PININFARINA GROUP

Report of the Board of Directors on Operations in the First Half of 2003

Pininfarina S.p.a. – Share Capital: 9,317,000 euros, fully paid in – Registered Office: 61 Corso Stati Uniti, Turin
Tax I.D. and Turin Company Register No. 00489110015

Pininfarina S.p.a.

Board of Directors

Chairman*	Sergio PININFARINA
Chief Executive Officer*	Andrea PININFARINA
Directors	Elisabetta CARLI
	Mario Renzo DEAGLIO
	Cesare FERRERO
	Carlo PAVESIO
	Lorenza PININFARINA
	Paolo PININFARINA
	Franzo GRANDE STEVENS

Board of Statutory Auditors

Chairman	Giacomo ZUNINO
Auditors	Giorgio GIORGI
	Piergiorgio RE
Secretary to the Board of Directors	Gianfranco ALBERTINI
Independent Auditors	RECONTA ERNST & YOUNG S.P.A.

***Powers**

Under Article 22 of the Bylaws, the Chairman and the Chief Executive Officers are the legal representatives of the Company before outsiders and before the courts. Accordingly, they are empowered to carry out all actions that are consistent with the Bylaws and do not conflict with the provisions of Article 2384 of the Italian Civil Code.

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CONSOLIDATED FINANCIAL HIGHLIGHTS

(in thousands of euros)

12/31/02		1st half 2003	1st half 2002
	Operating Data		
485,826	Net revenues	367,079	284,510
529,819	Value of production	409,405	297,535
38,510	EBITDA	23,935	21,687
20,861	EBIT	14,996	13,008
1,635	Net financial income	2,510	1,577
12,138	Profit before taxes	12,220	8,191
14,914	Net profit for the period/year	5,333	7,359
32,387	Cash flow*	14,185	15,945
	Balance Sheet Data		
102,810	Net fixed assets	102,052	102,011
76,092	Net invested capital	51,470	65,203
166,663	Group interest in shareholders' equity	168,875	159,108
116,437	Net financial position	142,578	119,231
	Other Data		
22,555	Capital investments for the period/year	10,363	9,826
2,231	Number of employees	2,592	2,285
	* Group interest in net profit plus depreciation and amortization.		

Operating Performance in the First Half of 2003

The Pininfarina Group

In the first half of 2003, the Pininfarina Group posted increases in value of production (+37.6%), EBIT (+15.4%) and profit before taxes (+48.8%). The net profit for the period decreased by 28.4% due to the higher tax liability incurred this year, as the Group was no longer able to benefit fully from the tax savings allowed under the Tremonti Law.

The forecast made at the time the 2002 Annual Report was published, that an increase in revenues would be accompanied by a contraction of the ratios of EBIT and EBITDA to value of production, is proving to be correct. However, EBIT and EBITDA are still at a satisfactory level considering that the ratio of income before taxes to revenues improved in the first half of 2003 compared with the same period last year.

This performance is the product of the following developments:

Work on the Ford Streetka order began under the best possible circumstances in terms of production volume, time and cost. Most of the startup costs incurred in connection with this order, which accounted for 53% of the period's total manufacturing output, were booked in the first six months of 2003.

The design and engineering operations, which are still in the midst of a streamlining effort, began to contribute to a greater extent to the Group's profitability and revenue growth.

Even though interest rates were at an all-time low, an increase in liquid assets produced a gain in net financial income, which, in turn, had a beneficial impact on profit before taxes.

Net invested capital shrank by 47.6% from December 31, 2002. At the same time, the net financial position improved by 22.5%.

Traditionally, the second half of the year, which has fewer work days than does the first half, is characterized by a slower pace of activity for the manufacturing operations. However, the Group's engineering business is expected to produce higher revenues during this period. These considerations do not significantly alter the initial forecast made for all of 2003, which calls for value of production to grow by about 30% compared with 2002 and the ratios of EBIT and EBITDA to revenues to hold at about the levels achieved in the first half of the current year.

Profit and Loss Account

(in thousands of euros)

12/31/02		6/30/03	%	6/30/02	%	Change
485,826	Net revenues	367,079	89.66	284,510	95.62	82,569
16,266	Changes in inventory of work in process and finished products	29,005	7.08	215	0.07	28,790
27,701	Other income and revenues	13,321	3.25	12,810	4.31	511
26	Increase in fixed assets constructed internally	-	-	-	-	-
529,819	**Value of production for the period**	**409,405**	**100.00**	**297,535**	**100.00**	**111,870**
(414,878)	Raw materials and outside services	(344,291)	(84.10)	(230,718)	(77.54)	(113,573)
(1,765)	Change in inventory of raw materials	7,759	1.90	(5,185)	(1.74)	12,944
113,176	**Value added**	**72,873**	**17.80**	**61,632**	**20.71**	**11,241**
(74,666)	Personnel costs	(48,938)	(11.95)	(39,945)	(13.43)	(8,993)
38,510	**EBITDA**	**23,935**	**5.85**	**21,687**	**7.29**	**2,248**
(17,473)	Depreciation and amortization	(8,852)	(2.16)	(8,585)	(2.89)	(267)
(176)	Provisions	(87)	(0.02)	(94)	(0.03)	7
20,861	**EBIT**	**14,996**	**3.66**	**13,008**	**4.37**	**1,988**
1,635	Net financial income	2,510	0.61	1,577	0.53	933
(10,358)	Other income (expense), net	(5,286)	(1.29)	(6,394)	(2.15)	1,108
12,138	**Profit before taxes**	**12,220**	**2.98**	**8,191**	**2.75**	**4,029**
2,776	Income taxes	(6,887)	(1.68)	(832)	(0.28)	(6,055)
14,914	**Net profit**	**5,333**	**1.30**	**7,359**	**2.47**	**(2,026)**

Net revenues totaled 367.1 million euros in the first half of 2003, for a gain of 29%, or 82.6 million euros, over the 284.5 million euros reported in the same period last year.

The **inventory of finished goods and work in process** rose by 29 million euros. At the same time, **other income and revenues** increased by 13.3 million euros (+3.9%).

As a result, the **value of production** grew to 409.4 million euros, or 111.9 million euros (+37.6%) more than the 297.5 million euros reported at June 30, 2002.

The **cost of raw materials and outside services**, net of the **change in inventory**, was equivalent to 82.2% of the value of production (79.3% at June 30, 2002). At 336.5 million euros, it was 100.6 million euros more (+42.6%) than in the first six months of 2002, when it totaled 235.9 million euros.

Personnel costs increased by 22.6%, or 9 million euros, rising from 39.9 million euros in the first half of 2002 to 48.9 million euros in the same period this year. They were equivalent to 11.9% of the value of production (13.4% in the first half of 2002). At June 30, 2003, the Group had 2,592 employees, compared with 2,285 a year earlier (+13.4%).

EBITDA came to 23.9 million euros. This amount, which was 2.2 million euros more (+10.1%) than the 21.7 million euros earned in the first six months of 2002, was equivalent to 5.8% of the value of production (7.3% in the same period last year).

Depreciation and amortization, which includes depreciation of fixed assets and amortization of capitalized costs, increased by 0.3 million euros (+3.5%) to 8.9 million euros, compared with 8.6 million euros in the first half of 2002.

Provisions totaled 87,000 euros, down from 94,000 euros in the first six months of 2002.

EBIT totaled 15 million euros. This amount, which represents an increase of 15.4%, or 2 million euros, over the 13 million euros reported at June 30, 2002, was equivalent to 3.7% of the value of production, compared with 4.4% in the first half of 2002.

Net financial income was up 56.2%, or 0.9 million euros, to 2.5 million euros, compared with 1.6 million euros at June 30, 2002.

At 5.3 million euros, **net other expense** was lower by 1.1 million euros, or 17.2%, compared with the 6.4 million euros booked in the first six months of 2002. It consists primarily of miscellaneous costs and nonoperating charges.

Profit before taxes increased by 48.8% to 12.2 million euros, or 4 million euros more than the 8.2 million euros earned in the first half of 2002. It was equivalent to 3% of the value of production, up from 2.7% in the same period last year.

The **income tax** liability for the period was estimated at 6.9 million euros, compared with 0.8 million euros at June 30, 2002. The tax rate rose to 56.6% of gross income. It was 9.8% for the first six months of 2002, when the beneficial impact of the Tremonti Law produced a sizable reduction in taxable income.

