PININFARINA GROUP

Report of the Board of Directors on Operations in the First Half of 2002

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 and Co-Chief Executive Officer*	Sergio PININFARINA
Co-Chief Executive Officer*	Andrea PININFARINA
Deputy Chairwoman	Lorenza PININFARINA
Deputy Chairman	Paolo PININFARINA
Directors	Mario ARCELLI
	Elisabetta CARLI
	Mario Renzo DEAGLIO
	Cesare FERRERO
	Franzo GRANDE STEVENS

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Auditors	Giorgio GIORGI
	Giacomo ZUNINO
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)

12/31/01	(amounts in thousands of euros)	1st half 2002	1st half 2001
	Operating Data		
742,221	Value of production	297,535	438,745
43,300	EBITDA	21,687	29,180
25,501	EBIT	13,008	17,780
6,473	Net financial income	1,577	2,388
20,282	Profit before taxes	8,191	14,230
9,349	Net profit for the period/year	7,359	6,876
26,960	Cash flow*	15,944	17,461
	Financial Data		
106,150	Net fixed assets	102,011	112,376
69,587	Net invested capital	65,203	62,832
154,689	Shareholders' equity	159,108	151,646
112,100	Net financial position	119,231	115,030
	Other Data		
13,190	Capital investments for the period/year	9,826	7,275
2,546	Number of employees	2,321	2,561

* Group interest in net profit plus depreciation and amortization.

Operating Performance in the First Half of 2002

The Pininfarina Group

In the first half of 2002, the Pininfarina Group posted a decrease in value of production (-32.2%), but the return on sales improved and net profit was up 7.2% compared with the first six months of 2001.

This performance reflects a number of contrasting trends:

- End of the contract to manufacture the Peugeot 306 Cabriolet, which could not be fully offset with a new order for the Ford StreetKa that just went into production, and lower demand for other models caused by a slump in the markets where we operate;

- The still relatively low profitability of the design and engineering operations, which are in the expansion and development phase;

- A reduction in production costs for the period, which fell by a greater percentage than the decrease in value of production;

- The positive impact of tax savings made possible by the *Tremonti Law*, which reduced the Group's hypothetical tax liability at June 30, 2002.

EBIT were equivalent to 4.4% of the value of production, or 0.3 percentage points more than in the first six months of 2001.

Net financial income was affected by a less favorable trend in the financial markets. As a result, its ratio to the value of production was unchanged compared with June 30, 2001, despite an increase in investment assets.

Net invested capital shrank by 6.0% from December 31, 2001. At the same time, the net financial position improved by 6.3%.

The Group performed well during the first six months of 2002, considering that it was busy reorganizing its engineering operations while simultaneously experiencing a change in the mix of its manufacturing orders, all this at a time when economic conditions were unfavorable. The Group's production activity will continue to decrease in the second half of the year. However, the decline in the value of production should not accelerate compared with the first six months of 2002 and the return on sales should be in line with the percentages reported last year. At the end of 2002, the net profit should be higher than in 2001, owing in part to the tax incentives mentioned above.

Profit and Loss Account

(in thousands of euros)

12/31/01		6/30/02	%	6/30/01	%	Change
701,457	**Net revenues**	284,510	95.62	415,689	94.75	(131,179)
16,064	Changes in inventory of work in process and finished products	215	0.07	5,416	1.23	(5,201)
24,496	Other income and revenues	12,810	4.31	14,360	3.27	(1,550)
204	Increase in fixed assets constructed internally	0	-	3,280	0.75	(3,280)
742,221	**Value of production for the period**	**297,535**	**100.00**	**438,745**	**100.00**	**(141,210)**
(596,946)	Raw materials and outside services	(230,718)	(77.54)	(347,505)	(79.20)	116,787
(16,465)	Change in inventory of raw materials	(5,185)	(1.74)	(15,110)	(3.44)	9,925
128,810	**Value added**	**61,632**	**20.71**	**76,130**	**17.35**	**(14,498)**
(85,510)	Personnel costs	(39,945)	(13.43)	(46,950)	(10.70)	7,005
43,300	**EBITDA**	**21,687**	**7.29**	**29,180**	**6.65**	**(7,493)**
(17,611)	Depreciation and amortization	(8,585)	(2.89)	(10,585)	(2.41)	2,000
(188)	Provisions	(94)	(0.03)	(815)	(0.19)	721
25,501	**EBIT**	**13,008**	**4.37**	**17,780**	**4.05**	**(4,772)**
6,473	Net financial income	1,577	0.53	2,388	0.54	(811)
(11,692)	Other income (expense), net	(6,394)	(2.15)	(5,938)	(1.35)	(456)
20,282	**Profit before taxes**	**8,191**	**2.75**	**14,230**	**3.24**	**(6,039)**
(10,932)	Income taxes	(832)	(0.28)	(7,354)	(1.68)	6,522
9,349	**Net profit**	**7,359**	**2.47**	**6,876**	**1.57**	**483**

Net revenues totaled 284.5 million euros in the first half of 2002, for a decrease of 31.6%, or 131.2 million euros, over the 415.7 million euros reported in the same period last year.

The **inventory of finished goods and work in process** fell by 215,000 euros. At the same time, **other income and revenues** declined by 12.8 million euros (-11.1%).

As a result, the **value of production** contracted to 297.5 million euros, or 141.2 million euros (-32.2%) less than the 438.7 million euros reported at June 30, 2001.

The **cost of raw materials and outside services**, net of the **change in inventory**, was equivalent to 79.3% of the value of production (82.7% at June 30, 2001). At 235.9 million euros, it was 126.7 million euros less (-34.9%) than in the first six months of 2001, when it totaled 362.6 million euros.

Personnel costs declined by 14.9%, or 7.0 million euros, falling from 46.9 million euros in the first half of 2001 to 39.9 million euros in the same period this year. They were equivalent to 13.4% of the value of production (10.7% in the first half of 2001). At June 30, 2002, the Group had 2,321 employees, compared with 2,561 a year earlier (-9.4%).

EBITDA came to 21.7 million euros. This amount, which was 7.5 million euros less (-25.7%) than the 29.2 million euros earned in the first six months of 2001, was equivalent to 6.7% 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, decreased by 2.0 million euros (-18.9%) to 8.6 million euros, compared with 10.6 million euros in the first half of 2001.

Provisions totaled 94,000 euros, down from 815,000 euros in the first six months of 2001.

EBIT totaled 13.0 million euros. This amount, which represents a decrease of 27%, or 4.8 million euros, over the 17.8 million euros reported at June 30, 2001, was equivalent to 4.4% of the value of production, compared with 4.0% in the first half of 2001.

Net financial income declined by 33.3%, or 0.8 million euros, to 1.6 million euros, compared with 2.4 million euros at June 30, 2001.

At 6.4 million euros, **net other expense** was higher by 0.5 million euros, or 8.5%, compared with the 5.9 million euros booked in the first six months of 2001. It consists primarily of other operating costs and nonoperating charges.

Profit before taxes decreased by 42.2% to 8.2 million euros, or 6.0 million euros less than the 14.2 million euros earned in the first half of 2001. It was equivalent to 2.7% of the value of production, down from 3.2% in the same period last year.

