PININFARINA GROUP

ANNUAL FINANCIAL REPORT

AT DECEMBER 31, 2012

Pininfarina S.p.A. – Share Capital: 30,166,652 euros, fully paid-in – Registered Office: 6 Via Bruno Buozzi, Turin
Tax I.D. and Registration No. 00489110015, Turin Company Register

The financial statements of Pininfarina S.p.A., the Consolidated Financial Statements at December 31, 2012 and the Reports on Operations were approved by the Board of Directors on March 21, 2013.

ORDINARY SHAREHOLDERS’ MEETING

MAY 6, 2013

The Ordinary Shareholders’ Meeting was convened on May 6, 2013 at 11:00 AM in the “Mythos” Hall, at the offices of Pininfarina S.p.A., 30 Via Nazionale, Cambiano (Turin), on the first calling.

AGENDA

1) Approval of the financial statements at December 31, 2012 and applicable resolutions.
2) Compensation Report and resolutions required by Article 123 *ter* of Legislative Decree No. 58/1998.
3) Award of the assignment to perform statutory independent audits of the financial statements for the nine year period from 2013 to 2021.

Board of Directors

Chairman*	Paolo	Pininfarina
Chief Executive Officer	Silvio Pietro	Angori
Directors	Gianfranco	Albertini (4) (5)
	Edoardo	Garrone (1) (2) (3)
	Enrico	Parazzini (3)
	Carlo	Pavesio (1)
	Roberto	Testore (1) (2) (3)

(1) Member of the Nominating and Compensation Committee

(2) Member of the Control and Risk Committee

(3) Member of the Committee for Transactions with Related Parties

(4) Corporate Accounting Documents Officer

(5) Director Responsible for the Internal Control and Risk Management System

Board of Statutory Auditors

Chairman	Nicola	Treves
Statutory Auditors	Giovanni	Rayneri
	Mario	Montalcini
Alternates	Alberto	Bertagnolio Licio
	Guido	Giovando

Secretary to the Board of Directors

Gianfranco Albertini

Independent Auditors

PricewaterhouseCoopers S.p.A.

***Powers**
Pursuant to Article 22 of the Bylaws, the Chairman is the Company's legal representative vis-à-vis external parties and in court proceedings.

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REPORT OF THE BOARD OF DIRECTORS
ON OPERATIONS

Overview

The Pininfarina Group

On July 2, 2012, Sergio Pininfarina, lifetime member of the Italian Senate and Honorary Chairman of the Pininfarina Group, passed away at his home in Turin. We take this opportunity to remember this entrepreneur, who led his company for so many years, bringing it worldwide to the pinnacle of style, elegance and technological innovation.

2012 was characterized by some significant events that enabled the Company and the Pininfarina Group to report an increase in turnover thanks to the addition of top global customers to its portfolio. One of the reasons for this achievement was the Company's ability to demonstrate that it has stabilized and strengthened its financial position and shareholders' equity compared with the recent past, which enabled it to continue operating in an international economic context that remained particularly challenging.

It is worth mentioning that the economic events that followed the debt restructuring transaction of 2008 caused losses of such magnitude to cause shareholders' equity to decrease below the threshold of Article 2446 of the Italian Civil Code. The Shareholders' Meeting held on February 15, 2012 approved a resolution to bring forward the loss in anticipation of an imminent second restructuring agreement between the Company and the Lender Institutions, which did indeed go into effect on May 1, 2012.

The approval of the 2011-2018 Industrial Plan and Financial Plan by the Board of Directors of Pininfarina S.p.A. and the subsequent signing of the new Rescheduling Agreement satisfied the requirements for the Company's recapitalization (making the actions required by Article 2446 of the Italian Civil Code no longer applicable), reestablishing a balance between the cash flows projected in the new Plans and the repayment of the remaining debt owed to credit institutions. Further to these agreements, Pininfarina S.p.A. recognized a financial gain of 44.8 million euros, which enabled it to report a substantial consolidated net profit of 32.9 million euros (net profit of 31 million euros for the Group's Parent Company).

Turning to the income statement, the acquisition of important multiyear orders produced in 2012 a significant gain in value of production compared with 2011 (+13.2%), attributable mainly to the engineering operations of the Group's Parent Company. Important increases in business activity were also reported in Germany (engineering) and by the Italian industrial design activities. The figure for 2012 is particularly noteworthy because it was achieved during a period that was not conducive to the development of new projects in the automotive sector in most international markets.

In 2012, EBITDA were negative and the negative change is even greater when a comparison is made with the corresponding amount in 2011, which, however, included the extraordinary gain generated by the divestment of the interest in the Véhicules Electriques Pininfarina Bolloré joint venture, amounting to 8.9 million euros (significantly higher than the gain of 3.2 million euros earned on the divestment of the interest in the Pininfarina Sverige joint venture). EBIT, while still negative by 8.2 million euros, improved by 0.5 million euros compared with the loss at December 31, 2011. Moreover, there was a clear improvement from the first to the second half of the year. Specifically, the data for the first six months were penalized, in addition to other factors, by extraordinary costs incurred in connection with the achievement of the agreements with the Lender Institutions and issues related to the failure to operate at full capacity, while in the second half of the year, with the start of new activities, the Group saw a steady and important reduction of its losses.

Thanks to the abovementioned Rescheduling Agreement, the performance in the financial area was extremely positive, enabling the Group to close the year in the black.

The beneficial effects of the Rescheduling Agreement were also reflected on the value of shareholders’ equity (up from 9.6 million euros in 2011 to 39.8 million euros in 2012) and the net financial position (negative by 30.6 million euros in 2012 compared with a negative balance of 77.9 million euros in 2011), while the principal amount of the debt owed to credit institutions decreased by 73.5 million euros.

The Group’s composition changed compared with 2011, due to the deconsolidation of the Pininfarina Sverige A.B. joint venture, following the sale of the corresponding equity investment to Volvo Car Company for 30 million euros pursuant to the agreements signed in 2003, and of Matra Automobile Engineering, a French subsidiary that has been dormant since 2008, pending its liquidation, and has become irrelevant in terms of the consolidated financial statements.

At December 31, 2012, the Group had 815 employees, compared with 780 a year earlier (+4.5%).

Pininfarina S.p.A.

The salient events concerning Pininfarina S.p.A. that occurred in 2012 are reviewed below.

The Shareholders’ Meeting of February 15, 2012, having been informed that the Company found itself in the situation governed by Article 2446 of the Italian Civil Code, resolved to bring forward the loss at October 31, 2011, amounting to 16.9 million euros. The Rescheduling Agreement executed with the Lender Institutions—effective as of May 1, 2012—made it possible to recognize in the income statement a significant financial gain (44.8 million euros), thereby completing the desired recapitalization and resolving the issues raised by the relevant provisions of the civil code.

There are no new developments to report regarding the pending VAT dispute, which started in 2006 and, after making its way through two levels of the judicial system, reached the Supreme Court of Cassation in the spring of 2011.

As for compliance with the commitments and restrictions that exist under the current Rescheduling Agreement between Pininfarina S.p.A and the Lender Institutions, all of the relevant covenants were complied with in 2012.

Human Resources and the Environment

The tables below show the Pininfarina Group’s workforce at December 31, 2012 broken down by business sector and country.

Breakdown by Business Sector

	Engineering	Operations	Styling	Staff functions	TOTAL
2012	475	112	103	125	815
2011	433	118	101	128	780

Please note that the number shown for the Operations Sector in 2012 does not include 54 employees transferred to B.C. Finizioni Montaggi Carrozzeria S.r.l., effective April 1, 2011, under a contract to lease certain business operations (57 employees in 2011). However, the total staff at December 31, 2012 does include 107 employees enrolled in the long-term unemployment benefit program activated for termination of business activity (127 employees in 2011).

Breakdown by Country

	Italy	Germany	Morocco	China	TOTAL
2012	450	320	34	11	815
2011	461	275	41	3	780

Research Activities

In 2012, the Group completed research activities focused on the concept of sustainable mobility (chief among them the HYBUS project, with implementation of the road testing phase) and continued to engage in international collaborative projects, within the framework of E.U. programs, in the following areas: development of specific systems and components for electric vehicles, activities in the aero-acoustic field for the optimization of high energy efficiency aircraft and optimization and finalization of product development processes and methods. The amount invested in research activities totaled about 1.5 million euros, which was charged in full to income during the year.

Pininfarina S.p.A.

Please note than in October 2011, the Company activated a long-term unemployment benefit procedure for the termination of activities (production) and staff downsizing that affected 127 employees. On December 2, 2011, following negotiations with the labor unions and the Piedmont Regional Administration, the parties signed an agreement that was sanctioned by the Piedmont Regional Administration in a special memorandum filed on December 19, 2011. The salient points of the agreement include a waiver allowing access to the Layoff Benefits Fund until April 30, 2012 and, subsequently, the right to apply for availability of the Special Layoff Benefits Fund for 24 months due to partial termination of business activity. While the Special Layoff Benefits Fund is activated, long-term unemployment benefits will be provided to redundant employees, initially based on non-opposition and, upon expiration of eligibility for the Special Layoff Benefits Fund, in accordance with statutory criteria. Consequently, upon the expiration of the waiver allowing access to the Layoff Benefits Fund on April 30, 2012, the Company applied for enrollment in the Special Layoff Benefits Fund due to partial termination of business activity. Enrollment for the first 12 months (from May 1, 2012 to April 30, 2013) was approved by the requisite Ministry Decree and a decision by the Ministry is pending for the remaining 12 months.

In 2012, there were no job-related fatalities or accidents causing serious or extremely serious injuries to employees on the Company’s payroll and no complaints were lodged against the Company by employees or former employees for occupational illnesses or harassment. However, the Company provided compensation 2012 to settle disputes with employees and former employees involving pecuniary damages and/or non-pecuniary damages (e.g., environmental damages, moral damages, pain and suffering, etc.).

With regard to investments in occupational safety and environmental protection, the Company devotes the utmost attention to ensuring that the operational layouts of its facilities and work machinery and equipment are constantly updated and/or upgraded in accordance with current regulations. Investments of about 800,000 euros were earmarked for this purpose for 2013.

The environmental remediation process carried out at the San Giorgio Canavese plant pursuant to the relevant environmental regulations since December 2008, due to an accident involving an underground gasoil pipeline, was completed in 2011. An environmental survey, with testing of water quality in the aquifer, carried out in 2012, confirmed that the aquifer was not contaminated.

An environmental survey carried out in 2011, in connection with the contract executed on December 31, 2009 to sell the plat located at 14/18 Via Pininfarina, in Grugliasco, showed that, at one location, the soil exceeded the statutory hydrocarbon parameter of C > 12. The Company immediately began implementation of the remediation process required by the relevant environmental regulations, which is currently ongoing.

The Company adopted an environmental policy that governs the disposal and recycling of its waste. This policy is available on the Company website.

In addition, Pininfarina S.p.A. adopted an environmental management system that was certified in accordance with the UNI EN ISO 14001 standard of 2004. In 2012, the Company’s environmental management system underwent the tri-annual maintenance audit by an independent party that covered all of the Italian production facilities and was successfully completed.

Performance of the Group’s Business Sectors in 2012

Operations Sector

The Operations Sector, which includes mainly activities involving the sale of spare parts for cars made in previous years, costs and revenues attributable to corporate departments and other activities with customers outside the Group, including revenues from the leasing of certain business operations for the production of electric cars manufactured for the car sharing service of the City of Paris, reported value of production of 12.6 million euros (11.2 million euros in 2011; +12.5%), accounting for 18% of consolidated value of production, in line with the previous year. Even though the Sector benefited from a gain of 3.2 million euros on the disposal of the investment in Pininfarina Sverige, EBIT were negative by 7 million euros, compared with a loss of 1.3 million euros in 2011, when the sale of the investment in Véhicules Electriques Pininfarina Bolloré generated a gain of 8.9 million euros.

Services

The service operations, which include design, industrial design and engineering, reported value of production of 57.6 million euros (50.8 million euros at December 31, 2011; +13.4%), accounting for 82% of the Group's total value of production, in line with the previous year. The Sector's EBIT were negative by 1.2 million euros, marking a sharp improvement compared with a loss of 7.4 million euros in 2011, when the Company recognized large provisions and writedowns of receivables and other assets related to operations in Italy.

The main activities carried out in Italy by the Service Sector in 2012 are reviewed below.

Design

Projects for Ferrari included the worldwide debut of the Ferrari F12 Berlinetta at the 2012 Geneva Motor Show and the start of styling development for two new models, scheduled for launch later this year, which will renew and complement the existing model lineup. As for custom-built cars, work started last year continued on a new special Ferrari and styling research got under way for other one-of-a-king car projects.

Work for Fiat Group Automobiles entailed contributing with physical modeling to the development of a high-end automobile and virtual modeling activities for commercial vehicles and an A segment car.

Activities in the Chinese market included styling research for some established customers and the execution of an agreement with an important new customer for the styling development of an SUV. An agreement of great prospective significance involves brand identity research for another major Chinese carmaker that bolster the status of primary partner achieved by Pininfarina in this market.

In the Japanese market, the Company signed an agreement with a major carmaker for the restyling of a sedan aimed at the European market. In India, car interior styling development activities continued for an important company in the automotive sector and a market leader.

Other activities included: development of styling research for a new and innovative Pininfarina concept car dedicated to Sergio Pininfarina, which was unveiled at the 2013 Geneva Motor Show. Work on special cars included the development and construction of a one-off car for an important customer in South Africa and the signing of an agreement with a German carmaker for the construction of a prototype of a luxury coupé that will be presented to the public on the occasion of an international event scheduled for the first half of 2013.

In the area of non-automotive transportation systems, collaboration with Prinoth continued on the development of a new Snowcat and work started on styling activities to broaden this customer's product portfolio. Other activities included styling development for a complete line of roof boxes for an important distributor of automobile accessories and development of car interior mockups that a top Japanese producer of automotive components, with a branch in Italy, will use for technology demonstration purposes.

Industrial Design

The main developments of the first half of the year involving industrial design included presentation of the HEAT4U project, carried out within an E.U. research program with seven major international partners that included Bosch, British Gaz, Enea, GdF Suez and Robur, the project leader. Presentation of five projects at the Milan Furniture Show for Snaidero, Calligaris, Bluform, Comunità di San Patrignano and Riva 1920. In Miami, launch of "Millecento Residences," a 42-

floor tower, which is the Group’s first residential design project in the United States, for the Related Group a leading real estate developer. At “Venditalia 2012” in Milan, presentation of “Firma,” Lavazza’s new capsule coffee dispensing system for offices that includes two machines of different sizes. In June, in London, inauguration of the Pininfarina in London” show at the Italian Culture Institute and worldwide unveiling of the innovative transport system called Personal Rapid Transport, a mass transit electric system designed for Vectus, a Korean company with a leadership position in the urban mobility sector. In Riardo (Caserta), inauguration of the “Madonna della Stella” family chapel, which is Pininfarina’s first project in the field of religious architecture. The project’s internal and external design received positive reviews. The most noteworthy development of the second half of the year included: underwriting of 20% of the equity capital of Goodmind S.r.l., a startup company that plans to operate in the area of brand and product communications for companies and entities; several presentations, including those for Philip Morris in Dubai and Desarollo Mor, an Argentine company active in the field of nautical architecture. Other significant events included the presentation in Genoa of a line of yacht bridge components developed together with MTU, a German company, and attendance at the FAAP’s “Art and Design” week in São Paulo, in Brazil, and presentation to the international press of the Chivas-Pininfarina project consisting of three limited editions of the “Chivas 18” product featuring the iconic “mascherone.”

Engineering

The established credibility of the Group’s technical competencies, coupled with its regained financial stability, enabled the Group to execute agreements for multi-year engineering activities. In 2012, the new organizational model launched the previous year was consolidated, broadening and rounding out both competencies and staff. In addition, the Group entered the market for the construction of prototypes for carmakers, both as a separate line of business and as a line that complements or is part of the development activities.

More specifically, the Group booked several important multi-year orders for product development projects, the most important of which involved the start of design activities for two Mini-branded cars for the BMW Group. These development programs are carried out by an international team that includes employees of the Group’s Parent Company and of the German subsidiary in Munich. In addition, an agreement was executed and work started on the resulting activities for the development of a vehicle for a top group in India.

Completed activities included a turnkey development project for an important customer in China and further activities to consolidated and expand the services provided to the Fiat Group, with additional work on engineering development for dashboards.

Activities carried out to maximize the benefits of the Group’s production assets and manufacturing competencies included the construction of 144 frame prototypes for a new vehicle model for the BMW Group, which, in practice, resulted in the establishment of a new business for Group. Projects involving unique cars included the construction of two special one-off cars, one created and developed internally for a customer of the Group and another one developed for a customer of a carmaker.

In 2012, the engineering operations continued to provide wind-tunnel testing services to non-captive customers, mainly in the automotive area, broadenings the customer portfolio.

Information Required by the Consob Pursuant to Article 114, Section 5, of Legislative Decree No. 58/98:

1) The net financial positions of the Pininfarina Group, with current and non-current components listed separately, are shown on page 21 of this document.
2) There were no past-due amounts (financial or related to tax or employee benefit liabilities) owed by the Pininfarina Group. No actions against the Group have been filed by creditors.
3) The transactions with related parties of the Pininfarina Group are listed on page 80 of this document.

4) In the 2012 reporting year, Pininfarina S.p.A. was in compliance with the financial covenants set forth in the existing Rescheduling Agreement with the Lender Institutions.

5) The plan to restructure the indebtedness of Pininfarina S.p.A. is proceeding in accordance with the current Rescheduling Agreement with the Lender Institutions, which went into effect on May 1, 2012.

6) As for the progress made in implementing the 2011-2018 Industrial Plan, no problems have developed thus far in respect of the Plan's projections.

Group Companies

The data are presented in accordance with the IAS/IFRS accounting principles.

Pininfarina S.p.A.

in millions of euros	12/31/12	12/31/11	Change
Value of production	40.2	33.8	6.4
EBIT	(11.8)	(20.4)	8.6
Net profit (loss)	31.0	(22.2)	53.2
Net financial position	(31.3)	(82.9)	51.6
Shareholders' equity	44.0	13.0	31
Number of employees at 12/31	428	440	(12)

Pininfarina Extra Group

in millions of euros	12/31/12	12/31/11	Change
Value of production	4.7	4.2	0.5
EBIT	0.9	1.1	(0.2)
Net profit (loss)	0.6	0.7	(0.1)
Net financial position	3.1	3.3	(0.2)
Shareholders' equity	5.1	5.1	-
Number of employees at 12/31	22	21	1

Pininfarina Deutschland Group

in millions of euros	12/31/12	12/31/11	Change
Value of production	26.0	22.9	3.1
EBIT	0.6	0.9	(0.3)
Net profit (loss)	0.5	0.8	(0.3)
Net financial position	(2.7)	(1.1)	(1.6)
Shareholders' equity	18.8	18.3	0.5
Number of employees at 12/31	320	275	45

Pininfarina Maroc SAS

in millions of euros	12/31/12	12/31/11	Change
Value of production	1.5	2.0	(0.5)
EBIT	0.2	0.6	(0.4)
Net profit (loss)	0.2	0.5	(0.3)
Net financial position	0.5	1.4	(0.9)
Shareholders' equity	1.0	1.4	(0.4)
Number of employees at 12/31	34	40	(6)

Pininfarina Automotive Engineering Shanghai Co Ltd

in millions of euros	12/31/12	12/31/11	Change
Value of production	0.6	0.1	0.5
EBIT	(0.7)	(0.4)	(0.3)
Net profit (loss)	(0.8)	(0.4)	(0.4)
Net financial position	(0.2)	0.1	(0.3)
Shareholders' equity	(0.7)	0.0	(0.7)
Number of employees at 12/31	11	3	8

Pininfarina Sverige AB

The equity investment in this company was sold to Volvo Car Corporation on December 27, 2012; the financial highlights at December 31, 2011 are listed below:

in millions of euros	12/31/11
Value of production	285.6
EBIT	12.1
Net profit (loss)	3.5
Net financial position	13.8
Shareholders' equity	80.8
Number of employees at 12/31	543

Matra Automobile Engineering SAS was deconsolidated as of October 1, 2012. This company has not been operational since 2008, following the completion of the process of selling its operational assets to buyers outside the Group. This subsidiary is still active only for the purpose of handling pending disputes with some former employees and the tax authorities and is waiting to begin a formal liquidation procedure. The operating losses incurred in previous years caused the company's shareholders' equity to be cut by more than half, with the Directors of the Parent Company indicating that they had no plans to recapitalize this subsidiary and confirming their decision to officially place it in liquidation as soon as this will be permissible pursuant to French law. Based on the advice of counsel, the Group no longer has any obligation with respect to this subsidiary and, consequently, any economic and financial effects of pending litigation and the future liquidation would have no impact on the Group. In the consolidated financial statements of the Pininfarina Group at December 31, 2012, the effects of the deconsolidation generated a writedown of 125,175 euros. In the financial statements of Pininfarina S.p.A., the investment's carrying amount of 200,000 euros was written off.

