Finanziaria di Partecipazioni SpA

FIRST-HALF REPORT AT JUNE 30, 2003

Finanziaria di Partecipazioni SpA

Capital stock € 1,075,195,737, fully paid-in
Registered office in Turin - Corso Matteotti 26 – Turin Companies Register No. 00914230016

FIRST-HALF REPORT AT JUNE 30, 2003

Contents

This is an English translation of the Italian original "Relazione semestrale 2003" approved by the IFIL Board of Directors on September 12, 2003 and has been prepared solely for the convenience of the reader.
The version in Italian takes precedence and for complete information about IFIL S.p.A. and the Group reference should be made to the full original report in Italian "Relazione semestrale 2003".

This report is available on the corporate website: http://www.ifil.it

Finanziaria di Partecipazioni SpA

Board of Directors

Chairman and Managing Director	Gianluigi Gabetti
General Manager	Daniel John Winteler
	Luigi Arnaudo
	Winfried Bischoff
	Tiberto Brandolini d'Adda
	Edoardo Ferrero
	Luigi Garosci
	Franzo Grande Stevens
	Mario Greco
	Giancarlo Lombardi
	Antonio Maria Marocco
	Giuseppe Recchi
	Claudio Saracco
	Pio Teodorani-Fabbri
Secretary to the Board	*Pierluigi Bernasconi*

Executive Committee

Chairman	Gianluigi Gabetti
	Tiberto Brandolini d'Adda
	Luigi Garosci
	Daniel John Winteler

Audit Committee

Chairman	Luigi Garosci
	Luigi Arnaudo
	Giancarlo Lombardi

Compensation and Nominating Committee

Chairman	Franzo Grande Stevens
	Gianluigi Gabetti
	Tiberto Brandolini d'Adda

Board of Statutory Auditors

Chairman	Piero Locatelli
Standing Auditors	Cesare Ferrero
	Natale Ignazio Girolamo
Alternate Auditors	Giorgio Giorgi
	Bruno Richieri

The three-year terms of office for the Board of Directors and the Board of Statutory Auditors, elected by the Stockholders' Meeting on May 27, 2002, expire concurrently with the Stockholders' Meeting for the approval of the financial statements for the year ending December 31, 2004.

Corporate Governance

The Chairman and Managing Director, according to the by-laws (art. 20), may legally represent the Company. The Chairman and Managing Director, without specific authorization by the Board of Directors, may carry out all acts falling under the corporate business purpose, except as restricted by law.

The Board of Directors, under resolution on May 27, 2002, has conferred all powers necessary for the management of the Company to the Executive Committee, except those powers which are expressly entrusted to the Board of Directors by law.

Specific operating powers have been conferred to the General Manager on June 25, 2003.

Independent Auditors Deloitte & Touche S.p.A.

IFIL GROUP PROFILE

IFIL is the operating holding company of the Group led by Giovanni Agnelli e C. S.a.p.Az. commanding two distinctive areas of operations: the active management of the controlling investment in Fiat and the dynamic management of the other holdings. IFIL is controlled by Giovanni Agnelli e C. through IFI which holds a 62.03% stake in the ordinary capital stock.

IFIL's investment portfolio encompasses five "macro-sectors".

Industry, represented by investments in:
- Fiat (with more than a 30% stake in the ordinary and preferred capital stock), an international manufacturer and distributor of automobiles (Fiat Auto, Ferrari and Maserati), commercial vehicles (Iveco), agricultural and construction equipment (CNH Global), automotive components for these vehicles (Magneti Marelli) and the supply of related services. Publishing and communications (Itedi) and services for corporations (Business Solutions) are also part of its business;
- ArjoWiggins and Carbonless Europe (Idem), groups that came into being upon the reorganization of the ex-AWA Group, in which 100% stakes are held by Worms & Cie (a listed French holding company held 53.07% by IFIL), both world leaders in the manufacture of high value-added paper products and the second, in Europe, leader in the manufacture of carbonless paper.

Retailing, including investments in:
- The Rinascente Group (jointly controlled with the Auchan Group, through Eurofind, which holds more than 99% of the ordinary capital stock), one of the largest Italian retailers operating throughout Italy with roughly 1,850 points of sale (direct, affiliates and associates) and over 30,000 employees;
- Antalis (100%-owned subsidiary of Worms & Cie), the third company that emerged from the reorganization of the ex-AWA Group, co-leader in Europe in the distribution of paper products for printing and writing.

Finance, through investments in:
- the SANPAOLO IMI Group (4.86% of ordinary capital stock), a leading national banking group with over 10% of the branches in the Italian banking system;
- the Permal Group (100%-owned subsidiary of Worms & Cie), one of the leaders in the management of investment funds.

Leisure time, represented by investments in:
- NHT - New Holding for Tourism (90% by IFIL and 10% by the TUI Group) which main asset is Alpitour with a 100% stake. The Agnelli Group (through the Exor Group and IFIL itself) is also an important stockholder of Club Méditerranée;
- Juventus Football Club (62.01% of capital stock), a company with more than one hundred years of history and an enviable record gained at various national and international sports events.

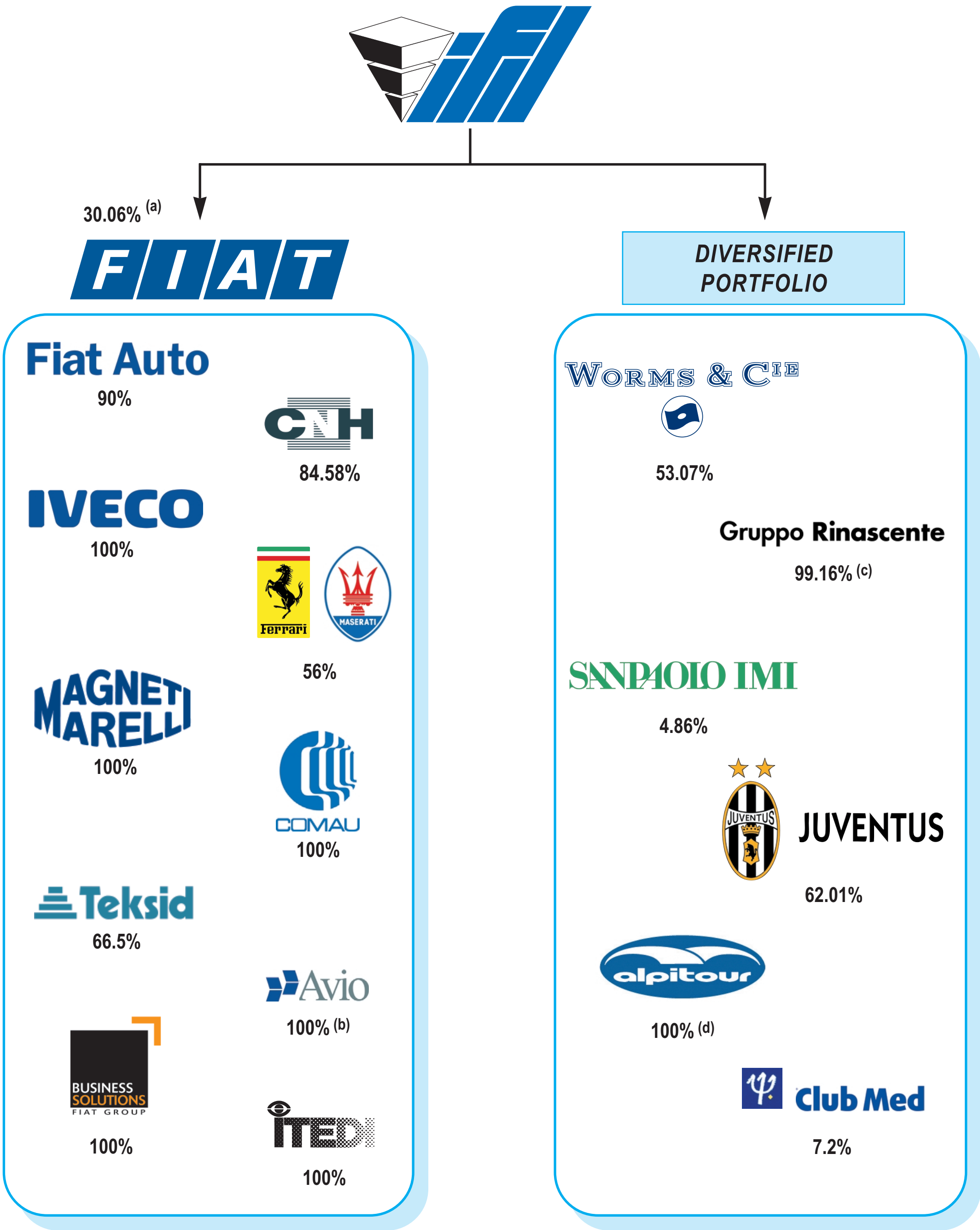
Inspection and certification, represented by the investment, through Worms & Cie, in SGS-Société Générale de Surveillance Holding SA, leader in the verification, inspection and certification of product and service quality.

Highlights of the financial statements of the IFIL Group and IFIL S.p.A. are as follows:

€ in millions			
IFIL GROUP	**6/30/2003**	12/31/2002	6/30/2002
Consolidated net income (loss) - Group	**(45.0)**	(367.0)	59.0
Stockholders' equity - Group	**3,636.0**	2,708.1	3,225.2
Consolidated net financial position of the "Holdings System" (a)	**(419.1)**	(484.4)	(436.1)
Financial fixed assets (a)	**4,305.9**	3,207.2	3,650.7
IFIL S.p.A.	**6/30/2003**	12/31/2002	6/30/2002
Net income (loss)	**60.8**	(516.4)	48.7
Stockholders' equity	**2,678.5**	1,823.2	2,388.3
Net financial position	**(632.2)**	(729.2)	(699.3)
Financial fixed assets	**3,265.0**	2,520.8	3,053.6

(a) Condensed consolidated data.

The following chart is updated to the end of August 2003 and presents the simplified structure of the investment portfolio. Percentage holdings refer to ordinary capital stock.



(a) IFIL also holds 30.09% of the preferred capital stock.
(b) In the process of being divested.
(c) Control is exercised jointly by the Auchan Group through Eurofind (40.47% by IFIL and 40.47% by Auchan); Eurofind also holds 99.04% of the savings capital stock and 88.83% of the preferred capital stock of La Rinascente.
(d) Held through NHT (90% by IFIL and 10% by TUI).

MAJOR EVENTS IN THE FIRST HALF OF 2003

The Reorganization of the Group
Following the resolution passed by IFIL's Extraordinary Stockholders' Meeting held on April 23, 2003, IFI and IFIL gave effect to the Group Reorganization Plan proposed by the respective Boards of Directors on March 3, 2003.

IFIL thus received the following investments as a contribution from IFI:

			Contribution value			
		% of class	Accounting value		Economic value	
	Number	of stock	Per share (€)	Total (€ ml)	Per share (€)	Total (€ ml)
Fiat ordinary shares	77,944,334	17.99%	7.197	561.0	8.869	691.3
Fiat preferred shares	19,582,500	18.96%	5.165	101.1	5.165	101.1
Warrants 2007 on Fiat ordinary shares	11,216,334	-	0.319	3.6	0.319	3.6
SANPAOLO IMI ordinary shares	16,300,000	1.13%	6.605	107.7	6.605	107.7
Juventus Football Club	74,992,103	62.01%	0.156	11.7	1.823	136.7
Soiem	18,286,500	50.10%	0.516	9.4	0.633	11.6
TOTAL				**794.5**		**1,052.0**

The economic value of the contribution was calculated (with the exception of Soiem, which is unlisted and valued at net asset value) on the basis of the average Official Market Prices on the Stock Exchange in the period between September 2, 2002 and February 28, 2003 and resulted in a total of € 1,052 million.
The contribution, however, was recorded for € 794.5 million in that, in accordance with the provisions of art. 3 of Legislative Decree No. 358 of October 8, 1997, the Fiat ordinary shares, the Juventus Football Club shares and the Soiem shares (representing investments in subsidiaries or affiliates) were contributed with a view to the continuity of the accounting values recorded in the financial statements of IFI S.p.A. for the year ended December 31, 2002, whereas the SANPAOLO IMI ordinary shares, the Fiat preferred shares and the Fiat 2007 warrants on ordinary shares were contributed at economic values.

In exchange for this contribution, based upon the economic value of IFIL determined for purposes of the transaction, IFIL issued to IFI 167,450,949 ordinary shares at the accounting per share price of approx. € 3.122 and 119,635,991 savings shares at the accounting per share price of approx. € 2.272. The par value of the IFIL shares issued amounted to € 287,086,940, plus € 507,460,128 of additional paid-in capital, for a total of € 794,547,068.

After this transaction, IFIL's capital stock was entirely subscribed to and paid-in and amounted to € 728,824,587 and was composed of 425,105,958 ordinary shares and 303,718,629 savings shares, all with a par value of € 1.

On May 12, 2003, the voluntary conversion of IFIL savings shares to IFIL ordinary shares based upon a conversion ratio of 17 IFIL ordinary shares for every 20 IFIL savings shares was closed without payment of any cash differential. There were 266,335,609 IFIL savings shares (equal to 87.69% of IFIL savings capital stock) converted to 226,385,269 IFIL ordinary shares, which bear the same features and have the same rights as the shares outstanding. The remaining 39,950,340 IFIL savings shares will be cancelled by the end of this month of September in conformity with the provisions of article 2445 of the Italian Civil Code, with the consequent reduction of the capital stock by € 39,950,340. In order to provide greater protection to the creditors of the company, the par value of the cancelled IFIL savings shares will be posted to an undistributable reserve unless, upon authorization of the Extraordinary Stockholders' Meeting, it is used for allocation to the capital stock account or to cover losses.

Purchase of 1.96% of SANPAOLO IMI ordinary capital stock from Ifil Investissements
In May, IFIL purchased 28,419,000 SANPAOLO IMI ordinary shares (equal to 1.96% of ordinary capital stock) from Ifil Investissements at a per share price of € 7.183 (corresponding to the average market prices during the period April 9, 2003 – May 9, 2003) for a total of € 204.1 million. The transaction was entered into so that the entire investment in SANPAOLO IMI could be concentrated in IFIL S.p.A.

Voluntary and residual tender offer for 6.24% of La Rinascente shares

In January, Eurofind, the subsidiary jointly controlled by Ifil Investissements and the Auchan Group, launched a tender offer for the residual ordinary and preferred shares of La Rinascente and a voluntary tender offer for the purchase of La Rinascente savings shares for the purpose of obtaining all La Rinascente shares not yet held by Eurofind.

By the end of the offer period (February 28, 2003), the total shares tendered comprised 10,768,383 ordinary shares, (3.6% of ordinary capital stock), 491,006 preferred shares (15.61% of preferred capital stock) and 2,596,139 savings shares (2.52% of savings capital stock).

The transaction involved a total payment of € 60.9 million (€ 4.45 for each ordinary and preferred share and € 4.15 for each savings share) and the delisting of all classes of La Rinascente stock.

In accordance with what was previously agreed, the subsidiary Ifil Investissements sold a further 270,666 Eurofind shares (0.85% of capital stock) to Mediobanca at the price of € 15.2 million; likewise, the Auchan Group sold the same stake to Société Générale.

After these transactions, Ifil Investissements and the Auchan Group each hold the same 40.47% interest (50% of voting rights) in Eurofind's capital stock. Mediobanca and Société Générale each own 9.53% of Eurofind's capital stock (represented by shares without voting rights). Such holdings are covered by sale and purchase options (puts and calls) that are structured so as not to in any way alter the joint control over Eurofind by Ifil Investissements and the Auchan Group.

Specifically, Mediobanca has a sales option (put) with IFIL on 9.53% of the Eurofind capital stock held, exercisable from June 2004 to December 2004, except for accelerating events established by the agreements, in line with market practice. At June 30, 2003, the estimated value of the commitment was € 168.8 million, including the interest accrued and net of dividends paid by Eurofind.

In the following months, Eurofind also purchased off-market 940,418 ordinary shares (0.31% of ordinary capital stock), 39,110 preferred shares (1.24% of preferred capital stock) and 247,443 savings shares (0.24% of savings capital stock) for a total equivalent amount of € 5.1 million.

At June 30, 2003, Eurofind holds 394,716,637 La Rinascente shares (97.48% of capital stock) and, specifically, 290,116,557 ordinary shares (97.05% of ordinary capital stock), 2,790,981 preferred shares (88.73% of preferred capital stock) and 101,809,099 savings shares (99.01% of savings capital stock).

Transactions relating to Worms & Cie

In the first half, the subsidiary Ifil Investissements purchased 1,438,059 Worms & Cie shares (equal to 1.37% of capital stock) for a total equivalent amount of € 23.7 million.

After this transaction, Ifil Investissements holds 55,922,623 Worms & Cie shares, equal to 53.07% of capital stock.

In May, Worms & Cie paid dividends of € 1.5 per share (including extraordinary dividends for € 0.9) which gave rise to proceeds of € 83.9 million for Ifil Investissements.

Sale of Juventus Football Club shares

In May, the subsidiary Soiem sold on the market 394,000 Juventus Football Club shares (0.33% of capital stock), for a total of € 0.9 million, realizing a gain of € 0.1 million.

At June 30, 2003, IFIL holds 74,992,103 Juventus Football Club ordinary shares (equal to 62.01% of capital stock).

Increase in IFIL bonds

In February 2003, the IFIL bond issue was increased from € 145 million to € 200 million.

These are three-year bonds placed with primary institutional investors. Sole lead manager for the placement is Rasfin SIM S.p.A.

The bonds are listed on the Luxembourg Stock Exchange.

Atlanet investment
On May 5, 2003, the Extraordinary Stockholders' Meeting of Atlanet voted to absorb the losses in excess of stockholders' equity by reducing capital stock to zero and consequently canceling the shares outstanding. Ifil Investissements decided not to subscribe to its share (3.1%) of the recapitalization of Atlanet's capital stock and is therefore no longer a stockholder of the company.

Pending litigation
By summons notified on May 8, 2003, assuming illegal acts due to a conflict of interest and the unlawful valuation of the contributions in kind, the stockholder K Capital contested the resolution to increase IFIL's capital stock reserved for Istituto Finanziario Industriale S.p.A. passed by the Extraordinary Stockholders' Meeting of IFIL held on April 23, 2003 and sought compensation from IFIL for (alleged) damages (not quantified) suffered as a result of the unlawful conduct (allegedly) by IFI. In the hearing held on July 16, the judge scheduled the hearing for the personal appearance of the parties (ex art. 183, c.p.c) for October 29.
Both of the aforementioned complaints (request to cancel the stockholders' resolution and compensation for non-quantified damages) appear to be inadmissible and groundless and therefore at this time the Company is not expected to incur any contingent liabilities or losses as a result of the complaints.

Earlier, the claim presented ex art. 2378, paragraph 4, of the Italian Civil Code, with which the stockholder K Capital had sought the suspension of the execution of the resolution, was denied by the Turin Court, by decree filed on June 9, 2003.

ANALYSIS OF IFIL GROUP CONDENSED FIRST-HALF CONSOLIDATED RESULTS

IFIL holds important investments through Dutch and Luxembourg holding companies. This control structure is the result of the Group's strategy to globalize investments and secure strategic agreements with leading foreign partners in the sectors of investment. Moreover, IFIL controls two companies incorporated under Irish law operating with the aim of optimizing the management of the financial resources of the Group, and Soiem, a services company.
The aggregate of these companies constitutes the so-called "Holdings System".

In order to assist in the analysis of the financial position and results of operations of the IFIL Group, a **condensed consolidated Balance Sheet** and a **condensed consolidated Statement of Operations** have been prepared wherein the financial holding companies have been consolidated line-by-line or proportionally while the investments in the operating holding companies and in the other subsidiaries and associated companies have been accounted for using the equity method.

In detail, the scope of consolidation is as follows:

		% holding in capital stock outstanding		
		6/30/2003	12/31/2002	6/30/2002
HOLDINGS SYSTEM	**Consolidated line-by-line**			
	- IFIL S.p.A.	**-**	-	-
	- Ifil Investment Holding N.V. (Netherlands)	**100**	100	100
	- Ifil Investissements S.A. (Luxembourg)	**100**	100	100
	- Ifil Capital B.V. (Netherlands)	**100**	100	100
	- Ifil Finance B.V. (Netherlands)	**100**	100	100
	- Ifilgroup Finance Ltd (Ireland)	**100**	100	100
	- Ifil International Finance Ltd (Ireland)	**100**	100	100
	- Soiem S.p.A. (a)	**100**	-	-
	Consolidated proportionally			
	- Eurofind S.A. (Luxembourg)	**40.47**	41.32	51
	- Eufin Investments Unlimited (Great Britain)	**40.47**	41.32	51
	- Eurofind Investments Limited (Gibraltar)	-	-	51
OPERATING COMP.	**Accounted for using the equity method**			
	- Fiat Group	**26.40**	10.88	10.90
	- Worms & Cie Group	**53.07**	51.71	52.99
	- Rinascente Group	**39.45**	38.74	29.33
	- NHT Group	**90.00**	90.00	90.00
	- Juventus Football Club S.p.A.	**62.01**	-	-
	- Sifalberghi S.r.l.	**25.00**	25.00	25.00
	- Soiem S.p.A. (a)	**-**	49.90	49.90

(a) Control was assumed in the second quarter of 2003 following the Reorganization of the Group. The 49.9% stake in Soiem was previously accounted for using the equity method.

The condensed consolidated financial statements for the six months ending June 30, 2003 for the first time reflect the balance sheet and statement of operations effects of the Reorganization of the Group (please refer to the previous section "Major events in the first half of 2003). To this end, the following should be mentioned:

- the total accounting value of the investments contributed, recorded in the statutory financial statements of the Group holding company, IFIL S.p.A., in exchange for the capital stock increase (including additional paid-in capital) reserved for the parent company, IFI S.p.A., amounted to € 794.5 million. In the consolidated financial statements, this value has been adjusted to the economic value attributed to the investments contributed, equal to € 1,052 million, with a contra-entry to the reserves in the consolidated stockholders' equity of the IFIL Group for € 257.5 million;

- the investment in Soiem has been consolidated line-by-line starting April 1, 2003;

- the investments in Fiat and in Juventus Football Club have been accounted for using the equity method starting April 1, 2003;

- the difference of € 277.1 million between the economic value of the contribution of the Fiat investment (€ 792.4 million) and the underlying share of the consolidated stockholders' equity of the Fiat Group at March 31, 2003 (€ 1,069.5 million) has been recorded in the caption "Consolidation reserve for risks and future expenses". This reserve has been partly utilized (€ 4.4 million) to cover the share of the loss of the Fiat Group in the second quarter of 2003;

- the goodwill of € 83.2 million arising from the comparison between the economic value of the contribution of the investment in Juventus Football Club (€ 136.7 million) and the underlying share of the stockholders' equity of the company at March 31, 2003 (€ 53.5 million) is being amortized pro rata over a period of 10 years;

- the difference of € 1.9 million emerging from the comparison between the economic value of the contribution of the investment in Soiem (€ 11.6 million) and the underlying share of the stockholders' equity of the company at March 31, 2003 (€ 9.7 million) has been allocated as an increase to the value of the building owned by Soiem, within the limits of its appraisal value.

