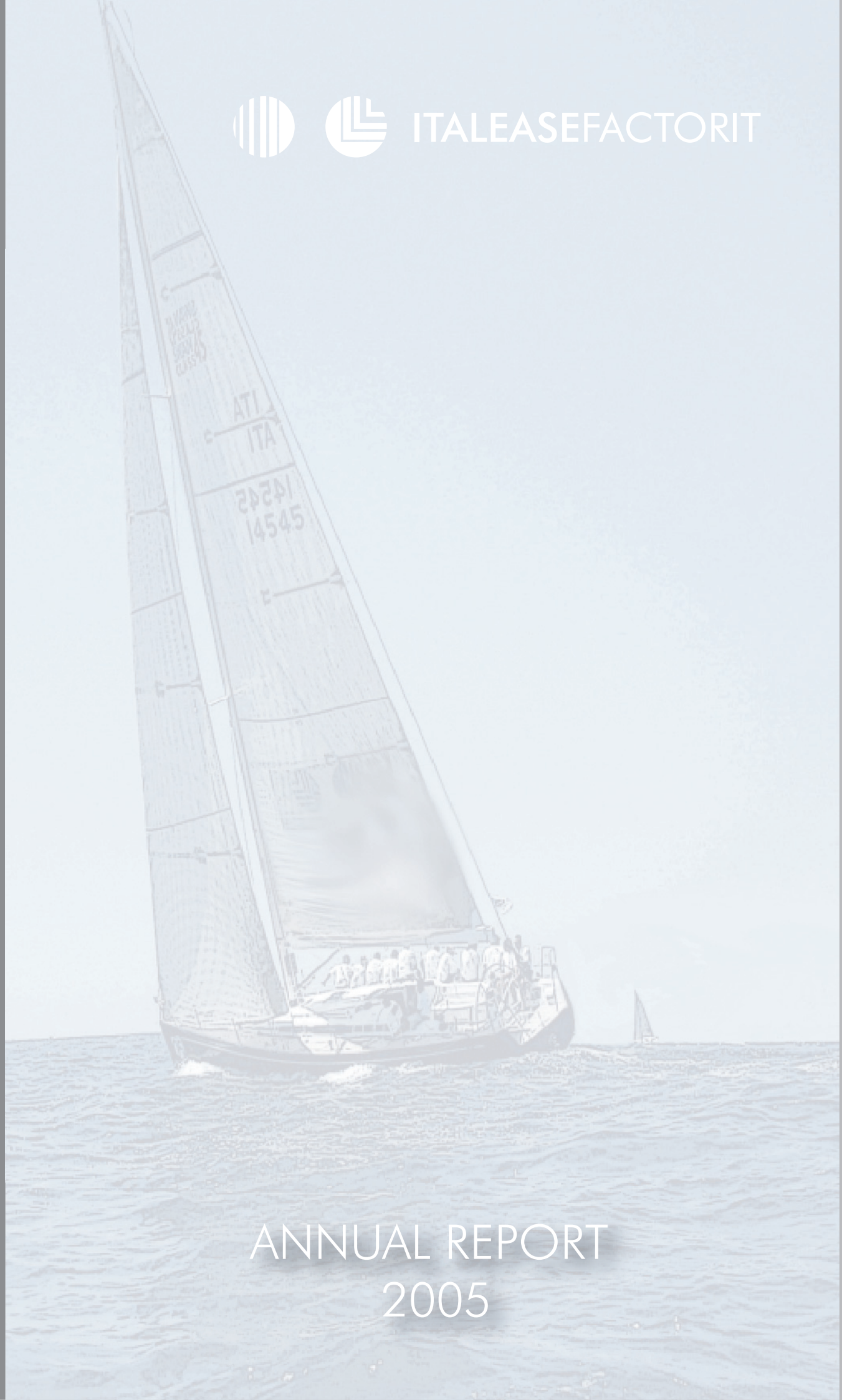


GRUPPO BANCARIA ITALEASE



ITALEASE FACTORIT



ANNUAL REPORT
2005

ANNUAL REPORT 2005

Italease Factorit S.p.A.

Company managed and coordinated by the sole shareholder Banca Italease S.p.A. – Gruppo bancario Banca Italease S.p.A.

Share capital: € 34,140,000 fully paid – Fiscal Code and Milan Business Register n. 04797080969

UIC General Listing: 36643 – Special Bank of Italy Listing: 33042

Registered office: 20122 Milan – 12, Via Cino del Duca – Phone +39 02 7765.1 – Telefax +39 02 58150.205

Operating office: 20144 Milan – 7, Via Tortona – Phone +39 02 58150.1 – Telefax +39 02 58150.205

Member of Factors Chain International

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SHAREHOLDERS, CORPORATE OFFICERS AND AUDITORS as of 31 December 2005

Sole Shareholder

BANCA ITALEASE S.p.A.
Parent company of the BANCA ITALEASE GROUP

Board of Directors

Chairman	Massimo Faenza (*)
Vice Chairman	Ernesto Tansini (*)
Directors	Giuseppe Filippa (*) Graziano Gioia Maurizio Gobetti
Secretary	Antonio De Martini

Board of Statutory Auditors

Chairman	Flavio Dezzani
Auditors	Vincenzo Mosca Alfio Poli
Alternate Auditors	Pietro Agnoluzzi Attilio Guardone

Senior Management

General Manager	Antonio De Martini
Deputy General Manager	Marziano Bosio

(*) Members of the Executive Committee.

Notice of the Ordinary Shareholders' Meeting

NOTICE OF THE ORDINARY SHAREHOLDERS' MEETING

(published on 24 March 2006, pursuant to Article 7 of the corporate by-laws)

Shareholders are invited to attend an **ordinary meeting of the shareholders** on **10 April 2006** at **10:30 a.m.**, at the operational headquarters of **Italease Factorit S.p.A.** at Via Tortona 7, Milan, in order to discuss and deliberate on the following

MEETING AGENDA

1. Financial statements as of 31 December 2005 and the Report of the Board of Directors on Operating Performance. Resolutions in relation thereto.
2. Appointment of a director for the remainder of 2005-2007 three-year term of office.

Pursuant to Article 8 of the Company's by-laws, the holders of shares with voting rights who are registered on the shareholder register at least five days prior to the date of the meeting and who have deposited their shares with the Company's registered office at least five days prior to the date of the meeting shall be entitled to participate in the meeting.

Milan, 8 March 2006

Board of Directors
Chairman
Massimo Faenza

Reports and Financial Statements
of
Italease Factorit S.p.A.

Report of the Board of Directors on Operating Performance

To the Shareholder:

Incorporated in March 2005, the Company closed its first business year on 31 December 2005, having actually operated for eight months only.

Nonetheless, as outlined in this report, the Company's results for its first business year were better than expected.

The Company began operating on 6 May 2005, the date on which Factorit S.p.A. was merged by incorporation into Banca Italease, and Factorit S.p.A.'s factoring business unit was transferred to the newly incorporated Italease Factorit S.p.A. (the "business-unit transfer").

Italease Factorit S.p.A. started up its operations at a time when the global economy was significantly expanding, with particularly robust growth in the United States and Asia and a more limited expansion in the Eurozone.

In Italy, productive activity showed modest hints of a recovery, as GDP grew by a less-than-satisfactory rate and a persistently frail manufacturing sector continued to show signs of structural weakness and a diminished capacity to compete.

Industrial development in Italy was also slowed by the continuing and sizeable increases in the price of crude oil, as well as commodities in general, and by the euro's ongoing appreciation against other major currencies worldwide.

FACTORING MARKET AND COMPANY'S PERFORMANCE

Against this economic backdrop, the factoring market in Italy came to a standstill, with some of its more significant indicators contracting for the year.

According to preliminary estimates, the volume of factored receivables with respect to the members of the factoring trade association, ASSIFACT, will not likely surpass 101.067 billion euro in 2005, and thus will reflect another decrease year on year (compared with the 105.126 billion euro reported for 2004).

The Company's performance, however, was in stark contrast with the overall market, with volumes increasing by around 12 percent and market share rising to 12.7 percent.

The total volume of the assignments of receivables (which includes the volume for the predecessor company prior to 6 May 2005) came to 12.834 billion euro versus 11.497 billion euro for 2004.

The Company was able to achieve such growth as a result of both the expansion of the distribution network made possible by the business-unit transfer, and the sales force's more market-oriented approach to business development.

The sales and marketing area of the Company was reorganized by the new deputy general manager who came on board in July 2005, and this provided an impetus to the development of the distribution activity.

The process of building even stronger ties with the partner banks distributing the Company's products is likely to be intensified as a result of the new organizational structure, which will allow for offering a wide range of financial products and services to a corporate clientele.

The receivables factored by customers of the cooperative banks which are partners with the Company accounted for 40.7 percent of total factored receivables, and thus rose in comparison with the comparable figure for 2004.

The amount of receivables factored without recourse (inclusive of the volume for the predecessor company, prior to 6 May 2005) exceeded 8.086 billion euro, accounting for 63.1 percent of the total factored receivables, compared with 60.4 percent at the end of the preceding year.

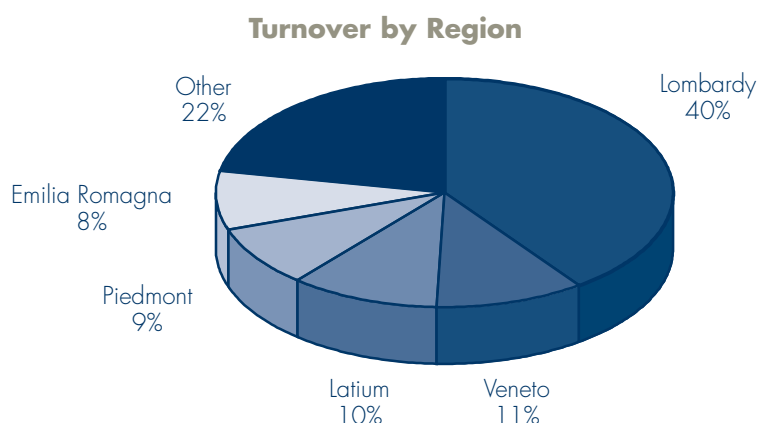
Among the many products offered, the largest flow of assignments was seen in the D.Day segment, whose volume amounted to 5.906 billion euro or 46% of the total for all products; of this amount, 4.485 billion euro was represented by non-recourse transactions.

The international market accounted for factored receivables totaling 591 million euro, including 400 million euro for export transactions and 191 million euro for import transactions. The total was almost 45 percent higher than the 408 million euro reported for 2004.

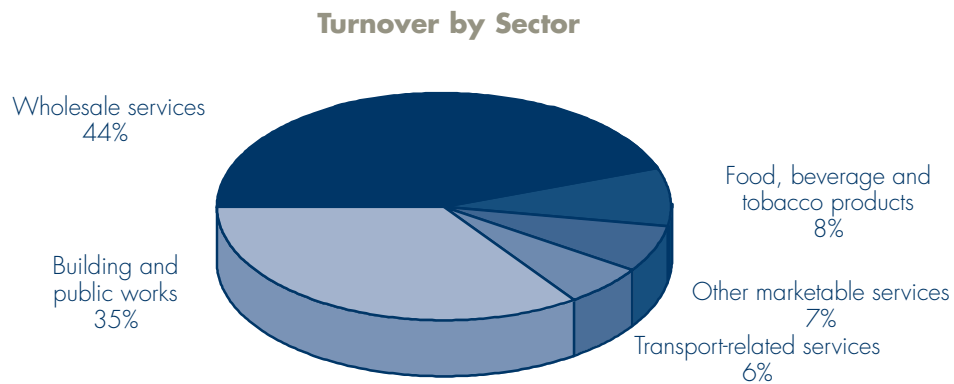
The results for 2005 highlight several specific aspects of the servicing activity. The quantity of the invoices in relation to the factored receivables, for example, remained at a high level, rising by 1.48% from 2,178,226 to 2,210,500. The number of assigned debtors was close to 100,000, while the number of active assignor relationships amounted to 2,253 at year end.