Significant Events Occurring Since December 31, 2012

No significant events occurred after December 31, 2012.

Other Information

Subsequent to the close of the 2012 reporting year, no Group company declared the distribution of a dividend to Pininfarina S.p.A.

Report on Corporate Governance and the Company's Ownership Structure

With regard to the requirements of Article 89 *bis,* Section 2, of the Issuers' Regulations, the Company announces that information about compliance with the Corporate Governance Code (Report on Corporate Governance and the Company's Ownership Structure) is available on the Finance page of the Company website (www.pininfarina.com) and in the additional manners required by current regulations.

Compensation Report

With regard to the requirements of Article 84 *quater* of the Issuers' Regulations, the Company announces that the 2012 Compensation Report will be available on the Finance page of the Company website (www.pininfarina.com) and in the additional manners and within the deadline required by current regulations.

Operating Performance, Financial Position and Financial Performance of the Pininfarina Group

Operating Performance

Net revenues totaled 63.8 million euros in 2012, or 9.9 million euros more than in the previous year (53.9 million euros). The change in inventory of finished goods and work in process became negative by 0.8 million euros (positive change of 2.8 million euros in 2011). Net other income and revenues, which totaled 7.2 million euros, compared with 5.3 million euros a year earlier, consist mainly of revenues from leasing the business operations at the Bairo Canavese plant.

Consolidated value of production amounted to 70.2 million euros at December 31, 2012, compared with 62 million euros the previous year. Engineering activities in Italy and Germany accounted for most of the 13.2% increase. A breakdown of value of production by business sector is provided on page 58. Net gains on the sale of non-current assets, which reflect primarily divestments of equity investment, totaled 3.2 million euros in 2012 (sale of the investment in Pininfarina Sverige) and 8.9 million euros in 2011 (sale of the investment in Véhicules Electriques Pininfarina Bolloré). The gain recognized in 2012 includes the reclassification of the currency translation reserve from the statement of comprehensive income, as required by IAS 21, Paragraph 48.

Operating expenses, including changes in inventory, totaled 33 million euros (24.6 million euros at December 31, 2011; +34.1%).

Value added totaled 40.3 million euros compared with 46.4 million euros a year earlier, for a negative change of 6.1 million euros.

Labor costs increased to 44.8 million euros, or 7.4% more than in 2011, when they amounted to 41.7 million euros, due to an increase in staff level in the year-over-year comparison and to higher average salaries for some employee categories, particularly in Germany.

EBITDA were negative by 4.5 million euros in 2012, down from positive EBITDA of 4.7 million euros the previous year, which included the effect of the abovementioned gain of 8.9 million euros.

Depreciation and amortization expense decreased to 3.3 million euros, or 1.5 million euros less than the amount at December 31, 2011 (4.8 million euros), due mainly to a revision of the estimate of the useful lives of some production facilities (in 2011, this change went into effect staring in the second quarter) and some asset writedowns recognized in 2011. The ratio of this expense to value of production fell to 4.8% (7.7% a year earlier). Additions to provisions, net of reversals, and writedowns totaled 0.3 million euros (8.6 million euros at December 31, 2011). Additions to provisions amounted to 1.4 million euros (6.2 million euros in 2011) and reversals of provisions totaled 1.2 million euros (0.7 million euros in 2011). Writedowns decreased to 0.1 million euros (3.1 million euros in 2011).

As a result, EBIT were negative by 8.2 million euros, compared with negative EBIT of 8.7 million euros at December 31, 2011. The ratio of EBIT to value of production was 11.7% (14% in 2011).

Financial transactions generated net financial expense of 3.7 million euros (net financial expense of 2.1 million euros in 2011). Higher figurative charges resulting from the different debt amortization plans in effect in the two years under comparison account for most of this increase.

The gain generated by the extinguishment of financial liabilities resulting from the new Rescheduling Agreement with the Lender Institutions, which resulted in the recognition of a new liability and the extinguishment of the liability existing before May 1, 2012, amounted to 44.8 million euros.

The loss before taxes amounted to 33 million euros (loss of 10.8 million euros the previous year) The net loss for the year, after taxes of 0.1 million euros (0.7 million euros in 2011), totaled 32.9 million euros, compared with a net loss of 11.5 million euros in 2011.

Reclassified Consolidated Income Statement

(amounts in thousands of euros)

	Data at				
	2012	%	**2011**	%	**Change**
Sales and service revenues	63,779	90.92	53,895	86.91	9,884
Changes in inventory and work in progress	(799)	(1.14)	2,782	4.49	(3,581)
Other income and revenues	7,170	10.22	5,333	8.60	1,837
Value of production	**70,150**	**100.00**	**62,010**	**100.00**	**8,140**
Net gain (loss) on disposal of non-current asse	**3,181**	**4.53**	**8,931**	**14.40**	**(5,750)**
Raw materials and outside services (*)	(33,045)	(47.11)	(24,519)	(39.54)	(8,526)
Change in inventory of raw materials	42	0.06	(54)	(0.09)	96
Value added	**40,328**	**57.49**	**46,368**	**74.78**	**(6,040)**
Labor costs (**)	(44,842)	(63.92)	(41,656)	(67.18)	(3,186)
EBITDA	**(4,514)**	**(6.44)**	**4,712**	**7.59**	**(9,226)**
Depreciation and amortization	(3,340)	(4.76)	(4,789)	(7.72)	1,449
(Additions)/Utiliz. of provis. and (Writedowns)	(323)	(0.46)	(8,613)	(13.89)	8,290
EBIT	**(8,177)**	**(11.66)**	**(8,690)**	**(14.01)**	**513**
Net financial income (expense)	(3,674)	(5.24)	(2,069)	(3.34)	(1,605)
Gain on extinguishment of financial liabilities	44,835	63.91	-	-	44,835
Profit (Loss) before taxes	**32,984**	**47.02**	**(10,759)**	**(17.36)**	**43,743**
Income taxes	(121)	(0.17)	(726)	(1.17)	605
Net profit (loss)	**32,863**	**46.85**	**(11,485)**	**(18.53)**	**44,348**

(*) **Raw materials and outside services** is shown net of utilizations of the provisions for warranties and the provisions for risks amounting to 1,698,000 euros in 2011 and 889,000 euros in 2012.
(**) **Labor costs** is shown net of the utilization of the provision for restructuring programs and other provisions for 1,209,000 euros in 2011 and 742,000 euros in 2012.

Pursuant to Consob Resolution No. DEM/6064293 of July 28, 2006, a reconciliation of the data for the period with those in the reclassified statements is provided below:

- **Raw materials and outside services** includes Raw materials and components, Other variable production costs, Variable external engineering services, Foreign exchange gains (losses) and Sundry expenses.
- **Depreciation and amortization** includes depreciation of property, plant and equipment and amortization of intangibles.
- **(Additions)/Utilizations of provisions and (Writedowns)** includes (Additions)/Utilizations of provisions and (Writedowns) and Addition to the provision for inventory risk.
- **Net financial income (expense)** includes Net financial income (expense) and Dividends.

Statement of Consolidated Financial Position

At December 31, 2012, net capital requirements decreased by 17 million euros compared with the previous year, due mainly to a reduction in net non-current assets that was proportionately larger than the increase in working capital.

More specifically:

Net non-current assets totaled 68.4 million euros (-30.6 million euros compared with 2011), reflecting and increases of 0.4 million euros for intangibles and decreases of 1.6 million euros and 29.4 million euros, respectively, for property, plant and equipment and non-current financial assets (sale of the investment in Pininfarina Sverige A.B.).

Working capital increased by 13.3 million euros to a positive balance of 9.3 million euros (negative balance of 4 million euros at December 31, 2011).

The provision for termination indemnities totaled 7.3 million euros, down from 7.5 million euros at December 31, 2011.

Capital requirements were covered by:

- Shareholders' equity, which increased by 30.2 million euros, rising from 9.6 million euros in 2011 to 39.8 million euros at December 31, 2012. The net profit reported by the Group's Parent Company accounts for this sharp gain.
- The net financial position, while negative by 30.6 million euros, showed a substantial improvement compared with a negative balance of 77.9 million euros at December 31, 2011. See the comments on page 21 for details about this improved performance.

Reclassified Consolidated Statement of Financial Position

(amounts in thousands of euros)

	Data at		
	12/31/12	**12/31/11**	**Change**
Net non-current assets (A)			
Net intangible assets	3,211	2,761	450
Net property, plant and equipment	64,825	66,466	(1,641)
Equity investments	356	29,730	(29,374)
Total A	**68,392**	**98,957**	**(30,565)**
Working Capital (B)			
Inventory	2,771	3,788	(1,017)
Net trade receivables and other receivables	33,067	21,692	11,375
Assets held for sale	-	-	-
Deferred-tax assets	929	880	49
Trade accounts payables	(14,259)	(14,195)	(64)
Provisions for risks and charges	(6,816)	(9,233)	2,417
Other liabilities (*)	(6,407)	(6,917)	510
Total B	**9,285**	**(3,985)**	**13,270**
Net invested capital (C=A+B)	**77,677**	**94,972**	**(17,295)**
Provision for termination indemnities (D)	**7,286**	**7,545**	**(259)**
Net capital requirements (E=C-D)	**70,391**	**87,427**	**(17,036)**
Shareholders' equity (F)	**39,814**	**9,556**	**30,258**
Net financial position (G)			
Long-term debt	90,293	17,340	72,953
(Net liquid assets)/ Net borrowings	(59,716)	60,530	(120,246)
Total G	**30,577**	**77,870**	**(47,293)**
Totale as in E (H=F+G)	**70,391**	**87,427**	**(17,036)**

(*) Other liabilities includes the following balance sheet items: Deferred taxes, Other payables, Provision for current taxes and Sundry liabilities.

Financial Performance

At December 31, 2012, the net financial position was negative by 30.6 million euros, showing an improvement of 47.3 million euros compared with December 31, 2011, when the negative balance amounted to 77.9 million euros. This significant improvement is the net result of the following factors:

- An improvement of 38.8 million euros reflecting the effect of the signing of a new Rescheduling Agreement with the Lender Institutions, effective as of May 1, 2012, which resulted 1) in the derecognition of the carrying amount of the pre-restructuring debt (211.2 million euros at April 30, 2012) and the recognition of the restructured debt at its fair value (166.4 million euros), with the resulting positive difference (44.8 million euros) recognized in the income statement, 2) net of the recognition of the figurative financial expense for the period amounting to about 6 million euros.

- An addition improvement of 30 million euros resulting from the collection, on December 27, 2012, of the consideration for the sale of the investment in Pininfarina Sverige AB to Volvo Car Company.

- A negative effect of 21.7 million euros resulting from two factors: a negative change of 18.8 million euros for cash flows used in operating activities and additional sundry negative changes totaling 2.9 million euros.

Consolidated Net Financial Position

(amounts in thousands of euros)

	Data at		
	12/31/12	**12/31/11**	**Change**
Cash and cash equivalents	41,501	90,729	(49,228)
Current assets held for trading	50,809	46,042	4,767
Current loans receivable and other receivables	-	11,292	(11,292)
Loans receivable from related parties and joint ventures	-	8,952	(8,952)
Due to banks	(167)	(17,970)	17,803
Current liabilities under finance leases	(16,898)	(130,729)	113,831
Current portion of long-term bank debt	(15,529)	(68,846)	53,317
Net liquid assets / (Net borrowings)	**59,716**	**(60,530**	**120,246**
Long-term loans and other receiv. from outsiders	-	-	-
Long-term loans and other receiv. from associates and joint ventures	50	-	50
Held-to-maturiry non-current assets	-	257	(257)
Long-term liabilites under finance leases	(47,988)	-	(47,988)
Long-term bankl debt	(42,355)	(17,597)	(24,758)
Net long-term debt	**(90,293)**	**(17,340)**	**(72,953)**
NET FINANCIAL POSITION	**(30,577)**	**(77,870)**	**47,293**

Consolidated Net Borrowings

(CESR/05-04b recommendations – E.U. Regulation No. 809/2004)

(amounts in thousands of euros)

		Data at		
		12/31/12	**12/31/11**	**Change**
A.	Cash	(41,501)	(90,729)	(49,227)
B.	Other liquid assets	-	-	-
C.	Securities held for trading	(50,809)	(46,042)	4,767
D.	***Total liquid fund (A.)+(B.)+(C.)***	***(92,311)***	***(136,771)***	***(44,460)***
E.	***Current financial receivables***	***-***	***(20,244)***	***(20,244)***
F.	**Short-term bank account overdrafs**	**167**	**17,970**	**17,803**
	Current portion of secured bank loans	5,037	7,555	2,518
	Current portion of unsecured bank loans	10,492	61,291	50,799
G.	**Current portion of non-current debt**	**15,529**	**68,846**	**53,317**
H.	Other current financial payables	16,898	130,729	113,831
I.	***Current financial debt (F.)+(G.)+(H.)***	***32,594***	***217,545***	***184,951***
J.	***Debt / Net current Financial (Position)***	***(59,717)***	***60,530***	***120,247***
	Non-current portion of secured bank loans	12,559	17,597	5,038
	Non-current portion of unsecured bank loans	29,796	-	(29,796)
K.	**Non-current bank account overdrafs**	**42,355**	**17,597**	**(24,758)**
L.	Bonds issued	-	-	-
M.	Other non-current financial payables	47,988	-	(47,988)
N.	***Non-current net financial debt (K.)+(L.)+(M.)***	***90,343***	***17,597***	***(72,746)***
O.	**Net financial debt (J+N)**	**30,627**	**78,127**	**47,501**

The “Net Borrowings” schedule provided above is presented in accordance with the format recommended by the Consob in Communication DEM No. 6064293 of July 28, 2006, which implements E.U. recommendation CESR (now ESMA) 05-04b. Because the purpose of the abovementioned schedule is to show “Net Borrowings,” assets are shown with a minus sign and liabilities with a plus sign. In the “Consolidated Net Financial Position” schedule provided on the previous page, assets are shown with a plus sign and liabilities with a minus sign.
The reason for the difference between the amount of the “Net Financial Position” schedule and that of the “Net Borrowings” schedule is that the latter does not include loans receivable and long-term financial receivables. The total amount of those differences at the end of 2011 and 2012 is shown below:

- At December 31, 2011: 257,000 euros
- At December 31, 2012: 50,000 euros

Consolidated Statement of Cash Flows

	2012	2011
Profit (loss) for the year	**32,862,517**	**(11,484,934)**
- Income taxes	121,452	725,909
- Depreciation of property, plant and equipment	2,710,224	4,043,105
- Amortization of intangibles	630,062	745,668
- Writedowns and additions to provisions	(2,650,602)	4,039,877
- (Gains) Losses on sale of non-current assets	(3,179,662)	(8,930,609)
- Financial expense	7,210,401	4,990,111
- (Financial income)	(4,895,959)	(3,374,560)
- (Dividends)	-	-
- Other restatements	(43,423,825)	335,302
Total Restatements	**(43,477,909)**	**2,574,803**
Changes in working capital		
- (Increase) / decrease inventories	541,269	71,586
- (Increase) / decrease contract work in progress	761,113	(2,346,299)
- (Increase) / decrease trade accounts receivable and other receivable	(11,227,619)	4,311,980
- (Increase) / decrease accounts receivable from joint ventures	-	1,727,442
- Increase / (decrease) trade accounts payable	1,905,237	(21,119,679)
- increase / (decrease) accounts payable to joint ventures	(20,670)	(24,935)
- Other changes	(1,924,578)	528,930
Total changes in working capital	**(9,965,248)**	**16,850,975**
Cash flow from operating activities	**(20,580,640)**	**(25,761,106)**
(Financial expense)	(575,171)	(1,714,569)
(Income taxes)	(291,835)	(431,100)
Net cash flow used in operating activities	**(21,447,646)**	**(27,906,775)**
- Purchases of property, plant and equipment	(2,198,164)	(901,940)
- Proceeds from sale of property, plant and equipment	30,003,540	10,112,456
- Non-current loans receivable from borrowers outside the Group	11,292,276	10,988,228
- Non-current loans receivable from joint ventures	9,077,679	18,407,383
- Financial income	2,635,193	2,536,055
- Dividends	-	-
- Other equity investments	(4,447,746)	1,790,320
Net cash used in investing activities	**46,362,779**	**42,932,502**
- Proceeds from the issuance of shares	-	-
- Borrowings from lenders outside the Group	(73,470,937)	(2,678,841)
- Other non-cash items (*)	18,000,000	37,645
Net cash used in financing activities	**(55,470,937)**	**(2,641,196)**
Increase (Decrease) in cash and cash equivalents	**(30,555,804)**	**12,384,531**
- Net cash and cash equivalents at beginning of the year	72,758,660	60,374,129
- Net cash and cash equivalents removed from the scope of consolid.	(868,189)	-
Net cash and cash equivalents at end of the year	**41,334,667**	**72,758,660**
Composed by:		
Cash and cash equivalents	41,501,410	90,728,823
Bank account overdrafts	(166,743)	(17,970,163)

As required by Consob Resolution No. 15519 of July 27, 2006, the impact of transactions with related parties on the Pininfarina Group, which reflects exclusively transactions with the Pininfarina Sverige AB joint venture and the affiliated company Goodmind Srl, are discussed in Notes 6, 10 and 16 (a) to the financial statements of the Pininfarina Group.

(*) Other changes refer to the reclassification of the operating credit lines carried out in accordance with the new Rescheduling Agreement.

ASSESSMENT OF THE COMPANY'S VIABILITY AS A GOING CONCERN AND BUSINESS OUTLOOK

Assessment of the Company's Viability as a Going Concern

The signing of a restructuring agreement between Pininfarina S.p.A. and the Lender Institutions, effective May 1, 2012, produced the following effects:

- on the one hand, alignment of the cash flows earmarked for debt repayment with the cash flows from operations projected in the 2011-2018 Industrial Plan, as approved by the Board of Director of Pininfarina S.p.A. on April 20, 2012;

- on the other hand, recapitalization of Pininfarina S.p.A. thanks to the recognition of a gain of 44.8 million euros deriving from the restructuring of debt, which makes it possible to exclude for the foreseeable future the development of negative equity situations.

The Directors also wish to point out that, after repaying a total of 73.5 million euros to credit institutions in 2012, Pininfarina S.p.A. still owns considerable liquid assets and held-for-sale current assets (86.6 million euros at December 31, 2012). Given the amount of these financial assets and considering the new repayment maturities of the debt owed to financial creditors, a liquidity risk can be excluded at this point.

Based on these development and considering the business results achieved and the current economic and financial outlook, the Directors believe that the Pininfarina Group will no longer be exposed to going concern viability risks for the foreseeable future.

Business Outlook

Projections for the consolidated income statement for the 2013 reporting year call for a higher value of production than in 2012 and EBIT that, while still marginally negative, will be significantly improved compared with the previous year.

The net financial position at the end of 2013 is expected to show a deterioration compared with the end of 2012, due to working capital dynamics and the cumulative amount of figurative financial expense resulting from the measurement of financial liabilities at amortized cost.