Consolidated net loss for the first half and the condensed consolidated statement of operations

The first half of 2003 ended with a consolidated loss for the IFIL Group of € 45 million compared to a consolidated net income of € 59 million in the corresponding period of 2002. The negative change of € 104 million is due to the reduction in the consolidated net income of the Worms & Cie Group (- € 75.9 million, equal to IFIL's share), which in the first half of the prior year had reported significant gains on the divestiture of investments, higher consolidated losses of the Fiat Group (- € 19.9 million, equal to IFIL's share) and other net changes (- € 8.2 million).

The main captions of the condensed consolidated statement of operations for the first half of 2003 are examined in the following paragraphs.

The **Group's share of earnings (losses) of companies** accounted for using the equity method amounted to losses of € 51.2 million (earnings of € 40.5 million in the first half of 2002) following IFIL's share of the losses reported by the Fiat Group (- € 81.3 million), the NHT Group (- € 22.6 million) and the Rinascente Group (- € 1.2 million) and the earnings posted by the Worms & Cie Group (€ 32.8 million), Juventus Football Club (€ 8.4 million) and Sifalberghi (€ 0.2 million) and consolidation adjustments (€ 12.5 million).

Dividends from other holdings amounted to € 21.2 million (including € 21.1 million received from SANPAOLO IMI); in 2002, dividends received from SANPAOLO IMI totaled € 30.6 million.

Amortization of goodwill amounted to € 6.8 million. The increase of € 3.3 million compared to the first half of 2002 (€ 3.5 million) was connected to the increases in the investments in Juventus Football Club and La Rinascente.

Financial expenses, net, were € 12.7 million (€ 8.6 million in the first half of 2002); the increase of € 4.1 million was essentially attributable to higher average indebtedness during the first half.

The **condensed consolidated Statement of Operations** and the **condensed consolidated Balance Sheet** and details of the most significant items are provided in the following tables.

Condensed consolidated statement of operations

Year 2002	€ in millions	**1st Half 2003**	1st Half 2002	Change
(301.6)	Group's share of earnings (losses) of companies accounted for using the equity method	**(51.2)**	40.5	(91.7)
30.6	Dividends from other holdings	**21.2**	30.6	(9.4)
8.2	Dividend and related tax credits	**11.9**	8.2	3.7
(51.8)	Gains/(losses), net	**0.1**	(1.7)	1.8
(6.8)	Amortization of goodwill	**(6.8)**	(3.5)	(3.3)
(321.4)	**Investment income (expenses), net**	**(24.8)**	74.1	(98.9)
(20.6)	Financial expenses, net	**(12.7)**	(8.6)	(4.1)
(13.1)	General expenses, net	**(8.7)** (a)	(6.8)	(1.9)
(12.5)	Other expenses, net	**(0.6)**	(0.8)	0.2
(367.6)	**Income (loss) before taxes**	**(46.8)**	57.9	(104.7)
4.6	Current income taxes, net	**0.2**	1.3	(1.1)
(4.0)	Deferred taxes	**1.6**	(0.2)	1.8
(367.0)	**Net income (loss) - Group**	**(45.0)**	59.0	(104.0)

(a) This figures includes general expenses, net, of € 0.7 million of the subsidiary Soiem, consolidated line-by-line beginning 2003.

Group's share of earnings (losses) of companies accounted for using the equity method

Year 2002	€ in millions	**1st Half 2003**	1st Half 2002	Change
(429.5)	Fiat Group	**-**	(61.4)	-
-	- I Quarter 2003	**(74.1)**	-	-
-	- II Quarter 2003	**(7.2)**	-	-
		(81.3)	(61.4)	(19.9)
98.1	Worms & Cie Group	**32.8**	108.7	(75.9)
15.2	Rinascente Group	**(1.2)**	1.0	(2.2)
(18.9)	NHT Group (a)	**(22.6)**	(22.8)	0.2
1.2	Sifalberghi S.r.l.	**0.2**	0.4	(0.2)
(1.0)	Soiem S.p.A. (b)	**-**	0.1	(0.1)
-	Juventus Football Club, II Quarter 2003	**8.4**	-	8.4
(334.9)		**(63.7)**	26.0	(89.7)
33.3	Consolidation adjustments	**12.5**	14.5	(2.0)
(301.6)	**Group's share of earnings (losses) of companies accounted for using the equity method**	**(51.2)**	40.5	(91.7)

(a) For the NHT Group, the first half coincides with the period November 1 - April 30.
(b) Consolidated line-by-line beginning 2003.

Consolidation adjustments, equal to € 12.5 million, regard the use of the "Consolidation reserve for risks and future expenses" (+€ 4.4 million) for IFIL's share of the second-quarter 2003 loss on the investment in Fiat (16.27%) contributed by IFI, the share of the consolidated net income of the Worms & Cie Group attributed to IFIL (+€ 4.3 million), the reversal of amortization relating to the goodwill on Alpitour (+€ 3.9 million) and the first-quarter 2003 net income of Soiem (- € 0.1 million) attributed to IFI.

Comments on the operating performance of the investment holdings are presented later in the report.

Amortization of goodwill

€ in millions	Balance at 12/31/2002	Change during the first half 2003 Increase	Decrease	Amortization	**Balance at 6/30/2003**
Rinascente Group (a)	158.2	3.1	-	(4.7)	**156.6**
Juventus Football Club (b)	-	83.2	-	(2.1)	**81.1**
Total	158.2	86.3	-	(6.8)	**237.7**

(a) Amortized over 20 years.
(b) Amortized over 10 years.

Condensed consolidated balance sheet

6/30/2002	€ in millions	**6/30/2003**	12/31/2002	Change
	Financial fixed assets:			
3,594.0	- investments	**4,256.5**	3,161.0	1,095.5
52.3	- treasury stock	**44.8**	41.7	3.1
4.4	- long-term bonds	**4.6**	4.5	0.1
3,650.7		**4,305.9**	3,207.2	1,098.7
261.7	Cash and short-term investments	**209.3**	244.5	(35.2)
86.4	Other assets	**82.5**	53.8	28.7
3,998.8	**Total assets**	**4,597.7**	3,505.5	1,092.2
3,225.2	Stockholders' equity - Group	**3,636.0**	2,708.1	927.9
	Financial payables:			
573.5	- short-term	**278.7**	434.2	(155.5)
150.0	- medium-term	**350.0**	295.0	55.0
723.5		**628.7**	729.2	(100.5)
44.8	Reserve for employee severance indemnities and reserves for risks and charges	**304.3** (a)	41.3	263.0
5.3	Other liabilities	**28.7**	26.9	1.8
3,998.8	**Total liabilities and stockholders' equity**	**4,597.7**	3,505.5	1,092.2

(a) Includes the remaining “Consolidation reserve for risks and future expenses” of € 272.7 million.

Financial fixed assets

6/30/2002	€ in millions	6/30/2003	12/31/2002	Change
	Investments accounted for using the equity method			
1,219.3	Fiat Group	**1,753.2**	806.2	947.0
1,237.0	Worms & Cie Group	**1,010.8**	1,066.2	(55.4)
451.8	Rinascente Group (40.47% stake)	**613.7**	626.4	(12.7)
-	Juventus Football Club S.p.A.	**142.9**	-	142.9
80.5	NHT Group	**64.7**	86.0	(21.3)
6.5	Sifalberghi S.r.l.	**6.9**	7.3	(0.4)
10.6	Soiem S.p.A. (a)	**-**	9.5	(9.5)
3,005.7		**3,592.2**	2,601.6	990.6
	Investments valued at cost			
509.8	SANPAOLO IMI S.p.A.	**620.0**	512.3	107.7
68.4	Club Méditerranée S.A.	**35.2**	35.2	0.0
-	Warrants 2007 on Fiat ordinary shares	**3.6**	0.0	3.6
10.1	Other	**5.5**	11.9	(6.4)
588.3		**664.3**	559.4	104.9
3,594.0	**Total investments**	**4,256.5**	3,161.0	1,095.5
	Treasury stock			
21.7	IFIL ordinary shares	**44.8**	16.3	28.5
30.6	IFIL savings shares	**-**	25.4	(25.4)
52.3	**Total treasury stock**	**44.8**	41.7	3.1
4.4	**Ocean Club Méditerranée bonds**	**4.6**	4.5	0.1
3,650.7	**Total financial fixed assets**	**4,305.9**	3,207.2	1,098.7

(a) Consolidated line-by-line beginning 2003.

Investments accounted for using the equity method – Other information

	Number of shares held		% holding of class of stock	% holding of capital stock	Carrying value Per share (€)	Carrying value Total (€ in ml)
Fiat Group:						
- ordinary shares	131,661,820		30.39	21.36	10.77	1,418.4
- preferred shares	31,082,500		30.09	5.04	10.77	334.8
				26.40		1,753.2
Worms & Cie Group	55,922,623		-	53.07	18.08	1,010.8
Rinascente Group:						
- ordinary shares	117,410,171	(a)	39.28	29.00	3.84	451.1
- savings shares	41,202,142	(a)	40.07	10.18	3.84	158.3
- preferred shares	1,129,510	(a)	35.91	0.28	3.84	4.3
				39.46		613.7
Juventus Football Club S.p.A.	74,992,103		-	62.01	1.91	142.9
NHT Group	29,682		-	90.00	2,179.40	64.7
Sifalberghi S.r.l.	-		-	25.00	-	6.9
Total investments accounted for using the equity method						**3,592.2**

(a) Equal to 40.47% of shares held by Eurofind.

Investments, treasury stock and bonds valued at cost – Comparison between carrying values and market prices

	Number of shares held	% holding of class of stock	Carrying value Unit (€)	Carrying value Total (€ ml)		Average market price 1st half 2003 Unit (€)	1st half 2003 Total (€ ml)	June 2003 Unit (€)	June 2003 Total (€ ml)
SANPAOLO IMI S.p.A. ordinary shares	70,371,000	4.86	8.81	620.0		6.97	490.2	8.27	582.2
Club Méditerranée S.A. - shares	1,393,090	7.20	25.24	35.2	(a)	21.58	30.1	25.75	35.9
Warrants 2007 on Fiat ordinary shares	18,914,511	-	0.19	3.6		0.29	5.5	0.32	6.1
IFIL ordinary shares, treasury stock	11,927,410 (b)	1.83	3.75	44.8	(c)	2.65	31.6	2.36	28.1
Ocean Club Méditerranée bonds	76,614	-	59.77	4.6		53.62	4.1	59.43	4.6
Total				**708.2**			**561.5**		**656.9**

(a) Net of writedowns of € 86.4 million carried out in prior years.
(b) Including 810,262 IFIL ordinary shares held by the subsidiary Soiem.
(c) Net of writedowns of € 17.4 million carried out in prior years.

Stockholders' equity - Group

The stockholders' equity of the Group at June 30, 2003 amounts to € 3,636 million (€ 2,708.1 million at the end of 2002). The positive change of € 927.9 million is due to the following changes:

€ in millions		
Stockholders' equity - Group at December 31, 2002	**2,708.1**	
IFIL capital stock increase reserved for IFI	794.5	(a)
Difference between the economic value (€ 1,052 million) and accounting value (€ 794.5 million) of the investments contributed by IFI	257.5	
Translation adjustments (- € 95.7 million) in the stockholders' equity of companies accounted for using the equity method and other changes, net (+€ 16.6 million)	(79.1)	
Consolidated net loss - Group	(45.0)	
Net change during the period	**927.9**	
Stockholders' equity - Group at June 30, 2003	**3,636.0**	

(a) Accounting value of the IFIL shares issued (for additional details, please refer to the paragraph "The Reorganization of the Group").

Consolidated net financial position of the "Holdings System"

The consolidated net financial position of the "Holdings System" refers to companies consolidated line-by-line and proportionally (please refer to the details on the scope of consolidation). At June 30, 2003, the "Holdings System" showed a net debt position of € 419.1 million (€ 484.4 million at the end of 2002).

The composition of the consolidated net financial position of the "Holdings System" is detailed as follows:

6/30/2002				6/30/2003			12/31/2002		
Short-term	Medium/ long-term	Total	€ in millions	**Short-term**	**Medium/ long-term**	**Total**	Short-term	Medium/ long-term	Total
286.7	0.0	286.7	Cash and short-term investments	**209.3**	**0.0**	**209.3**	244.5	0.0	244.5
0.7	0.0	0.7	Financial accrued income and prepaid expenses	**0.3**	**0.0**	**0.3**	0.3	0.0	0.3
287.4	0.0	287.4	**Total financial assets**	**209.6**	**0.0**	**209.6**	244.8	0.0	244.8
(567.8)	(150.0)	(717.8)	Borrowings from banks	**(276.5)**	**(150.0)**	**(426.5)**	(428.5)	(150.0)	(578.5)
0.0	0.0	0.0	IFIL 2002/2005 bonds	**0.0**	**(200.0)**	**(200.0)**	0.0	(145.0)	(145.0)
(5.7)	0.0	(5.7)	Financial accrued expenses and deferred income	**(2.2)**	**0.0**	**(2.2)**	(5.7)	0.0	(5.7)
(573.5)	(150.0)	(723.5)	**Total financial liabilities**	**(278.7)**	**(350.0)**	**(628.7)**	(434.2)	(295.0)	(729.2)
(286.1)	(150.0)	(436.1)	**Consolidated net financial position "Holdings System"**	**(69.1)**	**(350.0)**	**(419.1)**	(189.4)	(295.0)	(484.4)

The positive change of € 65.3 million compared to the end of 2002 was due to the following flows:

€ in millions		
Consolidated net financial position of the "Holdings System" at December 31, 2002	**(484.4)**	
Dividends received from:		
- Worms & Cie	83.9	(a)
- SANPAOLO IMI	21.1	
- La Rinascente	18.3	
- Sifalberghi	0.6	
- Other	0.1	
Dividends received	**124.0**	
Financial expenses, net	(12.7)	
General expenses, net	(8.7)	
Cash flows from operating activities	**102.6**	
Investments:		
- La Rinascente, 1.51% of capital stock	(26.7)	
- Worms & Cie, 1.37% of capital stock	(23.7)	
Investments	**(50.4)**	
Sales:		
- Eurofind, 0.85% of capital stock (to Mediobanca)	15.2	
- Juventus Football Club, 0.33% of capital stock	0.9	
Sales	**16.1**	
Other changes:		
- Change in scope of consolidation	5.2	(b)
- Other, net	(8.2)	
Other changes	**(3.0)**	
Net change during the period	**65.3**	
Consolidated net financial position of the "Holdings System" at June 30, 2003	**(419.1)**	

(a) Includes € 50.3 million of extraordinary dividends.
(b) Cash of the subsidiary Soiem consolidated line-by-line beginning 2003.

ANALYSIS OF IFIL GROUP FIRST-HALF CONSOLIDATED RESULTS

The summarized **consolidated Statement of Operations** and the summarized **consolidated Balance Sheet** in the consolidated first-half report (line-by-line consolidation) are provided in the following statements.

Summarized consolidated statement of operations (line-by-line consolidation)

Year 2002	€ in millions	**1st Half 2003**	1st Half 2002
5,390	Value of production	**28,611**	2,579
(5,246)	Costs of production	**(28,932)**	(2,510)
144	**Difference between the value and costs of production**	**(321)**	69
(14)	Financial income (expenses), net (a)	**(393)**	31
(459)	Adjustments to financial assets (a)	**(45)**	(64)
246	Extraordinary income, net (a)	**288**	200
(83)	**Income (loss) before taxes**	**(471)**	236
(175)	Income taxes	**(204)**	(72)
(258)	**Net income (loss) before minority interest**	**(675)**	164
(109)	Minority interest	**630**	(105)
(367)	**Net income (loss) - Group**	**(45)**	59

(a) Items reclassified for purposes of comparison with the data supplied by the subsidiaries.

Summarized balance sheet (line-by-line consolidation)

6/30/2002	€ in millions	**6/30/2003**	12/31/2002
5,825	Fixed assets	**26,683**	5,559
3,026	Current assets	**50,347**	2,540
33	Other assets	**900**	40
8,884	**Total assets**	**77,930**	8,139
4,371	Stockholders' equity	**10,278**	3,752
599	Reserves for risks and charges and employee severance indemnities	**8,879**	606
2,612	Financial payables	**28,735**	2,533
1,302	Other liabilities	**30,038**	1,248
8,884	**Total liabilities and stockholders' equity**	**77,930**	8,139

The line-by-line consolidation of the Fiat Group and of the subsidiary Soiem beginning from April 1, 2003 does not make it possible to homogeneously compare the 2003 data with the data previously published in 2002, wherein the investments then held in the Fiat Group and in Soiem had been valued using the equity method. Accordingly, to facilitate the comparative analysis, the consolidated data of the IFIL Group at June 30, 2002 and at December 31, 2002 have been restated to give effect to the line-by-line consolidation of the economic and balance sheet data of the Fiat Group and Soiem (please refer to the statements on the following page), however without modifying the previously published economic results and consolidated stockholders' equity of the IFIL Group.

Summarized consolidated statement of operations (line-by-line consolidation in 2003) compared to the consolidated statements of operations (line-by-line consolidation in 2002) restated for purposes of comparison

Year 2002 (restated) (a)	€ in millions	1st Half 2003	1st Half 2002 (restated) (a)	Change Amount	Change %
63,486	Value of production	**28,611**	33,110	(4,499)	-13.6
(64,103)	Costs of production	**(28,932)**	(33,467)	4,535	-13.6
(617)	**Difference between the value and costs of production**	**(321)**	(357)	36	-10.1
(685)	Financial expenses, net (b)	**(393)**	(384)	(9)	2.3
(838)	Adjustments to financial assets (b)	**(45)**	(207)	162	-78.3
(2,257)	Extraordinary income (expenses), net (b)	**288**	717	(429)	-59.8
(4,397)	**Income (loss) before taxes**	**(471)**	(231)	(240)	n.s.
379	Income taxes	**(204)**	(347)	143	-41.2
(4,018)	**Net income (loss) before minority interest**	**(675)**	(578)	(97)	16.8
3,651	Minority interest	**630**	637	(7)	-1.1
(367)	**Net income (loss) - Group**	**(45)**	59	(104)	n.s.

(a) Restated for purposes of comparison to give effect to the line-by-line consolidation of the data of the Fiat Group and Soiem.
(b) Items reclassified for purposes of comparison with the data supplied by the subsidiaries.

Summarized consolidated balance sheet (line-by-line consolidation in 2003) compared to the consolidated balance sheets (line-by-line consolidation in 2002) restated for purposes of comparison

6/30/2002 restated (a)	€ in millions	6/30/2003 Amount	6/30/2003 %	12/31/2002 restated (a) Amount	12/31/2002 restated (a) %	Change
	Fixed assets:					
6,984	- intangible fixed assets	**5,197**	7	6,223	6	(1,026)
13,968	- property, plant and equipment	**11,581**	15	13,323	13	(1,742)
21,414	- financial fixed assets	**9,905**	13	18,846	19	(8,941)
42,366		**26,683**	35	38,392	38	(11,709)
	Current assets:					
16,342	- inventories	**16,878**	22	15,880	16	998
14,540	- receivables	**13,622**	17	13,994	14	(372)
28,215	- financial assets	**17,447**	22	26,354	26	(8,907)
3,841	- cash	**2,400**	3	3,733	4	(1,333)
62,938		**50,347**	64	59,961	60	(9,614)
1,359	Other assets	**900**	1	1,281	2	(381)
106,663	**Total assets**	**77,930**	100	99,634	100	(21,704)
	Stockholders' equity:					
3,225	- Group	**3,636**	4	2,708	3	928
12,465	- Minority interest	**6,642**	9	8,696	8	(2,054)
15,690		**10,278**	13	11,404	11	(1,126)
25,132	Reserves for risks and charges and employee severance indemnities	**8,879**	11	25,843	26	(16,964)
34,822	Financial payables	**28,735**	37	31,457	32	(2,722)
31,019	Other liabilities	**30,038**	39	30,930	31	(892)
106,663	**Total liabilities and stockholders' equity**	**77,930**	100	99,634	100	(21,704)

(a) Restated for purposes of comparison to give effect to the line-by-line consolidation of the data of the Fiat Group and Soiem.

Consolidated net financial position (line-by-line consolidation)

The consolidated net financial position showed a debt position of € 6,410 million (€ 5,357 million at December 31, 2002).

At June 30, 2003, the consolidated net financial position (line-by-line consolidation) was composed as follows:

6/30/2002 restated (a)	€ in millions	6/30/2003	12/31/2002 (restated) (a)	Change
3,841	Cash	**2,400**	3,733	(1,333)
1,718	Marketable securities and other short-term investments	**725**	1,828	(1,103)
23,815	Financial receivables, other financial fixed assets and leased assets	**20,044**	21,805	(1,761)
726	Financial accrued income and prepaid expenses	**377**	662	(285)
30,100	**Total financial assets**	**23,546**	28,028	(4,482)
(13,928)	Financial payables due within one year	**(10,379)**	(10,229)	(150)
(20,894)	Financial payables due beyond one year	**(18,356)**	(21,228)	2,872
(2,501)	Financial accrued expenses and deferred income	**(1,221)**	(1,928)	707
(37,323)	**Total financial payables**	**(29,956)**	(33,385)	3,429
(7,223)	**Consolidated net financial position (line-by-line consolidation)**	**(6,410)**	(5,357)	(1,053)

(a) Restated for purposes of comparison to give effect to the line-by-line consolidation of the data of the Fiat Group and Soiem.

Reconciliation between the consolidated net financial position of the "Holdings System" and the net financial position (line-by-line consolidation)

6/30/2002 restated (a)	€ in millions	6/30/2003	12/31/2002 restated (a)	Change
(432)	**Consolidated net financial position of the IFIL "Holdings System"**	**(419)**	(479)	60
15	Adjustment to eliminate the net financial position of the holdings consolidated proportionally (b)	**(18)**	(52)	34
	Consolidated net financial position:			
(5,788)	- Fiat Group	**(4,812)**	(3,780)	(1,032)
(916)	- Worms & Cie Group	**(1,024)**	(999)	(25)
(102)	- NHT Group	**(137)**	(47)	(90)
(7,223)	**Consolidated net financial position (line-by-line consolidation)**	**(6,410)**	(5,357)	(1,053)

(a) Restated for purposes of comparison to give effect to the line-by-line consolidation of the data of the Fiat Group and Soiem; the latter is included in the "Holdings System".

