



C A M F I N s.p.a.

PRESS RELEASE

THE CAMFIN SPA BOARD OF DIRECTORS APPROVES THE HALF YEAR REPORT AT 30 JUNE 2006:

NET INCOME FOR PARENT COMPANY CAMFIN SPA: €13.4 MILLION, IN LINE WITH FIGURES AT 30 JUNE 2005 (€13.2 MILLION)

CONSOLIDATED NET INCOME: €16.1 MILLION (€20.5 MILLION IN 1H 2005)

CONSOLIDATED DEBT/EQUITY RATIO 0.51 (0.56 AT THE END OF 2005)

NET INCOME FROM EQUITY INVESTMENTS: €27.6 MILLION (€37.8 MILLION IN 1H 2005)

THE JV WITH GAZ DE FRANCE OPERATIONAL AS FROM THE SECOND HALF OF SEPTEMBER

Milan, 12 September 2006 – The Board of Directors of **Camfin S.p.A.** met today to examine and approve the half year report at 30 June 2006.

Group operating performance in first half 2006

The results of the Camfin Group at 30 June 2005 and comparison periods were prepared using 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 n. 14990/14 dated 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.

During the first half of 2006 the Camfin Group formalised the agreement, signed last 19 June, with Gaz de France for the **joint-venture in the Italian natural gas sector**. Thanks to this transaction, the Camfin Group plans on **developing** its presence in **industrial segment of the gas industry**, combining its familiarity with the Italian market with the strength of a major European player. The joint venture, that should be finalised as from the **second half of September**, will impact Camfin financial statements as from FY 2006 results.

In terms of the results for the period, **net income from equity investments** at 30 June totalled **€27.6 million (mn)**, a drop when compared to the €37.8 mn in first half 2005.

The contribution of the affiliate Pirelli & C. SpA fell from €42.6 mn in first half 2005 to **€31.6 mn**.

Pre-tax income fell from €20.4 mn to **€16.2 mn**, net financial charges that fell from €3.8 mn to €7.4 mn primarily due to the effect of fair value valuation as per IAS of hedging instruments.

Consolidated net income at 30 June 2006 is **positive at €16.1 mn** (vs. €20.5 mn in first half 2005).

Financial fixed assets rose from €1,422 mn at the end of 2005 to €1,442 mn at 30 June. At 30 June 2006, the equity investment held by the Camfin Group in Pirelli & C. S.p.A. equalled n. 1,324,816,673 shares, approximately 25.32% of the ordinary share capital. In addition to the equity investment, the Group holds *Put & Call* options that allow it to purchase an additional 0.85% in Pirelli & C.'s ordinary share capital.

The Camfin Group's share of **shareholders' equity** totalled **€62.2 mn**, an increase of €45.7 mn compared to the end of 2005. The difference is tied to the positive result for the period and the capital increase following exercise of Camfin 2003-2006 warrants prior to the last expiration date as per regulations (20 June 2006).

Net financial position fell from €16.8 mn at 31 December 2005 to **€492.2 mn**, while the *debt/equity* ratio equalled 0.51 (0.56 at the end of 2005).

Attached is the reconciliation between the "holding system's" **net financial position** and full consolidated debt.

Significant events subsequent to the close of 1H 2006

- On 31 July, following authorisation of the related authorities, the first phase of the transaction involving the creation of a **joint-venture in the natural gas sector** between **Camfin S.p.A** and **Gaz de France**, announced last 19 June, was completed. As announced on 31 July, subsequent to the subscription of the entire **capital increase** equal to **€96.6 mn**, the Group **purchased** a share equal to **60%** of **Energie Investimenti S.p.A**, the holding company for the previously mentioned joint-venture, through a wholly owned subsidiary. At the same time, Camfin sold its entire interest in the subsidiary Cam Gas SpA to Energie Investimenti for the amount of **€25 mn**. The next day Gaz de France exercised call options on Italcogim shares which allowed Energie Investimenti to acquire control of the Italcogim company involved in the sale of gas. The transaction, which should be completed by the second half of September, will result in a structure in which Energie Investimenti, held **60%** by **Camfin** through its wholly owned subsidiary and **40%** by **Gaz de France**, will hold **100%** of all **companies active in the sale of gas** of the two groups (Cam Gas S.p.A, Arcalgas Energie S.p.A, Italcogim Vendite S.p.A and respective subsidiaries) and an **equity investment of 10%** (equal to 20% of the voting rights) in the vehicle company holding Arcalgas's and Italcogim's gas **distribution** activities.

Outlook for the current fiscal year

The trend in operations for the first months of 2006 and the expected profitability make it possible to confirm, in the absence of currently unforeseeable events, that consolidated net income for the current year will close at least in line with the previous year.

Camfin S.p.A. – Parent Company

The parent company's half-year financial statements were prepared using IFRS accounting standards for the first time and are compared with previous years on a like-for-like basis.

Net income for the first half came in **positive** at **€13.4 mn**, in line with the figure at 30 June 2005 (€13.2 mn). The company's **shareholders' equity** rose from €10 mn at 31 December 2005 to **€35 mn** at 30 June 2006, primarily due to the capital increase following the exercise of Camfin 2003-2006 warrants; the **net financial position** dropped from €11.8 mn at 31 December 2005 to **€489.7 mn**, with a *debt/equity* ratio equal to approximately 0.8.

In terms of the trend in the parent company Camfin S.p.A's activities for the current year, the financial operations completed during the first months of 2006 and the expected profitability make it possible to confirm, in the absence of currently unforeseeable events, that consolidated net income for the current year will close at least in line with the previous year.

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Camfin Press Office – Tel. +39 02 85354270

www.gruppocamfin.it

In order to provide the most complete information possible regarding the first half 2006 results, attached please find the abridged consolidated financial statements included in the report approved by the Board of Directors. Please note that these tables are not subject to audit by an independent auditing firm and that the latter is in the process of completing a limited audit of the half year financial statements.

Attachment 1

Abridged consolidated income statement (*)

<i>in €/000</i>	30-06-2006	30-06-2005
Group's share of result of investments carried at equity	30.150	41.813
Write-down of equity investments	-	(906)
Trading income	(2.502)	(3.096)
Net Income (loss) from equity investments	27.648	37.811
Net financial charges	(7.484)	(13.849)
Net overheads (including property management)	(4.003)	(3.517)
Pre-tax income (loss)	16.161	20.445
Current taxes	(16)	(665)
Deferred taxes	(22)	776
Net income (loss)	16.123	20.556

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

Abridged consolidated balance sheet (*)

<i>in €/000</i>	30-06-2006	31-12-2005
Financial fixed assets	1.442.202	1.422.292
Tangible fixed assets	1.919	2.237
Intangible fixed assets	390	411
Net working capital	12.577	10.713
	1.457.088	1.435.653
Shareholders' equity	962.163	916.425
Reserves	2.571	2.464
Net financial position	492.166	516.764
	1.456.900	1.435.653

(*) With financial holding companies and services 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:

in €/000

	30-06-2006	31-12-2005
Consolidated net financial position of the holding companies	(492.166)	(516.764)
Operating companies' net financial positions		
Cam Gas S.p.A.	(3.681)	(2.647)
Cam Immobiliare S.p.A.	(25.281)	(26.240)
Cam Marine & Trading S.r.l. (già Cam Marine S.r.l.)	0	(433)
Perhopolis S.r.l. (già Progetto Assago S.r.l.)	2.327	2.428
Full consolidated debt	(518.801)	(543.656)