MOTION TO APPROPRIATE THE NET PROFIT

The 2012 reporting year ended with a net profit of 30,989,054 euros, which we recommend be appropriated as follows:

To the Statutory Reserve until its amount is equal to 20% of the share capita	3,801,942 euros
To cover the loss brought forward	22,165,315 euros
To retained earnings	5,021,797 euros
Net profit for 2012	**30,989,054 euros**

Turin, March 21, 2013

Paolo Pininfarina
Chairman of the Board of Directors

Pininfarina Group

Consolidated Financial Statements

at December 31, 2012

Consolidated Statement of Financial Position

	Note ref.	12/31/12	12/31/11
Land and buildings	1	57,695,652	59,332,176
Land		16,984,045	16,984,045
Buildings		31,814,560	33,092,536
Leased property		8,897,047	9,255,595
Plant and machinery	1	5,499,247	5,681,546
Machinery		262,642	312,357
Plant		5,236,605	5,369,189
Leased machinery and equipment		-	-
Furniture, fixtures and other property, plant and equipment	1	1,630,303	1,452,409
Furniture and fixtures		274,953	256,251
Hardware & software		924,181	738,960
Other property, plant and equipment (including vehicles)		431,169	457,198
Assets under construction	1	-	-
Property, plant and equipment		**64,825,202**	**66,466,131**
Goodwill	2	1,043,495	1,043,495
Licenses and trademarks	2	1,950,892	1,506,384
Other intangibles	2	216,870	211,441
Intangible assets		**3,211,257**	**2,761,320**
Associated companies	3	54,000	-
Joint ventures	3	50,000	29,477,683
Other companies	4	252,017	252,017
Equity investments		**356,017**	**29,729,700**
Deferred-tax assets	**18**	**928,815**	**880,328**
Held-to-maturity long-term investments	5	-	257,247
Loans and other receivables form:	6	50,313	-
Outsiders		-	-
Related parties and joint ventures		50,313	-
Available-for-sale non-current financial assets		-	-
Non-current financial assets		**50,313**	**257,247**
TOTAL NON-CURRENT ASSETS		**69,371,604**	**100,094,726**
Raw materials		159,784	118,149
Work in process		-	-
Finished goods		424,993	723,380
Inventory	**8**	**584,777**	**841,529**
Contract work in progress	**9**	**2,185,726**	**2,946,839**
Current assets held for trading	7	50,809,450	46,041,811
Current loans receivables and other receivables from:	6	-	20,244,365
Outsiders		-	11,292,276
Related parties and joint ventures		-	8,952,089
Available-for-sale current financial assets		-	-
Current financial assets		**50,809,450**	**66,286,176**
Financial derivatives		**-**	**-**
Trade receivables from:	10	19,259,333	14,792,307
Outsiders		19,259,333	14,792,307
Related parties and joint ventures		-	-
Other receivables	11	13,808,017	6,899,951
Trade receivables and other receivables		**33,067,350**	**21,692,258**
Cash on hand		36,302	1,216,032
Short-term bank deposits		41,465,108	89,512,791
Cash and cash equivalents	**12**	**41,501,410**	**90,728,823**
TOTAL CURRENT ASSETS		**128,148,713**	**182,495,625**
Held-for-sale non-curret assets		-	-
TOTAL ASSETS		**197,520,317**	**282,590,351**

Consolidated Statement of Financial Position

	Note ref.	12/31/12	12/31/11
Common shares	13	30,150,694	30,150,694
Additional paid-in capital	13	-	-
Reserve for treasury stock	13	175,697	175,697
Statutory reserve	13	2,231,389	2,231,389
Reserve for currency translations	13	(2,976)	2,601,548
Other reserves	13	2,646,208	2,646,208
Retained earnings	13	(28,249,040)	(16,764,106)
Profit (Loss) for the year	13	32,862,517	(11,484,934)
GROUP INTEREST IN SHAREHOLDERS' EQUITY		**39,814,489**	**9,556,496**
Minority interest in shareholders' equity		-	-
TOTAL SHAREHOLDERS' EQUITY		**39,814,489**	**9,556,496**
Liabilities under finance leases		47,988,048	-
Other indebtedness owed to:		42,354,625	17,595,714
Outsiders		42,354,625	17,595,714
Related parties and joint ventures		-	-
Long-term borrowings	**14**	**90,342,673**	**17,595,714**
Deferred-tax liabilities	**18**	**-**	**1,813**
Provision for termination indemnities	15	7,286,941	7,547,822
Other		-	-
Provision for termination indemnities		**7,286,941**	**7,547,822**
TOTAL NON-CURRENT LIABILITIES		**97,629,614**	**25,145,349**
Bank account overdrafts	12	166,743	17,970,163
Liabilities under finance leases		16,698,070	130,728,552
Bonds outstanding and other borrowings owed to:		15,528,932	68,846,302
Outsiders		15,528,932	68,846,302
Current borrowings	**14**	**32,593,745**	**217,545,017**
Wages and salaries		1,786,569	1,595,389
Due to social security institutions		1,648,536	1,844,526
Vacation days, sick days and personal days		2,012,197	1,981,266
Other payables	**16**	**5,447,302**	**5,421,181**
Accounts payable to outsiders		13,266,794	11,471,833
Account payable to associated companies and joint ventures		-	20,670
Advances received for work in progress		992,405	2,702,338
Trade accounts payable	**16**	**14,259,199**	**14,194,841**
Direct taxes		31,331	164,710
Other taxes		444,450	645,800
Provision for current taxes		**475,781**	**810,510**
Financial derivatives		-	-
Provision for warranties		63,578	267,255
Provision for restructuring programs		4,462,500	4,934,179
Other provisions		2,289,495	4,031,706
Provision for other liabilities and charges	**17**	**6,815,573**	**9,233,140**
Other liabilities		484,614	683,817
TOTAL CURRENT LIABILITIES		**60,076,214**	**247,888,506**
TOTAL LIABILITIES		**157,705,828**	**273,033,855**
Liabilities attributable to held-for-sale assets		-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**197,520,317**	**282,590,351**

As allowed by Consob Resolution No. 15519 of July 27, 2006, an ad hoc statement of financial position is not being provided because related-party transactions are already shown in the financial statement schedule. As for transactions with other related parties, such as Directors and Statutory Auditors, the amount shown for “Other payables – Miscellaneous liabilities” includes a liability of 58,307 euros for accrued compensation payable for the year.

Consolidated Income Statement

	Note ref.	2012	2011
Sales and service revenues	19	63,778,587	53,894,967
Increase in Company-produced non-current assets		-	-
Change in inventories of finished goods and work in progress		(798,687)	2,782,041
Change in contract work in progress		(777,748)	2,761,847
Change in inventories of work in progress, semifinished and finished goods		(20,939)	20,194
Other income and revenues	20	7,170,263	5,332,930
Total value of production		**70,150,163**	**62,009,937**
Gain on the sales of non-current assets	**21**	**3,181,888**	**8,930,711**
Amount earned on the sale of equity investments		*3,179,662*	*8,868,665*
Raw materials and components		(9,684,375)	(5,780,546)
Change in inventories of raw materials, subsidiary materials and consumables		41,634	(53,627)
Provision for inventory risk		(263,471)	-
Raw materials and consumables used		**(9,906,212)**	**(5,834,173)**
Consumables		(625,702)	(623,177)
External maintenance costs		(1,128,628)	(925,760)
Other variable production costs		**(1,754,330)**	**(1,548,937)**
External variable engineering services		**(7,750,466)**	**(5,508,519)**
Production staff, office staff and managers		(43,209,243)	(39,612,377)
Independent contractors		-	-
Social security and other post-employment benefits		(1,632,318)	(2,043,742)
Wages, salaries and employee benefits	**22**	**(44,841,561)**	**(41,656,120)**
Depreciation of property, plant and equipment		(2,710,224)	(4,043,107)
Amortization of intangibles		(630,062)	(745,668)
Loss on disposals of property, plant and equipment		(1,170)	(102)
Additions to provisions/Writedowns	23	(60,000)	(8,613,392)
Depreciation, amortization and writedowns		**(3,401,457)**	**(13,402,268)**
Foreign exchange gains (losses)		**(28,101)**	**(3,130)**
Other expenses	**24**	**(13,827,143)**	**(11,678,108)**
Profit (Loss) from operations		**(8,177,219)**	**(8,690,606)**
Financial income (expense), net	**25**	**(3,674,245)**	**(2,068,420)**
Gain on extinguishment of financial liabilities	**26**	**44,835,434**	**-**
Dividends		**-**	**-**
Profit (Loss) before taxes		**32,983,970**	**(10,759,026)**
Income taxes for the year	**18**	**(121,453)**	**(725,909)**
Profit (Loss) for the year		**32,862,517**	**(11,484,934)**
Attributable to:			
- Shareholders of the controlling company		32,862,517	(11,484,934)
- Minority interest		-	-
Profit (loss) diluted for share			
- Profit (Loss) for the year		32,862,517	(11,484,934)
- Number of common shares net		30,150,694	30,150,694
- Basic earnings (loss) diluted per share		1.09	(0.38)

Pursuant to Consob Resolution No. 15519 of July 27, 2006, the impact of transactions with related parties on the income statement of the Pininfarina Group is shown in a separate schedule on the page that follows and in the Note entitled “Other Information.”

Consolidated Statement of Comprehensive Income

	2012	2011
Profit (Loss) for the year	**32,862,517**	**(11,484,934)**
Other components of comprehensive net profit (loss)		
Gains (Losses) from translation of financial statemens of foreign value - IAS 21	(2,604,524)	37,643
Other	-	-
Total components in total comprehensive net profit (loss)	**(2,604,524)**	**37,643**
TOTAL COMPREHENSIVE NET PROFIT (LOSS)	**30,257,993**	**(11,447,291)**
- Shareholders of the controlling company	30,257,993	(11,447,291)
- Minority interest	-	-

Income Statement Pursuant to Consob Resolution No. 15519 of July 27, 2006

	Note ref.	2012	Amt.with related parties	2011	Amt.with related parties
Sales and service revenues	19	63,778,587	494,505	53,894,967	989,010
Increase in Company-produced non-current assets		-		-	
Change in inventories of finished goods and work in progress		(798,687)	-	2,782,041	-
Change in contract work in progress		(777,748)		2,761,847	
Change in inventories of work in progress, semifinished and finished goods		(20,939)		20,194	
Other income and revenues	20	7,170,263		5,332,930	
Total value of production		**70,150,163**	**494,505**	**62,009,937**	**989,010**
Gain on the sales of non-current assets	**21**	**3,181,888**		**8,930,711**	
Amount earned on the sale of equity investments		*3,179,662*		*8,868,665*	
Raw materials and components		(9,684,375)		(5,780,546)	
Change in inventories of raw materials, subsidiary materials and consumables		41,634		(53,627)	
Provision for inventory risk		(263,471)		-	
Raw materials and consumables used		**(9,906,212)**	**-**	**(5,834,173)**	**-**
Consumables		(625,702)		(623,177)	
External maintenance costs		(1,128,628)		(925,760)	
Other variable production costs		**(1,754,330)**	**-**	**(1,548,937)**	**-**
External variable engineering services		**(7,750,466)**	**(20,877)**	**(5,508,519)**	**(83,031)**
Production staff, office staff and managers		(43,209,243)		(39,612,377)	
Independent contractors		-		-	
Social security and other post-employment benefits		(1,632,318)		(2,043,742)	
Wages, salaries and employee benefits	**22**	**(44,841,561)**	**-**	**(41,656,120)**	**-**
Depreciation of property, plant and equipment		(2,710,224)		(4,043,107)	
Amortization of intangibles		(630,062)		(745,668)	
Loss on disposals of property, plant and equipment		(1,170)		(102)	
Additions to provisions/Writedowns	23	(60,000)		(8,613,392)	
Depreciation, amortization and writedowns		**(3,401,457)**	**-**	**(13,402,268)**	**-**
Foreign exchange gains (losses)		**(28,101)**		**(3,130)**	
Other expenses	**24**	**(13,827,143)**		**(11,678,108)**	
Profit (Loss) from operations		**(8,177,219)**	**473,628**	**(8,690,606)**	**905,979**
Financial income (expense), net	**25**	**(3,674,245)**	125,903	**(2,068,420)**	503,204
Gain on extinguishment of financial liabilities	**26**	**44,835,434**			
Dividends		-		-	
Profit (Loss) before taxes		**32,983,970**	**599,531**	**(10,759,026)**	**1,409,183**
Income taxes for the year	**18**	**(121,453)**		**(725,909)**	
Profit (Loss) for the year		**32,862,517**	**599,531**	**(11,484,934)**	**1,409,183**

Statement of Changes in Consolidated Shareholders’ Equity

	12/31/09	Total Profit (Loss) for the year	Translation restatements	12/31/10
Common shares	30,150,694	-	-	30,150,694
Additional paid-in capital	46,442,181	-	(30,364,730)	16,077,451
Reserve for treasury stock	175,697	-	-	175,697
Statutory reserve	2,231,389	-	-	2,231,389
Reserve for currency translat.	(2,775,698)	5,339,602	-	2,563,904
Other reserves	7,873,665	-	385	7,874,050
Retained earnings	(4,610,937)	-	(381,976)	(4,992,913)
Profit (Loss) for the year	(30,746,706)	(33,076,486)	30,746,706	(33,076,486)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	48,740,285	(27,736,884)	385	21,003,786
Minority interest in profit and res.	-	-	-	
TOTAL SHAREHOLDERS' EQUITY	**48,740,285**	**(27,736,684)**	**385**	**21,003,786**

	12/31/10	Total Profit (Loss) for the year	Translation restatements	12/31/11
Common shares	30,150,694	-	-	30,150,694
Additional paid-in capital	16,077,451	-	(16,077,451)	-
Reserve for treasury stock	175,697	-	-	175,697
Statutory reserve	2,231,389	-	-	2,231,389
Reserve for currency translat.	2,563,904	37,644	-	2,601,548
Other reserves	7,874,050	-	(5,227,842)	2,646,208
Retained earnings	(4,992,913)	-	(11,771,193)	(16,764,106)
Profit (Loss) for the year	(33,076,486)	(11,484,934)	33,076,486	(11,484,934)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	21,003,786	(11,447,290)	-	9,556,496
Minority interest in profit and res.	-	-	-	
TOTAL SHAREHOLDERS' EQUITY	**21,003,786**	**(11,447,290)**	**-**	**9,556,496**

	12/31/11	Total Profit (Loss) for the year	Translation restatements	12/31/12
Common shares	30,150,694	-	-	30,150,694
Additional paid-in capital	-	-	-	-
Reserve for treasury stock	175,697	-	-	175,697
Statutory reserve	2,231,389	-	-	2,231,389
Reserve for currency translat.	2,601,548	(2,604,524)	-	(2,976)
Other reserves	2,646,208	-	-	2,646,208
Retained earnings	(16,764,106)	-	(11,484,934)	(28,249,040)
Profit (Loss) for the year	(11,484,934)	32,862,517	11,484,934	32,862,517
GROUP INTEREST IN SHAREHOLDERS' EQUITY	9,556,496	30,257,993	-	39,814,489
Minority interest in profit and res.		-	-	
TOTAL SHAREHOLDERS' EQUITY	**9,556,496**	**30,257,993**	**-**	**39,814,489**

Consolidated Statement of Cash Flows

	2012	2011
Profit (loss) for the year	**32,862,517**	**(11,484,934)**
- Income taxes	121,452	725,909
- Depreciation of property, plant and equipment	2,710,224	4,043,105
- Amortization of intangibles	630,062	745,668
- Writedowns and additions to provisions	(2,650,602)	4,039,877
- (Gains) Losses on sale of non-current assets	(3,179,662)	(8,930,609)
- Financial expense	7,210,401	4,990,111
- (Financial income)	(4,895,959)	(3,374,560)
- (Dividends)	-	-
- Other restatements	(43,423,825)	335,302
Total Restatements	**(43,477,909)**	**2,574,803**
Changes in working capital		
- (Increase) / decrease inventories	541,269	71,586
- (Increase) / decrease contract work in progress	761,113	(2,346,299)
- (Increase) / decrease trade accounts receivable and other receivable	(11,227,619)	4,311,980
- (Increase) / decrease accounts receivable from joint ventures	-	1,727,442
- Increase / (decrease) trade accounts payable	1,905,237	(21,119,679)
- increase / (decrease) accounts payable to joint ventures	(20,670)	(24,935)
- Other changes	(1,924,578)	528,930
Total changes in working capital	**(9,965,248)**	**16,850,975**
Cash flow from operating activities	**(20,580,640)**	**(25,761,106)**
(Financial expense)	(575,171)	(1,714,569)
(Income taxes)	(291,835)	(431,100)
Net cash flow used in operating activities	**(21,447,646)**	**(27,906,775)**
- Purchases of property, plant and equipment	(2,198,164)	(901,940)
- Proceeds from sale of property, plant and equipment	30,003,540	10,112,456
- Non-current loans receivable from borrowers outside the Group	11,292,276	10,988,228
- Non-current loans receivable from joint ventures	9,077,679	18,407,383
- Financial income	2,635,193	2,536,055
- Dividends	-	-
- Other equity investments	(4,447,746)	1,790,320
Net cash used in investing activities	**46,362,779**	**42,932,502**
- Proceeds from the issuance of shares	-	-
- Borrowings from lenders outside the Group	(73,470,937)	(2,678,841)
- Other non-cash items (*)	18,000,000	37,645
Net cash used in financing activities	**(55,470,937)**	**(2,641,196)**
Increase (Decrease) in cash and cash equivalents	**(30,555,804)**	**12,384,531**
- Net cash and cash equivalents at beginning of the year	72,758,660	60,374,129
- Net cash and cash equivalents removed from the scope of consolid.	(868,189)	-
Net cash and cash equivalents at end of the year	**41,334,667**	**72,758,660**
Composed by:		
Cash and cash equivalents	41,501,410	90,728,823
Bank account overdrafts	(166,743)	(17,970,163)

As required by Consob Resolution No. 15519 of July 27, 2006, the impact of transactions with related parties of the Pininfarina Group, which reflects exclusively transactions with the Pininfarina Sverige AB joint venture and the affiliated company Goodmind Srl, is discussed in Notes 6, 10 and 16 (a) to the financial statements of the Pininfarina Group.

(*) Other changes refer to the reclassification of the operating credit lines carried out in accordance with the new Rescheduling Agreement.

Notes to the Consolidated Financial Statements

GENERAL INFORMATION

Foreword

The core business of the Pininfarina Group (hereinafter the “Group”) is based on the establishment of comprehensive collaborative relationships with carmakers. Operating as a global partner, its highly flexible approach enables it to work with customers through the entire process of developing new products—design, planning, development, industrialization and manufacturing—or to provide support separately during any one of these phases with the utmost flexibility.

Pininfarina S.p.A., the Group’s Parent Company, is listed on Borsa Italiana. Its headquarters are located at 6 via Bruno Buozzi, in Turin. Market investors own 22.66% of its share capital, with the remaining 77.34% held by the following shareholders:

- Pincar S.r.l. 76.06%. The shares held by Pincar S.r.l. are encumbered by a senior pledge, without voting rights, for the benefit of the Lender Institutions of Pininfarina S.p.A.
- Segi S.r.l., controlling company of Pincar S.r.l., 0.60%.
- Seglap S.s. 0.63%.
- Treasury shares held by Pininfarina S.p.A. 0.05%.

A complete list of the companies included in the Group, with their complete name and address, is provided on page 85.

The consolidated financial statements of the Group are presented in euros, which is the functional and presentation currency of the Group’s Parent Company, which is where most of the activities and consolidated revenues are concentrated, and its main subsidiaries.

The publication of these financial statements was authorized by the Board of Directors of Pininfarina S.p.A. on March 21, 2013.

Financial Statement Schedules

Consistent with the recommendations of IAS 1 – Presentation of Financial Statements, the consolidated financial statements use the same schedules as those of Pininfarina S.p.A., the Group’s Parent Company, which include the following:

- Consolidated statement of financial position, in which current and non-currents assets and liabilities are classified separately;
- Consolidated income statement and consolidated statement of comprehensive income, shown as two separate schedules in which operating costs are classified by type;
- Consolidated statement of cash flows, presented in accordance with the indirect method, as allowed by IAS 7 – Statement of Cash Flows;
- Statement of changes in consolidated shareholders’ equity.

Moreover, as required by Consob Resolution No. 15519 of July 28, 2006, the Group presents the following information in separate schedules:

- The effects of nonrecurring events or transactions or of transactions or events that are not repeated frequently in the normal course of business (pages 81 and 82).
- The effects of transactions or positions with related parties on the income statement and cash flow, as classified by IAS 24 – Related Party Disclosures (pages 28, 29, 31 and 33).

Related-party transactions affecting the statement of financial position are not presented in a separate schedule because they are listed as separate items on the consolidated statement of financial position shown on pages 28 and 29.

- The net financial position balance, with a breakdown of the main components and a listing of amounts payable to or receivable from related parties, is provided on page 21, in the Report on Operations.

Accounting Principles

The consolidated financial statements were prepared based on the going concern assumption, which the Board of Directors deemed appropriate. For exhaustive information, please see the “Assessment of the Company’s Viability as a Going Concern” and “Business Outlook” sections of the Report on Operations by the Board of Directors.

The consolidated financial statements at December 31, 2012 were prepared in accordance with the International Financial Reporting Standards (“IFRSs”), as issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union, and are consistent with the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005.
The designation IFRSs includes the International Financial Reporting Standards, the International Accounting Standards (“IAS”) and all of the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), previously called the Standing Interpretation Committee (“SIC”), adopted by the European Commission as of the date of meeting of the Board of Directors convened to approve the draft financial statements and listed in the applicable regulations published by the European Union as of the abovementioned date.

