

IFI
Istituto Finanziario Industriale

Quarterly Report at March 31, 2008

QUARTERLY REPORT AT MARCH 31, 2008

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This is an English translation of the Italian original document “Resoconto Intermedio di Gestione al 31 Marzo 2008” approved by the IFI board of directors on May 14, 2008 and authorized for publication on the same date 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 also available on the corporate website: <http://www.gruppoifi.com>.

IFI

Istituto Finanziario Industriale

Società per Azioni
Capital stock Euro 163,251,460, fully paid-in
Registered office in Turin - Corso Matteotti 26
Turin Company Register No. 00470400011

External Relations and Media Relations

Tel. +39.011.5090318
Fax +39.011.5090386
e-mail: relazioni.esterne@gruppoifi.com

Institutional Investors and Financial Analysts Relations

Tel. +39.011.5090338
Fax +39.011.5090280
e-mail: relazioni.investitori@gruppoifi.com

Stocks and Bonds Service

Tel. +39.011.5090315
Tel. +39.011.5090205
Fax +39.011.5090321
e-mail: servizio.titoli@gruppoifi.com

Board of Directors

<i>Chairman</i>	John Elkann
<i>Vice Chairman</i>	Pio Teodorani-Fabbri
<i>Chief Executive Officer and General Manager</i>	Virgilio Marrone
<i>Directors</i>	Carlo Acutis ^(a) Andrea Agnelli Tiberto Brandolini d'Adda Oddone Camerana Luca Ferrero Ventimiglia Gianluigi Gabetti Franzo Grande Stevens Francesco Marini Clarelli Andrea Nasi Lupo Rattazzi
<i>Secretary to the Board</i>	Pierluigi Bernasconi

^(a) Independent director

Board of Statutory Auditors

<i>Chairman</i>	Gianluca Ferrero
<i>Standing Auditors</i>	Giorgio Giorgi Lionello Jona Celesia
<i>Alternate Auditors</i>	Giorgio Ferrino Paolo Piccatti

Independent Auditors

Deloitte & Touche S.p.A.

Expiry of the terms of office

The terms of office of the board of directors and the board of statutory auditors, elected by the stockholders' meeting held on May 25, 2006, will expire concurrently with the stockholders' meeting that will be held to approve the statutory financial statements for the year ending December 31, 2008. The appointment of the independent auditors will expire concurrently with the stockholders' meeting that will be held to approve the financial statements for the year ending December 31, 2011.

IFI GROUP PROFILE

IFI – Istituto Finanziario Industriale S.p.A. was founded in 1927 by Senator Giovanni Agnelli in Turin, where the headquarters is still located.

IFI controls **IFIL S.p.A.**, one of Europe's leading investment companies, and its capital is divided into two classes of stock: preferred stock – listed on the Electronic Share Market of the Italian stock exchange – and ordinary stock, all of which is held by **Giovanni Agnelli e C.**, which draws together the interests of the Agnelli family.

IFIL S.p.A., founded in 1919, is headquartered in Turin and listed on the Electronic Share Market of the Italian stock exchange.

IFIL conducts diversified investments on an international scale with entrepreneurial vision and solid financial backing. At the same time, it cooperates continuously with the management teams of its holdings, while respecting their right to operate autonomously and with a perspective geared to the medium-/long-term.

The major investments of the IFIL Group are indicated below.

Fiat S.p.A., in which IFIL S.p.A. has a holding of more than 30% of ordinary and preferred capital stock, is listed on the Electronic Share Market of the Italian stock exchange (Blue Chip segment). Founded in 1899, the Fiat Group operates in the sectors of automobiles (Fiat, Lancia, Alfa Romeo, Abarth, Ferrari, Maserati and Fiat Light Commercial), agricultural and construction equipment (Case and New Holland), trucks and commercial vehicles, buses and special-purpose vehicles (Iveco, Irisbus, Astra and Magirus), components and production systems (Fiat Powertrain Technologies, Magneti Marelli, Teksid and Comau); it is also active in publishing and communications (La Stampa and Publikompass). Other sectors also offer financial services to the sales networks and the clientele in addition to rental services to customers.

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

Cushman & Wakefield (C&W), in which the subsidiary Ifil Investissements S.A. has a 69.79% stake, is the largest privately held company for real estate services. The C&W Group has its headquarters in New York, where it was founded in 1917, and now has 221 offices and 15,000 employees in 58 countries.

Sequana Capital S.A., in which Ifil Investissements S.A. has a 26.65% stake, is a French company listed on the Euronext market which in 2006 focused its operations on the paper sector where it operates through:

- Arjowiggins S.A. (100% holding), the world leader in the manufacture of high value-added paper products, with 7,800 employees in 82 countries;
- Antalis S.A. (100% holding), the leading European Group in the distribution of paper products for printing and writing, with over 8,400 employees in 44 countries.

