



CAMFIN s.p.a.

PRESS RELEASE

**CAMFIN S.p.A. BOARD OF DIRECTORS
APPROVES HALF- YEAR REPORT AT 30 JUNE 2005**

**NET INCOME FROM EQUITY INVESTMENTS €37.8 MILLION VS. €23
MILLION IN 1H 2004 (+64%)**

**CONSOLIDATED NET INCOME: €20.6 MILLION, A 66% INCREASE
OVER THE €12.4 MILLION AT 30 JUNE 2004**

EXPECT INCREASE IN 2005 CONSOLIDATED NET INCOME

Milan, 12 September 2005 – The Board of Directors of Camfin S.p.A. met today and approved the half year report at 30 June 2005..

Group operating performance in 1H 2005

The results of the Camfin Group for 1H 2005 and comparison periods were prepared using IAS/IFRS accounting standards.

As indicated in the press releases issued to announce 2004 and 1Q 2005 results, in addition to the traditional schedules required by Legislative Decree 127/91 and the Consob (Stock Exchange Regulatory Authority hereinafter referred to as “Consob”) Resolution dated 14 April 2005, Camfin has prepared a set of **abridged consolidated financial statements** in which financial holding companies are consolidated on a line-by-line basis and operating and associated companies are carried at net equity.

Net income from equity investments at 30 June 2005 shows a net increase from the prior year, increasing from €23 million to **€37.8 million (+64%)** thanks mainly to a **significant increase in Pirelli & C. S.p.A.’s profitability** (from €20.9 million in 1H 2004 to **€42.6 million**).

As indicated in the press release issued to announce 1Q 2005 results, the change in **trading income** (a negative balance of €3.1 million vs. a positive balance of €2.9 million in the 1H 2004) is mainly due to the application of the new IAS/IFRS accounting standards which resulted in the exclusion of capital gains, booked in the holding company’s financial statements, generated by the sale of Pirelli & Co. shares.

Pre-tax income showed a **net improvement** (increasing from €12.2 million to **€20.5 million**) despite an increase in **financial charges** (from €8.7 million to **€13.8 million**) resulting from investments in Pirelli & C. made during the first half.

Consolidated net income at 30 June 2005 **rose a significant 66%** (€12.4 million to €20.6 million) with respect to the same period in 2004.

Financial fixed assets showed an increase from €1.038 million at 31 December 2004 to €1.388 million primarily due to subscription of Pirelli & C.'s capital increase. In addition to taking part in the recapitalization of Pirelli & C., the Group bought and sold shares and derivatives in Pirelli & C. S.p.A. (as a result, at 30 June 2005, the Group held 1,315,216,673 shares – equivalent to a 25.39% stake in common stock), and purchased *Put & Call* options that allow the Group to purchase an additional 0.8% of free floating Pirelli & C. common stock.

The Camfin Group's share of **shareholders' equity** was **€903.8 million**, an increase of €333 million with respect to the shareholders' equity (prior to application of IAS 32 and 39) at the end of 2004.

The change is mainly due to the positive net income for the period, the capital increase (€221.7 million, net of related expenses), and an increase in Camfin's portion of Pirelli & C's reserves and other associated companies (€66.3 million) resulting from the net equity valuation.

The change also includes an increase in the reserves as per application of IAS 32 and 39 in the amount of €33.4 million and the distribution of dividends in the amount of €10.3 million.

The **net consolidated financial position** rose from €474.2 million at 31 December 2004 to €494.5 million on a like-for-like basis and the *debt/equity* ratio changed from 0.83 to 0.55. The attachments include reconciliation **between the net financial position** of the holding system and full consolidated debt, which increased from €501.2 million to €519.7 million. Basically, the change is attributable to the capital increase (€222 million), dividend income (€29 million), net trading income (€67 million), offset by financial charges (€12 million), investments in Pirelli & C. S.p.A. (€307 million), a dividend distribution (€10 million), and the *fair value* valuation of financial instruments (€4 million).

With respect to the Group's industrial activity, Cam Gas entered into a medium/long term supply contract with one of the primary national operators. This contract will guarantee the strengthening of the business once the start-up phase is completed.

Significant events subsequent to close of 1H 2005

- Following the half-year close, Cam Finanziaria purchased 1,500,000 shares in Pirelli & C. through a number of transactions. To date, the Group holds a 25.42% stake in Pirelli & C..
- After half-year close, 47,684 Camfin 2003-2006 warrants were exercised resulting in the issue of 11,921 new shares. As of today, there is an additional free float of 87,505,512 warrants and the share capital is equal to €179,894,930.80 (345,951,790 shares with a nominal value of €0.52).

Outlook for the current fiscal year

Financial operations during the first months of 2005 and the earnings growth expected from the main group companies make it possible to confirm the likelihood that the year will close with improved net consolidated income.

It should be noted that, as per Consob recommendations, the auditors PricewaterhouseCoopers submitted its report (prepared as per said recommendations) on the IFRS reconciliation in which nothing out of the ordinary was noted.