The consolidated financial statements were prepared in accordance with the general principle of the historical cost, except for those items that, pursuant to the IFRSs, must be measured at fair value, as explained below in the section of these Notes on valuation criteria.

The accounting principles adopted to prepare the consolidated financial statements at December 31, 2012 are the same as those used for the previous year’s financial statements. In addition, the consolidated financial statements for 2012 were prepared taking into account new accounting principles, new interpretations and amendments to existing principles the adoption of which is mandatory for reporting periods ending after January 1, 2012.

Accounting Principles, Amendments and Interpretations in Effect as of January 1, 2012

On October 7, 2010, the IASB published certain amendments to IFRS 7 – Financial Instruments: Disclosures, applicable prospectively as of January 1, 2012. The amendment were issued to provide a better understanding of transaction involving the derecognition of financial assets, including the potential effects of any residual risk incurred by the entity that transferred the assets. The adoption of this principle had no impact on the Pininfarina Group.

On October 20, 2010, the IASB published a minor amendment to IAS 12 – Income Taxes, regarding the determination of deferred taxes on investment property measured at fair value, in accordance with IAS 40 – Investment Property. This amendment introduces the presumption that deferred taxed on investment property should be computed taking into account the fact that the carrying amount will be recovered through a sale. This amendment, which is applicable retrospectively as of January 1, 2012, had no impact on the Pininfarina Group.

Accounting Principles, Amendments and Interpretations Not Yet in Effect for Which the Group Did Not Opt for Early Adoption

On May 12, 2011, the IASB published IFRS 10 – Consolidated Financial Statements, which will replace SIC 12 – Consolidation: Special Purpose Entities, and parts of IAS 27 – Consolidated and Separate Financial Statements, which will be renamed Separate Financial Statements and will only apply to the accounting treatment of investments in associates in separate financial statements.

The new principle, in addition to redefining the concept of control, provides guidance in determining the existence of control when it is difficult to ascertain. This principle shall be applied retrospectively no later than the reporting years beginning on or after January 1, 2014. The Pininfarina Group identified no material impacts resulting from the adoption of this new principle.

On May 12, 2011, the IASB published IFRS 11 – Joint Arrangements, which will replace IAS 31 – Interests in Joint Ventures and SIC-13 – Jointly Controlled Entities: Non-monetary Contributions by Venturers. This new principle provides criteria for identifying the substance of a joint arrangement, with regard to the underlying rights and obligations, rather than their legal form and establishes the equity method as the only method to account for investments in joint ventures in the consolidated financial statements. This principle shall be applied retrospectively no later than the reporting years beginning on or after January 1, 2014. The Pininfarina Group identified no material impacts resulting from the adoption of this new principle.

On May 12, 2011, the IASB published IFRS 12 – Disclosure of Interests in Other Entities, which is a new and complete principle regarding additional disclosures that must be provided for each type of equity interests, including those in subsidiaries, joint arrangements, associated companies, special purpose entities and other unconsolidated companies. This principle shall be applied retrospectively no later than the reporting years beginning on or after January 1, 2014.

On May 12, 2011, the IASB published IFRS 13 – Fair Value Measurement, which clarifies how fair value should be determined in the financial statements and is applicable to IFRSs that require or allow fair value measurement or the presentation of information based on fair value. This principle shall be applied prospectively as of January 1, 2013. The Group identified no material impacts resulting from the adoption of this new principle.

On June 16, 2011, the IASB published an amendment to IAS 1 – Presentation of Financial Statements, requiring all companies to group all of the components presented in Other comprehensive profit/(loss) separately depending on whether or not they can later be reclassified to the income statement. This amendment shall be applied as of the reporting years beginning on or after July 1, 2012.

On June 16, 2011, the IASB published an amendment to IAS 19 – Employee Benefits applicable retrospectively as of the reporting year beginning on January 1, 2013. The main amendment to this principle is the abolition of the optional corridor method. This criterion, which the Group does not apply, was used to defer the recognition of actuarial gains and losses.

On December 16, 2011, the IASB published some amendments to IAS 32 – Financial Instruments: Presentation, with the aim of clarifying the adoption of certain criteria provided in IAS 32 for the purpose of offsetting financial assets and liabilities. These amendments shall be applied retrospectively to reporting years beginning on or after January 1, 2014. The Pininfarina Group identified no material impacts resulting from the adoption of these amendments.

On December 16, 2011, the IASB published some amendments to IFRS 7 – Financial Instruments: Disclosures, which require including in the financial statements disclosures about the effects or potential effects on the statement of financial position of the offsetting of financial assets and liabilities. These amendments shall be applied to reporting years beginning on or after January 1, 2013 and subsequent interim periods. These disclosures shall be provided retrospectively. The Pininfarina Group identified no material impacts resulting from the adoption of these amendments.

VALUATION CRITERIA

Consolidated Financial Statements

The consolidated financial statements include the financial statements of all subsidiaries, from the date the Group acquires their control until the moment when control ceases to exist. Joint ventures and associates are valued by the equity method, in accordance with Paragraph 38 of IAS 31 – Interests in Joint Ventures and Paragraph 11 of IAS 28 – Investments in Associates, respectively.
Expenses, revenues, receivables, payables, gains and losses generated by transactions between Group companies are eliminated in the consolidation process.
When necessary, the accounting principles of subsidiaries, associates and joint ventures are amended to make them consistent with those of the Group's Parent Company.

(a) Subsidiaries, Business Combinations

Subsidiaries are companies over which the Group exercises control, as defined in IAS 27 – Consolidated Financial Statements and Separate Financial Statements. Control is presumed to exist when the Group controls more than half of the voting rights exercisable at a Shareholders' Meeting, either directly or as a result of shareholders' agreements or potential voting rights. Subsidiaries are consolidated from the moment the Group is able to exercise control and are deconsolidated when control ends.

The Group accounts for acquisitions of controlling interests by the purchase method, as allowed by IFRS 3 – Business Combinations: the acquisition cost, plus the fair value of minority interests at the date of acquisition is compared with the fair value of the net identifiable assets purchased, on the same date, including any contingent liabilities. Any excess (full goodwill) is capitalized as goodwill among intangible assets, while any negative difference is immediately recognized as income in profit or loss.
The acquisition cost consists of the cash paid, the fair value of any equity instruments issued and any contingent consideration.
Any minority interest held earlier is remeasured in connection with the business combination, based on the pro rata interest in the net acquired assets, measured at fair value. Any gain over the previous carrying amount is recognized in profit or loss.
Any interests held by minority shareholders at the date of acquisition are recognized in equity at their fair value, if determinable, or, otherwise, at the corresponding pro rata interest in the fair value of the net acquired assets.
Incidental acquisition costs are recognized in profit or loss when incurred.

A list of the companies consolidated line by line is provided below:

Name	Registered office	% interest held directly or indirectly	Held by	Currency	Share capital
Pininfarina Extra S.r.l.	Turin Via Bruno Buozzi 6	100	Pininfarina S.p.A.	EUR	388,000
Pininfarina of America Corp.	1101 Brickell Ave - South Tow er - 8th Floor - Miami FL - USA	100	Pininfarina Extra S.r.l.	USD	10,000
Pininfarina Deutschland GmbH	Leonberg Riedw iesenstr. 1	100	Pininfarina S.p.A.	EUR	3,100,000
mpx Entw icklung GmbH	München Frankfurter Ring 17	100	Pininfarina Deutschland GmbH	EUR	25,000
mpx Entw icklung GmbH	Leonberg Riedw iesenstr. 1	100	Pininfarina Deutschland GmbH	EUR	26,000
Pininfarina Maroc SAS	Casablanca - 57, Bd Abdelmoumen, Residence EL HADI "A", BP 20360	100	Pininfarina S.p.A. (99,9%) Matra Automobile Engineering SAS (0,1%)	MAD	8,000,000
Pininfarina Automotive Engineering (Shanghai) Co Ltd	Shanghai - Jiading district Rd. Anting Tow n, 201805 Room 806, No. 888 Moyu (S)	100	Pininfarina S.p.A.	CNY	3,702,824

Subsidiaries close their financial statements on the same date as Pininfarina S.p.A., the Group's Parent Company.

As of the fourth quarter of 2012, the net assets of Matra Engineering SAS, their amount having become inconsequential, were deconsolidated with the Group recognizing a loss of 125,175 euros under "(Additions)/Utilizations of provisions and (Writedowns)." Please see the Report on Operations for additional information.

On December 27, 2012, the interest held in the Pininfarina Sverige AB joint venture was sold to Volvo Car Corporation for a consideration of 30 million euros.

(b) Acquisition/Disposal of Ownership Interests Subsequent to the Acquisition of Control

Acquisition and disposal of ownership interests subsequent to the acquisition of control that do not result in a loss of control are accounted for as transactions between owners.

In the case of purchases, the difference between the price paid and the pro rata interest in the carrying value of the acquired net assets is recognized in equity. In the case of a sale, then gain or loss is also recognized directly in equity.

If the Group loses control or significant influence, the remaining minority interest is remeasured at fair value and any positive or negative difference compared with the carrying amount is recognized in profit or loss.

(c) Associated Companies and Joint Ventures

Associated companies are companies over which the Group exercises a significant influence, but not control. The Group is deemed to exercise significant influence, as defined in IAS 28 – Investments in Associates, when it controls between 20% and 50% of the voting rights at a Shareholders' Meeting.

Joint ventures are companies over which the Group exercises joint control, as defined in IAS 31 – Interests in Joint Ventures.

Investments in associated companies and joint ventures are recognized initially at cost and are then valued by the equity method.

The carrying amount of investments in associated companies and joint ventures include any goodwill that was recognized at the time of acquisition, less accumulated impairment losses.

In the Group's income statement, the item "valuation of investments by the equity method" reflects the Group's pro rata interest in the result of associated companies and joint ventures. If an associated company or a joint venture recognizes an adjustment that entails a direct charge to shareholders' equity, the Group recognizes its pro rata share of the charge and shows it in its statement of comprehensive income.

The Group's pro rata interest in losses incurred by an associated company or a joint venture is recognized in the Group's financial statements until the carrying amount of the corresponding equity investment is written off. Any additional loss is posted to the provisions for risks and charges only to the extent that the Group has undertaken contractual obligations or made payments on behalf of the associated company or joint venture.

Gains or losses generated by the Group through transactions with an associated company or a joint venture are eliminated against the value of the investment in the consolidation process.

When there is objective evidence that the value of an investment has been impaired, the Group writes down the investment's carrying amount to its realizable value, which is the greater of its fair value, less cost to sell, and its value in use. Value in use is determined by discounting to present value the future cash flows expected from the investment, determined based on reasonable and demonstrable assumptions.

A list of associated companies is provided below:

Name	Registered office	% interest held directly or indirectly	Held by	Currency	Share capital
Goodmind Srl	Cambiano (Turin) Via Nazionale 30	20	Pininfarina Extra S.r.l.	EURO	20,000

Goodmind Srl is a company established in July 2012 for the purpose of developing conventional and virtual communication services for companies and public entities.

A list of joint ventures is provided below:

Name	Registered office	% interest held directly or indirectly	Held by	Currency	Share capital
Pininfarina Recchi Buildingdesign S.r.l.	Turin Via Montevecchio 28	50	Pininfarina Extra S.r.l.	EURO	100,000

As mentioned above, the interest held in the Swedish subsidiary was ultimately sold on December 27, 2012 generating proceeds of 30 million euros.

(d) Other Companies

Investments in other companies that constitute available-for-sale financial assets are valued at fair value, if available, and any resulting gains or losses are recognized in equity until the investments are sold. At that point, accumulated gains or losses previously recognized in equity are reflected in the income statement for the period.

If the investments are in companies that are not listed on a regulated market and their fair value cannot be reliably determined, they are valued at cost, written down for any non-reversible impairment losses.

Translation of Items Denominated in Foreign Currencies

(a) Presentation Currency, Translation of Financial Statements Denominated in Currencies Other Than the Euro

The Group's presentation currency is the euro.

The financial statements of subsidiaries, associated companies and joint ventures are presented in the corresponding functional currency, which is the currency used in their primary business environment. At the closing date of the financial statements, the assets and liabilities of Group companies that use a functional currency different from the euro are translated into euros at the exchange rate in force on the period's closing date. The income statement is translated at the average exchange rate for the reporting period. Translation differences are recognized directly in equity and are shown separately in the reserve for currency translations. As required by IAS 21 – The Effect of Changes in Foreign Exchange Rates, the amount set aside in the reserve is recognized in profit or loss only when the investment is sold.

The table below lists the exchange rates used to translate financial statements denominated in functional currencies different from the presentation currency:

Euro vs currency:	Dec. 31, 2012	Avg. 2012	Dec. 31, 2011	Avg. 2011
- U.S. dollar - USD	1.32	1.29	1.29	1.39
- Swedish kronor - SEK	8.58	8.70	8.91	9.03
- Moroccan dirham - MAD	11.14	11.10	11.11	11.26
- Renminbi (Yuan) China - CNY	8.11	8.22	8.16	9.00

(b) Assets, Liabilities and Transactions in Currencies Other Than the Euro

Transactions executed in currencies other than the euro are recognized initially at the exchange rate in force on the date of the transaction.

On the closing date of the financial statements, cash assets and liabilities denominated in currencies are converted into euros at the exchange rate in force on that date. All translation differences are recognized in profit or loss, except for differences stemming from loans in foreign currencies that hedge investments in foreign subsidiaries. Any such differences, and the corresponding tax consequences, are recognized directly in equity until the equity investment is sold. It is only at that point that the accumulated translation differences are recognized in profit or loss.

Non-cash items that are carried at historical cost are translated into euros at the exchange rate in force when the underlying transaction was first recognized. Non-cash items that are carried at fair value are translated into euros at the exchange rate in force on the date when each item's fair value was determined.

No company of the Pininfarina Group operates in a hyperinflationary economy.

Property, Plant and Equipment

Property, plant and equipment includes buildings, equipment, machinery and other assets used in the production process, including assets held under finance leases. These assets are carried at their purchase or production cost, less accumulated depreciation and impairment losses, except for land, which is not depreciated.

Cost includes all expenses directly attributable to the purchase of an asset, which include the costs incurred to bring an assets to the intended location and make it ready to operate.

The depreciation of buildings and other general-purpose assets is computed on a straight-line basis, so as to distribute each asset's residual carrying value over its estimated useful life. Special-purpose assets used to produce specific cars under contract manufacturing agreements are depreciated by the units of production method, in accordance with Paragraphs 50 and 60 of IAS 16 – Property, Plant and Equipment.

The table below shows the depreciation rates applied to the different classes of assets:

	Useful lives	
Classes of Asset	**Bairo and San Giorgio Plants**	**Other Plants**
Land	no depreciated	no depreciated
Buildings and leased property	50	33
Machinery	20	10
Plant	20	10
Leased machinery and equipement	-	5
Forniture and fixtures	10	8
Hardware	-	5
Other property, plant and equipment (incl. Vehicules)	-	5

Land, which is accounted for separately, is not depreciated. Instead, it is tested for impairment when there are indications that the carrying amount is greater than the recoverable value. Costs incurred after an asset has been acquired can be capitalized only if it is likely that they will produce future economic benefits and if the costs can be measured reliably. When an asset is replaced, the carrying amount of the replaced part is derecognized. The costs that do not meet the abovementioned capitalization requirements are recognized in profit or loss in the year they are incurred. The residual values and useful lives of property, plant and equipment are reviewed at the end of each reporting period and, if necessary, revised prospectively, in accordance with Paragraph 32 and Paragraph 38 of IAS 8 – Accounting Principles, Changes in Accounting Estimates and Errors. Gains and losses on the sale of property, plant and equipment, determined by comparing the carrying amount with the sales price, are recognized in profit or loss. In this and subsequent and previous sections of these notes, the term "impairment" shall mean the adjustment made to the carrying amount of a non-current asset to make it consistent with the asset's recoverable value.

Government Grants

Government grants are recognized in the financial statements at fair value only when there is reasonable certainty that the Group has satisfied all of the requirements set forth in the terms of the grants. Government grant revenues are reflected in the income statement in proportion to the costs incurred. In accordance with the provisions of Paragraph 17 of IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance, government grants toward the purchase of property, plant and equipment are recognized as deferred income and credited to the income statement in proportion to the depreciation of the assets for which they were awarded.

Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance that are controllable and capable of producing measurable future economic benefits. They are carried at cost, determined based on the same criteria used for property, plant and equipment

(a) Goodwill

Goodwill represents the amount by which the acquisition cost exceeds the fair value of the net acquired assets on the acquisition date. Goodwill is not amortized, but the recoverability of its carrying amount is tested at least once a year (impairment test). The impairment test is performed by allocating goodwill to the cash generating units, which are the smallest groups of assets identified by management that are capable of generating cash inflows independently of the cash flows generated by other assets or groups of assets. When the carrying amount of the net assets of a cash generating unit, including the allocated goodwill, is greater than their recoverable value an asset impairment has occurred. The required writedown is charged first against goodwill, up to its full carrying amount. Any excess of the writedown over the carrying amount of goodwill is then charged, prorated, against the carrying amounts of the assets included in the cash generating unit. Writedowns of goodwill cannot be reversed. Any negative goodwill is recognized as income in the income statement.

(b) Software and Other Licenses

The cost actually incurred to secure software licenses and other similar licenses, including the expenses required to put them into use, are capitalized and amortized over the estimated useful lives of the licenses (three to five years). The costs incurred to maintain software are treated as operating expenses and charged to income on an accrual basis. Costs incurred to develop software that can be identified and controlled by the Group and which has a high probability of producing greater economic benefits than the costs incurred are capitalized as an intangible asset and amortized over the useful life of the corresponding asset (not more than three years).

(c) Research and Development Costs

Research costs, as defined in IAS 38 – Intangible Assets, are charged to income in the year they are incurred, as required by Paragraph 54 of the abovementioned standard. Development costs are capitalized as intangible assets only if they can be measured reliably and it is clear that the project for which they are being incurred has a high chance of success, in terms of technical feasibility, financial ability to implement it and commercial acceptance. Development costs that do not meet these characteristics are treated in the same manner as research costs. Development costs that were charged to income in previous years may not be capitalized at a later date, even if they then meet the requirements for capitalization. Development costs are amortized from the date the resulting product is brought to market over the length of time during which they are expected to produce economic benefits, but not more than five years. They are tested for impairment when there is evidence that their carrying amount may be greater than their recoverable value. The Group carries out development work on behalf of its customers under contracts that involve the styling, engineering and manufacture of automobiles or just design and engineering work. Development activities related to styling and engineering contracts the product of which is sold to customers are treated as contract costs, as required by IAS 11 – Construction Contracts, and, consequently, do not generate capitalized intangible assets. Development activities related to styling, engineering and production contracts that convey to the Group a full or partial guarantee that it will recover the investments made on a customer's behalf are included among the aggregate amount of financial receivables recognized in the financial statements, pursuant to IFRIC 4 – Determining Whether and Arrangement Contains a Lease (see the note that follows for more details), or, when the requirements for the adoption of this interpretation cannot be met, are added to the value of special-purpose equipment included in property, plant and equipment.

(d) Other Intangible Assets

Other intangibles acquired separately are capitalized at cost. Those acquired through business combinations are capitalized at their fair value, determined as of the date of acquisition. After initial recognition, intangibles with a finite useful life are carried at cost less amortization and any impairment losses. Intangibles with an undefined useful life are also carried at cost, but are not amortized. Instead, they are tested for impairment at least once a year. The useful lives of other intangibles are reviewed once a year. Any resulting changes are applied prospectively, in accordance with Paragraph 32 and Paragraph 38 of IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

Impairment of Non-financial Assets

Intangible assets with an indefinite useful life, including goodwill, must be tested for impairment at least once a year and whenever there is evidence than an impairment may have occurred. Property, plant and equipment that is depreciated and intangible assets that are amortized are tested for impairment only when there is an indication that their carrying amount may be greater than their recoverable value. Recoverable value is defined as the greater of the fair value of an asset or cash generating unit, less cost to sell, or its value in use, determined by discounting to present value the asset's future cash flows in accordance with management projections, based on reasonable and demonstrable assumptions that are representative of the best estimate of future economic conditions. The discounting process is carried out using a rate that reflects current market valuations of the time value of money and of specific risks inherent in the asset that are not reflected in the cash flow estimates. In the Group's case, this rate is the weighted average cost of capital (WACC).