Intesa Sanpaolo S.p.A., in which IFIL S.p.A. has a 2.45% stake in ordinary capital stock, is listed on the Electronic Share Market of the Italian stock exchange (Blue Chip segment). It is one of the most important banking Groups in Europe and is the foremost bank in Italy with a market share of 20% on average in all segments of business (retail, corporate and wealth management). With its network of 6,100 branches, the Group offers its services to 10.7 million customers. It also operates in 13 Central-East European countries and in the Mediterranean basin with 1,200 branches and 7.2 million customers in the retail and commercial banking sectors. It also has an international network specialized in corporate customer support covering 34 countries including the United States, Russia, China and India.

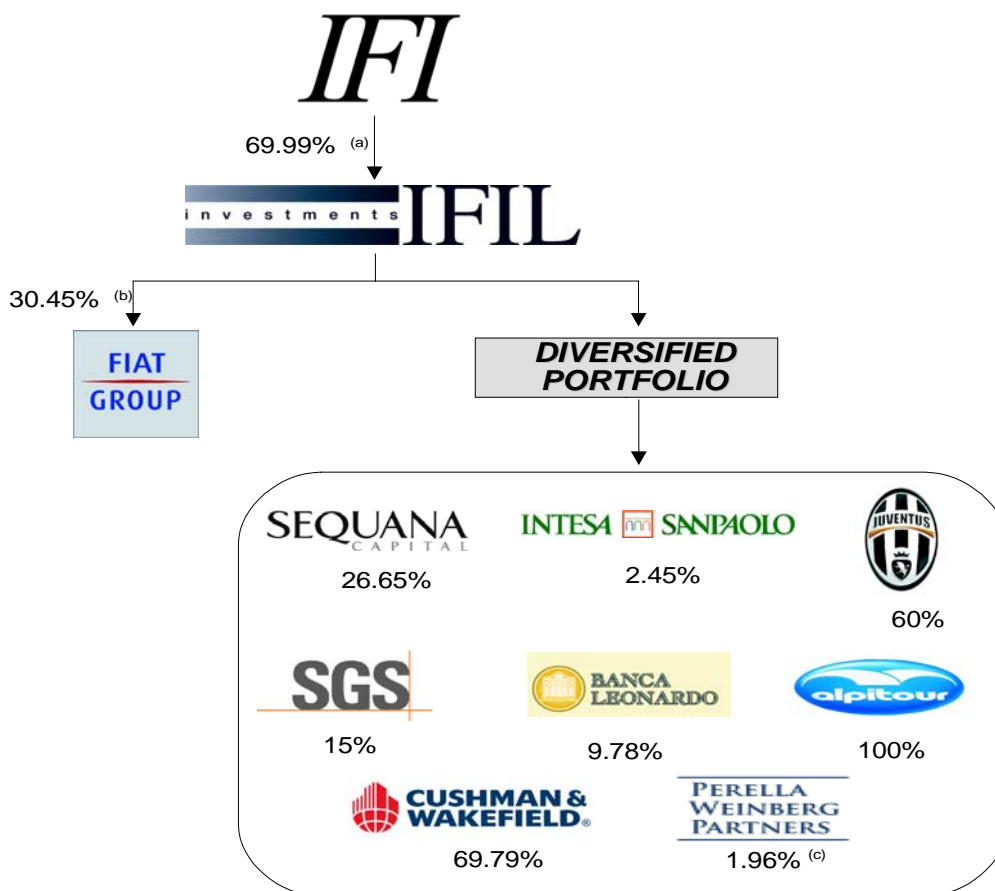
SGS S.A., in which Ifil Investissements S.A. has a 15% stake, is a Swiss company listed on the Virt-x market. Founded in 1878, the company is today the global leader in verification, inspection, control and certification activities with 50,000 employees and a network of more than 1,000 offices and laboratories throughout the world.

Gruppo Banca Leonardo S.p.A., in which Ifil Investissements S.A. has a 9.78% stake, is an independent investment bank offering corporate finance advisory and asset management services; it also provides private equity services under a joint venture with a leading European Group.

Alpitour S.p.A., in which IFIL S.p.A. has a 100% stake, is the largest integrated group in the tourist sector in Italy. It operates with 4,000 employees and has more than 2.3 million customers across all areas of the tourism business: Tour Operating (Alpitour, Francorosso, Viaggidea, Villaggi Bravo, Volando and Karambola), Hotels (Alpitour World Hotel & Resorts), Incoming (Jumbo Tours), Aviation (Neos), Distribution (Welcome Travel Group) and Incentive & Event (A World of Events).

Juventus Football Club S.p.A., in which IFIL S.p.A. has a 60% stake, is listed on the Electronic Share Market of the Italian stock exchange (Star segment). Founded in 1897, it is one of the most prominent professional soccer teams in the world.

