina S.A.	Buenos Aires	Argentina	29,611,105	ARS	83.90	New Holland Holdings Argentina S.A.	80.654	
						CNH Latin America Ltda.	19.346	
CNH Asian Holding Limited	Ebene	Mauritius	78,571,333	USD	83.90	CNH Global N.V.	100.000	

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The consolidation method and the percentage of Group consolidation indicated in the list refer to the consolidated financial statements of the Fiat Group.

(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through FIAT S.p.A. (a)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation		% interest held	% of voting rights
					Interest held by			
CNH Australia Pty Limited	St. Marys	Australia	306,785,439	AUD	83.90	CNH Global N.V.	100.000	
CNH Baumaschinen GmbH	Berlin	Germany	61,355,030	EUR	83.90	CNH International S.A.	100.000	
CNH Belgium N.V.	Zedelgem	Belgium	27,268,300	EUR	83.90	CNH International S.A.	100.000	
CNH Canada, Ltd.	Toronto	Canada	28,000,100	CAD	83.90	CNH Global N.V.	100.000	
CNH Capital America LLC	Wilmington	U.S.A.	0	USD	83.90	CNH Capital LLC	100.000	
CNH Capital Australia Pty Limited	St. Marys	Australia	83,248,874	AUD	83.90	CNH Australia Pty Limited	100.000	
CNH Capital Benelux	Zedelgem	Belgium	6,350,000	EUR	83.90	CNH Global N.V.	99.000	
						CNH Capital U.K. Ltd.	1.000	
CNH Capital Canada Ltd.	Calgary	Canada	1	CAD	83.90	Case Credit Holdings Limited	99.500	
						CNH Canada, Ltd.	0.500	
CNH Capital (Europe) plc	Dublin	Ireland	38,100	EUR	83.90	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	83.90	CNH Capital America LLC	100.000	
CNH Capital LLC	Wilmington	U.S.A.	0	USD	83.90	CNH America LLC	100.000	
CNH Capital plc	Dublin	Ireland	6,386,791	EUR	83.90	CNH Global N.V.	100.000	
CNH Capital RACES LLC	Wilmington	U.S.A.	1,000	USD	83.90	CNH Capital America LLC	100.000	
CNH Capital Receivables LLC	Wilmington	U.S.A.	0	USD	83.90	CNH Capital America LLC	100.000	
CNH Capital U.K. Ltd.	Basildon	United Kingdom	10,000,001	GBP	83.90	CNH Global N.V.	100.000	
CNH Componentes, S.A. de C.V.	Sao Pedro	Mexico	135,634,842	MXN	83.90	CNH America LLC	100.000	
CNH Danmark A/S	Hvidovre	Denmark	12,000,000	DKK	83.90	CNH International S.A.	100.000	
CNH Deutschland GmbH	Heilbronn	Germany	18,457,650	EUR	83.90	CNH International S.A.	100.000	
CNH Engine Corporation	Wilmington	U.S.A.	1,000	USD	83.90	CNH America LLC	100.000	
CNH Financial Services	Puteaux	France	3,738,141	EUR	83.90	CNH Global N.V.	100.000	
CNH Financial Services A/S	Hvidovre	Denmark	500,000	DKK	83.90	CNH Global N.V.	100.000	
CNH Financial Services GmbH	Heilbronn	Germany	200,000	EUR	83.90	CNH International S.A.	100.000	
CNH Financial Services S.r.l.	Modena	Italy	10,400	EUR	83.90	CNH Global N.V.	100.000	
CNH France S.A.	Le Plessis-Belleville	France	138,813,150	EUR	83.90	CNH International S.A.	100.000	
CNH International S.A.	Luxembourg	Luxembourg	300,000,000	USD	83.90	CNH Global N.V.	100.000	
CNH Italia S.p.A.	Modena	Italy	15,600,000	EUR	83.90	CNH Global N.V.	100.000	
CNH Latin America Ltda.	Contagem	Brazil	674,264,183	BRL	83.90	CNH Global N.V.	87.880	
						Case Brazil Holdings Inc.	10.610	
						Case Equipment International Corporation	1.510	
CNH Maquinaria Spain S.A.	Coslada	Spain	21,000,000	EUR	83.90	CNH International S.A.	99.999	
CNH Osterreich GmbH	St. Valentin	Austria	2,000,000	EUR	83.90	CNH Global N.V.	100.000	
CNH Polska Sp. z o.o.	Plock	Poland	162,591,660	PLN	83.90	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	83.90	CNH International S.A.	99.980	
						CNH Italia s.p.a.	0.020	
CNH Receivables LLC	Wilmington	U.S.A.	0	USD	83.90	CNH Capital America LLC	100.000	
CNH Servicos Tecnicos e Desenvolvimento de Negocios Ltda	Curitiba	Brazil	1,000,000	BRL	83.90	Banco CNH Capital S.A.	100.000	
CNH Trade N.V.	Amsterdam	Netherlands	50,000	EUR	83.90	CNH Global N.V.	100.000	
CNH U.K. Limited	Basildon	United Kingdom	91,262,275	GBP	83.90	New Holland Holding Limited	100.000	
CNH Wholesale Receivables LLC	Wilmington	U.S.A.	0	USD	83.90	CNH Capital America LLC	100.000	
Fialliss North America LLC	Wilmington	U.S.A.	32	USD	83.90	CNH America LLC	100.000	
Flexi-Coil (U.K.) Limited	Basildon	United Kingdom	1,000	GBP	83.90	CNH Canada, Ltd.	100.000	
Harbin New Holland Tractors Co., Ltd.	Harbin	People's Rep. of China	2,859,091	USD	83.90	CNH Asian Holding Limited	99.000	
						CNH International S.A.	1.000	
HFI Holdings Inc.	Wilmington	U.S.A.	1,000	USD	83.90	CNH America LLC	100.000	
JV Uzcaseagroleasing LLC	Tashkent	Uzbekistan	0	USD	42.79	Case Credit Holdings Limited	51.000	
JV UzCaseMash LLC	Tashkent	Uzbekistan	0	USD	50.34	Case Equipment Holdings Limited	60.000	
JV UzCaseService LLC	Tashkent	Uzbekistan	0	USD	42.79	Case Equipment Holdings Limited	51.000	
JV UzCaseTractor LLC	Tashkent	Uzbekistan	0	USD	42.79	Case Equipment Holdings Limited	51.000	
Kobelco Construction Machinery America LLC	Wilmington	U.S.A.	0	USD	54.54	New Holland Excavator Holdings LLC	65.000	
Kobelco Construction Machinery Europe BV in liquidation	Almere	Netherlands	567,225	EUR	62.61	New Holland Kobelco Construction Machinery S.p.A.	100.000	
MBA AG	Bassersdorf	Switzerland	4,000,000	CHF	83.90	CNH Global N.V.	100.000	
New Holland Australia Pty Ltd	Riverstone	Australia	1	AUD	83.90	CNH Australia Pty Limited	100.000	
New Holland Credit Australia Pty Limited	Riverstone	Australia	725,834	AUD	83.90	CNH Capital Australia Pty Limited	100.000	
New Holland Credit Company, LLC	Wilmington	U.S.A.	0	USD	83.90	CNH Capital LLC	100.000	
New Holland Excavator Holdings LLC	Wilmington	U.S.A.	0	USD	83.90	CNH America LLC	100.000	
New Holland Holding Limited	London	United Kingdom	165,000,000	GBP	83.90	CNH International S.A.	100.000	
New Holland Holdings Argentina S.A.	Buenos Aires	Argentina	23,555,415	ARS	83.90	CNH Latin America Ltda.	100.000	
New Holland Kobelco Construction Machinery Belgium SA	Herstal-lez-Liege	Belgium	247,900	EUR	62.61	New Holland Kobelco Construction Machinery S.p.A.	100.000	
New Holland Kobelco Construction Machinery S.p.A.	San Mauro Torinese	Italy	80,025,291	EUR	62.61	CNH Italia s.p.a.	74.625	

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(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through FIAT S.p.A. (a)