Net profit totaled 5.3 million euros, for a decrease of 2.1 million euros (-28.4%) from the 7.4 million euros earned in the first half of 2002. It was equivalent to 1.3% of the value of production (2.5% in the same period last year).

Balance Sheet

(in thousands of euros)

6/30/02			6/30/03	12/31/02	Change
	A)	**Net non-current assets**			
6,061		Net intangible assets	5,550	6,231	(681)
93,621		Net fixed assets	90,687	93,227	(2,540)
2,329		Net financial assets	5,815	3,352	2,463
102,011			**102,052**	**102,810**	**(758)**
	B)	**Working capital**			
49,218		Inventory	105,238	68,583	36,655
88,113		Trade accounts receivable, net	102,235	45,082	57,153
23,547		Other assets	33,619	22,343	11,276
(148,059)		Trade accounts payable	(195,097)	(108,708)	(86,389)
(14,553)		Taxes payable	(11,999)	(13,475)	1,476
(35,074)		Other liabilities	(84,578)	(40,543)	(44,035)
(36,808)			**(50,582)**	**(26,718)**	**(23,864)**
65,203	**C)**	**Net invested capital (A+B)**	**51,470**	**76,092**	**(24,622)**
25,326	**D)**	**Reserve for termination indemnities**	**25,173**	**25,866**	**(693)**
39,877	**E)**	**Net capital requirements (C-D)**	**26,297**	**50,226**	**(23,929)**
	F)	**Shareholders' equity**			
9,317		Share capital	9,317	9,317	-
142,432		Reserves	154,225	142,432	11,793
7,359		Net profit for the year/period	5,333	14,914	(9,581)
159,108			**168,875**	**166,663**	**2,212**
	G)	**Net financial position**			
2,057		Long-term debt	1,766	1,457	309
(121,288)		(Net liquid assets)	(144,344)	(117,894)	(26,450)
(119,231)			**(142,578)**	**(116,437)**	**(26,141)**
39,877	**H)**	**Total as in E (F+G)**	**26,297**	**50,226**	**(23,929)**

Net intangible assets and fixed assets were 96.2 million euros at June 30, 2003, compared with 99.5 million euros at December 31, 2002. The decrease of 3.3 million euros is the net result of additions totaling 8.1 million euros, retirements of 4.6 million euros, depreciation and amortization amounting to 8.9 million euros, and 2.1 million euros in reversals of depreciation and amortization.

Financial fixed assets came to 5.8 million euros, compared with 3.3 million euros at the end of 2002. The gain of 2.5 million euros reflects an increased investment in Open Air Systems GmbH.

At June 30, 2003, **working capital** was a negative 50.6 million euros, compared with negative working capital of 26.7 million euros at December 31, 2002. This change is the net result of an increase in current liabilities that was greater than the rise in current assets.

The **reserve for termination indemnities** amounted to 25.2 million euros, compared with 25.9 million euros at December 31, 2002. The decrease of 0.7 million euros is the net result of the utilizations and additions for the period.

Net capital requirements fell to 26.3 million euros, or 23.9 million euros less than the 50.2 million euros reported at December 31, 2002.

Shareholders' equity totaled 168.9 million euros at June 30, 2003, compared with 166.7 million euros at the beginning of the year. The rise of 2.2 million euros is the net result of the transfer to retained earnings of the unappropriated net profit and the smaller impact of net profit for the first six months compared to the figure for the full year.

A breakdown of the **net financial position** is provided below, in thousands of euros:

6/30/02		**6/30/03**	**12/31/02**	Change
37,800	Liquid assets	57,159	17,333	39,826
62,853	Fixed-income securities, net	73,218	88,905	(15,687)
20,635	Listed equity securities, net	13,967	11,656	2,311
0	Short-term bank borrowings	0	0	0
121,288	**Net short-term liquid assets**	**144,344**	**117,894**	**26,450**
(2,057)	Long-term bank debt	(1,766)	(1,457)	(309)
119,231	**Net financial position**	**142,578**	**116,437**	**26,141**

Statement of Cash Flow
(in thousands of euros)

		6/30/03	12/31/02	Change
A.	**Net liquid assets at beginning of period/year**	**117,894**	**114,344**	**3,550**
B.	**Net cash flow from operating activities**			
	Net profit	5,333	14,914	(9,581)
	Depreciation and amortization	8,852	17,473	(8,621)
	(Gains) Losses on sale of non-current assets	971	(66)	1,037
	Change in working capital	23,865	(9,845)	33,710
	Net change in reserve for termination indemnities	(693)	(1,132)	439
	Other changes	1,289	(1,299)	2,588
		39,617	**20,045**	**19,572**
C.	**Cash flow from investing activities**			
	Investments in fixed assets, intangibles and financial assets	(10,363)	(22,555)	12,192
	Proceeds from sale or redemption value of non-current assets	317	8,250	(7,933)
		(10,046)	**(14,305)**	**4,259**
D.	**Cash flow from financing activities**	**0**	**980**	(980)
E.	**Distribution of net profit**	**(3,121)**	**(3,170)**	**49**
F.	**Net cash flow for the period/year (B+C+D+E)**	**26,450**	**3,550**	**22,900**
G.	**Net liquid assets at end of period/year (A+F)**	**144,344**	**117,894**	**26,450**

At June 30, 2003, **net liquid assets** totaled 144.3 million euros. The increase of 26.4 million euros compared with December 31, 2002 is the result of the following changes:

Net cash flow from operating activities rose by 19.6 million euros to 39.6 million euros, reflecting increases in all major components with the exception of depreciation and amortization and net profit for the period, which refer to a six-month period and not to a full year, as was the case at the end of 2002.

Cash flow from investing activities was negative by 10 million euros, or 4 million euros less than for all of 2002.

Cash flow from financing activities produced a zero balance at June 30, 2003.

The **distribution of net profit** amounted to 3.1 million euros, unchanged from the first half of 2002.

Pininfarina S.p.a.

Financial Highlights

(in millions of euros)	6/30/03	6/30/02	Change	12/31/02
Net financial income	14.6	7.8	6.8	7.5
Net profit for the period	8.9	4.2	4.7	2.9
Net capital requirements	44.3	57.6	(13.3)	46.5
Shareholders' equity	116.0	108.7	7.3	110.2
Net financial position	71.6	51.1	20.5	63.7
Number of employees	130	34	96	37

The Company earned 8.9 million euros in the first half of 2003, or 4.7 million euros more than in the same period last year.

Higher income from equity investments and an increase in other financial income generated by liquid assest investments account for most of this sharp gain.

Income from equity investments grew by 5.8 million euros to 12.6 million euros, due mainly to an increase in dividends paid by subsidiaries. Other net financial income was also up, rising from 0.9 million euros to 2 million euros.

Adjustments to the value of financial assets reflect additions of 0.5 million euros (647,000 euros less than at June 30, 2002), which were used primarily to increase the reserves for fluctuations in the value of securities and the reserve for treasury stock.

Non-financial income grew to 6.4 million euros, or 3.8 million euros more than in the first half of 2002, while operating costs increased by 4 million euros to 7.3 million euros. The main reason for the rise in operating costs was an expansion of the Company's staff, which rose from 34 to 130 employees, and the higher amount paid for outside services.

Net non-current assets held steady at 42.5 million euros. Working capital decreased by 0.7 million euros to 0.9 million euros.

Shareholders' equity amounted to 116 million euros. The gain of 5.8 million euros is the net result of the transfer to retained earnings of the unappropriated net profit and the smaller impact of the net profit for the first six months compared with the figure for the full year.

During the first six months of 2003, net liquid assets increased by 7.9 million euros to 71.6 million euros.

For all of 2003, based on the performance for the first half of the year, the Company expects to report significantly better results than in 2002.

On May 15, 2002, the Extraordinary Shareholders' Meeting of Pininfarina S.p.a. approved the merger by absorption of Industrie Pininfarina S.p.a. and Pininfarina Ricerca e Sviluppo S.p.a. On the same date, the merger was also approved by the Extraordinary Shareholders' Meetings of the two operating companies. The resulting streamlined organizational structure is expected to accelerate the Group's response to rapid market changes and reduce operating costs. The merger will be completed on January 1, 2004.