The following chart is updated to the end of April 2008 and presents the simplified structure of the current investment portfolio. Percentage holdings refer to ordinary capital stock.



(a) IFI also holds 4.99% of IFIL savings capital stock. Giovanni Agnelli e C. S.a.p.az. also holds 3% of IFIL ordinary capital stock.
 (b) IFIL also holds 30.09% of Fiat preferred capital stock.
 (c) Percentage interest held in the NoCo A LP limited partnership.

MAJOR EVENTS

Increase of the investment in IFIL

During the first quarter of 2008, IFI purchased on the market 2,950,000 IFIL ordinary shares (0.29% of the class of stock) for an investment of € 16.2 million.

IFI currently holds 726,900,000 IFIL ordinary shares, equal to 69.99% of the class of stock and 1,866,420 IFIL savings shares, equal to 4.99% of the class of stock. The investment represents 67.73% of IFIL capital stock.

Resolutions passed by the IFI S.p.A. board of directors' meeting held on March 28, 2008

In its meeting held on March 28, 2008, the board of directors approved the consolidated financial statements and the draft separate financial statements for the year ended December 31, 2007, as well as the motion put forward to the stockholders' meeting to appropriate the profit of €54.5 million to the extraordinary reserve and thus not distribute dividends.

The board has also voted to put forward the following motions to the stockholders' meeting:

- to renew the authorization for the purchase and the disposition of treasury stock for a period of 18 months from the resolution passed by the stockholders' meeting, up to a maximum of 16 million ordinary and/or preferred shares, for a maximum disbursement of € 200 million;
- to renew the five-year mandate pursuant to articles 2443 of the Italian Civil Code, to increase capital stock, at one or more times, up to a maximum of €561.7 million.

The above motions were approved by the ordinary and special stockholders' meeting of IFI S.p.A. held on May 14, 2008.

Dividends approved by IFIL S.p.A. from profit for the year ended December 31, 2007

On May 13, 2008, the ordinary stockholders' meeting of IFIL S.p.A. approved the distribution of dividends per share of €0.10 per ordinary share and €0.1207 per savings share. IFI S.p.A.'s share of the dividends will amount to €72.9 million.

BASIS OF PREPARATION

The Quarterly Report of the IFI Group at March 31, 2008 has been prepared in accordance with art. 154-ter, paragraph 5 of Legislative Decree 58 dated February 24, 1998 as amended by Legislative Decree 195 dated November 6, 2007.

In order to facilitate the analysis of the equity and financial position and the results of operations of the Group, it is IFI's practice to present financial statements for the period (balance sheet and income statement) prepared by accounting for the investment in the IFIL Group (68.93 % of capital stock outstanding) by the equity method. This method consists of presenting a condensed representation of the consolidated results of the IFI Group. Such consolidated financial statements are presented along with the annual consolidated financial statements and the interim consolidated financial statements for the first-half of each year. The quarterly data is also presented in the same format in the quarterly reports at March 31 and September 30 of each year.

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

The Quarterly Report of the IFI Group at March 31, 2008 is unaudited.

INTERIM FINANCIAL STATEMENTS PREPARED BY ACCOUNTING FOR THE INVESTMENT IN THE IFIL GROUP BY THE EQUITY METHOD

The **income statement** and **balance sheet** and notes on the most significant items are presented below.

IFI GROUP – Interim income statement prepared by accounting for the investment in the IFIL Group by the equity method

The **consolidated profit attributable to the equity holders of the company** in the first quarter of 2008 amounts to €61.5 million and increased by €7.3 million compared to the profit reported for the first quarter of 2007 (€54.2 million). The change is due to the increase in the share of the profit of the IFIL Group (+€10.3 million) which is partly offset by higher net financial expenses (-€2.9 million) and net general expenses (-€0.1 million).

Year	€ in millions	Note	Quarter I		
			2008	2007	Change
458.2	Share of the profit of the IFIL Group	1	67.0	56.7	10.3
0.1	Dividends from investments		0.0	0.0	0.0
(8.8)	Net other financial income (expenses)		(4.3)	(1.4)	(2.9)
(5.2)	Net general expenses		(1.2)	(1.1)	(0.1)
0.0	Net other nonrecurring income (expenses)		0.0	0.0	0.0
0.0	Income taxes		0.0	0.0	0.0
444.3	Profit attributable to the equity holders of the company		61.5	54.2	7.3

IFI GROUP – Interim balance sheet prepared by accounting for the investment in the IFIL Group by the equity method