Name	Registered office	Country	Capital stock	Currency	% of Group		interest held	% of voting rights
					consolidation	Interest held by		
New Holland Ltd	Basildon	United Kingdom	1,000,000	GBP	83.90	CNH Global N.V.	100.000	
New Holland Tractor Ltd. N.V.	antwerp	Belgium	9,631,500	EUR	83.90	New Holland Holding Limited	100.000	
New Holland Tractors (India) Private Ltd	New Delhi	India	194,983,580,400	INR	83.90	CNH Asian Holding Limited	100.000	
O & K - Hille GmbH	Berlin	Germany	25,565	EUR	83.90	CNH Baumaschinen GmbH	100.000	
Pryor Foundry Inc.	Oklahoma City	U.S.A.	1,000	USD	83.90	CNH America LLC	100.000	
Receivables Credit II Corporation	Calgary	Canada	1	CAD	83.90	CNH Capital America LLC	100.000	
RosCaseMash	Saratov	Russia	200,000	RUR	32.09	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	50.34	CNH Asian Holding Limited	60.000	
Powertrain Technologies								
Fiat Powertrain Technologies S.p.A.	Orbassano	Italy	5,120,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat Powertrain Italia S.r.l.	Turin	Italy	740,100,000	EUR	100.00	Fiat Auto Holdings B.V.	100.000	
FMA - Fabbrica Motori Automobilistici S.r.l.	Prato Serra	Italy	306,186,210	EUR	100.00	Fiat Powertrain Italia S.r.l.	100.000	
Powertrain Mekanik Sanayi ve Ticaret Limited Sirketi	Demirtas-Bursa	Turkey	75,329,600,000	TRY	100.00	Fiat Auto Holdings B.V.	99.980	
						Fiat Powertrain Italia S.r.l.	0.020	
Commercial Vehicles								
Iveco S.p.A.	Turin	Italy	858,400,000	EUR	100.00	Fiat Netherlands Holding N.V.	100.000	
Amice Automotive Manufacturing Co.Ethiopia	Addis Abeba	Ethiopia	3,000,000	ETB	70.00	Iveco S.p.A.	70.000	
Astra Veicoli Industriali S.p.A.	Piacenza	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 Associes de Matériels S.A.	Saint-Alban-Leyse	France	1,870,169	EUR	99.96	Iveco Eurofire (Holding) GmbH	99.963	
Componentes Mecanicos S.A.	Barcelona	Spain	37,405,038	EUR	59.39	Iveco España S.L.	59.387	
Effe Grundbesitz GmbH	Ulm	Germany	10,225,838	EUR	100.00	Iveco Investitions GmbH	90.000	
						Iveco S.p.A.	10.000	
Electronica Trasport Commercial S.r.l. (Eltrac S.r.l.)	Turin	Italy	109,200	EUR	100.00	Iveco S.p.A.	100.000	
Euro moteurs S.A.	Garchizy	France	2,098,560	EUR	100.00	Iveco Participations S.A.	100.000	
European Engine Alliance S.c.r.l.	Turin	Italy	32,044,797	EUR	61.30	CNH Global N.V.	33.333	
						Iveco S.p.A.	33.333	
Heuliez Bus S.A.	Rorhais	France	9,000,000	EUR	100.00	Société Charolaise de Participations S.A.	100.000	
IAV-Industrie-Anlagen-Verpachtung GmbH	Ulm	Germany	25,565	EUR	100.00	Iveco Investitions GmbH	95.000	
						Iveco S.p.A.	5.000	
Ikarus Egyedi Autobusz GY	Budapest	Hungary	350,000,000	HUF	68.15	Iveco España S.L.	68.146	
Ikarus Trade Kft.	Budapest	Hungary	423,220,000	HUF	100.00	Ikarusbus Jamugyarto RT	99.976	
						Iveco España S.L.	0.024	
Ikarusbus Jamugyarto RT	Budapest	Hungary	974,268,827	HUF	100.00	Irisbus Italia S.p.A.	99.998	
						Iveco France S.A.	0.002	
Industrial Vehicles Center Hainaut S.A.	Charleroi	Belgium	600,000	EUR	100.00	S.A. Iveco Belgium N.V.	95.000	
						Iveco Nederland B.V.	5.000	
Irisbus Australia Pty. Ltd.	Dandenong	Australia	1,500,000	AUD	100.00	Iveco España S.L.	100.000	
Irisbus Benelux Ltd.	Leudelange	Luxembourg	594,000	EUR	100.00	Iveco France S.A.	99.983	
						Société Charolaise de Participations S.A.	0.017	
Irisbus Deutschland GmbH	Mainz-Mombach	Germany	22,000,000	EUR	100.00	Iveco España S.L.	100.000	
Irisbus Italia S.p.A.	Turin	Italy	100,635,750	EUR	100.00	Iveco España S.L.	100.000	
Irisbus (U.K.) Ltd	Walford	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.	75.000	
						Iveco Nederland B.V.	25.000	
IVC Nutzfahrzeuge AG	Hendschiken	Switzerland	3,500,000	CHF	100.00	Iveco (Schweiz) AG	100.000	
IVC Vehicules Industriels S.A.	Morges	Switzerland	1,200,000	CHF	100.00	Iveco (Schweiz) AG	100.000	
Iveco Argentina S.A.	Cordoba	Argentina	130,237,793	ARS	100.00	Iveco S.p.A.	100.000	
Iveco Austria GmbH	Vienna	Austria	6,178,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Bayern GmbH	Norimberga	Germany	742,000	EUR	100.00	Iveco Magirus AG	100.000	
Iveco Contract Services Limited	Walford	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	259,669,998	EUR	100.00	Iveco S.p.A.	100.000	
Iveco Est Sas	Hauconcourt	France	305,600	EUR	100.00	Iveco France S.A.	100.000	
Iveco Eurofire (Holding) GmbH	Weisweil	Germany	30,776,857	EUR	100.00	Iveco Magirus AG	90.032	
						Iveco S.p.A.	9.968	
Iveco Fiat Brasil Ltda	Sete Lagnas	Brazil	170,100,000	BRL	100.00	Fiat Automoveis S.A. - FIASA	50.000	
						Iveco S.p.A.	48.576	
						Iveco Latin America Ltda	1.424	
Iveco Finland OY	Espoo	Finland	200,000	EUR	100.00	Iveco S.p.A.	100.000	
Iveco France S.A.	Versailles	France	92,856,130	EUR	100.00	Iveco España S.L.	50.326	
						Iveco S.p.A.	49.674	
Iveco Holdings Limited	Walford	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	99.020	
						Iveco S.p.A.	0.980	
Iveco Latin America Ltda	Sao Paulo	Brazil	684,700,000	BRL	100.00	Iveco S.p.A.	100.000	

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(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through FIAT S.p.A. (a)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Iveco Limited	Walford	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 S.A.	100.000	
Iveco Magirus AG	Ulm	Germany	250,000,000	EUR	100.00	Iveco S.p.A.	53.660	
						Fiat Netherlands Holding N.V.	46.340	
Iveco Magirus Brandschutztechnik GmbH	Ulm	Germany	6,493,407	EUR	100.00	Iveco Eurofire (Holding) GmbH	99.764	
						Iveco S.p.A.	0.236	
Iveco Mezzi Speciali S.p.A.	Brescia	Italy	13,120,000	EUR	100.00	Iveco Eurofire (Holding) GmbH	100.000	
Iveco Motorenforschung AG	Arbon	Switzerland	4,600,000	CHF	100.00	Iveco S.p.A.	60.000	
						Iveco France S.A.	40.000	
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	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.	Voyenga	Norway	18,600,000	NOK	100.00	Iveco S.p.A.	100.000	
Iveco Otomotiv Ticaret A.S.	Samandira-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	Walford	United Kingdom		2 GBP	100.00	Iveco Holdings Limited	50.000	
						Iveco Limited	50.000	
Iveco Poland Ltd.	Warsaw	Poland	46,974,500	PLN	100.00	Iveco S.p.A.	99.989	
						Fiat Polska Sp. z o.o.	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.	99.997	
						Astra Veicoli Industriali S.p.A.	0.001	
Iveco (Schweiz) AG	Kloten	Switzerland	9,000,000	CHF	100.00	Iveco Nederland B.V.	100.000	
Iveco South Africa (Pty) Ltd.	Waderville	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	Köln	Germany	1,662,000	EUR	100.00	Iveco Magirus AG	100.000	
Karosa A.S.	Vysoké Myto	Czech Republic	1,065,559,000	CZK	97.98	Iveco France S.A.	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 Espana S.L.	100.000	
Officine Bremnero S.p.A.	Trenno	Italy	7,120,000	EUR	100.00	Iveco S.p.A.	100.000	
S.A. Iveco Belgium N.V.	Zellik	Belgium	6,000,000	EUR	100.00	Iveco S.p.A.	99.983	
						Iveco Nederland B.V.	0.017	
S.C.I. La Méditerranéenne	Vitrolles	France	248,000	EUR	100.00	Iveco France S.A.	50.000	
						Société de Diffusion de Véhicules Industriels SDVI S.A.S.	50.000	
Seddon Atkinson Vehicles Ltd	Oldham	United Kingdom	41,700,000	GBP	100.00	Iveco Holdings Limited	100.000	
Sicca S.p.A.	Modena	Italy	5,300,000	EUR	100.00	Iveco S.p.A.	100.000	
Société Charolaise de Participations S.A.	Vénissieux	France	2,370,000	EUR	100.00	Iveco Espana S.L.	100.000	
Société de Diffusion de Véhicules Industriels-SDVI S.A.S.	Trappes	France	7,022,400	EUR	100.00	Iveco France S.A.	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	
Trucksure Services Ltd	Walford	United Kingdom	900,000	GBP	100.00	Iveco Holdings Limited	100.000	
Utilitaires & Véhicules Industriels Franciliens-UVIF SAS	La Garenne	France	1,067,500	EUR	100.00	Iveco France S.A.	100.000	
Zona Franca Alari Sepauto S.A.	Barcelona	Spain	520,560	EUR	51.87	Iveco Espana S.L.	51.867	
2 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.	Corbeta	Italy	254,324,998	EUR	99.99	Fiat S.p.A.	99.991	100.000
Automotive Lighting Broterode GmbH	Meiningen	Germany	7,270,000	EUR	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Automotive Lighting Holding GmbH in liquidation	Innsbruck	Austria	11,952,191	EUR	99.99	Magneti Marelli Holding S.p.A.	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	99.997	
						Fiat Polska Sp. z o.o.	0.003	
Automotive Lighting Rear Lamps Deutschland GmbH	Grasbrunn-Neukerferloh	Germany	25,565	EUR	98.99	Automotive Lighting Rear Lamps Italia S.p.A.	99.000	
Automotive Lighting Rear Lamps Espana S.A.	Linares del Valles	Spain	9,153,693	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 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	