Other Information

As required under Article 126 of Consob Resolution No. 11971/99, the table below provides a breakdown of the direct and indirect equity investments held by Pininfarina S.p.a. at June 30, 2003.

Name	Tot. % int. held	% dir. int. held	% indirect interest held by	
			Industrie Pininfarina S.p.a.	PF Re S.a.
Industrie Pininfarina S.p.a.	100	100	0	0
Pininfarina Ricerca e Sviluppo S.p.a.	100	100	0	0
PF Re S.a.	100	100	0	0
PF Services S.a.	100	0	0	100
Pininfarina Deutschland GmbH	100	100	0	0
Pininfarina Extra S.r.l.	100	100	0	0
Open Air Systems GmbH	50	0	50	0
Pasiphae S.à.r.l.	20	20	0	0

Note: All of the equity investments listed above are owned outright.

Companies of the Pininfarina Group

Industrie Pininfarina S.p.a.
Financial Highlights

(in millions of euros)	6/30/03	6/30/02	Change	12/31/02
Value of production	396.2	280.3	115.9	491.3
EBIT	13.9	11.8	2.1	16.5
Net financial income	0.6	0.4	0.2	1.3
Net profit for the period	7.4	11.0	(3.6)	17.6
Net capital requirements	(3.9)	(0.4)	(3.5)	5.4
Shareholders' equity	58.9	52.5	6.4	59.1
Capital investments	9.5	4.1	5.4	14.6
Net financial position	62.8	52.9	9.9	53.7
Number of employees	1,988	1,911	77	1,731

A breakdown of the production of complete cars and car bodies is provided below:

Complete cars	**6/30/03**	**6/30/02**
Alfa Romeo Spider	1,508	1,503
Alfa Romeo GTV	991	613
Lancia k S.W.	-	-
Peugeot 406 Coupé	4,172	6,036
Peugeot 306 Cabriolet	-	1,794
Mitsubishi Pajero Pinin	4,458	5,563
Ford Streetka	12,564	14
Total	**23,693**	**15,523**
Car bodies		
Bentley and Rolls-Royce	-	91
Mitsubishi Pajero Pinin	1	
Peugeot 406 Coupé	1	-
Alfa Romeo Spider and GTV		
Total	**2**	**91**
Overall total	**23,695**	**15,614**

As predicted in the 2002 Annual Report, Industrie Pininfarina S.p.a. enjoyed a sharp upturn in revenues, but the ratios of EBIT and EBITDA to value of production declined. In absolute terms, EBIT and EBITDA were higher than in the first half of 2002. Net profit, however, was down due to the absence of the tax incentives that were available in 2002.

The decreases in the ratios of EBIT and EBITDA to value of production compared with the first six months of 2002 were relatively modest, considering that the figures for the first half of 2003 are net of the startup costs for the Ford Streetka order, which accounted for 53% of the Group's entire manufacturing output for the period.

Value of production totaled 396.2 million euros, or 41.3% more than at June 30, 2002, and EBITDA rose 12.1% to 21.3 million euros (19.0 million euros in the first six months of 2002). The ratio of EBITDA to value of production fell by 1.4 percentage points to 5.4% (6.8% in the first half of 2002).
EBIT (+17.8% to 13.9 million euros) and income before taxes (+17.9% to 14.5 million euros) were equal to 3.5% and 3.7% of the value of production, respectively. Each lost 0.7 percentage points compared with the first six months of 2002.
Financial income contributed 0.7 million euros to profit before taxes, up from 0.4 million euros at June 30, 2002.

When restated to make them consistent with the Group's accounting principles, the data reported by the Open Air Systems GmbH affiliate show a value of production of 14.8 million euros (1.4 million euros in the first half of 2002). The main components of value of production are 1.9 million euros for the production of retractable roofs for BMW and 6.2 million euros for design and development work. Open Air Systems GmbH, which lost 1.2 million euros in the first six months of 2003 (loss of 1 million euros at June 30, 2002) continued to expand its staff and technical resources, following the strategy of rapid growth it has been pursuing since its founding in February 2002. At June 30, 2003, this company had 104 employees on its payroll (45 at the end of June 2002), including 99 who work in Germany and 5 who staff a branch that was opened in Italy in July 2002. Based on the current order portfolio and given the expectations that negotiations for several major orders will be completed successfully, Open Air Systems GmbH should attain breakeven in 2005.

The results for the first six months of 2003 show that Industrie Pininfarina S.p.a. achieved satisfactory levels of profitability. During the second half of the year, the profitability percentages should hold relatively steady, despite a decrease in production volume caused by summer vacations and a seasonal decline in the demand for certain automobile models. Overall, the ratio of EBIT to value of production for all of 2003 should be about the same as it was in the first six months of the year.

Pininfarina Ricerca e Sviluppo S.p.a.
Financial Highlights

(in millions of euros)	**6/30/03**	**6/30/02**	**Change**	**12/31/02**
Value of production	24.6	12.2	12.4	35.2
EBIT	0.6	(2.8)	3.4	0.3
Net financial income (expense)	(0.8)	(0.9)	0.1	(1.5)
Net profit for the period	(0.7)	(3.9)	4.6	-
Net capital requirements	11.9	16.6	(4.7)	22.5
Shareholders' equity	15.3	12.1	3.2	16.0
Capital investments	1.1	0.4	0.7	2.4
Net financial position	3.4	(4.5)	7.91	(6.5)
Number of employees	352	235	117	359

During the first half of 2003, Pininfarina Ricerca e Sviluppo S.p.a. aggressively pursued new engineering development orders while successfully completing the implementation of a corporate strategy launched in previous years.

The data for the first six months of the year confirm the forecast made in the 2002 Annual Report. Rising revenues and the prudent management of operating costs produced improvements in all financial indicators at June 30, 2003 compared with the corresponding period last year. The results achieved thus far are satisfactory, considering that the process of reorganizing and strengthening the Group's design and development operations is still ongoing.

Value of production rose to 24.6 million euros, more than double the amount reported at June 30, 2002. EBIT were positive by 0.6 million euros, compared with negative EBIT of 2.8 million euros a year ago. Pininfarina Ricerca e Sviluppo S.p.a. lost 0.3 million euros before taxes (loss of 3.7 million euros in the first six months of 2002). The main reason for this negative result was the foreign exchange translation loss incurred on old contracts denominated in U.S. dollars and British pounds. The net loss narrowed to 0.7 million euros, down from a net loss of 3.9 million euros in the first half of 2002.
The net financial position was positive by 3.4 million euros, compared with a negative balance of 6.5 million euros at the end of 2002. This improvement was made possible by an increase in revenues and a more effective cash management strategy.
At June 30, 2003, Pininfarina Ricerca e Sviluppo S.p.a. had 352 employees, up from 235 a year earlier (+49.8%).

The most significant developments that occurred in the two areas of business during the first half of 2003 are reviewed below.

Engineering

The engineering operations continued to work on schedule on the following projects:

- Development work for Jaguar, which reached an important phase with the provision of engineering support in anticipation of the car's production startup at the end of the year.
- Development work for Hafei, which progressed to the construction of the first prototypes and start of the testing program.
- Ongoing support to the Streetka production program being carried out by Industrie Pininfarina S.p.a.
- Development assignments for Volvo, which led to the construction of the first prototypes and further work on project definition, with tooling startup scheduled for the second half of the year.

The Experimental Constructions unit began building two prototypes that will be presented at the Detroit Auto Show by a large U.S carmaker.

New projects include two major development orders received in June: one from Alfa Romeo, which may ultimately include production responsibility as well, and another for the PSA Group, which involves a model that the client will manufacture internally.
Work on these two projects got under way in July with construction of two new platforms at the Cambiano Center.

Negotiations with potential new clients are underway in Europe and China.
In China, the outlook is particularly promising, as new business opportunities exist not only with Hafei, but with other clients as well. The advanced stage reached in negotiations for several orders should result in the signing of at least two new contracts during the second half of 2003.

Design

The main design projects are summarized below:

- Styling research for several brands of the Fiat Group.
- For the Ferrari-Maserati Group, development of different types of sports cars and construction of the various demonstration models. These projects will be finalized later this year.
- For the Peugeot Group, contribution to the exterior and interior design for a commercial vehicle project.
  Additional work included conceptual research and restyling of production car models.
- Continued design support for a car project that Volvo is developing internally.
- For General Motors, styling and model development support services for the construction of two concept cars that will be presented this winter.
  This contract strengthens the company's operations that build research prototypes for carmakers. These operations were launched last year with a Ford prototype, and the work on the GM concept cars marks the resumption of a business relationship with General Motors.
- In April, signing of an agreement with Shenyang Brilliance Jinbei Automobile Co. for the development of two projects. Work got under way immediately with the development of styling proposals. Construction of three new models is scheduled to start later this year.