€ in millions	Note	Balance at		Change
		3/31/2008	12/31/2007	
Non-current assets				
Investment in the IFIL Group	2	4,556.6	4,537.0	19.6
Other financial assets		0.5	0.6	(0.1)
Total Non-current assets		4,557.1	4,537.6	19.5
Current assets				
Financial assets and cash and cash equivalents		2.5	2.4	0.1
Trade receivables and other receivables		19.1	19.3	(0.2)
Total Current assets		21.6	21.7	(0.1)
Total Assets		4,578.7	4,559.3	19.4
Equity attributable to the equity holders of the company				
Capital and reserves		4,227.5	4,231.0	(3.5)
Treasury stock		(70.5)	(70.5)	0.0
Total Equity attributable to the equity holders of the company		4,157.0	4,160.5	(3.5)
Non-current liabilities				
Provisions for employee benefits		2.2	2.1	0.1
Debt		150.0	100.0	50.0
Deferred tax liabilities and other liabilities		0.1	0.1	0.0
Total Non-current liabilities		152.3	102.2	50.1
Current liabilities				
Debt		268.3	295.4	(27.1)
Trade payables and other liabilities		1.1	1.2	(0.1)
Total Current liabilities		269.4	296.6	(27.2)
Total Equity and liabilities		4,578.7	4,559.3	19.4

NOTES TO THE INTERIM FINANCIAL STATEMENTS PREPARED BY ACCOUNTING FOR THE INVESTMENT IN THE IFIL GROUP BY THE EQUITY METHOD

1. Share of the profit of the IFIL Group

The share of the profit of the IFIL Group for the first quarter of 2008 amounts to € 67 million (€ 56.7 million for the first quarter of 2007).

€ in millions	Profit (loss)		IFI's share		Change
	Q1 2008	Q1 2007	Q1 2008	Q1 2007	
IFIL Group	93.9	87.4	64.7	56.7	8.0
Consolidation adjustments			2.3 (a)	0.0	2.3
Total IFIL Group			67.0	56.7	10.3

(a) The amount represents the excess of IFI's share of the consolidated equity of the IFIL Group compared to the cost of IFIL shares purchased during the first quarter of 2008.

Comments on the operating performance of the IFIL Group are presented in the next section.

2. Investment in the IFIL Group, accounted for by the equity method

At March 31, 2008, the carrying amount of the investment in the IFIL Group is €4,556.6 million. The increase of €19.6 million compared to December 31, 2007 (€4,537 million) is due to the purchase of IFIL stock during the first quarter of 2008 (+€16.2 million) and IFI's share (+€3.4 million) of the changes in the equity of the IFIL Group. The carrying amount of IFIL stock per share is €6.25 (unchanged compared to December 31, 2007).

According to market prices at March 31, 2008, (€5.087 per ordinary share and €4.418 per savings share), the market value of the investment is €3,706 million.

According to market prices at May 5, 2008 (€5.507 per ordinary share and €4.456 per savings share), the market value of the investment is €4,011 million.

3. Equity attributable to the equity holders of the company

The consolidated equity attributable to the equity holders of the company at March 31, 2008 amounts to €4,157 million (€4,160.5 million at the end of 2007). The net decrease of €3.5 million is due to the following changes:

€ in millions	
Equity attributable to the equity holders of the company at December 31, 2007	4,160.5
Share of translation differences (-€98.2 million) and other net changes (+€34.5 million) shown in the equity of the subsidiary IFIL	(63.7)
Other net changes	(1.3)
Profit attributable to the equity holders of the company	61.5
Net change during the period	(3.5)
Equity attributable to the equity holders of the company at March 31, 2008	4,157.0

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

The net financial position of IFI S.p.A. at March 31, 2008 is a debt position of €415.6 million with a negative change of €22.9 million compared to the debt position at the end of 2007 (-€392.7 million).

The analysis of the composition and changes during the period is as follows:

€ in millions	3/31/2008			12/31/2007		
	Current	Non-Current	Total	Current	Non-Current	Total
Financial assets	2.4	0.2	2.6	2.3	0.2	2.5
Cash and cash equivalents	0.1		0.1	0.2		0.2
Total financial assets	2.5	0.2	2.7	2.5	0.2	2.7
Debt	(268.3)	(150.0)	(418.3)	(295.4)	(100.0)	(395.4)
IFI S.p.A. - Net financial position	(265.8)	(149.8)	(415.6)	(292.9)	(99.8)	(392.7)

€ in millions

IFI S.p.A. - Net financial position at December 31, 2007	(392.7)
Purchase of 2,950,000 IFIL S.p.A. ordinary shares (0.29% of the class of stock)	(16.2)
Net financial expenses	(4.3)
Net general expenses	(1.2)
Other net changes	(1.2)
Net change during the period	(22.9)
IFI S.p.A. - Net financial position at March 31, 2008	(415.6)

At March 31, 2008, IFI S.p.A. has irrevocable credit lines for €605 million, of which €285 million is due by March 31, 2009 and €320 million at later expiration dates.

BUSINESS OUTLOOK

For the year 2008, IFI S.p.A. is expected to report a profit.

On the basis of the indications formulated by the IFIL Group, a consolidated profit is forecast for the IFI Group for 2008.