The hypothetical **income tax** liability for the period was estimated at 0.8 million euros, compared with 7.4 million euros at June 30, 2001. The tax rate dropped to 10.2% of gross income (51.7% for the first six months of 2001), reflecting the beneficial impact of the *Tremonti Law*, which produced a sizable reduction in the taxable income.

Net profit, which in semiannual reporting is a hypothetical amount, totaled 7.4 million euros, for a gain of 0.5 million euros (+7.2%) over the 6.9 million euros earned in the first half of 2001. It was equivalent to 2.5% of the value of production (1.6% in the same period last year).

Balance Sheet
(in thousands of euros)

6/30/01			6/30/02	12/31/01	Change
	A)	**Net non-current assets**			
12,778		Net intangible assets	6,061	6,686	(625)
98,138		Net fixed assets	93,621	98,004	(4,383)
1,460		Net financial assets	2,329	1,460	869
112,376			**102,011**	**106,150**	**(4,139)**
	B)	**Working capital**			
45,179		Inventory	49,218	54,283	(5,065)
141,136		Trade accounts receivable, net	88,113	74,188	13,925
16,795		Other assets	23,547	23,309	238
(213,800)		Trade accounts payable	(148,059)	(142,427)	(5,632)
(6,087)		Taxes payable	(14,553)	(14,692)	139
(32,767)		Other liabilities	(35,074)	(31,224)	(3,850)
(49,544)			**(36,808)**	**(36,563)**	**(245)**
62,832	**C)**	**Net invested capital (A+B)**	**65,203**	**69,587**	**(4,384)**
26,216	**D)**	**Reserve for termination indemnities**	**25,326**	**26,998**	**(1,672)**
36,616	**E)**	**Net capital requirements (C-D)**	**39,877**	**42,589**	**(2,712)**
	F)	**Shareholders' equity**			
9,317		Share capital	9,317	9,317	0
135,453		Reserves	142,432	136,023	6,409
6,876		Net profit for the year/period	7,359	9,349	(1,990)
151,646			**159,108**	**154,689**	**4,419**
	G)	**Net financial position**			
2,476		Long-term debt	2,057	2,244	(187)
(117,506)		(Net liquid assets)	(121,288)	(114,344)	(6,944)
(115,030)			**(119,231)**	**(112,100)**	**(7,131)**
36,616	**H)**	**Total as in E (F+G)**	**39,877**	**42,589**	**(2,712)**

Net intangible assets and fixed assets were 99.7 million euros at June 30, 2002, compared with 104.7 million euros at December 31, 2001. The decrease of 5 million euros is the net result of additions totaling 8.7 million euros, retirements of 6.1 million euros, depreciation and amortization amounting to 8.5 million euros, and 0.9 million euros in reversals of depreciation and amortization.

Financial fixed assets came to 2.3 million euros, compared with 1.5 million euros at the end of 2001. The increase of 0.8 million euros primarily reflects the recognition of an equity investment in Open Air Systems GmbH.

At June 30, 2002, **working capital** was a negative 36.8 million euros, compared with negative working capital of 36.6 million euros at December 31, 2001. This change is the net result of an increase in trade accounts receivable, a reduction in inventory and increases both in trade accounts payable and in other assets.

The **reserve for termination indemnities** amounted to 25.3 million euros, compared with 27.0 million euros at December 31, 2001. The decrease of 1.7 million euros is the net result of the utilizations and additions for the period.

Net capital requirements fell to 39.9 million euros, or 2.7 million euros less than the 42.6 million euros reported at December 31, 2001.

Shareholders' equity totaled 159.1 million euros at June 30, 2002, compared with 154.7 million euros at the beginning of the year. The rise of 4.4 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:

6/30/01		6/30/02	12/31/01	Change
16,186	Liquid assets	37,800	45,571	(7,771)
90,226	Fixed-income securities, net	62,853	57,538	5,315
11,352	Listed equity securities, net	20,635	11,235	9,400
(258)	Short-term bank borrowings	0	0	-
117,506	**Net short-term liquid assets**	**121,288**	**114,344**	**6,944**
(2,476)	Long-term bank debt	(2,057)	(2,244)	187
115,030	**Net financial position**	**119,231**	**112,100**	**7,131**

Statement of Cash Flow
(in thousands of euros)

	6/30/02	12/31/01	Change
A. Net liquid assets at beginning of period/year	**114,344**	**90,890**	**23,454**
B. Net cash flow from operating activities			
Net profit	7,359	9,349	(1,990)
Depreciation and amortization	8,585	17,611	(9,026)
(Gains) Losses on sale of non-current assets	(66)	2,045	(2,111)
Change in working capital	245	9,023	(8,778)
Net change in reserve for termination indemnities	(1,672)	957	(2,629)
Other changes	1,484	(4,980)	6,464
	15,935	**34,005**	**(18,070)**
C. Cash flow from investing activities			
Investments in fixed assets, intangibles and financial assets	(9,826)	(8,120)	(1,706)
Proceeds from sale or redemption value of non-current assets	3,211	1,584	1,627
	(6,615)	**(6,536)**	**(79)**
D. Cash flow from financing activities	**794**	**(878)**	**1,672**
E. Distribution of net profit	**(3,170)**	**(3,137)**	**(33)**
F. Net cash flow for the period/year (B+C+D+E)	**6,944**	**23,454**	**(16,510)**
G. Net liquid assets at end of period/year (A+F)	**121,288**	**114,344**	**6,944**

At June 30, 2002, **net liquid assets** totaled 121.3 million euros. The increase of 7.0 million euros is the result of the following changes:

- **Net cash flow from operating activities** decreased by 18.1 million euros to 15.9 million euros, reflecting declines in all major components;
- **Cash flow from investing activities** was a negative 6.6 million euros, about the same as the amount for all of 2001;
- **Cash flow from financing activities** totaled 0.8 million euros;
- The **distribution of net profit** amounted to 3.2 million euros, unchanged from the first half of 2001.

Pininfarina S.p.a.

Financial Highlights

(in millions of euros)	6/30/02	6/30/01	Change	12/31/01
Net financial income	7.8	8.5	(0.7)	9.5
Net profit for the period	4.2	4.7	(0.5)	5.0
Net capital requirements	57.6	55.6	2.0	56.5
Shareholders' equity	108.7	107.4	1.3	107.7
Net financial position	51.1	51.8	(0.7)	51.1
Average number of employees	31	13	18	17

The Company earned 4.2 million euros in the first half of 2002, or 0.5 million euros less than in the same period last year.

Lower income from equity investments and an increase in operating costs caused by a rise in the Company's payroll account for most of the shortfall.

Income from equity investments declined by 0.6 million euros to 6.8 million euros, due mainly to a reduction in dividends paid by non-Group investee companies. Other financial income was unchanged at 1.0 million euros.

Adjustments to the value of financial assets included additions of 1.1 million euros used primarily to increase the reserves for fluctuations in the value of securities and the reserve for treasury stock. This amount, which exceeded by 129,000 euros the appropriation at June 30, 2001, was necessary to make reserves consistent with the market value of the underlying securities.

