

***IFI***  
*Istituto Finanziario Industriale*

Quarterly Report  
at September 30, 2007

## QUARTERLY REPORT AT SEPTEMBER 30, 2007

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This is an English translation of the Italian original document “Relazione trimestrale al 30 settembre 2007” approved by the IFI board of directors on November 14, 2007 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.

# *IFI*

*Istituto Finanziario Industriale*

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

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**Board of Directors**

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<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 <sup>(a)</sup> 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

<sup>(a)</sup> Independent director

**Board of Statutory Auditors**

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

**Independent Auditors**

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Deloitte & Touche S.p.A.

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**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 separate 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 separate 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 Italian stock exchange – and ordinary stock, all of which is held by **Giovanni Agnelli e C. S.a.p.az.**, which draws together the interests of the Agnelli family.

**IFIL S.p.A.** is one of Europe's leading investment companies, controlled by the Agnelli family. Founded in 1919, it is headquartered in Turin and listed on 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.

IFIL exercises an active management of its historic investment in Fiat.

**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, 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 (Itedi). 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 71.52% 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 201 offices and 12,000 employees in 55 countries.

**Sequana Capital S.A.**, in which Ifil Investissements S.A. has a 26.69% stake, is a French company listed on the Euronext market which in 2006 has 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 5,500 branches, the group offers its services to 12 million customers. It also operates in 13 Central-East European countries and in the Mediterranean basin with 1,650 branches and 7.7 million customers in the retail and commercial banking sectors. It also has an international network specialized in corporate customer support covering 35 countries including the United States, Russia, China and India.

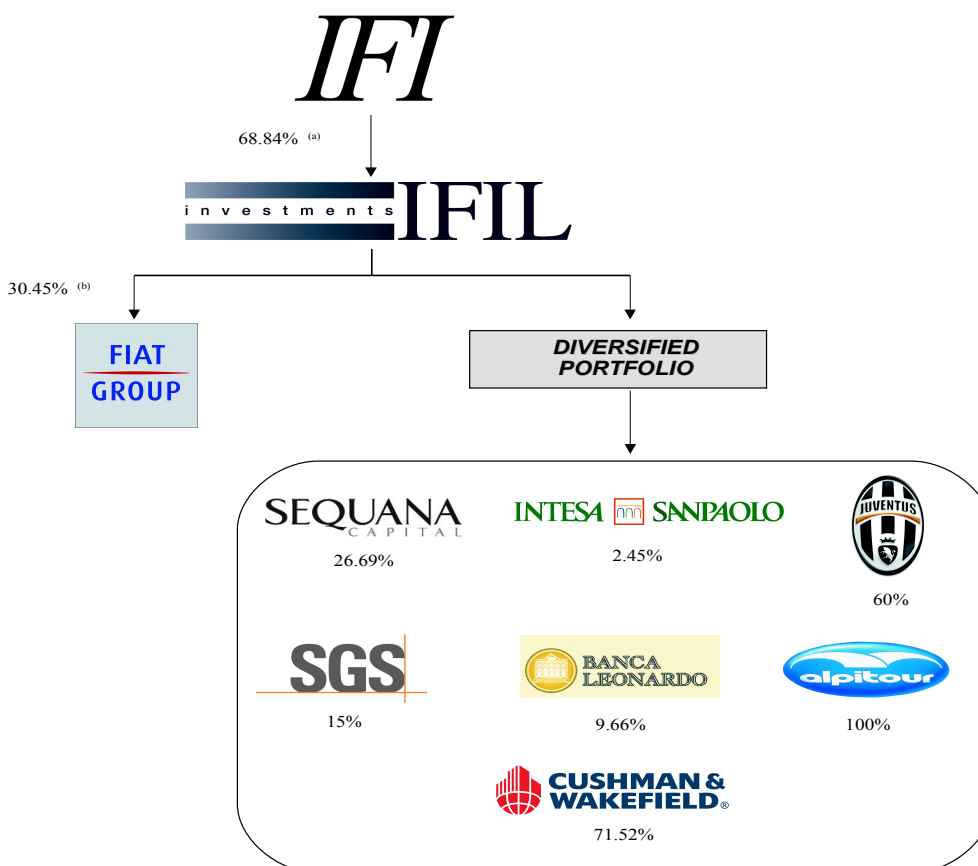
**SGS S.A.**, in which Ifil Investissements S.A. has a 15% stake, is a Swiss company listed on the Virt-x market. Founded in 1878, the company is today the global leader in verification, inspection, control and certification activities with 48,000 employees and a network of more than 1,000 offices and laboratories throughout the world.

