



Istituto Finanziario Industriale

Turin, September 12, 2003

PRESS RELEASE

Board of Directors' Meeting on September 12, 2003

The Board of Directors of IFI – Istituto Finanziario Industriale met today in Turin under the chairmanship of Umberto Agnelli to examine the performance for the first half of 2003.

The first half of the year showed a consolidated loss for the IFI Group of € 130 million mainly as a result of its share of the loss of the Fiat Group for the first half of 2003 (€ 110.8 million). In the corresponding period of 2002, the consolidated loss of the IFI Group had been € 75 million.

Shareholders' equity of the Group at June 30, 2003 was € 1,848.8 million (€ 2,026.2 million at the end of 2002). The reduction was due to the consolidated loss of the Group and the translation adjustments of certain subsidiaries.

IFI S.p.A. reported a net profit for the first half of € 13.8 million (€ 72.5 million for the corresponding period of 2002).

The net financial position of IFI S.p.A. at June 30, 2003 showed a net debt position of € 436.4 million (compared to € 426.5 million at December 31, 2002).

Significant events in the first months of 2003

In April 2003, IFI and IFIL executed the Reorganization Plan of the Group announced on March 3. IFI therefore contributed to IFIL the investments held in Fiat S.p.A., SANPAOLO IMI S.p.A., Juventus Football Club S.p.A. and Soiem S.p.A. against a capital increase by IFIL reserved for IFI.

Successively, IFI exercised the right to voluntarily convert the IFIL savings shares to IFIL ordinary shares as established by the Reorganization Plan. Against 119,750,000 IFIL savings shares held, IFI thus received 101,787,500 IFIL ordinary shares.

The Board of Directors of IFI, which met on June 27, 2003, voted to increase capital stock by issuing 55,575,000 IFI ordinary shares and a maximum of 45,926,460 IFI preferred shares, both of par value € 1, at the price of € 4.5 each, in a ratio of 9 new



shares for every 5 shares held. The capital increase ended with a 100% subscription of the shares offered and raised capital of € 457.4 million.

In July, IFI took part in IFIL's capital increase by subscribing to 233,861,025 new IFIL ordinary shares for a total outlay of € 304.2 million. IFI currently holds 643,783,399 IFIL ordinary shares, equal to 62.03% of ordinary capital stock.

At August 31, 2003, after the conclusion of these transactions, the net debt of IFI S.p.A. displayed a significant reduction to € 287.2 million.

Future outlook for the operations of the IFI Group for the current year

The unrelenting negative international economic situation will continue to influence the consolidated result for the current year. The economic results of the subsidiaries will have a significant impact on IFI S.p.A.'s cash flows which, in 2003, could be negative. Nevertheless, the efforts in progress to turn around Fiat and the new organization of the companies IFI and IFIL, which clearly attribute a role of control to the first and a role of operating holding company to the second, constitute the premises for a turnaround of the Group.



CONSOLIDATED FINANCIAL STATEMENTS OF THE IFI GROUP AT JUNE 30, 2003 – CONDENSED (*)

(*) Prepared by valuing the investments held in IFIL and in the Exor Group using the equity method.

CONDENSED CONSOLIDATED INCOME STATEMENT

Year		1st Half	1st Half	
2002	€in millions	2003	2002	Change
(755.2)	Group's share of earnings (losses) of companies accounted for using the equity method	(116.8)	(90.5)	(26.3)
14.7	Dividends from other holdings and tax credits	0.2	14.7	(14.5)
(60.3)	Gains/(losses), net	0.0	0.9	(0.9)
(7.4)	Amortization of goodwill	0.0	(0.2)	0.2
(808.2)	Investment income (expenses), net	(116.6)	(75.1)	(41.5)
(17.5)	Financial expenses, net	(8.4)	(8.2)	(0.2)
(9.2)	General expenses, net	(3.4)	(4.6)	1.2
(4.5)	Other expenses, net	(1.6)	(2.6)	1.0
(839.4)	Loss before income taxes	(130.0)	(90.5)	(39.5)
21.8	Current income taxes, net	0.0	2.3	(2.3)
14.6	Deferred income taxes	0.0	13.2	(13.2)
(803.0)	Net loss - Group	(130.0)	(75.0)	(55.0)