Non-financial income grew to 2.6 million euros, or 0.3 million euros more than in the first half of 2001, while operating costs increased by 0.8 million euros to 3.0 million euros.

Net non-current assets held steady at 54.7 million euros. Working capital increased by 1.2 million euros, due mainly to a reduction in short-term indebtedness to other Group companies.

Shareholders' equity, including the restricted reserve for treasury stock, amounted to 108.7 million euros. The gain of 1.0 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 to the figure for the full year.

During the first six months of 2002, net liquid assets decreased by 0.1 million euros to 51.0 million euros.

For the year as a whole, the Company expects to report a net profit in line with the amount earned in 2001.

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, 2002.

Name	Tot. % int. held	% dir. int. held	% indirect interest held by		
			Industrie Pininfarina S.p.a.	Pininfarina International S.a.	PF Re S.a.
Industrie Pininfarina S.p.a.	100	100	0	0	0
Pininfarina Ricerca e Sviluppo S.p.a.	100	100	0	0	0
Pininfarina International S.p.a.	100	100	0	0	0
PF Re S.a.	100	0	0	100	0
PF Services S.a.	100	0	0	0	100
Pininfarina Deutschland GmbH	100	1.67	0	98.33	0
Pininfarina Extra S.r.l.	100	100	0	0	0
Open Air Systems GmbH	50	0	50	0	0
Pasiphae S.à.r.l.	20	0	0	20	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)	6/30/02	6/30/01	Change	12/31/01
Value of production	267.8	400.8	(133.0)	674.2
EBIT	11.8	15.0	(3.2)	16.8
Net financial income	0.4	0.4	-	1.6
Net profit for the period	11.0	7.9	3.1	8.3
Net capital requirements	(0.4)	(0.6)	0.2	4.2
Shareholders' equity	52.5	44.9	7.6	45.3
Capital investments	4.1	6.0	(1.9)	7.3
Net financial position	52.9	45.5	7.4	41.1
Number of employees	1,959	2,233	(274)	2,088

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

Complete cars	**First half 2002**	**First half 2001**
Alfa Romeo Spider	1,503	2,511
Alfa Romeo GTV	613	1,797
Ford StreetKa	14	0
Lancia K Station Wagon	0	1
Mitsubishi Pajero Pinin	5,563	6,526
Peugeot 406 Coupé	6,036	9,839
Peugeot 306 Cabriolet	1,794	4,146
	15,523	**24,820**
Car bodies		
Bentley Azure Corniche	49	126
Rolls Royce	42	43
Peugeot 406 Coupé	0	1
Alfa Romeo Spider	0	2
Alfa Romeo GTV	0	1
	91	**173**
Overall total	**15,614**	**24,993**

As predicted in the 2001 Annual Report, Industrie Pininfarina S.p.a. experienced a decline in revenues and overall profitability during the six months ended June 30, 2002. However, the company showed a further gain in operating margins relative to the value of production, confirming an improvement that had become apparent in the last quarterly report.

The value of production totaled 267.8 million euros, or 33.2% less than at June 30, 2001. EBITDA were down 14.4% to 19.0 million euros (22.2 million euros in the first half of 2001), but improved to 7.1% of the value of production, for a gain of 1.6 percentage points over the same period last year, when the ratio was 5.5%.
EBIT decreased 20.7% to 11.8 million euros and profit before taxes fell 20.1% to 12.3 million euros. However, both measures were up when stated as a percentage of the value of production, rising by 4.4% and 4.6%, respectively. Each gained 0.7 percentage points compared with the first six months of 2001.
Net profit, which in semiannual reporting is a hypothetical amount, came to 11.0 million euros, or 3.1 million euros more than in the first half of 2001, due mainly to the beneficial impact of the *Tremonti Law*.

At June 30, 2002, Open Air Systems GmbH, a 50-50 joint venture with Webasto AG, reported a value of production of 0.2 million euros, a net loss for the period of 2.1 million euros and shareholders' equity of 0.3 million euros. This company, which is still in the startup phase, has already won two important contracts to develop and manufacture roof systems, validating the wisdom of the strategy that led to its creation.

In July, Open Air Systems GmbH established a branch office in Cambiano (Turin), which should be fully operational by the end of September 2002. In July and August, as required under the approved financial plan, the joint venture carried out a capital increase, with each partner contributing 1.5 million euros.

The results achieved during the first half of 2002 are undeniably satisfactory. However, the pace of manufacturing activity is expected to slow during the second half of the year as production of the Peugeot 306 Cabriolet comes to an end and work on the new Ford StreetKa will not begin before November. The ratio of EBIT to the value of production will decline compared with the first six months of 2002, but will be comparable to the percentage reported for all of 2001.

Pininfarina Ricerca e Sviluppo S.p.a.

Financial Highlights

(in millions of euros)	6/30/02	6/30/01	Change	12/31/01
Value of production	12.2	15.7	(3.5)	31.6
EBIT	(2.8)	0	(2.8)	0.9
Net financial income (expense)	(0.9)	0	(0.9)	(0.2)
Net profit for the period	(3.9)	(0.5)	(3.4)	0
Net capital requirements	16.6	13.5	3.1	16.2
Shareholders' equity	12.1	14.0	(1.9)	16.0
Capital investments	0.4	0.6	(0.2)	1.7
Net financial position	(4.5)	0.4	(4.9)	(0.3)
Number of employees	232	213	19	228

This company, which offers its services to carmakers in Europe and the rest of the world, was directly affected by a pervasive downturn in the automobile markets. Some of its clients suffered severe financial and marketing setbacks, forcing them to postpone or halt programs that involved the services of Pininfarina Ricerca e Sviluppo.

The cancellation of these orders affected the entire range of services offered by the company, but had a profound impact on its prototype construction operations.

As a result, the value of production decreased to 12.2 million euros, or 22.3% less than in the first half of 2001.
Costs were held at about the same level as last year, even while the company was strengthening its organization as part of a strategy of expanding its engineering services business.
Personnel costs increased by 7.5% to 6.8 million euros, reflecting an expansion of the company's staff from 213 to 232 employees.
On the other hand, purchases of raw materials and outside services were down by about 15% to 7.5 million euros.
The unfavorable economic environment produced negative EBITDA of 2.1 million euros (positive EBITDA of 0.5 million euros at June 30, 2001), causing the company to report a net loss of 3.9 million euros (loss of 0.5 million euros in 2001).
This loss will not be made up in the second half of 2002, but rising revenues should enable the company to operate at close to breakeven.