(b) Balances not included in the consolidated financial statements (line-by-line consolidation) of the IFIL Group since they refer to Companies accounted for using the equity method (consolidated, instead, proportionally in the "Holdings System").

ANALYSIS OF IFIL S.P.A. FIRST-HALF STATUTORY RESULTS

The financial statements for the six months ending June 30, 2003 for the first time reflect the balance sheet and statement of operations effects of the Reorganization of the Group (please refer to the previous section "Major events in the first half of 2003).

Net income for the period and summarized statement of operations of IFIL S.p.A.
The net income of IFIL S.p.A. for the first half of 2003 was € 60.8 million, an increase of € 12.1 million compared to the first half of 2002 (€ 48.7 million).

Summarized statement of operations of IFIL S.p.A.

Year 2002	€ in millions	**1st Half 2003**	1st Half 2002	Change
54.5	Dividends	**71.8**	54.6	17.2
16.2	Dividend tax credits	**12.2**	19.9	(7.7)
1.8	Gains	**0.0**	1.8	(1.8)
(537.7)	Writedowns	**0.0**	0.0	0.0
(465.2)	**Income/(expenses), net, from investments and other financial fixed assets**	**84.0**	76.3	7.7
(30.4)	Financial expenses, net	**(15.3)**	(14.3)	(1.0)
(11.0)	General expenses, net	**(6.0)**	(6.0)	0.0
(7.6)	Other expenses, net	**(1.9)**	0.0	(1.9)
(514.2)	**Income (loss) before taxes**	**60.8**	56.0	4.8
(2.2)	Deferred taxes	**0.0**	(7.3)	7.3
(516.4)	**Net income (loss)**	**60.8**	48.7	12.1

Dividends and dividend tax credits
These captions include the dividends received during the first half of 2003, with the relative tax credits. Details are as follows:

	1st Half 2003			1st Half 2002		
€ in millions	**Dividends**	**Tax credits**	**Total**	Dividends	Tax credits	Total
Subsidiaries						
Ifil Investissements S.A.	**50.1**	**0.0**	**50.1**	19.1	0.0	19.1
Associated companies						
Fiat S.p.A. (ordinary shares and preferred shares)	**0.0**	**0.0**	**0.0**	20.3	11.4	31.7
Sifalberghi S.r.l.	**0.6**	**0.3**	**0.9**	0.6	0.3	0.9
	0.6	**0.3**	**0.9**	20.9	11.7	32.6
Other companies						
SANPAOLO IMI S.p.A.	**21.1** (a)	**11.9**	**33.0**	14.6	8.2	22.8
Total dividends and tax credits	**71.8**	**12.2**	**84.0**	54.6	19.9	74.5

(a) These include dividends relating to the shares contributed by IFI and those purchased from Ifil Investissements.

Financial expenses, net, amounted to € 15.3 million in the first half of 2003 and increased by € 1 million compared to the first half of 2002 (€ 14.3 million) due to higher average indebtedness during the period.

General expenses, net, amounted to € 6 million, unchanged compared to the first half of 2002.

The taxable income arrived at by applying the tax laws in force did not generate **current income taxes** due to the utilization of tax loss carryforwards.

Summarized balance sheet of IFIL S.p.A.

6/30/2002	€ in millions	6/30/2003	12/31/2002	Change
0.0	Intangible fixed assets	**4.0**	0.0	4.0
3,053.6	Financial fixed assets	**3,265.0**	2,520.8	744.2
82.5	Other assets	**64.2**	52.0	12.2
3,136.1	**Total assets**	**3,333.2**	2,572.8	760.4
2,388.3	Stockholders' equity	**2,678.5**	1,823.2	855.3
	Financial payables:			
0.0	- bonds 2002/2005	**200.0**	145.0	55.0
567.8	- banks, short-term	**275.9**	428.5	(152.6)
150.0	- banks, medium-term	**150.0**	150.0	0.0
0.0	- subsidiaries	**4.0**	0.0	4.0
717.8		**629.9**	723.5	(93.6)
30.0	Other liabilities and reserves	**24.8**	26.1	(1.3)
3,136.1	**Total liabilities and stockholders' equity**	**3,333.2**	2,572.8	760.4

Intangible fixed assets, equal to € 4 million, relate to the costs incurred for the Reorganization of the Group (€ 4.4 million), net of the amortization charge for the six-month period (€ 0.4 million).

Financial fixed assets
Details are as follows:

6/30/2002	€ in millions	6/30/2003	12/31/2002	Change
	Subsidiaries			
853.1 (a)	Fiat S.p.A. (ordinary shares)	**1,037.4**	476.4 (a)	561.0
0.0 (a)	Fiat S.p.A. (warrants 2007 on ord. shares)	**3.6**	0.0 (a)	3.6
160.6 (a)	Fiat S.p.A. (preferred shares)	**160.5**	59.4 (a)	101.1
1,013.7		**1,201.5**	535.8	665.7
1,610.5	Ifil Investissements S.A.	**1,356.1**	1,610.5	(254.4)
206.1	Ifil Investment Holding N.V.	**162.8**	162.8	0.0
0.0	Juventus Football Club S.p.A.	**11.7**	0.0	11.7
10.6 (a)	Soiem S.p.A.	**19.0**	9.6 (a)	9.4
2,840.9		**2,751.1**	2,318.7	432.4
9.0	**Associated companies** - Sifalberghi S.r.l.	**9.0**	9.0	0.0
151.4	**Other companies -** SANPAOLO IMI S.p.A.	**463.2**	151.4	311.8
3,001.3	**Total investments**	**3,223.3**	2,479.1	744.2
	Treasury stock			
30.6	IFIL ordinary shares	**41.7**	16.3	25.4
21.7	IFIL savings shares	**0.0**	25.4	(25.4)
52.3		**41.7**	41.7	0.0
3,053.6	**Total financial fixed assets**	**3,265.0**	2,520.8	744.2

(a) Associated companies until December 31, 2002.

The net increase of € 744.2 million compared to the balance at the end of 2002 (€ 2,520.8 million) was the result of the following movements:

€ in millions	
Financial fixed assets at December 31, 2002	**2,520.8**
Contribution by IFI S.p.A.:	
- Fiat, 77,944,334 ordinary shares (17.99% of the class of stock)	561.0
- Fiat, 11,216,334 warrants 2007 on ord. shares	3.6
- Fiat, 19,582,500 preferred shares (18.96% of the class of stock)	101.1
- SANPAOLO IMI, 16,300,000 ordinary shares (1.13% of the class of stock)	107.7
- Juventus Football Club, 74,992,103 shares (62.01% of capital stock)	11.7
- Soiem, 18,286,500 shares (50.1% of capital stock)	9.4
	794.5
Other increases (decreases)	
- SANPAOLO IMI, purchase of 28,419,000 ordinary shares (1.96% of the class of stock)	204.1
- Ifil Investissements, partial reimbursement of additional paid-in capital	(254.4)
	(50.3)
Net change during the period	**744.2**
Financial fixed assets at June 30, 2003	**3,265.0**

Comparison between the carrying values and the market prices of listed financial fixed assets

		% holding			Average market price			
	Number of	of class	Carrying value		1st half 2003		June 2003	
	shares	of stock	Unit (€)	Total (€ ml)	Unit (€)	Total (€ ml)	Unit (€)	Total (€ ml)
Fiat S.p.A. (ordinary shares)	131,661,820	30.39	7.88	1,037.4	7.04	927.4	6.94	913.7
Fiat S.p.A. (warrants 2007 on ord. shares)	18,914,511	-	0.19	3.6	0.29	5.5	0.32	6.1
Fiat S.p.A. (preferred shares)	31,082,500	30.09	5.16	160.5	4.14	128.7	4.21	130.8
				1,201.5		1,061.6		1,050.6
SANPAOLO IMI S.p.A. (ordinary shares)	70,371,000	4.86	6.58	463.2	6.97	490.2	8.27	582.2
Juventus Football Club S.p.A.	74,992,103	62.01	0.16	11.7	1.97	147.6	2.03	151.9
IFIL S.p.A. (ordinary shares)	11,117,148	1.71	3.75	41.7	2.65	29.5	2.36	26.2
Total				**1,718.1**		**1,728.9**		**1,810.9**

Such data does not take into account the effects of the capital increases by IFIL and Fiat in the third quarter of 2003.

Stockholders' equity of IFIL S.p.A.
Stockholders' equity at June 30, 2003 was € 2,687.5 million (€ 1,823.2 million at December 31, 2002). The positive change of € 855.3 million was due to the following changes:

€ in millions		
Stockholders' equity at December 31, 2002	**1,823.2**	
Capital stock increase reserved for IFI S.p.A.	794.5	(a)
Net income for the first half of 2003	60.8	
Net change during the period	**855.3**	
Stockholders' equity at June 30, 2003	**2,678.5**	

(a) Accounting value of the IFIL shares issued (for additional details, please refer to the paragraph "The Reorganization of the Group").

Net financial position of IFIL S.p.A.

The net financial position of IFIL S.p.A. at June 30, 2003 showed a net debt position of € 632.2 million (€729.2 million at the end of 2002), which is composed as follows:

6/30/2002	€ in millions	**6/30/2003**	12/31/2002	Change
24.0	Short-term financial receivables	**0.0**	0.0	0.0
0.0	Bonds 2002/2005	**(200.0)**	(145.0)	(55.0)
	Borrowings from banks:			
(567.8)	- short term	**(275.9)**	(428.5)	152.6
(150.0)	- medium term	**(150.0)**	(150.0)	0.0
0.0	Financial payables to subsidiaries	**(4.0)**	0.0	(4.0)
(5.5)	Financial accrued expenses	**(2.3)**	(5.7)	3.4
(699.3)	**Net financial position**	**(632.2)**	(729.2)	97.0

The positive change of € 97 million in the first half of 2003 resulted from the following cash flows:

€ in millions	
Net financial position at December 31, 2002	**(729.2)**
SANPAOLO IMI, purchase of 28,419,000 ordinary shares (1.96% of the class of stock) from Ifil Investissements	(204.1)
Partial reimbursement of additional paid-in capital by Ifil Investissements	254.4
Dividends received from holdings	71.8
Sale of receivables from the tax authorities to Group companies	0.2
Financial expenses, net	(15.3)
General expenses, net, and other changes	(10.0)
Net change during the period	**97.0**
Net financial position at June 30, 2003	**(632.2)**

The financial statements of the Group holding company, IFIL S.p.A., for the six months ending June 30, 2003 are attached to this report.

OTHER INFORMATION

Transactions among Group companies and with related parties
Transactions among IFIL S.p.A., the parent companies, the subsidiaries and the companies in which a significant influence is exercised are entered into in conformity with the provisions of existing laws, based upon an evaluation of reciprocal economic gain.

In addition to the comments in respect of the Reorganization of the Group, the most important transactions can be summarized as follows:

– services rendered to subsidiaries and associated companies and recoveries of costs;
– services rendered by the parent company, IFI, and the subsidiary Soiem;
– purchase of 28,419,000 SANPAOLO IMI ordinary shares (1.96% of the class of stock) from Ifil Investissements for € 204.1 million;
– reimbursement of additional paid-in capital by Ifil Investissements for € 254.4 million;
– transfer of staff from the parent company, IFI;
– use of loans from the subsidiary Soiem for € 4 million and from the ultimate parent company, Giovanni Agnelli e C. S.a.p.Az., for € 51.7 million (repaid in May) bearing interest at monthly variable market rates;
– sale of receivables from the tax authorities to the subsidiary Francorosso Incentive S.p.A. (€ 250 thousand).

The effects on the balance sheet and statement of operations of the transactions among IFIL S.p.A., the Group companies and the other related parties can be summarized as follows:

	6/30/2003		1st Half 2003	
€ in thousands	Accounts receivable	Accounts payable	Income	Expenses
Accor S.A.			17	
Alpitour S.p.A.	5		12	
Consorzio Orione		5		15
Fiat Auto S.p.A.	4	4		7
Fiat Gesco S.p.A.		1		1
Fiat Sava S.p.A.		1		1
Fiat Sepin S.p.A.		1		3
Giovanni Agnelli e C. S.a.p.Az.				74
Human Resources Services S.p.A.				2
IFI S.p.A.		82		82
Ifil Investment Holding N.V.	8		8	
Ifil Investissements S.A.	6		6	
La Rinascente S.p.A.	29		29	7
Publikompass S.p.A.		13		18
Sanpaolo IMI S.p.A.	32	93,197		3,626
Savarent S.p.A.		18		77
Soiem S.p.A.		4,844		925
Worms & Cie S.A.	9		9	
Total	**93**	**98,166**	**81**	**4,838**

The IFIL Group, through the Companies which make up the Group, has maintained and maintains relations with "related" parties as defined by Consob, which, even when considered from the standpoint of potential conflicts of interest, are nonetheless governed by market terms. In this sense, particular mention should be made of:

- option rights on IFIL ordinary shares granted to Directors and Managers of IFIL, the parent company, IFI, and the subsidiary Soiem;
- option rights on Alpitour shares granted by Alpitour to the Directors of IFIL under a stock option plan for the Directors, Managers and Cadres of Alpitour and its direct and indirect subsidiaries.

In February 2003, all the Directors and Managers of the Group, who had the right, sold their Atlanet shares to Ifil Investissements (from which they had previously bought the Atlanet shares) at prices substantially equivalent to the investments made, without payment of interest.

With a view to optimizing the management of the Group's financial resources, loan transactions were entered into among foreign companies of the Group during the year.

Additional information and details (including commitments for purchases and sales of investments, dividends received and purchases and sales of investments) are disclosed in the section "Major events in the first half of 2003" and in the "Notes to the consolidated financial statements" contained in this report.

On the basis of information received from the companies of the Group, there are no exceptional or unusual transactions to report.

SIGNIFICANT SUBSEQUENT EVENTS

IFIL capital stock increase
On June 27, 2003, by the power vested in it pursuant to art. 2443 of the Italian Civil Code by the Extraordinary Stockholders' Meeting held on May 14, 2003, the Board of Directors of IFIL S.p.A. voted to increase the capital stock against payment, and divisible, for a maximum amount of par value € 386,321,490, through the issue of a maximum of 386,321,490 IFIL ordinary shares of par value € 1 each, with normal dividend rights, with the option rights offered to the stockholders at a price of € 1.30, at a ratio of 57 shares for every 100 IFIL ordinary and/or savings shares held.

At the end of the rights offering period, 383,794,965 new IFIL ordinary shares were subscribed to, equal to 99.35% of the shares offered. The parent company, IFI S.p.A., after purchasing 810,126 rights, subscribed to 233,861,025 IFIL ordinary shares in the rights offering.

Following the subsequent offering of the 4,432,500 unexercised rights on the market (which generated proceeds of € 1.8 million), the remaining 2,526,525 new IFIL ordinary shares were subscribed to in August.

The capital increase was therefore concluded, without the intervention of the Underwriting Syndicate, with the subscription of the entire issue of 386,321,490 ordinary shares offered for total proceeds of € 504 million (of which € 1.8 million came from the sale of the unexercised rights).

On September 12, 2003, IFIL S.p.A.'s capital stock is entirely subscribed to and paid-in and amounts to € 1,115,146,077 and is composed of 1,037,812,717 ordinary shares and 77,333,360 savings shares of par value € 1 each.

39,950,340 IFIL savings shares will be cancelled by the end of this month of September, in conformity with the provisions of article 2445 of the Italian Civil Code, with the consequent reduction in capital stock for € 39,950,340. In order to provide greater protection to the creditors of the company, the par value of the cancelled IFIL savings shares will be posted to an undistributable reserve unless, upon authorization of the Extraordinary Stockholders' Meeting, it is used for allocation to the capital stock account or to cover losses.

At September 12, 2003, IFIL S.p.A. holds 11,117,148 ordinary treasury stock (unchanged from the end of June 2003) equal to 1.07% of ordinary capital stock and 1.03% of capital stock outstanding.

Fiat capital stock increase
In July, Fiat S.p.A. launched the capital increase voted by the Board of Directors on June 26, 2003 upon the occasion of the approval and presentation of the Fiat Group Relaunch Plan.
The capital increase was concluded in August, without the intervention of the Underwriting Syndicate, with the subscription of all the 367,197,108 Fiat ordinary shares in the rights offering at the price of € 5 per share, for an equivalent amount of € 1,836 million.

IFIL, after having purchased 18,791,725 rights for € 5 million, subscribed to 108,921,627 Fiat ordinary shares for an investment of € 544.6 million. On September 12, 2003, IFIL thus holds 240,583,447 Fiat ordinary shares (30.06% of ordinary capital stock) and 31,082,500 Fiat preferred shares (30.09% of preferred capital stock).

Purchases of La Rinascente shares
In July and August, Eurofind purchased 6,282,851 ordinary shares (2.11% of ordinary capital stock), 3,105 preferred shares (0.1% of preferred capital stock) and 33,766 savings shares (0.03% of savings capital stock) of La Rinascente for a total of € 28.6 million.

At the end of August, Eurofind holds 401,036,359 La Rinascente shares, equal to 99.04% of capital stock and, specifically, 296,399,408 ordinary shares (99.16% of ordinary capital stock), 2,794,086 preferred shares (88.83% of preferred capital stock) and 101,842,865 savings shares (99.04% of savings capital stock).

Sale of 25% of Sifalberghi capital stock
In August, IFIL sold 25% of the capital stock of Sifalberghi to the Accor Group for the price of € 32 million, realizing a gain of € 23 million (€ 25.1 million on consolidation).

Consolidated net financial position of the "Holdings System" at the end of August 2003

At the end of August 2003, the consolidated net financial position of the "Holdings System" showed a net debt position of € 459.5 million. The negative change during the period (€ 40.4 million), compared to the net debt position at June 30, 2003, was due to the following flows:

€ in millions	
Consolidated net financial position of the "Holdings System" at June 30, 2003	**(419.1)**
IFIL S.p.A. capital stock increase (and sale of unopted rights for € 1.8 million)	504.0
Subscription to Fiat S.p.A. capital stock increase (and purchase of rights for € 5 million)	(549.6)
Sale of 25% of Sifalberghi S.r.l. capital stock	32.0
Investments in La Rinascente (0.63% of capital stock)	(11.6)
IFIL S.p.A. capital stock increase expenses	(11.9)
Financial expenses, net	(3.5)
General expenses, net	(1.3)
Other expenses, net	1.5
Net change during the period	**(40.4)**
Consolidated net financial position of the "Holdings System" at the end of August 2003	**(459.5)**

Standard & Poor's Rating Services has assigned an "A-" rating to IFIL's long-term debt and an "A2" rating to its short-term debt, with a negative outlook, since the end of June 2003.

FUTURE OUTLOOK

The unrelenting negative international economic situation will continue to influence the consolidated result for the current year. Nevertheless, the efforts in progress to re-launch Fiat as well as IFIL's balanced investment portfolio – about one-third of which is concentrated in the automotive sector and about two-thirds in diversified businesses – constitute genuine premises for a recovery of the Group's growth.

A favorable contributory factor to this prospect for development is also the new organizational structure of the Company; IFIL will be able to count on a more solid asset and financial base and will act in its capacity as the operating holding company of the Group.

As for the year 2003, the Group holding company, IFIL S.p.A., based on the data available to date, is expected to report a profit.

OPERATING PERFORMANCE OF THE MAJOR GROUP COMPANIES

The following describes the operating performance of the major Group companies.
The percentages indicated are updated to the end of August 2003.

Fiat
(30.06% of ordinary capital stock and 30.09% of preferred capital stock)

Despite the weakness and uncertainty that marked the world markets during the first half of 2003 — and which are continuing to affect business conditions — the Fiat Group posted improvements in the key indicators of its operating and financial performance, making progress toward achieving its stated year-end profitability recovery and debt reduction goals.
During the first half of this year, the Company presented its Industrial and Financial Relaunch Plan, which provided clear guidelines for all Group initiatives (the Plan calls for operating income to rise to more than 4% of revenues by 2006. This improvement will be the result of € 3.1 billion in cost reductions and € 1.6 billion in increased margins from new products, net of a € 1.8 billion rise in expenses), whereas the principal initiatives taken earlier this year to strengthen the Group's financial situation were a capital increase of about € 1.8 billion, which was approved by the Board of Directors of Fiat S.p.A. in June 2003 (completed successfully during the first half of August) and the divestitures of businesses that no longer fit within the strategic scope of operations as defined in the Plan.
The main divestitures included:

- the sale of Toro Assicurazioni to the DeAgostini Group;
- the signing of an agreement to sell FiatAvio's aerospace operations to the Carlyle Group and Finmeccanica;
- the disposal of Fiat Auto's retail financing operations;
- Iveco's sale of Fraikin, a provider of long-term rental services for commercial vehicles, to Eurazeo;
- the sale of a controlling interest in IPI S.p.A., a company that is specialized in developing, managing and marketing large real estate portfolios, to the Zunino Group.

During the first half of 2003, Western European demand for automobiles declined to about 7.5 million units, or 2.6% less than in the same period last year. In Italy, shipments remained stable. Demand patterns were uneven in countries outside Western Europe, with a strong contraction in Brazil and expanding markets in Poland and China. The same can be said for light commercial vehicle sales.
In this scenario, **Fiat Auto** had revenues of € 10,149 million in the first half of 2003, or 13.8% less than the € 11,770 million reported in the first half of 2002. The main reasons for the decrease were the difficult conditions in the Sector's target markets, a sales policy designed to improve the quality of the Sector's sales even at the expense of sales volume, aggressive sales policies pursued by the competition, and Fiat Auto's aging product line. Only starting in the June, in fact, when marketing of the Nuova Punto and Nuova Alfa 156 began, was it possible to start the renewal of the models that will be stepped up in the second half of the year when the Lancia Ypsilon and the Nuova Panda are marketed followed by the Nuova Alfa 166, Fiat Idea and Alfa GT. Another negative factor for sales in the first half was the production shortfall caused by a flood at the Termoli plant in January.
Fiat Auto closed the first half with an operating loss of € 568 million, in comparison with an operating loss of € 823 million in the first six months of 2002. This was substantially due to cost-cutting measures and the synergies realized within the framework of the industrial alliance with General Motors. Although there was a reduction in revenues, the Sector also continued to invest in research and development for new products, spending slightly more on this item than in the first half of 2002.