When the carrying amount is larger than the recoverable value, the Group recognizes in profit or loss a writedown of an amount equal to that difference. If, subsequently, the reasons that caused the impairment cease to apply, the carrying amount of the asset or cash generating unit is restored up to the carrying amount that existed before the writedown, after the depreciation or amortization for the period. Writedowns of goodwill are never reversible. The cash generating units, which are identified consistent with the Group's organizational and business structure, are homogeneous aggregations that generate cash inflows independently, in accordance with the provisions of IAS 36 – Impairment of Assets, and based on two reporting segments identified in accordance with IFRS 8 – Operating Segments: 1) Styling and Engineering, and 2) Operations. When performing an impairment test, the benchmark applied to determine the recoverability of the carrying amount of real estate assets held by the Group is their fair value, determined based on market valuations available in the archives of the Territorial Agency and, if required, appraisals prepared by independent experts.

Assets Held for Sale

Non-current assets and current and non-current assets of disposal groups, the carrying amount of which will be recovered mainly through a sale rather than through their ongoing use are classified as "assets held for sale." In the statement of financial position, assets held for sale and the liabilities directly related to those assets are shown separately from the Company's other assets and liabilities, in accordance with Paragraphs 38 to 40 of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. Assets held for sale are not depreciated or amortized and are valued at the lower of their carrying amount or their fair value, less costs to sell. If there is a difference between carrying amount and fair value, less costs to sell, it is recognized in profit or loss as a writedown. Any subsequent reversals of writedowns may be recognized up to the amount of previous writedowns, including writedowns recognized before classification of the asset as held for sale.

Financial Assets

Financial assets are recognized based on the trade date, which is the date when the Group undertakes a commitment to buy them.

Financial assets are classified into four categories, in accordance with IAS 39 – Financial Instruments: Recognition and Measurement:

- Financial assets carried at fair value through profit or loss;
- Loans and other receivables;
- Held-to-maturity investments;
- Available-for-sale financial assets.

Financial assets are derecognized when the right to receive cash flows from those assets ends or is transferred or when the Company substantively transfers to another party all of the risks and benefits inherent in the financial instrument and control over it.

Financial assets cannot be offset against financial liabilities in the financial statements. Offsetting these items and showing the resulting net amount as an asset or a liability is permissible only (i) when there is a legal right that allows it; and (ii) when the Group intends to extinguish the net liability or realize the asset and concurrently extinguish the liability.

(a) Financial Assets Carried at Fair Value Through Profit or Loss

This category, in turn includes:

- Financial assets bought mainly for resale over the short term (financial assets held for trading);
- Financial assets classified in this category upon initial recognition, when the requirements for such designation can be met;
- Financial derivatives, except for derivatives designated as hedges.

Financial assets included in this category are measured at fair value, with changes in fair value occurring during the holding period recognized as revenues or expenses in the income statement. Financial instruments included in this category are classified as short-term assets if they are held for trading or if the Company expects to sell them within 12 months from the date of the financial statements. The classification as a current or non-current asset thus depends on the strategic choice made about the length of the asset's holding period and the actual ability to trade the asset.

(b) Loans and Other Receivables

This category includes non-derivative financial instruments not traded on a regulated market that are expected to produce fixed or determinable payments. The main items in this category are trade receivables, including any receivables recognized in accordance with IFRIC 4 – Determining Whether an Arrangement Contains a Lease. Loans and receivables are listed as current assets, except for the portion due after one year, which is classified into non-current assets. Loans and receivables are valued at amortized cost based on the effective interest rate method. If there is objective evidence of impairment, the asset's carrying amount is aligned to the present value of the estimated cash flows expected from the asset, appropriately discounted using the original effective interest rate. Evidence that a financial asset has been impaired arise when (i) the debtor is in serious financial difficulties, (ii) there is a probability that the debtor may be declared bankrupt or become a party to composition with creditors proceedings or (iii) there are unfavorable changes in the payment flows, including delays. Impairment losses are recognized in profit or loss. If, in a subsequent period, the reasons that made it necessary to write down an asset no longer apply, the value of the asset is reinstated up to the amount that would have resulted by applying the amortized cost method, had there been no writedown.

(c) Held-to-maturity Investments

These are non-derivative financial assets that entail fixed or determinable payments and have a fixed maturity and which the Group plans and has the financial ability to hold to maturity.

Upon initial recognition, they are valued at their acquisition cost, including any incidental transaction expenses. Subsequently, held-to-maturity investments are valued at amortized cost, determined by applying the effective interest rate method, adjusted in the event of impairment. If there is evidence of impairment, the Group applies the same criteria as those described above for the loans and receivables category.

(d) Available-for-sale Financial Assets

Available-for-sale financial investments are those non-derivative financial assets that are explicitly designated as available for sale and those financial assets that do not fall into any of the previous categories. Available-for-sale financial assets are measured at fair value, with any resulting gains or losses posted to a shareholders' equity reserve and recognized in profit or loss only when the corresponding financial asset is actually sold or, in the case of negative cumulative differences, when it becomes apparent that the impairment loss already recognized in equity can no longer be recovered. If the fair value cannot be determined reliably, the financial instruments in question are valued at cost, adjusted for impairment losses. Writedowns of equity financial instruments cannot be reversed. If impairment losses are deemed to be no longer recoverable, e.g., in the event of a protracted decline in the market value of a financial asset, the shareholders' equity reserve is reversed in profit or loss.

Derivatives

The Group is not a party to any hedging or speculative financial derivative contracts.

Contract work in progress

The Group accounts for styling and engineering contracts in accordance with IAS 11 – Construction Contracts. Costs incurred in connection with construction contracts are recognized when incurred. Revenues are accounted for as follows:

- When the outcome of a construction contract cannot be estimated reliably, revenues are recognized only to the extent of contract costs incurred and presumed recoverable.
- When the outcome of a construction contract can be estimated reliably and it is likely that the contract will be profitable, revenues are recognized on an accrual basis over the life of the contract.
- Conversely, if it is likely that the contract will produce a loss (that is, total contract costs exceed contract revenues), the entire loss is recognized in the year in which the Company's management becomes aware of the loss.

The Group allocates contract costs and revenues to each reporting year by the percentage of completion method, as required by Paragraph 25 of IAS 11 – Construction Contracts. The percentage of completion is the ratio of total costs incurred through the reporting date and the overall estimated costs needed to complete the contract. Progress billings on account are included in Contract work in progress up to the amount of the costs incurred. If the amount of the advances is larger than that of the costs incurred, the difference is recognized as a liability under Advances received for contract work in progress.

Financial Expense

Consistent with IAS 23 – Borrowing Costs, financial expense directly attributable to the purchase, construction or production of an assets for which a substantial period of time will be required before it can be ready for use or for sale must be capitalized as part of the value of the asset. If these requirements cannot be met, financial expense is recognized in profit or loss on an accrual basis.

Inventory

Inventory is carried at cost or estimated net realizable value, whichever is smaller. Net realizable value is the selling price in the ordinary course of business, less the variable costs to sell. As required by IAS 2 – Inventories, cost is determined by the FIFO ("first-in, first-out") method. The cost of finished goods and semifinished goods includes design, raw materials and direct labor costs, as well as other direct costs and other indirect costs that can be allocated to the manufacturing operations based on a normal level of production capacity. This costing formula does not include borrowing costs. Provisions for writedowns of materials, finished goods, spare parts and other supplies that are deemed to be obsolete or with a slow turnover are computed based on the expected future use of these inventory items and their realizable value. Realizable value is an item's estimated sales price in the normal course of business, net of all estimated costs to complete the item and selling and distribution costs that the Company expects to incur.

Trade Receivables and Other Receivables

Trade receivables are initially recognized at fair value. Subsequently, they are valued at amortized cost computed by the effective interest rate method, net of writedowns for uncollectible accounts. Receivables are written down when there is objective evidence that the Group will be unable to collect the full amounts that customers have agreed to pay on the due dates. The amount of the writedown, which should correspond to the difference between the carrying amount of the receivables and the present value of future collections, discounted at the effective interest rate, is recognized in profit or loss.

Cash and Cash Equivalents

Net cash and cash equivalents include cash on hand, readily available bank deposits, other investments salable within three months and bank account overdraft facilities. Overdraft utilizations are recognized as current liabilities for bank account overdrafts. In accordance with Paragraph 8 of IAS 7 – Statement of Cash Flows, the cash flow for the year is equal to the net change in cash and cash equivalents, as defined above.

Share Capital

The Company's common share capital is listed in the shareholders' equity section of the statement of financial position. There are no other classes of shares. Incidental expenses incurred to issue share capital or options are recognized under shareholders' equity. If a Group company buys shares of Pininfarina S.p.A. or Pininfarina S.p.A. purchases treasury shares (within the constraints of Article 2357 of the Italian Civil Code), the price paid, net of any directly attributable incidental charges, is deducted from shareholders' equity until the treasury shares are canceled, reissued, awarded to employees or resold. The share capital of Pininfarina S.p.A., the Group's Parent Company, consists of 30,166,652 common shares, par value 1 euros each. It is worth mentioning that the 22,945,566 Pininfarina S.p.A. shares held by the controlling company Pincar S.r.l., which correspond to 76.06% of the Company's share capital, are encumbered by a senior pledge, without voting rights, for the benefit of the Lender Institutions of Pininfarina S.p.A.

Liabilities for Borrowings and Leases

Initially, liabilities for borrowings and leases are recognized at fair value, which corresponds to the cash received less incidental charges. Subsequently, as required by IAS 39 – Financial Instruments: Recognition and Measurement, they are valued by the amortized cost method. Any difference between the collection amount, net of any incidental charges, and the redemption amount (principal and interest) is recognized in profit or loss on an accrual basis, computed by the effective interest rate method. The portion of borrowings and leases that is due within one year is listed among current liabilities. The portion due after one year is recognized as a non-current liability only if the Group has an unconditional contractual right to defer repayment. In accordance with Paragraph 74 of IAS 1 – Presentation of Financial Statements, if the Group is in breach of the provisions of loan agreements and leases on or before the end of the reporting period, with the effect that the remaining debt becomes payable in full on demand (loss of deferred payment benefit), the entire amount of these liabilities must be classified as current, even if the Group regained the benefit of deferred payment by reaching an agreement with the lender before the publication date of the financial statements. This is because, at the end of the reporting period, it did not have an unconditional right to defer the payment of the liability for more than 12 months after that date.

Employee Benefits

(a) Pension Plans

The employees of the Pininfarina Group have access to defined-contribution and defined-benefit plans. A portion of the Provision for termination indemnities required pursuant to Article 2120 of the

Italian Civil Code qualifies as a defined-benefit plan and, consequently, no dedicated plan assets are required. Defined-contribution plans are formalized post-employment benefit plans under which the Group pays a contribution to an insurance company or a pension fund and has no further legal or constructive obligations to pay additional sums, should the plan's assets prove to be insufficient to pay vested benefits owed to employees for current or past service. The contributions that the Company pays in exchange for the service of its employees are accounted for as a cost on an accrual basis. The payments made to Fondo Cometa and Previp are included in this category. Defined-benefit plans are plans that give rise to a future obligation for the Group consisting of the amount of the pension benefits owed to employees at the end of the employment relationship, which amount depends of such factors as age, years of service and salary earned. Under these plans, the Group assumes the actuarial risk and investment risk inherent in the plan. To determine the present value of the plan's liabilities and service costs, the Group uses the Projected Unit Credit Method, which is based on an actuarial computation determined taking into account demographic variables (mortality rate, employee turnover rate) and financial variables (discount rate, future increases in wages and benefits). For the purposes of IAS 19 – Employee Benefits, the Provision for termination indemnities attributable to the Group's Italian employees consists of:

- a defined-benefit pension plan for the benefits that vested prior to the effective date of Law No. 296 of December 27, 2006 and related implementation decrees;
- a defined-contribution pension plan for the benefits that vested subsequently.

The actuarial valuation used to determine the corresponding provision is carried out in connection with the preparation of the semiannual and annual reports. The cumulative amount of the actuarial gains and losses generated by changes in estimates is recognized in the income statement. If the liability decreases or is extinguished, the Group recognizes the resulting gains or losses when they occur.

(b) Incentives, Bonuses and Profit Sharing Plans

The Group recognizes the costs and the corresponding liabilities that arise from incentives, bonuses and profit sharing plans. The liability is recognized when there is a legal or constructive obligation, it is probable that resources will have to be employed to settle the obligation and the amount of the obligation can be reliably estimated.

(c) Employee Benefits for Termination of Employment

The Group recognizes a liability and the corresponding labor cost when it is demonstrably committed to end the employment relationship with an employee, or a group of employees, before the normal retirement age or when it has undertaken to pay benefits upon the interruption of the employment relationship in connection with incentives for voluntary separation offered to address redundancies. The Group is deemed to be demonstrably committed to terminate the employment relationship if, and only if, it has developed a formal, detailed plan to terminate the employment relationship and there is no realistic possibility to cancel that plan.

(d) Employee Benefits Paid in Shares of Stock

The Group does not have employee benefits paid in shares of stock, such as stock option plans, to which IFRS 2 – Share-based Payment would be applicable.

Provisions for Risks and Charges and Contingent Liabilities

Provisions for risks and charges reflect charges and expenses of a determined nature, the existence of which is certain or probable, the timing or amount of which is uncertain at the end of the reporting period. Provisions are recognized when all of the following conditions are met: (i) it is probable that the Company has a legal or constructive obligation as a result of a past event; (ii) it is probable that settling the obligation will be onerous; and (iii) a reliable estimate can be made of the amount of the obligation. Provisions are recognized at a figure representative of the best estimate of the amount that the Company would rationally pay to extinguish an obligation or transfer it to a third party at the end of the reporting period. When the effect of the time value of money is material and the payment dates of the obligations can be estimated reliably, the provision must be discounted. The costs that the Group expects to incur to implement restructuring programs are recognized in the year when a formal program is defined and only when the Group has raised a valid expectation in those affected that it will carry out the restructuring. The liabilities recognized in the provisions for risks and charges are periodically updated to reflect changes in cost estimates, implementation schedules and the discount rate applied. Revisions to provision estimates are reflected in the same line item of the income statement used when the provision was established. The notes to the financial statements must include disclosures about contingent liabilities arising from: (i) possible, but not probable, obligations that arise from past events, whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Company; or (ii) present obligations that arise from past events the amount of which cannot be estimated reliably or the settlement of which will probably not be onerous.

Leases

(a) Finance Leases

Leases in which substantially all of the risks and rewards incidental to the ownership of the corresponding asset are transferred from the leasing company (lessor) to the Group (lessee) are deemed to be finance leases in accordance with IAS 17 – Leases. They are accounted for as follows:

(a1) Leases When the Group Is the Lessee

The group enters into leases as the lessee to finance investments in property, plant and equipment, as defined earlier in these Notes. Asset acquired under finance leases are recognized as components of Property, plant and equipment and depreciated over their useful lives or the length of the lease, whichever is shorter. Leased assets are capitalized at the start of the lease at the fair value of the leased asset or at the present value of the lease payments, whichever is lower. The indebtedness owed to the lessor is recognized in the manner described earlier in these Notes in the section devoted to borrowings and leases.

(a2) Leases When the Group Is the Lessor

The Group becomes the lessor when it applies the interpretation of IAS 17 – Leases entitled IFRIC 4 – Determining Whether an Arrangement Contains a Lease to investments in plant and machinery acquired for special purposes under some contracts for the design, engineering and production of automobiles. IFRIC 4 applies to those arrangements that, while not having the legal formalities of a lease, convey to the Group's counterparty the right to use certain assets in exchange for a series of payments. The existence of such right gives rise to an implied lease in which the Group is the lessor. The following requirements must be met to apply this interpretation:

- Fulfillment of the arrangement is dependent on the use of a specific asset;
- The arrangement conveys to the buyer the right to control the use of the underlying asset;
- The determination that the arrangement contains a lease is made at the inception of the arrangement;
- It is possible to separate lease-related payments from other payments required under the arrangement.

In other words, IFRIC 4 can be used to identify a lease and separate it from an underlying arrangement between the parties and measure the lease in accordance with IAS 17 – Leases. When a finance lease does exist, the Group recognizes a receivable of an amount equal to the present value of the lease payments. The difference between the future cash inflows and their present value represents the interest income component, which is reflected in the income statement over the term of the lease at a constant periodic interest rate.

(b) Operating Leases

If a lease does not meet the requirements to qualify as a finance lease, it is classified as an operating lease: payments, net of any incentives received from the lessor, are recognized in the income statement on an accrual basis over the term of the lease.

Income Taxes

(a) Current Taxes

Current taxes are recognized by each Group company based on an estimate of its taxable income, in accordance with the tax rates and laws in effect, or substantially enacted, at the end of the reporting period in each country, taking into account the agreements for the filing of national consolidated tax returns, applicable exemptions and any available tax credits.

(b) Deferred Taxes

As required by IAS 12 – Income Taxes, deferred taxes are computed on all temporary differences between the tax base and the carrying amount of assets and liabilities in the consolidated financial statements, except for the following two items: (i) goodwill generated by a business combination; and (ii) initial recognition of an asset or a liability upon the execution of a transaction that is not a business combination and has no impact on reported results for the period or on taxable income. Deferred-tax liabilities are estimated using the tax rates in force in the business environments in which the companies of the Group operate and in accordance with the tax laws that have been enacted, or which can be deemed to have been virtually enacted, as of the date of the financial statements and which are expected to apply when the temporary differences that required the recognition of a deferred-tax liability are reversed. Deferred-tax assets and deferred-tax liabilities are classified, respectively, among non-current assets and liabilities and are offset at the individual company level when they refer to taxes for which offsetting is allowed pursuant law. Depending on the outcome of the offsetting process, the resulting balance is carried as a deferred-tax asset or deferred-tax liability. When the results of transactions are recognized directly in equity, the corresponding current taxes and deferred-tax assets or liabilities are also recognized in equity. Deferred-tax assets are recognized only if it is probable that the Company will earn sufficient taxable income to utilize the deductible differences that originated them. Deferred-tax assets are reviewed at the end of each reporting period and are adjusted to reflect changes in the expectation that the Company will earn sufficient taxable income in the future to utilize all or part of the deferred-tax assets. Deferred taxes on the retained earnings of Group companies are recognized only if there is truly an intention to distribute those earnings and, in any case, if their taxation is not avoided by the filing of a consolidated income tax return.

Revenue Recognition

As required by IAS 18 – Revenues, revenues reflect the fair value of the goods and services sold, net of VAT, returns, discounts and intra-Group transactions. Revenues are recognized as follows:

(a) Sale of Goods

Revenues are recognized when all of the following conditions are met:

- All significant risks and benefits inherent in the ownership of the asset are transferred to the buyer;
- Effective control ceases as does any other involvement with the goods sold;
- The revenue amount can be reliably estimated;
- An inflow of economic benefits is probable;
- Costs to sell, incurred or projected, can be reliably estimated.

(b) Provision of Services

Service revenues are recognized based on the progress made in delivering the services in question during the year in which they are being provided. Revenues are recognized when all of the following conditions are met:

- The revenue amount can be reliably estimated;
- An inflow of economic benefits is probable;
- The transaction's level of completion on the date of the financial statements can be reliably measured;
- The costs incurred or projected to deliver the services can be reliably estimated.

Revenues for styling and engineering services provided to customers are recognized in accordance with the percentage of completion method.

(c) Interest, Royalties and Dividends

Interest, royalty and dividend income is recognized only when it is probable that economic benefits will flow to the Group and the amount of these benefits can be reliably estimated. Interest income is recognized on an accrual basis at amortized cost computed by the effective interest rate method. The effective interest rate is the rate that discounts the cash flows expected from a financial instrument over the instrument's life to the cash initially received or paid. Royalty income is recognized on an accrual basis, taking into account the substance of the underlying contracts. Dividends are recognized as revenues in the year in which the shareholders acquire the right to receive payment.

Dividend Distributions

The Group recognizes a liability for dividends that become payable when a dividend distribution is approved by the Shareholders' Meeting.

Profit or Loss per Share

Basic profit or loss per share is computed by dividing the net profit or loss for the period attributable to the holders of common shares of Pininfarina S.p.A., the Group's Parent Company, by the weighted average number of common shares outstanding during the period. Diluted profit or loss per share is computed by adjusting the weighted average number of common shares outstanding to reflect the dilutive impact of all potential common shares.

Events Occurring After the Reference Date of the Financial Statements

The events occurring after the reference date of the financial statements are favorable and unfavorable events that occur between the reference date of the financial statements, December 31 for the Group, and the date when the financial statements are approved for publication. There are two types of events: (i) those that provide evidence about situations that existed on the reference date of the financial statements; and (ii) those that are indicative of situations that developed subsequently.

