

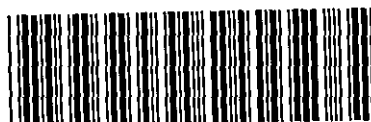
Company Registration No. 04569800

FIAT AUTO FINANCIAL SERVICES (WHOLESALE) LIMITED

Report and Financial Statements

For the year ending 31 December 2006

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FIAT AUTO FINANCIAL SERVICES (WHOLESALE) LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

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FIAT AUTO FINANCIAL SERVICES (WHOLESALE) LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Almond
P Hunter
A O'Hare
G Salomone

SECRETARY

P Farley

REGISTERED OFFICE

Fiat House
240 Bath Road
Slough
SL1 4DX

BANKERS

Barclays Bank PLC

SOLICITORS

Payne Hicks Beach Solicitors
10 New Square
Lincoln's Inn
London
WC2A 3QG

AUDITORS

Deloitte & Touche LLP
London

FIAT AUTO FINANCIAL SERVICES (WHOLESALE) LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of Fiat Auto Financial Services (Wholesale) Limited ('the company') together with the financial statements for the period ended 31 December 2006. Each of the directors confirms that:

- So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware.

- The directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of section 234z of the Companies Act 1985.

PRINCIPAL ACTIVITIES

The principal activity of the company is the facilitation and management of the wholesale stocking facilities made available to the dealer network of the Fiat Auto (UK) Limited.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company's results for 2006 were affected due to the impact of higher cost of funding for the FIAT group. However, an improvement in the cost of funding is expected following a change in the shareholding pattern of the company towards the end of December 2006.

On 28 Dec 2006, Fiat Auto and Crédit Agricole completed the transaction announced in July for the creation of a 50/50 joint venture, Fiat Auto Financial Services ("FAFS") to handle Fiat Auto's main financing activities in Europe (retail auto financing, dealership financing, and long-term car rental and fleet management). In particular, the following actions took place on that day:

- FAFS acquired certain Fiat Auto subsidiaries (including Fiat Auto Financial Services (Wholesale) Limited;
- Fiat Auto sold to Sofinco, a wholly owned consumer credit subsidiary of Crédit Agricole, 50% of the share capital of FAFS for a total cash consideration of 1 billion euros subject to the usual price adjustment clauses;
- Crédit Agricole/Sofinco refinanced FAFS entities' for the entire debt with the Fiat Group and part of their debt to third parties.

RESULTS AND DIVIDENDS

The company recorded a profit after taxation of £268,266 (2005 :£707,000) and this has been transferred to reserves. The directors do not recommend payment of a dividend (2005: £nil).

FIAT AUTO FINANCIAL SERVICES (WHOLESALE) LIMITED

DIRECTORS' REPORT

continued

DIRECTORS AND THEIR INTERESTS

The names of the directors who served during the year were as follows:

Name	Date of Appointment	Nationality
G Salomone	18, May 2005	Italian
R Almond	22, October 2002	English
A O'Hare	29, July 2005	Irish
P Hunter	11, January 2005	English

The directors do not hold any beneficial interests in the shares of the company.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of the members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The company places value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. The policy is carried out through formal and informal meetings.

AUDITORS

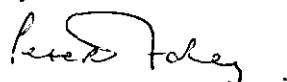
The directors will place a resolution before the annual general meeting to reappoint Deloitte & Touche LLP as auditors for the ensuing year.

REGISTERED ADDRESS

The registered address of the company is:

Fiat House,
240 Bath Road,
Slough,
SL1 4DX

By order of the Board



P Farley

Secretary

15 February 2007

FIAT AUTO FINANCIAL SERVICES (WHOLESALE) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and financial statements. Company Law requires the directors to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period in accordance with UK GAAP and the Companies Act 1985. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed; subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that they comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information include in the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

FIAT AUTO FINANCIAL SERVICES (WHOLESALE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIAT AUTO FINANCIAL SERVICES (WHOLESALE) LIMITED

We have audited the financial statements of Fiat Auto Financial Services (Wholesale) Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you, if, in our opinion, the directors' report is consistent, with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements

Deloitte + Touche LLP

Deloitte & Touche LLP

*Chartered Accountants and Registered Auditors
London*

16 February 2007

FIAT AUTO FINANCIAL SERVICES (WHOLESALE) LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
TURNOVER		4,668	4,985
Cost of sales		(201)	(275)
Gross profit		4,467	4,710
Administrative expenses		(1,835)	(1,419)
Other operating income		94	52
Operating profit		2,726	3,343
Interest payable and similar charges	2	(2,337)	(2,329)
Profit on ordinary activities before taxation	3	389	1,015
Tax on profit on ordinary activities	6	(121)	(308)
Profit on ordinary activities after taxation and retained profit for the financial year	11,12	268	706

The profit and loss account has been prepared on the basis that all operations are continuing operations

The accompanying notes on pages 8 to 14 form an integral part of this profit and loss account.