GROUP'S SHARE OF EARNINGS (LOSSES) OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

Year		1st Half	1st Half	
2002	€in millions	2003	2002	Change
(118.6)	IFIL Group	(27.2)	19.0	(46.2)
3.9	Exor Group	4.3	1.0	3.3
(642.2)	Fiat Group, 1st Quarter 2003	(110.8)	(91.8)	(19.0)
(22.0)	Juventus Football Club, 1st Quarter 2003	(4.5)	(19.3)	14.8
(778.9)		(138.2)	(91.1)	(47.1)
23.7	Consolidation adjustments	21.4	0.6	20.8
(755.2)	Group's share of earnings (losses) of companies accounted for using the equity method	(116.8)	(90.5)	(26.3)

Unaudited by the audit firm and not examined by the board of statutory auditors.



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CONDENSED CONSOLIDATED BALANCE SHEET

6/30/2002	€in millions	6/30/2003	12/31/2002	Change
	Long-term financial assets:			
3,154.7	- investments	2,216.8	2,366.9	(150.1)
127.3	- treasury stock	70.5	70.5	0.0
5.2	- other receivables	6.7	6.7	0.0
3,287.2		2,294.0	2,444.1	(150.1)
10.0	Cash and banks, financial receivables and other assets	2.6	1.8	0.8
20.8	Other assets	14.2	29.7	(15.5)
3,318.0	Total assets	2,310.8	2,475.6	(164.8)
	Shareholders' equity:			
2,863.4	- Group	1,848.8	2,026.2	(177.4)
10.6 (a)	- Minority interest	0.0	10.4 (a)	(10.4)
2,874.0		1,848.8	2,036.6	(187.8)
	Financial payables:			
181.6	- banks, short-term	160.0	211.7	(51.7)
175.0	- banks, medium-term	277.5	170.0	107.5
52.7	- parent company, short-term	0.0	39.3	(39.3)
0.0	- subsidiaries, short-term	0.0	0.5	(0.5)
1.8	- other	1.5	1.6	(0.1)
411.1		439.0	423.1	15.9
32.9	Other liabilities and reserves	23.0	15.9	7.1
3,318.0	Total liabilities and shareholders' equity	2,310.8	2,475.6	(164.8)

(a) Corresponding to the stake in Soiem (49.9%) previously held by IFIL.

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FINANCIAL STATEMENTS OF IFI S.P.A. AT JUNE 30, 2003

CONDENSED INCOME STATEMENT

Year		1st Half	1st Half	
2002	€in millions	2003	2002	Change
79.9	Dividends	4.5	79.0	(74.5)
36.2	Dividend tax credits	0.1	36.3	(36.2)
(304.8)	Writedowns	0.0	0.0	0.0
1.0	Gains	22.6	1.2	21.4
	Income/(expenses), net, from investments and other long-term financial assets	27.2	116.5	(89.3)
(17.6)	Financial expenses, net	(8.4)	(8.2)	(0.2)
(9.4)	General expenses, net	(3.4)	(4.6)	1.2
(4.5)	Otehr expenses, net	(1.6)	(2.6)	1.0
(219.2)	Profit (loss) before income taxes	13.8	101.1	(87.3)
(7.7)	Income taxes	0.0	(28.6)	28.6
(226.9)	Net profit (loss)	13.8	72.5	(58.7)

CONDENSED BALANCE SHEET

6/30/2002	€in millions	6/30/2003	12/31/2002	Change
1,826.1	Long-term financial assets:	1,551.7	1,524.7	27.0
17.2	Other assets	16.9	18.1	(1.2)
1,843.3	Total assets	1,568.6	1,542.8	25.8
1,394.3	Shareholders' equity	1,108.7	1,094.9	13.8
	Financial payables:			
181.6	- banks, short-term	160.0	211.7	(51.7)
175.0	- banks, medium-term	277.5	170.0	107.5
3.2	- subsidiaries	0.4	4.7	(4.3)
52.7	- parent company	0.0	39.3	(39.3)
412.5		437.9	425.7	12.2
36.5	Other liabilities and reserves	22.0	22.2	(0.2)
1,843.3	Total liabilities and shareholders' equity	1,568.6	1,542.8	25.8

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