In the first half of 2003 **CNH** had revenues of € 4,800 million, down 15.7% from the € 5,691 million recorded in the same period of 2002 due to the negative foreign exchange effect caused by the weakening of the dollar against the euro. On a comparable exchange basis, revenues would have been lower by about 5% mainly due to lower sales volumes in the construction equipment business. With respect to the same period of the previous year, overall sales volumes of agricultural equipment during the first half remained steady with lower unit sales reported both in North America and in Latin America, while growing demand stimulated sales in the rest of the world.
CNH posted operating income of € 105 million during the first half, compared with operating income of € 161 million in the first half of 2002. The result for 2003 was penalized by a deterioration in volumes stemming from lower sales of construction equipment, deterioration in the sales mix, higher social security and medical costs for its employees, and the negative foreign exchange effect caused by the strengthening of the euro. However, notwithstanding these unfavorable conditions, the profitability of the Sector remained at healthy levels thanks to improved margins for new products in the agricultural segment, higher prices, and synergies between Case and New Holland that made it possible to realize major cost savings. Future savings will come from ongoing cost reduction programs and the development and introduction of innovative new products with common components, planned for the second half of

the year. Commercial benefits are anticipated in the second half of the year from the introduction of a large number of new agricultural and construction machine models presented by CNH in the first six months of 2003.

In the commercial vehicles market, Western Europe posted a slight reduction primarily in consequence of a severe contraction in demand in Italy (-12.6%), which was stimulated during the same period of 2002 by the tax incentives envisaged in the "Tremonti bis" law. **Iveco** had revenues of € 4,175 million in the first half of 2003, down 7.4% compared with the € 4,508 million posted in the first half of 2002, mainly due to the sale of Fraikin and the different consolidation method used for Naveco and the joint venture with the Yueijin Chinese group. On a comparable consolidation basis, revenues would have been in line with those recorded in the first six months of 2002.
Operating income for the first six months of 2003 amounted to € 22 million, compared with € 36 million in the first half of 2002 : a change in the scope of consolidation accounts for most of this decline.

The results for the first half of 2003 are presented as follows:

Year		**1st Half**	1st Half	Change	
2002	€ in millions	**2003**	2002	Amount	%
55,649	Net revenues	**24,774**	28,755	(3,981)	-13.8%
(762)	Operating result	**(367)**	(426)	59	-13.8%
(4,817)	Loss before taxes	**(570)**	(528)	(42)	+8.0%
(4,263)	Net loss before minority interest	**(737)**	(803)	66	-8.2%
(3,948)	Net loss - Group	**(708)**	(563)	(145)	+25.8%
4,519	Capital expenditures and R&D costs	**1,687**	2,097	(410)	-19.6%
(1,649)	Cash flow	**448**	578	(130)	-22.5%
(3,780)	Net financial position	**(4,812)**	(5,788)	976	-16.9%
186,492	Number of employees	**174,141**	200,668	(26,527)	-13.2%

Fiat Group **net revenues** totaled € 24,774 million in the first half of 2003, down from € 28,755 million in the same period last year. Divestitures were partly responsible for this 13.8% decline. On a comparable consolidation basis, revenues show a decrease of about 8%. Other negative factors include lower unit sales by Fiat Auto and the negative impact of a strong euro on foreign exchange translations (especially with respect to the U.S. dollar), which was particularly penalizing for CNH. Net of the changes in the scope of consolidation caused by divestitures, Iveco had revenues in line with the first six months of 2002. Ferrari, Comau and Business Solutions posted revenue gains.

The **operating result** was negative by € 367 million. This loss, most of which was incurred in the first quarter of the year (€ 342 million), is lower than the € 426 million posted in the first half of 2002. When the data are restated on a comparable consolidation basis, the year-over-year improvement amounts to € 110 million. The reduction in operating loss is attributable almost entirely to the improved performance turned in by Fiat Auto in the face of challenging market conditions.

The consolidated **net loss before minority interest** amounted to € 737 million, compared with a loss of € 803 million in the first six months of 2002. A smaller operating loss, a decrease in net financial expenses made possible by lower indebtedness and interest rates, income from equity investments, and the net gain from the sale of Toro Assicurazioni (€ 279 million) account for this improvement. Also, it is worth noting that, compared with this year, the figure for the first half of 2002 benefited from higher extraordinary income, including the gain of € 547 million earned on the sale of a 34% interest in Ferrari.

The consolidated **net loss – Group** during the first half of 2003 amounted to € 708 million, reflecting deterioration from the loss of € 563 million reported in the same period last year. Please note that the losses pertaining to General Motors, the minority stockholder in Fiat Auto Holdings B.V., were charged to the Group to the extent that they exceeded the value of its share of the capital of the company.

As for the equity and financial aspects:

- the **consolidated stockholders' equity – Group** at June 30, 2003 was € 6,641 million, compared to € 7,641 million at December 31, 2002;
- the **consolidated net financial position** at June 30, 2003 was negative by € 4,812 million. However, indebtedness was higher when compared with December 31, 2002 (€ 3,780 million) due to the net loss for the period, an increase in working capital and a decrease in discounted receivables. These developments, which occurred primarily in the first quarter, produced an increase in liquidity needs that could be met only in part through divestitures.

During the balance of this year, the Fiat Group will continue to face a difficult and challenging environment. Nevertheless, it will press on, adhering to its schedule, with the important restructuring and cost-cutting programs it launched earlier this year.
The potential of the 2003-2006 Relaunch Plan, which is expected to begin producing major benefits in the last quarter of 2003, is already becoming apparent, particularly in terms of new product momentum. Dealer orders totaled more than 140,000 units for the Nuova Punto, 32,000 for the Nuova Panda and 15,000 for the Lancia Ypsilon. Before the end of the year, these new models, which have been well received both by the press and the public, will be followed by the Fiat Idea, Nuova Alfa 166 and Alfa GT.
Important financial developments that have occurred since June 30, 2003 include the signing of the contract for the sale of the aerospace operations of FiatAvio, which will produce an improvement of € 1.4 billion in the Group's net financial position, and the successful completion of the capital increase approved by the Board of Directors on June 26, 2003. All ordinary Fiat shares available through the rights offering (367,197,108 shares) were subscribed without the intervention of the Underwriting Group, generating proceeds of € 1,836 million. CNH issued eight-year senior notes with a total face value of U.S. $750 million, later increased to U.S. $1,050 million.
Based on the current scenario, the Fiat Group expects to attain its stated objective of reporting by year's end a significantly smaller operating loss and a healthier financial position than at the end of 2002.

The Fiat Group is continuing to operate in compliance with the net debt reduction targets agreed upon with the banks in the Mandatory Convertible Facility Agreement. The computations made for this purpose also take into account the contribution of the capital increase completed in August with proceeds of about € 1.8 billion and an improvement in net financial position of about € 1.4 billion made possible by the sale of FiatAvio, which is covered by a binding agreement (albeit with the customary conditions precedent), and the financing secured by the agreements with EDF in connection with the Italenergia transaction (€ 1,150 million).

The level of gross indebtedness is lower than the figure reported at December 31, 2002. It is expected that the target of reducing it to € 23.6 billion will be achieved upon conclusion of the transfer to Fidis Retail Italia (51% of which have been sold to the lending banks) of the investments in the other financial companies covered by the agreement and for which the requested authorization is pending.

In the first six months of 2003 the principal rating agencies lowered Fiat's credit rating below investment grade level and should this condition persist, in July 2004 the Banks may proceed in advance with the conversion of debt into capital for an amount up to € 2 billion.

In this eventuality, should IFIL decide not to exercise, in whole or in part, the option rights to which it is entitled or should it not be in a condition to exercise, in whole or in part, such rights, the investment held by IFIL in Fiat could be diluted to below 30% of the capital stock with voting rights.

Worms & Cie
(53.07% of capital stock, through Ifil Investissements)

Worms & Cie is an industrial and services company group listed on the "Premier Marché" of the Paris Stock Exchange. Its market capitalization makes it one of the major investment holding companies in France today.
The Group's portfolio is essentially made up of industry holdings (ArjoWiggins and Carbonless Europe) and services holdings (Antalis, SGS and the Permal Group).

Major events concerning the Worms & Cie Group during the first half of 2003 can be summarized as follows:

- Worms & Cie sold 0.7% of the capital stock of Groupe Danone on the market realizing a total gain, after taxes, of € 33 million;

- during the first half of 2003, Worms & Cie increased its stake in SGS Société Générale de Surveillance Holding from 22.05% at December 31, 2002 to 24.20% (based upon the capital stock net of the treasury stock held by the Company) at June 30, 2003.

Consolidated data of the Worms & Cie Group at June 30, 2003, commented below, has been taken from the condensed consolidated balance sheet and the condensed consolidated statement of operations.

Current net income in the first half of 2003 was € 84 million compared to € 101 million in the first half of 2002.

Consolidated extraordinary net income amounted to € 17 million.

Consolidated net income of the Group amounted to € 62 million compared to € 205 million in the first half of 2002 and € 190 million for the year 2002.

Net debt of the holdings at June 30, 2003 was € 759 million, a slight increase from € 698 million at December 31, 2002.

As far as the future outlook is concerned, without a significant upturn in the overall economy and specifically in the markets in which ArjoWiggins and Carbonless operate, no improvement in the performance of these two companies is expected from now until the end of the year. The new measures undertaken to reduce the structure of fixed costs, and which have been set aside in the financial statements at June 30, 2003, are directed towards increasing the current margins.

The good results anticipated from SGS and the Permal Group in the second half of 2003 will not be completely sufficient to offset the effects of the difficult economic situations at the other businesses; the current net income of Worms & Cie for the entire year 2003 should confirm the direction taken during the first half of the year.

The comparison of the consolidated net income of the Worms & Cie Group for the year 2003 will not be meaningful since the gains from sales will be much lower in 2003 than in 2002.

The operating performance of the main holdings of the Worms & Cie Group for the first half of 2003 is described below.

ArjoWiggins (Fine, Specialty and Coated)
(100% of capital stock, through Worms & Cie)

ArjoWiggins is the world leader in the manufacture of high value-added paper products for industry and for the world of merchanting and graphic arts.

Weak paper markets and the absence of signs of an upswing in the second half of 2003 produced a considerable reduction in the average sales prices for ArjoWiggins. The operating income posted by the company in the first half of 2003 amounted to € 77.5 million compared to € 112.4 million in the first half of 2002, which had been a particularly good six-month period.

Carbonless Europe (Carbonless paper)
(100% of capital stock, through Worms & Cie)

Carbonless Europe is the European leader in carbonless paper manufacturing marketed under the Idem brand.

The structural decline in the carbonless paper market in Europe was exacerbated by the economic situation which is still depressed. Consequently, net revenues registered a 15% reduction due principally to the contraction of the average sales prices in comparison with 2002.
Thanks to a product diversification strategy, the sales volumes of the new papers have compensated the reduction in the volumes of carbonless paper. With the market in a slump, the growth of non-carbonless paper carrying a lower value-added compared to carbonless paper generated a contraction in the operating income to € 0.6 million in the first half of 2003 compared to € 3.3 million in the first half of 2002.
In the face of difficult market conditions, Carbonless began a new restructuring program, recording extraordinary expenses of € 5.8 million in the first half of 2003.

Antalis (Merchanting)
(100% of capital stock, through Worms & Cie)

Antalis is one of the European leaders in the distribution of printing and writing paper for printers and businesses. It is present in the major nations of Europe, South America, Asia and in the south of Africa. In each of these markets, Antalis ranks as the leader or co-leader.

Antalis's results for the first half of 2003 have confirmed the validity of the measures taken to reduce fixed costs and to reorganize operations begun at the end of 2001.
Operating income went from € 8.4 million in the first half of 2002 to € 13.9 million (+€ 5.5 million) in the corresponding period of 2003, registering a brilliant performance despite the severely depressed market in which the company operates.

SGS Société Générale de Surveillance Holding
(24.2% of capital stock, through Worms & Cie)

Founded in 1878, SGS – Société Générale de Surveillance SA is today the world leader in the sector of verification, inspection and certification of product and service quality. Present in 140 countries, the Group operates with more than 1,200 offices and laboratories. SGS is listed on the Zurich Stock Exchange.

The SGS Group reported very good first-half results and upwardly revised its operating income target for the year 2005. Net revenues amounted to CHF 1,174 million, up approximately 5.7% compared to the first half of 2002, using comparable exchange rates. The consolidated net income of the SGS Group for the first half of 2003 amounts to CHF 100 million, posting a growth of 51.5% compared to the same period of 2002.
The company has announced the conclusion of the program reviewing the range of its clientele services and the absence of any important divestiture projects.

Permal Group
(100% of capital stock, through Worms & Cie)

Active in the management of funds since 1974, the Permal Group either manages or jointly-manages, as well as sells, Haussmann investment funds and Permal's own funds through its branches.

The reorganization of activities started at the beginning of 2002 has basically come to an end and the first half of 2003 was marked by good performance in terms of the marketing of both new and traditional products. The net operating income for the first half of 2003 was U.S. $17.7 million.

Rinascente Group
(99.16% of ordinary capital stock and 99.04% of savings capital stock, through Eurofind)

In the first half of 2003, the Italian economy was again characterized by the absence of vital factors to propel domestic demand against a backdrop of unfavorable economic conditions from the standpoint of both real growth in the major world economies and from the prospective of the competitiveness of its exports.

Rinascente Group's store formulas have confronted the weakness in demand with actions aimed at improving the quality of its product offering, the competitiveness of its prices, the level of service to the customer and reception at the points of sale.
Auchan hypermarkets have affirmed the desire to continue along the strategic lines that were decided in 2002 to be the low-price and commercial attraction leader in its class. The projects now underway are geared to enhancing all operating levers, particularly the competitiveness of purchase and sales prices, promotions, customer loyalty, merchandise development and operating efficiency.

SMA supermarkets have operated along the same lines as the hypermarkets to achieve the objectives of food safety, private brand development and competitive market repositioning. In the first half of 2003, management of all the operations of the company S.G.D. S.p.A., consisting of 75 stores located in Milan and in the province of Milan and in

Sondrio, was acquired under franchising arrangements, effective March 1, 2003; the acquisition took place under a company lease contract. In addition, the supermarket in Quarto Oggiaro was opened.

The Upim division is transforming the Variety Store formula to the new Multi-Specialty Store format based upon merchandise modules that identify the world of apparel for men, for women, for children and cosmetics and the home. Consequently, the offering structure, the marketing policy, the service model, the operating processes and the organization are still under review.
New units were opened in Sanremo, entirely devoted to the home, in Turin Dora, in a shopping center, and in Cinisello (Blukids); points of sale were closed in Latina, Rome Ambra Jovinelli, S. Benedetto del Tronto, Viterbo and Turin-Giulio Cesare (Blukids).
La Rinascente department stores are going forward with the implementation of the restructuring program for all the branches and the design of new marketing formats, parallel to the projects to improve the offer, service and operational methods. The premises were established for opening two new branches in downtown Bergamo and in the famous Rome Colonna mall. During the first half, remodeling work was also completed on the facade of the Rome Colonna branch.
Sib confirmed the positive trend of sales growth and opened a Bricocenter store in Brembate.

Operational and managerial tools continue to be transferred to the divisions under the program to enable them to provide the maximum level of service, aimed at giving them greater responsibility. As part of this program, the Services Center had already been set up with the aim of offering itself as a recognized professional entity capable of providing its services to the users with increasing levels of quality, efficiency and competitiveness as compared to market values.
In order to best achieve these objectives, Rinascente identified Accenture, a world leader in the consulting and management and technological sector, as the partner best able to provide the know-how necessary to create a center that over time would guarantee the supply of services characterized by the highest qualitative standards. The activities, the persons and the infrastructures of the Services Center of the Rinascente Group, effective August 1, 2003, were contributed to Arthis S.p.A., a company in which Accenture has an 80% stake and Rinascente a 20% stake as from August 5, 2003. Arthis supplies the divisions of the Rinascente Group with administrative and accounting services in addition to personnel administration, general services and information systems services which provide support to these areas.

The consolidated results of the Rinascente Group can be summarized as follows:

Year		**1st Half**	1st Half	Change	
2002	€ in millions	**2003**	2002	Amount	%
6,145.6	Gross sales	**3,063.2**	2,777.9	285.3	10.3
348.9	Gross operating profit	**139.2**	129.8	9.4	7.2
135.0	Income before taxes	**23.1**	19.8	3.3	16.7
50.8	Net income (loss) - Group	**(3.1)**	3.4	(6.5)	n.s.
1,208.5	Stockholders' equity - Group	**1,158.9**	1,161.0	(2.1)	-0.2
18.5	Consolidated net financial position	**(385.1)**	(373.1)	(12.0)	n.s.

Specifically:

- Gross sales of the Group (VAT included) for the six months were € 3,063.2 million, compared to € 2,777.9 million in the first half of 2002 (+10.3%).
  Food formulas recorded a slightly higher percentage of total sales, from 83.8% to 84.0%. Specifically, Hypermarket sales were € 1,299.3 million with an increase of 7.8%, those of Supermarkets € 1,235.3 million with a growth of 14.2%, thanks also to development, those of Fiordaliso, which contributes 50% of its results to the Group, € 38.3 million, with a decrease of 1.7%, and those of "iovorrei", an on-line food distribution company, € 0.7 million, with an increase of 27.7%.
  Non-food store formulas account for a lower percentage of total sales, from 16.3% to 16.0%. Specifically, Upim reported sales of € 258.2 million with an increase of 6.8%, Department Stores posted sales of € 138.6 million with an increase of 0.8% and Do-it-yourself stores, managed by S.I.B. S.p.A. which contributes 50% of its results to the Group, recorded sales of € 94.2 million with an increase of 24.2% (+5.6% Bricocenter stores and +68.5% Leroy Merlin stores which benefited from the new openings at the end of 2002).

As for franchising, whose sales are included in the respective store formulas, the trend tended towards steady and considerable growth (+36.4%), mainly with regard to the supermarket formula, also as a result of the acquisition of the S.G.D. S.p.A. business;

- gross operating profit (gross cash flow) was € 139.2 million, compared to € 129.8 million, with an increase of € 9.4 million equal to 7.2%, mainly on account of the good trend in sales;
- the income before taxes was € 23.1 million, compared to € 19.8 million, with an increase of € 3.3 million equal to 16.7%. The change is due to the growth of margins in absolute amount, due to the good performance of sales mentioned above, and the improvement in the net balance of financial income and expenses owing to a reduction in average indebtedness which more than absorbed the increase in amortization and depreciation connected with the growth of investments and acquisitions and the reduction in extraordinary income. Income tax expenses were € 26 million, with an increase of € 9.7 million compared to the corresponding period of 2002. The first half of 2002 had included the effect of deferred tax assets for € 7 million;
- the net result for the period of the Group was a loss of € 3.1 million, compared to a net income of € 3.4 million;
- the net financial position at June 30, 2003 showed a net debt position of € 385.1 million, compared to a net debt position of € 373.1 million at June 30, 2002 and against a net liquidity position of € 18.5 million at December 31, 2002. The change compared to December 31, 2002 is mainly due to seasonal factors.

As for events subsequent to the end of the first half, with regard to the sales network, in July, SMA opened the Cityper in Talamona (Sondrio) and two supermarkets in the area of Rome, Upim closed the point of sale in Potenza and Sib opened a Bricocenter store in Lucca and transferred the Ferrara Bricocenter store to a location off the mall where it was originally situated.

SANPAOLO IMI
(4.86% of ordinary capital stock)

Initiatives continued in the first half of 2003 with the aim of implementing the development and rationalization plan for the SANPAOLO IMI Group's distribution networks. The plan is directed towards gradually introducing the model already successfully adopted by the Sanpaolo Network, which is based upon the specialization of the operating points, to all the Group's networks.
The model found immediate application in the territorial reorganization of the Sanpaolo and Banco di Napoli distribution networks following the merger of SANPAOLO IMI and the Neapolitan bank on December 31, 2002.
The necessary steps were taken during the course of the first half to integrate the Sanpaolo and Banco di Napoli branches from the commercial, credit, organizational and information systems standpoints. The company SANPAOLO BANCO DI NAPOLI was also set up; all the Sanpaolo and Banco di Napoli branches in the four Mezzogiorno continental regions of Campania, Apulia, Calabria and Basilicata will be spun-off to this new bank of the Group. SANPAOLO BANCO DI NAPOLI, when fully operational, will be able to count on 755 operating points and will serve more than one million customers, over 20,000 of which are businesses.

The distribution model, adopted for the Mezzogiorno regions, is also scheduled to be applied to the Cardine network. The extension of this model to all the regions in Northeast Italy will be proceeded by the integration of SANPAOLO IMI and Cardine Finanziaria, with the merger by incorporation of the latter and the concentration of the support functions (Macchina Operativa Integrata and Logistics) in the Parent Bank.

In line with the need to rationalize the banking network, on March 25, 2003, the Board of Directors of SANPAOLO IMI voted to launch a voluntary tender offer for the ordinary shares of Banca Popolare dell'Adriatico, in which the Parent Bank indirectly held 71.76% of capital stock. The tender offer, which started on May 28, 2003, regarded all the ordinary shares outstanding, excluding those held indirectly by SANPAOLO IMI. At the end of the offer period, on June 18, 2003, the shares tendered represented 93.40% of the shares covered by the tender offer and 26.38% of the capital stock of the issuing company. This threshold of shares tendered allowed SANPAOLO IMI to reach a total 98.14% stake in the company. Since June 24, 2003, the ordinary shares of the Banca Popolare dell'Adriatico are no longer listed on the over-the-counter market; furthermore, having exceeded the 98% threshold, SANPAOLO IMI will exercise the right to purchase the remaining shares.

On March 3, 2003, SANPAOLO IMI and Santander Central Hispano, each of which holds a 50% stake in Banca Finconsumo, reached an agreement for the sale of the stake held by SANPAOLO IMI to Santander Central Hispano. On consolidation, the transaction will give rise to a total gross gain of € 104 million. The transaction calls for the sale of an initial 20% stake at a total price of € 60 million, while, on the remaining 30% stake, it establishes the reciprocal granting of sale options, on behalf of SANPAOLO IMI, and purchase options, on behalf of Santander Central Hispano, exercisable beginning from the end of 2003 for a period of 12 months, at a total price of € 80 million.

On the foreign front, on July 31, 2003, SANPAOLO IMI and Caisse Nationale des Caisses d'Epargne (CNCE) signed an agreement for the sale to the latter of the majority interest in the French subsidiary Banque Sanpaolo. The transaction calls for the immediate sale of a 60% stake in Banque Sanpaolo for cash and, for the remaining 40% stake, sale and purchase options exercisable after a period of four years, which can be extended for two more, against cash or shares of one of the companies in the CNCE Group.