In March 2003, Pininfarina Ricerca e Sviluppo S.p.a. unveiled the Enjoy at the Geneva Motor Show. The Enjoy is a research prototype for a roadster that can be configured either for highway driving or for racing. This project was developed jointly with Lotus, which supplied the frame.

The Maserati Quattroporte, glimpses of which had been provided on several occasions, was officially unveiled at the Frankfurt Motor Show in September.
Through the design of this car, Pininfarina played a leading role in helping an Italian manufacturer re-establish its presence in the market for luxury sedans by launching a model with enormous emotional appeal.

Based on the results achieved in the first six months of the year and projects scheduled for the second half, Pininfarina Ricerca e Sviluppo S.p.a. should report significant gains in revenues and EBIT for all of 2003.

Pininfarina Deutschland GmbH reported a net loss of 0.7 million euros, compared with breakeven in the first half of 2002. Value of production totaled 7.1 million euros, or 22.4% more than at June 30, 2002. While market demand increased compared with the second half of 2002, profit margins shrank during the first six months of 2003 due to:

- The additional costs incurred for outside services used to meet contractual deadlines;
- Higher personnel costs caused by an increase in payroll (the staff increased by 11.2% to 99 employees at June 30, 2003) and by a new industrywide labor contract;
- The costs incurred to restructure certain facilities and the resulting loss of rental income.

Given the current portfolio of orders for the second half of the year, 2003 should end with value of production in line with the previous year. The net loss should be smaller than in 2002.

PF RE S.a. ended the period with a net profit from insurance operations of 57,000 euros (net profit of 100,000 euros at June 30, 2002). Premiums written totaled 627,000 euros (707,000 euros last year). Operating costs increased by 7.1% to 29,000 euros. Financial income rose to 127,000 euros, compared with a loss of 172,000 euros in the first half of 2002.

Pininfarina Services S.a. earned 7,000 euros in the first six months of 2003, compared with a loss of 384 euros in the same period last year. Better operating and financial results contributed equally to this improvement.

Pininfarina Extra S.r.l.

Financial Highlights

(in thousands of euros)	**6/30/03**	**6/30/02**	**Change**	**12/31/02**
Value of production	1,220	1,255	(35)	2,564
EBIT	191	336	(145)	549
Net financial income (expense)	(2)	(5)	3	(9)
Net profit for the period	83	111	(28)	258
Net capital requirements	1,038	963	75	1,029
Shareholders' equity	1,112	881	231	1,028
Capital investments	52	57	(5)	86
Net financial position	74	(82)	156	1
Number of employees	18	16	2	16

Net revenues totaled 1,220,000 euros in the first half of 2003, or 2.8% less than in the same period last year.

Royalties increased from 516,000 euros to 559,000 euros (+8.3%), but sales and service revenues decreased from 735,000 euros to 644,000 euros (-12.4%) due to the economic downturn, which caused a reduction in investments in research and design. Other revenues and income grew to 17,000 euros, up from 3,000 euros in the first six months of 2002.
EBIT amounted to 191,000 euros (241,000 euros at June 30, 2002), an amount equal to 15.7% of net revenues (19.2% in the same period last year), which is in line with expectations for all of 2003.
The net financial position was positive by 74,000 euros, compared with a negative balance of 1 million euros at December 31, 2002.

The most significant developments in the first half of 2003 are reviewed below:

- In March, a new line of Bric's-Pininfarina luggage and leather goods was presented at the MIPEL Show in Milan. Market introduction is scheduled for the fall of 2003. Also in March, two new products — the Bernini and Cellini panic handles — developed for Savio, an established client of the Group, were introduced at the SAIEDUE Show in Bologna.
- In April, two new lines of furniture developed for Riva 1920 were unveiled at the Milan Furniture Show. These two product lines, which are called Steel and Profilo, consist of a table, a credenza and a bookcase. Also in April, two new coffee vending machines that use the pod brewing system were presented at the Stresa Vending Systems Convention. These two machines, which were developed for the Lavazza distribution organization, are expected to go on sale in the fall of 2003 and the spring of 2004.
- At the beginning of May, as part of the celebrations for the 25th anniversary of Snaidero USA, the Acropolis kitchen system was presented at two events in New York and Los Angeles to an enthusiastic reception from the public and the press.

Other developments that occurred during the first half of 2003 included continued development of the Tigne Point real estate project in Malta, start of the design work on a new line of household appliances for Gorenje, three design projects for a major U.S.-based multinational producer of video projectors and two projects for leading manufacturers of children's products and hot tubs. All of these products are scheduled for market launch in 2004.

At June 30, 2003, Pininfarina Extra S.r.l. had 18 employees, up from 16 a year earlier.

The outlook for 2003 calls for revenues to be in line with those booked in 2002, while the return on sales should hold at the level achieved during the first six months of this year.

Significant Events Occurring Since June 30, 2003

No events involving Group companies have occurred to date that would significantly alter the Group's balance sheet or financial position at June 30, 2003, or would require adjustments or disclosures in the notes to the financial statements.

On August 6, 2003, Pininfarina S.p.a., the Group's Parent Company, announced that it had agreed to buy the engineering, testing and prototype development operations of Matra Automobile from Lagardère SCA. Approval from the regulatory authorities is expected before the end of September 2003. This acquisition will strengthen Pininfarina's engineering capabilities and will help augment and round out the Group's knowhow and customer base. It will also benefit the Group's manufacturing operations by providing them with a wealth of diversified design projects and a size better suited to competing successfully in the international markets.

Pininfarina Group

Consolidated Financial Statements at June 30, 2003

Balance Sheet
Assets

6/30/02				6/30/03	12/31/02
	B)		NON-CURRENT ASSETS		
		I)	Intangible assets:		
2,241,402		3	rights to use intellectual property	2,483,983	2,463,745
		5	goodwill		
		6	intangible assets under formation and advances	40,000	20,000
3,819,611		7	other	3,025,954	3,747,506
6,061,013			**Total**	**5,549,937**	**6,231,251**
		II)	Fixed assets:		
48,087,780		1	land and buildings	49,318,203	48,634,246
32,503,311		2	plant and machinery	31,112,392	32,885,738
5,045,451		3	industrial and trade equipment	4,494,931	4,595,663
3,854,226		4	other goods	3,618,016	3,991,588
4,130,242		5	fixed assets under construction and advances	2,143,455	3,119,833
93,621,010			**Total**	**90,686,997**	**93,227,068**
		III)	Financial assets:		
		1	investments in		
1,845,000			a) associated companies	5,330,718	2,866,941
483,779			d) other companies	484,779	484,779
2,328,779			**Total**	**5,815,497**	**3,351,720**
102,010,802			**Total non-current assets B)**	**102,052,431**	**102,810,039**
	C)		CURRENT ASSETS		
		I)	Inventory:		
20,713,027		1	raw, ancillary and consumable materials	31,676,884	24,026,703
23,533,301		2	work in process and semifinished goods	9,833,238	7,495,941
4,972,079		3	work in progress on job orders	62,849,220	36,879,081
-		4	finished products and goods	879,103	181,413
49,218,407			**Total**	**105,238,445**	**68,583,138**
		II)	Receivables:		
88,113,400		1	trade accounts	102,111,205	44,838,514
		3	due from associated companies	123,591	243,090
19,904,249		5	due from others	29,106,582	19,029,984
108,017,649			**Total**	**131,341,378**	**64,111,588**
		III)	Current financial assets:		
18,580,959		3	other investments	10,905,145	8,901,906
2,053,980		4	treasury stock	3,061,465	2,754,169
62,852,753		5	other securities	73,218,285	88,904,522
83,487,692			**Total**	**87,184,895**	**100,560,597**
		IV)	Liquid assets:		
37,722,778		1	cash at banks and post offices	57,094,265	17,278,005
76,827		3	cash and cash equivalents on hand	64,816	55,389
37,799,605			**Total**	**57,159,081**	**17,333,394**
278,523,353			**Total current assets C)**	**380,923,799**	**250,588,717**
	D)		PREPAYMENTS AND ACCRUED INCOME		
3,642,662			Other prepayments and accrued income	4,512,238	3,313,474
3,642,662			**Total prepayments and accrued income D)**	**4,512,238**	**3,313,474**
384,176,817			**TOTAL ASSETS**	**487,488,468**	**356,712,230**