The credit approvals rose in terms of value, from 2.566 billion euro to 2.614 billion euro, and covered a total of 93,996 transactions, including 2,223 international transactions.

Geographic distribution of the customers



Breakdown of customers by sector



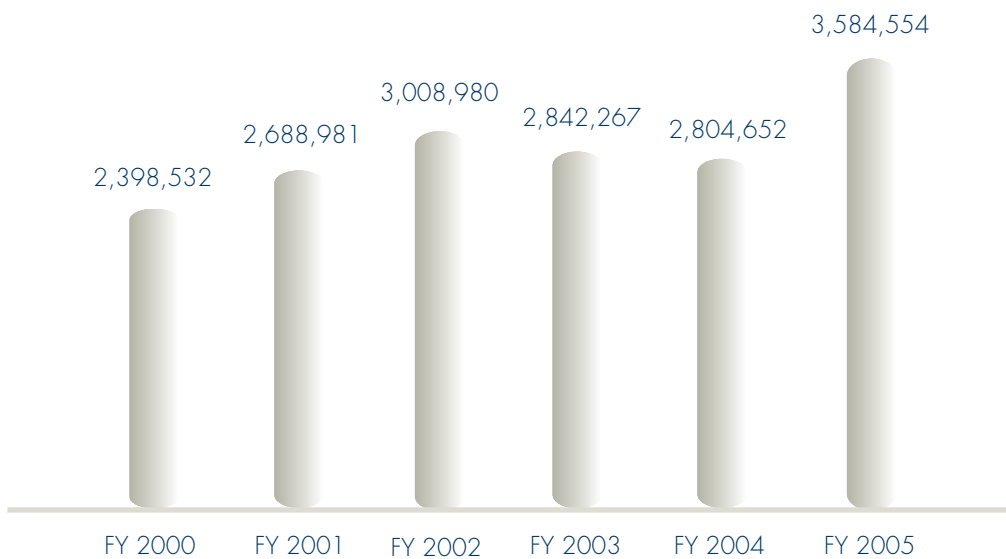
AMOUNTS OUTSTANDING FOR FACTORED RECEIVABLES AND ADVANCES, AND PRINCIPAL BALANCE OUTSTANDING

The balance of amounts outstanding for factored receivables and advances, excluding non-performing positions, was 3.585 billion euro as of 31 December 2005. The balance was thus 27.8 percent higher than the comparable figure of 2.805 billion euro for the predecessor company at the end of 2004.

The principal balance outstanding was also higher, rising by 23.3 percent to reach 2.130 billion euro versus the comparable figure of 1.727 billion euro at 31 December 2004.

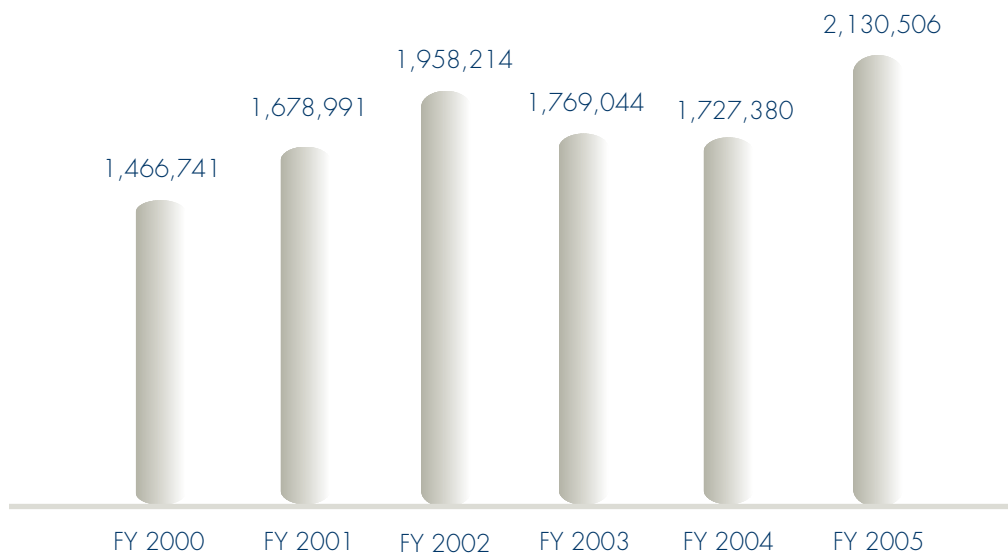
Amounts outstanding for factored receivables and advances

(thousand euro)



Principal balance outstanding

(thousand euro)



OPERATING PERFORMANCE AND TREND OF EARNINGS

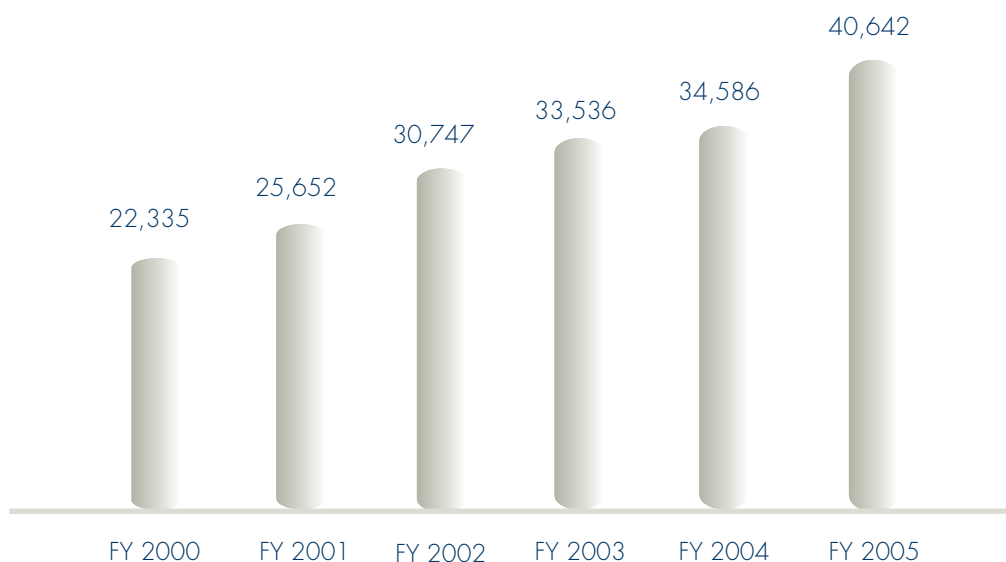
The Company started operating, as indicated, on 6 May 2005, and closed its first business year with a substantial net income of 11.5 million euro, after having set aside provisions for credit risks in the amount of 9.3 million euro.

In order to facilitate a more straightforward view of the Company's earnings performance, the tables below provide a comparison between the 2004 results for the predecessor company, Factorit S.p.A., and the 2005 proforma results for the Company, which reflect the combination of (a) the Factorit S.p.A. results through the date of the business-unit transfer and (b) the Company's results thereafter through the end of the year.

Operating Performance		
	(thousand euro)	
	2005 Italease Factorit S.p.A. pro forma	2004 Factorit S.p.A.
Revenues:		
Net commissions	33,149	28,122
Net financial income	29,028	27,155
Gross margin	62,177	55,277
Total operating expenses	20,948	18,514
Gross operating income	41,229	36,763
Net operating income	29,585	14,984
Cost Income	38.00%	39.30%
Annualized ROE	33.96%	12.00%
Interest margin/total income	44.97%	46.53%
Service margin/total income	64.94%	62.04%

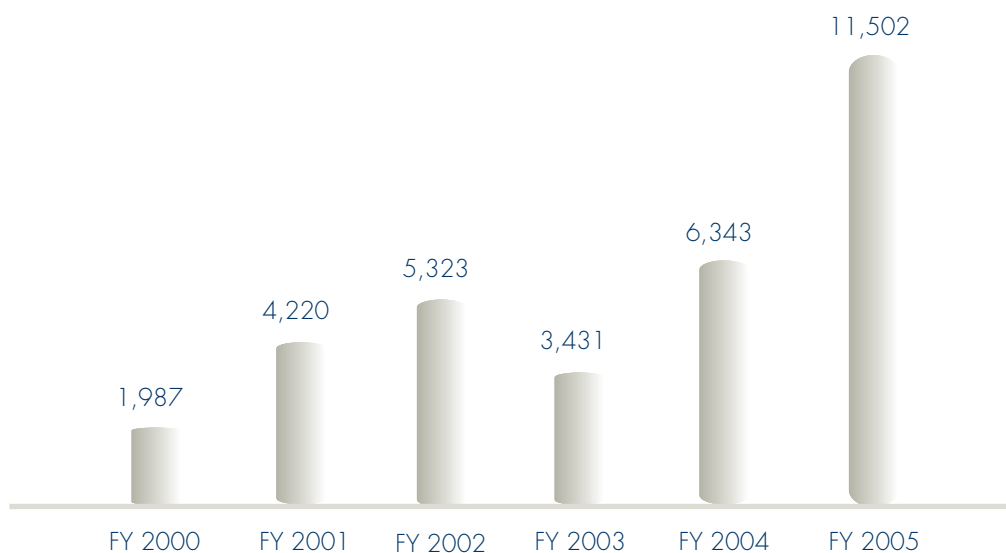
Commissions

(thousand euro)



Net Income

(thousand euro)



COMPANY STRUCTURE

The Company's organizational model is based on departments organized according to their business function. The general manager reports directly to the Board of Directors, and is charged with responsibility for the business development, credit, and legal and workout departments.

The general manager also makes use of the parent company's organization for the outsourcing of auditing, administrative (general accounting, personnel, treasury), organizational, IT and general corporate services.

The maintenance and development of information systems is handled by a company belonging to the Banca Italease Group.

RISKS ON COMPANY'S ACTIVITY

As emphasized in the past, the activity of factoring is a special type of financing that entails the financing and management of commercial receivables, as well as a the guarantee of their collection. As a rule, factoring is an arrangement used for short-term financing.

It follows that the financing made available, which is automatically paid out with the collection of the receivables, has a limited residual life directly connected to the time estimated for the collection of the factored receivables.

In addition, factoring companies normally have the option of demanding repayment, at any time, of the amounts advanced against the factored receivables, thereby further reducing the risks.

Accordingly, the liquidity risk (including as shown by specific ratios) is limited.

The short-term nature of a factoring company's business also has positive implications in terms of the management of interest-rate risk, with the factoring company normally able to modify, at any time, reprice the interest rates charged on the amounts advanced, in relation to changes in the cost of funding.

Exchange-rate risk is also marginal for the Company, considering the limited value of transactions in foreign currency, and the fact that any foreign-currency denominated assets are also normally matched by funding in the same currency.