The most significant developments of the first half of 2002 included:

- Styling research for a high-end sedan for the Fiat Group.
- Start of two new projects for Ferrari, including styling design for a new model and restyling of a production model. Work also continued on the development of the Maserati Quattroporte ahead of the start of production.
- Support provided to Peugeot for the styling of a new mass-produced automobile.
  Pininfarina Ricerca e Sviluppo and Peugeot also renegotiated the existing styling collaboration agreement, adding terms for determining the consideration payable under an exclusive relationship.
- Support services for the Ford StreetKa program, which is being developed by sister company Industrie Pininfarina.
- Continued production engineering work for Jaguar.
- Additional design and engineering work for a family of cars that will be built by Harbin Hafei Motor Co. in China. The styling models were presented in May.
- An order from a new client for a feasibility study on a niche automobile.
  The findings of this study, which should be completed before the end of the year, will help determine if work on the car's full engineering development is justified.
- Continuation of the collaborative relationship with AnsaldoBreda on the development of mass transportation systems.
- Organization of the Artdynamics Show by the Tokyo Modern Art Gallery. At the show, where many of the famous cars that are the fruit of the cooperation between Ferrari and Pininfarina were being exhibited, the company unveiled a styling model of its Enzo Ferrari supercar and scale research models of the Maserati Quattroporte.
  The Enzo will be presented officially to the public at the next Paris Motor Show.
- Hafei's presentation at the Beijing Motor Show in June of its new Lobo sedan, which was designed and engineered by Pininfarina Ricerca e Sviluppo. Pininfarina Ricerca e Sviluppo also introduced a styling model — the first ever presented at this Show — for an innovative sports sedan called Fantasy. The Fantasy was extremely well received by the press, automotive professionals and the Chinese public.

Work on the construction of the new facility continued at a lively pace. The use of the premises began gradually in August, and the official opening is scheduled for October 14, 2002.

Pininfarina International S.p.a.

Financial Highlights

(in thousands of euros)	**6/30/02**	**12/15/01–12/31/01**
Net financial income	161	13
Net profit for the period	242	(66)
Net capital requirements	25,453	24,970
Shareholders' equity	39,614	39,372
Net short-term financial position	14,161	14,402

The first half of 2002 ended with a net profit of 242,000 euros. Pininfarina International became a company under Italian law on December 15, 2001. On June 30, 2001, when it was still Pininfarina International S.a., it reported a net profit equivalent to 40,000 euros.

The company's balance sheet data show little change from December 31, 2001.

On May 15, 2002, the Stockholders' Meeting of Pininfarina S.p.a., the company's sole stockholder, approved the merger by absorption of Pininfarina International S.p.a., which is expected to become effective toward the end of this year.

The performance of the subsidiaries controlled by Pininfarina International during the first six months of 2002 is reviewed below.

Pininfarina Deutschland GmbH closed the first half of 2002 with a net profit of 26,388 euros, down from 119,756 euros in the same period last year. The value of production was 5.8 million euros, or 25.6% less than at June 30, 2001. During the first six months of 2002, demand was weaker than in the first half of 2001. When combined with a rise in personnel costs caused by a staff expansion (83 employees, compared with 79 at June 30, 2001), this negative trend caused a deterioration in operating profitability. The ratios of EBIT and net profit to the value of production were a negative 2.7% and a positive 0.5%, respectively (negative 0.3% and positive 1.5%, respectively, in the first half of 2001). Capital investments totaled 344,000 euros, and the order backlog provides sufficient manufacturing coverage for the rest of 2002. For the year as a whole, the ratio of the company's net profit to its value of production should be in line with the percentage reported in 2001.

PF RE S.a. ended the period with a net profit from insurance operations of 100,294 euros (loss of 85,388 euros at June 30, 2001). Premiums written totaled 706,656 euros, or 8.7% more than in the first six months of 2001. Operating costs were virtually unchanged, but financial income was negatively affected by unfavorable trends in the financial markets.

Pininfarina Services S.a. reported a loss of 384 euros, compared with a net profit of 18,683 euros at June 30, 2001. A reduction in financial yields accounts for this reversal.

Pininfarina Extra S.r.l.

Net revenues totaled 1,252,000 euros in the first half of 2002, little changed from the 1,270,000 euros reported in same period last year.

Net revenues include sales and service revenues, which decreased by 3.7% to 736,000 euros, and royalties, which were up 1.6% to 516,000 euros.

The process, launched in previous years, of concentrating certain operations at this company, combined with careful management of cost components, is beginning to bear fruit, with a positive impact on the profit and loss account. The value of production increased to 889,000 euros, or 39.1% more than the 639,000 euros reported at June 30, 2001, and operating margins were up across the board.

During the first six months of 2002, the company continued to implement the strategy that it developed with KPMG in 2001. More specifically, it hired a Sales and Marketing Manager in February and restructured its organization, creating a Research and Development Department and giving its Design Manager art direction authority as well.

The most significant developments of the first half of 2002 are reviewed below:

- In February, Pininfarina Extra entered into an agreement with Impressa Rosso, a Turin developer, to provide design and communications support to the SNOS project, which will be Turin's largest business center, covering an area of more than 40,000 square meters in the Spina 3 Development.
- In April, Acropolis, a new kitchen system designed for Snaidero, was presented at Milan's Eurocucina Show. The highly innovative design of this system was extremely well received by the trade press and the public.
- In June, the World Cup 130 line of ski boots was presented to the trade press. These boots, which have been developed for Rossignol Lange, rely on cutting-edge technology components to maximize aerodynamic performance. They will be used by several athletes during the 2002-2003 Ski World Cup.
- Two major design projects for a very prestigious traditional client of the Group got under way during the first six months of 2002.
- Also during the first half of 2002, work began on the design of the facilities that Pininfarina Extra will occupy in 2003, following the reallocation of the space available at the Cambiano complex that is occurring as part of the Group's reorganization. The space occupied by Pininfarina Extra in Area 2D will increase from the current 600 square meters to about 900 square meters, resulting in an immediate increase in efficiency and providing room for future staff expansions.

Even though business conditions will remain unfavorable, Pininfarina Extra should be able to generate revenues of about 2.5 million euros for all of 2002. One of the main goals of the current year is to improve the company's profitability, with the ratio of EBIT to net revenues expected to rise more than 25%, up from 16% in 2001.

Significant Events Occurring Since June 30, 2002

No events involving Group companies have occurred to date that would significantly alter the Group's balance sheet or financial position at June 30, 2002 or would require adjustments or disclosures in the notes to the financial statements.