Review of the operating performance of the subsidiary IFIL Investments S.p.A.



(69.99% of ordinary capital stock)

The following comments are in respect of the condensed interim consolidated income statement and balance sheet of the IFIL Group at March 31, 2008.

This data has been prepared by consolidating the companies which constitute the "Holdings System" on a line-by-line basis and accounting for the other operating subsidiaries and associates (Fiat, Sequana Capital, Cushman & Wakefield, Alpitour and Juventus Football Club) by the equity method.

IFIL GROUP – Condensed interim consolidated income statement

The **consolidated profit attributable to the equity holders of the company** in the first quarter of 2008 amounts to € 93.9 million and increased by € 6.5 million (+7.4%) compared to the profit reported for the first quarter of 2007 (€ 87.4 million). The change is due to the net increase in the share of the results of the investment holdings (+€ 4.9 million) and the dividends collected from SGS (+€ 26.2 million), which is partly offset by higher net financial expenses (-€ 20.7 million) and by other net negative changes (-€ 3.9 million).

Year	€ in millions	Note	Quarter I		
			2008	2007	Change
	Share of the profit (loss) of companies accounted for by				
610.9	the equity method	1	97.4	92.5	4.9
	Net financial income (expenses):				
111.6	- Dividends from investments		26.2 (a)	0.0	26.2
0.9	- Gains (losses) on the sale of securities and investments		0.0	0.0	0.0
(10.1)	- Net other financial income (expenses)	2	(19.6)	1.1	(20.7)
102.4	Net financial income		6.6	1.1	5.5
(25.9)	Net general expenses		(6.1)	(4.2)	(1.9)
(17.2)	Net other nonrecurring income (expenses)		0.0	0.0	0.0
670.2	Profit before income taxes		97.9	89.4	8.5
1.5	Income taxes		(4.0)	(2.0)	(2.0)
671.7	Profit attributable to the equity holders of the company		93.9	87.4	6.5

(a) Entirely collected from SGS S.A.

IFIL GROUP – Condensed interim consolidated balance sheet

€ in millions	Note	Balance at		Change
		3/31/2008	12/31/2007	
Non-current assets				
Investments accounted for by the equity method	3	4,098.7	4,081.0	17.7
Other financial assets	4	2,504.3	2,667.3	(163.0)
Property, plant and equipment		13.8	13.8	0.0
Deferred tax assets		1.4	1.4	0.0
Total Non-current assets		6,618.2	6,763.5	(145.3)
Current assets				
Financial assets and cash and cash equivalents	7	989.2	862.4	126.8
Trade receivables and other receivables		45.9	47.9	(2.0)
Total Current assets		1,035.1	910.3	124.8
Total Assets		7,653.3	7,673.8	(20.5)
Equity attributable to the equity holders of the company	6	6,632.9	6,666.5	(33.6)
Non-current liabilities				
Provisions for employee benefits and provisions for other liabilities and charges		2.7	2.6	0.1
Bonds and other debt	7	943.8	943.6	0.2
Deferred tax liabilities and other liabilities		6.6	10.3	(3.7)
Total Non-current liabilities		953.1	956.5	(3.4)
Current liabilities				
Bonds and other debt	7	44.2	23.6	20.6
Trade payables and other liabilities		23.1	27.2	(4.1)
Total Current liabilities		67.3	50.8	16.5
Total Equity and liabilities		7,653.3	7,673.8	(20.5)

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

The share of the profit (loss) of companies accounted for by the equity method is € 97.4 million in the first quarter of 2008 (€ 92.5 million in the first quarter of 2007). The increase of € 4.9 million (+5.3%) reflects the higher profit results of the Fiat Group (+ 26 million), the Alpitour Group (+€ 1.4 million) and Juventus Football Club (+€ 2.2 million), the lower profit contribution by the Sequana Capital Group (-€ 7.4 million) and the share of the loss of Cushman & Wakefield Group (-€ 17.3 million) in the first three months of 2008.

€ in millions	Profit (loss)		IFIL's share		Change
	Q1 2008	Q1 2007	Q1 2008	Q1 2007	
Fiat Group	405.0	358.0	128.6	102.3	26.3
Consolidation adjustments			0.0	0.3	(0.3)
Total Fiat Group			128.6	102.6	26.0
Sequana Capital Group	5.7	18.2	1.5	8.9	(7.4)
Cushman & Wakefield Group (a)	(24.1)	-	(17.3)	-	(17.3)
Alpitour Group	(14.9) (b)	(16.3) (b)	(14.9)	(16.3)	1.4
Juventus Football Club S.p.A	(0.8)	(4.5)	(0.5)	(2.7)	2.2
Total			97.4	92.5	4.9

(a) Purchased on March 31, 2007.

(b) Data for the period November 1 – January 31.