In accordance with IAS 10 – Events After the Reporting Period, in the first instance (i) above, the Group restates the amounts in the draft financial statements to reflect the impact of events occurring after the reference date of the financial statements. In the second instance (ii) above, the Group does not restate the amounts in the financial statements but discloses material events.

Statement of Cash Flows

The statement of cash flows is prepared in accordance with the indirect method, as allowed by IAS 7 – Statement of Cash Flows.

Repayments of financial receivables recognized in accordance with IFRIC 4 – Determining Whether an Arrangement Contains a Lease are recognized as part of the cash flow from investing activities, in the line item “Non-current loans receivable from borrowers outside the Group,” in accordance with the definition of investment activities provided in IAS 7, consistent with the balance sheet and net borrowing structure presented by the Group and pursuant to Paragraph 16-f of IAS 7.

ASSESSMENTS WITH AN IMPACT ON THE FINANCIAL STATEMENTS

(a) Assessment of the Company’s Viability as a Going Concern

The going concern assumption is the fundamental principle in the preparation of financial statements. Management’s assessment with regard to this assumption entails the formulation of an opinion, at a given moment in time, about future events or circumstances that, by their very nature, are uncertain. Any opinion about future developments is based on the information available at the time the opinion is formulated. Subsequent events could contradict an opinion that appeared to be reasonable at the time it was formulated. The size and complexity of an enterprise, the nature and circumstances of its activities and the degree to which it depends on external factors are some of the elements that affect the rendering of an opinion about future events or circumstances.

(b) Additions to Provisions for Risks and Charges, Contingent Liabilities and Assets

Additions to provisions are made to recognize in the financial statements liabilities the maturity and amount of which are uncertain. They are quantified based on management’s estimates of the cost that would be incurred to settle the obligations on the date of the financial statements.

Contingent liabilities and assets are not recognized in the financial statements, pursuant to Paragraph 27 and Paragraph 31, respectively, of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

Contingent liabilities can either arise from potential obligations related to past events, the occurrence of which is predicated solely on whether or not one or more uncertain future events not totally under the Company’s control will take place, or represent an existing liability arising from past events, but which is not recognized because it is unlikely that it will result in a cash outlay or because the amount involved cannot be reliably determined.

Contingent assets are unrecognized potential assets arising from past events, the occurrence of which is predicated solely on whether or not one or more uncertain future events not totally under a company’s control will take place.

When necessary, management develops estimates with the support of legal counsel and other expert consultants.

(c) Impairment

Investments in subsidiaries, associated companies and joint ventures are tested for impairment by estimating their value in use, usually determined in an amount corresponding to the pro rata interest in the investee company’s shareholders’ equity taken from the consolidated financial statements plus expected operating cash flow and, if the corresponding amount is significant and can be reasonably determined, the cash flow from disposal, net of the cost to sell.

Cash flows are determined taking into account management’s projections, based on reasonable and demonstrable assumptions, representative of the best estimates of future economic conditions.

Cash flows are discounted at a rate consistent with current market valuations, the time value of money and specific business risks that are not reflected in the cash flow estimates.

The impairment test of non-financial assets allocated to the cash generating units is based on the expected income flow, the estimate of which is predicated on a plurality of factors, not always under an entity’s control.

The value of real estate assets is tested for impairment by comparing their carrying amount with their fair value, which is based on market valuations provided by the Territorial Agency and/or, if required, appraisals prepared by independent experts hired by the Board of Directors.

(d) Estimate and Hierarchical Ranking of the Fair Value of Financial Instruments

Pursuant to IFRS 7 – Financial Instruments: Disclosures, the classification of financial instruments measured at fair value must be based on the quality of the input sources used for valuation purposes. The IFRS 7 classification is based on the following fair value hierarchical ranking:

- Level 1: Fair value is determined based on prices quoted in an active market for identical assets or liabilities. Financial assets included in the “Current assets held for trading” category, which are mainly government securities and high-rating bonds, are ranked at Level 1.
- Level 2: Fair value is determined based on inputs that, while different from the quoted prices used in Level 1, can be observed either directly or indirectly. No financial instruments of this type are currently shown in the financial statements.
- Level 3: Fair value is determined based on valuation models the input of which is not based on observable market data. No financial instruments of this type are currently shown in the financial statements.

(e) Current and Deferred Taxes

The computation of current taxes represents a best estimate of the weighted average of the tax liability. This estimate is carried out by applying the tax rates and laws in effect, or substantially enacted, on the date of the financial statements.

The valuation of deferred-tax assets and liabilities is predicated on assumptions about the manner in which the Company expects to recover or settle the carrying value of its assets and liabilities, based on the probability that it will generate taxable income in the future. Deferred-tax assets and liabilities are valued using the tax rates that are expected to be in effect in the year when tax assets are recovered or liabilities are settled, based on tax rates in effect on the date of the financial statements and taking into account changes to the tax laws approved as of that date.

(f) Accounting for the Provision for Termination Indemnities

Following the reform of the supplemental employee benefit system, the portion of the Provision for termination indemnities for the benefits that vested prior to January 1, 2007 constitutes a defined-benefit plan, in accordance with IAS 19 – Employee Benefits. These plans define the amount of the pension benefits owed to employees at the end of the employment relationship, which amount depends of such factors as age, years of service and salary earned. Estimates of these parameters, while conservative and supported by historical series of Company data, can be subject to change.

The liability for severance indemnities is determined by management with the support of an independent expert, who is a member of the Italian Board of Actuaries.

TYPES OF FINANCIAL INSTRUMENTS AND FAIR VALUE HIERARCHY

The Group’s financial instruments include the following:

- Cash and cash equivalents;
- Financial assets held for trading;
- Medium/long-term loans and liabilities under leases;
- Trade receivables and payables and receivables owed by related parties and joint ventures.

Financial assets held for trading consist mainly of government securities, bonds and other financial assets, mostly traded on regulated markets, with a low risk profile, held because they are readily salable and provide principal protection.
The Group did not execute any derivative contracts, either for speculative purposes or to hedge cash flows or changes in fair value.

As required by IFRS 7, the schedule below lists the types of financial instruments included in the consolidated financial statements and shows the valuation criteria applied in each case:

	Financial instruments measured at fair value with fv difference recognized in:		Fair value hierarchical	Financial instruments valued at amortized cost	Investments in unlisted companies valued at cost	Carrying amount at 12/31/12	Fair value at 12/31/11
	Income statement	Shareholder's equity					
Assets							
Investments in other companies	-	-		-	252,017	252,017	252,017
Loans and other receivables	-	-		50,313	-	50,313	20,501,612
Current assets held for trading	50,809,450	-	Level 1	-	-	50,809,450	46,041,811
Trade receivables and other receivables	-	-		33,067,351	-	33,067,351	21,692,258
Cash and cash equivalents	-	-		41,501,410	-	41,501,410	90,728,823
Liabilities							
Liabilities under finance leases	-	-		64,886,118	-	64,886,118	130,728,552
Bonds outstanding and other borrowings	-	-		58,050,300	-	58,050,300	104,412,179
Other payables and Other liabilities	-	-		16,756,010	-	16,756,010	16,859,924

Pursuant to IFRS 7 – Financial Instruments: Disclosures, the classification of financial instruments measured at fair value must be based on the quality of the input sources used for valuation purposes. The IFRS 7 classification is based on the following fair value hierarchical ranking:

- Level 1: Fair value is determined based on prices quoted in an active market for identical assets or liabilities. This category includes financial assets held for trading, which are government securities and high-rating bonds.
- Level 2: Fair value is determined based on inputs that, while different from the quoted prices used in Level 1, can be observed either directly or indirectly. No financial instruments of this type are currently shown in the financial statements.
- Level 3: Fair value is determined based on valuation models the input of which is not based on observable market data. No financial instruments of this type are currently shown in the financial statements.

FINANCIAL RISK MANAGEMENT

Financial risk factors, as identified in IFRS 7 – Financial Instruments: Disclosures, are described below:

- Market risk: The risk that the fair value or the future cash flows of a financial instrument could fluctuate as a result of changes in market prices. The market risk includes the following other types of risk: currency risk, interest rate risk and price risk.
- Currency risk: The risk that the fair value or the future cash flows of a financial instrument could fluctuate as a result of changes in foreign exchange rates.
- Interest rate risk: The risk that the fair value or the future cash flows of a financial instrument could fluctuate as a result of changes in market interest rates.
- Price risk: The risk that the fair value or the future cash flows of a financial instrument could fluctuate as a result of changes in market prices (other than changes determined by the interest rate risk or the currency risk), irrespective as to whether such fluctuation are determined by factors specific to the financial instrument or its issuer or by factors that affect all similar market-traded financial instruments.
- Credit risk: The risk that one of the parties causes the other party to incur a financial loss by failing to fulfill an obligation.
- Liquidity risk: The risk that an entity may be unable to fulfill obligations associated with financial liabilities.

(a) Currency Risk

The Group executed most of its financial instruments in euros, which is its functional and presentation currency. Because it operates in an international environment, it has a limited exposure to fluctuations in the exchange rates of the following currencies versus the euro: U.S. dollar (USD), Moroccan dirham (MAD) and Chinese yuan (CNY).

(b) Interest Rate Risk

The Rescheduling Agreement executed by Pininfarina S.p.A. with the Lender Institutions (BRE, Intesa Sanpaolo, BNL, Italease, Unicredit, BP, MPS, UBI Leasing, Leasint, MPS Leasing, Selmabipiemme, Unicredit Leasing, BNP Lease and Release), effective from May 1, 2012 to December 31, 2018, defined a fixed contractual interest rate of 0.25% per annum, based on a year of 360 days, applicable to the rescheduled facilities, leases and operating lines over the entire duration of the Agreement.
As a result, the Group is only marginally exposed to the interest rate risk in connection with a loan from Banca Nazionale del Lavoro (formerly Fortis Bank). which is not included in the abovementioned Rescheduling Agreement and accrues interest at the six-month Euribor, plus a spread of 0.9%, on the remaining balance of 17.1 million euros at December 31, 2012, and a loan provided by Volksbank Region Leonberg to Pininfarina Deutschland GmbH, which accrues interest at the three-month Euribor plus a spread of 0.55% and has an outstanding balance of 0.5 million euros.
Interest on the short-term operating lines is computed at a fixed rate ranging between 5.26% and 6.75%, with regular accrual and payment due at the end of each utilization period.

The table below shows a fixed-rate and variable rate breakdown of the Group's indebtedness at December 31, 2012:

	12/31/12	**%**	**12/31/11**	**%**
- Fixed interest rate	105,173,960	86%	59,323,376	24%
- Variable interest rate	17,762,458	14%	175,817,355	76%
Gross Financial Debt	**122,936,418**	**100%**	**235,140,731**	**100%**

Due to the new structure of the interest rates on medium/long-term facilities, borrowings at variable rates represent less than 14% of total indebtedness. Consequently, differently from past situations, when the debt structure was substantially different, the performance of sensitivity analysis was not deemed necessary.

(c) Price Risk

Because the Group exited the manufacturing sector and primarily operates within the Eurozone, its exposure to the risk of fluctuations in commodity prices is currently not material.

Current assets held for trading, which totaled 51 million euros at December 31, 2012, are measured at fair value. Because they consist mainly of government securities, bonds and other financial assets held because they are readily salable and provide principal protection, most of which are traded in regulated market, the price risk presented by these assets is deemed to be limited.

A breakdown of these assets by type is provided below:

	12/31/12	%	12/31/11	%
Italian Treasury securities	21,274,936	*41.87*	18,939,010	*41.13*
Foreign Treasury and government-guaranteed securities	5,552,846	*10.93*	14,157,380	*30.75*
Supranational securities	9,439,790	*18.58*	2,370,986	*5.15*
Bank and insurance debt securities	5,789,942	*11.40*	5,845,548	*12.70*
Other debt securities	4,711,597	*9.27*	1,781,399	*3.87*
Bond Funds	4,040,339	*7.95*	2,947,488	*6.40*
Current assets held for trading	**50,809,450**	***100.00***	**46,041,811**	***100.00***

(d) Credit Risk

Styling and engineering contracts, which are the Group's primary revenue source after it exited he manufacturing sector in 2010, are executed with highly rated customers located both inside and outside the European Union. For customers outside the E.U., in order to minimize the credit risk, the Group seek to align both progress billings and their collection with the project completion progress. There are no significant concentrations of receivables with individual customers.

The Group did not execute transactions involving the derecognition of financial assets, such as assignments of trade receivables without recourse to factoring companies.
Financial transactions are executed exclusively with financial institutions the reliability of which is beyond question.

(e) Liquidity Risk

The Rescheduling Agreement, in effect from May 1, 2012 to December 31, 2018, which was executed to align the debt repayment flows with the new radically different structure adopted by the Group following its exit from the manufacturing sector, had the following effects:

- It rescheduled long-term facilities and finance leases totaling 182.5 million euros, as well as operating lines amounting to 18 million euros to 2018.

- It resulted in the adoption of a fixed interest rate of 0.25% per annum, based on a year of 360 days, for long-term facilities, finance leases and rescheduled operating lines.

- It established mandatory and voluntary early repayments upon the occurrence of specific events, including the sale of certain assets and the generation of cash flow in excess of the level projected in the 2011-2018 Industrial Plan.

The cash flows of the abovementioned Agreement were determined based on the information provided in the 2011-2018 Industrial Plan, prepared by the Board of Directors with the support of Roland Berger and approved on April 20, 2012. Consequently, over the medium/long term, the liquidity risk is directly correlated with the achievement of the objectives of the abovementioned Industrial Plan.

The table below provides a breakdown by maturity of the Group's indebtedness. The maturity intervals were determined based on the length of time between the reference date of the financial statements and the contractual maturity:

	Carrying amount 12/31/12	Contractual cash flows	Amount at 12/31/13	Amount due from 1 to 5 years	Amount due after 5 years
Short-term credit lines and bank account overdrafts	166,743	166,743	166,743	-	-
Short-term facilities	40,787,841	52,080,068	10,492,023	41,588,045	-
Liabilities under financial leases	64,886,118	83,072,966	16,898,070	66,174,896	-
BNL SpA (former Fortis Bank)	17,095,716	17,095,716	5,036,909	12,058,807	-
Total leasing liabilities and other indebtedness	**122,936,418**	**152,415,493**	**32,593,745**	**119,821,748**	**-**

The repayment, on June 29, 2012, of 65.9 million euros to the Lender Institutions was funded in full by drawing from available liquid assets, without having to use the portfolio of assets held for trading. The Group holds unrestricted net liquid assets and assets held for trading totaling 92.1 million euros and, consequently, there appears to be no exposure to the liquidity risk over the medium term.

(f) Risk of Default and Debt Covenants

This risk refers to the possibility that, in addition to the Rescheduling Agreement, effective as of May 1, 2012, the leases and loan agreements executed by the Group may contain provisions pursuant to which, upon the occurrence of certain events, the counterparties may demand the immediate repayment of the loaned amounts, thereby creating a liquidity risk.

The Rescheduling Agreement, effective as of May 1, 2012, introduced the following financial parameters:

	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18
Net financial Debt < of	74,100,000	55,050,000	57,400,000	51,500,000	41,950,000	24,250,000	30,900,000
EBITDA > of	n.a.	1,250,000	4,750,000	7,200,000	9,550,000	5,300,000	6,650,000

These parameters were verified on each Verification Date based on the most recent consolidated annual financial statements.
The parameters set for December 31, 2012 were complied with.

Definitions of Net Financial Debt, Liquidity, EBITDA and Financial Expense are provided below:

"Financial Debt" shall mean, based on the consolidated financial statements of the Pininfarina Group, any indebtedness arising from:

(i) Financing facilities and loans of any type provided with any technical modality;
(ii) Bonds and credit instruments issued in any form and similar instruments;
(iii) Finance leases;
(iv) Assignments of receivables (with and/or without recourse), including those executed within the framework of factoring or securitization transactions, and discounting transactions;
(v) Deferral of more than 180 days for the payment of the purchase price of any asset;
(vi) Derivative transactions;
(vii) Any guarantee or commitment of any kind (recognized or recognizable among the memorandum accounts) that will or may result in a cash outlay;
(viii) Any counter-guaranty or surety provided, or recourse or reimbursement obligation undertaken in connection with guarantees, bonds, letters of credit or similar instruments issued by a bank, financial intermediary, insurance company or other party; or
(ix) Any guarantee, surety or similar commitment related to any of the items listed in paragraph (i) to (viii) above.

“Net Financial Debt,” insofar as it applies to the consolidated financial statements of the Pininfarina Group, shall mean:

(i) *Financial Debt,*

(ii) *Less Liquid Assets.*

“Liquid Assets” shall mean the amounts shown in the consolidated statement of financial position for the line items “Cash and cash equivalents,” “Current assets held for trading,” “Available-for-sale current assets” and “Held-to-maturity current investments,” including, however, only unrestricted cash items/assets that are cash items, government securities and other publicly traded debt securities with a rating of not less than “A” or other instruments for the temporary investment of short-term liquidity (such as, for example, money market funds). net of indebtedness for bank overdraft facilities (including operating lines).

“EBITDA,” insofar as it applies to the consolidated financial statements of the Pininfarina Group, shall mean:

(i) The “EBITDA” line item in the consolidated income statement;

plus:

(ii) To the extent that they were deducted in the computation of the “EBITDA” line item, the absolute amounts of: (i) the amortization of intangible assets, (ii) the depreciation of property, plant and equipment, (iii) writedowns of non-current assets, (iv) writedowns of receivables included in current assets and liquid assets, (v) additions to provisions for risks, (vi) additions to other provisions, (vii) extraordinary charges including, by way of non-exhaustive example, losses on disposals of property, plant and equipment and intangibles, (viii) financial expense, and (ix) income tax expense;

minus:

(iii) To the extent that they were included in the computation of the “EBITDA” line item, the absolute amounts of: (i) extraordinary gains including, by way of non-exhaustive example, gains on disposals of property, plant and equipment and intangibles, it being understood that any grants related to the Company’s core production and commercial operations shall not qualify as extraordinary items, and (ii) financial income.

“Financial Expense,” insofar as it applies to the consolidated financial statements of the Pininfarina Group, shall mean the “Financial expense” line item in the consolidated income statement.

SEGMENT INFORMATION

Within the Styling and Engineering segment, each styling or engineering contract signed with a customer represents an “operating segment,” as defined above, consistent with Paragraphs from 5 to 10 of IFRS 8 – Operating Segments. In the Operations area, the operating segments coincide with a series of activities involving mainly the supply of spare parts for cars made in previous years by Pininfarina S.p.A., the leasing of certain business operations for the production of electric cars manufactured for the car sharing service of the City of Paris and support functions.
Financial income and expense and income taxes are not allocated to the reporting sectors because the relevant decisions are made by management on an aggregate segment basis. Intra-segment transactions are executed on standard market terms. In accordance with Paragraph 4 of IFRS 8, the Group presents segment information only for its consolidated financial statements.

The schedule that follows shows the Group's segment information at December 31, 2012 and provides a comparison with the previous year. The amounts are in thousands of euros.

	Year 2012			Year 2011		
	Operations	Design & Engineering	Total	Operations / Manufaturing	Design & Engineering	Total
	A	B	A + B	A	B	A + B
Segment value of production	13,160	59,852	73,012	18,736	53,763	72,499
(Value of production from transactions with other operating segments)	(594)	(2,268)	(2,862)	(7,566)	(2,923)	(10,489)
Total value of production	**12,566**	**57,584**	**70,150**	**11,170**	**50,840**	**62,010**
Operating profit	**(6,976)**	**(1,201)**	**(8,177)**	**(1,331)**	**(7,360)**	**(8,691)**
Financial income / (expenses)	-	-	(3,674)	-	-	(2,069)
Gain on extinguishment of financial liabilities			44,835			-
Dividend	-	-	-	-	-	-
Profit / (loss) before taxes	-	-	**32,984**	-	-	**(10,760)**
Income taxes	-	-	(121)	-	-	(726)
Profit / (loss) of the year	-	-	**32,863**	-	-	**(11,485)**
Other information requested by IFRS 8:						
- Depreciation and amortisation	(2,110)	(1,230)	(3,340)	(1,715)	(3,074)	(4,789)
- Impairment	-	(164)	(164)	-	(3,688)	(3,688)
- Non-cash items other than depreciation and amortisation	(31)	(128)	(159)	(3,462)	(1,463)	(4,925)
- Gains on disposals	3,182	-	3,182	8,931	-	8,931

Please consult the comments provided in the Report on Operations for an analysis of the operating segments.