The operational controls and procedures in place for safeguarding against credit risk have made it possible to monitor the performance and to limit the growth of doubtful receivables, even in the case of a significant increase in the balance of receivables outstanding. This has consequent benefits on the income statement.

TREND OF CREDIT RISK

With the diligent controls on the part of the auditing department flanked by the active support and input of the Board of Statutory Auditors, the Company has successfully monitored and managed credit risk, with the positive effects thereof manifested in the limited growth of doubtful receivables in 2005. The Board of Directors would like formally to express its appreciation to the statutory auditors for their efforts in this regard.

During the period from May to December 2005, the Company wrote off principal balances due in the amount of 4.3 million euro, including 3 million euro referring to amounts due from assignors whose positions met the relative requisites for the writedown during the year.

The amounts written off were covered by risk provisions set aside in prior periods.

In order to facilitate a better understanding of the trend of the doubtful positions, the writeoffs for the full year of 2005 (and thus considering the operations of Factorit S.p.A. prior to the business-unit transfer) were compared with the writeoffs taken by Factorit S.p.A. in the prior year.

On this basis, the amounts written off totaled 8.6 million euro in 2005, including 3.3 million euro for the closure of actions for revocation; this compares with a total of 19.5 million euro for the prior year.

As part of its ongoing and prudent policy to safeguard the shareholders' equity, the Company booked valuation adjustments in the amount of 9.3 million euro in 2005, all of which were tax deductible under current tax laws.

Incorporating the provisions made in 2005, the total amount of the valuation adjustments and the reserve for credit risks at the end of the year was 51.7 million euro, including 14.6 million euro for the reserve for credit risks which covers only possible risks. The total includes provisions for past-due interest in the amount of 1.3 million euro.

The aforementioned sum is rounded out by 2.5 million euro that had been set aside as of the end of 2005 for actions for revocation and deemed adequate to cover the related risks.

During the year, a total of 2,520,000 euro of the pre-existing reserve was used for the settlement perfected with the receiver for the bankruptcy of O.P. Computers S.p.A.

The settlement entailed a 4 million euro reduction of the reserve, including the 2,520,000 used for the settlement itself, and 1,480,000 euro which was a recovery of value.

As of 31 December 2005, the non-performing credits before deduction of risk provisions amounted to 24.9 million euro, or 1.2 percent of the principal amount of total receivables outstanding.

As far as the most significant doubtful accounts are concerned, it is noted that the exposure to Parmalat S.p.A., in extraordinary administration, and Contal S.r.l., in extraordinary administration, benefited from the assignment of shares of the new Parmalat S.p.A. in a transaction which is part of the overall restructuring of the outstanding debt. As a result, the exposure to the two entities was reduced by 440,000 euro and 931,000 euro, respectively.

The remaining 1.4 million euro of exposure to Contal S.r.l., in extraordinary administration, was completely written off.

With regard to the action for revocation with respect to the bankruptcy of Parmalat S.p.A., in extraordinary administration, the Company, following the resumption of the proceedings, filed its statement of appearance and defense with the courts in early February 2006; the motives underlying the Company's defenses and objections were presented for the purpose of rejecting the proposed demands which are deemed unfounded both in fact and in law.

With regard to the third-party summons served to the Company by Ifitalia S.p.A. within the framework of the action for revocation with respect to the bankruptcy of Contal S.r.l., in extraordinary administration (part of Parmalat Group), the Company made an appearance in court, and argued that it had nothing to do with the contested facts.

Considering the present status of the situation regarding both companies, the Company's management has opted not to proceed to set aside any risk provisions in relation thereto.

RISK CONCENTRATION AND REGULATORY CAPITAL

During 2005, the Company undertook specific actions to ascertain compliance with the regulatory parameters established with regard to risk concentration and regulatory capital, partly in view of the significant growth of the receivables portfolio.

The Company was fully in compliance with the overall limit on risk concentration, despite the changes in the computation of capital. The compliance can be attributed in part to the Company's risk-distribution policy, which also made it possible to limit the number of "material risk" positions to 12.

NEW ACCOUNTING PRINCIPLES

The Italian Law Decree n. 38 of 28 February 2005 requires regulated financial intermediaries to prepare their unconsolidated financial statements in accordance with the international accounting principles (IAS/IFRS) as of the close of 2006, with the option of applying the new criteria as of 2005.

The Company elected not to exercise the aforementioned option, partly in view of the instructions issued by its parent, and it thus prepared the 2005 financial statements on the basis of national accounting principles.

The 2005 accounting data were reclassified on the basis of the IAS/IFRS currently in effect, for the purpose of providing the parent company with the balances needed for the preparation of its consolidated financial statements.

The tables below summarize the effects of the application of the new principles on the Company's shareholders equity and net income as of the end of 2005.

The Company's Shareholder Equity	
	31.12.2005
Shareholders equity computed in accordance with national accounting principles	45,170,364
Valuation adjustments to individual non-performing positions (IAS 39)	(624,028)
Valuation adjustments to individual watchlist positions (IAS 39)	(491,896)
Lump-sum valuation adjustments to the portfolio (IAS 39)	(6,844,540)
Adjustments to the reserve for risks and charges (IAS 37)	331,787
Reserve for credit risks (IAS 37)	14,575,442
Provision for employment termination indemnities (IAS 19)	(269,438)
Fiscal effect - deferred corporate income tax liabilities	(2,446,995)
Shareholders equity pursuant to IAS/IFRS	49,400,697
First-time adoption reserve	4,230,333

Net Income	
	31.12.2005
Income statement computed in accordance with national accounting principles	11,502,092
Goodwill amortization (IAS 36 IFRS 3)	157,047
Net change in financial assets - non-performing (IAS 39)	299,560
Net change in financial assets - watchlist (IAS 39)	204,989
Net change in portfolio (IAS 39)	(345,115)
Reserve for risks and charges (IAS 37)	(230,077)
Provision for employment termination indemnities (IAS 19)	5,003
Fiscal effect - deferred tax assets	74,275
Fiscal effect - deferred tax liabilities	(112,683)
Net income pursuant to IAS	11,555,091
Difference between income amounts	52,999

As shown in the table, the most significant effects of the adoption of IAS/IFRS are seen with respect to the different methodology provided by IAS 39 for the calculation of the valuation adjustments on the portfolio and individual positions, as well as the reversal of the reserve for credit risks pursuant to IAS 37.

Given the short-term nature of the financing activity of factoring companies (as indicated in various parts of this report), the earnings results for the year as calculated with the adoption of the new principles do not vary significantly from the results obtained with the national accounting principles.

It is also noted that the Bank of Italy issued instructions on 14 February 2006 for the compilation of the financial statements of financial intermediaries; these instructions include the formats and the notes relative to factoring companies.

OTHER INFORMATION

As of 31 December 2005, the Company had a total of 153 employees, including 13 part-time employees and 2 full-time employees on assignment with the parent company.

The average work force was thus 149 employees.

The reduction of the work force in comparison with 2004 is due to the transfer of part of the personnel to other companies of the Banca Italease Group which are providing services to Italease Factorit under outsourcing arrangements.

The Board of Directors wishes to highlight the dedication and professional contribution of all of the employees who have worked toward achieving of the business objectives, while also managing customer relationships in a proper and courteous manner, planning and developing information processing programs, and executing accounting, tax, and administrative duties.

At the date of this report, there are no operational or credit risks that would significantly affect the results for the current year.

The Company's activity continues to be pursued in line with strategies developed in conformity with the parent company's directives.

For additional information on the financial-statement accounts, reference is made to the notes to the financial statements which constitute an integral part of the statements.

The financial statements for the year of 2005 were closed with net income of 11,502,092 euro, which is the difference between total assets of 3,663,530,669 euro and total liabilities and shareholders equity of 3,652,028,577 euro. The income statement includes revenues and income in the amount of 73,871,401 euro and expenses in the amount of 62,369,309 euro. Commitments and guarantees issued totaled 626,253,256 euro at the end of the year.

As indicated, these results refer to a limited period of operations of 240 days, and are thus not comparable with the data presented for the preceding year.

The information required by Paragraph 2, Point 2 of Article 2428 of the Italian Civil Code is reported in Part D – Other Information of the notes to the financial statements.

With regard to the information required by Paragraph 2, Points 3 and 4 of Article 2428 of the Italian Civil Code, it is noted that the Company does not own, either directly or through fiduciary companies or other intermediaries, any of its own shares or shares of the controlling shareholder. During the year, the Company did not acquire or sell any of its own shares or shares of the controlling shareholder.

The Company does not have any secondary offices.

The Company did not carry out any research/development activity over the past year.

No material events occurred subsequent to the close of the year.

PROPOSAL OF OPERATING INCOME ALLOCATION

To the Shareholder:

The financial statements as of 31 December 2005 incorporate net income of 11,502,091.69 euro, which the Board of Directors proposes to be allocated as follows:

- | | | |
|---|------|---------------|
| • 5% to the legal reserve | Euro | 575,104.58 |
| • dividend of 0.32 euro per share for the 34,140,000 shares outstanding | Euro | 10,924,800.00 |
| • retained earnings | Euro | 2,187.11 |

The shareholders are requested to approve the financial statements and the proposed allocation of the net income, as presented.

The Board of Directors wishes to thank the Company's shareholder for its active collaboration, with the ambition of being able to make even further progress in the achievement of more impressive results.

The Board also wishes to extend its thanks to the Board of Statutory Auditors, for its ongoing and intense work throughout the year, to the employees who have actively contributed to the Company's business development, to the partner banks and correspondents belonging to the Factors Chain International, and to the staff and management of the trade association, ASSIFACT.

Milan, 8 March 2006

Board of Directors
Chairman
Massimo Faenza

**Financial Statements
as of 31 December 2005**

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2005
10. Due to banks:	1,975,999,272
a) sight	190,131,554
b) time or with advance notice of withdrawal	1,785,867,718
20. Due to financial institutions:	6,986
b) time or with advance notice of withdrawal	6,986
30. Due to customers:	1,509,010,253
a) sight	
including:	2,232,650
– per operazioni di factoring	2,232,650
b) time or with advance notice of withdrawal	–
including:	1,506,777,603
– for factoring transactions	1,506,777,603
40. Securities issued:	7,638,867
b) other securities	7,638,867
50. Other liabilities	44,405,861
60. Accrued liabilities and deferred income:	3,485,670
a) accrued liabilities	1,431,120
b) deferred income	2,054,550
70. Provisions for employment termination indemnities	2,133,149
80. Reserve for risks and charges:	12,102,713
b) reserve for taxes	9,645,713
c) other reserves	2,457,000
90. Reserve for credit risks	14,575,442
110. Subordinated liabilities	37,500,000
120. Capital	34,140,000
130. Share premium	11,030,364
170. Net income for the period	11,502,092
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,663,530,669

GUARANTEES AND COMMITMENTS	31.12.2005
20. Commitments	626,253,256

INCOME STATEMENT

(euro)

EXPENSES	31.12.2005
10. Interest and similar expense	20,287,269
20. Commissions paid	5,206,332
40. Administrative expenses:	14,771,701
a) <i>personnel expenses</i>	7,940,475
including:	
– <i>salaries and wages</i>	5,469,547
– <i>social-welfare charges</i>	1,675,221
– <i>employment termination indemnities</i>	634,792
– <i>pension fund and similar obligations</i>	160,915
b) <i>other administrative expenses</i>	6,831,226
50. Valuation adjustments to tangible and intangible fixed assets	472,274
60. Other operating expenses	2,635,789
70. Provisions for risks and charges	101,164
90. Valuation adjustments to receivables provisions for guarantees & commitments	9,282,154
110. Extraordinary charges	4,476
130. Income taxes for the period	9,608,150
140. Net income for the period	11,502,092
TOTAL	73,871,401

REVENUES	31.12.2005
10. Interest and similar income	39,209,134
<i>including:</i>	
<i>- for factoring transactions</i>	38,708,001
<i>- on fixed-income securities</i>	10,076
30. Commissions earned	28,451,886
50. Recovery of value on receivables and provisions for guarantees & commitments	1,672,884
70. Other operating income	2,930,490
80. Extraordinary income	1,607,007
TOTAL	73,871,401

These financial statements correspond to the entries in the Company's accounting records.