2. Net other financial income (expenses)

Net other financial expenses amount to € 19.6 million in the first quarter of 2008: in the corresponding period of the prior year, the balance was a total of net financial income for € 1.1 million. The negative change of € 20.7 million is mainly due to a different composition of IFIL S.p.A.'s sources of financing and change in fair value of certain current financial assets.

3. Investments accounted for by the equity method

Details are as follows:

€ in millions	Carrying amount at		Change
	3/31/2008	12/31/2007	
Fiat Group	3,212.6	3,125.3	87.3
Sequana Capital Group	333.0	341.0	(8.0)
Cushman & Wakefield Group	419.7	466.1	(46.4)
Alpitour Group	64.1	78.8	(14.7)
Juventus Football Club S.p.A.	69.3	69.8	(0.5)
Total	4,098.7	4,081.0	17.7

4. Non-current other financial assets

Details are as follows:

€ in millions	Carrying amount at		Change
	3/31/2008	12/31/2007	
Intesa Sanpaolo S.p.A.	1,292.2	1,564.7	(272.5)
SGS S.A.	1,064.7	956.6	108.1
Gruppo Banca Leonardo S.p.A.	82.4	82.4	0.0
NoCo A LP	17.8	18.7	(0.9)
Other investments			
DLMD bonds	27.7	27.6	0.1
Ocean Club Méditerranée bonds	5.1	5.1	0.0
NoCo B LP	14.1	11.9	2.2
Sundry	0.3	0.3	0.0
Total	2,504.3	2,667.3	(163.0)

The changes relating to the investments in Intesa Sanpaolo S.p.A. (-€272.5 million) and SGS S.A. (+€108.1 million) are due to the changes in fair value at March 31, 2008 with recognition of the unrealized gain or loss in equity.

The original acquisition cost of the investment in Intesa Sanpaolo is €883.4 million; the change in fair value of the investment amounts in total to €408.8 million net.

The original carrying amount of the investment in SGS is €469.7 million; the change in fair value of the investment amounts in total to €595 million, net.

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

Details are as follows:

	Number	Carrying amount		Market price at			
		Per unit (€)	Total (€ml)	3/31/2008		5/5/2008	
				Per unit (€)	Total (€ml)	Per unit (€)	Total (€ml)
Investments							
Fiat Group							
- ordinary shares	332,587,447	8.83	2,938.0	14.41	4,793.2	14.99	4,984.2
- preferred shares	31,082,500	8.83	274.6	10.95	340.4	11.20	348.1
			3,212.6		5,133.6		5,332.3
Sequana Capital Group	13,203,139	25.22	333.0	16.62	219.4	17.16	226.6
Juventus Football Club S.p.A.	120,934,166	0.57	69.3	0.83	100.4	1.06	127.8
Other financial assets							
Intesa Sanpaolo S.p.A.	289,916,165	4.46	1,292.2	4.46	1,292.2	4.83	1,401.2
SGS S.A.	1,173,400	907.36	1,064.7	907.36	1,064.7	935.91	1,098.2
Ocean Club Méditerranée bonds	76,614	66.57	5.1	66.36	5.1	66.76	5.1
Total			5,976.9		7,815.4		8,191.2

6. Equity attributable to the equity holders of the company

Details are as follows:

€ in millions	3/31/2008	12/31/2007	Change
Capital and reserves	6,709.0	6,715.0	(6.0)
Treasury stock	(76.1)	(48.5)	(27.6)
Total	6,632.9	6,666.5	(33.6)

The change during the period is analyzed as follows:

€ in millions	
Equity attributable to the equity holders of the company at December 31, 2007	6,666.5
Change in fair value of the investments in Intesa Sanpaolo (-€ 272.5 million, net of deferred taxes of +€ 3.7 million) and in SGS (+€ 108.1 million)	(160.7)
Purchase of treasury stock	(27.6)
Share of translation differences (-€ 142.5 million) and other net changes (+€ 203.3 million) shown in the equity of the companies consolidated and those accounted for by the equity method	60.8
Profit attributable to the equity holders of the company	93.9
Net change during the period	(33.6)
Equity attributable to the equity holders of the company at March 31, 2008	6,632.9

7. Consolidated net financial position of the “Holdings System”

The consolidated net financial position of the “Holdings System” at March 31, 2008 shows a liquidity position of € 1.5 million with a positive change of € 106 million compared to the debt position at the end of 2007 (-€ 104.5 million).