A breakdown of assets and liabilities by segment is provided below:

	Year 2012				Year 2011			
	Operations	Design & Engineering	No allocated	Total	Operations/ Manufacturing	Design & Engineering	No allocated	Total
	A	B	C	A + B + C	A	B	C	A + B + C
Assets	42,617	59,015	95,888	197,520	95,341	57,278	129,972	282,590
Liabilities	74,422	24,361	58,923	157,706	138,945	29,010	105,079	273,034
Segment operating assets include:								
- Investments in associates and joint-ventures accounted for by using the equity method	-	104	-	104	29,428	50	-	29,478
- Intangible assets	-	2,248	963	3,211	-	2,162	600	2,761
- Property, plant and equipment	36,157	27,895	773	64,825	36,977	28,660	829	66,466
- Headcount	112	622	81	815	118	567	95	780

A breakdown of sales by geographic destination is provided below:

	2012	2011
Italy	8,819	8,927
UE	38,815	31,124
Non UE countries	16,144	13,843
Total	**63,779**	**53,895**

NOTES TO THE FINANCIAL STATEMENTS

1. Property, Plant and Equipment

The net carrying amount of property, plant and equipment totaled 64.8 million euros at December 31, 2012, down from 66.5 million euros at the end of the previous year. Capital expenditures were limited in 2012 and there were no material commitments to buy property, plant and equipment at the end of the reporting period.

With regard to the industrial facilities in Bairo Canavese and San Giorgio Canavese, we wish to point out that the former was leased to a company of the Cecomp Group from April 1, 2011 to December 31, 2013, while the latter, following the end of contract manufacturing activities, is being used for the remaining activities involving sales of spare parts for car manufactured in the past.

As required by IAS 36 – Impairment of Assets, the carrying amount of the San Giorgio Canavese, Bairo Canavese and Cambiano real estate complexes at December 31, 1012 was compared with real estate quotes available in the archives of the Territorial Agency and with the values assigned to them by independent experts in recent years. Based on these comparisons, no writedown appeared to be required.

Tables, denominated in euros, showing the changes that occurred in 2012 and a review of the components of property, plant and equipment are provided below.

	Land	Buildings	Leased property	Total
Cost at December 31, 2011	16,984,045	54,629,600	13,066,662	84,680,307
Accumulated depreciation and impairment	-	(21,537,064)	(3,811,067)	(25,348,131)
Net value at December 31, 2011	**16,984,045**	**33,092,536**	**9,255,595**	**59,332,176**
Additions	-	-	-	-
Retiremens	-	-	-	-
Depreciation	-	(1,277,976)	(358,548)	(1,636,524)
Impairment	-	-	-	-
Reclassification	-	(345)	-	(345)
Other	-	345	-	345
Net value at December 31, 2012	**16,984,045**	**31,814,560**	**8,897,047**	**57,695,652**
Composed by:				
Cost at December 31, 2012	16,984,045	54,629,600	13,066,662	84,680,307
Accumulated depreciation and impairment	-	(22,815,040)	(4,169,615)	(26,984,655)

The Land and buildings category reflects the carrying amount of Company owned or leased real estate complexes, including production facilities located at 6 via Castellamonte, in Bairo Canavese (TO) and on Strada provinciale per Caluso, in San Giorgio Canavese (TO); the styling and engineering center at 30 via Nazionale, in Cambiano (TO); a building owned by Pininfarina Deutschland GmbH in Renningen, near Stuttgart, in Germany; and two properties in Turin and Beinasco (TO).
The "Leased property" column reflects the carrying amount of a portion of the Cambiano real estate complex held under a finance lease recognized in accordance with IAS 17 – Leases.
All land and buildings located in Italy, which are owned by Pininfarina S.p.A., the Group's Parent Company, are encumbered by a mortgage for the benefit of Banca Nazionale del Lavoro S.p.A. securing the remaining indebtedness, which totaled 17.1 million euros at December 31, 2012.
The building owned by Pininfarina Deutschland GmbH is encumbered by a mortgage of 1 million euros securing a loan received by the German subsidiary currently amounting to 500,000 euros.

	Machinery	Plant	Leased plant machinery	Total
Cost at December 31, 2011	61,339,153	162,508,039	122,353,360	346,200,552
Accumulated depreciation and impairment	(61,026,796)	(157,138,850)	(122,353,360)	(340,519,006)
Net value at December 31, 2011	**312,357**	**5,369,189**	**-**	**5,681,546**
Additions	-	497,659	-	497,659
Retiremens	-	-	-	-
Depreciation	(49,715)	(630,243)	-	(679,958)
Impairment	-	-	-	-
Reclassification	-	-	-	-
Other	-	-	-	-
Net value at December 31, 2012	**262,642**	**5,236,605**	**-**	**5,499,247**
Composed by:				
Cost at December 31, 2012	61,339,153	163,005,698	122,353,360	346,698,211
Accumulated depreciation and impairment	(61,076,511)	(157,769,093)	(122,353,360)	(341,198,964)

At December 31, 2012, the “Plant and machinery” category included generic production plant and machinery, located mainly at the Bairo and San Giorgio Canavese production facilities, and the plant and machinery used at the Cambiano site. The entire carrying amount of the Acoustic and Aerodynamic Research Center (wind tunnel) located in Grugliasco (TO), classified into the “Plant” category, was written off the previous year, except for the land over which the facility was constructed. Investments of the year refer mainly to plant equipment at the Cambiano site.

	Furniture and fixtures	Hardware & software	Other prop., plant and equipment	Total
Cost at December 31, 2011	4,354,408	8,314,212	1,779,853	14,448,472
Accumulated depreciation and impairment	(4,098,157)	(7,575,252)	(1,322,655)	(12,996,063)
Net value at December 31, 2011	**256,251**	**738,960**	**457,198**	**1,452,409**
Additions	115,598	456,262	-	571,860
Retiremens	-	(3,540)	-	(3,540)
Depreciation	(97,385)	(270,329)	(26,029)	(393,743)
Impairment	-	-	-	-
Reclassification	-	-	-	-
Other	489	2,828	-	3,317
Net value at December 31, 2012	**274,953**	**924,181**	**431,169**	**1,630,303**
Composed by:				
Cost at December 31, 2012	4,470,005	8,766,935	1,779,853	15,016,793
Accumulated depreciation and impairment	(4,195,052)	(7,842,754)	(1,348,684)	(13,386,490)

Additions for the year to “Furniture and fixtures” refer mainly to the Pininfarina Deutschland Group, while those for “Hardware and software” refer to the Group’s Parent Company and to the Pininfarina Extra, Pininfarina Automotive Engineering Shanghai and Pininfarina Maroc SAS subsidiaries.

2. Intangible Assets

At December 31, 2012, the net carrying amount of intangible assets totaled 3.2 million euros, up from 2.8 million euros a year earlier.

A table, denominated in euros, and a review of the components of intangible assets are provided below:

	Goodwill	Licenses and trademarks	Other intangibles	Total
Cost at December 31, 2011	1,043,495	12,192,059	2,180,322	15,415,876
Accumulated depreciation and impairment	-	(10,685,675)	(1,968,881)	(12,654,556)
Net value at December 31, 2011	**1,043,495**	**1,506,384**	**211,441**	**2,761,320**
Additions	-	993,477	81,168	1,074,645
Retiremens	-	-	-	-
Depreciation	-	(554,324)	(75,739)	(630,063)
Impairment	-	-	-	-
Reclassification	-	-	-	-
Other	-	5,355	-	5,355
Net value at December 31, 2012	**1,043,495**	**1,950,892**	**216,870**	**3,211,257**
Composed by:				
Cost at December 31, 2012	1,043,495	13,185,536	2,261,490	16,490,520
Accumulated depreciation and impairment	-	(11,234,644)	(2,044,619)	(13,279,263)

Additions for the year refer mainly to software development activities and purchases of licenses by Pininfarina S.p.A., Pininfarina Extra S.r.l., Pininfarina Deutschland and Pininfarina Maroc Sas.

The remaining goodwill of 1,043,495 euros, which is the Group's only intangible asset with an indefinite useful life, originates from the consolidation of Pininfarina Extra S.r.l. Within the Pininfarina Group, the Pininfarina Extra subgroup, which is comprised of Pininfarina Extra S.r.l. and Pininfarina of America Corp. (formerly Pininfarina USA Corp.), engages in styling activities that are not related to the automotive industry. Consequently, it constitutes a separate cash generating unit. The impairment test performed on the net assets of the Pininfarina Extra subgroup provided no indication that a writedown was required.

The test was performed in the manner described below using the Unlevered Discounted Cash Flow model:

- The operating cash flows from transactions with outsiders by the subgroup were discounted at a rate corresponding to the weighted average cost of capital (WACC), which was equal to 8.23% (8.32% the previous year). Estimates of future cash flows are included in the plans prepared by management, which are based on reasonable and demonstrable assumptions that are representative of the best estimates of future economic conditions.

- The indebtedness to outsiders and the value of the net assets of the Pininfarina Extra subgroup were then deducted from the amount of the discounted cash flows and the resulting amount was compared with the goodwill carrying amount in the consolidated financial statements.

As required by IAS 36 – Impairment of Assets, the parameters used to compute the WACC, compared with those for the previous year, are provided below:

- Sector Beta: the parameter used, which is an index of the sector's risk level, was 1.8 (1.7 the previous year).

- Market Risk Premium (“MRP”): 5%, representative of the spread between the yield rate on riskless investments and the yield rate on at risk investments (5% the previous year).
- Risk Free Rate (“RFR”): 4.5% (5.3% the previous year).
- Cost of debt: 6.5% (6.8% the previous year).

3. Investments in Joint Ventures

Affiliated Companies

Goodmind Srl, a company in which Pininfarina Extra Srl holds a 20% interest, was established on July 27, 2012 for the purpose of developing conventional and virtual communication services for companies and public entities.

Joint Ventures

The table below shows the changes that occurred in 2012 in the carrying amount of investments in joint ventures:

	12/31/11	Interest in result	Investment / (disinvestment)	12/31/12
Pininfarina Sverige A.B.	29,427,683	-	(29,427,683)	-
Pininfarina Recchi Buildingdesign S.r.l.	50,000	-	-	50,000
Total	**29,477,683**	**-**	**(29,427,683)**	**50,000**

(a) Pininfarina Sverige AB

The transfer of the shares to the other partner, Volvo Car Corporation, was completed on December 27, 2012, with Pininfarina S.p.A. receiving a consideration of 30,000,000 euros.
The difference between the carrying amount and the price collected, amounting to 572,317 euros, was recognized in the income statement under “Gain on the disposals of non-current assets/equity investments.” The reversal of the reserve for currency translation pursuant to IAS 21, Paragraph 28, amounting to 2,607,345 euros was also included in this line item.

4. Investments in Other Companies

A breakdown and a review of the investments in other companies is provided below:

	12/31/12
Midi Ltd	251,072
Idroenergia Soc.Cons. a.r.l.	516
Volksbank Region	300
Unionfidi S.c.r.l.p.A - Turin	129
Total	**252,017**

The main business activity of Midi Plc, a company based in Malta in which Pininfarina Extra S.r.l. holds a 0.63% interest, is real estate development on Manoel Island and a project called “Tigné Point”. The pro rata interest in the underlying shareholders’ equity is greater than the amount at which Pininfarina Extra S.r.l. carries this investment. Consequently there was no indication of impairment.

5. Held to Maturity Assets

The balance of 257,247 euros shown at December 31, 2011 represented the guarantee provided by Matra Automobile Engineering SAS to the buyers of its Ceram SAS subsidiary as protection from any liability that may have arisen subsequent to the sale.
This amount was collected on February 14, 2012.

6. Loans and Receivables

The table that follows shows the changes that occurred in loans and receivables from outsiders and joint ventures:

	12/31/11	Reclassif.	Proceeds	12/31/12
Outsiders	-	-	-	-
Related parties and joint ventures	-	50,313	-	50,313
Non-current loans and other receiv.	**-**	**50,313**	**-**	**50,313**
Outsiders	11,292,276	-	(11,292,276)	-
Related parties and joint ventures	8,952,089	125,590	(9,077,679)	-
Current loans and other receiv.	**20,244,365**	**125,590**	**(20,369,955)**	**-**
Loans and other receivable	**20,244,365**	**175,903**	**(20,369,955)**	**50,313**

At December 31, 2011, the balance shown for “Loans and receivables from outsiders” included the present value of the cash consideration owed to Pininfarina S.p.A. by the Fiat Group as reimbursement for the investments made by Pininfarina S.p.A. for the production of cars. This amount was collected in February 2012.

The line item “Loans and receivables from related parties and joint ventures” represents the outstanding balance of a loan, which accrues interest at regular market rates, provided by Pininfarina S.p.A. to the Pininfarina Sverige AB joint venture in Uddevalla This loan was repaid in full in June 2012.

Non-current loans and receivables includes a facility provided by Pininfarina Extra Srl to the affiliated company Goodmind Srl to finance its startup activities.

7. Current assets held for trading

Current assets held for trading consist mainly of government securities and highly rated equity and debt securities, which represent temporary, unrestricted investments of liquid assets that are not subject to a significant risk exposure. However, these investments do not meet all of the requirements needed to qualify as “liquid assets.”
These assets are measured at fair value, based on their market prices. Changes in fair value are recognized in the income statement under “Financial income/expense, net.”
Management of the investment portfolio is outsourced to top flight counterparties with a market reputation of high reliability.
The balance at December 31, 2012 included a restricted investment of 2,383,694 euros. Of this amount, 2,000,000 euros secure a surety provided to De Tomaso Automobili S.p.A. to cover compensation payment obligations, as is customary in transactions involving the sale of business operations, with a maximum guaranteed liability equal to the sales price. The surety expires on January 30, 2015.

8. Inventory

The Raw materials inventory consists mainly of materials used for the production of cars and prototypes at the Cambiano site. The Finished goods inventory consists of spare parts for cars manufactured by the Company, which are sold to carmakers.
The table below shows the changes that occurred in 2012 in the various inventory items and the corresponding provisions for writedowns, which reflects the risk for obsolescent and slow turnover items that arose during the phase out of the production activities.

	12/31/12	12/31/11
Raw materials	743,986	1,110,392
(Inventory obsolescence)	(584,202)	(992,243)
Finished goods	769,963	944,826
(Finish goods obsolescence)	(344,970)	(221,446)
Inventory	**584,777**	**841,529**

	2012		2011	
	Raw Material (invent.obsol.)	Finish goods (obsolescence)	Raw Material (invent.obsol.)	Finish goods (obsolescence)
At the beginning of the year	**992,243**	**221,446**	**1,308,511**	**-**
Additions	-	263,472	-	-
Utilizations	(408,041)	(139,948)	(94,822)	-
Other	-	-	(221,446)	221,446
At the end of the year	**584,202**	**344,970**	**992,243**	**221,446**

Utilizations of the provision for inventory obsolescence reflect production materials that were scrapped during the year.

9. Contract Work in Progress

The balance of gross contract work in progress less advances received is shown among current assets as contract work in progress.
The change for the period refers to completed engineering projects for customers within and outside the European Union.

The table below shows the balances at December 31 2012 and a comparison with the data for the previous year:

	12/31/12	12/31/11
Contract work in progress	2,185,726	2,946,839
Allowance	-	-
Total Contract Work in Progress	**2,185,726**	**2,946,839**

10. Trade Receivables from Customers, Related Parties and Joint Ventures

The following table shows the trade receivable balances at December 31, 2012 and the comparable data for the previous year:

	12/31/12	12/31/11
Receivables IT	5,364,643	5,786,122
Receivables UE	11,113,781	7,002,320
Receivables EXTRA UE	3,928,782	4,378,507
(Allowance for doubtful accounts)	(1,147,873)	(2,374,642)
Total receivables	**19,259,333**	**14,792,307**

The Group's main counterparties are top carmakers with a high credit rating. Since there are no receivable insurance contracts, the Group's maximum exposure to the credit risk is equal to the carrying amount of the receivables less the allowance for doubtful accounts. The Company did not assign any receivables either in 2011 or 2012. The balance shown for trade receivables represents exclusively receivables denominated in euros.

The following changes occurred in the allowance for doubtful accounts:

	2012	2011
At the beginning of the year	**2,374,642**	**2,444,274**
Additions	160,609	568,568
Utilizations	(448,808)	(638,200)
Other	(938,570)	-
At the end of the year	**1,147,873**	**2,374,642**

The addition for the year refers almost exclusively to a receivable owed to Pininfarina Extra and reflects projections of potential uncollectible accounts.

The utilization for the year refers mainly to uncollectible accounts owed to the Group's Parent Company by customers within and outside the European Union.

Other changes reflects the effect of the deconsolidation of the portion of the provision attributable to Matra Automobiles Engineering SAS, the amount of which was the same as that of the corresponding trade receivables, which were also deconsolidated.

11. Other Receivables

A breakdown of “Other receivables” at December 31, 2012 and a comparison with 2011 is provided below:

	12/31/12	12/31/11
VAT overpayments	9,830,192	1,926,823
Current taxes	2,114,258	2,090,565
Advances to suppliers	133,231	837,225
Overpayments to social security institutions	20,128	247,367
Receivable from employees	56,098	79,483
Accrued income and prepaid expense	886,723	1,448,879
Grant funder Program II.3 "More development"	493,974	-
Sundry receivables	273,413	269,609
Total	**13,808,017**	**6,899,951**

The receivable for VAT overpayments increased due mainly to the invoices issued by leasing companies for the amounts paid by the Company on June 30, 2012.

Having determined that there was only a limited possibility of offsetting these amounts in future years and in view of the considerable increase in the balance receivable, the Company filed for a refund.

The item Grant funder Program II.3 “More development” refers to a receivable owed by the Piedmont Regional Administration as the first installment of the grant for the “AMPERE” industrial research and industrial development project that became collectible.

12. Cash and Cash Equivalents

The table below show a breakdown of this account and provides a comparison with the data for the previous year:

	12/31/12	12/31/11
Cash on hand	36,302	1,216,032
Short-term bank deposits	41,465,107	89,512,791
Cash and cash equivalents	**41,501,410**	**90,728,823**
(Bank account overdrafts)	(166,743)	(17,970,163)
Net cash and cash equivalents at end of the year	**41,334,667**	**72,758,660**

The decrease of 31.4 million euros in net cash and cash equivalents is the result of the following transactions:

- The repayment of 73.4 million euros to the Lender Institutions and BNL S.p.A. (formerly Fortis Bank) in 2012. The amount repaid to the Lender Institutions on June 29, 2012 totaled 65.9 million euros.
- The collection of 30 million euros on December 27, 2012 as cash consideration for the sale to Volvo Car Company of the interest held in Pininfarina Sverige AB.
- The collection of 9 million euros in 2012 as repayment of a loan provided to Pininfarina Sverige AB.

- The collection on February 29, 2012 of the IFRIC 4 receivable owed by the Fiat Group amounting to 11.3 million euros.
- The cash used in operating activities in 2012, totaling 18.8 million euros, and additional sundry negative changes amounting to 7.5 million euros.
- The transformation of short-term credit lines totaling 18 million euros into medium/long-term borrowings with the same characteristics as the restructured facilities, in accordance with the Rescheduling Agreement executed with the Lender Institutions, effective as of May 1, 2012.

At December 31, 2012 and as of the date when these financial statements were being prepared, there were no restrictions encumbering the Group's liquid assets.

Bank account overdrafts refers to mpx Entwicklung GmbH, a company located in Leonberg.

13. Shareholders' Equity

(a) Capital Share

	12/31/12		12/31/11	
	Value	*Nr.*	**Value**	*Nr.*
Common share	30,166,652	*30,166,652*	30,166,652	*30,166,652*
(Treasury share)	(15,958)	*(15,958)*	(15,958)	*(15,958)*
Share Capital	**30,150,694**	*30,150,694*	**30,150,694**	*30,150,694*

The share capital of Pininfarina S.p.A., the Group's Parent Company, is comprised of 30,166,652 common shares, par value 1 euro each. There are no other classes of shares.
Treasury shares are held consistent with the limits imposed by Article 2357 of the Italian Civil Code.
As required by the Framework Agreement of December 31, 2008, the shares held by Pincar S.r.l., equal to 76.06% of the share capital, are encumbered by a senior lien, without voting rights, for the benefit of the Lender Institutions of Pininfarina S.p.A. Detailed information about the Company's shareholders is provided in the "General Information" section of the Notes.

(b) Additional Paid-in Capital

The full amount of this reserve was used to cover the loss incurred in 2010, as per a resolution adopted by the Shareholders' Meeting on April 29, 2011.