Pininfarina Group

Consolidated Financial Statements at June 30, 2002

Balance Sheet

Assets

6/30/01				6/30/02	12/31/01
	B)		NON-CURRENT ASSETS		
		I)	Intangible assets:		
2,011,600		3	rights to use intellectual property	2,241,402	2,228,265
1,491,011		5	goodwill		
5,764,175		6	intangible assets under formation and advances		
3,511,391		7	others	3,819,611	4,457,621
12,778,177			**Total**	**6,061,013**	**6,685,886**
		II)	Fixed assets:		
48,643,009		1	land and buildings	48,087,780	49,675,144
36,777,929		2	plant and machinery	32,503,311	35,517,154
7,945,173		3	industrial and trade equipment	5,045,451	6,240,523
4,557,732		4	other goods	3,854,226	4,111,986
214,330		5	fixed assets under construction and advances	4,130,242	2,459,554
98,138,173			**Total**	**93,621,010**	**98,004,361**
		III)	Financial assets:		
		1	investments in		
-			b) associated companies	1,845,000	1,000,000
1,459,507			c) other companies	483,779	459,732
1,459,507			**Total**	**2,328,779**	**1,459,732**
112,375,857			**Total non-current assets B)**	**102,010,802**	**106,149,979**
	C)		CURRENT ASSETS		
		I)	Inventory:		
27,536,449		1	raw, ancillary and consumable materials	20,713,027	25,992,664
17,642,684		2	work in process and semifinished goods	27,398,736	16,166,334
-		3	work in progress on job orders	1,106,644	11,881,844
-		4	finished products and goods	-	241,808
45,179,133			**Total**	**49,218,407**	**54,282,650**
		II)	Receivables:		
141,135,792		1	trade accounts	88,113,400	74,187,637
		3	due from associated companies		
14,566,667		5	due from others	19,904,249	20,090,876
155,702,459			**Total**	**108,017,649**	**94,278,513**
		III)	Current financial assets:		
9,427,921		3	other investments	18,580,959	9,217,394
1,924,318		4	treasury stock	2,053,980	2,017,371
90,225,537		5	other securities	62,852,753	57,538,030
101,577,776			**Total**	**83,487,692**	**68,772,795**
		IV)	Liquid assets:		
16,131,531		1	cash at banks and post offices	37,722,778	45,214,860
-		2	checks in transit	-	311,842
54,744		3	cash and cash equivalents on hand	76,827	44,510
16,186,275			**Total**	**37,799,605**	**45,571,212**
318,645,643			**Total current assets C)**	**278,523,353**	**262,905,170**
	D)		PREPAYMENTS AND ACCRUED INCOME		
2,229,028			Other prepayments and accrued income	3,642,662	3,217,821
2,229,028			**Total prepayments and accrued income D)**	**3,642,662**	**3,217,821**
433,250,528			**TOTAL ASSETS**	**384,176,817**	**372,272,970**

Balance Sheet

Liabilities and Shareholders' Equity

6/30/01				6/30/02	12/31/01
	A)		SHAREHOLDERS' EQUITY		
9,316,882		I	Share capital	9,317,000	9,317,000
36,885,352		II	Share premium reserve	36,885,352	36,885,352
1,578,809		III	Revaluation reserve	1,578,884	1,578,884
2,231,610		IV	Statutory reserve	2,231,389	2,231,389
25,822,845		V	Reserve for treasury stock	25,000,000	25,000,000
26,825,288		VII	Other reserves:	29,502,801	27,647,962
42,108,797		VII	Consolidation reserve	47,233,413	42,679,545
6,876,107		IX	Net profit for the period/year	7,359,402	9,349,217
151,645,690			**Total shareholders' equity A)**	**159,108,241**	**154,689,349**
	B)		RESERVES FOR RISKS AND CHARGES		
11,101,758		2	Reserve for taxation	9,993,223	10,860,866
3,559,937		3	Other provisions	4,560,270	3,831,027
14,661,695			**Total reserves for risks and charges B)**	**14,553,493**	**14,691,893**
26,216,385	C)		RESERVE FOR TERMINATION INDEMNITIES	25,325,790	26,997,779
26,216,385				**25,325,790**	**26,997,779**
	D)		PAYABLES		
-		1	Bonds		
2,734,123		3	Due to banks	2,057,057	2,243,641
		4	Due to other lenders	-	1,132,322
-		5	Advances	11,989,156	8,913,179
213,799,212		6	Trade accounts	148,058,538	142,427,276
-		9	Due to associated companies		
6,086,961		11	Taxes payable	2,112,163	7,233,085
2,437,160		12	Due to social security authorities	1,670,640	3,394,616
14,594,039		13	Other payables	16,480,280	9,706,639
239,651,495			**Total payables D)**	**182,367,834**	**175,050,758**
	E)		ACCRUED LIABILITIES AND DEFERRED INCOME		
1,075,263			Other accrued liabilities and deferred income	2,821,459	843,191
1,075,263			**Total accrued liabilities and deferred income E)**	**2,821,459**	**843,191**
433,250,528			**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**384,176,817**	**372,272,970**
			Memorandum accounts and other commitments		
42,180,068			Securities pledged as collateral	34,782,000	27,900,000
133,972,535			Third-party equipment held under gratuitous loans	133,972,292	133,972,292
178,373,883			Lease installments payable	147,518,836	79,047,712
380,629			Sureties	377,864	380,420
-			Commitments to buy investment fund shares	1,500,000	-
354,907,115			**Total memorandum accounts and other commitments**	**318,150,992**	**241,300,424**

Profit and Loss Account

6/30/01				6/30/02	12/31/01
	A)		Value of production:		
701,456,574		1	revenues from sales and services	284,509,591	415,689,444
16,063,556		2	changes in inventory of work in progress, semifinished goods and finished products	215,394	5,416,084
204,462		4	increase in non-current assets constructed internally	0	3,280,018
24,496,037		5	other income and revenues	12,810,039	14,359,568
742,220,629			**Total value of production A)**	**297,535,024**	**438,745,114**
	B)		Cost of sales:		
529,138,166		6	raw, ancillary and consumable materials and goods	200,502,383	311,482,903
47,476,267		7	services	19,177,215	25,068,818
25,536,468		8	use of third-party assets	14,279,969	14,300,692
		9	personnel:		
60,656,871			a) wages and salaries	28,442,210	33,368,280
20,444,232			b) social contributions	9,508,187	11,510,791
4,408,456			c) termination indemnities	1,994,922	2,070,476
		10	depreciation, amortization and writedowns:		
2,752,683			a) amortization	1,149,192	1,334,525
14,858,532			b) depreciation	7,436,035	9,250,776
376,733			d) writedowns of receivables included in working capital	424,068	692,052
16,465,302		11	changes in inventory of raw, ancillary and consumable materials and goods	5,185,488	15,109,979
188,447		12	provisions for risks	94,179	122,917
2,617,683		14	other operating costs	1,026,162	2,487,256
724,919,840			**Total cost of sales B)**	**289,220,010**	**426,799,465**
17,300,789			**Difference between sales and cost of sales (A-B)**	**8,315,014**	**11,945,649**
	C)		Financial income and charges:		
2,693,704		15	income from investments in other companies	926,480	2,750,649
		16	other financial income		
2,324,456			b) from securities shown under current assets which do not constitute equity investments	1,051,969	1,262,737
4,487,964			d) income other than those mentioned above	955,200	1,691,396
		17	interest and other financial charges		
(3,033,407)			- paid to others	(1,356,372)	(2,349,879)
6,472,717			**Total financial income and charges C)**	**1,577,277**	**3,354,903**
	D)		Adjustments to the value of financial assets:		
		18	revaluations of:		
			a) equity investments		
		19	writedowns of:		
			a) equity investments	(181,000)	
(1,875,001)			b) non-current financial assets which do not constitute equity investments	(1,550,742)	(1,018,453)
(1,875,001)			**Total adjustments to the value of financial assets D)**	**(1,731,742)**	**(1,018,453)**
	E)		Extraordinary income and charges:		
83,260		20	income	68,255	566,037
(1,700,223)		21	charges	(37,446)	(618,199)
(1,616,963)			**Total extraordinary income and charges E)**	**30,809**	**(52,162)**
20,281,542			**Profit before taxes (A-B+C+D+E)**	**8,191,358**	**14,229,937**
(10,932,325)		22	Income taxes for the period/year	(831,956)	(7,353,830)
9,349,217		**26**	**Net profit for the period/year**	**7,359,402**	**6,876,107**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Pininfarina Group for the period from January 1, 2002 to June 30, 2002, 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, 2001, except for the accounting method used to recognize leasing transactions, which is explained below. They are explained in detail in the notes to the 2001 consolidated financial statements of the Pininfarina Group.