Camfin S.p.A. – Parent Company

The parent company's half-year financial statements (prepared under Italian accounting principles that do not include dividends received from associated companies) showed an overall improvement. This improvement was primarily due to the capital gain from the sale of Pirelli shares held in the trading portfolio.

The **trading income**, in fact, grew from €2.9 million at 30 June 2004 to **€16.7 million**, while the financial charges rose from €8.6 to €12.4 million.

Net income for the first half year rose from a negative €4.4 million to a positive **€0.3 million**. **Shareholders' equity** rose from €439.2 million at 31 December 2004 to **€652.6 million** at 30 June 2005 primarily due to the effect of the capital increase. The **net financial position** rose from €432.2 million to **€484.6 million** with a *debt/equity* ratio of approximately 0.7.

Outlook for the current fiscal year

Financial operations during the first months of 2005 and the earnings growth expected from the main group companies make it possible to confirm the likelihood that the year will close with improved consolidated net income.

Attached are the abridged income statement and balance sheet at 30 June 2005, along with tables illustrating impact of the new international accounting standards (IAS/IFRS) on the 2004 financial statements.

Attachment 1

Abridged consolidated income statement (*)

in €/000

	30/06/2005	30/06/2004	31/12/2004
Group's share of result of investments carried at equity	41.813	20.316	58.180
Good will amortization	0	(218)	0
Dividend Income	0	0	0
Write-down of equity investments	(906)	0	(3.373)
Trading income	3.096	2.858	10.938
Net income (loss) from equity investments	37.811	22.956	65.745
Net financial charges	(13.849)	(8.681)	(19.072)
Net overheads (including property management)	(3.517)	(2.065)	(7.159)
Pre-tax income (loss)	20.445	12.210	39.514
Current taxes	(665)	0	(1.119)
Deferred taxes	776	163	431
Net income (loss)	20.556	12.373	38.826

Abridged consolidated balance sheet (*)

in €/000

	30/06/2005	31/12/2004	30/06/2004
Financial fixed assets	1.388.242	1.037.693	954.669
Tangible fixed assets	2.260	2.283	3.262
Intangible fixed assets	494	214	1.107
Net working capital	11.898	8.741	10.642
	1.402.894	1.048.931	969.680
Shareholders' equity	903.829	570.879	550.720
Reserves	4.542	3.873	808
Net financial position	494.523	474.179	418.152
	1.402.894	1.048.931	969.680

(*) With financial holding companies and service companies consolidated on a line-by-line basis and operating companies carried at net equity.

Attachment 2

Reconciliation between “holding system’s” net financial position and full consolidated debt:

<i>(in €/000)</i>	30-06-2005	31-12-2004	30-06-2004
Consolidated net financial position of holding companies	(494.523)	(474.179)	(418.152)
Operating companies’ net financial positions			
Cam Technologie S.p.A.	-	-	13.001
Gecam France S.A.	-	-	72
Tre Total Renewable Energy S.r.l.	-	-	65
Cam Gas S.p.A.	(31)	747	63
Cam Immobiliare S.p.A.	(26.878)	(29.665)	(27.150)
Cam Marine S.r.l.	(338)	(4)	0
Progetto Assago S.r.l.	2.081	1.889	3.187
Full consolidated debt	(519.689)	(501.212)	(428.914)

Attachment 3

IAS Reconciliation

Abridged consolidated income statement (*)

(in €/000)

	31/12/2004 Italian Principles	Adjustments IAS/IFRS	31/12/2004 IAS/IFRS
Group's share of result of investments carried at equity	50.670	7.510	58.180
Good will amortization	(7.065)	7.065	0
Write-down of equity investments	(3.373)	0	(3.373)
Trading income	17.144	(6.206)	10.938
Net income (loss) from equity investments	57.376	8.369	65.745
Net financial charges	(19.072)	0	(19.072)
Net overheads (including property management)	(7.615)	456	(7.159)
Pre-tax income (loss)	30.689	8.825	39.514
Current taxes	(1.119)	0	(1.119)
Deferred taxes	582	(151)	431
Net income (loss)	30.152	8.674	38.826

Abridged consolidated balance sheet (*)

(in €/000)

	31/12/2004 Italian Principles	Adjustments IAS/IFRS	31/12/2004 IAS/IFRS	Adjustments 32-39	01/01/2005 IAS/IFRS
Financial fixed assets	1.023.909	13.784	1.037.693	34.968	1.072.661
Tangible fixed assets	2.283	0	2.283	0	2.283
Intangible fixed assets	895	(681)	214	0	214
Net working capital	8.532	209	8.741	850	9.591
	1.035.619	13.312	1.048.931	35.818	1.084.749
Shareholders' equity	591.059	(20.180)	570.879	33.425	604.304
Reserves	3.913	(40)	3.873	0	3.873
Net financial position	440.647	33.532	474.179	2.393	476.572
	1.035.619	13.312	1.048.931	35.818	1.084.749

(*) With financial holding companies and service companies consolidated on a line-by-line basis and operating companies carried at net equity.