In the first half of 2003, the SANPAOLO IMI Group reported a net income of € 441 million, a decrease of 26.9% compared to the proforma income of € 603 million registered in the corresponding period of 2002. This result was impacted by the posting of extraordinary provisions of € 270 million relating to the start of the early retirement scheme for staff by the Parent Bank through recourse to the "Fondo di Solidarietà".

The key results of the SANPAOLO IMI Group can be summarized as follows:

Year 2002 (proforma) (a)	€ in millions	**1st Half 2003**	1st Half 2002 (proforma) (a)	Change
3,775	Net interest income	**1,919**	1,881	2.0%
7,234	Net interest, commissions and other banking income	**3,753**	3,695	1.6%
2,367	Operating income	**1,356**	1,314	3.2%
901	Net income - Group	**441**	603	-26.9%
204,841	Total assets	**214,605**	208,675	2.8%
10,554	Stockholders' equity - Group	**10,423**	10,406	0.2%

(a) The proforma figures have been prepared assuming, effective January 1, 2002, the line-by-line consolidation of Eptaconsors and Inter-Europa Bank, the proportional consolidation of Cassa dei Risparmi di Forlì, the equity valuation method for Finconsumo and the deconsolidation of IMIWeb Bank.

Net interest income for the first half of 2003 amounted to € 1,919 million; the growth (+2%) over the same period of the prior year is due to higher volumes and a better spread on dealings with customers.
Net interest income, commissions and other banking income totaled € 3,753 million, an increase of 1.6% compared to the corresponding period of the prior year. This change is not only due to the favorable increase in interest income but also to the positive trend in commission income and the gains and losses from financial transactions which more than compensated the reduction in the share of earnings from the companies accounted for using the equity method and dividends from holdings. Net commissions amounted to € 1,428 million, up 0.8% over the first half of 2002.
Operating income amounted to € 1,356 million, an increase of 3.2% compared to the first six months of 2002 (€ 1,314 million).
The net income of the Group of € 441 million includes net extraordinary expenses recorded for € 172 million which compare to € 137 million of net extraordinary income posted in the first half of 2002.

With regard to the balance sheet components, the following can be said:

- total customer financial assets at the end of June 2003 were € 376,042 million, an increase of 3.3% compared to December 31, 2002;
- net loans to customers, excluding non-performing loans (€ 1,322 million) and loans to SGA (€ 1,161 million), the company to which the problem loans of Banco di Napoli were transferred, amounted to € 127,732 million (+2% compared to December 31, 2002).

Customer financial assets in the two months of July and August 2003 increased, confirming the trend seen in the first half. Dynamic asset management growth continued, driven by the results achieved from investments in life insurance policies and mutual funds. Asset administration went forward along the path of growth charted in the first six months, benefiting from the return of customers to traditional investments products.
Net loans to customers during the two months decreased mostly on account of short-term loan repayments and medium/long-term loans granted to large groups. The reduction, in part connected with seasonable factors, had no effect on movements on an annual basis, which have remained positive.
The expansion of revenues and the constant control over costs made it possible to confirm the ordinary operating margins and, for some of them, to improve upon the dynamics highlighted during the six months.

With regard to extraordinary income and expenses, the income expected in the second half will make it possible to offset the extraordinary expenses connected with the early retirement scheme for staff through recourse to the "Fondo di Solidarietà", both for the part already recorded by the Parent Bank and for the expenses that could be posted by the other companies in the Group in the second half of the year.
The above elements are cause to look positively towards the statement of operations for the second half of the year, also in terms of achieving the budget objectives.

Juventus Football Club
(62.01% of capital stock)

Juventus won its twenty-seventh Italian Championship title triumphing in the 2002/2003 season and took second place in the U.E.F.A. Champions League.

The economic and financial results at June 30, 2003, the closing date for Juventus' financial year 2002/2003, are summarized as follows:

Year 2002/2003 (a)	€ in millions	**1st Half 2003** (b)	1st Half 2002 (b)	Change Amount	Change %
215.4	Total revenues	**118.6**	90.5	28.1	31.0
16.3	Gross operating profit (loss) (c)	**7.0**	(10.8)	17.8	n.a.
2.2	Net income (loss)	**6.3**	(31.1)	37.4	n.a.
99.6	Stockholders' equity (d)	**99.6**	99.5	0.1	0.1
69.2	Net financial position (d)	**69.2**	95.0	(25.8)	n.s.

(a) Corresponding to the period July 1, 2002 – June 30, 2003. Data published in the Company's quarterly report at June 30, 2003.
(b) Periods corresponding to the second half of the financial year.
(c) Before amortization of the players' registration rights.
(d) Data referred to the end of the year.

The increase in revenues reported for the period January 1, – June 30, 2003, compared to the corresponding period of the prior year, (+31%) can mainly be ascribed to the brilliant sports results achieved during the season and particularly in the U.E.F.A. Champions League, where Juventus, in 2001/2002, played in only the first two rounds.
The gross operating result for the period benefited from higher revenues, compared to a basic stability in personnel expenses and higher operating costs connected mainly with the temporary acquisition of players' rights for € 5.4 million, giving rise to a gross operating profit of € 7 million (a gross operating loss of € 10.8 million in the same period of the prior year).
Furthermore, on June 30, 2003, Juventus sold the 27.2% stake in the subsidiary Campi di Vinovo to Costruzioni Generali Gilardi, a construction company in Turin, realizing a gain of € 32.5 million. Campi di Vinovo and Costruzioni Generali Gilardi also signed a preliminary contract for work to be carried out in the areas involved in the Mondo Juve project.

As regards the year 2002/2003, the fourth-quarter report approved by the Board of Directors of Juventus on August 12, 2003 showed operating revenues of € 215.4 million, an increase of 22.9% compared to € 175.3 million recorded in the previous year. The increase is due to the contribution by sports management, the increase in income connected to adjustments in sponsorship contracts and higher compensation from insurance companies for injuries to the players.
Player management includes gains of € 13 million, a decisive decrease from € 116.2 million in the exceptional transfer campaign conducted in the 2001/2002 season, and the amortization of deferred players' registration rights of € 61.6 million, compared to € 68.2 million in the prior year. To this end, Juventus decided not to take advantage of the benefits provided by Law No. 27 dated February 21, 2003 and therefore continued with the normal amortization policy for the deferred rights.
Extraordinary income and expenses produced an income balance of € 39.8 million (an expense balance of € 4.2 million in the prior year) mainly in conjunction with the aforementioned sale of the Campi di Vinovo shares.
Net income for the year, after income taxes set aside for € 7.4 million, amounted to € 2.2 million. The reduction compared to € 6.1 million in the prior year was principally due to the lower contribution from player management, which more than offset the overall increase in revenues and the reduction in income tax expenses.

The draft financial statements for the year 2002/2003 will be approved by the Board of Directors' Meeting to be held on September 22, 2003.

Significant events subsequent to June 30, 2003 include, in July, the signing of the notarized deed with the City of Turin for the ninety-nine year lease on the Stadio delle Alpi and adjacent areas, renewable at the end of the lease period.

As for the sports season currently underway, in August, Juventus won the Italian Supercup for the fourth time.

NHT Group – New Holding for Tourism
(90% of capital stock, through Ifil Investissements and Ifil Finance)

Year		**1st Half**	1st Half	Change	
2002 (a)	€ in millions	**2003 (b)**	2002 (b)	Amount	%
937.7	Net revenues	**299.3**	272.5	26.8	9.8
18.2	Operating income (loss) (c)	**(12.9)**	(18.4)	5.5	-29.9
(21.0)	Net loss - Group	**(25.0)**	(25.3)	0.3	-0.9
(46.9)	Consolidated net financial position	**(136.4)**	(101.7)		-

(a) Corresponding to the period November 1 – October 31.
(b) Corresponding to the period November 1 – April 1.
(c) Net of provisions and writedowns.

In order to correctly interpret results, the seasonal nature of the tour operator business should be taken into account since the profit curve shows the highest growth in the summer season.

The consolidated accounting data of the NHT Group for the period November 1, 2002 – April 1, 2003 shows net revenues of € 299.3 million, an increase of approx. 10% compared to the corresponding period of the prior year due to the first-time consolidation of the subsidiary Viaggidea. As far as the sales mix is concerned, the first six months of the year recorded a positive trend in long-haul destinations in general and to mediterranean Africa whereas snow & ski vacations and trips to the main destinations in continental Spain and Zanzibar were penalized.

Despite market difficulties and the overall weakness in demand, limited recourse to sales promotions and actions implemented by the Group aimed at reducing service costs has resulted in a significant improvement in the operating margin not only compared to the first half of 2002 (which was penalized by the well-known events of September 11) but also to the same period in 2001, where the economic trend was not affected by events of an unusual nature. The operating result shows a loss of € 12.9 million compared to a loss of € 18.4 million in the first half of 2002. The improvement is due to a careful management of the discount policy and the aforementioned reduction in service costs.

Although operating activities displayed a positive trend, the same can not be said for the net result of the Group which, after booking amortization on goodwill for a total of € 6.8 million, showed a loss of € 25 million which compares to a loss of € 25.3 million registered in the corresponding period of the prior year. The improvement over 2002 is not as high as the gain in the operating result mainly on account of the euro/U.S. dollar exchange rate and lower deferred tax assets set aside as a result of lower pre-tax losses.

The consolidated net financial position at April 30, 2003 showed a net debt position of € 136.4 million compared to € 46.9 million at October 31, 2002 and € 101.7 million at April 30, 2002. The change from the end of the 2001/2002 year can be attributed mainly to strong seasonal fluctuations which characterize the tour operator business and new investments made in the hotel sector; such investments, together with the completion of the purchase of the Viaggidea tour operator business, caused the change in the net debt position compared to the end of the first half of 2002.

Group

6/30/2002 published	CONSOLIDATED BALANCE SHEET (€ in millions)		6/30/2003	12/31/2002 restated (a)	12/31/2002 published
	ASSETS				
2	**AMOUNTS DUE FROM STOCKHOLDERS FOR SHARES SUBSCRIBED BUT NOT CALLED**		**0**	1	0
	FIXED ASSETS				
1,052	Intangible fixed assets	(note 1)	**5,197**	6,223	1,023
1,208	Property, plant and equipment	(note 2)	**11,581**	13,323	1,209
3,565	Financial fixed assets	(note 3)	**9,905**	18,846	3,327
5,825	**TOTAL FIXED ASSETS**		**26,683**	38,392	5,559
	CURRENT ASSETS				
626	Inventories	(note 4)	**16,878**	15,880	604
1,614	Receivables	(note 5)	**13,622**	13,994	1,358
505	Financial assets not held as fixed assets	(note 6)	**17,447**	26,354	336
281	Cash		**2,400**	3,733	242
3,026	**TOTAL CURRENT ASSETS**		**50,347**	59,961	2,540
31	**ACCRUED INCOME AND PREPAID EXPENSES**	(note 7)	**900**	1,280	40
8,884	**TOTAL ASSETS**		**77,930**	99,634	8,139
	LIABILITIES AND STOCKHOLDERS' EQUITY				
	STOCKHOLDERS' EQUITY	(note 8)			
442	Capital stock		**729**	442	442
785	Additional paid-in capital		**932**	801	801
101	Legal reserve		**146**	101	101
52	Treasury stock valuation reserve		**45**	42	42
1,786	Retained earnings and other reserves		**1,829**	1,689	1,689
59	Net income (loss) for the period		**(45)**	(367)	(367)
3,225	**TOTAL STOCKHOLDERS' EQUITY OF THE GROUP**		**3,636**	2,708	2,708
1,146	**MINORITY INTEREST**		**6,642**	8,696	1,044
4,371	**TOTAL STOCKHOLDERS' EQUITY**		**10,278**	11,404	3,752
584	**RESERVES FOR RISKS AND CHARGES**	(note 9)	**7,281**	24,218	591
15	**RESERVE FOR EMPLOYEE SEVERANCE INDEMNITIES**		**1,598**	1,625	15
3,853	**PAYABLES**	(note 10)	**55,952**	58,903	3,715
61	**ACCRUED EXPENSES AND DEFERRED INCOME**	(note 11)	**2,821**	3,484	66
8,884	**TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY**		**77,930**	99,634	8,139

(a) Restated for purposes of comparison to give effect to the line-by-line consolidation of the data of the Fiat Group and Soiem.

6/30/2002 published	CONSOLIDATED BALANCE SHEET (€ in millions)		6/30/2003	12/31/2002 restated (a)	12/31/2002 published
	MEMORANDUM ACCOUNTS	(note 12)			
	GUARANTEES GRANTED				
	Unsecured guarantees				
	Suretyships				
0	on behalf of associated companies		**72**	21	0
81	on behalf of others		**3,343**	1,678	62
81	Total suretyships		**3,415**	1,699	62
1	Guarantees of notes on behalf of others		**284**	316	0
	Other unsecured guarantees:				
0	on behalf of subsidiaries		**40**	0	0
0	on behalf of associated companies		**197**	351	0
1	on behalf of others		**3,117**	3,050	28
1	Total other unsecured guarantees		**3,354**	3,401	28
83	**Total unsecured guarantees**		**7,053**	5,416	90
340	**Secured guarantees - on behalf of others**		**238**	501	185
423	**TOTAL GUARANTEES GRANTED**		**7,291**	5,917	275
	COMMITMENTS				
1,089	Commitments related to derivative financial instruments		**26,338**	39,726	1,191
7	Commitments to purchase property, plant and equipment		**509**	499	5
0	Commitments for contracts in progress		**2**	73	0
129	Other commitments		**10,660**	10,075	263
1,225	**TOTAL COMMITMENTS**		**37,509**	50,373	1,459
0	**THIRD-PARTY ASSETS HELD BY THE GROUP**		**2,596**	2,071	0
206	**GROUP ASSETS HELD BY THIRD PARTIES**		**3,944**	20,811	54
0	**OTHER MEMORANDUM ACCOUNTS**		**213**	266	0

(a) Restated for purposes of comparison to give effect to the line-by-line consolidation of the data of the Fiat Group and Soiem.

Year 2002 published	CONSOLIDATED STATEMENT OF OPERATIONS (€ in millions)		1st Half 2003	1st Half 2002 restated (a)	1st Half 2002 published
	VALUE OF PRODUCTION	(note 13)			
5,364	Revenues from sales and services		**26,829**	30,892	2,557
7	Change in work in progress, semi-finished and finished products inventories		**206**	257	13
0	Change in contract work in progress		**381**	423	0
0	Additions to internally produced fixed assets		**386**	591	0
19	Other income and revenues		**809**	947	9
5,390	**TOTAL VALUE OF PRODUCTION**		**28,611**	33,110	2,579
	COSTS OF PRODUCTION	(note 14)			
(2,676)	Raw materials, supplies and merchandise		**(15,461)**	(17,024)	(1,406)
(1,441)	Services		**(5,450)**	(6,381)	(560)
(64)	Leases and rentals		**(218)**	(230)	(31)
(761)	Personnel costs		**(3,976)**	(4,438)	(382)
(226)	Amortization, depreciation and writedowns		**(1,416)**	(1,634)	(106)
27	Change in raw materials, supplies and merchandise inventories		**200**	(36)	36
0	Provisions for risks		**(411)**	(523)	1
(7)	Other provisions		**0**	(4)	(3)
(98)	Other operating costs		**(476)**	(622)	(59)
0	Expenses of financial services companies		**(367)**	(509)	0
0	Insurance claims and other costs		**(1,357)**	(2,066)	0
(5,246)	**TOTAL COSTS OF PRODUCTION**		**(28,932)**	(33,467)	(2,510)
144	**DIFFERENCE BETWEEN THE VALUE AND COSTS OF PRODUCTION**		**(321)**	(357)	69
	FINANCIAL INCOME AND EXPENSES	(note 15)			
47	Investment income (b)		**54**	126	47
79	Other financial income		**751**	1,083	96
(140)	Interest and other financial expenses		**(1,198)**	(1,593)	(112)
(14)	**TOTAL FINANCIAL INCOME AND EXPENSES**		**(393)**	(384)	31
	ADJUSTMENTS TO FINANCIAL ASSETS	(note 16)			
39	Revaluations (b)		**102**	93	12
(498)	Writedowns (b)		**(147)**	(300)	(76)
(459)	**TOTAL ADJUSTMENTS TO FINANCIAL ASSETS**		**(45)**	(207)	(64)
	EXTRAORDINARY INCOME AND EXPENSES	(note 17)			
306	Extraordinary income (b)		**648**	988	202
(60)	Extraordinary expenses (b)		**(360)**	(271)	(2)
246	**TOTAL EXTRAORDINARY INCOME AND EXPENSES**		**288**	717	200
(83)	**INCOME (LOSS) BEFORE TAXES**		**(471)**	(231)	236
(175)	**INCOME TAXES FOR THE PERIOD**	(note 18)	**(204)**	(347)	(72)
(258)	**NET INCOME (LOSS) FOR THE PERIOD BEFORE MINORITY INTEREST**		**(675)**	(578)	164
(109)	**MINORITY INTEREST**		**630**	637	(105)
(367)	**NET INCOME (LOSS) FOR THE PERIOD**		**(45)**	59	59

(a) Restated for purposes of comparison to give effect to the line-by-line consolidation of the data of the Fiat Group and Soiem.
(b) Items reclassified for purposes of comparison with the data supplied by the subsidiaries.

FORM AND CONTENT

The report for the first half of 2003 and the consolidated financial statements for the six months ended June 30, 2003 of the IFIL Group have been drawn up according to the Consob regulation contained in resolution No. 11971 dated May 14, 1999, as amended.
The six-month consolidated financial statements are expressed in millions of euros.
Significant events subsequent to the end of the first half have been disclosed in the "Comments on operations", to which reference should be made.

ACCOUNTING PRINCIPLES

The principles of consolidation and the accounting principles applied in these financial statements are the same as those adopted in the preparation of the annual consolidated financial statements at December 31, 2002 of the IFIL Group (to which reference should be made together with those of the Fiat Group) and supplemented by the national and international accounting principles issued in respect of interim financial reporting. However, it is noted that certain valuation procedures, and in particular more complex procedures such as the determination of possible impairment losses on fixed assets, are generally completed only at the time of preparation of the annual consolidated financial statements, when all the necessary information is available.

SCOPE OF CONSOLIDATION

Directly and indirectly controlled subsidiaries have been consolidated line-by-line using the accounting data for the six months to June 30, 2003 or intermediate accounting data as at the same date (in cases in which the year-end closing date for the six-month period is different from that of the consolidated financial statements), except as indicated below.
The NHT Group has been consolidated on a line-by-line basis using the consolidated accounting data for the six-month period ending April 30, 2002, owing to the impossibility of obtaining, on timely basis without disproportionate expense, consolidated accounting data as of the date of the IFIL's consolidated first-half report. This treatment, allowed by IAS 27, does not affect the assertion that the consolidated financial statements are a true and correct representation of the financial position and results of operations of the Group.
The Eurofind Group, subject to joint control, has been accounted for using the equity method.
Investments in associated companies in which the Group exercises a significant influence have been accounted for using the equity method.

CHANGES IN THE SCOPE OF CONSOLIDATION

The consolidated first-half report at June 30, 2003 for the first time reflects the effects of the Reorganization of the Group on the balance sheet and the statement of operations (please refer to the previous section "Major events in the first half of 2003"). They refer to the following:

- the total accounting value of the investments contributed, recorded in the statutory financial statements of the Group holding company, IFIL S.p.A., in exchange for the capital stock increase (including additional paid-in capital) reserved for the parent company, IFI S.p.A., amounted to € 794.5 million. In the consolidated financial statements, this value has been adjusted to the economic value attributed to the investments contributed, equal to € 1,052 million, with a contra-entry to the reserves in the consolidated stockholders' equity of the IFIL Group for € 257.5 million;

- the controlling investment in the Fiat Group is consolidated line-by-line starting April 1, 2003 (previously, the investment was treated as an associated company and was accounted for using the equity method);

- the controlling investment in Juventus Football Club has been accounted for using the equity method starting April 1, 2003;

- the investment in Soiem has been consolidated line-by-line starting April 1, 2003 (previously, investment was treated as an associated company and was accounted for using the equity method);

- the difference of € 277.1 million between the economic value of the contribution of the Fiat investment (€ 792.4 million) and the underlying share of the consolidated stockholders' equity of the Fiat Group at March 31, 2003 (€ 1,069.5 million) has been recorded in the caption "Consolidation reserve for risks and future expenses". This reserve has been partly utilized (€ 4.4 million) to cover the share of the loss of the Fiat Group in the second quarter of 2003;

- the goodwill of € 83.2 million arising from the comparison between the economic value of the contribution of the investment in Juventus Football Club (€ 136.7 million) and the underlying share of the stockholders' equity of the company at March 31, 2003 (€ 53.5 million) is being amortized pro rata over a period of 10 years;

- the difference of € 1.9 million emerging from the comparison between the economic value of the contribution of the investment in Soiem (€ 11.6 million) and the underlying share of the stockholders' equity of the company at March 31, 2003 (€ 9.7 million) has been allocated as an increase to the value of the building owned by Soiem, within the limits of its appraisal value.

Fiat Group

Significant changes in the scope of consolidation occurred during the first six months of 2003 as part of the current divestiture program. The most important changes to take place during the first half of 2003 with respect to the annual consolidated financial statements at December 31, 2002 are as follows:

- sale of activities of Fraikin, which were deconsolidated as of the beginning of the year;
- sale of 56% of IPI S.p.A., which was deconsolidated as of the beginning of the year;
- sale of Fiat Auto Holdings' retail financing activities in Brazil, which were deconsolidated from the end of March;
- sale of the Toro Assicurazioni Group, which was deconsolidated from the beginning of May. The sales agreement was made on May 2, 2003; subsequently, the conditions precedent for grant of authorization by the competent authorities as envisaged in the sales agreement were satisfied. The effects of the transaction are thus retroactive to the date the agreement itself was made, and the activities of the insurance sector were accordingly deconsolidated as of that date (May 2, 2003);
- sale of 51% of Fidis Retail Italia and the first part of the European activities of Fiat Auto Holdings in the consumer credit sector, which were deconsolidated as of the end of May; this sale will be concluded in the second half of 2003 upon transfer to Fidis Retail Italia of the remaining equity investments in finance companies covered by the agreement and for which the relative requests for authorization are pending.

For more details on the aforesaid transactions, please see the section on the "Operating performance of the major Group companies".

For additional details on the scope of consolidation, reference should be made to the list of major IFIL Group companies at June 30, 2003.