**Gruppo Banca Leonardo S.p.A.**, in which Ifil Investissements S.A. has a 9.66% stake in fully diluted capital stock, 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 leading group in the tourist sector in Italy. It operates with a vast range of integrated services (tour operating, hotel, aviation, distribution, incoming and incentive and big events). In 2006, the Alpitour Group managed the accommodations of the Olympic Family at the Turin Winter Olympics 2006.

**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 and boasts the largest number of fans in Italy and the highest number of total sports victories of all the Italian soccer teams in both national and international competition.

The following chart is updated at November 8, 2007, and presents the simplified structure of the 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.p.A. also holds 3% of IFIL ordinary capital stock.  
 (b) IFIL also holds 30.09% of Fiat preferred capital stock.  
 (c) Fully diluted.

## MAJOR EVENTS

### **Increase of the investment in IFIL**

During the third quarter of 2007, IFI S.p.A. purchased on the market 14,954,000 IFIL ordinary shares (1.44% of the class of stock) for an investment of €108.6 million. At September 30, 2007, IFI S.p.A. held 712,140,000 IFIL ordinary shares, equal to 68.57% of the class of stock, and 1,866,420 IFIL savings shares, equal to 4.99% of the class of stock.

During the period October 1 – November 8, 2007, IFI S.p.A. purchased on the market 2,850,000 IFIL ordinary shares (0.27% of the class of stock) for an investment of €22 million. Following these purchases, IFI S.p.A. holds 714,990,000 IFIL ordinary shares, equal to 68.84% of the class of stock, and 1,866,420 IFIL savings shares, equal to 4.99% of the class of stock. The investment represents 66.62% of IFIL capital stock.

### **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**

The ruling on the appeal before the Court of Appeals against the administrative sanctions imposed by Consob with Resolution 15760 notified on February 13, 2007 is in its final stage.

After the exchange of briefs, on November 7, 2007 the parties discussed the case and the Turin Court of Appeals adjourned the continuation of the discussion to the hearing set for December 5, 2007.

Pecuniary sanctions were imposed on the two companies, in addition to Gianluigi Gabetti, Franzo Grande Stevens and Virgilio Marrone (as the legal representative of Giovanni Agnelli e C. S.a.p.az.). During the proceedings, the Turin Court of Appeals suspended the additional administrative sanctions against the individuals involved.

In the penal proceedings communicated to the same parties, the date set for the preliminary hearing before the Turin Courts was notified in accordance with articles 418 and 419 of the Penal Code for December 4, 2007.

## BUSINESS OUTLOOK

For the year 2007, IFI S.p.A. is forecast to report a profit.

On the basis of the indications formulated by the IFIL Group for 2007, the IFI Group is expected to show a consolidated profit.

## BASIS OF PRESENTATION

The consolidated quarterly report of the IFI Group at September 30, 2007 has been prepared in accordance with Article 82 of the “Regulations for the Implementation of Legislative Decree No. 58 of February 24, 1998 on the Activities of Issuers of Securities”, as amended by Consob Resolution No. 14990 of April 14, 2005, in compliance with Annex 3D of the Regulation.

In order to facilitate the analysis of the equity and financial position and the results of operations of the Group, it is IFI's practice to present period financial statements (condensed consolidated balance sheet and condensed consolidated income statement) prepared by accounting for the investment in the IFIL Group (67.18% of outstanding capital stock) by the equity method in the separate financial statements or in the separate accounting data of IFI S.p.A. prepared in accordance with IFRS. This method allows a condensed representation of the consolidated results of the IFI Group. Such condensed 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 consolidated data is also presented in the condensed 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 possible impairment losses on fixed assets, are generally completed only at the time of the preparation of the annual consolidated financial statements, when all the necessary information is available, except those cases in which impairment indicators require a prompt assessment of possible impairments.

The consolidated quarterly report of the IFI Group at September 30, 2007 is unaudited.

## IFI GROUP – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT SEPTEMBER 30, 2007

### IFI GROUP – Condensed interim consolidated income statement

**Consolidated profit attributable to the equity holders of the company** for the nine months ending September 30, 2007 is €286 million (€179.7 million for the first nine months of 2006), with an increase of €106.3 million compared to the nine months ending September 30, 2006.