Consistently with the reference accounting principles applied in the 2001 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.

Leasing transactions 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 remaining lease installments outstanding. Until December 31, 2001, the accounting method followed by the Company required that all fixed assets acquired through leasing arrangements be recognized as non-current assets and depreciated starting on the date of the lease agreement or the date when construction was completed, whichever came later. At the same time, the Company recognized a financial liability of equal amount, which decreased as lease payments were made. The impact of the change in the accounting method applied to lease transactions is explained in detail in the notes to the individual items of the financial statements.

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 12/31/01	**Additions**	**Eliminations**	**Balance at 6/30/02**	**Net intangible assets 6/30/02**
	(a)	**(b)**	**(c)**	**(d=a+b-c)**	
Rights to use intellectual property	5,191,261	450,196	0	5,641,457	2,241,402
Others	8,823,468	74,123	0	8,897,591	2,540,667
Intangible assets under construction	0	0	0	0	0
Consolidation difference	1,412,135			1,412,135	1,278,944
Total	**15,426,864**	**524,319**	**0**	**15,951,183**	**6,061,013**

	Accumulated Amortization			
	Balance at 12/31/01	**Additions**	**Eliminations**	**Balance at 6/30/02**
	(e)	(f)	(g)	(h=e+f-g)
Rights to use intellectual property	2,962,996	437,059	0	3,400,055
Others	5,723,274	633,650	0	6,356,924
Consolidation difference	54,708	78,483	0	133,191
Total	**8,740,978**	**1,149,192**	**0**	**9,890,170**

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 12/31/01 (a)	Additions (b)	Disposals (c)	Balance at 6/30/02 (d=a+b-c)	Net fixed assets at 6/30/02 (e=d-I)
Land and buildings	69,074,631	291,055	885,078	68,480,608	48,087,780
Plant and machinery	119,029,809	1,004,497	158,443	119,875,863	32,503,311
Industrial and trade equipment	49,736,767	778,024	697,289	49,817,502	5,045,451
Other goods	16,353,482	285,198	180,268	16,458,412	3,854,226
Fixed assets under construction	2,459,554	5,856,170	4,185,482	4,130,242	4,130,242
Total	**256,654,243**	**8,214,944**	**6,106,560**	**258,762,627**	**93,621,010**

		Accumulated Depreciation		
	Balance at 12/31/01 (l=f+g+h-i)	Increases (g)	Decreases (i)	Balance at 6/30/02 (l=f+g+h-i)
Land and buildings	19,399,486	993,342	0	20,392,828
Plant and machinery	83,512,656	4,018,338	158,442	87,372,552
Industrial and trade equipment	43,496,245	1,966,220	690,414	44,772,051
Other goods	12,241,495	458,135	95,444	12,604,186
Total	**158,649,882**	**7,436,035**	**944,300**	**165,141,617**

New capital investments refer primarily to production facilities and equipment and to engineering and management information systems.

This year and last year, several Group companies entered into leasing agreements with San Paolo Leasint 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. As of June 30, 2002, these leasing companies had not issued invoices for any lease installments since construction of the assets subject of the lease agreements had not been completed. If the Company had recognized these transactions in a manner consistent with IAS 17, fixed assets under construction, including capitalized finance charges, would have increased by about 50.1 million euros and the amount due to other lenders would have increased by a like amount. In addition, the accounts Land and Advances to suppliers would have been higher and lower, respectively, by about 1.12 million euros. Accounting for these transactions in accordance with IAS 17 would have no impact on shareholders' equity and the profit and loss account at June 30, 2002.

Financial Assets

Investments in:

Associated Companies

	6/30/02	12/31/01	Change
Open Air Systems GmbH	950	0	950
Pasiphae S.a.r.l	895	1,000	(105)
Total	**1,845**	**1,000**	**845**

Associated companies are valued by the equity method.

Other Companies

	6/30/02	12/31/01	Change
Banca Passadore S.p.a.	257	257	0
MIDI Ltd	227	203	24
Total	**484**	**460**	**24**

CURRENT ASSETS

Inventory

	6/30/02	12/31/01	Change
Raw, ancillary and consumable materials	20,713	25,993	(5,280)
Work in process and semifinished goods	27,399	16,166	27,399
Work in process on job orders	1,106	11,882	(10,776)
Finished products and goods	0	242	(242)
Total	**49,218**	**54,283**	**11,101**

RECEIVABLES

	6/30/02	12/31/01	Change
Trade accounts receivable	88,113	74,187	13,926
Due from others	19,904	20,091	(187)
Total	**108,017**	**94,278**	**13,739**

Current Financial Assets

	6/30/02	12/31/01	Change
Other investments	18,581	9,217	9,364
Treasury stock	2,054	2,017	37
Other securities	62,852	57,538	5,314
Total	**83,487**	**68,772**	**14,715**

Liquid Assets

	6/30/02	12/31/01	Change
Cash at banks and post offices	37,723	45,215	(7,492)
Cash and cash equivalents on hand	76	356	(280)
Total	**37,799**	**45,571**	**(7,772)**

PREPAYMENTS AND ACCRUED INCOME

	6/30/02	12/31/01	Change
Accrued income	3,560	662	2,898
Prepayments	82	2,555	(2,473)
Total	**3,642**	**3,217**	**425**

LIABILITIES AND SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

(in thousands of euros)	**Balance at 12/31/01**	**Appropriation of the 2001 net profit to: reserves**	**dividends**	**Consolidation reserve**	**Net profit for the period**	**Balance at 6/30/02**
Share capital	9,317					9,317
Share premium reserve	36,885					36,885
Revaluation reserve	1,579					1,579
Statutory reserve	2,231					2,231
		-				
Reserve for treasury stock	25,000					25,000
Reserves under the Bylaws	-					-
Other reserves	27,648					29,503
		1,855				
Consolidation reserve	42,680			4,554		47,234
Net profit for the year/period	9,349	- -	3,171	- 4,323	7,359	7,359
		1,855				
TOTAL SHAREHOLDERS' EQUITY	**154,689**	**- -**	**3,171**	**231**	**7,359**	**159,108**

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 25 million euros.

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

The **special reserve** increased from 27,648,000 euros to 29,503,000 euros due to the appropriation of net profit at December 31, 2001.

The **consolidation reserve** grew from 42,679,000 euros to 47,233,000 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, 2002 is provided below (amounts in thousands of euros):

	Net profit for the year	Shareholders' equity
Shareholder's equity and net profit of Pininfarina S.p.a.	**4,182**	**108,697**
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	**7,362**	**52,523**
Elimination of intra-Group dividends	**(3,780)**	
Adjustments to restate the financial statements of consolidated companies in accordance with standard Group principles for consolidated financial statements and other consolidation adjustments	**(405)**	**(2,112)**
Shareholder's equity and net profit of the Pininfarina Group	**7,359**	**159,108**

RESERVES FOR RISKS AND CHARGES

Reserve for Taxation

The reserve for deferred taxes totaled 9,993,000 euros, compared with 10,861,000 euros at December 31, 2001.