Board of Directors
Chairman
Massimo Faenza

Enclosures

RECLASSIFIED INCOME STATEMENT 31 DECEMBER 2005

(thousand euro)

	2005
Revenues:	
Net commissions	23,246
Net financial income	18,922
Gross margin	42,168
Expenses:	
Personnel expense, net	7,941
Duties and indirect taxes, net	856
Other administrative expenses	5,682
Total operating expenses	14,479
Gross operating income	27,689
Adjustments	7,609
Provisions for risks and charges	101
Depreciation and amortization	472
Net operating income	19,507
Other income (expenses)	1,603
Total income	21,110
Income before taxes	21,110
Income taxes	9,608
NET INCOME (LOSS) FOR THE PERIOD	11,502

RECLASSIFIED STATEMENT OF CHANGES IN FINANCIAL POSITION

(thousand euro)

	2005
Sources of funds	
Funds generated from operations:	
Net income for the period	11,502
Provisions to reserves for risks and charges	101
Valuation adjustments to receivables	9,282
Depreciation of tangible fixed assets	286
Amortization of deferred charges	186
Provision for employment termination indemnities	222
Other sources	21,579
Increase (decrease) in amounts due to banks and financial institutions	736,150
Net increase (decrease) in factoring receivables	(824,382)
Increase (decrease) in other assets, net of decrease (increase) in other liabilities	(3,276)
Net increase in fixed assets	(61)
Business-unit transfer deficit	(15,877)
TOTAL SOURCES	(85,867)
Uses of funds	
Usage of provision for employment termination indemnities	841
TOTAL USES	841
Opening balance of net liquidity (net indebtedness)	(86,238)
Closing balance of net liquidity (net indebtedness)	(172,946)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(thousand euro)

Description	Share Capital	Legal Reserve	Extraordinary Reserve	Share premium	Income for the Period	Total
Incorporation	600	-	-	-		600
Capital increase upon business-unit transfer	33,540	-	-	11,030		44,570
Net income for the period					11,502	11,502
Balance as of December 31, 2005	34,140	-	-	11,030	11,502	56,672

**Notes to the Financial Statements
as of 31 December 2005**

The financial statements, which have been audited by Deloitte & Touche S.p.A., prepared in accordance with the provisions of the Italian Law Decree n. 87 of 27 January 1992, and the provisions of the Bank of Italy directive issued on 31 July 1992 and subsequent modifications thereto (including the amendments regarding the euro, introduced with the directive issued on 7 August 1998, and those regarding deferred taxation, introduced with the directive issued on 3 August 1999).

The notes to the financial statements constitute part of the financial statements as of 31 December 2005, and consist of the following:

- 1) Part A – Valuation Criteria;**
- 2) Part B – Information on the Balance Sheet;**
- 3) Part C – Information on the Income Statement;**
- 4) Part D – Other Information.**

PART A – VALUATION CRITERIA

1. General principles

The valuation criteria adopted are based on the principles of prudence and the continuity of the business activity.

The financial statements have been prepared by giving the preference, where possible, to the economic substance of the transactions over legal form, and to the date of settlement over the transaction date.

2. Receivables

Sight receivables are stated at their nominal value, which represents the estimated realizable value.

Receivables with a specified term or requiring advance notice prior to their liquidation are booked at the value at which they are acquired, and valued on the basis of their estimated realizable value, as determined on the basis of debtor solvency, with any adjustments to value directly booked to the receivables.

Receivables denominated in foreign currencies have been converted into euros on the basis of the exchange rates of reference as of 31 December 2005.

Exchange-rate differences have been booked in their entirety to the income statement for the period.

3. Securities

Bond securities are recorded at purchase cost, which corresponds to nominal value. Cost is adjusted in the event of permanent impairment of the asset value.

4. Intangible fixed assets

Intangible fixed assets are booked at historical cost, adjusted by amortization. Costs for software are amortized on a straight-line basis over a period of five years.

The merger deficit attributable to the goodwill of the incorporated company, In Factor S.p.A., paid upon the acquisition of the same (in 1999), has been amortized on a straight-line basis over a period of 10 years, in relation to the estimated period of the benefits accruing therefrom.

Intangible fixed assets are booked with the consent of the Board of Statutory Auditors, which also approves the related amortization criteria.

5. Tangible fixed assets

Tangible fixed assets are booked at purchase cost, inclusive of any ancillary charges in relation thereto. The carrying value of the assets is stated net of accumulated depreciation, calculated on the basis of the ordinary and accelerated depreciation rates which are reflective of the estimated term of the use of the assets and are summarized in the table below.

Description of the Asset	Ordinary depreciation rate	Accelerated depreciation rate
Office furniture	12%	–
Furnishings	15%	–
Office equipment	20%	20%
Equipment and machinery	15%	15%
EDP	20%	20%
Auto vehicles	25%	25%
Electrical plant	7.5%	–

During the first year in which the assets are placed into service, the depreciation rates applied are reduced by 50 percent, thereby reflecting the greater utility of newly acquired assets.

6. Accruals and deferrals

Accruals and deferrals, whether assets or liabilities, are determined in relation to the periods over which the corresponding revenues and expenses are distributed, and, whenever technically appropriate and possible, are directly booked as an adjustment to increase or decrease the balance of the corresponding accounts.

The value of the amounts accrued and deferred is agreed with the Board of Statutory Auditors.

7. Payables

Payables are stated at their nominal value.

Amounts payable to the assignors for factoring transactions are stated net of the purchase price of the factored receivables.

Payables denominated in foreign currencies have been converted into euros on the basis of the exchange rates of reference as of 31 December 2005.

Exchange-rate differences have been booked in their entirety to the income statement for the period.

8. Provision for employment termination indemnities

The provision reflects the liabilities accrued with respect to all full-time employees, in conformity with the provisions of Article 2120 of the Italian Civil Code and Law n. 297 of 29 May 1982.

9. Reserves for risks and charges

The account is exclusively made up of provisions to cover charges of a specific nature whose existence is probable or certain, with the amount of the provisions not exceeding the estimated amount of the relevant charges.

10. Reserve for credit risks

The account is made up of provisions to cover possible credit risks only.

11. Recognition of revenues and expenses

Interest income and expense and similar items are booked in accordance with the matching principle.

Commissions earned on the assignments of receivables are booked at the transaction date if calculated on a lump-sum basis, and on the basis of the matching concept, if received periodically.

Past-due interest is booked when the recovery thereof is reasonably certain.

12. Exchange-rate differences

Factoring transactions are perfected through the assignment of receivables, and accordingly, payable and receivable positions of the same amount are booked concurrently. Such positions serve as the basis for the computation of any gains and losses on exchange rates of an equal value.

The same result is obtained from any advances denominated in foreign currency disbursed against the factored receivables, since an advance denominated in foreign currency is matched, as a rule, by funding in the same currency.

The exchange-rate gains or losses, although marginal in terms of amount, have been booked as exchange-rate differences occurring between (i) the date of the billing of the amounts denominated in foreign currency and (ii) the date of the close of the accounting period.

13. Deferred taxation

In accordance with the provisions of the order of the Governor of the Bank of Italy issued on 3 August 1999, and published in the Official Gazette of the Republic of Italy n. 188 of 12 August 1999, the Company has applied the principle relative to the accounting treatment of deferred taxes.

Deferred tax assets originate primarily from deductible timing differences, and represent taxes paid in advance for the effect of the deferral of the deductibility of the expenses recorded in the income statement. Such amounts are recovered in subsequent periods when the aforementioned expenses meet the requisites for deductibility.

Deferred tax assets are booked to the balance sheet only if there is reasonable certainty of their recovery, which is to be ascertained in relation to the extent of the taxable income generated.

In application of the principle that requires the reporting of deferred taxes, the following criterion was adopted in relation to the recognition of deferred tax assets, with the limitations as set forth hereunder:

- Existence of taxable income in future periods with a time frame that takes into account the existence of the corresponding forecasts of earnings;
- Recognition of deferred tax assets in relation to expenses already charged to the income statement only when the future deductibility of the expenses for tax purposes is reasonably guaranteed by the existence of taxable income.

The accrual of deferred tax assets generates income whose classification among the reserves renders the corresponding amount thereof not available for distribution, in accordance with the principle of prudence.

As a result of the reform of corporate law (Law Decree n. 6 of 17 January 2003, the so-called "Vietti" reform), it is no longer possible to effect valuation adjustments or to set aside provisions exclusively in application of fiscal laws.

PART B – INFORMATION ON THE BALANCE SHEET

1. ASSETS

Account 10 – Cash and cash equivalents

The account balance is equal to 87,764 euro, and consists of 81,613 euro of amounts on deposit in current accounts with the post office and 6,151 euro of cash on hand.

Account 20 – Due from banks

Receivables from banks amounted to 51,111,080 euro at year end.

The balance includes 17,097,389 euro of funds temporarily deposited with banks as a result of a significant amount of cash collected near year end.

The remaining 34,013,691 euro consists of the following: 30,461 euro of amounts due from the controlling shareholder for personnel on loan; 26,170,723 euro of sums advanced to assignors for the account of banks, as part of various syndicated factoring transactions; 6,168,452 euro of receivables booked as part of various factoring transactions; 257,418 euro of receivables assigned to Factorit S.p.A. by Società Gestione Crediti (SGC) S.p.A. as part of the sale of the investment held in such company and that included in the business-unit transfer to Italease Factorit S.p.A.; and 1,386,637 euro of the estimated realizable value of receivables assigned to Factorit S.p.A. by SGC and included in the business-unit transfer to Italease Factorit S.p.A., which represent the countervalue of commissions earned in relation to a specific agreement covering the management of mortgage loans involved in legal disputes.

The last of the aforementioned amounts incorporates valuation adjustments in the amount of 1,194,227 euro, computed in relation to the amounts and dates of the projected collections.

A total of 370,656 euro was collected in 2005, while another 483,000 euro was due to be settled.

The due dates for the receivables from banks acquired as part of factoring transactions are summarized in the following table.

Account	Gross amount	Direct adjustment	Net amount
Current receivables:			
- < 3 months	3,009,391	-	3,009,391
- 3 months to 1 year	-	-	-
- 1 year to 5 years	3,092,310	-	3,092,310
- > 5 years	-	-	-
- Unspecified maturity (*)	29,075,756	1,194,227	27,881,529
Total	35,177,457	1,194,227	33,983,230

(*) The category includes: the amount of the residual receivables assigned by SGC in relation to the aforementioned agreement covering the management of mortgage loans involved in legal disputes; 66,751 euro of past-due receivables, assigned as part of factoring relationships; 257,418 euro in relation to the residual receivables assigned by SGC as part of the sale of the investment mentioned above; and 26,170,723 euro related to amounts advanced for the account of participants in syndicated transactions.