Year 2006 € in millions	Note	9 months to September 30			Quarter III		
		2007	2006	Change	2007	2006	Change
222.0 Share of the profit of the IFIL Group	1	<b>294.7</b>	177.9	116.8	<b>87.6</b>	52.0	35.6
7.3 Gain on the sale of the investment in Exor Group		<b>0.0</b>	7.3	(7.3)	<b>0.0</b>	0.0	0.0
0.1 Dividends from other investments		<b>0.1</b>	0.1	0.0	<b>0.0</b>	0.0	0.0
(5.4) Net financial expenses		<b>(5.5)</b>	(4.6)	(0.9)	<b>(2.5)</b>	(1.0)	(1.5)
(4.9) Net general expenses		<b>(3.3)</b>	(3.3)	0.0	<b>(1.1)</b>	(1.0)	(0.1)
2.3 Income taxes		<b>0.0</b>	2.3	(2.3)	<b>0.0</b>	0.0	0.0
<b>221.4 Profit attributable to the equity holders of the company</b>		<b>286.0</b>	179.7	106.3	<b>84.0</b>	50.0	34.0

## IFI GROUP – Condensed interim consolidated balance sheet

€ in millions	Note	Balance at		Change	
		9/30/2007	12/31/2006		
<b>Non-current assets</b>					
Investment in the IFIL Group	2	4,208.5	3,880.8	327.7	
Other financial assets		0.6	0.8	(0.2)	
		<b>Total Non-current assets</b>	<b>4,209.1</b>	<b>3,881.6</b>	<b>327.5</b>
<b>Current assets</b>					
Other financial assets		2.9	3.5	(0.6)	
Cash and cash equivalents	4	0.2	59.7	(59.5)	
Trade receivables and other receivables		19.1	19.4	(0.3)	
		<b>Total Current assets</b>	<b>22.2</b>	<b>82.6</b>	<b>(60.4)</b>
		<b>Total Assets</b>	<b>4,231.3</b>	<b>3,964.2</b>	<b>267.1</b>
<b>Equity attributable to the equity holders of the company</b>					
Capital and reserves		3,992.9	3,870.3	122.6	
Treasury stock		(70.5)	(70.5)	0.0	
		<b>Equity attributable to the equity holders of the company</b>	<b>3,922.4</b>	<b>3,799.8</b>	<b>122.6</b>
<b>Non-current liabilities</b>					
Provisions for employee benefits		2.0	1.8	0.2	
Debt	4	0.0	125.0	(125.0)	
Other liabilities		0.1	0.1	0.0	
		<b>Total Non-current liabilities</b>	<b>2.1</b>	<b>126.9</b>	<b>(124.8)</b>
<b>Current liabilities</b>					
Debt	4	306.0	36.2	269.8	
Trade payables and other liabilities		0.8	1.3	(0.5)	
		<b>Total Current liabilities</b>	<b>306.8</b>	<b>37.5</b>	<b>269.3</b>
		<b>Total Equity and Liabilities</b>	<b>4,231.3</b>	<b>3,964.2</b>	<b>267.1</b>



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 1. Share of the profit of the IFIL Group

The share of the profit of the IFIL Group for the nine months ended September 30, 2007 amounts to €294.7 million (€177.9 million for the first nine months of 2006), with a positive change of €116.8 million.

Details are as follows:

Year		9 months to September 30			Quarter III		
2006	€ in millions	2007	2006	Change	2007	2006	Change
217.6	IFIL Group	294.7	172.8	121.9	87.6	52.0	35.6
4.4	Consolidation adjustments	0.0	5.1	(5.1)	0.0	0.0	0.0
222.0	<b>Total IFIL Group</b>	<b>294.7</b>	<b>177.9</b>	<b>116.8</b>	<b>87.6</b>	<b>52.0</b>	<b>35.6</b>

A review of the operating performance of the IFIL Group is presented later in the report.

### 2. Investment in the IFIL Group

The carrying amount of the investment in the IFIL Group, accounted for by the equity method, is €4,208.5 million at September 30, 2007. The increase of €327.7 million compared to December 31, 2006 (€3,880.8 million) is due to the purchase of IFIL stock during the first nine months of 2007 (+€265.1 million) and IFI's share (+€62.6 million) of the changes in the equity of the IFIL Group.