Balance Sheet

Liabilities and Shareholders' Equity

6/30/02			6/30/03	12/31/02
	A)	SHAREHOLDERS' EQUITY		
9,317,000	I	Share capital	9,317,000	9,317,000
36,885,352	II	Share premium reserve	36,885,352	36,885,352
1,578,884	III	Revaluation reserve	1,578,884	1,578,884
2,231,389	IV	Statutory reserve	2,231,389	2,231,389
25,000,000	V	Reserve for treasury stock	27,951,000	25,000,000
29,502,801	VII	Other reserves:	29,080,688	32,271,583
47,233,413	VII	Consolidation reserve	56,497,517	44,464,634
7,359,402	IX	Net profit for the period/year	5,333,273	14,914,026
159,108,241		**Total shareholders' equity A)**	**168,875,103**	**166,662,868**
	B)	RESERVES FOR RISKS AND CHARGES		
9,993,223	2	Reserve for taxation	8,076,508	8,879,106
4,560,270	3	Other provisions	3,922,136	4,595,740
14,553,493		**Total reserves for risks and charges B)**	**11,998,644**	**13,474,846**
25,325,790	C)	RESERVE FOR TERMINATION INDEMNITIES	25,173,256	25,865,625
25,325,790			**25,173,256**	**25,865,625**
	D)	PAYABLES		
	1	Bonds		
2,057,057	3	Due to banks	1,767,834	1,459,177
-	4	Due to other lenders	-	-
11,989,156	5	Advances	28,248,982	22,215,939
148,058,538	6	Trade accounts	192,900,923	108,562,992
	9	Due to associated companies	2,195,866	145,227
2,112,163	11	Taxes payable	15,460,731	2,343,027
1,670,640	12	Due to social security authorities	2,901,282	2,862,552
16,480,280	13	Other payables	16,693,981	9,241,776
182,367,834		**Total payables D)**	**260,169,599**	**146,830,690**
	E)	ACCRUED LIABILITIES AND DEFERRED INCOME		
2,821,459		Other accrued liabilities and deferred income	21,271,866	3,878,201
2,821,459		**Total accrued liabilities and deferred income E)**	**21,271,866**	**3,878,201**
384,176,817		**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**487,488,468**	**356,712,230**
		Memorandum accounts and other commitments		
34,782,000		Securities pledged as collateral	36,541,500	39,474,000
133,972,292		Third-party equipment held under gratuitous loans	133,972,292	133,972,292
147,518,836		Lease installments payable	117,279,847	135,336,698
377,864		Sureties	6,829,318	7,401,612
1,500,000		Commitments to buy investment fund shares	1,500,000	1,500,000
318,150,992		Total memorandum accounts and other commitments	296,122,957	317,684,602

Profit and Loss Account

12/31/02			6/30/03	6/30/02
	A)	Value of production:		
485,825,603	1	revenues from sales and services	367,078,836	284,509,591
16,266,448	2	changes in inventory of work in progress, semifinished goods and finished products	29,005,126	215,394
25,564	4	increase in non-current assets constructed internally	-	-
27,701,492	5	other income and revenues	13,321,412	12,810,039
529,819,107		**Total value of production A)**	**409,405,374**	**297,535,024**
	B)	Cost of sales:		
349,177,815	6	raw, ancillary and consumable materials and goods	279,101,608	200,502,383
42,342,364	7	services	28,793,626	19,177,215
28,874,181	8	use of third-party assets	39,401,704	14,279,969
	9	personnel:		
53,038,627		a) wages and salaries	35,337,901	28,442,210
17,276,564		b) social contributions	11,615,880	9,508,187
4,350,403		c) termination indemnities	1,983,839	1,994,922
	10	depreciation, amortization and writedowns:		
2,675,191		a) amortization	1,306,931	1,149,192
14,798,181		b) depreciation	7,545,145	7,436,035
139,382		d) writedowns of receivables included in working capital	526,885	424,068
1,765,080	11	changes in inventory of raw, ancillary and consumable materials and goods	(7,759,313)	5,185,488
176,204	12	provisions for risks	87,343	94,179
1,494,777	14	other operating costs	666,058	1,026,162
516,108,769		**Total cost of sales B)**	**398,607,607**	**289,220,010**
13,710,338		**Difference between sales and cost of sales (A-B)**	**10,797,767**	**8,315,014**
	C)	Financial income and charges:		
1,031,696	15	income from investments in other companies	742,228	926,480
	16	other financial income		
1,758,979		b) from securities shown under current assets which do not constitute equity investments	663,845	1,051,969
5,516,686		d) income other than those mentioned above	2,552,514	955,200
	17	interest and other financial charges		
(6,672,544)		- paid to others	(1,448,149)	(1,356,372)
1,634,817		**Total financial income and charges C)**	**2,510,438**	**1,577,277**
	D)	Adjustments to the value of financial assets:		
	18	revaluations of:		
		a) equity investments		
	19	writedowns of:		
(1,690,361)		a) equity investments	(786,223)	
(1,531,116)		b) non-current financial assets which do not constitute equity investments	(333,887)	(1,731,742)
(3,221,477)		**Total adjustments to the value of financial assets D)**	**(1,120,110)**	**(1,731,742)**
	E)	Extraordinary income and charges:		
73,589	20	income	76,642	68,255
(59,618)	21	charges	(44,420)	(37,446)
13,971		**Total extraordinary income and charges E)**	**32,222**	**30,809**
12,137,649		**Profit before taxes (A-B+C+D+E)**	**12,220,317**	**8,191,358**
2,776,377	22	Income taxes for the period/year	(6,887,044)	(831,956)
14,914,026	**26**	**Net profit for the period/year**	**5,333,273**	**7,359,402**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Pininfarina Group for the period from January 1, 2003 to June 30, 2003, which include the balance sheet, the profit and loss account and the respective notes, have been prepared in accordance with the provisions of the Consob regulations introduced with Resolutions No. 8195 of June 30, 1994 and No. 9389 of August 1, 1995.

The consolidated semiannual financial statements for the Group include the semiannual financial statements of Pininfarina S.p.a., the Group's Parent Company, and the subsidiaries in which it holds directly or indirectly a majority of the votes that can be cast at Regular Shareholders' Meetings. These companies are consolidated on a line-by-line basis.

Associated companies are valued by the equity method.

Companies in which the Group holds an investment of limited value are recognized at purchase or subscription cost

Principles of Consolidation

The Group's subsidiaries have been consolidated on a line-by-line basis, which entails the recognition of all assets and liabilities, revenues and expenses of the individual subsidiaries.

The principal adjustments required for the transition from a mere aggregation of the data to the consolidation of the individual balance sheets and profit and loss accounts are listed below:

- Elimination of the equity investments in the companies included in the scope of consolidation and of the corresponding interests in the underlying shareholders' equities. Any resulting negative difference is posted to a caption of shareholders' equity called "consolidation difference." Positive differences are allocated to the asset accounts of the companies included in the scope of consolidation whenever possible or, if appropriate, recognized in an asset caption called "consolidation difference."

- Elimination of receivables and payables between companies included in the scope of consolidation, and of all revenues and charges stemming from transactions carried out by these companies. In addition, all gains and losses arising from transactions between consolidated companies and involving components of shareholders' equity are eliminated if material.

- Derecognition of value adjustments and provisions carried out exclusively for tax purposes.

- Derecognition of dividends received from consolidated companies.

The translation of financial statements of foreign companies, all located in European Union countries, was carried out by applying to the captions of the balance sheet and of the profit and loss account the fixed exchange rate determined upon the introduction of the euro on December 31, 1998.

Valuation Criteria

The accounting principles and valuation criteria applied in preparing the semiannual financial statements are the same as those used for the annual financial statements at December 31, 2002. They are explained in detail in the notes to the 2002 consolidated financial statements of the Pininfarina Group.