With regard to the receivables covered by the agreement mentioned above, the Company has come up with a general forecast of the collections on the basis of the known status of the relationships and the timing reasonably necessary for closing out the positions. The forecast, which is summarized below, is subject to revision during the next few years, depending on the developments in relation to each position.

Description	Amount
2006	810,000
2007/2008	690,000
2009/2010	268,000
2011/2012	247,000
After 2012	566,000
Total	2,581,000

It is noted that the amount shown for the year of 2006 includes 483,000 euro whose settlement is currently in process.

Account 30 – Due from financial institutions

The account balance equals 6,963,649 euro, and includes: 5,661,556 euro of receivables from assigned debtors; 167,804 euro of invoices to be issued to financial institutions for interest and commissions in relation to syndicated factoring transactions in which Italease Factorit S.p.A. is a participant only; and 1,134,289 euro of receivables assigned to Factorit S.p.A. by SGC, that were transferred to Italease Factorit S.p.A. and represent the countervalue of commissions earned in relation to a second agreement covering the management of mortgage loans involved in legal disputes.

The nominal value of the receivables covered by the second agreement was reduced from 5,458,646 euro to 4,353,898 euro on 6 May 2005 as a result of the collection of 1,104,748 euro.

It is also noted that the balance as of the date of the business-unit transfer, 5,458,646 euro, was reduced with respect to the balance of 5,950,378 euro on the Factorit books as of 31 December 2004 as a result of the collection of 491,732 euro.

The residual nominal value of this group of receivables incorporates valuation adjustments of 3,219,609 euro.

The valuation adjustments appear adequate to cover the presumed losses in light of both the settlements currently in process and the projections of the collections for the next few years as formulated on the basis of the known status of the relationships. According to the projections, the Company should be able to collect the following amounts:

Description	Amount
2006	720,000
2007	360,000
Total	1,080,000

Settlements in process cover another 103,000 euro.

The due dates for the receivables are summarized in the following table.

Account	Gross Amount	Direct Adjustment	Net Amount
Current receivables:			
– < 3 months	5,583,669	–	5,583,669
– 3 months to 1 year	–	–	–
– 1 year to 5 years	–	–	–
– > 5 years	–	–	–
– Unspecified maturity (*)	4,599,589	3,219,609	1,379,980
Total	10,183,258	3,219,609	6,963,649

(*) The category includes the receivables assigned as part of the second agreement mentioned above.

Account 40 – Due from customers

The account balance is equal to 3,599,010,866 euro, and is detailed in the table below.

Account	Nominal value or acquisition cost	Valuation adjustments	Net amount
Factored receivables	3,564,262,627	12,312,735	3,551,949,892
Advances exceeding factored receivables	6,403,849	–	6,403,849
Other advances, including:	29,604,221	–	29,604,221
– advances against future assignment of receivables	22,075,672		
– other financing	6,838,016		
– advances against identified receivables	18,905		
– spot advances, without any formal assignment	671,628		
Receivable for fees to be collected	3,100,968	20,980	3,079,988
Invoices to be issued for fees due from debtors	43,110	–	43,110
Non-recourse receivables acquired	33,528	–	33,528
Due from assigned debtors - secured watchlist positions	1,930,052	936,620	993,432
Due from debtors - past-due interest	1,340,074	1,340,074	–
Due from non-performing assignors	22,777,125	15,975,502	6,801,623
Due from assigned debtors - non-performing positions without recourse	2,157,738	2,157,738	–
Due from non-performing debtors - fees	14,381	14,381	–
Due from non-performing debtors - past-due interest	30,077	30,077	–
Receivables acquired at values other than nominal value	101,223	–	101,223
Total	3,631,798,973	32,788,107	3,599,010,866

The amounts due from non-performing assignors consist of advances, while the amount due from the debtors is equal to 67,410,924 euro.

All receivables are booked at nominal value or acquisition cost, with direct and general adjustments made to such value in order to reflect the estimated realizable value.

The estimated realizable value is based on:

- An individual analysis of all non-performing and watchlist positions, with an estimate of the related losses;
- An analysis of standard categories of debtor receivables without a specified maturity date, as reclassified by product type, whose performance, based on historical data for a five-year period, has not been positive, and an estimation, on a lump-sum basis, of the losses in relation thereto.

In comparison with the prior year, these criteria remained unchanged.

The valuation adjustments on a lump-sum basis effected in relation to the standard categories of receivables set out in Paragraphs 5 and 7 of Article 20 of Law Decree n. 87 of 27 January 1992 totaled 10,803,361 euro.

The table below provides a breakdown by maturity date of the receivables included in Account 40.

Account	Gross amount	Direct adjustment	Net amount
Current receivables:			
- < 3 months	1,783,014,282	-	1,783,014,282
- 3 months to 1 year	746,352,736	-	746,352,736
- 1 year to 5 years	72,032,282	-	72,032,282
- > 5 years	24,922,774	-	24,922,774
- Unspecified maturity	1,005,476,899	32,788,107	972,688,792
Total	3,631,798,973	32,788,107	3,599,010,866

As of 31 December 2005, the credit notes outstanding against the assignments of receivables not yet perfected amounted to 796,020 euro.

A summary of the components of the reserve for credit risks as of 31 December 2005 is provided in the table below.

Account	Valuation adjustments to receivables (Article 106, Presidential Decree n. 917)	Valuation adjustments to receivables (Article 106, Presidential Decree n. 917) Account 90	Total
Balance upon business-unit transfer	30,814,920	14,575,442	45,390,362
Usage	4,265,281	-	4,265,281
Increases	9,282,154	-	9,282,154
Balance of valuation adjustments to receivables as of 31 December 2005	35,831,793	14,575,442	50,407,235
Reserve for past-due interest as of 31 December 2005	1,370,150	-	1,370,150
Total	37,201,943	14,575,442	51,777,385

A breakdown of the valuation adjustments by receivable category as of 31 December 2005 is provided in the following table.

Account	Non-performing	Watchlist	Performing receivables	Total
Other customers	18,177,698	2,747,172	11,863,237	32,788,107
Financial institutions	-	-	3,219,609	3,219,609
Sub-total	18,177,698	2,747,172	15,082,846	36,007,716
Banks	-	-	1,194,227	1,194,227
Total	18,177,698	2,747,172	16,277,073	37,201,943

Material risks

The table below provides a summary of material risk positions.

Number of positions	Aggregate amount outstanding
12	314,035,545

Account 50 – Bonds and other fixed-income securities

The securities held as of 31 December 2005, all of which are unlisted, have been classified as investment securities inasmuch as they are held as long-term investments.

The account balance is equal to 470,834 euro.

The table below shows the specific holdings.

Securities	Nominal value	Market value
Centrobanca (f/k/a Italfondriario) Series A06, 3.25%, 01.01.1999-01.01.2013	451,163	n.a.
BPN - Mortgage lending division and OO.PP., 3.25%, 2000-2009	19,671	n.a.
Total securities issued by banks	470,834	n.a.

There were no changes in the account balance during the year.

Account 90 – Intangible fixed assets

The account balance is equal to 1,031,316 euro.

The changes in the account during the year are set out in the following table.

Account	Gross opening balance	Net reduction of value	Net opening balances	Acquisitions	Sales, retirements and other decreases	Amortization	Net closing balance	Total net reduction of value	Gross closing balance
Goodwill	2,386,726	1,275,100	1,111,626	-	-	157,047	954,579	1,432,147	2,386,726
Other intangible fixed assets	215,114	116,143	98,971	6,970	-	29,204	76,737	145,347	222,084
Total	2,601,840	1,391,243	1,210,597	6,970	-	186,251	1,031,316	1,577,494	2,608,810

The residual value of the In Factor S.p.A. goodwill still to be amortized included in the account balance is equal to 954,579 euro.

Account 100 – Tangible fixed assets

The account balance is equal to 614,639 euro.

The changes in the account during the year are set out in the following table.

Account	Gross opening balance	Net reduction of value	Net opening balances	Acquisitions	Sales, retirements and other decreases	Amortization	Net closing balance	Total net reduction of value	Gross closing balance
Furniture	1,417,263	1,227,922	189,341	28,835	-	38,084	180,092	1,266,006	1,446,098
Computer systems	2,997,922	2,719,539	278,383	24,708	-	144,769	158,322	2,864,308	3,022,630
Other	1,449,525	1,070,130	379,395	-	45,315	103,170	276,225	1,127,985	1,404,210
Total	5,864,710	5,017,591	847,119	53,543	45,315	286,023	614,639	5,258,299	5,872,938

Account 130 – Other assets

The balance of the account is 3,063,835 euro, and consists of the following components.

Account	Amount
Due from the tax authorities - taxes	268,930
Due from correspondents for import commissions	260,991
Bills entered for collection	2,311,006
Receivables for goods and services	7,000
Receivables for down payments on franking machines	19,945
Security deposits	27,768
Advances to suppliers	33,645
Other amounts due	77,714
Amounts to be liquidated	56,836
Total	3,063,835

The bills entered for collection refer to amounts due on factored receivables to be collected through bills. While such amounts have already been paid to the assignors, subject to collection, the related accounting documentation of the credits had not yet been received from the payor banks as of the date of the financial statements.

The amounts due from the tax authorities include 37,563 euro of deferred tax assets, which are offset by restricted reserves of an equal amount.

The tax rates provided by prevailing laws on corporate income taxes and the regional tax on productivity were used for the computation.

The balance of the deferred tax assets originated solely from increases for the year, and refers to corporate income taxes (33,277 euro) and the regional tax on productivity (4,286 euro).

Account 140 – Accrued income and prepayments

Accrued income amounts to 40,225 euro, and includes: 24,923 euro of factoring commissions earned, and 15,302 euro of interest earned on bond securities.

Prepayments total 1,136,461 euro and include the components set out in the following table.

Description	Amount
Costs incurred for commercial and financial information	287,873
Interest on commercial credit policies	22,143
Meal tickets and vacation supplements	19,060
Travel, automobile rental, and gasoline	14,909
Telephone expenses, office supplies, consumables, newspapers and periodicals, association dues, automobile taxes, rents, condominium expenses and insurance	26,755
Commissions on issue of bonds	77,338
Expenses for credit insurance	360,000
Commissions on guarantees received	5,116
Expenditures for software, operational installments, EDP, equipment and systems maintenance, data transmission	65,497
Bond issuing discount	257,770
Total	1,136,461

There were no direct adjustments made to the balance-sheet accounts pertaining to the accrued income and prepayments.

2. LIABILITIES AND SHAREHOLDERS' EQUITY

Account 10 – Due to banks

The account balance of 1,975,999,272 euro refers to the transactions summarized in the table below.

Component	Amount
Current account borrowings payable on demand	190,131,554
Advances against automated banking receipts ("RIBA" or "RID") subject to collection	181,662,417
Advances denominated in foreign currency	6,655,300
Short-term borrowings	1,591,450,000
Commissions to be paid	4,456,760
Supplier invoices to be received	576,701
Banca Italease S.p.A. - personnel on loan	1,066,540
Total	1,975,999,272

The short-term borrowings include a euro-denominated, fixed-rate loan for 20,000,000 euro that the lending bank funded through a dollar-denominated liability of an equivalent amount, with the related exchange-rate risk being hedged.