Details are as follows:

€ in millions	Carrying amount at				Change
	9/30/2007		12/31/2006		
	Per share (€)	Total	Per share (€)	Total	
IFIL Group					
- ordinary shares	5.89	4,197.4	5.73	3,870.1	327.3
- savings shares	5.89	11.1	5.73	10.7	0.4
<b>Total</b>		<b>4,208.5</b>		<b>3,880.8</b>	<b>327.7</b>

Based on market prices at September 28, 2007 (€7.536 per ordinary share and €6.981 per savings share), the market value of the investment is €5,379.7 million.

Based on market prices at October 31, 2007 (€7.902 per ordinary share and €7.366 per savings share), the market value of the investment is €5,641.1 million.

### 3. Equity attributable to the equity holders of the company

The changes during the period are analyzed as follows:

€ in millions	
<b>Equity attributable to the equity holders of the company at December 31, 2006</b>	<b>3,799.8</b>
Share of translation differences (-€42 million) and other net changes (-€120.4 million) shown in the equity of the IFIL Group	(162.4)
Other net changes	(1.0)
Profit attributable to the equity holders of the company	286.0
<b>Net change during the period</b>	<b>122.6</b>
<b>Equity attributable to the equity holders of the company at September 30, 2007</b>	<b>3,922.4</b>

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

The net financial position of IFI S.p.A. at September 30, 2007 is a borrowings position of €302.6 million against a borrowings position of €97.5 million at December 31, 2006.

Details of the composition of the balance are as follows:

6/30/2007			9/30/2007			12/31/2006		
Current	Non-Current	Total € in millions	Current	Non-Current	Total	Current	Non-Current	Total
3.0	0.3	3.3	2.9	0.3	3.2	3.5	0.4	3.9
0.1		0.1	0.2		0.2	59.7		59.7
3.1	0.3	3.4	3.1	0.3	3.4	63.2	0.4	63.6
(193.3)	0.0	(193.3)	(306.0)		(306.0)	(36.1)	(125.0)	(161.1)
(190.2)	0.3	(189.9)	(302.9)	0.3	(302.6)	27.1	(124.6)	(97.5)

At September 30, 2007, IFI S.p.A. has irrevocable credit lines for €555 million (drawn down for €150 million), of which €235 million is due by September 30, 2008 and €320 million at later expiration dates.

The negative change of €205.1 million from the end of 2006 is due to the following flows:

€ in millions	
<b>IFI S.p.A. - Net financial position at December 31, 2006</b>	<b>(97.5)</b>
Dividends collected (a)	69.6
Purchases of 36,940,000 IFIL ordinary shares (3.45% of the class of stock)	(265.1)
Net financial expenses	(5.5)
Net general expenses	(3.3)
Other net changes	(0.8)
<b>Net change during the period</b>	<b>(205.1)</b>
<b>IFI S.p.A. - Net financial position at September 30, 2007</b>	<b>(302.6)</b>

(a) Of which €1.8 million accounted for as a reduction of the purchases of IFIL shares made in 2007.

Taking into account the additional IFIL shares purchased during the period October 1 – November 8, 2007, the net financial position amounts to a negative €324.6 million.



(68.84% of ordinary capital stock)

The consolidated data of the IFIL Group at September 30, 2007, commented below, is taken from the condensed interim consolidated balance sheet and income statement.

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 Group, Sequana Capital Group, Cushman & Wakefield Group, Alpitour Group and Juventus Football Club) by the equity method.

### IFIL GROUP – Condensed interim consolidated income statement

**Consolidated profit attributable to the equity holders of the company for the nine months ending September 30, 2007** is €438.6 million. The positive change of €167.6 million compared to the first nine months of 2006 (€271 million) is due to the net increase in the profit of the holdings (+€139.1 million) and the positive change in net financial income (expenses) (+€48 million) that was partially offset by other net changes (-€19.5 million).

**Third-quarter 2007 consolidated profit attributable to the equity holders of the company** is €123.8 million (€81.5 million in the corresponding period of 2006). The positive change of €42.3 million is attributable to the net increase in the profit of the holdings (+€57.4 million), the negative change in net financial income (expenses) (-€6.2 million) and other net changes (-€8.9 million).