FIAT AUTO FINANCIAL SERVICES (WHOLESALE) LIMITED

BALANCE SHEET 31 December 2006

	Notes	2006 £'000	2005 £'000
CURRENT ASSETS			
Cash at bank		3,276	936
Debtors	7	75,705	51,083
		<u>78,981</u>	<u>52,019</u>
CREDITORS: amounts falling due within one year	8	(74,455)	(47,761)
		<u>4,526</u>	<u>4,258</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		4,526	4,258
		<u>4,526</u>	<u>4,258</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	10	3,500	3,500
Profit and loss account	11	1,026	758
EQUITY SHAREHOLDERS' FUNDS	12	<u>4,526</u>	<u>4,258</u>

The accompanying notes on pages 8-14 form an integral part of this balances sheet.

The financial statements on pages 6 to 14 were approved by the board of directors on 15 February 2007 and signed on its behalf by:



R Almond
Managing Director

FIAT AUTO FINANCIAL SERVICES (WHOLESALE) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom laws and accounting standards.

Turnover

Turnover, mainly represents income earned under stocking loans and associated services offered to the Fiat and Alfa Romeo dealer networks in the United Kingdom. Turnover includes all income earned from operations in UK.

Pension funding

The company provides pension arrangements to a number of full-time employees through a defined benefit scheme, which is operated by another group company Fiat Auto (UK) Limited. It is not possible to identify the share of the underlying assets and liabilities in the scheme, which is attributable to the company on a consistent and reasonable basis. Therefore, the company has applied the transitional provisions of FRS 17 'Retirement Benefits' to account for the scheme as if it was a defined contribution scheme.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. Any deficit has been provided in the Fiat Group consolidated financial statements.

Taxation

UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted by the balance sheet date.

Deferred taxation

Deferred taxation is provided for in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised when it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Cash flow statement

The company has taken advantage of the exemption available under FRS1 (Revised) not to prepare a cash flow statement as its ultimate parent company Fiat Auto Financial Services SpA, prepares consolidated accounts which are publicly available and which include a consolidated cash flow statement.

FIAT AUTO FINANCIAL SERVICES (WHOLESALE) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

2. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £'000	2005 £'000
Bank loans and overdrafts	-	21
Other interest payments	2,337	2,308
	<u>2,337</u>	<u>2,329</u>

	2006 £'000	2005 £'000
Interest payable comprises:		
Amounts payable to group companies	2,316	2,308
Amounts payable to third parties	21	21
	<u>2,337</u>	<u>2,329</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2006 £'000	2005 £'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
- audit services	19	29

4. DIRECTORS' EMOLUMENTS

None of the directors received any emoluments during the year for their services to the company nor received any benefits from the company (2005 – £nil).

FIAT AUTO FINANCIAL SERVICES (WHOLESALE) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

5. EMPLOYEE INFORMATION

The number of persons employed by the company during December 2006 was 12 (2005 – 14). Their aggregate remuneration comprised:

	2006 £'000	2005 £'000
Their aggregate remuneration comprised:		
Wages and salaries	645	656
Social security costs	46	52
Other pension costs (note 9)	78	97
	<u>769</u>	<u>805</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006 £'000	2005 £'000
Current tax		
- Current year 30% (2005 – 30%)	121	323
- In respect of prior years		(15)
	<u>121</u>	<u>308</u>
Total tax on profit on ordinary activities		

The differences between the total current tax shown above and amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	389	1,014
Profit on ordinary activities multiplied by standard rate of corporation tax 30% (2005 – 30%)	117	304
Effects of:		
Expenses not deductible for tax purposes	4	19
Prior year adjustment		(15)
	<u>121</u>	<u>308</u>

In accordance with Fiat SpA Group policy, payment for group relief is made at the prevailing tax rate being enacted at the balance sheet date, or the value at which the surrendering group company can achieve if losses were carried back to prior years.