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(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through FIAT S.p.A. (a)

Name	Registered office	Country	Capital stock	Currency	% of Group		% interest held	% of voting rights
					consolidation	Interest held by		
Fiat CIEI S.p.A.	Corbetta	Italy	624,000	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Illuminacao Automotiva Ltda	Contagem	Brazil	26,533,428	BRL	99.99	Automotive Lighting Reuldingen GmbH	100.000	
Industrial Yorika de Mexico S.A. de C.V.	Mexico City	Mexico	50,000	MXN	99.99	Yorika de Mexico S.r.l. de CV	98.000	
Industrial Yorika de Tepozotlan S.A. de C.V.	Mexico City	Mexico	50,000	MXN	99.99	Industrial Yorika de Tepozotlan S.A. de C.V.	2.000	
Industrias Magneti Marelli Mexico S.A. de C.V.	Tepozotlan	Mexico	50,000	MXN	99.99	Yorika de Mexico S.r.l. de CV	99.000	
						Industrial Yorika de Mexico S.A. de C.V.	1.000	
						Servicios Administrativos Corp. IPASA S.A.	0.002	
Kadron S/A	Maua	Brazil	2,622,229	BRL	99.69	Magneti Marelli do Brasil Industria e Comercio SA	100.000	
Magneti Marelli After Market S.p.A.	Turin	Italy	15,349,500	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.	95.000	
						Magneti Marelli France S.a.s.	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 Coöap Companhia Fabricadora de Pecas	Santo Andre	Brazil	212,736,263	BRL	99.63	Magneti Marelli Holding S.p.A.	99.634	99.966
Magneti Marelli Components B.V.	Amsterdam	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.	95.000	
						Magneti Marelli Argentina S.A.	5.000	
Magneti Marelli Controle Motor Ltda.	Hortolandia	Brazil	108,523,749	BRL	99.99	Magneti Marelli Powertrain S.p.A.	99.997	
						Fiat do Brasil S.A.	0.003	
Magneti Marelli Deutschland GmbH	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	16,868,427	BRL	99.69	Magneti Marelli Holding S.p.A.	99.695	99.976
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 Electronica Ltda	Sao Paulo	Brazil	17,425,695	BRL	99.99	Magneti Marelli Sistemi Elettronici S.p.A.	100.000	
Magneti Marelli Escapamentos Ltda	Amparo	Brazil	65,736,384	BRL	99.99	Magneti Marelli Sistemi di Scarico S.p.A.	99.997	
						Fiat do Brasil S.A.	0.003	
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.	99.993	
						Fiat Polska Sp. z o.o.	0.007	
Magneti Marelli France S.a.s.	Nanterre	France	42,672,960	EUR	99.99	Magneti Marelli Sistemi Elettronici S.p.A.	99.980	
						Ulma S.A.S.	0.020	
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.	Wixom	U.S.A.	10	USD	99.99	Magneti Marelli Holding S.p.A.	100.000	
Magneti Marelli Iberica S.A.	Santpedr	Spain	18,099,776	EUR	99.99	Magneti Marelli Holding S.p.A.	100.000	
Magneti Marelli Motopropulsion France SAS	Nanterre	France	10,692,500	EUR	99.99	Magneti Marelli France S.a.s.	100.000	
Magneti Marelli North America Inc.	Wilmington	U.S.A.	40,223,205	USD	99.63	Magneti Marelli Coöap 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.	99.995	
						Fiat Polska Sp. z o.o.	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	10,000,000	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 Sistemas Electronicos Mexico S.A.	Tepozotlan	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 Poland Sp. z o.o.	Sosnowiec	Poland	43,100,000	PLN	99.99	Magneti Marelli Holding S.p.A.	99.993	
						Fiat Polska Sp. z o.o.	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	Cannock	United Kingdom	12,400,000	GBP	99.99	Magneti Marelli Holding S.p.A.	100.000	
Mako Elektrik Sanayi Ve Ticaret A.S.	Osmanqazi Bursa	Turkey	16,500,000,000	TRY	94.99	Magneti Marelli Holding S.p.A.	95.000	
Malaysian Automotive Lighting SDN. BHD	Perang	Malaysia	8,000,000	MYR	79.99	Automotive Lighting Reuldingen GmbH	80.000	
Servicios Administrativos Corp. IPASA S.A.	Col. Chapultepec	Mexico	1,000	MXN	99.99	Magneti Marelli Sistemas Electronicos Mexico S.A.	99.990	
						Industrias Magneti Marelli Mexico S.A. de C.V.	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	
Tutela Lubrificantes S.A.	Contagem	Brazil	941,028	BRL	99.99	Magneti Marelli Holding S.p.A.	100.000	
Ulma S.A.S.	Nanterre	France	44,940	EUR	99.94	Magneti Marelli Holding S.p.A.	64.967	
						Fiat Partecipazioni S.p.A.	34.980	
Yorika de Mexico S.r.l. de CV	El Marques Queretaro	Mexico	50,000	MXN	99.99	Magneti Marelli Holding U.S.A. Inc.	100.000	
Metallurgical Products								
Teksid S.p.A.	Turin	Italy	145,817,739	EUR	84.79	Fiat S.p.A.	84.791	
Accurcast Limited in liquidation	Saint John	Canada	39,684,600	CAD	43.24	Meridian Technologies Inc.	100.000	
Compania Industrial Frontera S.A. de C.V.	Sao Pedro	Mexico	50,000	MXN	84.79	Teksid Hierro de Mexico S.A. de C.V.	100.000	
Fonderie du Poitou Fonte S.A.S.	Ingandes-sur-Vienne	France	26,958,464	EUR	84.79	Teksid S.p.A.	100.000	
Furifrap-Fundicao Portuguesa S.A.	Cacla	Portugal	13,697,550	EUR	70.89	Fonderie du Poitou Fonte S.A.S.	83.607	
Jufas Die Casting Limited in liquidation	Saint John	Canada	24,490,715	CAD	43.24	Meridian Technologies Inc.	100.000	
Magnesium Products of America Inc.	Eaton Rapids	U.S.A.	43,454,000	USD	43.24	Meridian Technologies Inc.	100.000	