The following table shows the amounts due to banks broken down by maturity date.

Term	Amount
Payable on demand	190,131,554
Payable within 3 months	1,208,131,054
Payable from 3 months up to 1 year	36,664
Unspecified maturity	577,700,000
Total	1,975,999,272

The amounts payable without specified maturity of 577,700,000 euro are revocable loans that can be called with 48 hours advance notice and become thus payable immediately.

The advances denominated in foreign currency are reported in the following table, broken down by the currency in which the financing was made.

Borrowings in currencies other than the euro

Currency	Value in foreign currency	Exchange rate	Value in euro
GBP	14,606	0.6853	21,314
CHF	220,000	1.5551	141,470
USD	7,659,221	1.1797	6,492,516
Total			6,655,300

It should be noted that any exchange-rate risks in relation to factoring relationships are assumed by the customers, as provided by the contractual terms and conditions applicable to the transactions.

Account 20 – Due to financial institutions

The account balance of 6,986 euro represents an amount payable to the affiliate company, Unico Leasing S.p.A.

Account 30 – Due to customers

The balance of the account is equal to 1,509,010,253 euro, and includes: 2,232,650 euro of sight payables for the balances on credit positions to be paid to assignors; 1,506,328,195 euro, which is the difference between the value of the receivables acquired and not yet collected, and the amount disbursed in advance as part of the price therefore; and 449,408 euro for credit notes to be issued to assignors.

Since the last amount mentioned above covers varying maturity dates, the entire balance thereof has been booked in the “unspecified maturity” category.

Account 40 – Securities issued

The account balance is equal to 7,638,867 euro, and covers financing received through the issue of commercial credit policies, all of which have a residual term of three months or less.

Account 50 – Other liabilities

The balance of the account is 44,405,861 euro, and consists of the following components.

Account	Amount
Due to the tax authorities - taxes and taxes withheld	408,773
Due to social-welfare institutions - amounts accrued to be settled	642,965
Due to employees - amounts accrued and travel expenses to be settled	1,223,840
Due to suppliers of goods and services	1,005,501
Invoices to be received	2,375,114
Due to foreign correspondents - fees to be settled	22,995
Amounts collected and not yet booked to the pertinent accounts	20,003,041
Bills withdrawn and not yet debited	657,471
Bills to be credited	13,384,034
Amounts to be settled with third parties	4,081,542
Other amounts payable	1,850
Itaca Service S.p.A. - personnel on loan	598,735
Total	44,405,861

The payables to suppliers include 300,000 euro coming due between three months and one year, whereas the residual balance is due in three months or less.

Account 60 – Accrued liabilities and deferred income

Accrued liabilities total 1,431,120 euro, and mainly refer to the accrual of interest and expenses on senior and subordinated debt.

The deferred income of 2,054,550 euro relates to fees collected in advance of their due dates which fall in 2006.

There were no direct adjustments made to the balance-sheet accounts pertaining to the accrued liabilities and deferred income.

Account 70 – Provision for employment termination indemnities

The provision for employment termination indemnities amounts to 2,133,149 euro and is stated net of the guarantee reserve for employment termination indemnities.

The balance of the provision as of 31 December 2005 covers all amounts due to full-time employees of the Company.

Changes in the account balance during the year are summarized in the following table.

Description	Amount
Opening balance	2,752,693
Increases:	
Amount of provision for the year	222,022
Other increases	69,771
Decreases:	
Amounts settled during the year	560,115
Other decreases	351,222
Total	2,133,149

Account 80 – Reserves for risks and charges

Other reserves:

The balance covers amounts set aside to cover risks related to actions for revocation, which totaled 2,457,000 euro at the end of 2005.

The changes in the account balance during 2005 are summarized in the table below.

Description	Amount
Opening balance	7,215,000
Increases:	
Provision for the year	101,164
Decreases:	
Usage during the year	4,859,164
Total	2,457,000

The usage refers to the conclusion of proceedings regarding actions for revocation for which prior provisions had been made; such proceedings were terminated as a result of settlements with the counterparties.

Reserve for taxes

The account balance of 9,645,713 euro covers the provisions for corporate income tax and the regional tax on productivity for the year of 2005.

Other information

It is noted that the Company's receivables from the tax authorities for tax withholding amounted to 69,710 euro at the end of 2005, and included 5,386 euro due from foreign tax authorities.

Account 90 – Reserve for credit risks

The account balance of 14,575,442 euro remained unchanged with respect to the value as of the time of the business-unit transfer.

Account 110 – Subordinated liabilities

The account balance of 37,500,000 euro covers a subordinated bond issue, consisting of 7,500 bonds with a nominal value of 5,000 euro; the bond issue has a term of five years, and is to be repaid in full at maturity.

The financing was obtained at the following conditions: issued at 98.869% of the face value, with the interest rate set at 3-month EURIBOR plus 200 basis points (actual number of days/360), quarterly interest coupon of 1.0713, and tax withholding of 27 percent.

Account 120 – Capital

The Company's share capital of 34,140,000 euro consists of 34,140,000 shares with a par value of 1 euro each.

Account 130 – Share premium

The reserve balance is equal to 11,030,364 euro.

Analysis of shareholders' equity

As of 31 December 2005, no reserves had been provided against the shareholders' equity of 45,170,364 euro. The share premium may not be distributed until the legal reserve is equal to at least five percent of the share capital.

Summary of receivables for factoring transactions as of 31 December 2005

Categories/Amounts	Gross exposure	% of total receivables	Valuation adjustments	% of writedowns to receivables	Net exposure	% of total receivables
A. Doubtful receivables	33,461,528	0.91	20,924,870	56.25	12,536,658	0.34
A.1 Non-performing	24,979,321	0.68	18,177,698	48.86	6,801,623	0.19
A.2 Watchlist	8,482,207	0.23	2,747,172	7.39	5,735,035	0.16
B. Performing	3,643,530,356	-	16,277,073	-	3,627,253,283	-
Total receivables	3,676,991,884	-	37,201,943	-	3,639,789,941	-

Geographic distribution of receivables for factoring transactions as of 31 December 2005

Account	Italy	Other EU	America	Asia	Rest of world	Total
Other customers	3,532,629,271	39,497,416	4,455,178	22,429,001	-	3,599,010,866
Financial institutions	6,795,845	-	-	-	-	6,795,845
Sub-total	3,539,425,116	39,497,416	4,455,178	22,429,001	-	3,605,806,711
Banks	33,983,230	-	-	-	-	33,983,230
Total	3,573,408,346	39,497,416	4,455,178	22,429,001	-	3,639,789,941

ASSETS AND LIABILITIES DENOMINATED IN CURRENCIES OTHER THAN THE EURO

Due from assigned debtors - factoring transactions

Currency	Value in foreign currency	Exchange rate	Value in euro
GBP	1,281,411	0.6853	1,869,854
USD	12,040,445	1.1797	10,206,362
JPY	48,052,385	138.9	345,949
NOK	13,132	7.985	1,645
Total			12,423,810

Due from assignors for advance against future receivables and other financing

Currency	Value in foreign currency	Exchange rate	Value in euro
CHF	222,774	1.5551	143,254

Due to customers - factoring transactions

Currency	Value in foreign currency	Exchange rate	Value in euro
GBP	1,266,805	0.6853	1,848,541
USD	4,324,282	1.1797	3,665,578
JPY	48,052,385	138.9	345,949
NOK	13,132	7.985	1,645
Total			5,861,713

GUARANTEES AND COMMITMENTS**20 – Commitments**

The account balance is equal to 626,253,256 euro, and includes: 591,400,444 euro, as the difference between the amount of the receivables assigned and approved (1,979,994,496 euro) and the amounts already paid against such receivables (1,388,594,052 euro); 34,606,376 euro of commitments made to banks to back guarantees issued by the banking system in favor of assignors, which are commitments counter-guaranteed by the assignment of the receivables; and 246,436 euro of commitments in relation to automobile rental contracts.

It is noted that the approvals released against factored receivables amount to 2,613,627,968 euro.

Guarantees received

Rounding out the disclosures on the memorandum accounts, it is noted that the Company received the following as a guarantee of commitments made or advances disbursed with regard to factoring transactions: guarantees in favor of assignors in the amount of 2,653,077,885 euro; guarantees in favor of assigned debtors in the amount of 75,771,221 euro; binding patronage letters covering 337,841,740 euro; non-binding patronage letters covering 216,700,000 euro; guarantees transferred from assignors in favor of debtors in the amount of 1,874,146 euro.

Mortgages of 5,188,986 euro have also been provided to the Company as guarantees for customer receivables.

Finally, the Company has a commitment for 5,915,048 euro which is a co-obligation arising from the effect of the non-releasing content of an expromission statement. More precisely, as part of the commitment undertaken by Parmalat S.p.A. to pay out the debt to the Company in relation to a factoring arrangement with Parmalat's affiliate, Parma A.C. S.p.A., the affiliate company is not released for the effect of the aforementioned statement.

Credit insurance

Insurance policies have been put into place with respect to the assigned receivables, for a maximum insured amount of 21,597,848 euro.

Owned securities on deposit with third parties, third-party securities on deposit with the Company and third-party securities on deposit with third parties:

The Company owns securities with a value of 470,834 euro which are on deposit with third parties.

The Company holds 2,100,000 euro of securities as collateral. Other assets have been pledged as a guarantee and are on deposit with third parties; the value of such assets is substantially unchanged with respect to prior periods.

Receivables taken on during the year

1. Turnover

Including the activity of the previous Factor S.p.A., the Company's turnover for 2005 was 12,834,047,000 euro. A breakdown of turnover by the end markets for the transactions is shown below.

Description	Amount
Domestic transactions without recourse	7,615,729,000
Domestic transactions with recourse	4,627,137,000
Total domestic	12,242,866,000
Export transactions without recourse	330,898,000
Export transactions with recourse	69,472,000
Total export	400,370,000
Import transactions without recourse	139,770,000
Import transactions with recourse	51,041,000
Total import	190,811,000

It is noted that the total includes: transactions for assignments of future receivables in the amount of 17,127,000 euro; transactions for the assignment of identified receivables in the amount of 73,350,000 euro (including 23,152,000 euro without recourse) and plain financing transactions in the amount of 78,780,000 euro.

2. Amounts paid in advance to assignors as of 31 December 2005

The advance payments outstanding as of the date of the financial statements were equal to 1,875,824,237 euro, with the breakdown by transaction type shown in the table below.

Type of transaction	Domestic	Export	Import	Total
Advances against factored receivables	1,609,152,600	204,736,681	3,149,761	1,817,039,042
Advances exceeding factored receivables	6,403,850	–	–	6,403,850
Spot advances, without any formal assignment	671,628	–	–	671,628
Against the assignment of future receivables	21,628,972	–	446,700	22,075,672
Other financing	6,636,716	198,048	3,251	6,838,015
Advances against identified receivables	18,905	–	–	18,905
Amounts due from non-performing assignors	22,635,125	142,000	–	22,777,125
Total	1,667,147,796	205,076,729	3,599,712	1,875,824,237

Another 252,989,241 euro had been credited as of 31 December 2005 for amounts due and not yet collected.

It is noted furthermore that 2,232,650 euro regarding the price of factored receivables was still to be passed on to customers in the form of a credit balance.