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

€ in millions	3/31/2008			12/31/2007		
	Current	Non-current	Total	Current	Non-current	Total
Financial assets and cash and cash equivalents	843.7	0.3	844.0	862.4	0.3	862.7
Financial receivables from related parties	145.5	0.0	145.5	0.0	0.0	0.0
Total financial assets	989.2	0.3	989.5	862.4	0.3	862.7
Bonds 2007-2017	0.0	(744.4)	(744.4)	0.0	(744.2)	(744.2)
Bonds 2006-2011	0.0	(199.4)	(199.4)	0.0	(199.4)	(199.4)
Bank debt and other financial liabilities	(44.2)	0.0	(44.2)	(23.6)	0.0	(23.6)
Total financial liabilities	(44.2)	(943.8)	(988.0)	(23.6)	(943.6)	(967.2)
Consolidated net financial position of the “Holdings System”	945.0	(943.5)	1.5	838.8	(943.3)	(104.5)

Financial receivables from related parties for € 145.5 million correspond to dividends declared by Fiat S.p.A. on March 31, 2008 but not yet collected.

At March 31, 2008, IFIL S.p.A. has irrevocable credit lines for € 660 million, of which € 310 million is due by March 31, 2009 and € 350 million at later expiration dates.

Standard & Poor's rates IFIL's long-term debt at “BBB+” and its short-term debt at “A-2”, both with a stable outlook.

The net positive change of € 106 million during the quarter is due to the following flows:

€ in millions	
Consolidated net financial position of the “Holdings System” at December 31, 2007	(104.5)
Dividends from investments	171.7
- SGS S.A.	26.2
- Fiat S.p.A.	145.5
Purchases of IFIL treasury stock	(27.6)
- 5,265,200 ordinary shares (0.51% of class of stock)	(26.3)
- 322,000 savings shares (0.86% of class of stock)	(1.3)
Investment of \$3.4 million in NoCo B LP	(2.2)
Other net changes	(35.9)
- Net general expenses	(6.1)
- Financial income (expenses)	(19.6)
- Other changes	(10.2)
Net change during the period	106.0
Consolidated net financial position of the “Holdings System” at March 31, 2008	1.5

In April 2008, investments were made in Vision (-€58.1 million), NoCo B LP (-€2.2 million) and IFIL treasury stock (-€13.7 million) and dividends were collected from Gruppo Banca Leonardo (+€2.8 million); other positive changes amount to €2 million.

Following these movements, the consolidated net financial position of the "Holdings System" is a negative €67.7 million.

In May 2008, dividends will be collected from Intesa Sanpaolo (+€110.2 million) and Sequana Capital (+€9.2 million) and dividends will be distributed by IFIL S.p.A. (-€106.3 million).

The major events which took place during the first quarter of 2008 are as follows:

Subscription of bonds convertible into Vision Investment Management shares

On February 20, 2008, Ifil Investissements S.A. reached an agreement to invest \$90 million in 5-year bonds with a mandatory conversion into shares at maturity which at the time of conversion will give Ifil Investissements S.A. a 40% holding in the capital stock of Vision Investment Management Limited (Vision), one of the most important alternative asset managers in the Asian area.

The transaction (which will become effective for accounting purposes in the second quarter of 2008) was executed on April 11, 2008, once approval was obtained from the pertinent authorities, for an investment of €58.1 million. The bonds will guarantee Ifil Investissements S.A. a fixed annual yield of 5% until conversion at maturity in spring 2013.

The financial resources from the bonds have mainly been used by Vision management to buy back treasury stock from a group of the company's founding financial investors – which held 32% of ordinary capital stock issued by Vision – and to ensure future resources to sustain the development plan in the alternative asset management sector in Asia. Vision management and employees remain the largest stockholders of the company with a controlling stake.

Buyback program

In its meeting held on February 18, 2008, the IFIL S.p.A. board of directors approved the start of a Treasury Stock Buyback Program aimed at efficiently managing the Company's capital from an investment standpoint.

The Buyback Program falls under the resolution for the purchase of treasury stock approved by the stockholders' meeting held on May 14, 2007 and will be in effect until November 13, 2008. The Program calls for a maximum disbursement of €150 million and covers the purchase of IFIL ordinary and savings shares.

Under this Program, during the period February 26 – May 5, 2008, IFIL S.p.A. purchased 7,603,200 ordinary shares (0.73% of the class of stock) at the average cost per share of €5.07 for a total of €38.6 million, and also 631,000 savings shares (1.69% of the class of stock) at the average cost per share of €4.32 for a total of €2.7 million. The total investment amounts to €41.3 million (27.5% of the maximum disbursement stated in the Program).

After these purchases, IFIL holds, directly and indirectly, the following treasury stock:

	Number of shares	Amount		% of class
		Per share (€)	Total (€ in thsd)	
Ordinary shares, held by IFIL S.p.A.	20,006,198	4.21	84,263	1.93
Ordinary shares, held by subsidiary Soiem S.p.A.	810,262	3.41	2,762	0.08
Total ordinary shares	20,816,460	4.18	87,025	2.01
Savings shares, held by IFIL S.p.A.	631,000	4.32	2,728	1.69

Dividends from the investment holdings from profit for the year ended December 31, 2007

In 2008, the dividends collected from the investment holdings will amount to €293.9 million (€200.5 million in 2007). Details are as follows:

Holding	Class of stock	Number of shares	Dividends	
			Per share (€)	Total (€/ml)
Fiat S.p.A.	ordinary	332,587,447	0.40	133.0
Fiat S.p.A.	preferred	31,082,500	0.40	12.5
Intesa Sanpaolo S.p.A.	ordinary	289,916,165	0.38	110.2
Sequana Capital S.A.	ordinary	13,203,139	0.70	9.2
SGS S.A.	ordinary	1,173,400	22.3 (a)	26.2
Gruppo Banca Leonardo	ordinary	25,255,537	0.11	2.8
Total				293.9

(a) Equal to CHF 35.