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(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through FIAT S.p.A. (a)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
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	Heilbronn	Germany	25,600	EUR	43.24	Meridian Technologies Inc.	100.000	
Meridian Magnesium LLC in liquidation	Wilmington	U.S.A.	4,962	USD	43.24	Meridian Technologies Japan Inc. Meridian Technologies Inc.	90.000 10.000	
Meridian Technologies Inc.	Saint John	Canada	165,423,445	CAD	43.24	Teksid S.p.A. Teksid Acquisition Inc.	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	8,000,000	USD	25.95	Meridian Technologies Inc.	60.000	
Société Bretonne de Fonderie et de Mécanique S.A.	Caudan	France	7,000,000	EUR	84.79	Teksid S.p.A.	100.000	
Teksid Acquisition Inc.	Toronto	Canada	66,000,001	CAD	84.79	Teksid S.p.A.	100.000	
Teksid do Brasil Ltda	Belim	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	298,500	MXN	84.79	Teksid S.p.A. Teksid Inc.	99.967 0.033	
Teksid Hierro de Mexico S.A. de C.V.	Sao Pedro	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								
Comau S.p.A.	Grugliasco	Italy	140,000,000	EUR	100.00	Fiat S.p.A.	100.000	
Autodie International, Inc.	Grand Rapids	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Comau France S.A.	Trappes	France	18,112,592	EUR	100.00	Comau S.p.A.	100.000	
Comau Argentina S.A.	Buenos Aires	Argentina	25,680	ARS	100.00	Comau S.p.A. Comau do Brasil Industria e Comercio Ltda. Fiat Argentina S.A.	55.280 44.688 0.031	
Comau Belgium N.V.	Zedelgem	Belgium	175,000	EUR	100.00	Comau S.p.A. Comau France S.A.	99.900 0.100	
Comau Deutschland GmbH	Boblingen	Germany	1,330,000	EUR	100.00	Comau S.p.A.	100.000	
Comau do Brasil Industria e Comercio Ltda.	Belim	Brazil	29,312,653	BRL	100.00	Comau S.p.A. Fiat do Brasil S.A.	99.999 0.001	
Comau Estil Unl.	Luton	United Kingdom	46,108,100	USD	100.00	Comau S.p.A.	100.000	
Comau India Private Limited	Pune	India	58,435,020	INR	100.00	Comau S.p.A. Comau Deutschland GmbH	99.990 0.010	
COMAU Ingest Sverige AB	Trollhattan	Sweden	5,000,000	SEK	100.00	Comau S.p.A. Ingest Facility S.p.A.	51.000 49.000	
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 Ialsa S. de R.L. de C.V.	Tepotzotlan	Mexico	3,000	MXN	100.00	Comau Pico Mexico S. de R.L. de C.V. Comau S.p.A.	99.967 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. Comau Deutschland GmbH	99.967 0.033	
Comau Pico of Canada Inc.	Windsor	Canada	100	CAD	100.00	Comau S.p.A.	100.000	
Comau Pico Plex S. de R.L. C.V.	Tepotzotlan	Mexico	3,000	MXN	100.00	Comau Pico Mexico S. de R.L. de C.V. Comau S.p.A.	99.967 0.033	
Comau Pico Resources, Inc.	Southfield	U.S.A.	1,000	USD	100.00	Comau Pico Holdings Corporation	100.000	
Comau Pico Trebil S. de R.L. de C.V.	Tepotzotlan	Mexico	3,000	MXN	100.00	Comau Pico Mexico S. de R.L. de C.V. Comau S.p.A.	99.967 0.033	
Comau Poland Sp. z o.o.	Bielsko-Biala	Poland	2,100,000	PLN	100.00	Comau S.p.A. Fiat Polska Sp. z o.o.	99.976 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. Comau Deutschland GmbH	99.000 1.000	
Comau SA Body Systems (Pty) Ltd	Uitenhage	South Africa	300	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 Service U.K. Ltd	Walford	United Kingdom	240,000	GBP	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	
Mecaner S.A.	Urduiz	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	10,000,000	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	

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(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through FIAT S.p.A. (a)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Business Solutions Argentina S.A.	Buenos Aires	Argentina	258,355	ARS	100.00	Business Solutions do Brasil Ltda Fiat Auto Argentina S.A.	99.992 0.008	
Business Solutions Deutschland FiatGroup GmbH	Ulm	Germany	200,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Business Solutions do Brasil Ltda	Nova Lima	Brazil	36,915,855	BRL	100.00	Business Solutions S.p.A.	100.000	
Business Solutions Polska Sp. z o.o.	Bielsko-Biala	Poland	3,600,000	PLN	100.00	Business Solutions S.p.A. Fiat Polska Sp. z o.o.	99.986 0.014	
eSPIN S.p.A.	Turin	Italy	1,000,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Fiat Finance et Services S.A.	Trappes	France	3,700,000	EUR	100.00	Business Solutions S.p.A. Fiat Partecipazioni S.p.A.	99.997 0.001	
Fiat GES.CO. Belgium N.V.	Zedelgem	Belgium	62,500	EUR	100.00	Fiat U.K. Limited Fiat Gesco S.p.A.	99.960 0.040	
Fiat Gesco S.p.A.	Turin	Italy	3,600,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Fiat Iberica S.A.	Madrid	Spain	2,797,054	EUR	100.00	Business Solutions S.p.A.	100.000	
Fiat Servizi per l'Industria S.c.p.a.	Turin	Italy	1,652,669	EUR	99.18	Fiat S.p.A. Fiat Auto S.p.A. Business Solutions S.p.A. Iveco S.p.A. Magnet Marelli Holding S.p.A. CNH Itella s.p.a. Fiat Partecipazioni S.p.A. Teksid S.p.A. Comau S.p.A. C. R.F. Società Consortile per Azioni Editrice La Stampa S.p.A.	36.468 33.532 7.500 6.000 4.000 3.000 3.000 2.000 1.500 1.500 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. Fiat Polska Sp. z o.o.	99.800 0.200	
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.	Levallois-Perret	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	Business Solutions Deutschland FiatGroup GmbH	100.000	
ITS-GSA U.K. Limited	Walford	United Kingdom	50,000	GBP	100.00	Fiat U.K. Limited	100.000	
Key G Consulting S.p.A.	Turin	Italy	167,352	EUR	60.00	Fiat Gesco S.p.A. Business Solutions S.p.A.	52.800 7.200	
PDL Services S.r.l.	Turin	Italy	105,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Risk Management S.p.A.	Turin	Italy	120,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Sadi Brasil Ltda.	Nova Lima	Brazil	100,000	BRL	100.00	Business Solutions do Brasil Ltda	100.000	
Sadi 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. Fiat Polska Sp. z o.o.	99.800 0.200	
Servizi e Attività Doganali per l'Industria S.p.A.	Turin	Italy	520,000	EUR	100.00	Business Solutions S.p.A.	100.000	
Sestieres S.p.A.	Sestiere	Italy	16,120,000	EUR	100.00	Business Solutions S.p.A. Fiat Partecipazioni S.p.A.	70.000 30.000	
Sporting Club Sestieres S.R.L.	Sestiere	Italy	312,000	EUR	100.00	Sestieres S.p.A.	100.000	
Telexis do Brasil Ltda.	Nova Lima	Brazil	1,400	BRL	100.00	Business Solutions do Brasil Ltda Fiat do Brasil S.A.	99.929 0.071	
Trantor S.r.l.	Milan	Italy	104,000	EUR	100.00	Ingest Facility S.p.A.	100.000	
Publishing and Communications								
Iledi-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	Iledi-Italiana Edizioni S.p.A.	58.004	
Editrice La Stampa S.p.A.	Turin	Italy	4,160,000	EUR	100.00	Iledi-Italiana Edizioni S.p.A.	100.000	
La Stampa Europe SAS	Paris	France	18,600,000	EUR	100.00	Iledi-Italiana Edizioni S.p.A.	100.000	
Publikompass S.p.A.	Milan	Italy	3,068,000	EUR	100.00	Iledi-Italiana Edizioni S.p.A.	100.000	
Holding companies and Other companies								
Banca Unione di Credito (Cayman) Ltd	Grand Cayman	Cayman Islands	10,000,000	CHF	100.00	BUC - Banca Unione di Credito	100.000	
BUC - Banca Unione di Credito	Lugano	Switzerland	100,000,000	CHF	100.00	IHF-Internazionale Holding Fiat S.A.	100.000	
Centro Ricerche Plast-Oplica S.p.A.	Amaro	Italy	1,033,000	EUR	74.47	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	45,400,000	EUR	97.99	Fiat Auto S.p.A. Iveco S.p.A. Magnet Marelli Holding S.p.A. Fiat Powertrain Italia S.r.l. CNH Itella s.p.a. Comau S.p.A. Teksid S.p.A. Fiat Partecipazioni S.p.A. Ferrari S.p.A.	35.000 20.000 15.000 10.000 5.000 5.000 5.000 4.000 1.000	
Deposito Avogadro S.r.l.	Turin	Italy	100,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	