Advance payments, inclusive of the amounts paid for receivables due, that were made against receivables factored with recourse amounted to 740,219,426 euro; those regarding factored receivables without recourse amounted to 1,388,594,052 euro.

PARTE C – INFORMATION ON THE INCOME STATEMENT

EXPENSES

Account 10 – Interest and similar expense

The account balance is equal to 20,287,269 euro, and includes the following components.

Component	Amount
Current account overdrafts	658,844
Advances on items subject to collection	2,278,563
Short-term borrowings	15,859,432
Advances denominated in foreign currency	60,182
Commercial credit policies	16,723
Other short-term financing	50,522
Bonds payable	1,035,737
Commission on bonds payable	16,707
Commissions to financial institutions for organization of syndicated financings	13,071
Commissions to banks for organization of syndicated financings	23,126
Banking, postal and other expenses and commissions	218,678
Bond issuing discount	55,684
Total	20,287,269

A breakdown of the interest and similar expense by counterparty is provided in the table below.

Counterparty Type	Amount
Banks	20,257,475
Financial institutions	29,794
Total	20,287,269

Account 20 – Commissions paid

The balance of the account is equal to 5,206,332 euro, and includes the following amounts.

Description	Amount
Commissions paid on export factoring transactions	125,336
Commissions to be paid to banks	3,061,044
Commissions to be paid to financial institutions	67,277
Commissions to be paid to customers	1,337,698
Commissions on the sale of securities	5,035
Banking expenses and commissions	548,628
Commissions on guarantees received	61,314
Total	5,206,332

The commissions paid are broken down by counterparty as follows: 3,676,021 euro to banks, 67,277 euro to financial institutions, and 1,463,034 euro to customers.

Account 40 – Administrative expenses

Personnel expenses

The account balance amounts to 7,940,475 euro, and is stated net of the usage of the provision for employment termination indemnities.

The account includes compensation accrued for the year of 2005, which had not yet been paid at year end.

Other administrative expenses

The account balance is equal to 6,831,226 euro, and includes the following amounts.

Account	Amount
Fees paid to the directors	61,167
Fees paid to the statutory auditors	56,708
Professional fees	1,164,335
Machinery rental and maintenance	100,586
EDP equipment rental and maintenance	352,245
Expenditures for the maintenance of tangible fixed assets	27,383
Shipping and transport expenses	254,350
Insurance premiums	66,282
Duties and indirect taxes	856,142
Rental expense	147,645
HVAC, cleaning and energy expenses	191,673
Automobile rental and operating expenses	257,739
Telephone expenses	99,373
Postal and telex expenses	300,076
Personnel on loan	1,668,488
Other expenses	1,227,034
Total	6,831,226

Account 50 – Valuation adjustments to tangible and intangible fixed assets

The total adjustments came to 472,274 euro, and included the following amounts:

Description	Amount
Intangible fixed assets	186,251
Tangible fixed assets:	
Ordinary depreciation	181,722
Accelerated depreciation	104,301
	286,023
Total	472,274

Account 60 – Other operating expenses

Other operating expenses totaled 2,635,789 euro, and included the amounts set out in the table below.

Account	Amount
Insurance premiums	485,637
Duties and indirect taxes	329,510
Expenditures related to legal disputes	1,375,135
Sales and marketing expenses for business development	214,737
Advertising and promotional expenses	52,545
Other	178,225
Total	2,635,789

Account 70 – Provisions for risks and charges

The account balance is equal to 101,164 euro.

Losses on settlements of actions for revocation amounted to 3,349,164 euro during the period, with the entire amount thereof covered by the reserve for risks and charges.

Account 90 – Valuation adjustments to receivables and provisions for guarantees and commitments

The valuation adjustments totaled 9,282,154 euro.

The losses of principal on receivables booked during the period amounted to 4,265,281 euro, with the entire amount thereof covered by the use of reserves.

Account 110 – Extraordinary charges

The balance of the account is equal to 4,476 euro.

Account 130 – Income taxes for the period

The tax provision for the period totaled 9,608,150 euro, which was computed as shown in the table below.

Description	Corporate income tax ("IRES")	Regional tax on productivity ("IRAP")	Total
Current taxes	7,461,270	2,184,443	9,645,713
Increase in deferred tax assets	33,277	4,286	37,563
Total	7,427,993	2,180,157	9,608,150

The following table provides a reconciliation between the statutory and actual tax rates, with reference to 2005.

Description	Corporate income tax ("IRES")	Regional tax on productivity ("IRAP")	Total
Statutory rates	33.00%	5.25%	38.25%
Correction for the IRAP/IRES comparison	–	4.75%	4.75%
Dividends	–	–	–
Expenses not deductible for tax purposes and income not taxable.	2.34%	0.35%	2.69%
Other permanent differences	–	–	–
Actual rates	35.34%	10.35%	45.69%

REVENUES

Account 10 – Interest and similar income

The account balance is equal to 39,209,134 euro, and is broken down by counterparty as follows.

Component	Amount	Foreign-Currency amount
Assignors for domestic transactions	28,424,195	30,796
Assignors for export/import transactions	1,338,848	46,844
Other financing	342,924	26,495
Total transactions with assignors	30,105,967	104,135
Amounts accrued on extended payments and other	3,662,023	
Sub-total	33,767,990	104,135
Amounts accrued on late payments and past-due interest	5,282,935	
Sub-total	5,282,935	
Banks	87,765	
Securities	10,076	
Sub-total	97,841	
Post office and security deposits	1,239	
Other	59,129	
Sub-total	60,368	
Total	39,209,134	104,135

The geographic breakdown of interest and similar income with respect to the 30,105,967 euro of the income earned on transactions with assignors is shown below.

Geographic area	Amount
Italy	29,817,691
Other Europe	255,013
America	16,767
Asia	16,496
Total	30,105,967

Economic Sector	Amount
Governments	–
Other public-sector entities	–
Non-financial firms	29,639,347
Financial institutions	17,171
Other	449,449
Total	30,105,967

Account 30 – Commissions earned

Commissions earned are equal to 28,451,886 euro.

Description	Amount
Commissions on domestic transactions	24,516,457
Commissions on export transactions	1,066,030
Commissions on import transactions	742,510
Debtor commissions	480,423
Recovery of handling expenses	1,646,466
Total	28,451,886

The commissions on domestic and export transactions include 20,770 euro earned from financial institutions, while the remaining amounts were accrued with reference to customers.

Account 50 – Recovery of value on receivables and provisions for guarantees and commitments

The account balance of 1,672,884 euro consists of writebacks to receivables, including 1,510,000 euro in relation to actions for revocation.

Account 70 – Other operating income

Other operating income totaled 2,930,490 euro, and included the amounts set out in the table below.

Description	Amount
Recovery of operating expenses from assignors and customers	1,910,497
Recovery of operating expenses from debtors	112,980
Capital gains on collections of receivables acquired at values other than nominal value	7,881
Revenues from services and webfactoring	44,185
Other revenues	39,377
Rebates taken	7,387
Personnel on loan	49,588
Revenues for services rendered by Company personnel	36,000
Recovery of credit approval processing expenses	339,107
Recovery of account maintenance expenses	383,488
Total	2,930,490

Account 80 – Extraordinary income

The balance of the account is equal to 1,607,007 euro, including 1,506,362 euro of capital gains on the sale of securities.

PART D – OTHER INFORMATION

1 – Fees paid to the directors and statutory auditors

Description	Amount
Directors	61,167
Statutory auditors	56,708

The cost of an insurance policy to cover general liability risks was 6,069 euro.

It is noted that the Company did not provide any guarantees in favor of the directors or statutory auditors.

2 – Average number of employees

Description	Number
Senior managers	4
Middle managers	62
Office personnel	83
Total	149

The work force includes 13 part-time employees, and two employees assigned to other companies of the Banca Italease Group.

3 – Shares

The share capital at the end of 2005 was equal to 34,140,000 euro, and was made up of 34,140,000 ordinary shares with a nominal value of 1 euro each.

4 – Name and registered office of controlling shareholder

The Company is subject to the management and coordination of the sole shareholder, Banca Italease S.p.A., Via Cino del Duca 12, Milan, Italy, and is part of the Banca Italease Group.

5 – Transactions with related parties

Due from banks

Description	Amount
Assigned debtors – Banca Italease	1,410,000
Other receivables – Banca Italease	30,461

Due to banks

Description	Amount
Banca Italease – short-term borrowings	100,000,000
Banca Italease – commissions to be paid	216,958
Banca Italease – personnel on loan	1,066,540
Banca Italease – personnel training and education	250,000
Banca Italease – accrued liability on short-term borrowings	7,203

Expenses - banks

Banca Italease	Amount
Interest and similar expense	457,417
Commissions	216,958
Personnel on loan (30 employees)	1,066,540
Fees paid to directors	49,867
Rental expense	5,090
Other administrative expenses	289
Other expenses	455,847

Revenues - banks

Description	Amount
Banca Italease – personnel on assignment	30,461
Banca Italease – personnel on loan (2 employees)	36,000

Due from financial institutions

Description	Amount
Assigned debtors – Unico Leasing	386,869
Assigned debtor – Mercantile Leasing	300,000

Due to financial institutions

Description	Amount
Unico Leasing – for commissions to be paid	6,986

Expenses - Financial institutions

Description	Amount
Unico Leasing – commissions	6,986

Due from customers

Description	Amount
Italease Gestione Beni – prepayments	1,764
Itaca Service – prepayments	223

Due to customers

Description	Amount
Itaca Service – personnel on loan	598,735
Itaca Service – supplier invoices	4,319
Itaca Service – factoring	3,502
Renting Italease – supplier invoices	5,514

Cost - Customers

Description	Amount
Italease Gestione Beni – professional fees	1,674
Italease Gestione Beni – rental expense	16,713
Itaca Service – personnel on loan (14 employees)	601,949
Itaca Service – EDP equipment service, maintenance and repairs	38,971

6 – BANCA ITALEASE S.p.A. financial statements as of 31 December 2004

In accordance with the disclosures required by Article 2497 bis of the Italian Civil Code, a summary of the most recently approved financial statements of the parent company is presented below.