Consistently with the reference accounting principles applied in the 2002 statutory and consolidated financial statements, deferred-tax assets and liabilities are recognized for all temporary differences that arise between the value assigned to assets and liabilities for statutory reporting purposes and the value assigned to the same assets and liabilities for tax purposes, as well as for all temporary differences stemming from consolidation adjustments in the financial statements of consolidated companies for the purpose of eliminating provisions booked exclusively for tax purposes.

Financial leases are recorded by recognizing on an accrual basis lease installments billed by leasing companies and reflecting in the memorandum accounts the total amount of the lease installments outstanding. The potential impact on the consolidated balance sheet at June 30, 2003, if the accounting methods provided in IAS 17 were to be used to record lease transactions, is explained in detail in the notes to the individual items of the financial statements.

In order to ensure the correct matching of revenues and expenses, the lease installments payable under contracts related to the construction of prototypes and for equipment needed for a manufacturing order that started in the first half of 2003 were recognized based on the percentage of the total output required under the contract that was actually produced during the period.

Notes to the Balance Sheet

(amounts stated in thousands of euros)

ASSETS

NON-CURRENT ASSETS

Intangible Assets (amounts in euros)

Schedule of Changes to Intangible Assets and Accumulated Amortization

Historical Cost	**Balance at 12/31/02** (a)	**Additions** (b)	**Eliminations** (c)	**Balance at 6/30/03** (d=a+b-c)	**Net intangible assets 6/30/03**
Rights to use intellectual property	5,573,358	503,034	0	6,076,392	**2,483,983**
Other	7,278,700	144,758	42,175	7,381,283	**1,903,974**
Intangible assets under construction	20,000	20,000	0	40,000	**40,000**
Consolidation difference	1,412,135			1,412,135	**1,121,980**
Total	**14,284,193**	**667,792**	**42,175**	**14,909,810**	**5,549,937**

Accumulated Amortization	**Balance at 12/31/02** (e)	**Additions** (f)	**Eliminations** (g)	**Balance at 6/30/03** (h=e+f-g)
Rights to use intellectual property	3,109,612	482,797	0	**3,592,409**
Other	4,731,656	745,653	0	**5,477,309**
Consolidation difference	211,673	78,482		**290,155**
Total	**8,052,941**	**1,306,932**	**0**	**9,359,873**

Additions refer to application software bought off the shelf or developed by software houses.

Fixed Assets (amounts in euros)

Schedule of Changes to Fixed Assets and Accumulated Depreciation

	Balance at 12/31/02 (a)	**Additions (b)**	**Disposals (c)**	**Balance at 6/30/03 (d=a+b-c)**	**Net fixed assets at 6/30/03 (e=d-I)**
Land and buildings	69,887,691	1,637,249	0	71,524,940	49,318,203
Plant and machinery	124,252,248	2,496,954	317,397	126,431,805	31,112,392
Industrial and trade equipment	46,427,242	1,424,462	254,919	47,596,785	4,494,931
Other goods	14,793,908	261,483	1,385,393	13,669,998	3,618,016
Fixed assets under construction	3,119,834	1,667,089	2,643,468	2,143,455	2,143,455
Total	**258,480,923**	**7,487,237**	**4,601,177**	**261,366,983**	**90,686,997**

	Balance at 12/31/02 (l=f+g+h-i)	**Increases (g)**	**Decreases (i)**	**Balance at 6/30/03 (l=f+g+h-i)**
Land and buildings	21,253,446	953,293	0	22,206,739
Plant and machinery	91,366,506	4,207,967	255,061	95,319,412
Industrial and trade equipment	41,831,577	1,803,019	532,743	43,101,853
Other goods	10,802,318	580,861	1,331,197	10,051,982
Total	**165,253,847**	**7,545,140**	**2,119,001**	**170,679,986**

This year and last year, several Group companies entered into leasing agreements with San Paolo Leasint S.p.a. for the construction of prototypes and equipment needed to fill a production order, and with Locat S.p.a. for the development of a new manufacturing facility currently under construction. Starting in 2003, these leasing companies began issuing invoices for lease installments since construction of the assets subject of the lease agreements has been completed and the assets have been delivered to their users. If the Company had recognized these transactions in a manner consistent with IAS 17, production fixed assets (net of the depreciation taken based on the production output actual generated) would have increased by about 46.3 million euros and the value of land and building would have been 12.1 million euros greater, while the amount due to other lenders would have increased by about 57.2 million euros. Accounting for these transactions in accordance with IAS 17 would have increased shareholders' equity by about 1.2 million euros before theoretical tax consequences.

Financial Assets

Investments in:

Associated Companies

	6/30/03	12/31/02	Change
Open Air Systems GmbH	4,700	2,070	2,630
Pasiphae S.a.r.l	630	797	(167)
Total	**5,330**	**2,867**	**2,463**

Associated companies are valued by the equity method. The increase for the period reflects capital contributions provided by Industrie Pininfarina S.p.a. to Open Air Systems GmbH.

Adjustments made at June 30, 2003 to the carrying value of equity investments in associated companies resulted in the following charges:

Open Air Systems GmbH	*620*
Pasiphae S.a.r.l.	*167*
Total	***787***

Other Companies

	6/30/03	12/31/02	Change
Banca Passadore S.p.a.	257	257	-
Other professionally managed investments	228	228	-
Total	**485**	**485**	**-**

CURRENT ASSETS

Inventory

	6/30/03	12/31/02	Change
Raw, ancillary and consumable materials	31,677	24,027	7,650
Work in process and semifinished goods	9,833	7,496	2,337
Work in process on job orders	62,849	36,879	25,970
Finished products and goods	879	181	698
Total	**105,238**	**68,583**	**36,655**

The valuation of inventories at current prices is not materially different from the valuation made using the LIFO method. The increase in work in process on job orders is due mainly to the progress made by Pininfarina Ricerca e Sviluppo S.p.a. and Industrie Pininfarina S.p.a.. on several large orders.

RECEIVABLES

	6/30/03	12/31/02	Change
Trade accounts receivable	102,111	44,839	57,273
Due from others	29,107	19,030	10,077
Total	**131,218**	**63,868**	**67,349**

The higher level of receivables reflects an increase in production activity and is due to the collections of substantial amounts early in July, shortly after the end of the period.

Current Financial Assets

	6/30/03	12/31/02	Change
Other investments	10,905	8,902	2,003
Treasury stock	3,061	2,754	307
Other securities	73,218	88,905	(15,686)
Total	**87,185**	**100,561**	**(13,376)**

Liquid Assets

	6/30/03	12/31/02	Change
Cash at banks and post offices	57,094	17,278	39,816
Cash and cash equivalents on hand	65	55	9
Total	**57,159**	**17,333**	**39,826**

PREPAYMENTS AND ACCRUED INCOME

	6/30/03	12/31/02	Change
Accrued income	2,306	446	1,860
Prepayments	2,206	2,867	(661)
Total	**4,512**	**3,313**	**1,199**

LIABILITIES AND SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

	Share capital	**Share premium reserve**	**Revaluation reserve**	**Statutory reserve**	**Reserve for treasury stock**	**Other reserves**	**Consolid. reserve**	**Net profit for the period**	**TOTAL**
Balance at 12/31/02	**9,317**	**36,885**	**1,579**	**2,231**	**25,000**	**32,272**	**44,466**	**14,914**	**166,664**
Other changes							12,033	(12,033)	-
Net profit for the 2001 fiscal year Pininfarina SPA (unconsolidated)								2,881	
Dividends paid	-	-	-	-	-	-	-	(3,170)	(3,170)
Transfer to the special reserve	-	-	-	-	2,951	(3,191)	-	289	49
Net profit for the period	-	-	-	-	-	-	-	5,333	5,333
Balance at 6/30/03	**9,317**	**36,885**	**1,579**	**2,231**	**27,951**	**29,081**	**56,499**	**8,214**	**168,876**

*The **share premium reserve** was unchanged at 36,885,000 euros.*

*The **revaluation reserve** totaled 1,579,000 euros. It is recognized in the financial statements before any taxes payable upon distribution, since the Company does not intend to use it in a fashion that will render it taxable.*

*The **statutory reserve** amounted to 2,231,389 euros.*

*The **reserve for treasury stock** had a balance of 27,951,000 euros.*

*The changes affecting **other reserves** are reviewed below:*

*The **special reserve** decreased by 3,190,000 euros, falling from 32,272,000 euros to 29,081,000 euros, in accordance with the resolution approved by the Stockholders' Meeting on May 15, 2003.*