COMPOSITION AND PRINCIPAL CHANGES

The line-by-line consolidation of the Fiat Group and of the subsidiary Soiem beginning from April 1, 2003 does not make it possible to homogeneously compare the 2003 data with the data previously published in 2002, wherein the investments then held in the Fiat Group and in Soiem had been valued using the equity method.
Accordingly, to facilitate the comparative analysis, the consolidated data of the IFIL Group at June 30, 2002 and at December 31, 2002 have been restated to give effect to the line-by-line consolidation of the economic and balance sheet data of the Fiat Group and Soiem however without modifying the previously published economic results and consolidated stockholders' equity of the IFIL Group.

The following notes disclose the changes in the principal assets and liabilities as well as the items in the consolidated statement of operations. The balance sheet at June 30, 2003 is commented with reference to the "restated" balance sheet at December 31, 2002 whereas the items in the statement of operations for the first half of 2003 are compared to the items in the "restated" statement of operations for the first half of 2002.

CONSOLIDATED BALANCE SHEET

1) Intangible fixed assets

Details of the movements during the first half, by Group, are presented below:

€ in millions	Net of amortization 12/31/2002 (published)	Change to give effect to Fiat and Soiem line-by-line consolidation	Net of amortization 12/31/2002 (restated)	Additions	Amortization	Change in scope of consolidation	Foreign exchange effects	Disposals and other changes	**Net of amortization 6/30/2003**
Fiat Group	0	5,200	5,200	268	(263)	(737)	(250)	(20)	**4,198**
Worms & Cie Group	963	0	963	6	(37)	0	(2)	2	**932**
NHT Group	58	0	58	1	(5)	9	(1)	2	**64**
IFIL, other companies and intragroup eliminations	2	0	2	5	0	0	0	(4)	**3**
Total intangible fixed assets	1,023	5,200	6,223	280	(305)	(728)	(253)	(20)	**5,197**

The major changes are presented, by Group, in the following paragraphs.

Fiat Group

At June 30, 2003, intangible fixed assets amount to € 4,198 million (€ 5,200 million at December 31, 2002), including goodwill and consolidation differences totaling € 2,794 million (€ 3,600 million at December 31, 2002).

The negative change of € 1,002 million from the figure at December 31, 2002 is mainly due to the negative change in the scope of consolidation for € 737 million, of which € 611 million for the sale of the Toro Assicurazioni Group, € 110 million for the sale of the Fraikin Group, and € 16 million for other minor items, as well as a negative foreign exchange effect of € 250 million due to the appreciation of the euro against major currencies (Note 19) and amortization of € 263 million charged during the period. The increases during the period (€ 268 million) stem mainly from the expenses for capitalization of acquisition of licenses for the development of technologies and products by FiatAvio S.p.A., capital increases and software.

Goodwill and consolidation differences included in this item total € 2,794 million (€ 3,600 million at December 31, 2002). The decrease of € 806 million from the figure at December 31, 2002 is due to the change in the scope of consolidation following the sale of the Toro Assicurazioni Group (€ 458 million), the Fraikin Group (€ 88 million), and other minor items (€ 12 million), amortization charged during the period (€ 105 million), the negative foreign exchange effect (€ 207 million), and other positive changes (€ 64 million).

Worms & Cie Group

The balance of € 932 million at June 30, 2003 largely includes the unamortized goodwill on the purchase of the ex-AWA Group (€ 894 million).

NHT Group

The change in the scope of consolidation for € 9 million refers to the 60% purchase of the capital stock of Altamarea V&H Compagnia Alberghiera S.r.l. and the line-by-line consolidation of Viaggidea S.p.A., of which total control was acquired on October 31, 2002.

2) Property, plant and equipment

€ in millions	Net of depreciation 12/31/2002 (published)	Change to give effect to Fiat and Soiem line-by-line consolidation	Net of depreciation 12/31/2002 (restated)	Add.	Deprec.	Change in scope of consolidation	Foreign exchange effects	Disposals and other changes	**Net of depr. 6/30/2003**	**Acc. deprec. and writed. 6/30/2003**
Fiat Group	0	12,106	12,106	771	(922)	(1,188)	(83)	(277)	**10,407**	**17,956**
Worms & Cie Group	1,071	0	1,071	43	(52)	0	(28)	(10)	**1,024**	**1,581**
NHT Group	138	0	138	6	(4)	4	(5)	0	**139**	**39**
IFIL, other companies and intragroup eliminations	0	8	8	0	(1)	0	0	4	**11**	**4**
Total property, plant and equipment	1,209	12,114	13,323	820	(979)	(1,184)	(116)	(283)	**11,581**	**19,580**

Fiat Group
Net of accumulated depreciation, property, plant and equipment decreased by € 1,699 million from December 31, 2002. The change during the first six months of 2003 is due to additions of € 771 million, mostly capital expenditures by the Automotive Sectors, depreciation of € 922 million, change in scope of consolidation of a negative € 1,188 million stemming from deconsolidation of the Toro Assicurazioni Group (€ 579 million), the Fraikin Group (€ 560 million), and other minor items (€ 49 million), a negative foreign exchange effect of € 83 million, and disposals and other negative changes of € 277 million.

Property, plant and equipment include vehicles on operating leases for € 1,031 million (€ 1,585 million at the end of 2002).

Accumulated depreciation and writedowns total € 17,956 million (€ 18,223 million at December 31, 2002).

NHT Group
The change in the scope of consolidation is due to the first time line-by-line consolidation of the subsidiary Altamarea V&H Compagnia Alberghiera S.r.l., a company which operates tourist hotel structures.
Some buildings belonging to the NHT Group (mainly resorts) are covered by mortgages carried by banks for € 6 million.
The net book value of property, plant and equipment includes financial charges specifically incurred for the loan to finance the remodeling of the “Abi d’Oru” hotel complex in Sardinia.

3) Financial fixed assets
Financial fixed assets include:

€ in millions	**6/30/2003**	12/31/2002 (restated)	Change	12/31/2002 (published)
Investments	**6,189**	5,900	289	2,753
Financial receivables	**176**	202	(26)	155
Other securities	**96**	2,463	(2,367)	18
Treasury stock	**45** (a)	45 (a)	0	42
Leased assets	**3,060**	2,947	113	0
Other financial fixed assets	**339**	359	(20)	359
Investments where the investment risk is borne by policyholders and those related to pension plan management	**0** (b)	6,930	(6,930)	0
Total financial fixed assets	**9,905**	18,846	(8,941)	3,327

(a) Including 810,262 IFIL ordinary shares held by the subsidiary Soiem.
(b) The balance is nil as a result of the sale of the Toro Assicurazioni Group.

Additional details are provided below for each item of financial fixed assets.

Investments

€ in millions	Net book value 12/31/2002 (published)	Change to give effect to Fiat and Soiem line-by-line consolidation	Net book value 12/31/2002 (restated)	Revalua.	Writedowns	Change in scope of consolidation	Other changes	**Net book value at 6/30/2003**
Companies held directly and/or indirectly by IFIL	2,058	(815)	1,243	8	(1)	0	191	**1,441**
Companies held through the Fiat Group	0	3,962	3,962	57	(64)	37	61	**4,053**
Companies held through the Worms & Cie Group	681	0	681	20	0	0	(11)	**690**
Companies held through the NHT Group	14	0	14	0	(1)	0	(8)	**5**
Total investments	2,753	3,147	5,900	85	(66)	37	233	**6,189**

Revaluations and writedowns include the Group's share of the income or the loss of companies accounted for using the equity method. With regard to the companies accounted for at cost, writedowns include the loss in value recorded in the year.

The main changes during the six months relating to investments held by the Fiat Group are described in the following paragraphs.

The change in the scope of consolidation of € 37 million is due to the sale of equity investments held by the Toro Assicurazioni Group (€ 491 million), posting of the residual equity investment of 49% in Fidis Retail Italia S.p.A. according to the equity method for € 376 million (at December 31, 2002, the activities controlled by this company were consolidated on a line-by-line basis), Naveco Ltd. for € 125 million (at December 31, 2002, the company was consolidated on a proportional basis), and other companies for € 27 million.

The other changes of € 61 million derive from the capital increase carried out at Atlanet S.p.A. (€ 71 million), a negative foreign exchange effect of € 37 million, and other changes for € 27 million.

With reference to the investment in Italenergia Bis S.p.A. in the second half of 2002, pursuant to an agreement by the stockholders of Italenergia Bis S.p.A. the Fiat Group sold a 14% holding to other stockholders of the company (BancaIntesa, IMI Investimenti and Capitalia) and acquired an option to sell to EDF its residual stake of 24.6% in Italenergia Bis S.p.A. (the so-called EDF Put). For a complete description of the mechanisms and effects of this transaction and option rights envisaged therein, please refer to Note 3 of the Fiat Group consolidated financial statements at December 31, 2002.

Details of investments, by Group, are as follows:

€ in millions	6/30/2003	12/31/2002 (restated)	Change	12/31/2002 (published)
Companies held directly or indirectly by IFIL				
Eurofind Group (a)	**631**	676	(45)	676
SANPAOLO IMI S.p.A.	**620**	512	108	512
Juventus Football Club S.p.A.	**143**	0	143	0
Club Méditerranée S.A. (b)	**35**	35	0	35
Sifalberghi S.r.l.	**7**	7	0	7
Other investments	**5**	13	(8)	12
Fiat S.p.A. (c)	**0**	0	0	806
Soiem S.p.A. (c)	**0**	0	0	10
	1,441	1,243	198	2,058
Held through the Fiat Group				
Fiat - GM Powertrain B.V. (d)	**1,241**	1,189	52	-
Italenergia Bis S.p.A.	**516**	481	35	-
Fidis Retail Italia S.p.A. (e)	**375**	-	375	-
Buc - Banca Unione di Credito	**338**	361	(23)	-
Tofas Turk Otomobil Frabrikasi A.S.	**157**	136	21	-
Sevel S.p.A. (d)	**122**	125	(3)	-
Naveco Ltd (f)	**113**	-	113	-
Kobelco Construction Machinery & Co. Ltd	**109**	107	2	-
Leasys S.p.A. (d)	**100**	112	(12)	-
Mediobanca S.p.A.	**93**	93	0	-
Rizzoli Corriere della Sera MediaGroup S.p.A. (ex-H.d.P. S.p.A.)	**92**	98	(6)	-
Edison S.p.A.	**65**	65	0	-
Other investments	**732**	1,195	(463)	-
	4,053	3,962	91	0
Held through the Worms & Cie Group				
SGS Société Générale de Surveillance S.A.	**554**	512	42	512
Groupe Danone S.A.	**50**	87	(37)	87
Pechel Industries S.A.	**41**	38	3	38
Accor S.A.	**23**	21	2	21
Other investments	**22**	23	(1)	23
	690	681	9	681
Held through the NHT Group	**5**	14	(9)	14
Total investments	**6,189**	5,900	289	2,753

(a) Controlled jointly with the Auchan Group.
(b) Net of writedowns of € 86 million made in previous years.
(c) Consolidated line-by-line beginning 2003.
(d) Subject to joint control.
(e) Consolidated line-by-line at December 31, 2002.
(f) Consolidated proportionally at December 31, 2002.

At June 30, 2003, the carrying value of the investments in the Eurofind Group includes the unamortized goodwill of € 157 million generated by purchases of La Rinascente shares, which is being amortized over a period of 20 years.

The investment in Juventus Football Club includes unamortized goodwill of € 81 million (net of amortization of € 2 million) which arose from the comparison between the economic value upon contribution of the investment (€ 137 million) and the underlying stockholders' equity of the company at March 31, 2003 (€ 54 million), which is being amortized prorata over a period of 10 years.

The carrying value of the investment in SGS Société Générale de Surveillance S.A. includes unamortized goodwill of € 403 million which is being amortized over 20 years (€ 376 million at December 31, 2002). The increase is due to share purchases made in 2003.

Financial receivables

€ in millions	**6/30/2003**	12/31/2002 (restated)	Change	12/31/2002 (published)
Fiat Group	**21**	47	(26)	0
Worms & Cie Group	**140**	133	7	133
NHT Group	**15**	21	(6)	21
IFIL, other companies and intragroup eliminations	**0**	1	(1)	1
Total financial receivables	**176**	202	(26)	155

There are no receivables due beyond five years by the Fiat Group at June 30, 2003. At December 31, 2002, receivables due beyond five years totaled € 2 million.

Financial receivables of the Worms & Cie Group include the loan made by ArjoWiggins to the buyers of Appleton Papers Inc. for the remaining period of 7 years, repayable at the expiry date. The nominal value of the receivable totals U.S. $321 million. The amount recorded (€ 135 million) represents the present value of the loan calculated at an implicit rate of interest of 12%.

Other securities

Details of other securities, by Group, are as follows:

€ in millions	**6/30/2003**	12/31/2002 (restated)	Change	12/31/2002 (published)
Fiat Group	**70**	2,445	(2,375)	0
Worms & Cie Group	**18**	1	17	1
NHT Group	**0**	0	0	0
IFIL and foreign subholding companies	**8**	17	(9)	17
Total other securities	**96**	2,463	(2,367)	18

The negative change of the Fiat Group derives almost entirely from the sale of the Toro Assicurazioni Group.

Treasury stock
In accordance with the resolutions passed by the stockholders pursuant to articles 2357 and 2357 ter of the Italian Civil Code, the following transactions were entered into during the first half of the year with respect to IFIL shares:

	Number of shares	Prices	
		Per share (€)	Total (€ in millions)
IFIL ordinary shares			
Balance at December 31, 2002 (published)	3,946,896	4.13	17
Change to give effect to Soiem line-by-line consolidation	810,262	3.83	3
Conversion of savings shares to ordinary shares	7,170,252	3.75	25
Balance at June 30, 2003	**11,927,410**	3.75	**45**
IFIL savings shares			
Balance at December 31, 2002	8,435,575	3.01	25
Purchases	14	-	-
Conversion of savings shares to ordinary shares	(8,435,589)	3.01	(25)
Balance at June 30, 2003	**0**		**0**
Total treasury stock			**45** (a)

(a) Net of writedowns of € 17 million made in prior years.

A comparison of the carrying value of IFIL ordinary treasury stock with market prices is presented in the "Comments on operations" in the section "Analysis of IFIL Group condensed first-half consolidated results".

IFIL shares in portfolio at June 30, 2003 have a par value of € 11.9 and represent 1.83% of the class of stock and 1.73% of capital stock.

Assets leased

€ in millions	Net of depreciation 12/31/2002 (published)	Change to give effect to Fiat and Soiem line-by-line consolidation	Net of depreciation 12/31/2002 (restated)	Additions	Depreciation	Disposals and other changes	**Net of depreciation 6/30//2003**
Leased assets	0	2,947	2,947	386	(369)	96	**3,060**

Assets leased consist of vehicles sold by the Automotive Sectors of the Fiat Group under financial leases. This item does not include vehicles on operating leases, which are included under Property, plant and equipment.

Other financial fixed assets
Other financial fixed assets total € 339 million (€ 359 million at December 31, 2002) and refer to the Worms & Cie Group. They comprise:

- the deposit of € 123 million lodged with a leading banking institution which in part earns interest. The deposit was made by the Worms & Cie Group within the framework of the loans given to the buyers of Appleton Papers Inc. in order to guarantee the disbursing banks against the risk of an eventual acceleration of the indemnities connected with the dispute over the environmental risks to the Fox River;
- the deposit of € 92 million made for the fine levied on Arjo Wiggins Appleton by the European Commission for alleged violations of fair trade practices;
- the deposit of € 112 million made by Arjo Wiggins Appleton to guarantee the commitments assumed under financial lease transactions;
- other receivables of € 12 million.

Additional information on collateral deposits by the Worms & Cie Group is provided in the section "Pending litigation".

4) Current assets - Inventories

€ in millions	6/30/2003	12/31/2002 (restated)	Change	12/31/2002 (published)
Total inventories	**16,878**	15,880	998	604
Advance payments on contract work in progress	**(8,893)**	(8,227)	(666)	0
Net inventories	**7,985**	7,653	332	604

Inventories, mainly referring to the Fiat Group, amount to € 16,878 million at June 30, 2003 (€ 15,880 million at December 31, 2002) and increased by € 998 million. Advances of € 8,893 million (€ 8,227 million at December 31, 2002) were received for contract work in progress and related advances paid and posted under payables (Note 10). Net of these advances, inventories totaled € 7,985 million (€ 7,653 million at December 31, 2002), for an increase of € 332 million. The amounts for advances received in connection with the T.A.V. (High-Speed Railway) project, of which Fiat is General Contractor, which are included in the item "Other payables" (Note 10), were directly subtracted from inventories to determine net inventories.

5) Current assets – Receivables

	6/30/2003			12/31/2002 (restated)			12/31/2002 (published)
€ in millions	Trade	Other	Total	Trade	Other	Total	
Total receivables	**6,860**	**6,762**	**13,622**	6,773	7,221	13,994	1,358
of which:							
Receivables included in working capital	**6,860**	**3,648**	**10,508**	6,773	3,661	10,434	1,297
Deferred income taxes	**-**	**3,114**	**3,114**	-	3,560	3,560	61

Receivables, which have been broken down into trade receivables and other receivables, are net of the respective allowances for doubtful accounts. Other receivables include amounts due from the tax authorities, deferred tax assets, security deposits and miscellaneous receivables.

Receivables for deferred tax assets include € 3,063 million referring to the Fiat Group, € 38 million to the Worms & Cie Group and € 13 million to the NHT Group.

Receivables due beyond five years, referring entirely to the Fiat Group, amount to € 9 million at June 30, 2003 (€ 12 million at December 31, 2002).

6) Financial assets not held as fixed assets

€ in millions	6/30/2003	12/31/2002 (restated)	Change	12/31/2002 (published)
Investments in other companies	**33**	810	(777)	0
Other securities and other short-term investments	**807**	7,112	(6,305)	321
Financial receivables	**16,607**	18,432	(1,825)	15
Total financial assets not held as fixed assets	**17,447**	26,354	(8,907)	336

Investments in other companies, held by the Fiat Group, consist mainly of securities held by a minor insurance company that is not a part of the Toro Assicurazioni Group to fund insurance policy liabilities and accruals. The negative change stemmed principally from the effect of the sale of the Toro Assicurazioni Group for € 755 million, sale of the investment in Fondiaria-SAI S.p.A. for € 21 million, and other minor negative changes for € 1 million.

Other securities at June 30, 2003 include securities held by the same company to fund insurance policy liabilities and accruals as well. The decrease of € 6,305 million compared to December 31, 2002 was largely due to deconsolidation of the Toro Assicurazioni Group.

Financial receivables at June 30, 2003 total € 16,607 million, including € 16,597 million of the Fiat Group which consist of: loans granted to customers and dealers by the financial services companies for € 11,129 million (€ 15,615 million at December 2002), the financial receivable of 2,378 million connected with the sale of the Toro Assicurazioni Group (which was collected on July 30, 2003), and other financial receivables of € 3,090 million (€ 2,796 million at December 31, 2002) referring mainly to receivables from joint ventures and from companies engaged in the real estate sector and in the spare parts distribution sector. The decrease of € 4,486 million since December 31, 2002 in loans granted by the financial services companies consists of € 3,733 million from deconsolidation of the retail financing activity in Brazil and the activities of Fidis Retail Italia S.p.A., € 231 million for the performance of currencies, and € 522 million from lower volumes of activity. The € 294 million increase in the other financial receivables refers mainly to the higher levels of disbursed financing.

Receivables due beyond five years, referring entirely to the Fiat Group, amount to € 252 million at June 30, 2003 (€ 935 million at December 31, 2002). The decrease of € 683 million is largely accounted for by the deconsolidation of Fidis Retail Italia S.p.A..

7) Accrued income and prepaid expenses

€ in millions	**6/30/2003**	12/31/2002 (restated)	Change	12/31/2002 (published)
Commercial accrued income and prepaid expenses	**515**	609	(94)	30
Financial accrued income and prepaid expenses	**385**	671	(286)	10
Total accrued income and prepaid expenses	**900**	1,280	(380)	40

Financial accrued income and prepaid expenses mainly include day-to-day interest earned on securities and swap contracts. The decrease with respect to December 31, 2002 is mainly due to the deconsolidation of the Toro Assicurazioni Group and Fidis Retail Italia S.p.A. (€ 188 million).

8) Stockholders' equity

The changes in the Group's consolidated stockholders' equity during the first six months of 2003 can be summarized as follows:

€ in millions	Capital stock	Additional paid-in-capital	Legal reserve	Cumulative translation adjustments	Retained earnings and other reserves	Net income (loss)	Stockholders' equity - Group
Balances at December 31, 2002	442	801	101	(196)	1,927	(367)	2,708
IFIL capital increase reserved for IFI	287	507					794 (a)
Difference between economic value (€ 1,052 ml) and accounting value (€ 794 ml) of investments contributed by IFI					258		258
Movements among equity accounts		(412)	45			367	0
Translation adjustments				(96)			(96)
Other changes, net		36			(19)		17
Net loss - Group						(45)	(45)
Balances at June 30, 2003	**729**	**932**	**146**	**(292)**	**2,166**	**(45)**	**3,636**

(a) Accounting value of the IFIL shares issued. For additional details, please refer to the paragraph on "The Reorganization of the Group".

Capital stock

At June 30, 2003, the capital stock, fully subscribed to and paid-in, amounts to € 728,824,587 and is composed of 651,491,227 ordinary shares and 77,333,360 savings shares of par value € 1 each.

Additional details and updates on the capital stock of IFIL S.p.A. are provided in the "Comments on operations" and specifically in the sections "Major events in the first half of 2003" and "Significant subsequent events".

