



CAMFIN s.p.a.

PRESS RELEASE

CAMFIN SPA'S BOARD OF DIRECTORS APPROVES 2005 FINANCIAL STATEMENTS:

CONSOLIDATED NET INCOME : +9.5%, €42.5 MN VS. €38.8 MN IN 2004

NET INCOME FROM EQUITY INVESTMENTS: +6.2%, €69.8 MN VS. €65.7 MN IN 2004

DEBT/EQUITY RATIO 0.56, AN IMPROVEMENT OVER THE 0.85 AT THE END OF 2004

PROPOSED DIVIDEND OF €0.03, IN LINE WITH 2004

Milan, 14 March 2006 – The Board of Directors of Camfin S.p.A., that met today, has examined and approved the consolidated and statutory financial statements for the year ended on 31 December 2005.

Group operating performance in 2005

The results of the Camfin Group at 31 December 2005 and comparison periods were prepared using IAS/IFRS accounting standards. In addition to the traditional schedules required as per 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.

In 2005 the Camfin Group consolidated the positive trend begun in the previous year with substantially improved results. The **net income from equity investments** at 31 December 2005 equals **€69.8 million**, an improvement of **+6,2%** with respect to the end of 2004. This result is largely attributable to the contribution of the investment in **Pirelli & C. S.p.A.**, that rose from €58.6 million at the end of 2004 to **€79.6 million**.

As already pointed out in comments made regarding interim results, **trading income**, that shows a negative balance of €5.1 million vs. a positive balance of €10.9 million in the preceding year, was impacted by 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 at the beginning of the year.

Pre-tax income increased from €39.5 million to €42.3 million and **consolidated net income** shows an improvement of 9.5%, increasing from **€38.8 to €42.5 million**.

Financial fixed assets increased from €1.024 million at the end of 2004 to €1.422 million primarily due to subscription of Pirelli & C.'s capital increase. At 31 December 2005 the Group held 1,315,216,673 shares, equivalent to about 25.57% of ordinary capital, along with *Put & Call* options that allow the Group to purchase an additional 0.85% of free floating Pirelli & C. common stock.

The Group's **shareholders' equity** equals **€916.4** million, an increase of €359 million vs. the shareholders' equity at the end of 2004, prior to IAS 32 and 39 application. The change is mainly due to the positive net income for the period, the capital increase of €221.7 million, and an increase in Camfin's stake in Pirelli & C's (€71.6 million) resulting from the net equity valuation of the affiliated company, as well as the increase in reserves of €33.4 million as per application of IAS 32 and 39 and the distribution of dividends by Camfin S.p.A in the amount of €10.3 million.

The **net consolidated financial position**, on a like-for-like basis, increased from €474.2 million at the end of December 2004 to **€516.8 million**, while the *debt/equity* ratio was reduced from 0.85 to 0.56.

The attachments include the schedule showing **reconciliation between net financial position** of the holding system and full consolidated debt.

With respect to the Group's **industrial activity**, of note is the fact that 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 year-end

- At 01 March 2006, a total of 19,668,940 Camfin 2003-2006 warrants had been subscribed (equal to 18.36% of the warrants issued), and an additional 87,478,716 warrants were freely floating on the market. As a result the share capital now equals €179,898,414.28 subdivided in 345,958,489 shares with a par value of €0.52 each.

Outlook for the current fiscal year

The trend in 2006 operations indicates that the consolidated results will be in line with the previous year.

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Camfin S.p.A. – Parent Company

The parent company's 2005 financial statements, prepared under Italian accounting principles, indicate positive net income at 31 December 2005 of €11.4 million vs. the €16.7 million at 31 December 2004. This result includes a dividend deliberated by Pirelli C. equal to €0.021 per share.

Shareholders' equity increased from €439.2 million at 31 December 2004 to €663.7 million primarily due to the capital increase that took place during the year. The net financial position rose from €432.2 million at the end of 2004 to €500.7 million, with *debt/equity* ratio of 0.75.

Please note the Parent Company financial statements will be impacted by the first time application of IAS/IFRS accounting standards insofar as dividends distributed by Pirelli C. will be booked as cash and not by period as has been the practice up until now; the Parent Company's 2006 income statement will, therefore, include dividends distributed by Pirelli & Co. related to 2005 income.

Calling to order of the Shareholders' Meeting and dividend proposal

The Board of Directors will ask the Shareholders' Meeting to approve a dividend of €0.03 per share, in line with the previous year. The total payout, however, has increased following distribution of dividends related to Camfin 2003-2006 warrants exercised before today's date.

In a slight change over previous announcements, the Board of Directors has authorized the chairman and deputy chairman to call the ordinary shareholders' meeting for 21 April 2006 (first call) and 22 April 2005 (second call) to approve the 2005 financial statements. The dividend will be payable as from 25 May 2005, with the shares going ex-divi on 22 May 2006.

The shareholders' meeting will also be called upon to vote on the renewal of the Statutory Auditors' assignment.

Corporate Governance

The Board of Directors, as part of the decision to postpone amendment of the company by-laws as per the Law on Savings, has adopted specific measures for the disclosure of privileged information in light of recent legislation related to market abuse. This procedure, that includes a register of persons having access to privileged information, will be operative as of next April 1st, is designed to regulate disclosure and protect confidentiality of said information in its initial phases.

Attached are the abridged income statement and balance sheet at 31 December 2005.

Attachment 1

Abridged consolidated income statement (*)

(in €/000)

	31-12-2005	31-12-2004
Group's share of result of investments carried at equity	76.694	58.180
Write-down of equity investments	(1.798)	(3.373)
Trading income	(5.140)	10.938
Net Income (loss) from equity investments	69.756	65.745
Net financial charges	(20.583)	(19.072)
Net overheads (including property management)	(6.865)	(7.159)
Pre-tax income (loss)	42.308	39.514
Current taxes	1.071	(1.119)
Deferred taxes	(904)	431
Net Income (loss)	42.475	38.826

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

Abridged consolidated balance sheet (*)

(in €/000)

	31-12-2005	31-12-2004
Financial fixed assets	1.422.292	1.024.207
Property, plant and equipment	2.237	2.283
Intangible assests	411	214
Net working capital	10.713	8.741
	1.435.653	1.035.445
Shareholders' equity	916.425	557.393
Provisions	2.464	3.873
Net financial position	516.764	474.179
	1.435.653	1.035.445

(*) 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 the “holding system’s” **net financial position** and full consolidated debt:

<i>(in €/000)</i>	31-12-2005	31-12-2004
Consolidated net financial position of the holding companies	(516.764)	(474.179)
Operating companies’ net financial positions		
Cam Gas S.p.A.	(2.647)	747
Cam Immobiliare S.p.A.	(26.240)	(29.665)
Cam Marine & Trading S.r.l. (già Cam Marine S.r.l.)	(433)	(4)
Perhopolis S.r.l. (già Progetto Assago S.r.l.)	2.428	1.889
Full consolidated debt	(543.656)	(501.212)