Year 2006	€ in millions	Note	9 months to September 30			Quarter III		
			2007	2006	Change	2007	2006	Change
	Share of the profit (loss) of companies accounted for by the equity method	1	358.0	218.9	139.1	132.4	75.0	57.4
	Net financial income (expenses):							
	53.0 - Dividends from investments	2	111.6	53.0	58.6	0.0	0.0	0.0
	(0.7) - Gains (losses) on the sale of securities and investments		0.9	0.0	0.9	0.9	0.0	0.9
	19.2 - Other financial income (expenses)	3	(6.7)	4.8	(11.5)	(4.9)	2.2	(7.1)
	71.5 Net financial income (expenses)		105.8	57.8	48.0	(4.0)	2.2	(6.2)
	(23.2) Net general expenses		(15.0)	(13.4)	(1.6)	(4.5)	(3.5)	(1.0)
	0.2 Other non-current income (expenses)	4	(7.9)	7.8	(15.7)	0.0	7.8	(7.8)
	<b>341.7 Profit before income taxes</b>		<b>440.9</b>	271.1	169.8	<b>123.9</b>	81.5	42.4
	(0.2) Income taxes		(2.3)	(0.1)	(2.2)	(0.1)	0.0	(0.1)
	<b>341.5 Profit attributable to the equity holders of the company</b>		<b>438.6</b>	271.0	167.6	<b>123.8</b>	81.5	42.3

## IFIL GROUP – Condensed interim consolidated balance sheet

€ in millions	Note	Balance at		Change
		9/30/2007	12/31/2006	
<b>Non-current assets</b>				
Investments accounted for by the equity method	5	3,753.6	3,291.8	461.8
Other financial assets	6	2,644.0	2,563.5	80.5
Property, plant and equipment		13.2	13.2	0.0
		<b>6,410.8</b>	<b>5,868.5</b>	<b>542.3</b>
<b>Current assets</b>				
Financial assets and cash and cash equivalents	8	889.6	862.8	26.8
Trade receivables and other receivables		48.3	47.2	1.1
		<b>937.9</b>	<b>910.0</b>	<b>27.9</b>
<b>Assets held for sale</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
		<b>7,348.7</b>	<b>6,778.5</b>	<b>570.2</b>
<b>Equity attributable to the equity holders of the company</b>	9	<b>6,311.9</b>	<b>6,222.3</b>	<b>89.6</b>
<b>Non-current liabilities</b>				
Provisions for employee benefits and provisions for other liabilities and charges		2.5	2.4	0.1
Bonds and other debt	8	943.5	199.2	744.3
Deferred tax liabilities and other liabilities		48.7	52.6	(3.9)
		<b>994.7</b>	<b>254.2</b>	<b>740.5</b>
<b>Current liabilities</b>				
Bonds and other debt	8	35.3	277.6	(242.3)
Trade payables and other liabilities		6.8	24.4	(17.6)
		<b>42.1</b>	<b>302.0</b>	<b>(259.9)</b>
		<b>7,348.7</b>	<b>6,778.5</b>	<b>570.2</b>

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

The share of the profit of companies accounted for by the equity method for the nine months ending September 30, 2007 is €358 million (€218.9 million for the first nine months of 2006). The positive change of €139.1 million reflects the higher profit contribution by the Fiat Group (+€226.1 million), the result for the six months following the acquisition of the Cushman & Wakefield Group (+€1.2 million), lower profit contributions by the Sequana Capital Group (-€73.9 million, including the loss of €54.3 million on the sale of the 22% stake in capital stock), the Alpitour Group (-€12.7 million), Juventus Football Club (-€1.9 million) and other changes (+€0.3 million).

Year		9 months to September 30			Quarter III		
2006	€ in millions	2007	2006	Change	2007	2006	Change
304.6	Fiat Group	<b>401.0</b>	173.2	227.8	<b>126.9</b>	55.1	71.8
(15.4)	Consolidation adjustments	<b>0.6</b>	2.3	(1.7)	<b>0.3</b>	0.6	(0.3)
289.2	<b>Total Fiat Group</b>	<b>401.6</b>	175.5	226.1	<b>127.2</b>	55.7	71.5
504.2	Sequana Capital Group	<b>46.7</b>	66.3	(19.6)	<b>0.0</b>	10.1	(10.1)
(494.1) (a)	Consolidation adjustments	<b>(54.3)</b> (b)	0.0	(54.3)	<b>(0.8)</b>	0.0	(0.8)
10.1	<b>Total Sequana Capital Group</b>	<b>(7.6)</b>	66.3	(73.9)	<b>(0.8)</b>	10.1	(10.9)
0.0	Cushman & Wakefield Group	<b>1.2</b> (c)	0.0	1.2	<b>4.8</b>	0.0	4.8
3.0	Alpitour Group	<b>(24.3)</b> (d)	(11.6)	(12.7)	<b>4.3</b>	5.9	(1.6)
(8.8)	Juventus Football Club S.p.A.	<b>(12.9)</b> (e)	(11.0)	(1.9)	<b>(3.1)</b>	3.3	(6.4)
(0.3)	Other		(0.3)	0.3	<b>0.0</b>	0.0	0.0
293.2	<b>Total</b>	<b>358.0</b>	218.9	139.1	<b>132.4</b>	75.0	57.4