Reconciliation between the stockholders' equity and the net income (loss) of IFIL S.p.A. and the corresponding consolidated figures of the Group

(€ in millions)	**6/30/2003**		12/31/2002	
	Net income (loss)	**Stockholders' equity**	Net income (loss)	Stockholders' equity
IFIL S.p.A. statutory financial statements	**61**	**2,678**	(516)	1,823
Difference between consolidated stockholders' equity and the stockholders' equity of the Group holding company at the beginning of the period		**885**		975
Net balance of changes during the period in stockholders' equity of consolidated companies and companies accounted for using the equity method (excluding the results for the period) and translation adjustments		**(79)**		(239)
Difference between the economic value and the accounting value of the investments contributed by IFI	**0**	**258**	-	-
Share of earnings (losses) of consolidated companies and companies accounted for using the equity method	**63**	**63**	284	284
Elimination of dividends received from consolidated companies and accounted for using the equity method	**(170)**	**(170)**	(79)	(79)
Adjustments to gains on sales of investments	**0**	**0**	(52)	(52)
Other consolidation adjustments	**1**	**1**	(4)	(4)
Consolidated financial statements of the Group	**(45)**	**3,636**	(367)	2,708

Minority interest

Details are as follows:

€ in millions	%	Capital and reserves	Net income (loss)	Total	12/31/2002 (restated)	12/31/2002 (published)
	6/30/2003					
Fiat Group	**73.6**	**6,365**	**(661)**	**5,704**	7,652	0
Worms & Cie Group	**46.9**	**876**	**33**	**909**	1,012	1,012
NHT Group - New Holding for Tourism	**10.0**	**31**	**(2)**	**29**	32	32
Total		**7,272**	**(630)**	**6,642**	8,696	1,044

9) Reserves for risks and charges

€ in millions	6/30/2003	12/31/2002 (restated)	Change	12/31/2002 (published)
Income tax reserves:				
Current income tax reserve	**128**	219	(91)	20
Deferred income tax reserve	**1,095**	1,352	(257)	116
Total Income tax reserves	**1,223**	1,571	(348)	136
Warranty reserve	**828**	841	(13)	0
Various liabilities and risk reserves and Reserve for	**5,136**	5,201	(65)	455
Insurance policy liabilities and accruals	**94**	9,605	(9,511)	0
Insurance policy liabilities and accruals, where the investment risk is borne by policyholders and those related to pension plans	**0**	7,000	(7,000)	0
Total reserves for risks and charges	**7,281**	24,218	(16,937)	591

The decrease in the insurance policy liabilities and accruals of € 16,511 million is due to the sale of the Toro Assicurazioni Group.

Various liabilities and risk reserves and reserve for pensions include:

- provisions made in 2001 by the Worms & Cie Group for the environmental risk concerning the Fox River and the fine levied by the European Commission for alleged violations of fair trade practices;
- the provision to the consolidation reserve for risks and future expenses of € 273 million, net of € 4 million utilized to cover the share of the second-quarter 2003 loss of the Fiat Group.

Additional information is provided in the section "Pending litigation".

The deferred income tax reserve at June 30, 2003 includes deferred tax liabilities, net of deferred tax assets, that have been offset where possible by the individual companies. The net balance of the deferred income tax reserve and deferred tax assets posted under other receivables is broken down as follows:

€ in millions	6/30/2003	12/31/2002 (restated)	Change	12/31/2002 (published)
Deferred income tax reserve	**1,095**	1,352	(257)	116
Deferred tax assets	**(3,114)**	(3,560)	446	(61)
Total	**(2,019)**	(2,208)	189	55

The net change with respect to December 31, 2002 shows net assets that are lower by € 189 million. This change mainly derives from use of previously allocated deferred tax assets and new provisions for € 81 million, the foreign exchange effect for € 42 million, negative change in the scope of consolidation for € 26 million, € 84 million from application of deferred tax assets posted on the basis of tax losses through a carry back of taxes paid in previous fiscal years and other changes for € 8 million.

10) Payables

	6/30/2003				12/31/2002 (restated)				12/31/2002
€ in millions	Trade	Financial	Other	Total	Trade	Financial	Other	Total	(published)
Fiat Group	**12,741**	**26,275**	**13,323**	**52,339**	13,267	28,923	12,998	55,188	0
Worms & Cie Group	**704**	**1,621**	**310**	**2,635**	740	1,624	275	2,639	2,639
NHT Group	**105**	**213**	**22**	**340**	124	186	33	343	343
IFIL S.p.A.	**5**	**626**	**7**	**638**	2	724	7	733	733
Total payables	**13,555**	**28,735**	**13,662**	**55,952**	14,133	31,457	13,313	58,903	3,715

The decrease in payables from the amount at December 31, 2002 is primarily due to the decrease in financial payables for € 2,722 million, of which € 2,341 million resulting from deconsolidation of the Brazilian financing companies of the Fiat Group, Fidis Retail Italia, and the Toro Assicurazioni Group.

Financial payables of the Fiat Group include:

- the equivalent amount of U.S. $2,229 million (€ 1,951 million) in five-year convertible bonds ("Exchangeable bonds") issued at the start of 2002 that are convertible into the same number of General Motors shares as once held by the Fiat Group (32,053,422 shares). The rate of interest is 3.25%. The option exercise price implicit in the bonds coincides with the pre-sale unit carrying value of U.S. $ 69.54 per share of the General Motors shares in the consolidated financial statements of Fiat. Accordingly, at the time the bond was issued the risk of an increase in the General Motors share price above U.S. $69.54 per share was covered by the shares held by Fiat. At the time of the sale of the General Motors shares by Fiat in December 2002, Fiat, in order to hedge the above-mentioned risk implicit to the Exchangeable bonds, contemporaneously stipulated with the bank acquiring the shares a "Total Return Equity Swap" derivative contract (hereinafter "Equity Swap"), relating to the same number of General Motors shares.
  In accordance with accounting principles, the above-mentioned Equity Swap, despite being stipulated for the purpose of hedging, cannot be treated in hedge accounting and accordingly is defined as a trading derivative financial instrument. It follows that, in accordance with the principle of prudence, if during the period of the contract General Motors shares perform positively, the positive fair value of the instrument is not recorded in the statement of operations; if, instead, the performance is negative, the negative fair value of the instrument is recorded immediately as a cost under financial expenses. At June 30, 2003 the Equity Swap had a negative fair value of € 3 million, which was recorded under financial expenses (at December 31, 2002, the Equity Swap had a positive fair value of € 23 million, which was not recorded).
  For additional details on this transaction refer to Note 3 of the Fiat Group consolidated financial statements at December 31, 2002.

- Financial payables also include the € 3 billion Mandatory Convertible facility stipulated in execution of the Framework Agreement, dated May 27, 2002, with the Lending Banks (Capitalia, BancaIntesa, SanPaolo IMI and later Unicredito Italiano) for the purpose of providing the Fiat Group with the financial support it needs to implement its strategic and industrial plans. The facility, which has a term of three years, was secured on September 24, 2002 from a syndicate of banks in which BNL, Monte dei Paschi di Siena, ABN Amro, BNP Paribas, Banco di Sicilia and Banca Toscana also participated, mainly in substitution of the already existing short-term credit lines. The main features of the Mandatory Convertible facility are described in detail at Note 12 of the Fiat Group consolidated financial statements at December 31, 2002.

- Also included in financial payables is approximately € 1,150 million of financing secured from Citigroup and a small group of banks that is guaranteed by the EDF put option (please refer to the EDF Put described in Note 3) held by the Fiat Group on its residual investment (24.6%) in Italenergia Bis.

Financial payables of IFIL S.p.A. include:
- three-year bonds of € 200 million (€ 145 million in 2002), placed with institutional investors and listed on the Luxembourg Stock Exchange;
- loans due on October 27, 2005 for € 150 million, bearing semiannual interest at variable rates indexed against the Euribor plus a spread in line with the best market conditions. Interest rate swaps guarantee a fixed rate for entire period of the loans (5.59% on € 90 million and 5.6% on € 60 million);
- other short-term loans for € 276 million.

Payables include advances received totaling € 9,864 million at June 30, 2003 (€ 9,310 million at December 31, 2002), of which € 8,893 million as advance payments on contract work in progress (€ 8,227 million at December 31, 2002) that consist of the payments received for work progress by the companies managing multi-year contract work.

Payables due beyond five years amount to € 3,576 million at June 30, 2003 (€ 3,719 million at December 31, 2002). At June 30, 2003, payables amounting to € 1,271 million (€ 1,631 million in 2002) were secured by mortgages and other guarantees on property, plant and equipment and financial fixed assets and relate to the Fiat Group for € 1,265 million and the NHT Group for € 6 million.

Additional details are provided in the section "Memorandum accounts".

11) Accrued expenses and deferred income

Details are as follows:

€ in millions	**6/30/2003**	12/31/2002 (restated)	Change	12/31/2002 (published)
Commercial accrued expenses and deferred income	**1,596**	1,554	42	56
Financial accrued expenses and deferred income	**1,225**	1,930	(705)	10
Total accrued expenses and deferred income	**2,821**	3,484	(663)	66

Financial accrued expenses and deferred income include interest expenses on financial payables for the part attributable to the first six months of 2003, and deferred interest income on the receivables portfolio of the financial services companies. The € 705 million decrease with respect to December 31, 2002 includes € 521 million stemming from deconsolidation of the Brazilian financing companies from the Fiat Group and Fidis Retail Italia S.p.A.

12) Memorandum accounts

Guarantees granted

€ in millions	6/30/2003	12/31/2002 (restated)	Change	12/31/2002 (published)
Fiat Group	**7,175**	5,642	1,533	0
Worms & Cie Group	**39**	203	(164)	203
NHT Group	**77**	72	5	72
Total guarantees granted	**7,291**	5,917	1,374	275

The composition and changes during the period can be summarized as follows:

Fiat Group
At June 30, 2003, the Fiat Group has provided guarantees totaling € 7,175 million (€ 5,642 million at December 31, 2002), most of which are to guarantee the successful completion of contracts and projects in progress.

Suretyships total € 3,342 million at June 30, 2003 (€ 1,638 million at December 31, 2002). The € 1,704 million increase stems mainly from deconsolidation of the activities of Fidis Retail Italia and consequently the inclusion in the consolidated financial statements of the suretyships (€ 1,252 million) securing the Sava Notes granted in favor of Fiat Sava, which were previously eliminated as intercompany transactions.

Other unsecured guarantees include commitments for receivables and bills discounted with recourse totaling € 2,311 million (€ 2,518 million at December 31, 2002), which refer to trade receivables and other receivables for € 2,295 million (€ 2,505 million at December 31, 2002) and financial receivables discounted with recourse for € 16 million (€ 13 million at December 31, 2002). The volume of receivables and bills discounted with recourse during the first half of 2003 was € 8,544 million (€ 20,743 million in fiscal 2002).

Although not included in the memorandum accounts, the Group discounted receivables and bills without recourse having due dates beyond June 30, 2003 amounting to € 9,879 million (€ 13,794 million at December 31, 2002, with due dates beyond that date), and refer to trade receivables and other receivables for € 4,081 million (€ 4,537 million at December 31, 2002) and financial receivables discounted without recourse for € 5,798 million (€ 9,257 million at December 31, 2002). The discounting of financial receivables principally refers to securitization transactions involving accounts receivable from the end (retail) customers of the financial services companies. The volume of receivables and bills discounted without recourse during the first six months of 2003 was € 15,873 million (€ 30,502 million in fiscal 2002).

Worms & Cie Group
Guarantees granted by the Worms & Cie Group amount to € 39 million (€ 203 million at December 31, 2002) and mainly include sureties issued to third parties.

NHT Group
Guarantees granted by the NHT Group amount to € 77 million (€ 72 million at December 31, 2002) and include sureties issued on behalf of tourist agencies, financial offices and public agencies for € 35 million, mortgages on properties owned by the Group to guarantee loans recorded in the financial statements for € 36 million and other guarantees granted for € 6 million.

Commitments

Commitments amount to a total of € 37,509 million (€ 50,373 million at December 31, 2002) and include commitments for derivative financial instruments of € 26,338 million, analyzed as follows:

€ in millions	Fiat Group	Worms & Cie Group	NHT Group	IFIL S.p.A.	Total
Contracts to hedge foreign exchange risks	4,460	0	19	0	4,479
Contracts to hedge interest rate risks	18,361	881	0	295	19,537
Contracts to hedge combined foreign exchange and interest rate risks	1,109	200	0	0	1,309
Equity swaps relating to the General Motors deal	1,013	0	0	0	1,013
Total at 6/30/2003	**24,943**	**1,081**	**19**	**295**	**26,338**
Total at 12/31/2002 (restated)	38,535	650	81	460	39,726
Total at 12/31/2002 (published)	0	650	81	460	1,191

Fiat Group

Equity swaps agreements of € 1,013 million (U.S. $ 1,157 million) were entered into in conjunction with the disposal of the General Motors shares for the purpose of managing the risk implicit in the Exchangeable bonds, described above, of an increase in the General Motors share price above the conversion price. For additional details on this derivative financial instrument refer to Note 3 of the Fiat Group consolidated financial statements at December 31, 2002.

The decrease of € 13,592 million in transactions involving derivative financial instruments with respect to the figure at December 31, 2002 is mainly due to the extraordinary transactions during the period that led to deconsolidation of open positions, early reimbursement of certain loans, and closure of associated hedging positions.

Worms & Cie Group

Commitments regarding derivative financial instruments of the Worms & Cie Group mainly include agreements to hedge exchange and interest rate risks expiring between 2003 and 2005.

NHT Group

Commitments regarding derivative financial instruments of the NHT Group include contracts stipulated by Alpitour and Francorosso International to hedge exchange rate risks on future purchases of services in U.S. dollars.

IFIL S.p.A.

Commitments by IFIL include interest rate swaps stipulated on loans of € 150 million maturing October 27, 2005 and hedging contracts on bonds for € 145 million maturing December 20, 2005. The instruments guarantee the Company a fixed interest rate for the entire period of the loan contracts.

Other commitments

Other commitments total € 10,660 million (€ 10,075 million at December 31, 2002); such commitments are described below for each single Company/Group.

IFIL S.p.A.

Mediobanca has a sales option (put) with IFIL on 9.53% of the Eurofind capital stock held (without voting rights), exercisable from June 2004 to December 2004, except for accelerating events established by the agreements, in line with market practice. At June 30, 2003, the estimated value of the commitment was € 169 million, including the interest accrued and net of dividends paid by Eurofind.

IFIL and TUI exchanged purchase and sale options, exercisable beginning June 2004, on 10% of New Holding for Tourism capital stock currently held by the TUI Group at a price that will not be subject to change whether the options are exercised by either IFIL or by TUI.
At June 30, 2003, the price of the eventual exercise of such options can be estimated in € 45 million.
Ifil Investissements, which already holds 14.3% of the capital stock of Euromedia Luxembourg One, is committed to the subscription of additional shares of this company for an equivalent amount of U.S. $3.75 million.

Fiat Group
Other commitments amounting to € 10,291 million (€ 9,811 million at December 31, 2002) include a commitment of € 7,887 million (€ 7,718 million at December 31, 2002) under the contract between Fiat S.p.A. and Treno Alta Velocità T.A.V. S.p.A. for the design and construction of high-speed railway lines between Bologna-Florence and Turin-Milan; similar commitments have been made by the subcontractors in favor of Fiat S.p.A.

Worms & Cie Group
Commitments include those by third parties for the purchase of investments held by the Worms & Cie Group for € 112 million.

NHT Group
The subsidiary Alpitour uses stock option plans in order to reinforce relations with directors, managers and cadres and to encourage loyalty and bolster motivation.
To this end, on December 15, 2000, the Extraordinary Stockholders' Meeting of Alpitour S.p.A. voted to vest the Board of Directors with the power to proceed to increase capital stock by a maximum amount of € 767,500 to service a stock option plan on behalf of the directors, managers and cadres of Alpitour and of the companies of the Group.

Pending Litigation

IFIL S.p.A.
By summons notified on May 8, 2003, assuming illegal acts due to a conflict of interest and the unlawful valuation of the contributions in kind, the stockholder K Capital contested the resolution to increase IFIL's capital stock reserved for Istituto Finanziario Industriale S.p.A. passed by the Extraordinary Stockholders' Meeting of IFIL held on April 23, 2003 and sought compensation from IFIL for (alleged) damages (not quantified) suffered as a result of the unlawful conduct (allegedly) by IFI. In the hearing held on July 16, the judge scheduled the hearing for the personal appearance of the parties (ex art. 183, c.p.c) for October 29.
Both of the aforementioned complaints (request to cancel the stockholders' resolution and compensation for non-quantified damages) appear to be inadmissible and groundless and therefore at this time the Company is not expected to incur any contingent liabilities or losses as a result of the complaints."

Fiat Group
The following comment is taken from the report of the Fiat Group for the six months ending June 30, 2003.

"The Parent Company and certain of its subsidiaries are involved in various legal actions and disputes. However, the settlement of such actions and disputes should not give rise to significant losses or liabilities which have not already been set aside in specific risk reserves."

Worms & Cie Group
The following comments are taken from the report of the Worms & Cie Group for the six months ending June 30, 2003.

"Fox River
The United States Fish and Wildlife department, in 1997, brought suit against Appleton Papers Inc., NCR Corporation and five other paper manufacturers for the alleged contamination of the Fox River.
This event took place during the 1970s when the company was owned by the NCR Corporation. At the time of the acquisition of Appleton Papers Inc. by Arjo Wiggins Appleton, in 1978, an agreement was signed with NCR Corporation for purposes of sharing the costs of the indemnities that could be charged to Appleton Papers Inc.
Since 1997, studies are being conducted to establish the feasibility of decontaminating the Fox River and to determine the share of responsibility. During the first half of 2001, Appleton Papers Inc. and NCR Corporation reached an agreement with the pertinent American authorities concerning the contamination of the Fox River. This agreement consists of the commitment to pay a sum of U.S. $40 million over four years to finance the research project for its decontamination. This payment will be charged against the indemnities that are due.

In October 2001, the “Department of Natural Resources” of Wisconsin (the state in which the pollution occurred) and the federal government published an action plan for the complete reclamation of the river at an estimated cost of U.S. $308 million. The final decision about implementing the plan should be taken during the second half of 2003.
In view of the way the dispute is evolving, Arjo Wiggins Appleton Ltd., based on an evaluation by experts, accrued a sum of U.S. $125 million. The provision has been calculated on the basis of the best possible current estimate for decontamination expenses to be borne by the Group.

European Commission
The European Commission opened an inquiry into Arjo Wiggins Appleton and another seventeen carbonless paper manufacturers for infringements of the provisions of art. 81 of the Rome Treaty (violations of fair trade practices).

The inquiry by the Commission ended with notification of a fine in July 2000, on which Arjo Wiggins Appleton submitted its comments on the subject. On December 20, 2001, the Commission levied a fine of € 184 million on Arjo Wiggins Appleton which, in keeping with the principle of prudence, the company entirely accrued in the 2001 financial statements.

During the first half of 2002, the Company decided to oppose this ruling, which it maintains is out of proportion to the facts of the case. Since the appeal does not suspend the obligation to pay the fine, the Company, in compliance with existing regulations, has decided to fulfill this obligation partly through a deposit of € 92 million and partly by providing a bank guarantee of the same amount.

The proceedings before the Court of the European Community in the first instance are still pending.”

Juventus Football Club
The following comments are taken from the quarterly report of Juventus Football Club S.p.A. at June 30, 2003.

“With regard to the investigation opened by the Legal Authorities against the Managing Director and the physician of the Company concerning the improper use of drugs by Juventus players, a number of inquiry hearings were held during the period April 2003 - July 2003 which will continue during the next few months.”

Group assets held by third parties

Group assets held by third parties at June 30, 2003 total € 3,944 million at June 30, 2003 (€ 20,811 million at December 31, 2002) basically in reference to the Fiat Group for € 3,850 million (€ 20,757 million at December 31, 2002), with a decrease of € 16,907 million compared to December 31, 2002, due almost entirely to deconsolidation of the Toro Assicurazioni Group. This item also includes tangible fixed assets, products and goods of some Automotive Sectors held by outside suppliers for processing, which totaled € 2,980 million (€ 3,199 million at December 31, 2002).

CONSOLIDATED STATEMENT OF OPERATIONS

13) Value of production – Revenues from sales and services and the change in contract work in progress

Revenues from sales and services and the change in contract work in progress total € 27,210 million in the first half of 2003 compared to € 31,315 million in the first half of 2002, with a decrease of 13.1%.
This item includes € 26,829 million for revenues from sales and services (€ 30,892 million in the first half of 2002) and € 381 million for the change in contract work in progress (€ 423 million in the first half of 2002).

The distribution of revenues from sales and services and the change in contract work in progress by business sector is as follows:

€ in millions	1st Half 2003	1st Half 2002 (restated)	Change Amount	Change %
Net revenues by Sector				
Fiat Group				
- Automobiles	**10,052**	11,664	(1,612)	- 14
- Agricultural and Construction Equipment	**4,794**	5,690	(896)	- 16
- Commercial Vehicles	**4,068**	4,255	(187)	- 4
- Ferrari	**621**	580	41	7
- Components	**1,035**	1,082	(47)	- 4
- Production Systems	**829**	658	171	26
- Metallurgical Products	**381**	848	(467)	- 55
- Aviation	**625**	784	(159)	- 20
- Insurance	**1,626**	2,405	(779)	- 32
- Services	**479**	378	101	27
- Publishing and Communications	**183**	173	10	6
- Other companies	**81**	238	(157)	- 66
Total Fiat Group	**24,774**	28,755	(3,981)	- 14
Worms & Cie Group				
- Industry	**886**	975	(89)	- 9
- Services	**1,249**	1,309	(60)	- 5
Total Worms & Cie Group	**2,135**	2,284	(149)	- 7
NHT Group - Tourism	**299**	272	27	10
IFIL, other companies and intragroup eliminations	**2**	4	(2)	n.s.
Total net revenues of the Group	**27,210**	31,315	(4,105)	- 13

The distribution of revenues from sales and services and the change in contract work in progress by geographical area of destination is as follows:

€ in millions	1st Half 2003		1st Half 2002 (restated)	Change
Net revenues by destination - Fiat Group				
Italy	**36%**	**9,060**	10,137	(1,077)
Europe (excluding Italy)	**39%**	**9,699**	10,633	(934)
North America	**13%**	**3,134**	4,053	(919)
Mercosur	**5%**	**1,175**	1,965	(790)
Other areas	**7%**	**1,706**	1,967	(261)
Total Fiat Group	**100%**	**24,774**	28,755	(3,981)
Net revenues by destination - Worms & Cie Group				
Europe (excluding Italy)	**63%**	**1,344**	1,363	(19)
North America	**9%**	**202**	301	(99)
Italy	**7%**	**151**	147	4
Other areas	**21%**	**438**	473	(35)
Total Worms & Cie Group	**100%**	**2,135**	2,284	(149)
Net revenues by destination - NHT				
Europe (excluding Italy)	**4%**	**12**	3	9
North America	**1%**	**2**	0	2
Italy	**91%**	**272**	265	7
Other areas	**4%**	**13**	4	9
Total NHT Group	**100%**	**299**	272	27
IFIL, other companies and intergroup eliminations		**2**	4	(2)
Total net revenues of the Group		**27,210**	31,315	(4,105)

14) Costs of production

The costs of production total € 28,932 million (€ 33,467 million in the first half of 2002) and include the Fiat Group, which accounts for 91.7% of the total for € 26,519 million (€ 30,955 million in the first half of 2002).
The main changes with respect to the Fiat Group are as follows:

- the costs of production show a decrease of 14.3% compared to the first half of 2002;

- raw materials, supplies and merchandise in the first half of 2003 total € 14,177 million (€ 15,618 million in the first half of 2002). This total is equivalent to 57.2% of revenues (54.3% in the first six months of 2002);

- services total € 4,891 million in the first half of 2003 (€ 5,819 million in the first six months of 2002). This total is equivalent to 19.7% of revenues (20.2% in the first six months of 2002). Service costs include advertising expenses, outsourced I.T. and telecommunication service costs, outsourced maintenance service costs, and transportation costs;

- personnel costs total € 3,587 million in the first half of 2003 (€ 4,055 million in the first half of 2002) and decreased by 11.5% with respect to the corresponding period in 2002. Personnel costs represent 14.5% as a percentage of revenues (14.1% in the first six months of 2002). The decrease was mainly due to the lower average number of employees, for a total of 178,102 persons in the first half of 2003, against 201,788 employees in the first half of 2002 due to changes in the scope of consolidation;

- insurance claims and other costs - insurance companies total € 1,357 million in the first half of 2003 (€ 2,066 million in the corresponding period last year). The decrease of 34.3% compared with the first half of 2002 reflects the sale of the Toro Assicurazioni Group.