Resolutions passed by the IFIL S.p.A. board of directors' meeting held on March 28, 2008

In its meeting held on March 28, 2008, the board of directors approved the consolidated financial statements and the draft separate financial statements for the year ended December 31, 2007, as well as the motion for the distribution of dividends of €0.10 per ordinary share and €0.1207 per savings share, for a total amount of €108.4 million, unchanged compared to the prior year. Taking into account the treasury stock currently in portfolio, the payment should decrease to approximately €106.3 million. The ex dividend date is May 19, 2008 and the dividends will be paid starting from May 22, 2008.

The board has also voted to put forward the following motions to the stockholders' meeting:

- to renew the authorization for the purchase and the disposition of treasury stock for a period of 18 months from the resolution passed by the stockholders' meeting, up to a maximum of 55 million ordinary and/or savings shares, for a maximum disbursement of €450 million;
- to renew the five-year mandate pursuant to articles 2443 and 2420 ter of the Italian Civil Code, to increase capital stock, at one or more times, up to a maximum of €1,500 million and to issue, at one or more times, convertible bonds up to the same amount;
- to approve a stock option Plan, which is for a period of more than 11 years, with the grantees being the chief executive officer and general manager, Carlo Barel di Sant'Albano, for 3,000,000 stock options corresponding to the same number of ordinary shares, and the employees of the IFIL Group (IFIL S.p.A. and the companies of the "Holdings System") who are or will be regarded as key people in the organization, on the basis of the positions held or activities performed, for a maximum of 12,000,000 stock options. Currently, there are 16 employees with these characteristics.

The adoption of the Plan is aimed at attracting and retaining managerial resources who hold important positions in the company and at the same time involve them in pursuing operating performance targets and matching the economic incentives to the value of the company for the stockholders. The vesting period of the options granted is from May 14, 2014 to May 14, 2016 and precisely: the first part, equal to 25% of the options, will vest on May 14, 2014, the second part, again equal to 25% of the options, will vest on May 14, 2015 and the third part, equal to 50% of the options, will vest on May 14, 2016.

The Plan will be implemented by assigning the grantees, gratuitously, options on treasury stock purchased by IFIL S.p.A. or by companies of the "Holdings System" in accordance with existing laws;

- to approve the payment of a part of the variable compensation of employees (MBO) with treasury stock.

The above motions were approved by the ordinary and special stockholders' meeting held on May 13, 2008, which also appointed the board of directors and the board of statutory auditors.

Proceedings relative to the contents of the press releases issued by IFIL S.p.A. and Giovanni Agnelli e C. S.a.p.az. on August 24, 2005

On December 4, 2007, the judge for the preliminary investigations declared the notification pursuant to ex art. 415 bis of the Italian Code of Penal Procedure (c.p.p.), notified on June 22, 2007, null and void and sent the case to the Public Prosecutor's office.

On April 9, 2008, the District Attorney's Office of Turin sent Mr Gabetti, Mr Grande Stevens and Mr Marrone, and in accordance with Legislative Decree 231/2001, also IFIL S.p.A. and Giovanni Agnelli e C S.a.p.az., a new notification pursuant to art. 415 bis (c.p.p.) stating that the stage of the investigations relating to the press releases issued on August 24, 2005 has been concluded and that the documentation has been filed.

Business outlook

For the year 2008, IFIL S.p.A. is expected to report a profit.

Taking into account the forecasts formulated by the major holdings, a profit is forecast for the IFIL Group for 2008.

Turin, May 14, 2008

On behalf of the Board of Directors
The Chairman
John Elkann

STATEMENT ACCORDING TO PARAGRAPH 2, ARTICLE 154 BIS OF THE CONSOLIDATED LAW ON FINANCIAL INTERMEDIATION

The undersigned, Pierluigi Bernasconi, Manager responsible for the preparation of the financial reports of IFI Istituto Finanziario Industriale S.p.A., attests, pursuant to paragraph 2, article 154 bis of the Consolidated Law on Financial Intermediation, that the accounting disclosure included in the Quarterly Report at March 31, 2008 of the IFI Group agrees with the accounting documents, records and entries.

Turin, May 14, 2008

The Manager Responsible for the Preparation of the
Financial Reports of the Company
Pierluigi Bernasconi