*The **consolidation reserve** grew from 44,466,000 euros to 56,499,000 euros. This change reflects primarily the difference stemming from the elimination of equity investments in companies included in the scope of consolidation and the respective pro-rata interests in the underlying shareholders' equities.*

A reconciliation between the shareholders' equity and net profit of Pininfarina S.p.a. and the shareholders' equity and net profit of the Group at June 30, 2003 is provided below (amounts in euros):

	Net profit for the year	Shareholders' equity
Shareholder's equity and net profit of Pininfarina S.p.a.	**8,933,800**	**115,978,113**
Net profit of companies consolidated on a line-by-line basis; difference between the carrying value of investments included in the consolidation and the interest in the underlying shareholder's equity	**5,455,069**	**56,711,105**
Elimination of intra-Group dividends	**(7,560,000)**	
Adjustments to restate the financial statements of consolidated companies in accordance with standard Group principles for consolidated financial statements and other consolidation adjustments	**(1,495,595)**	**(3,814,115)**
Shareholder's equity and net profit of the Pininfarina Group	**5,333,274**	**168,875,104**

RESERVES FOR RISKS AND CHARGES

Reserve for Taxation

The reserve for deferred taxes totaled 8,076,000 euros, compared with 8,879,000 euros at December 31, 2002.

The changes that occurred in the reserve for deferred taxes are summarized below:

Reserve balance at the beginning of the period	8,879
Utilizations	(803)
Reserve balance at the end of the period	**8,076**

The following table shows the deferred-tax asset and deferred-tax liability at June 30, 2003:

Reserve for deferred taxes	(8,076)
Prepaid taxes (due from others)	10,704
Net deferred-tax liability	**2,628**

The main temporary differences that required the recognition of a deferred-tax asset or liability at June 30, 2003 are as follows:

	6/30/03	***12/31/02***
Accelerated depreciation and amortization	7,669	8,245
Deferred capital gains	408	633
Taxed reserves	(1,461)	(1,873)
Tax loss carryforward	(1,762)	(2,944)
Leasing cost accruals	(6,677)	0
Elimination of intra-Group gains	(793)	0
Other items	(12)	(44)
Net deferred-tax liability (asset)	**(2,628)**	**4,017**

Other Provisions

	6/30/03	12/31/02	Change
Reserve for future charges	3,922	4,596	(674)
Total	**3,922**	**4,596**	**(674)**

RESERVE FOR TERMINATION INDEMNITIES

Balance at the beginning of the period	**25,866**
Utilization upon termination of employment relationships	(2,219)
Utilization for advances	(161)
Provision for the period	2,011
Transfers	-
Utilizations for contributions to the COMETA/ FIPDAP Fund	(311)
Advance payments of substitute tax	(12)
Balance at the end of the period	**25,173**

PAYABLES

	6/30/03	12/31/02	Change
Due to banks	1,768	1,459	309
Advances	28,249	22,216	6,033
Trade accounts	192,901	108,563	84,338
Due to associated companies	2,196	145	2,051
Taxes payable	15,461	2,343	13,118
Due to social security authorities	2,901	2,863	39
Other payables	16,694	9,242	7,452
Total	**260,170**	**146,831**	**113,339**

The higher level of trade accounts payable reflects an increase in production activity and is due to the payment of substantial amounts early in July, shortly after the end of the period.

ACCRUED LIABILITIES AND DEFERRED INCOME

Accrued Liabilities and Deferred Income

	6/30/03	12/31/02	Change
Accrued liabilities and deferred income	21,272	3,878	17,394
Total	**21,272**	**3,878**	**17,394**

The increase for the period reflects the recognition of lease payment costs in proportion to the automobile sales revenues generated by the Ford order.

COMMITMENTS AND GUARANTEES

At June 30, 2003, commitments and guarantees included securities provided as collateral (36,541,500 euros), third-party equipment held under gratuitous loans (133,972,292 euros), lease installments payable (117,279,847 euros), sureties (6,829,318 euros) and commitments to buy investment fund shares (1,500,000 euros).

Notes to the Profit and Loss Account

(amounts stated in thousands of euros)

VALUE OF PRODUCTION

Revenues from Sales and Services

A breakdown of consolidated revenues by geographical area of destination is as follows:

	6/30/03	%	6/30/02	%	Change
Italy	49,093	13.4	58,602	20.6	(9,509)
Other countries	317,986	86.6	225,908	79.4	92,078
Total	**367,079**	**100.0**	**284,510**	**100.0**	**82,569**

A breakdown of the value of production by product line is provided below:

	6/30/03	%	6/30/02	%	Change
Complete cars and car bodies	348,426	94.9	259,971	91.4	88,455
Design, engineering and prototype production	11,000	3.0	22,166	7.8	(11,166)
Other	7,653	2.1	2,373	0.8	5,280
Total	**367,079**	**100.0**	**284,510**	**100.0**	**82,569**

The decrease in revenues from design, engineering and prototype production is due to the elimination of intra-Group revenues, which were particularly large, compared with the same period last year. This elimination is offset by an increase in work in process, the balance of which, net of any intra-Group gains, reflects inventories of work in process being performed by Group companies that will eventually be billed to customers outside the Group.

Changes in Inventory of Work in Process, Semifinished Goods and Finished Products

	6/30/03	6/30/02	Change
Balance at the beginning of the period	44,556	28,290	16,266
Balance at the end of the period	73,562	28,505	45,057
Total	**29,005**	**215**	**61,323**

Other Income and Revenues

	6/30/03	6/30/02	Change
Rebilled expenses	12,410	12,516	(106)
Miscellaneous income and revenues	911	294	617
Total	**13,321**	**12,810**	**511**

	6/30/03	6/30/02	Change
Raw, ancillary and consumable materials and goods	279,102	200,502	78,599
Services	28,794	19,177	9,616
Use of third-party assets	39,402	14,280	25,122
Wages and salaries	35,338	28,442	6,896
Social contributions	11,616	9,508	2,108
Provision for termination indemnities	1,984	1,995	(11)
Depreciation, amortization and writedowns:			
a) amortization	1,307	1,149	158
b) depreciation	7,545	7,436	109
d) Writedowns of receivables	527	424	103
Changes in inventory of raw, ancillary and consumable materials and goods	(7,759)	5,185	(12,945)
Provisions for risks	87	94	(7)
Other operating costs	666	1,026	(360)
Total	**398,608**	**289,220**	**109,388**

The higher cost paid for raw and consumable materials and goods reflects an increase in production compared with the first half of 2002.

Financial Income and Charges

	6/30/03	6/30/02	Change
Income from investments in other companies	742	926	(184)
Other financial income	3,216	2,007	1,209
Interest and other financial charges	(1,448)	(1,356)	(92)
Total	**2,510**	**1,577**	**933**

Extraordinary Income and Charges

	6/30/03	6/30/02	Change
Extraordinary income	77	68	8
Extraordinary charges	(44)	(37)	(7)
Total	**32**	**31**	**1**

Income Taxes for the Period

	6/30/03
Current taxes	(13,532)
Deferred taxes	6,645
Total	**(6,887)**

A reconciliation of the theoretical tax liability and the actual tax liability is as follows:

Theoretical corporate income tax liability on profit before taxes	4,150
Dual income tax benefit	(461)
Tax benefit on earnings of foreign companies that are taxed at reduced rates	236
Other permanent differences	343
Corporate income tax liability	**4,268**
Regional production tax liability	**2,619**
Income tax liability for the period	**6,887**

Turin, September 11, 2003

Sergio Pininfarina
Chairman
of the Board of Directors

Annex 1

Pininfarina Group

List of Consolidated Companies

Companies Consolidated on a line-by-line basis

Name	*Registered office*	*Curr.*	*Share capital*	*% int. held directly/indirectly*
Parent Company				
Pininfarina S.p.a.	*Turin*	*euros*	*9,317,000*	
Italian subsidiaries				
Industrie Pininfarina S.p.a.	*Turin*	*euros*	*6,300,000*	*100.00*
Pininfarina Ricerca e Sviluppo S.p.a.	*Turin*	*euros*	*4,150,000*	*100.00*
Pininfarina Extra S.r.l.	*Turin*	*euros*	*388,000*	*100.00*
Foreign subsidiaries				
Pininfarina Deutschland GmbH	*Renningen*	*euros*	*3,100,000*	*100.00*
PF RE S.a.	*Luxembourg*	*euros*	*1,250,000*	*100.00*
PF Services S.a.	*Luxembourg*	*euros*	*32,000*	*100.00*

The investments in the associated companies Open Air Systems GmbH (50% owned by Industrie Pininfarina S.p.a) and Pasiphae S.a.r.l. (20% owned by Pininfarina International S.p.a.) are valued by the equity method.