(a) To eliminate the gain net of taxes on the Sequana Capital/SGS Public Exchange and Purchase Offer (-€465.8 million) and for the diluting effect of the reduction in the stake held (-€28.3 million).

(b) To account for the loss realized (including incidental charges of €0.8 million) on the partial sale of Sequana Capital (22% of capital stock).

(c) Data for the period April 1 – September 30, subsequent to acquisition.

(d) Data for the period November 1 – July 31.

(e) Data for the period January 1 – September 30.

## 2. Dividends from investments

Dividends from investments for the first nine months of 2007 amount to €111.6 million and include dividends collected from Intesa Sanpaolo for €110.2 million (€53 million for the same period of the prior year) and Gruppo Banca Leonardo for €1.4 million.

## 3. Other financial income (expenses)

Net other financial expenses for the nine months ended September 30, 2007 amount to €6.7 million. In the corresponding period of the prior year the positive consolidated net financial position of the “Holdings System” had generated net financial income of €4.8 million.

## 4. Other non-current income (expenses)

Net other non-current expenses for the nine months ended September 30, 2007 stem from the expenses incurred to close the dispute over the sale of La Rinascente.

In the corresponding period of 2006, net other non-current income (€7.8 million) had referred to the release of the provision set aside for the Alpitour stock option plan 2000 which had not been exercised by the August 31, 2006 expiration date.

## 5. Investments accounted for by the equity method

Details are as follows:

€ in millions	Carrying amount at		Change
	9/30/2007	12/31/2006	
Fiat Group	<b>2,850.3</b>	2,610.6	239.7
Sequana Capital Group	<b>338.0</b>	588.8	(250.8)
Cushman & Wakefield Group	<b>452.5</b>	0.0	452.5
Alpitour Group	<b>46.1</b>	70.4	(24.3)
Juventus Football Club S.p.A.	<b>66.7</b>	17.7	49.0
Turismo&Immobiliare S.p.A.	-	4.3	(4.3)
<b>Total</b>	<b>3,753.6</b>	3,291.8	461.8

## 6. Non-current other financial assets

Details are as follows:

€ in millions	Carrying amount at		Change
	9/30/2007	12/31/2006	
<b>Investments</b>			
Intesa Sanpaolo S.p.A.	<b>1,566.7</b>	1,640.3	(73.6)
SGS S.A.	<b>940.1</b>	870.0	70.1
Gruppo Banca Leonardo S.p.A.	<b>82.4</b>	47.0	35.4
Ancom Usa Inc	<b>9.6</b>	0.0	9.6
Subsidiaries of the "Holdings System" in liquidation and others	<b>0.0</b>	1.0	(1.0)
<b>Other investments</b>			
DLMD bonds	<b>27.3</b>	0.0	27.3
Ancom Usa Inc. bonds	<b>9.5</b>	0.0	9.5
Ocean Club Méditerranée bonds	<b>5.1</b>	5.0	0.1
NoCo B LP	<b>3.1</b>	0.0	3.1
<b>Sundry</b>	<b>0.2</b>	0.2	0.0
<b>Total</b>	<b>2,644.0</b>	2,563.5	80.5

The original purchase cost of the investment in Intesa Sanpaolo is €883.4 million; the fair value adjustments to the investment amount in total to €683.3 million.

The original carrying amount of the investment in SGS is €469.7 million; the fair value adjustments to the investment amount in total to €470.4 million.