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Elasis-Società Consortile per Azioni	Pomigliano d'Arco	Italy	20,000,000	EUR	97.85	Fiat Auto S.p.A.	51.000	
						C.R.F. Società Consortile per Azioni	27.933	
						CNH Italia s.p.a.	6.800	
						Fiat Powertrain Italia S.r.l.	5.000	
						Iveco S.p.A.	3.300	
						Comau S.p.A.	1.500	
						Magneti Marelli Holding S.p.A.	1.500	
						Fiat Partecipazioni S.p.A.	1.450	
						Ferrari S.p.A.	1.100	
						Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	0.250	
Fiat S.p.A.	0.167							
Fahag Immobilien-und Finanz-Gesellschaft AG	Zurich	Switzerland	500,000	CHF	100.00	IHF-Internazionale Holding Fiat S.A.	100.000	
Fast Buyer do Brasil Ltda	Nova Lima	Brazil	50,000	BRL	100.00	Fast-Buyer S.p.A.	99.998	
						Fiat Automoveis S.A. - FIASA	0.002	
Fast Buyer France S.a.r.l.	Paris	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	
Fias Fiat Administration und Service GmbH	Ulm	Germany	102,258	EUR	100.00	Iveco Magirus AG	80.000	
						Fiat Automobil AG	20.000	
Fiat Argentina S.A.	Buenos Aires	Argentina	520,002	ARS	100.00	Fiat Partecipazioni S.p.A.	99.990	
						SGR Sociedad para la Gestion de Riesgos S.A.	0.010	
Fiat Attivita Immobiliari S.p.A.	Turin	Italy	65,700,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Fiat do Brasil S.A.	Nova Lima	Brazil	999,684	BRL	100.00	Fiat Partecipazioni S.p.A.	99.932	
						Fiat Gesco S.p.A.	0.061	
						Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	0.007	
Fiat Financas Brasil Ltda	Nova Lima	Brazil	2,469,701	BRL	100.00	Fiat Ge.Va. S.p.A.	99.994	
						Fiat do Brasil S.A.	0.006	
Fiat Finance and Trade Ltd	Luxembourg	Luxembourg	251,494,000	EUR	100.00	Fiat Ge.Va. S.p.A.	99.993	
						Fiat Finance Canada Ltd.	0.007	
Fiat Finance Canada Ltd.	Calgary	Canada	10,099,885	CAD	100.00	Fiat Ge.Va. S.p.A.	100.000	
Fiat Finance Luxembourg S.A.	Luxembourg	Luxembourg	100,000	USD	100.00	Intermap (Nederland) B.V.	99.000	
						Fiat Netherlands Holding N.V.	1.000	
Fiat Finance North America Inc.	Wilmington	U.S.A.	40,090,010	USD	100.00	Fiat Ge.Va. S.p.A.	60.526	
						Fiat S.p.A.	39.474	
Fiat Ge.Va. 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	96.61	Fiat S.p.A.	51.000	
						CNH Italia s.p.a.	10.000	
						Fiat Auto S.p.A.	10.000	
						Iveco S.p.A.	10.000	
						Business Solutions S.p.A.	3.000	
						Comau S.p.A.	3.000	
						Ferrari S.p.A.	3.000	
						Itedi-Italiana Edizioni S.p.A.	3.000	
						Magneti Marelli Holding S.p.A.	3.000	
						Teksid S.p.A.	3.000	
Fiat Partecipazioni S.p.A.	1.000							
Fiat Netherlands Holding N.V.	Amsterdam	Netherlands	4,366,482,748	EUR	100.00	Fiat S.p.A.	60.563	
						Fiat Partecipazioni S.p.A.	39.437	
Fiat Partecipazioni S.p.A.	Turin	Italy	3,924,685,869	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 Partecipazioni S.p.A.	99.904	
						Fiat Auto Poland S.A.	0.029	
						Automotive Lighting Polska Sp. z o.o.	0.010	
						Magneti Marelli Exhaust Systems Polska Sp. z o.o.	0.010	
						Magneti Marelli Poland S.A.	0.010	
						Magneti Marelli Suspension Systems Poland Sp. z o.o.	0.010	
						Teksid Iron Poland Sp. z o.o.	0.010	
						Business Solutions Polska Sp. z o.o.	0.002	
						CNH Polska Sp. z o.o.	0.002	
						Comau Poland Sp. z o.o.	0.002	
						Fidis Faktoring Polska Sp. z o.o.	0.002	
						Fidis Finance Polska Sp. z o.o.	0.002	
						Ingest Facility Polska Sp. z o.o.	0.002	
						Sadl Polska-Agencja Ceina Sp. z o.o.	0.002	
Sitro Polska Sp. z o.o.	0.002							
Iveco Poland Ltd.	0.001							

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(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through FIAT S.p.A. ^(a)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
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	95.43	Fiat Auto S.p.A. Fiat S.p.A. Fiat Partecipazioni S.p.A. CNH Global N.V. Iveco S.p.A. Comau S.p.A. Ferrari S.p.A. Itedi-Italiana Edizioni S.p.A. Magnet Marelli Holding S.p.A. Teksid S.p.A. Business Solutions S.p.A. Fiat Powertrain Italia S.r.l. Maserati S.p.A. Fiat Ge.Va. S.p.A.	20.000 14.000 11.667 10.000 10.000 5.000 5.000 5.000 5.000 5.000 4.333 2.000 2.000 1.000	
IHF-Internazionale Holding Fiat S.A.	Lugano	Switzerland	100,000,000	CHF	100.00	Fiat S.p.A.	100.000	
Infermap (Nederland) B.V.	Amsterdam	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	97.61	Fiat S.p.A. Fiat Auto S.p.A. Iveco S.p.A. CNH Italia s.p.a. Magnet Marelli Holding S.p.A. Comau S.p.A. Business Solutions S.p.A. Teksid S.p.A.	26.000 22.000 17.000 12.000 9.000 8.000 3.000 3.000	
Luganova S.A.	Lugano	Switzerland	3,000,000	CHF	100.00	BUC - Banca Unione di Credito	100.000	
Neptunia Assicurazioni Marittime 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	

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(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through FIAT S.p.A. (a)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
SIRIO - Sicurezza Industriale Società consortile per azioni	Turin	Italy	120,000	EUR	88.54	Fiat Partecipazioni S.p.A.	53.205	
						Fiat Auto S.p.A.	17.415	
						Iveco S.p.A.	4.583	
						Fiat Powertrain Italia S.r.l.	2.317	
						Magnet Marelli Powertrain S.p.A.	1.159	
						Comau S.p.A.	0.751	
						Fiat S.p.A.	0.751	
						Ferrari S.p.A.	0.729	
						Teksid S.p.A.	0.664	
						Irisbus Italia S.p.A.	0.622	
						Fiat Gesco S.p.A.	0.553	
						Sistemi Sospensioni S.p.A.	0.551	
						C.R.F. Società Consortile per Azioni	0.535	
						New Holland Kobelco Construction Machinery S.p.A.	0.535	
						Fiat Servizi per l'Industria S.c.p.a.	0.503	
						Fiat Ge.Va. S.p.A.	0.449	
						Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	0.449	
						Magnet Marelli Sistemi Elettronici S.p.A.	0.438	
						Fidis S.p.A.	0.325	
						CNH Italia s.p.a.	0.237	
						Automotive Lighting Italia S.p.A.	0.233	
						Editrice La Stampa S.p.A.	0.233	
						Elassis-Società Consortile per Azioni	0.233	
						Ingest Facility S.p.A.	0.233	
						Magnet Marelli Sistemi di Scarico S.p.A.	0.218	
						Astra Veicoli Industriali S.p.A.	0.103	
						Atanet S.p.A.	0.103	
						Fiat Information & Communication Services società consortile per azioni	0.103	
						Savarent Società per Azioni	0.103	
						Servizi e Attività Doganali per l'Industria S.p.A.	0.103	
						Magnet Marelli Holding S.p.A.	0.091	
						Fiat Purchasing Italia S.r.l.	0.063	
						Fiat-Revisione Interna S.c.r.l.	0.061	
						Iveco Mezzi Speciali S.p.A.	0.061	
						Fiat Center Italia S.p.A.	0.045	
						Business Solutions S.p.A.	0.040	
						eSPIN S.p.A.	0.040	
						FastBuyer S.p.A.	0.040	
						Fiat Media Center S.p.A.	0.039	
						Fiat Powertrain Technologies S.p.A.	0.039	
						Itedi-Italiana Edizioni S.p.A.	0.039	
						Maserati S.p.A.	0.039	
						Orione-Consortio Industriale per la Sicurezza e la Vigilanza	0.039	
						PDL Services S.r.l.	0.039	
						Risk Management S.p.A.	0.039	
						Sisport Fiat S.p.A.	0.039	
						Automotive Lighting Rear Lamps Italia S.p.A.	0.022	
						Easy Drive S.r.l.	0.022	
						Fiat Attività Immobiliari S.p.A.	0.022	
Sisport Fiat S.p.A.	Turin	Italy	2,720,800	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	