Balance Sheet

ASSETS	31.12.2004
Cash and cash equivalents on deposit with central banks and post offices	200,792
Due from banks	13,531,330
Due from customers	1,036,101,888
Bonds and other debt securities	121,203,408
Equity investments	4,664,783
Equity investments in group companies	153,270,890
Intangible fixed assets	5,818,772
Assets leased under financial lease	5,293,885,141
Assets to be leased under financial lease	332,439,334
Assets previously leased under financial lease	76,742,891
Assets for own use	8,647,192
Other assets	376,796,558
Accrued income and prepayments	158,261,924
TOTAL ASSETS	7,581,564,903

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2004
Due to banks	1,145,657,023
Due to customers	2,873,226,316
Securities issued	2,516,767,788
Other liabilities	257,908,578
Accrued liabilities and deferred income	172,125,980
Provision for employment termination indemnities	5,005,629
Pension funds and similar obligations	23,132,087
Reserve for taxes	23,053,528
Other reserves	24,782
Subordinated liabilities	189,616,000
Capital	270,089,658
Share premium	8,012,398
Reserves:	64,820,795
(a) legal reserve	13,805,665
(d) other reserves	51,015,130
Revaluation reserve	3,741,010
Profit (loss) for the period	28,383,331
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,581,564,903

GUARANTEES AND COMMITMENTS	31.12.2004
10. Guarantees issued	17,592,294
20. Commitments	236,463,711

INCOME STATEMENT	31.12.2004
Interest and similar income	123,884,766
Interest and similar expense	(257,798,189)
Dividends and other income	504,247
Commissions earned	34,160,775
Commissions paid	(22,355,610)
Other operating income	1,890,192,381
Administrative expenses:	(46,488,135)
(a) <i>personnel expenses</i>	(25,202,614)
(b) <i>other administrative expenses</i>	(21,285,521)
Valuation adjustments to tangible and intangible fixed assets	(1,608,826,561)
Other operating expenses	(37,887,916)
Valuation adjustments to receivables and provisions for guarantees and commitments	(31,488,000)
Recoveries of value on receivables and provisions for guarantees and commitments	1,951,541
Income (loss) from ordinary operations	45,849,299
Extraordinary income	1,110,804
Extraordinary charges	(126,772)
Extraordinary income (charges)	984,032
Income taxes for the period	(18,450,000)
NET INCOME (LOSS) FOR THE PERIOD	28,383,331

Board of Directors

Chairman

Massimo Faenza

**Report of the Board
of Statutory Auditors
on the Financial Statements
as of 31 December 2005**

To the Shareholders:

The financial statements as of 31 December 2005 submitted by the Board of Directors for your examination and approval were prepared in accordance with the provisions of the Italian Law Decree n. 87 of 27 January 1992, and the provisions of the Bank of Italy directive n. 103 issued on 31 July 1992 and subsequent modifications thereto (including the amendments regarding the euro, introduced with the directive issued on 7 August 1998, and those regarding deferred taxation, introduced with the directive issued on 3 August 1999). Summary data for the financial statements are set out below, expressed in euros.

	Amount
Total assets	3,663,530,669
Liabilities	3,606,858,213
Share capital	34,140,000
Share premium	11,030,364
NET INCOME FOR THE PERIOD	11,502,092

The off-balance-sheet accounts cover commitments undertaken by the Company, as disclosed in the memorandum accounts section following the balance sheet:

	Amount
Commitments	626,253,256

The net income for the period is also reported in the income statement, which is summarized as follows:

	Amount
Revenues	73,871,401
Expenses	62,369,309
Net income for the period	11,502,092

We certify that the figures indicated are the same as those in the Company's accounting books, appropriately reclassified in accordance with the provisions of the Italian Civil Code.

We also acknowledge that the parent company, Banca Italease S.p.A., elected not to apply the new international accounting principles, IAS/IFRS, to the financial statements of the companies of the Banca Italease Group, limiting the application of the new principles to the holding company's financial statements and the consolidated financial statements.

The valuation criteria adopted have not been modified with respect to the criteria applied prior to the merger by incorporation and the subsequent transfer of the factoring business unit to Italease Factorit.

The information needed for a clear and proper representation of the individual financial-statement accounts has been provided by the Board of Directors in the notes to the financial statements, which have been supplied with the balance sheet and the income statement, with all of the documents subject to the review and audit on the part of Deloitte & Touche S.p.A., Milan.

With its report prepared in conformity with Article 3 of Law Decree n. 87 of 27 January 1992, the Board of Directors has reviewed in detail specific aspects of the Company's operations, providing information on the activity carried out during the year, and has supplied an income statement reclassified in accordance with international standards and a statement of changes in shareholders' equity.

We specifically note the following:

- 1) Trend of the relationship in relation to the receivables acquired through a transfer by the Società Gestione Crediti S.p.A. in December 1995:
 - the receivables due from BNL/S.A.C.F. totaled 2,580,864 euro at year end, decreasing by 370,656 euro with respect to the balance at the end of the prior year. The valuation reserve amounts to 1,194,227 euro. The schedule of projected collections has remained unchanged;
 - the "FONSPA" receivables, whose collection is being handled by Credit Servicing S.p.A. (f/k/a Servizi Immobiliari Banche (SIB)) on the basis of an agreement renegotiated in October 2001, amounted to 4,353,898 euro at year end, with collections for the year totaling 1,596,480 euro. The valuation reserve remained unchanged at 3,219,609 euro;
 - it is estimated that a total of 1,080,000 euro will be collected on the "FONSPA" receivables over the next two years;
 - we note that the receivables for both customers have not accrued interest since 1 January 1998, and that the adjustments to the value of the receivables for both customers total 4,413,836 euro (1,194,227 euro plus 3,219,609 euro) as indicated specifically in the notes to the financial statements. The valuation adjustments have been computed by taking into account the schedule of projected collections.
- 2) The exposure to Toscana Tabacchi S.c.a.r.l., a company placed into forced administration liquidation, was reduced by 301,365 euro collected during the year. The residual exposure of 2,032,124 euro is 97-percent covered by valuation reserves.
- 3) The relationship with the Parmalat Group as of 31 December 2005 is summarized as follows:
 - The exposure to Parmalat S.p.A., in extraordinary administration, and Contal S.r.l., in extraordinary administration, benefited from the assignment of shares of the new Parmalat S.p.A. in a transaction which is part of the overall restructuring of the outstanding debt.
As a result, the exposure to the two entities was reduced by 440,139 euro and 930,665 euro, respectively.
 - The remaining 1,375,571 euro of exposure to Contal S.r.l., in extraordinary administration, has been completely written off.
 - With regard to the action for revocation with respect to the bankruptcy of Parmalat S.p.A., in extraordinary administration, the Company, following the resumption of the proceedings, filed its statement of appearance and defense with the courts in early February 2006; the motives underlying the Company's defenses and objections were presented for the purpose of rejecting the proposed demands which are deemed unfounded both in fact and in law.
 - With regard to the third-party summons served to the Company by Ifitalia S.p.A. within the framework of the action for revocation with respect to the bankruptcy of Contal S.r.l., in extraordinary administration (part of Parmalat Group), the Company made an appearance in court, and argued that it had nothing to do with the contested facts.
Considering the present status of the situation regarding both companies, the Company's management has opted not to proceed to set aside any risk provisions in relation thereto.
- 4) A provision of 2,457,000 euro was allocated to the reserve for risks and charges (Account 80) in order to cover potential risks on actions of revocation in relation to bankruptcies. This sum is earmarked to cover the presumed settlement of negotiations currently in process with the authorities in charge of several bankruptcy proceedings.

To the Shareholders:

We note that we have come to agreement with the Board of Directors in the cases of any amounts booked in the financial statements for which the opinion or the consent of the statutory auditors is expressly required.

With our frequent audits, we were able to verify the regularity of the accounting procedures followed for the reporting of business transactions, and to oversee the execution of the same, and with the cooperation of the parent company's internal auditing department, we were also be check the adequacy of the internal controls system.

A specific emphasis was placed on our interaction with the independent audit firm, Deloitte & Touche S.p.A., Milan, with the exchange of information as part of the development of a mutually beneficial relationship, particularly with regard to the Company's organizational structure and the verification of the principles involved in ensuring the correct administration of the same.

We maintained periodic contacts with the statutory auditors for the parent company, also transmitting to them during the year a report on the Company's operations.

The Company's registers and accounting books currently in use have all been regularly maintained.

In 2005, we participated in eight meetings of the Board of Directors, and examined the Company's operations and the trend of risks through 14 audits.

With our attendance at the meetings of the Board of Directors, we were able to track the Company's decisions and transactions on a continuous basis, verifying that the same were in conformity with the law and the Company's articles of incorporation and by-laws, and that they were not manifestly imprudent, risky or the source of potential conflicts of interest, including with regard to related parties.

The income for the year is stated net of valuation adjustments and provisions against receivables, guarantees and commitments in the total amount of 9,282,154 euro.

As of 31 December 2005, the valuation adjustments against credits and the reserve for credit risk totaled 51,777,385 euro, and included 1,370,150 euro of amounts reserves against past-due interest and 14,575,442 of amounts reserved against general credit risks (Account 90).

In light of the foregoing considerations, we propose the shareholders approve the 2005 financial statements, prepared as of 31 December 2005, along with the Board of Directors' proposal for the allocation of net income.

In conclusion, we wish to join the Board of Directors in expressing our appreciation for the valuable contribution of the Company's general manager, Antonio De Martini, as well as the active collaboration and dedication of all of the personnel.

Milan, 8 March 2006

THE BOARD OF STATUTORY AUDITORS

Flavio DEZZANI, Chairman

Vincenzo Mosca

Alfio Poli

Report of the Independent Auditors

Deloitte.

Deloitte & Touche S.p.A.
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**AUDITORS' REPORT PURSUANT TO ARTT. 156 AND 165
OF LEGISLATIVE DECREE N. 58 OF FEBRUARY 24, 1998**

**To the Shareholder of
ITALEASE FACTORIT S.p.A.**

1. We have audited the financial statements of Italease Factorit S.p.A. for the period from March 17, 2005 (incorporation date) to December 31, 2005. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, the financial statements present fairly the financial position of Italease Factorit S.p.A. as of December 31, 2005, and the results of its operations for the period from March 17, 2005 (incorporation date) to December 31, 2005 in accordance with the Italian law governing financial statements.

DELOITTE & TOUCHE S.p.A.

Signed by
Umberto Lombardini
Partner

Milan, Italy
March 21, 2006

This report has been translated into the English language solely for the convenience of international readers.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma
Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano
Capitale Sociale: sottoscritto e versato Euro 10.327.940,00 - deliberato Euro 10.850.000,00
Partita IVA/Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239

Member of
Deloitte Touche Tohmatsu

**Resolutions of the Ordinary Shareholders'
Meeting of 10 April 2006**

RESOLUTIONS OF THE ORDINARY SHAREHOLDERS' MEETING

(first session of the meeting)

The ordinary meeting of the shareholders chaired by Massimo Faenza was held on 10 April 2006, with the participation of the sole shareholder which holds the 34,140,000 shares making up the entire share capital.

The meeting, having acknowledged the report of the Board of Directors and the report prepared by the Board of Statutory Auditors, unanimously approved the Report of the Board of Directors on the Company's Operating Performance, and having reviewed the report of the independent auditors, Deloitte & Touche, Milan, issued pursuant to Article 2409-ter of the Italian Civil Code, approved the financial statements as of 31 December 2005, the notes to the financial statements, and the allocation of the net income as proposed by the Board of Directors, setting the date of 24 April 2006 for the payment of the dividend.

With the meeting having acknowledged the resignation of the Director Maurizio Gobetti as of the date of the shareholders' meeting, a resolution was passed to replace the resigning director for the residual period of the 2005-2007 three-year term of office, with Domenico Cambriani appointed to serve as a director for the aforementioned period.

The Company's Board of Directors for the current year consists of:

<i>Chairman:</i>	Massimo Faenza (*)
<i>Vice Chairman:</i>	Ernesto Tansini (*)
<i>Directors:</i>	Domenico Cambriani, Giuseppe Filippa (*), Graziano Gioia

The Company's Board of Statutory Auditors for the current year consists of:

<i>Chairman:</i>	Flavio Dezzani
<i>Auditors:</i>	Vincenzo Mosca, Alfio Poli
<i>Alternate Auditors:</i>	Pietro Agnoluzzi, Attilio Guardone

Independent Auditors:

Deloitte & Touche S.p.A., Milan

(*) Members of the Executive Committee.



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