FIAT AUTO FINANCIAL SERVICES (WHOLESALE) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

7. DEBTORS

	2006 £'000	2005 £'000
Amounts falling due within one year:		
Trade debtors	59,671	43,889
Other debtors	16,034	7,194
	<u>75,705</u>	<u>51,083</u>

8. CREDITORS: amounts falling due within one year

	2006 £'000	2005 £'000
Bank loans and overdrafts	2,084	3,881
Trade creditors	17,718	8,623
Amounts owed to other group undertakings	53,141	34,148
Accruals and deferred income	1,512	1,109
	<u>74,455</u>	<u>47,761</u>

FIAT AUTO FINANCIAL SERVICES (WHOLESALE) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

9. PENSION OBLIGATIONS

The Company provides pension arrangements for its full time employees through the Fiat Group Pension Scheme, a defined benefit pension scheme.

The defined benefit scheme is a multi-employer scheme and the directors have concluded that they are unable to identify the company's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and therefore have accounted for the scheme as a defined contribution scheme in accordance with FRS 17 "Retirement benefits".

The latest valuation of the group scheme was done at 31 March 2003 and was performed under the principles of Financial Reporting Standard 17 - Retirement Benefits. This has been updated for the purposes of FRS 17 requirements to 31 December 2006 as follows:

	31 December 2006 £'000	31 December 2005 £'000	31 December 2004 £'000
Total market value of assets	72,591	66,600	56,200
Present value of scheme liabilities	(108,570)	(101,773)	(84,628)
Group net pension deficit	<u>(35,979)</u>	<u>(35,173)</u>	<u>(28,428)</u>
Key assumptions were:	%	%	%
Rate of increase of salaries	3.50	3.50	3.50
Rate of return of assets	6.50	6.50	6.50
Discount rate	4.75	4.75	5.25

The figures included in the accounts in respect of the company pension scheme are the normal contributions to the group scheme in accordance with the group contribution rate. The Company's regular pension cost charge in the year was £ 78,309 (2005: £ 96,996). Any deficit has been provided in the Fiat Group consolidated financial statements.

10. CALLED UP SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised		
10,000,000 ordinary shares of £1 each (2005 : 10,000,000 ordinary shares of £1 each)	<u>10,000</u>	<u>10,000</u>
Called up, allotted and fully paid		
3,500,000 ordinary shares of £1 each (2005 : 3,500,000 ordinary share of £1)	<u>3,500</u>	<u>3,500</u>

FIAT AUTO FINANCIAL SERVICES (WHOLESALE) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

11. PROFIT AND LOSS ACCOUNT

	2006 £'000
At 1 January 2006	758
Profit for the financial year	268
	<hr/>
At 31 December 2006	1,026
	<hr/> <hr/>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2006 £'000	2005 £'000
Opening shareholders' funds	4,258	3,551
Profit for the financial year	268	707
	<hr/>	<hr/>
Net movement in shareholders' funds	268	707
	<hr/>	<hr/>
Closing shareholder's funds	4,526	4,258
	<hr/> <hr/>	<hr/> <hr/>

FIAT AUTO FINANCIAL SERVICES (WHOLESALE) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

13. RELATED PARTIES

The information concerning transactions with related parties is given below.

None of the directors had transactions with the company, which are required to be disclosed under FRS 8.

The short name of related parties are described as follows:

Short name	Description
Fiat	All Fiat group companies except those detailed below.
FFT	Fiat Finance and Trade Ltd.
FAFS	All Fiat Auto Financial Services SpA group companies

	Turnover		Purchases		Debtor balance at 31 December		Creditor balance at 31 December	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Fiat	1,146	1,770	113	210	554	363	12	62
FAFS	440	14		396		-	176	2
FFT	76	28	2,291	2,302	-	7	-	38,078

14. CONTINGENT LIABILITIES

There are no contingent liabilities outstanding as at 31st December 2006.

15. ULTIMATE CONTROLLING PARTY

Fiat Auto Financial Services SpA (formerly Fidis Retail Italia SpA), a company registered in Italy, is the immediate holding company. Fiat Auto Financial Services SpA is the parent undertaking of the smallest and largest group of which the company is a member and for which consolidated accounts are drawn up. Fiat Auto Financial Services SpA is owned 50% by Fiat Auto SpA and is owned 50% by Sofinco, the wholly owned consumer credit subsidiary of Crédit Agricole SA. Consolidated accounts of Fiat Auto Financial Services SpA may be obtained from the company secretary, Fiat Auto Financial Services SpA, Corso Giovanni Agnelli 200, Turin, Italy.