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(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through FIAT S.p.A. ^(a)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Associated companies and their subsidiaries consolidated on a line-by line basis under IFRS								
Automobiles								
Società di Commercializzazione e Distribuzione Ricambi S.p.A.	Turin	Italy	100,000	EUR	19.00	Fiat Auto S.p.A.	19.000	
SCDR Automotive Limited	Basilston	United Kingdom	50,000	GBP	19.00	Società di Commercializzazione e Distribuzione Ricambi S.p.A.	100.000	
SCDR (Ireland) Limited	Dublin	Ireland	70,000	EUR	19.00	Società di Commercializzazione e Distribuzione Ricambi S.p.A.	100.000	
SCDR (Switzerland) S.A.	Schlieren	Switzerland	100,000	CHF	19.00	S.p.A.	100.000	
Società di Distribuzione e Commercializzazione Ricambi - Hellas M.E.P.E.	Argyroupoli	Greece	18,000	EUR	19.00	Società di Commercializzazione e Distribuzione Ricambi S.p.A.	100.000	
Commercial Vehicles								
Afin Leasing AG	Vienna	Austria	1,500,000	EUR	40.00	Iveco International Trade Finance S.A.	40.000	
Afin Asigurari S.r.l.	Bucarest	Romania	225,000,000	ROL	40.00	s.c. Afin Romania S.A.	100.000	
Afin Bohemia	Prague	Czech Republic	30,000	EUR	40.00	Afin Leasing AG	100.000	
Afin Bulgaria EAD	Sofia	Bulgaria	200,000	BGL	40.00	Afin Leasing AG	100.000	
Afin Hungary Kereskedelmi KFT.	Budapest	Hungary	24,000,000	HUF	39.83	Afin Leasing AG	99.583	
Afin Insurance	Sofia	Bulgaria	5,000	BGL	40.00	Afin Bulgaria EAD	100.000	
Afin Slovakia S.R.O.	Bratislava	Slovak Republic	30,000	EUR	40.00	Afin Leasing AG	100.000	
AS Afin Baltica	Tallin	Estonia	800,000	EK	40.00	Afin Leasing AG	100.000	
OOD Afin Vostok Limited Liability Company	Moscow	Russia	50,000,000	RUR	40.00	Afin Leasing AG	100.000	
s.c. Afin Romania S.A.	Bucarest	Romania	2,063,200,000	ROL	40.00	Afin Leasing AG	100.000	
UAB Afin Baltica (Lithuania)	Vilnius	Lithuania	35,000	LTT	40.00	Afin Leasing AG	100.000	
Jointly-controlled entities accounted for using proportional consolidation								
Fiat-GM Powertrain Polska Sp. z o.o.	Bielsko-Biala	Poland	220,100,000	PLN	50.00	Fiat Auto Holdings B.V.	50.000	
Jointly-controlled entities accounted for using equity method								
Automobiles								
G.E.I.E. - Gisevel	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.	Alessa	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-Türk Otomobil Fabrikası Tofas A.Ş.	Levent	Turkey	500,000,000	TRY	37.86	Fiat Auto S.p.A.	37.856	
Agricultural and Construction Equipment								
CNH de Mexico SA de CV	Sao Pedro	Mexico	165,276,000	MXN	41.95	CNH Global N.V.	50.000	
Consolidated Diesel Company	Whitakers	U.S.A.	100	USD	41.95	CNH Engine Corporation	50.000	
L&T Case Equipment Limited	Mumbai	India	240,100,000	INR	41.95	CNH America LLC	50.000	
New Holland HFT Japan Inc.	Sapporo	Japan	240,000,000	JPY	41.95	CNH Global N.V.	50.000	
Commercial Vehicles								
GEIE V.IV.RE	Boulogne	France	0	EUR	50.00	Iveco S.p.A.	50.000	
Haveco Automotive Transmission Co. Ltd.	Zhejiang	People's Rep. of China	200,010,000	CNY	33.33	Iveco S.p.A.	33.333	
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	
Transolver Finance Establecimiento Financiero de Credito S.A.	Madrid	Spain	9,315,500	EUR	50.00	Iveco S.p.A.	50.000	
V.IVE.RE Gruppo Europeo di Interesse Economico	Turin	Italy	0	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-Jiangsu	People's Rep. of China	306,688,237	CNY	42.40	Teksid S.p.A.	50.000	
Services								
Global Value Solucoes Ltda	Nova Lima	Brazil	2,000	BRL	50.00	Business Solutions do Brasil Ltda	50.000	

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(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through FIAT S.p.A. (a)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Subsidiaries valued by 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 Erlurt GmbH in liquidation	Erlurt	Germany	2,985,000	EUR	100.00	Fiat Automobili 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	79.60	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	
Iltacar SA	Casablanca	Morocco	4,000,000	MAD	100.00	Inmap 2000 Espana S.L.	100.000	
Srijo 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 Nizhegorod Motors	Nizhnyy Novgorod	Russia	24,660,000	RUR	73.14	Fiat Auto S.p.A.	73.139	73.127
Agricultural and Construction Equipment								
Farmers New Holland Inc.	Wilmington	U.S.A.	650,000	USD	83.90	CNH America LLC	100.000	
Medicine Hat New Holland Ltd.	Ottawa	Canada	951,283	CAD	63.34	CNH Canada, Ltd.	75.500	
Memphis New Holland Inc.	Wilmington	U.S.A.	487,600	USD	81.16	CNH America LLC	96.739	
Northside New Holland Inc.	Wilmington	U.S.A.	250,000	USD	76.35	CNH America LLC	91.000	
Ridgeview New Holland Inc.	Wilmington	U.S.A.	440,000	USD	57.57	CNH America LLC	68.614	
St. Anthony New Holland, Inc.	Wilmington	U.S.A.	300,000	USD	83.90	CNH America LLC	100.000	
St. Catharines New Holland Ltd.	Ottawa	Canada	327,700	CAD	52.79	CNH Canada, Ltd.	62.923	
Sunrise Tractor & Equipment Inc.	Wilmington	U.S.A.	875,000	USD	73.39	CNH America LLC	87.474	
Tri-County New Holland Inc.	Wilmington	U.S.A.	400,000	USD	83.90	CNH America LLC	100.000	
Commercial Vehicles								
Altra S.p.A.	Genoa	Italy	516,400	EUR	66.67	Irisbus Italia S.p.A.	66.670	
F. Pegaso S.A.	Madrid	Spain	993,045	EUR	100.00	Iveco Espana S.L.	100.000	
Financiere Pegaso France S.A.	Trappes	France	260,832	EUR	100.00	Iveco Espana S.L.	100.000	
Iveco Colombia Ltda.	Santia Fe' de Bogota	Colombia	2,870,909,000	COP	100.00	Iveco Venezuela C.A.	99.974	
						Iveco Latin America Ltda	0.026	
Iveco Plan S.A. de Ahorro para fines determinados	Buenos Aires	Argentina	153,000	ARS	100.00	Iveco Argentina S.A.	99.600	
						Fiat Argentina S.A.	0.400	
Iveco S.P.R.L.	Kinshasa	Congo (Dem. Rep. Congo)	340,235,000	CDF	100.00	Iveco S.p.A.	99.992	
						Astra Veicoli Industriali S.p.A.	0.008	
Components								
Colap Fabricadora de Pecas Ltda	Santo Andre	Brazil	62,838,291	BRL	68.14	Magnet Marelli do Brasil Industria e Comercio SA	68.350	
Selma Italiana Auto Svet	Krasnig Okljabr Kirz	Russia	14,574,000	RUR	99.99	Automotive Lighting Rear Lamps Italia S.p.A.	100.000	
Metallurgical Products								
Teksid of India Private Limited Company in liquidation	Bardaz-Goa	India	403,713,830	INR	84.79	Teksid S.p.A.	100.000	
Production Systems								
Comau AGS S.p.A.	Grugliasco	Italy	1,000,000	EUR	100.00	Comau S.p.A.	100.000	
Comau Australia Pty. Ltd.	Wingfield	Australia	765,589	AUD	100.00	Comau S.p.A.	100.000	
Services								
Atlanet S.p.A.	Turin	Italy	2,000,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Cromos Consulenza e Formazione S.r.l. in liquidation	Turin	Italy	13,000	EUR	76.00	Business Solutions S.p.A.	76.000	
Matrix S.r.l. in liquidation	Turin	Italy	30,000	EUR	99.98	Business Solutions S.p.A.	99.000	
						Isvor Fiat Societa consortile di sviluppo e addestramento industriale per Azioni	1.000	
Holding companies and Other companies								
Centro Studi sui Sistemi di Trasporto-CSST S.p.A.	Turin	Italy	520,000	EUR	89.78	Fiat Auto S.p.A.	49.000	
						Iveco S.p.A.	30.000	
						C.R.F. Societa Consortile per Azioni	11.000	
European Engine Alliance EEIG	Basildon	United Kingdom	0	GBP	61.30	CNH U.K. Limited	33.333	
						Iveco S.p.A.	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	
Fiat Russia OOO	Moscow	Russia	18,509,050	RUR	100.00	Fiat Partecipazioni S.p.A.	80.000	
						Fiat Attivita Immobiliari S.p.A.	20.000	
						Isvor Fiat Societa consortile di sviluppo e addestramento industriale per Azioni	80.000	
Isvor Dealermet S.r.l. in liquidation	Turin	Italy	10,000	EUR	98.09	Fiat Auto S.p.A.	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	