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

Details are as follows:

	Number of shares held	Carrying amount Per share (€)	Total (€ ml)	Market price at			
				September 28, 2007		October 31, 2007	
				Per share (€)	Total (€ ml)	Per share (€)	Total (€ ml)
<b>Investments</b>							
Fiat Group							
- ordinary shares	332,587,447	7.838	<b>2,606.7</b>	21.290	<b>7,080.8</b>	22.280	<b>7,410.0</b>
- preferred shares	31,082,500	7.838	<b>243.6</b>	18.089	<b>562.2</b>	18.578	<b>577.5</b>
			<b>2,850.3</b>		<b>7,643.0</b>		<b>7,987.5</b>
Sequana Capital Group	13,203,139	25.596	<b>338.0</b>	23.150	<b>305.6</b>	23	<b>303.7</b>
Juventus Football Club S.p.A.	120,934,166	0.551	<b>66.7</b>	1.318	<b>159.4</b>	1.222	<b>147.8</b>
<b>Other financial assets</b>							
Intesa Sanpaolo S.p.A.	289,916,165	5.404	<b>1,566.7</b>	5.404	<b>1,566.7</b>	5.460	<b>1,582.9</b>
SGS S.A.	1,173,400	801.157	<b>940.1</b>	801.157	<b>940.1</b>	905.62	<b>1,062.7</b>
Ocean Club Méditerranée bonds	76,614	66	<b>5.1</b>	66.55	<b>5.1</b>	65.120	<b>5.0</b>
<b>Total</b>			<b>5,766.9</b>		<b>10,619.9</b>		<b>11,089.6</b>

## 8. Consolidated net financial position of the “Holdings System”

The consolidated net financial position of the “Holdings System” at September 30, 2007 shows a borrowings position of €89 million with a negative change of €475.2 million compared to the cash position at the end of 2006 (€386.2 million).

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

6/30/2007			9/30/2007			12/31/2006		
Current	Non-current	Total € in millions	Current	Non-current	Total	Current	Non-current	Total
<b>Financial assets and cash and cash equivalents</b>								
768.7	0.2	768.9	889.6	0.2	889.8	862.8	0.2	863.0
0.0	(744.0)	(744.0)	0.0	(744.1)	(744.1)	0.0	0.0	0.0
0.0	(199.3)	(199.3)	0.0	(199.4)	(199.4)	0.0	(199.2)	(199.2)
Bonds 2007-2017								
Bonds 2006-2011								
Bank debt and other financial liabilities								
(0.1)	(3.3)	(3.4)	(35.3)	0.0	(35.3)	(277.6)	0.0	(277.6)
(0.1)	(946.6)	(946.7)	(35.3)	(943.5)	(978.8)	(277.6)	(199.2)	(476.8)
<b>Total financial liabilities</b>								
<b>Consolidated net financial position of the “Holdings System”</b>								
768.6	(946.4)	(177.8)	854.3	(943.3)	(89.0)	585.2	(199.0)	386.2

Current financial assets and cash and cash equivalents (€889.6 million) include investments in equity shares listed on the United States market and on the major European markets, bonds, time deposits and other short-term financial instruments. The carrying amounts of the financial instruments at September 30, 2007 are not in excess of market prices.

At September 30, 2007, IFIL S.p.A. has irrevocable credit lines for €660 million, of which €50 million is due by September 30, 2008 and €610 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 negative change of €475.2 million during the first nine months of 2007 is due to the following flows:

€ in millions	
<b>Consolidated net financial position of the "Holdings System"</b>	
<b>at December 31, 2006</b>	<b>386.2</b>
<b>Dividends collected from:</b>	
- Intesa Sanpaolo S.p.A.	110.2
- Fiat S.p.A.	61.2
- Sequana Capital S.A.	14.4
- SGS S.A.	13.3
- Banca Leonardo S.p.A.	1.4
	200.5
<b>Dividends paid out by IFIL S.p.A.</b>	<b>(107.0) (a)</b>
<b>Investments in equity holdings and other financial assets:</b>	
- Acquisition of 71.52% stake in C&W capital stock	(483.1)
- Purchase of 143,944 SGS S.A. shares (1.84% stake)	(121.5)
- Subscription to Juventus Football Club S.p.A. capital stock increase	(62.9)
- Subscription to Gruppo Banca Leonardo S.p.A. capital stock increase	(35.4)
- Subscription to 2,723 S-Bonds 2010 issued by DLMD	(27.2)
- Purchase of 100% stake in Ancom USA and bonds issued by it	(19.1)
- Investment in NoCo B LP	(3.1)
	(752.3)
<b>Disposals:</b>	
- Sequana Capital to DLMD, 22% stake (net of incidental charges)	226.1
- Turismo&Immobiliare, 25% stake	5.2
	231.3
<b>Other net changes:</b>	
- Net general expenses	(15.0)
- Other non-current expenses	(7.9)
- Payment of Consob administrative fine	(4.5)
- Net other financial expenses	(6.7)
- Sundry net changes	(13.6)
	(47.7)
<b>Net change during the period</b>	<b>(475.2)</b>
<b>Consolidated net financial position of the "Holdings System"</b>	
<b>at September 30, 2007</b>	<b>(89.0)</b>