Annex 2

Pininfarina S.p.a.

Financial Statements at June 30, 2003

Balance Sheet

Assets

6/30/02					6/30/03	12/31/02
	B)			**NON-CURRENT ASSETS**		
		I		Intangible assets:		
50,591			3)	rights to use intellectual property	79,440	42,584
0			4)	concessions, licenses, trademarks and similar rights	0	0
50,591				Total	79,440	42,584
		II		Fixed assets:		
315,915			1)	land and buildings	297,876	306,896
5,508			2)	plant and machinery	2,897	4,750
877,062			4)	other goods	862,032	879,531
1,198,485				Total	1,162,805	1,191,177
		III		Financial assets:		
			1)	investments in		
53,158,537				- subsidiaries	40,322,178	40,322,178
0				- associated companies	630,416	796,639
257,325				- other companies	257,325	257,325
53,415,862				Total	41,209,919	41,376,142
54,664,938				**Total non-current assets B)**	**42,452,164**	**42,609,903**
	C)			**CURRENT ASSETS**		
		II		Receivables		
			1)	Trade accounts		
36,498				due within one year	6,803	20,357
			2)	Due from subsidiaries:		
905,938				due within one year	537,774	340,784
			3)	Due from associated companies:		
0				due within one year	0	0
			5)	Due from others:		
561,587				due within one year	2,733,003	2,173,939
867,195				due after one year	621,251	992,485
2,371,218				Total	3,898,831	3,527,565
		III		Current financial assets:		
8,795,221			3)	other investments	10,905,145	8,901,907
2,053,980			4)	treasury stock	3,061,465	2,754,169
21,830,261			5)	other securities	50,359,371	54,356,521
0			6)	commercial paper	1,750,000	0
32,679,462				Total	66,075,981	66,012,597
		IV		Liquid assets:		
20,418,665			1)	cash at banks and post offices	8,614,659	446,156
9,037			3)	cash and cash equivalents on hand	18,936	5,155
20,427,702				Total	8,633,595	451,311
55,478,382				**Total current assets C)**	**78,608,407**	**69,991,473**
	D)			**PREPAYMENTS AND ACCRUED INCOME**		
415,936				Prepayments and accrued income	452,904	398,048
415,936				**Total prepayments and accrued income D)**	**452,904**	**398,048**
110,559,256				**TOTAL ASSETS**	**121,513,475**	**112,999,424**

Balance Sheet

Liabilities and Shareholders' Equity

6/30/02				6/30/03	12/31/02
	A)		**SHAREHOLDERS' EQUITY**		
9,317,000		I	Share capital	9,317,000	9,317,000
36,885,352		II	Share premium reserve	36,885,352	36,885,352
1,578,884		III	Revaluation reserve	1,578,884	1,578,884
2,231,389		IV	Legal reserve	2,231,389	2,231,389
		V	Reserve for purchases of treasury stock:		
22,022,790			- for future purchases	24,256,725	21,305,725
2,977,210			- for shares held	3,694,275	3,694,275
		VII	Other reserves:		
29,466,841			- special reserve	26,275,945	29,466,840
35,960			- reserve for out-of-period income	35,960	35,960
0			Net profit for the period/year	2,768,783	2,768,783
4,181,606		IX	**SHAREHOLDERS' EQUITY**	8,933,800	2,881,143
108,679,032			**Total shareholders' equity A)**	**115,978,113**	**110,165,351**
	B)		**RESERVES FOR RISKS AND CHARGES**		
81,431		2)	Reserve for taxation	981	75,952
81,431			**Total reserves for risks and charges B)**	**981**	**75,952**
480,625	C)		**RESERVE FOR TERMINATION INDEMNITIES**	**2,126,721**	**528,819**
	D)		**PAYABLES**		
		6)	Trade accounts:		
478,882			due within one year	806,981	587,631
		8)	Due to subsidiaries:		
21,155			due within one year	454,479	755,390
		9)	Due to associated companies:		
0			due within one year	0	0
		11)	Taxes payable:		
202,175			due within one year	360,564	109,520
		12)	Due to social security authorities:		
107,792			due within one year	317,682	110,622
		13)	Other payables:		
444,361			due within one year	1,436,742	621,373
1,254,365			**Total payables D)**	**3,376,448**	**2,184,536**
	E)		**ACCRUED LIABILITIES AND DEFERRED INCOME**		
45,803			Accrued liabilities and deferred income	31,212	44,766
45,803			**Tot. accrued liabilities and defer. income E)**	**31,212**	**44,766**
110,559,256			**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**121,513,475**	**112,999,424**
			MEMORANDUM ACCOUNTS		
364,392			Joint guarantee for pension benefits	174,842	231,124
0			Commitments to buy investment fund shares	1,500,000	1,500,000
100,709,095			Guarantee for leased dies and equipment	50,069,011	50,069,011
101,073,487			**Total memorandum accounts**	**51,743,853**	**51,800,135**

Profit and Loss Account

31.12.2002			30.06.2003	30.06.2002
	A)	**Value of production**		
4,247,640	1)	Revenues from sales and services	5,537,528	1,831,656
1,233,960	5)	Other income and revenues	887,986	717,902
5,481,600		**Total value of production A)**	**6,425,514**	**2,549,558**
	B)	**Cost of sales**		
31,224	6)	Raw, ancillary and consumable materials	32,345	9,314
4,345,622	7)	Services	2,304,375	1,435,220
117,992	8)	Use of third-party assets	1,021,949	50,261
	9)	Personnel:		
2,251,930		a) wages and salaries	2,838,668	975,527
735,140		b) social contributions	818,304	329,887
129,012		c) termination indemnities	166,654	33,655
	10)	Depreciation, amortization and writedowns:		
18,167		a) amortization	14,059	8,964
62,612		b) depreciation	31,967	29,401
0		d) writedowns of receivables included in working capital	0	0
188,386	14)	Other operating costs	52,987	90,353
7,880,085		**Total cost of sales B)**	**7,281,308**	**2,962,582**
(2,398,485)		**Difference between sales and cost of sales (A - B)**	**(885,794)**	**(413,024)**
	C)	**Financial income and charges**		
	15)	Income from investments in:		
5,906,250		- subsidiaries and associated companies	11,812,500	5,906,250
1,031,696		- other companies	742,228	899,753
	16)	Other financial income:		
1,160,721		c) from securities shown under current assets which do not constitute equity investments	497,465	606,047
		d) income other than those mentioned above:		
6,910		- from subsidiaries and assoc. companies	83	6,101
2,804,361		- from others	1,704,472	738,263
	17)	Interest and other financial charges paid to:		
(4,706)		- subsidiaries and associated companies	(5,155)	(4,660)
(3,059,819)		- others	(171,353)	(341,066)
7,845,413		**Total financial income and charges C)**	**14,580,240**	**7,810,688**
	D)	**Adjustments to the value of financial assets**		
	18)	Revaluations of:		
(203,361)		a) equity investments	(166,223)	0
	19)	Writedowns:		
(1,531,116)		c) provisions	(333,887)	1,146,942
(1,734,477)		**Total adjustments to the value of fin. assets D)**	**(500,110)**	**1,146,942**
	E)	**Extraordinary income and charges**		
	20)	Extraordinary income:		
0		- other extraordinary income	0	0
	21)	Extraordinary charges:		
0		- other extraordinary charges	(6,028)	0
0		**Total extraordinary income and charges E)**	**(6,028)**	**0**
3,712,451		**Profit before taxes (A-B+C+D)**	**13,218,308**	**6,250,722**
	22)	Income taxes for the period/year:		
(1,179,633)		a) current taxes	(3,988,211)	(2,286,638)
348,325		b) deferred taxes	(296,297)	217,522
(831,308)		**Total income taxes**	**(4,284,508)**	**(2,069,116)**
2,881,143	**26)**	**Net profit for the period/year**	**8,933,800**	**4,181,606**

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