The following table shows the deferred-tax asset and deferred-tax liability at June 30, 2002 :

	6/30/02
Reserve for deferred taxes	9,993
Prepaid taxes	(1,830)
Net deferred-tax liability	**8,163**

The main temporary differences that required the recognition of a deferred-tax asset or liability at June 30, 2002 are as follows:

	6/30/02
Accelerated depreciation and amortization	9,317
Deferred capital gains	676
Taxed reserves	(1,819)
Other items	(11)
Net deferred-tax liability	**8,163**

Other Provisions

	6/30/02	12/31/01	Change
Reserve for future charges	4,560	3,831	729
Total	**4,560**	**3,831**	**729**

RESERVE FOR TERMINATION INDEMNITIES

Balance at 12/31/01	**26,998**
Provision for the period	1,994
Utilization upon termination of employment relationships	(3,141)
Utilization for advances	(224)
Utilization of the reserve for supplemental pension funds	(297)
Transfers	1
Advance payments of substitute tax	(5)
Balance at 6/30/02	**25,326**

PAYABLES

	6/30/02	12/31/01	Change
Due to banks	2,057	2,243	(186)
Due to other lenders	-	1,132	(1,132)
Advances	11,989	8,913	3,076
Trade accounts	148,058	142,427	5,631
Taxes payable	2,112	7,233	(5,121)
Due to social security authorities	1,671	3,395	(1,724)
Other payables	16,480	9,707	6,773
Total	**182,367**	**175,050**	**7,317**

ACCRUED LIABILITIES AND DEFERRED INCOME

Accrued Liabilities and Deferred Income

	6/30/02	**12/31/01**	**Change**
Accrued liabilities and deferred income	2,821	843	1,978

COMMITMENTS AND GUARANTEES

At June 30, 2002, commitments and guarantees included securities provided as collateral (34,782,000 euros), third-party equipment held under gratuitous loans (133,972,292 euros), lease installments payable (147,518,836 euros), contractual commitments under leases (12,256,627 euros), sureties (377,864 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:

	6/30/02	%	6/30/01	%	Change
Italy	58,602	20.6	75,938	18.3	(17,336)
Other countries	225,908	79.4	339,751	81.7	(113,843)
Total	**284,510**	**100.0**	**415,689**	**100.0**	**(131,179)**

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

	6/30/02	%	6/30/01	%	Change
Complete cars and car bodies	251,307	88.3	371,280	89.3	(119,973)
Design, engineering and testing	22,166	7.8	28,579	6.9	(6,413)
Equipment	129	0.0	363	0.1	(234)
Wind tunnel and acoustic chamber	2,244	0.8	2,064	0.5	180
Replacement parts and engineering materials	8,664	3.0	13,404	3.2	(4,740)
Total	**284,510**	**100.0**	**415,690**	**100.0**	**(131,180)**

Changes on Inventory of Work in Progress, Semifinished Goods and Finished Products

	6/30/02	12/31/01	Change
Balance at the beginning of the period	28,290	12,226	16,064
Balance at the end of the period	28,505	17,642	28,505
Total	**215**	**5,416**	**44,569**

	6/30/02	12/31/01	Change
Rebilled expenses	12,516	13,443	(927)
Miscellaneous income and revenues	294	916	294
Total	**12,810**	**14,360**	**(633)**

Cost of Sales

	6/30/02	12/31/01	Change
Raw, ancillary and consumable materials and goods	200,502	311,483	(110,981)
Services	19,177	25,069	(5,892)
Use of third-party assets	14,280	14,301	(21)
Personnel:	0		
a) wages and salaries	28,442	33,368	(4,926)
b) social contributions	9,508	11,511	(2,003)
c) termination indemnities	1,995	2,070	(75)
Depreciation, amortization and writedowns:	0		
a) amortization	1,149	1,334	(185)
b) depreciation	7,436	9,251	(1,815)
c) Other writedowns of non-current assets	11		11
d) Writedowns of receivables included in working capital	424	692	(268)
Changes in inventory of raw, ancillary and consumable materials and goods	5,186	15,110	(9,924)
Provisions for risks	94	123	(29)
Other operating costs	1,016	2,487	(1,471)
Total	**289,220**	**426,799**	**(137,579)**

Financial Income and Charges

	6/30/02	12/31/01	Change
Income from investments in other companies	926	2,751	(1,825)
Other financial income	2,007	2,954	(947)
Interest and other financial charges	(1,356)	(2,350)	994
Total	**1,577**	**3,355**	**(1,778)**

Extraordinary Income and Charges

	6/30/02	12/31/01	Change
Extraordinary income	68	566	(498)
Extraordinary charges	(37)	(618)	581
Total	**31**	**(52)**	**83**

Income Taxes for the Period

	6/30/02
Current taxes	2,377
Deferred taxes	(1,545)
Total	**832**

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

Theoretical corporate income tax liability on profit before taxes	2,947
Dual income tax benefit and tax relied under the *Tremonti Bis* Law	(4,611)
Other permanent differences	863
Corporate income tax liability	**(801)**
Theoretical regional production tax liability on profit before taxes	348
Non-deductible costs (personnel costs and financial charges)	1,459
Other permanent differences	(174)
Regional production tax liability	**1,633**
Income tax liability for the period	**832**

Turin, September 10, 2002

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	Control. interest held (%)	% int. held directly by Pinin-farina S.p.a.
Parent Company					
Pininfarina S.p.a.	Turin	euro	9,317,000		
Italian subsidiaries					
Industrie Pininfarina S.p.a.	Turin	euro	6,300,000	100.00	100.00
Pininfarina Ricerca e sviluppo S.p.a.	Turin	euro	3,000,000	100.00	100.00
Pininfarina Extra S.r.l.	Turin	euro	388,000	100.00	100.00
Foreign subsidiaries					
Pininfarina International S.p.a.	Turin	euro	9,915,750	100,00	100.00
Pininfarina Deutschland GmbH*	Renningen	euro	3,100,000	100,00	1.67
PF RE S.a.**	Luxembourg	euro	1,250,000	100.00	0.00
PF Services S.a. ***	Luxembourg	euro	32,000	100.00	0.00

* Pininfarina International S.p.a. holds a 98.33% interest in this company.
** This company is a wholly owned subsidiary of Pininfarina International S.p.a.
*** This company is a wholly owned subsidiary of PF RE S.a.

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.

The consolidated financial statements at June 30, 2002 include all subsidiaries and associated companies included in the scope of consolidation on the basis of the data provided above and are consistent with those at June 30, 2001. The associated company Open Air Systems GmbH is included in the scope of consolidation for the first time having been established in February 2002.

Annex 2

Pininfarina S.p.a.