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



## 9. Equity attributable to the equity holders of the company

Details are as follows:

€ in millions	9/30/2007	12/31/2006	Change
Capital and reserves	<b>6,360.4</b>	6,270.8	89.6
Treasury stock	<b>(48.5)</b>	(48.5)	0.0
<b>Total</b>	<b>6,311.9</b>	6,222.3	89.6

The changes during the period are analyzed as follows:

€ in millions	
<b>Equity attributable to the equity holders of the company at December 31, 2006</b>	<b>6,222.3</b>
Fair value adjustment to the investment in Intesa Sanpaolo (-€73.6 million, net of +€3.9 million of deferred taxes) and the investment in SGS (-€38.1 million)	(107.8)
Share of translation differences (-€62.4 million) and other net changes (-€71.8 million) shown in the equity of the companies consolidated and those accounted for by the equity method	(134.2)
Dividends paid-out by IFIL S.p.A.	(107.0) (a)
Profit attributable to the equity holders of the company	438.6
<b>Net change during the period</b>	<b>89.6</b>
<b>Equity attributable to the equity holders of the company at September 30, 2007</b>	<b>6,311.9</b>

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

At September 30, 2007, IFIL S.p.A. holds, directly and indirectly, the following treasury stock:

	Number of IFIL ordinary shares	% of class of stock	Amount	
			Per share (€)	Total (€ ml)
Held by IFIL S.p.A.	12,402,998	1.19	3.68	45.7
Held by the subsidiary Soiem S.p.A.	810,262	0.08	3.41	2.8
<b>Balance at September 30, 2007</b>	<b>13,213,260</b>	<b>1.27</b>	<b>3.67</b>	<b>48.5</b>

During the first nine months of 2007, there were no transactions involving treasury stock.

The major events which took place during the third quarter of 2007 are as follows.

### Sale of a stake in Sequana Capital S.A.

On July 1, 2007, Ifil Investissements S.A. reached an agreement for the sale of an approximate 22% stake in Sequana Capital S.A. to DLMD, a company controlled by Pascal Lebard, general manager of Sequana Capital S.A.

After having obtained approval from the competent authorities, on July 27, 2007, Ifil Investissements S.A. sold 10,806,343 Sequana Capital shares at €21 per share for a total equivalent amount of €226.9 million.

Ifil Investissements S.A. partially financed the deal for a total equivalent amount of €27.2 million, subscribing to 2,723 S-Bonds issued by DLMD, maturing July 27, 2010.

After this deal (which led to the recognition at June 30, 2007 of a loss on consolidation of €54.3 million, including incidental charges), Ifil Investissements S.A. holds 13,203,139 Sequana Capital S.A. shares, equal to 26.69% of capital stock.

Ifil Investissements S.A. and DLMD signed a three-year stockholders' agreement aimed at keeping the stockholder base of Sequana Capital S.A. stable.

**Increase of the investment in SGS S.A.**

During the third quarter of 2007, the subsidiary Ifil Investissements S.A. purchased 98,580 SGS shares on the market for an investment of €81.9 million, equal to 1.26% of capital stock.

Currently, Ifil Investissements S.A. holds 1,173,400 SGS shares representing 15% of capital stock.

**Sale of the investment in Turismo&Immobiliare**

After having obtained authorization from the competent authorities, on September 18, 2007 Ifil Investissements S.A. sold its 25% holding in Turismo&Immobiliare to the Marcegaglia Group, Pirelli RE and Gabetti Property Solutions for €5.2 million; the IFIL Group realized a gain from the sale of €0.9 million on consolidation.

**Other minor transactions**

With effect on September 30, 2007, the IFIL Group purchased, from Exor Group S.A., the 100% stake in the capital stock of ANCOM USA Inc, an American company which holds 1.96% of NoCo A LP, the firm through which operations are conducted by the Perella Weinberg Group, for a total expenditure of approximately \$27 million.

**Business outlook**

For the year 2007, IFIL S.p.A. is expected to report a profit.

Taking into account the forecasts formulated by the major holdings, the IFIL Group forecasts a profit for 2007.

Turin, November 14, 2007

On behalf of the Board of Directors  
The Chairman  
John Elkann