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(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through FIAT S.p.A. (a)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Subsidiaries valued at cost								
Automobiles								
Fiat Auto Espana Marketing Instituto Agrupacion de Interes Economico	Alcala De Henares	Spain	30,051	EUR	95.00	Fiat Auto Espana S.A.	95.000	
Fiat Auto Marketing Institute (Portugal) ACE	Alges	Portugal	15,000	EUR	80.00	Fiat Auto Portuguesa S.A.	80.000	
Nuove Iniziative Finanziarie 2 S.r.l.	Turin	Italy	25,000	EUR	100.00	Fiat Auto S.p.A.	99.000	
						Fidis S.p.A.	1.000	
Powertrain India Pvt. Ltd. in liquidation	Mumbai	India	101,000	INR	100.00	Fiat India Automobiles Private Limited	100.000	
Maserati								
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.	99.995	
Maserati West Europe societe par actions simplifiee	Levallois-Perret	France	37,000	EUR	100.00	Maserati S.p.A.	100.000	
Agricultural and Construction Equipment								
Case Credit Wholesale Pty. Limited	St. Marys	Australia	347,750	AUD	83.90	CNH Australia Pty Limited	100.000	
Fermecc North America Inc.	Wilmington	U.S.A.	5	USD	83.90	CNH America LLC	100.000	
International Harvester Company	Wilmington	U.S.A.	1,000	USD	83.90	CNH America LLC	100.000	
J.I. Case Company Limited	Basildon	United Kingdom	2	GBP	83.90	Case United Kingdom Limited	100.000	
Commercial Vehicles								
Consorzio per la Formazione Commerciale Iveco-Colorma	Turin	Italy	51,646	EUR	59.76	Iveco S.p.A.	50.000	
						Isvor Fiat Societa consortile di sviluppo e addestramento industriale per Azioni	10.000	
Iran Magirus-Deutz	Teheran	Iran	180,000,000	IRR	100.00	Iveco Magirus AG	100.000	
Irisbus North America Limited Liability Company	Dover	U.S.A.	20,000	USD	100.00	Iveco France S.A.	100.000	
Iveco Defence Vehicles S.p.A.	Bolzano	Italy	100,000	EUR	100.00	Iveco S.p.A.	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	74.000	
						Brandschutztechnik Gorliz GmbH	1.000	
						Iveco Eurofire (Holding) GmbH	1.000	
Components								
Automotive Lighting Japan K.K.	Kohoku-Ku-Yokohama	Japan	10,000,000	JPY	99.99	Automotive Lighting Reutlingen GmbH	100.000	
Magneti Marelli Automotive Components (India) Limited	Pune	India	125,000,000	INR	99.99	Magneti Marelli Components B.V.	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.	99.990	
						Magneti Marelli France S.a.s.	0.010	
Yorka Northamerica Corp.	Southfield	U.S.A.	10,000	USD	99.99	Yorka de Mexico S.r.l. de CV	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 Fermag in liquidation	Rome	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	15,000	EUR	60.00	Ingest Facility S.p.A.	60.000	
Fiat Common Investment Fund Limited	London	United Kingdom	2	GBP	100.00	Fiat U.K. Limited	100.000	
Gestione Servizi Territoriali S.r.l.	Turin	Italy	90,000	EUR	60.00	Ingest Facility S.p.A.	60.000	
Polaris Consorzio fra Imprese con Attivita Esterna in liquidation	Turin	Italy	3,099	EUR	86.65	Matrix S.r.l. in liquidazione	86.673	
Publishing and Communications								
To-dis S.r.l. a socio unico	Turin	Italy	10,000	EUR	100.00	Editrice La Stampa S.p.A.	100.000	
Holding companies and Other companies								
Fast Buyer Middle East A.S.	Bursa	Turkey	95,000,000,000	TRY	98.80	Fast-Buyer S.p.A.	98.800	
Fiat Gra.De.EEIG	Walford	United Kingdom	0	GBP	96.12	Fiat Auto S.p.A.	46.000	
						CNH Global N.V.	23.000	
						Fiat Netherlands Holding N.V.	23.000	
						Business Solutions S.p.A.	2.000	
						Fiat S.p.A.	2.000	
						Comau S.p.A.	1.000	
						C.R.F. Societa Consortile per Azioni	1.000	
						Magneti Marelli Holding S.p.A.	1.000	
						Teksid S.p.A.	1.000	
Fiat Media Center S.p.A.	Turin	Italy	219,756	EUR	71.43	Fiat Partecipazioni S.p.A.	68.253	
						Fiat S.p.A.	3.175	
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 Societa consortile di sviluppo e addestramento industriale per Azioni	51.000	
ISVOR DILTS Leadership Systems Inc. in liquidation	Burlingame	U.S.A.	1,000	USD	49.78	Isvor Fiat Societa consortile di sviluppo e addestramento industriale per Azioni	100.000	
Isvor Fiat India Private Ltd. in liquidation	New Delhi	India	1,750,000	INR	97.61	Isvor Fiat Societa consortile di sviluppo e addestramento industriale per Azioni	100.000	
New Business 16 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
New Business 17 S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	

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(CONTINUED) INVESTMENTS HELD THROUGH IFIL INVESTMENTS – Investments held through FIAT S.p.A. ^(a)

Name	Registered office	Country	Capital stock	Currency	% of Group consolidation		% interest held	% of voting rights
					Interest held by			
Norfinance & Associés S.A. in liquidation	Geneva	Switzerland	4,600,000	CHF	100.00	BU C - Banca Unione di Credito	100.000	
Nuova Immobiliare Cinque S.r.l.	Turin	Italy	50,000	EUR	100.00	Fiat Partecipazioni S.p.A.	100.000	
Nuova Immobiliare Quattro 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-Consortio Industriale per la Sicurezza e la Vigilanza	Turin	Italy	26,605	EUR	94.87	Fiat S.p.A.	81.198	
						Editrice La Stampa S.p.A.	1.980	
						Fiat Auto S.p.A.	1.980	
						Fiat Partecipazioni S.p.A.	1.980	
						CNH Italia s.p.a.	0.990	
						Comau S.p.A.	0.990	
						Fiat Gesco S.p.A.	0.990	
						Fiat Ge.Va. S.p.A.	0.990	
						Isvor Fiat Società consortile di sviluppo e addestramento industriale per Azioni	0.990	
						Iveco S.p.A.	0.990	
						Magnet Marelli Holding S.p.A.	0.990	
						Sisport Fiat S.p.A.	0.990	

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Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Associated companies valued by the equity method								
Automobiles								
Fidis Bank G.m.b.H.	Vienna	Austria	4,740,000	EUR	50.00	Fiat Auto S.p.A.	50.000	
Fidis Retail Italia S.p.A.	Turin	Italy	672,076,000	EUR	49.00	Fiat Auto S.p.A.	49.000	
GM-Fiat Worldwide Purchasing B.V. in liquidation	Amsterdam	Netherlands	300,000	EUR	50.00	Fiat Auto Holdings B.V.	50.000	
IN ACTION S.r.l.	Aresè	Italy	336,000	EUR	49.90	Fidis S.p.A.	49.900	
Targasys 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	22.40	Ferrari S.p.A.	40.000	
Agricultural and Construction Equipment								
Al-Ghazi Tractors Ltd	Karachi	Pakistan	214,682,226	PKR	36.22	CNH Global N.V.	43.169	
Challenger New Holland Ltd	Ottawa	Canada	568,700	CAD	25.59	CNH Canada, Ltd.	30.499	
CNH Capital Europe S.a.S.	Puteaux	France	88,482,297	EUR	41.87	CNH Global N.V.	49.900	
CNH Servicios Comerciales, S.A. de C.V.	Sao Pedro	Mexico	50,000,000	MXN	41.11	CNH Global N.V.	49.000	
Employers Health Initiatives LLC	Wilmington	U.S.A.	0	USD	41.95	CNH America LLC	50.000	
Kobelco Construction Machinery Co. Ltd.	Tokyo	Japan	16,000,000,000	JPY	16.78	CNH Global N.V.	20.000	
LBX Company LLC	Wilmington	U.S.A.	0	USD	41.95	Case LBX Holdings Inc.	50.000	
Megavolt L.P. L.L.L.P.	Wilmington	U.S.A.	500,000	USD	33.56	CNH America LLC	40.000	
New Holland Finance Ltd	Basingstoke	United Kingdom	2,900,001	GBP	41.11	CNH Global N.V.	49.000	
New Holland Trakmak Traktor A.S.	Izmir	Turkey	800,000,000,000	TRY	31.46	CNH Global N.V.	37.500	
Rahall Farm Equipment Company Inc.	Wilmington	U.S.A.	640,000	USD	36.30	CNH America LLC	43.266	
Turk Traktor Ve Ziraat Makineleri A.S.	Ankara	Turkey	47,000,000,000,000	TRL	31.46	CNH Global N.V.	37.500	
Powertrain Technologies								
Powertrain Industrial Services S.C.R.L. in liquidation	Turin	Italy	100,000	EUR	48.00	Fiat Powertrain Italia S.r.l. FMA - Fabbrica Motori Automobilistici S.r.l. Fiat Automovels S.A. - FIASA Fiat Auto Holdings B.V. Powertrain Mekanik Sanayi ve Ticaret Limited Sirkeli	24.000 20.000 2.000 1.000 1.000	
Commercial Vehicles								
Closed Joint Stock Company "AUTO-MS"	Zaporozhye	Ukraine	26,568,000	UAH	38.62	Iveco S.p.A.	38.618	
Iveco Finance Holdings Limited	Basingstoke	United Kingdom	1,000	EUR	49.00	Iveco Partecipazioni Finanziarie S.r.l.	49.000	
Iveco Uralaz Ltd.	Mississ	Russia	65,255,056	RUR	33.33	Iveco S.p.A.	33.330	
Machen-Iveco Holding S.A.	Luxembourg	Luxembourg	26,000,000	GBP	30.00	Iveco S.p.A.	30.000	
Otoyol Sanayi A.S.	Samandira-Kartal/Istanbul	Turkey	52,674,386	TRY	27.00	Iveco S.p.A.	27.000	
Production Systems								
Gonzalez Production Systems Inc.	Pontiac	U.S.A.	10,000	USD	49.00	Comau Pico Holdings Corporation	49.000	
G.P. Proprieties I L.L.C.	Pontiac	U.S.A.	10,000	USD	49.00	Comau Pico Holdings Corporation	49.000	
Services								
Servizio Tiboli 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	2,868,918	EUR	45.00	Editrice La Stampa S.p.A.	45.000	
Editoriale Corriere Romagna S.r.l.	Forlì	Italy	2,856,000	EUR	40.00	Editrice La Stampa S.p.A.	40.000	
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	
Holding companies and Other companies								
IPI S.p.A.	Turin	Italy	40,784,134	EUR	10.00	Fiat Partecipazioni S.p.A.	10.000	
Livingstone Motor Assemblers Ltd.	Livingstone	Zambia	20,000,000	ZMK	20.00	Fiat Partecipazioni S.p.A.	20.000	
Lombard Bank Malta PLC	Valletta	Malta	2,025,949	MTL	26.53	BUC - Banca Unione di Credito	26.530	
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	