Financial Statements at June 30, 2002

Balance Sheet

Assets

6/30/01					6/30/02	12/31/01
	B)			**NON-CURRENT ASSETS**		
		I		Intangible assets:		
16,468			3)	rights to use intellectual property	50,591	54,289
0			4)	concessions, licenses, trademarks and similar rights	0	0
16,468				Total	50,591	54,289
		II		Fixed assets:		
333,941			1)	land and buildings	315,915	324,935
8,080			2)	plant and machinery	5,508	6,564
876,037			4)	other goods	877,062	865,682
1,218,058				Total	1,198,485	1,197,181
		III		Financial assets:		
			1)	investments in		
51,809,166				- subsidiaries	53,158,537	53,158,537
0				- associated companies	0	0
257,325				- other companies	257,325	257,325
52,066,491				Total	53,415,862	53,415,862
53,301,017				**Total non-current assets B)**	**54,664,938**	**54,667,332**
	C)			**CURRENT ASSETS**		
		II		Receivables		
			1)	Trade accounts		
16,104				due within one year	36,498	36,489
			2)	Due from subsidiaries:		
1,190,576				due within one year	905,938	1,232,372
			3)	Due from associated companies:		
0				due within one year	0	0
			5)	Due from others:		
379,727				due within one year	561,587	333,694
181				due after one year	867,195	731,966
1,586,588				Total	2,371,218	2,334,521
		III		Current financial assets:		
9,427,718			3)	other investments	8,795,221	9,217,394
1,924,360			4)	treasury stock	2,053,980	2,017,371
40,201,042			5)	other securities	21,830,261	39,253,728
51,553,120				Total	32,679,462	50,488,493
		IV		Liquid assets:		
2,126,038			1)	cash at banks and post offices	20,418,665	2,662,796
1,176			3)	cash and cash equivalents on hand	9,037	2,023
2,127,214				Total	20,427,702	2,664,819
55,266,922				**Total current assets C)**	**55,478,382**	**55,487,833**
	D)			**PREPAYMENTS AND ACCRUED INCOME**		
272,293				Prepayments and accrued income	415,936	496,582
272,293				**Total prepayments and accrued income D)**	**415,936**	**496,582**
108,840,232				**TOTAL ASSETS**	**110,559,256**	**110,651,747**

Balance Sheet

Liabilities and Shareholders' Equity

6/30/01				6/30/02	12/31/01
	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:		
23,648,505			- for future purchases	22,022,790	22,022,790
2,174,340			- for shares held	2,977,210	2,977,210
		VII	Other reserves:		
26,789,157			- special reserve	29,466,841	27,612,002
35,960			- reserve for out-of-period income	35,960	35,960
4,726,925		IX	Net profit for the period/year	4,181,606	5,025,347
107,387,512			**Total shareholders' equity A)**	**108,697,032**	**107,685,934**
	B)		**RESERVES FOR RISKS AND CHARGES**		
249,089		2)	Reserve for taxation	81,431	163,724
249,089			**Total reserves for risks and charges B)**	**81,431**	**163,724**
205,746	C)		**RESERVE FOR TERMINATION INDEMNITIES**	**480,625**	**334,852**
	D)		**PAYABLES**		
		6)	Trade accounts:		
523,934			due within one year	478,882	443,681
		8)	Due to subsidiaries:		
79,463			due within one year	21,155	1,346,408
		9)	Due to associated companies:		
0			due within one year	0	0
		11)	Taxes payable:		
55,781			due within one year	202,175	183,884
		12)	Due to social security authorities:		
18,005			due within one year	107,792	109,932
		13)	Other payables:		
233,126			due within one year	444,361	260,452
910,309			**Total payables D)**	**1,254,365**	**2,344,357**
	E)		**ACCRUED LIABILITIES AND DEFERRED INCOME**		
87,576			Accrued liabilities and deferred income	45,803	122,880
87,576			**Tot. accrued liabilities and defer. income E)**	**45,803**	**122,880**
108,840,232			**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**110,559,256**	**110,651,747**
			MEMORANDUM ACCOUNTS		
445,575			Joint guarantee for pension benefits	364,392	364,392
100,709,095			Guarantee for leased dies and equipment	100,709,095	100,709,095
101,154,670			**Total memorandum accounts**	**101,073,487**	**101,073,487**

Profit and Loss Account

12/31/01				6/30/02	6/30/01
	A)		**Value of production**		
2,798,884		1)	Revenues from sales and services	1,831,656	1,171,186
1,763,612		5)	Other income and revenues	717,902	1,066,707
4,562,496			**Total value of production A)**	**2,549,558**	**2,237,893**
	B)		**Cost of sales**		
9,515		6)	Raw, ancillary and consumable materials	9,314	4,845
3,123,107		7)	Services	1,435,220	1,668,401
33,931		8)	Use of third-party assets	50,261	8,657
		9)	Personnel:		
890,548			a) wages and salaries	975,527	303,199
312,590			b) social contributions	329,887	98,982
64,695			c) termination indemnities	33,655	21,178
		10)	Depreciation, amortization and writedowns:		
17,321			a) amortization	8,964	3,496
59,962			b) depreciation	29,401	29,121
3,152			d) writedowns of receivables included in working capital	0	0
87,868		14)	Other operating costs	90,353	45,756
4,602,689			**Total cost of sales B)**	**2,962,582**	**2,183,635**
(40,193)			**Difference between sales and cost of sales (A - B)**	**(413,024)**	**54,258**
	C)		**Financial income and charges**		
		15)	Income from investments in:		
5,944,167			- subsidiaries and associated companies	5,906,250	5,944,167
1,486,837			- other companies	899,753	1,486,838
		16)	Other financial income:		
			c) from securities shown under current assets		
854,416			which do not constitute equity investments	606,047	443,319
			d) income other than those mentioned above:		
26,244			- from subsidiaries and assoc. companies	6,101	15,224
3,231,243			- from others	738,263	1,332,381
		17)	Interest and other financial charges paid to:		
(1,089)			- subsidiaries and associated companies	(4,660)	(593)
(2,072,136)			- others	(341,066)	(743,169)
9,469,682			**Total financial income and charges C)**	**7,810,688**	**8,478,167**
	D)		**Adjustments to the value of financial assets**		
		18)	Revaluations of:		
0			a) equity investments	0	0
		19)	Writedowns:		
1,875,001			c) provisions	1,146,942	1,018,256
1,875,001			**Total adjustments to the value of fin. assets D)**	**1,146,942**	**1,018,256**
	E)		**Extraordinary income and charges**		
		20)	Extraordinary income:		
0			- other extraordinary income	0	0
		21)	Extraordinary charges:		
126,551			- other extraordinary charges	0	0
(126,551)			**Total extraordinary income and charges E)**	**0**	**0**
7,427,937			**Profit before taxes (A-B+C+D)**	**6,250,722**	**7,514,169**
		22)	Income taxes for the period/year:		
3,219,740			a) current taxes	2,286,638	2,787,244
(817,150)			b) deferred taxes	(217,522)	0
2,402,590			**Total income taxes**	**2,069,116**	**2,787,244**
5,025,347		**26)**	**Net profit for the period/year**	**4,181,606**	**4,726,925**

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