15) Financial income and expenses

€ in millions	1st Half 2003	1st Half 2002 (restated)	Change	1st Half 2002 (published)
Investment income	**54**	126	(72)	47

Investment income includes € 3 million of gains on the disposal of short-term investments, € 34 million of dividends and € 17 million of tax credits on dividends.

Other financial income

The following analyses of Other financial income and Interest and other financial expenses present the amounts shown in the related items on the statement of operations and also the amounts of income and expenses of the Group's financial companies included in the caption Revenues from sales and services and Interest and other Expenses of financial services companies, respectively. The bottom portion of the tables shows Other financial income and Interest and other financial expenses as shown on the statement of operations.

€ in millions	1st Half 2003	1st Half 2002 (restated)	Change	1st Half 2002 (published)
Other financial income (included in financial income and expenses)				
- Interest earned and other income	**270**	427	(157)	42
- Income from derivative financial instruments	**424**	656	(232)	0
- Foreign exchange gains, net	**57**	0	57	54
Total other financial income (included in financial income and expenses)	**751**	1,083	(332)	96
Interest from customers and lease payments (included in revenues from sales and services)	**771**	1,088	(317)	0
Total	**1,522**	2,171	(649)	96

Interest and other financial expenses

€ in millions	1st Half 2003	1st Half 2002 (restated)	Change	1st Half 2002 (published)
Interest and other financial expenses:				
- bond interest	**332**	323	9	0
- bank interest	**230**	307	(77)	49
- interest paid and other expenses	**288**	318	(30)	11
- expenses from derivative financial expenses	**348**	599	(251)	0
Foreign exchange losses, net	**0**	46	(46)	52
Total interest and other financial expenses (included in financial income and expenses)	**1,198**	1,593	(395)	112
Expenses of financial service companies:				
- bond interest	**16**	22	(6)	0
- bank interest	**174**	281	(107)	0
- interest paid and other expenses	**177**	206	(29)	0
Total expenses of financial service companies (included in costs of production)	**367**	509	(142)	0
Total	**1,565**	2,102	(537)	112

Interest and other financial expenses include receivables discounting and securitization expenses of the Fiat Group for € 148 million in the first half of 2003 (€ 190 million in the first six months of 2002).

16) Adjustments to financial assets

€ in millions	1st Half 2003	1st Half 2002 (restated)	Change	1st Half 2002 (published)
Revaluations of:				
- equity investments	**88**	70	18	11
- financial fixed assets other than equity investments	**0**	1	(1)	1
- securities held as current assets other than equity investments	14	22	(8)	0
Total revaluations	**102**	93	9	12
Writedowns of:				
- equity investments	**(136)**	(254)	118	(74)
- securities held as current assets other than equity investments	**(10)**	(44)	34	(2)
- financial receivables	**(1)**	(2)	1	0
Total writedowns	**(147)**	(300)	153	(76)
Total adjustments to financial assets	**(45)**	(207)	162	(64)

The revaluations and writedowns of equity investments include the Group's interest in net income and losses of the companies accounted for using the equity method.

The revaluations of equity investments refer to the following companies: BUC-Banca Unione di Credito € 8 million, other companies in the Automobile Sector € 14 million, other companies of CNH Global N.V. € 6 million, investments in insurance companies € 3 million, Juventus Football Club € 8 million, Pechel Industries € 4 million, Société Générale de Surveillance € 16 million and other companies € 29 million.

Writedowns of equity investments refer to the following companies: Italenergia Bis S.p.A. € 16 million, other companies in the Automobile Sector € 22 million, other companies of CNH Global N.V. € 1 million, Atlanet S.p.A. € 12 million, Eurofind € 1 million, other companies of NHT € 1 million, mark-to-market of the equity investments of the Toro Assicurazioni Group € 54 million, writedowns of other equity investments € 14 million and amortization of goodwill € 15 million.

17) Extraordinary income and expenses

€ in millions	1st Half 2003	1st Half 2002 (restated)	Change	1st Half 2002 (published)
Extraordinary income				
Gains on disposals of investments and other fixed assets	**609**	959	(350)	202
Prior period income and other income	**39**	29	10	0
Total extraordinary income	**648**	988	(340)	202
Extraordinary expenses				
Losses on disposal of investments and other fixed assets	**(36)**	(36)	0	0
Other expenses:				
- extraordinary provisions to reserves	**(73)**	(46)	(27)	(2)
- prior period expenses and other expenses	**(251)**	(189)	(62)	0
Total other expenses	**(324)**	(235)	(89)	(2)
Total extraordinary expenses	**(360)**	(271)	(89)	(2)
Total extraordinary income and expenses	**288**	717	(429)	200

Gains on disposals of investments and other fixed assets total € 609 million. They include the gains on the following sales: sale of the Toro Assicurazioni Group € 427 million (€ 390 million net of costs and provisions to reserves connected with the sale that were posted as other extraordinary expenses), disposal of the Retail Financing Activities in Brazil of the Automobile Sector € 108 million (€ 107 million net of € 1 million of the costs connected with the transaction), disposal of the 55.95% equity investment in IPI S.p.A. € 15 million, disposal of 50.1% of IN ACTION S.r.l. € 8 million, disposal of 0.52% of Groupe Danone € 49 million and other minor items € 2 million.

Prior period income and other income of € 39 million (€ 29 million in the first half of 2002) refer to nonrecurring income of the individual companies of the Fiat Group mainly for the release of reserves, extraordinary in nature, that proved in excess of requirements.

Losses on disposal of investments and other fixed assets in the first half of 2003 amount to € 36 million. They include losses on the sale of the Fraikin Group € 25 million and other minor companies € 11 million.

Other extraordinary expenses of € 324 million in the first half of 2003 (€ 235 million in the first half of 2002) refer mainly to: provisions for risks in relation to corporate restructuring transactions (the Fiat Group and the Worms & Cie Group) € 103 million, flood damage at the Termoli plant € 49 million, bank commissions for extension of the stock market placement of 34% of Ferrari S.p.A. € 16 million, costs and other provisions connected with the sale of the Toro Assicurazioni Group € 37 million, other prior period expenses and various other operating costs € 119 million.

18) Income taxes for the period

Income taxes on the consolidated statement of operations in the first half of 2003 consist of the following:

€ in millions	**1st Half 2003**	1st Half 2002 (restated)	Change	1st Half 2002 (published)
Current income taxes	**115**	454	(339)	39
Deferred taxes	**89**	(107)	196	33
Total income taxes	**204**	347	(143)	72

Due to the negative result for the first half of 2003, the comparison between the actual tax rate applicable to the Group and the theoretical rate has no significance.
It should be noted that income taxes include the IRAP tax which has a different taxable base than income before taxes.

19) Other information

During the first half of 2003, the Group had an average number of 196,200 employees, compared to 220,877 during the first six months of 2002.

A list of the principal exchange rates used to convert the amounts reported by companies outside the euro zone into the euro currency is provided below:

	1st half 2003		1st half 2002	
	Average	**6/30/2003**	Average	6/30/2002
U.S. dollar	**1.105**	**1.143**	0.897	0.998
British pound	**0.686**	**0.693**	0.621	0.650
Swiss franc	**1.492**	**1.554**	1.469	1.472
Polish zloty	**4.269**	**4.457**	3.666	4.009
Brazilian real	**3.578**	**3.281**	2.189	2.837
Argentine peso	**3.331**	**3.200**	2.373	3.840

Turin, September 12, 2003

For the Board of Directors
The Chairman and Chief Executive Officer
Gianluigi Gabetti

S.p.A.

BALANCE SHEET - ASSETS (€ in thousands)	**6/30/2003**	12/31/2002	Change	6/30/2002
FIXED ASSETS				
Intangible fixed assets				
Start-up and expansion costs	**4,037**	0	4,037	0
Property, plant and equipment				
Industrial equipment	**21**	32	(11)	5
Financial fixed assets				
Investments in subsidiaries	**2,751,079**	1,773,274	977,805	1,816,640
Investments in associated companies	**9,049**	554,407	(545,358)	1,033,334
Investments in other companies	**463,196**	151,399	311,797	151,399
Total investments	**3,223,324**	2,479,080	744,244	3,001,373
Treasury stock	**41,687**	41,687	0	52,284
Total financial fixed assets	**3,265,011**	2,520,767	744,244	3,053,657
TOTAL FIXED ASSETS	**3,269,069**	2,520,799	748,270	3,053,662
CURRENT ASSETS				
Receivables from				
Subsidiaries	**60**	104	(44)	100
Associated companies	**0**	4	(4)	24,003
Parent company	**0**	88	(88)	44
Others	**63,224**	51,037	12,187	58,011
Total receivables	**63,284**	51,233	12,051	82,158
Cash	**59**	84	(25)	138
TOTAL CURRENT ASSETS	**63,343**	51,317	12,026	82,296
ACCRUED INCOME AND PREPAID EXPENSES	**744**	655	89	103
TOTAL ASSETS	**3,333,156**	2,572,771	760,385	3,136,061

BALANCE SHEET - LIABILITIES AND STOCKHOLDERS' EQUITY (€ in thousands)	6/30/2003	12/31/2002	Change	6/30/2002
STOCKHOLDERS' EQUITY				
Capital stock	**728,824**	441,738	287,086	441,738
Additional paid-in capital	**931,785**	800,644	131,141	785,266
Revaluation reserve				
Revaluation reserve Law 408/90	**243,894**	243,894	0	243,894
Revaluation reserve Law 413/91	**2,586**	2,586	0	2,586
Total revaluation reserves	**246,480**	246,480	0	246,480
Legal reserve	**145,765**	100,923	44,842	100,923
Special gain reserve Law 169/83	**0**	248	(248)	248
Treasury stock valuation reserve	**41,687**	41,687	0	52,284
Other reserves				
Extraordinary reserve	**198,093**	198,093	0	198,089
Undistributable reserve from cancellation of treasury stock	**25,152**	25,152	0	25,152
Dividend equalization reserve	**0**	2,458	(2,458)	2,458
Merger surplus reserve	**0**	93,090	(93,090)	93,090
Reserve for purchase of treasury stock	**300,000**	389,119	(89,119)	393,899
Total other reserves	**523,245**	707,912	(184,667)	712,688
Net income (loss) for the period	**60,734**	(516,392)	577,126	48,669
TOTAL STOCKHOLDERS' EQUITY	**2,678,520**	1,823,240	855,280	2,388,296
RESERVES FOR RISKS AND CHARGES				
Income tax reserve	**10,987**	11,004	(17)	19,916
Other reserves	**0**	2,818	(2,818)	0
TOTAL RESERVES FOR RISKS AND CHARGES	**10,987**	13,822	(2,835)	19,916
RESERVE FOR EMPLOYEE SEVERANCE INDEMNITIES	**1,722**	1,838	(116)	1,660
PAYABLES				
Bonds 2002-2005	**200,000**	145,000	55,000	0
Borrowings from banks due within one year	**275,910**	428,474	(152,564)	567,761
Borrowings from banks due beyond one year	**150,000**	150,000	0	150,000
Trade payables	**5,068**	506	4,562	995
Payables to subsidiaries	**4,887**	0	4,887	2
Payables to associated companies	**0**	524	(524)	480
Payables to parent company	**83**	73	10	90
Taxes payables due within one year	**262**	307	(45)	274
Social security payable	**152**	200	(48)	161
Other payables	**3,329**	3,098	231	812
TOTAL PAYABLES	**639,691**	728,182	(88,491)	720,575
ACCRUED EXPENSES AND DEFERRED INCOME	**2,236**	5,689	(3,453)	5,614
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**3,333,156**	2,572,771	760,385	3,136,061
COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS				
Commitments				
Contracts to hedge interest rate risk	**295,000**	459,874	(164,874)	459,874
Purchase of investments	**213,892**	199,503	14,389	0
Total commitments	**508,892**	659,377	(150,485)	459,874
Other memorandum accounts				
IFIL savings shares to be canceled	**39,950**	0	39,950	0
Securities held in deposit by third parties	**54,000**	54,000	0	54,000 (a)
Shares to be delivered	**3**	3	0	3
Total other memorandum accounts	**93,953**	54,003	39,950	54,003

(a) Data reclassified for purposes of comparison with the year 2002.

STATEMENT OF OPERATIONS (€ in thousands)	1st Half 2003	1st Half 2002		Change	Year 2002
FINANCIAL INCOME AND EXPENSES					
Investment income					
Dividends and tax credits relating to:					
subsidiaries	**50,090**	19,061		31,029	19,061
associated companies	**977**	32,566		(31,589)	28,788
other companies	**32,986**	22,846		10,140	22,846
	84,053	74,473		9,580	70,695
Gain on sale of investment in subsidiary	**0**	1,855		(1,855)	1,855
	84,053	76,328		7,725	72,550
Other financial income - income other than the above	**945**	648		297	1,297
Interest and other financial expenses from:					
subsidiaries	**1**	0		1	0
parent company	**74**	0		74	0
other companies	**16,134**	14,920		1,214	34,548
	16,209	14,920		1,289	34,548
ADJUSTMENTS TO FINANCIAL ASSETS					
Writedowns of financial fixed assets	**0**	0		0	(537,670)
TOTAL FINANCIAL INCOME AND EXPENSES	**68,789**	62,056		6,733	(498,371)
OTHER OPERATING INCOME	**127**	524		(397)	681
OTHER OPERATING EXPENSES					
Raw materials, supplies and merchandise	**16**	33		(17)	85
Services	**2,591**	2,982	(a)	(391)	8,842
Leases and rentals	**499**	452		47	892
Personnel costs	**2,821**	2,318		503	4,516
Amortization of intangible fixed assets	**448**	0		448	0
Depreciation of property, plant and equipment	**11**	4		7	12
Other operating costs	**1,692**	765	(a)	927	2,168
TOTAL OTHER OPERATING EXPENSES	**8,078**	6,554		1,524	16,515
INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS AND TAXES	**60,838**	56,026		4,812	(514,205)
EXTRAORDINARY INCOME AND EXPENSES					
Extraordinary income	**1**	1		0	43
Extraordinary expenses	**(105)**	(7)		(98)	(16)
TOTAL EXTRAORDINARY INCOME AND EXPENSES	**(104)**	(6)		(98)	27
INCOME (LOSS) BEFORE TAXES	**60,734**	56,020		4,714	(514,178)
INCOME TAXES	**0**	(7,351)		7,351	(2,214)
NET INCOME (LOSS) FOR THE PERIOD	**60,734**	48,669		12,065	(516,392)

(a) Data reclassified for purposes of comparison with the year 2002.

Group

Name	Country	Capital Stock at 06/30/2003	Currency	Group % of ownership	Held by:	% of capital stock	% of voting rights in stockholders' meeting	Business segment	Consolidation method
IFIL FINANZIARIA DI PARTECIPAZIONI S.p.A.	ITALY	728,824,587	EUR						
SUBSIDIARIES									
FIAT S.P.A.	ITALY	3,082,128,000	EUR	26,40	IFIL FINANZIARIA DI PARTECIPAZIONI S.P.A.	26.401	30.334	Holding company and Diversified	Line-by-line
					FIAT S.P.A. (*)	0.597	0.484		
IFIL INVESTISSEMENTS S.A.	LUXEMBOURG	166,611,300	EUR	100.00	IFIL FINANZIARIA DI PARTECIPAZIONI S.P.A.	79.816	79.816	Holding company and Diversified	Line-by-line
					IFIL INVESTMENT HOLDING N.V.	20.184	20.184		
IFIL INVESTMENT HOLDING N.V.	NETHERLANDS	54,000,000	EUR	100.00	IFIL FINANZIARIA DI PARTECIPAZIONI S.P.A.	100.000	100.000	Holding company and Diversified	Line-by-line
IFIL CAPITAL B.V.	NETHERLANDS	11,000,000	EUR	100.00	IFIL INVESTMENT HOLDING N.V.	100.000	100.000	Holding company and Diversified	Line-by-line
IFIL FINANCE B.V.	NETHERLANDS	10,000,000	EUR	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000	Holding company and Diversified	Line-by-line
IFILGROUP FINANCE L.T.D.	IRELAND	4,000,000	EUR	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000	Holding company and Diversified	Line-by-line
IFIL INTERNATIONAL FINANCE L.T.D.	IRELAND	4,000,000	EUR	100.00	IFIL INVESTISSEMENTS S.A.	100.000	100.000	Holding company and Diversified	Line-by-line
JUVENTUS FOOTBALL CLUB S.p.A.	ITALY	12,093,200	EUR	62.01	IFIL FINANZIARIA DI PARTECIPAZIONI S.P.A.	62.010	62.010	Football club	Equity method
CAMPI DI VINOVO S.p.A.	ITALY	1,300,000	EUR	-	JUVENTUS FOOTBALL CLUB S.p.A.	69.782	69.782	Lease of own real properties and subleasing	Cost
					CAMPI DI VINOVO (*)	3.000	3.000		
WORMS & CIE S.A. DIRECTOIRE ET CONSEIL DE SURVEILLANCE	FRANCE	161,210,830.68	EUR	53.07	IFIL INVESTISSEMENTS S.A.	53.074	53.074	Holding company and Diversified	Line-by-line
					WORMS & CIE S.A. A DIRECTOIRE ET CONSEIL DE SURVEILLANCE (*)	0.057	0.057		
NHT NEW HOLDING FOR TOURISM B.V.	NETHERLANDS	32,980,000	EUR	90.00	IFIL INVESTISSEMENTS S.A.	59.679	59.679	Tourism and Hotels	Line-by-line
					IFIL FINANCE B.V.	30.321	30.321		
SOIEM S.P.A.	ITALY	18,250,000	EUR	100.00	IFIL FINANZIARIA DI PARTECIPAZIONI S.P.A.	100.000	100.000	Services	Line-by-line
COMPANIES JOINTLY CONTROLLED WITH THIRD-PARTY STOCKHOLDERS									
EUROFIND S.A.	LUXEMBOURG	985,348,268	EUR	40.47	IFIL INVESTISSEMENTS S.A.	40.468	50.000	Holding company and Diversified	Equity method
EUFIN INVESTMENTS UNLIMITED	UNITED KINGDOM	243,100	EUR	40.47	EUROFIND S.A.	100.000	100.000	Holding company and Diversified	Equity method
ASSOCIATED COMPANIES									
SIFALBERGHI S.R.L.	ITALY	13,000,000	EUR	25.00	IFIL FINANZIARIA DI PARTECIPAZIONI S.P.A.	25.000	25.000	Tourism and Hotels	Equity method
EUROMEDIA LUXEMBOURG ONE S.A.	LUXEMBOURG	52,500,000	EUR	-	IFIL INVESTISSEMENTS S.A.	14.286	14.286	Holding company and Diversified	Cost
					FIAT NETHERLAND HOLDING NV	14,286	14,286		
WE-CUBE.COM S.P.A.	ITALY	666,668	EUR	-	IFIL INVESTISSEMENTS S.A.	14.790	14.790	Services	Cost
					BUSINESS SOLUTIONS S.P.A.	14.790	14.790		

(*) Voting suspended

A complete list of holdings by the IFIL Group at June 30, 2003 is provided in the First-Half Report at the same date in Italian.

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REPORT OF THE INDEPENDENT AUDITORS ON THE REVIEW

OF THE SIX-MONTH REPORT AS OF JUNE 30, 2003
(Translation from the Original Issued in Italian)

To the Shareholders of
IFIL – Finanziaria di Partecipazioni S.p.A.:

1. We have performed a review of the interim consolidated financial statements and related notes included in the Six-month Report as of June 30, 2003 of IFIL - Finanziaria di Partecipazioni S.p.A. and subsidiaries (the "IFIL Group"). We have also read the other parts of the Six-month Report containing information on the results of operations with the sole purpose of verifying the consistency thereof with the interim consolidated financial statements and notes.

2. Our review was made in accordance with the criteria for such reviews recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("CONSOB") in Resolution no. 10867 of July 31, 1997. The review of the six-month data of certain subsidiaries or affiliates which represent approximately 12.5% of total assets and approximately 11.6% of consolidated revenues has been performed by other auditing firms, whose reports thereon have been furnished to us. Our review consisted principally of obtaining information regarding the items reported in the interim financial statements and the consistency of the valuation criteria applied through discussion with company management and the performance of analytical procedures on the data contained in the financial statements. Our review did not include certain audit procedures such as compliance tests and substantive tests of assets and liabilities and was significantly less in scope than an audit conducted in accordance with generally accepted auditing standards. As a consequence, unlike the auditors' report accompanying the annual consolidated financial statements, we do not express an audit opinion on the consolidated financial statements included in the Six-month Report.

3. With regard to the comparative information related to the corresponding prior year six-month report and to the consolidated financial statements as of December 31, 2002, presented for comparative purposes in the current year six-month report, reference should be made to the related reports of independent auditors dated September 18, 2002 and April 3, 2003, respectively.

4. Based on our review, we are not aware of any material modifications or additions that should be made to the interim consolidated financial statements and related notes identified in paragraph 1. of this report, for them to be in conformity with the reporting standards set out in the CONSOB regulation related to six-month reports as approved by Resolution no. 11971 of May 14, 1999 and subsequent amendments.

DELOITTE & TOUCHE S.p.A.
s/Colin Johnston
Partner

Turin, Italy
September 15, 2003

The six-month report has been translated into English from the original version in Italian. It has been prepared in accordance with the CONSOB regulation related to interim reports, interpreted and integrated by the accounting principles established or adopted by the Italian Accounting Profession. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Italy, may not conform with generally accepted accounting principles in other countries.

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This report is printed on ecological paper Magnomatt

Graphics and format: FORE

Printed in Italy by Stamperia Artistica Nazionale - Torino - September 30, 2003