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Name	Registered office	Country	Capital stock	Currency	% of Group consolidation	Interest held by	% interest held	% of voting rights
Associated companies valued at cost								
Automobiles								
Car City Club S.r.l.	Turin	Italy	390,000	EUR	33.00	Savarent Società per Azioni	33.000	
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	
Fabrication Automobiles de Tiaret SpA	Wilaya de Tiaret	Algeria	1,225,000,000	DZD	36.57	Fiat Auto S.p.A.	36.571	
Fidis Rent GmbH	Frankfurt	Germany	50,000	EUR	49.00	Fiat Handlerservice GmbH	49.000	
N. Technology S.p.A.	Chivasso	Italy	1,500,000	EUR	20.00	Fiat Auto S.p.A.	20.000	
Ferrari								
Iniziativa Fiorano S.r.l.	Modena	Italy	90,000	EUR	18.67	Ferrari S.p.A.	33.333	
Commercial Vehicles								
CBC-Iveco Ltd.	Changzhou	People's Rep. of China	664,000,000	CNY	50.00	Iveco S.p.A.	50.000	
Sotra S.A.	Abidjan	Ivory Coast	3,000,000,000	XAF	39.80	Iveco France S.A.	39.800	
Trucks & Bus Company	Tajoura	Libya	96,000,000	LYD	25.00	Iveco Espana 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	Magnet Marelli Holding S.p.A.	25.000	
Mars Seal Private Limited	Mumbai	India	400,000	INR	24.00	Magnet Marelli France S.a.s.	24.000	
Malay Otomotif Yan Sanay Ve Ticaret A.S.	Istanbul	Turkey	2,400,000,000,000	TRY	28.00	Magnet Marelli Holding S.p.A.	28.000	
M.I.P. - Masler Imprese Politecnico	Milan	Italy	20,658	EUR	50.00	Magnet Marelli Holding S.p.A.	50.000	
Metallurgical Products								
S.A.S. - Società Assofond Servizi S.r.l.	Trezzano sul Naviglio	Italy	520,000	EUR	16.96	Teksid S.p.A.	20.000	
Production Systems								
Consorzio Generazione Forme-CO.GE.F.	San Mauro Torinese	Italy	15,494	EUR	33.33	Comau S.p.A.	33.333	
Services								
Multiservizi Reggio Calabria - Società per Azioni	Reggio di Calabria	Italy	120,000	EUR	29.40	Gestione Servizi Territoriali S.r.l.	49.000	
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	
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.	Paris	France	3,658,800	EUR	48.45	La Stampa Europe SAS	48.450	
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 Internazionale Imprese Torino S.r.l. in liquidation	Turin	Italy	102,000	EUR	35.00	Fiat Partecipazioni S.p.A.	35.000	
Altemna S.a.r.l.	Luxembourg	Luxembourg	5,000,000	EUR	20.00	BUC - Banca Unione di Credito Isvor Fiat Società consortile di sviluppo e addestramento	25.970	20.000
Ascal Servizi S.r.l. in liquidation	Rome	Italy	73,337	EUR	25.35	industriale per Azioni	25.970	
Closa 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. Isvor Fiat Società consortile di sviluppo e addestramento	29.459	35.000
CONFORM - Consorzio Formazione Manageriale	Avellino	Italy	51,600	EUR	34.16	industriale per Azioni	35.000	
Consorzio Olo-BPD in liquidation	Aulla	Italy	103,291	EUR	50.00	Fiat Partecipazioni S.p.A.	50.000	
Consorzio Parco Industriale di Chivasso	Chivasso	Italy	51,650	EUR	23.10	Fiat Partecipazioni S.p.A.	23.100	
Consorzio per lo Sviluppo delle Aziende Fornitrici in liquidation	Turin	Italy	241,961	EUR	30.30	CNH Italia s.p.a. Fiat Auto S.p.A. Iveco S.p.A.	10.672	10.672
Consorzio Prode	Naples	Italy	51,644	EUR	48.93	Elasis-Società Consortile per Azioni	50.000	
Consorzio Scire	Pomigliano d'Arco	Italy	51,644	EUR	48.93	Elasis-Società Consortile per Azioni	50.000	
Consorzio Scuola Superiore per l'Alta Formazione Universitaria Federico II	Naples	Italy	127,500	EUR	19.57	Elasis-Società Consortile per Azioni	20.000	
Expo 2000 - S.p.A.	Turin	Italy	2,828,750	EUR	24.50	Fiat Partecipazioni S.p.A.	24.498	
FMA-Consuloria e Negocios Ltda	Sao Paulo	Brazil	1	BRL	50.00	Fiat do Brasil S.A.	50.000	
Giraglia Immobiliare S.p.A.	Milan	Italy	3,500,000	EUR	28.24	Fiat Partecipazioni S.p.A.	28.240	
Immobiliare Novoli S.p.A.	Fiorenze	Italy	20,640,000	EUR	40.00	Fiat Partecipazioni S.p.A.	40.000	
Interfinanziaria S.A.	Paradiso	Switzerland	1,000,000	CHF	33.33	IHF-Internazionale Holding Fiat S.A.	33.330	
MB Venture Capital Fund I N.V.	Amsterdam	Netherlands	50,000	EUR	45.00	Fiat Partecipazioni S.p.A.	45.000	
Nuova Didacica S.c. a.r.l.	Modena	Italy	112,200	EUR	19.46	Ferrari S.p.A. CNH Italia s.p.a. Isvor Fiat Società consortile di sviluppo e addestramento	16.364	12.273
OSF Qualità Servizi Formazione GEIE	Turin	Italy	10,329	EUR	24.40	industriale per Azioni	25.000	
Tecnologie per il Calcolo Numerico-Centro Superiore di Formazione S.c. a.r.l.	Trenob	Italy	100,000	EUR	24.50	C.R.F. Società Consortile per Azioni	25.000	
Zetesis S.p.A.	Milan	Italy	283,150	EUR	40.00	Fiat Partecipazioni S.p.A.	40.000	

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Other companies valued at cost								
Agricultural and Construction Equipment								
Polagris S.A.	Pikieliszi	Lithuania	1,133,400	LTT	9.27	CNH Polska Sp. z o.o.	11.054	
Commercial Vehicles								
Consorzio Bolzano Energia	Bolzano	Italy	12,000	EUR	16.67	Iveco S.p.A.	16.667	
Consorzio Spike	Genoa	Italy	90,380	EUR	15.00	Iveco S.p.A.	15.000	
Services								
H.R.O. Polska Sp. z o.o.	Bielsko-Biala	Poland	400,000	PLN	18.00	Business Solutions Polska Sp. z o.o.	18.000	
Holding companies and Other companies								
Consorzio Sorore	Siena	Italy	9,296	EUR	16.66	Fiat Partecipazioni S.p.A.	16.663	
Consorzio Technapoli	Naples	Italy	1,626,855	EUR	10.87	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.	Luxembourg	Luxembourg	44,887,500	USD	14.29	Fiat Netherlands Holding N.V.	14.286	
Fin.Priv. S.r.l.	Milan	Italy	20,000	EUR	14.29	Fiat S.p.A.	14.285	
IRCC-Istituto per la Ricerca e la Cura del Cancro-Torino S.p.A.	Turin	Italy	15,500,000	EUR	19.36	Fiat Partecipazioni S.p.A.	19.355	
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	

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