(c) Reserve for Treasury Stock

This reserve, which amounted to 175,697 euros, unchanged compared with the previous year, is carried in accordance with the provisions of Article 2357 of the Italian Civil Code

(d) Statutory Reserve

The statutory reserve, which was unchanged compared with December 31, 2011, represents the portion of the earnings of Pininfarina S.p.A., the Group's Parent Company, that, pursuant to the provisions of Article 2430 of the Italian Civil Code, cannot be distributed as dividends.

(e) Reserve for Currency Translations

The reserve for currency translations reflects the cumulative differences from the translation of financial statements of companies with functional currencies different from the euro, which is the Group's presentation currency. These companies are Pininfarina Maroc SAS, Pininfarina Automotive Engineering (Shanghai) Co Ltd and Pininfarina of America Corp.

Further to the sale of the investment in Pininfarina Sverige AB, as require by IAS 21, Paragraph 48, the cumulative reserve for currency differences on the translation of the joint venture's financial statements was reclassified to the income statements under "Valuation of equity investments by the equity method" with an impact of 2,607,345 euros.

(f) Other reserves

The balance in this account was unchanged compared with the previous year.
The Group does not have any stock option plans or other instruments requiring share-based payments.

(g) Retained Earnings (Loss Carryforward)

At December 31, 2012, the loss brought forward totaled 28,249,040 euros, with a negative change of 11,484,934 euros compared with December 31, 2011, corresponding to the 2011 consolidated loss.
The situation governed by Article 2446 of the Italian Civil Code that existed at October 31, 2011 no longer applied due to the implementation of a new Rescheduling Agreement, which resulted in the recognition of an extraordinary gain of 44,835,434 euros (as explained in Notes 14 and 26) that made it possible to recapitalize the Company,
A schedule showing the classification by utilization option of the reserves of Pininfarina S.p.A., the group's Parent Company, is provided in the notes to the statutory financial statements.
A schedule showing the showing a reconciliation of the result and shareholders' equity of Pininfarina S.p.A. to the corresponding consolidated data is provided in the Report on Operations.

14. Borrowings

Rescheduling Agreement

(a) Rescheduling Agreement

The Rescheduling Agreement (the "Agreement") between Pininfarina S.p.A. and its Lender Institutions (BRE, Intesa Sanpaolo, BNL, Italease, Unicredit, BP, MPS, UBI Leasing, Leasint, MPS Leasing, Selmabipiemme, Unicredit Leasing, BNP Lease and Release), which became effective on May 1, 2012, produced the effects described below.

The Lender Institutions waived the exercise of the rights resulting from the violation by Pininfarina S.p.A. of the covenants applicable to the 2011 financial statements and defined new parameters to be measured based on the year-end consolidated data, from December 31, 2012 to December 31, 2018, as described on page 56.

The concomitant forgiveness of the interest payable that, pursuant to the 2008 Framework Agreement, would have accrued on long-term facilities and finance leases from January 1, 2012 to May 1, 2012, the Agreement's effective date.

The rescheduling to 2018 of long-term facilities and finance leases totaling 182.5 million euros and a portion of the operating lines amounting to 18 million euros.

The switch to a fixed annual interest rate of 0.25% for the indebtedness mentioned above.

Please note that the Agreement does not apply to the loan owed by Pininfarina S.p.A. to BNL (formerly Fortis Bank).

(b) Substantial Modification of the Terms of Financial Liabilities Pursuant to IAS 39

The changes introduced by the Rescheduling Agreement produced a substantial modification of the terms of the financial liabilities towards the Lender Institutions, pursuant to Paragraphs 40 and 41 of IAS 39, which were accounted for as an extinguishment of the carrying amount of the pre-restructuring obligation (211,158,000 euros at April 30, 2012) and the concomitant recognition of the restructured obligation at its fair value (166,323,000 euros), with the resulting positive difference, amounting to 44,835,000 euros, shown as a separate line item in the income statement.
The most significant modifications of the terms of the financial liabilities introduced by the Rescheduling Agreement included: 1) lengthening the repayment period, 2) switching from a variable rate to a significantly lower fixed rate for all restructured liabilities, 3) introducing new financial parameters as replacements for the previous ones, and 4) removing two Lender Institutions from among the providers of the short-term lines.
The qualitative and quantitative analyses that justified treating as substantial the change in the terms of the financial liabilities were the subject of opinions rendered by highly regarded professionals appointed both by Group's Parent Company and the Lender Institutions.

(c) Fair Value of the Restructured Indebtedness

The fair value of the restructure indebtedness was determined by discounting to their present value of the cash flows from the Rescheduling Agreement at a 6.5% rate, determined with the support of a financial advisor, who was not a party to the Rescheduling Agreement, as the sum 1) of the remuneration of risk-free investments and 2) a credit spread attributed to Pininfarina S.p.A.
The yield rate on risk-free investments was identified as the "three-year risk-free Euribor," which was quoted at 1.15% on April 6, 2012. The credit spread, determined based on two alternative approaches, one internal to the Company (differential between the highest rate on the original borrowings and the rate on the restructured borrowings, as the best approximation of the market credit spread) and another one external to the Company (financial instruments that can be deemed comparable based on type of industry, duration and implied rating for a hypothetical loan provided to Pininfarina S.p.A.), ranged between 525 and 545 basis points. These parameters produced a discount rate ranging between 6.4% and 6.6.%, for an average of 6.5%.

The table below shows the changes that occurred during the year in the Group's indebtedness and the effect of the Rescheduling Agreement executed by the Parent Company, effective as of May 1, 2012:

	12/31/11	BNL (former Fortis Bank) Repayment 1/02/2012	Figurative interests at 4/30/12	Operating line changes	Operating line reclassification	TOTAL at 5/01/12	Measurement of liabilities at fair value	Current to non-current reclassification	Repayment 6/29/12	BNL (former Fortis Bank) Repayment 7/02/12 12/31/12	Figurative charges 5/01/12 12/31/12	12/31/12
Liabilities under financial leases	-	-	-	-	-	-	-	45,047,154	-	-	2,940,894	47,988,048
Other indebtedness	17,595,713	-	-	-	-	17,595,713	-	22,932,906	-	-	1,826,006	42,354,625
Non-current liabilities	**17,595,713**	**-**	**-**	**-**	**-**	**17,595,713**	**-**	**67,980,060**	**-**	**-**	**4,766,900**	**90,342,673**
Bank account overdrafts	17,970,163	-	-	196,580	(18,000,000)	166,743	-	-	-	-	-	166,743
Liabilities under financial leases	130,728,553	-	831,260	-	-	131,559,813	(28,948,572)	(45,047,154)	(40,666,017)	-	-	16,898,070
Other indebtedness	68,846,302	(2,518,454)	307,318	-	18,000,000	84,635,166	(15,886,863)	(22,932,906)	(25,249,557)	(5,036,908)	-	15,528,932
Current liabilities	**217,545,018**	**(2,518,454)**	**1,138,578**	**196,580**	**-**	**216,361,722**	**(44,835,435)**	**(67,980,060)**	**(65,915,574)**	**(5,036,908)**	**-**	**32,593,745**
Current and non-current liabilities	**235,140,731**	**(2,518,454)**	**1,138,578**	**196,580**	**-**	**233,957,435**	**(44,835,435)**	**-**	**(65,915,574)**	**(5,036,908)**	**4,766,900**	**122,936,418**
Composed by:												
Liabilities under financial leases	130,728,553	-	831,260	-	-	131,559,813	(28,948,572)	-	(40,666,017)	-	2,940,894	64,886,118
Other indebtedness	86,442,015	(2,518,454)	307,318	-	18,000,000	102,230,879	(15,886,863)	-	(25,249,557)	(5,036,908)	1,826,006	57,883,557
Total leasing liabilities and other indebtedness	**217,170,568**	**(2,518,454)**	**1,138,578**	**-**	**18,000,000**	**233,790,692**	**(44,835,435)**	**-**	**(65,915,574)**	**(5,036,908)**	**4,766,900**	**122,769,675**

Other financial payables includes the amounts owed to the Lender Institutions of Pininfarina S.p.A., parties to the Rescheduling Agreement, and to Banca Nazionale del Lavoro S.p.A. (formerly Fortis Bank) pursuant to the corresponding loan and financing agreements.

The current portion of the table reflects the installments owed to the Lender Institutions that mature on December 31, 2013, amounting to 16,898,070 euros for leases and 10,492,023 euros for loans. The balance represents the payments owed on June 30 and December 31, 2013 to Banca Nazionale del Lavoro, the only credit institutions that refused to join the Rescheduling Agreement.

The column “Measurement of liabilities at fair value” reflects the impact of the substantial changes in the terms of the financial liabilities subject of the Agreement executed by the Company, which, as required by Paragraph 43 of IAS 39 – Financial Instruments: Recognition and Measurement, recognized the new liability at fair value, in accordance with the criteria explained above.

A breakdown by maturity of the contractual cash flows is provided in paragraph (e) of the section of these notes entitled Financial Risk Management.

Consistent with the disclosures provided in the financial statement for previous years, the table below shows a breakdown of the changes for each Lender Institution:

	12/31/11	Repayments 1/02/12	Operating line reclassification	Measurement of liabilities at fair value	Repayments 6/29/12	Repayments 7/02/12 12/31/12	Figurative charges 1/01/12-12/31/12	12/31/12
Leasint Spa	29,661,687	-	-	(7,178,110)	(9,011,899)	-	907,580	14,379,258
MPS Leasing & Factoring Spa	14,830,845	-	-	(3,589,056)	(4,505,949)	-	453,790	7,189,630
Selmabipiemme Spa	14,830,845	-	-	(3,589,056)	(4,505,949)	-	453,790	7,189,630
Release Spa	38,111,771	-	-	(7,711,074)	(12,111,840)	-	1,036,621	19,325,478
BNP Paribas Lease Group Spa	12,247,025	-	-	(2,543,220)	(3,869,263)	-	339,198	6,173,740
UBI Leasing Spa	6,123,512	-	-	(1,271,610)	(1,934,631)	-	169,598	3,086,869
Unicredit Leasing Spa	14,922,868	-	-	(3,066,446)	(4,726,486)	-	411,577	7,541,513
Total Leasing	**130,728,553**	**-**	**-**	**(28,948,572)**	**(40,666,017)**	**-**	**3,772,154**	**64,886,118**
Banca Intesa Sanpaolo Spa	22,121,093	-	-	(4,624,344)	(6,978,137)	-	615,602	11,134,214
Banca Intesa Sanpaolo Spa (Former operating line)	-	-	6,000,000	(1,024,467)	(1,971,861)	-	142,605	3,146,277
Banca Italease Spa	1,658,989	-	-	(346,742)	(523,360)	-	46,180	835,067
Unicredit Spa	18,029,225	-	-	(3,769,812)	(5,686,961)	-	501,581	9,074,033
Banca Nazionale del Lavoro Spa	3,351,728	-	-	(700,701)	(1,057,293)	-	93,269	1,687,003
Banca Regionale Europea Spa	9,217,019	-	-	(1,926,717)	(2,907,557)	-	256,512	4,639,257
Banca Regionale Europea Spa (Former operating line	-	-	4,000,000	(682,978)	(1,314,574)	-	95,068	2,097,516
Banco Pop. Cooperativo Spa	6,912,883	-	-	(1,445,145)	(2,180,667)	-	192,372	3,479,443
Banco Pop. Cooperativo Spa (Former operating line	-	-	3,000,000	(512,234)	(985,930)	-	71,301	1,573,137
MPS SpA (Former operating line)	-		5,000,000	(853,723)	(1,643,217)		118,834	2,621,894
Volksbank Region Leonberg (DE)	500,000	-	-	-	-	-	-	500,000
Total Bank	**61,790,937**	**-**	**18,000,000**	**(15,886,863)**	**(25,249,557)**	**-**	**2,133,324**	**40,787,841**
BNL Spa (Ex Fortis Bank)	24,651,078	(2,518,454)	-	-	-	(5,036,908)	-	17,095,716
Total	**217,170,568**	**(2,518,454)**	**18,000,000**	**(44,835,435)**	**(65,915,574)**	**(5,036,908)**	**5,905,478**	**122,769,675**

Transactions with Banca Nazionale del Lavoro S.p.A., formerly Fortis Bank

On June 25, 2008, Pininfarina S.p.A. and Banca Nazionale del Lavoro S.p.A. (formerly Fortis Bank) entered into an agreement (the “Fortis Agreement”), separate from the Rescheduling Agreement of December 31, 2008, that defines a plan for the repayment of interest-bearing debt in semiannual installments, the last one of which is due on December 31, 2015. This separate agreement is not affected by the new Rescheduling Agreement that went into effect on May 1, 2012.

By virtue of the court injunctions served on Pininfarina S.p.A. on March 28, 2008 and April 19, 2008, Banca Nazionale del Lavoro S.p.A. (formerly Fortis Bank) was granted court-ordered mortgages on all of the buildings owned by the Company, which secure loans currently totaling about 17.1 million euros.

Other Information

With regard to the guarantee provided by Pininfarina S.p.A. for a finance lease executed by Pininfarina Sverige AB, since divested, please note that, following the full repayment of the facility, Pininfarina S.p.A. received an official release from the lessor.

Indebtedness totaling 500,000 euros is owed to Volksbank Region Leonberg (GER) by Pininfarina Deutschland, which is the only company consolidated line by line with medium/long-term debt.

Consequently, the Group does not owe any amounts subject to the currency risk. Information about its net borrowings, computed in accordance with Consob Communication No. 6064293 of July 28, 2006, is provided on page 22 of the Report on Operations.

15. Provision for Termination Indemnities

The balance shown for the Provision for termination indemnities represent the present value of liabilities towards employees, determined in accordance with Article 2120 of the Italian Civil Code. As a result of legislative changes introduced four years ago, the benefits vested before January 1, 2007 that are owed to Company employees are accounted for as belonging to a defined-benefit plan, in accordance with IAS 19 – Employee Benefits. The benefits that vested subsequently are accounted for as belonging to a defined-contribution plan.

There are no other defined-benefit plans within the Group.

The table below shows the changes that occurred in 2012:

	12/31/12	12/31/11
Present value of obligation at the beginning of the year	**7,547,822**	**9,122,951**
Interest costs	197,513	282,094
Current service costs	9,618	11,576
Net actuarial losses (gains) recognised	95,129	335,256
Total Costs (gains)	302,260	628,926
Benefit paid	(563,141)	(2,204,055)
Present value of obligation at the end of the year	**7,286,941**	**7,547,822**

In the table above, Benefits paid the previous year includes the effect, amounting to 933,236 euros, of a contract to lease certain business operations executed by Pininfarina S.p.A. with a company of the Cecomp Group, which resulted in the transfer, until December 31, 2013, of the employment contracts for 57 employees of the abovementioned business operations (54 employees at December 31, 2012) and the transfer of the corresponding Provision for termination indemnities.

The table below shows the main assumptions used in the actuarial computation of the liability for termination indemnities and provides a comparison with the data for the previous year:

	2012	2011
Annual inflation rate	2.2%	1.2%
Benefit discount rate	3.0%	2.4%
Annual rate of wage increase	0.5% - 1.5%	0.5% - 2%

16. Trade Accounts Payable and Other Payables

(a) Trade Accounts Payable

	12/31/12	12/31/11
Accounts payable to suppliers	13,266,794	11,471,833
Accounts payable to related parties and joint ventures	-	20,670
Advances received for work in progress	922,405	2,702,338
Total	**14,259,199**	**14,194,841**

The balance at December 31, 2012 does not include any material past-due amounts and reflects payables that will be settled within 12 months from the date of the financial statements.

The main reason for the increase in Advances received for work in progress is the recognition of an advance for a contract for the construction of a special car.

(b) Other Payables

	12/31/12	12/31/11
Amounts owed to employees	1,786,569	1,595,389
Income tax withheld from employees	1,648,536	1,844,526
Miscellaneous payables	2,012,197	1,981,266
Total	**5,447,302**	**5,421,181**

17. Provisions for Risks and Charges, Contingent Liabilities and Legal Disputes

(a) Provisions for Risks and Charges

A listing and review of the main changes that occurred in 2012 in the provisions for risks and charges is provided below:

	12/31/11	Additions	Utilizations	Other changes	12/31/12
Provision for warranties	267,255	-	(203,677)	-	63,578
Provision for restructuring	4,934,179	-	(471,679)	-	4,462,500
Other provisions	4,031,706	985,185	(1,809,830)	(917,566)	2,289,495
Total	**9,233,140**	**985,185**	**(2,485,186)**	**(917,566)**	**6,815,573**

The “Provision for warranties” covers the best estimate of the Parent Company’s contractual and statutory obligations with regard to costs entailed by warranties provided on certain components of the vehicles it manufactured for a specific period, starting from the sale of the vehicles to end customers. The abovementioned estimate was determined based on the Company’s experience, specific contractual terms and product specification, and defect incidence data generated by the statistical survey systems of the Company’s customers.

The Provision for restructuring charges reflects a best estimate of the liability for restructuring programs at the end of the year. The addition for the year was recognized in connection with a staff downsizing applicable to 127 employees, announced in October 2011, due to the termination of production activities. The utilization for 2012 covers the costs incurred for retirement incentives.

Other provisions reflects best estimates of the liabilities that may arise from the renegotiation of certain aspects of the contract with Volvo, the termination of production activities, the close-out losses on styling and engineering contracts of the Parent Company and other liabilities arising from disputes with employees Pininfarina Deutschland GmbH and Pininfarina Maroc SAS subsidiaries.

The “Other changes” column reflects mainly the effects of a revision of the estimated liabilities related to closed-out production activities and the close-out losses on styling and engineering contracts.

(b) Contingent Liabilities and Legal Disputes

(b1) Disputes with the Revenue Administration

The dispute that began in 2007 regarding the contention that VAT should have been levied on the amounts invoiced in 2002 and 2003 by the Company to Peugeot Citroen Automobiles is currently pending before the Supreme Court of Cassation. As of the approval date of these financial statements, no new information was available compared with the disclosure provided in the 2011 annual financial statements.

18. Current and Deferred Taxes

(a) Deferred Taxes

The table below provides a breakdown of the deferred-tax asset and deferred-tax liabilities recognized in the financial statements:

	12/31/12	**12/31/11**
Deferred tax assets	928,815	880,328
(Deferred tax liabilities)	-	(1,813)
Total	**928,815**	**878,515**

The net deferred-tax assets shown on the financial statements refer mainly to the Group’s German companies (Pininfarina Deutschland GmbH, MPX Entwicklung GmbH – Munich and MPX Entwicklung GmbH – Stuttgart) and reflect the recoverable portion of the tax loss carryforward, determined based on projected future taxable income and taking into account the agreement for the filing of a national consolidated tax return executed by the abovementioned companies in Germany.

A breakdown and a review of deferred-tax assets and liabilities not recognized in the financial statements are provided below:

	2012	**2011**
Leases as lessor/lessee	16,132,980	37,935,033
Provisions for risks and writedowns	1,834,442	2,542,330
Sundry differences	-	-
A - Total deferred-tax assets	17,967,422	40,477,364
(Revaluation of land and buildings)	(5,488,178)	(5,488,177)
(Provision for termination indemnities and other provisions)	-	(33,237)
B - (Offsettable deferred-tax assets and liabilities)	(5,488,178)	(5,521,414)
(A+B) - Total	**12,479,244**	**34,955,950**
C - Deferred-tax assets over deferred-tax liabilities	18,961,503	27,961,549
(A+B+C) Net balance	**31,440,747**	**62,917,499**

The balance of “offsettable” deferred-tax assets and liabilities is computed on all difference between the carrying amount and tax base of the Group’s assets and liabilities, in accordance with Paragraph 74 of IAS 12 – Income Taxes, which requires offsetting when there is a legally exercisable right in the same tax jurisdiction.
The balance of “deferred-tax assets over deferred-tax liabilities” is computed by applying the tax rate in effect upstream of the tax losses brought forward, as shown in the annual tax return. The balance is attributable mainly to Pininfarina S.p.A. (13.7 million euros, compared with 9.9 million euros at the end of 2011), to the Pininfarina Deutschland GmbH Group (4.9 million euros compared with 5.0 million euros at the end of the previous year) and to the Pininfarina Automotive Engineering Shanghai Co Ltd subsidiary (0.3 million euros compared with 0.1 million euros in 2011).
The balance does not include the deferred-tax assets on the tax loss carryforward of Matra Automobile Engineering SAS (12.9 million euros in 2011) due to its deconsolidation.

The table below shows a breakdown by geographic region of the tax loss carryforward and of the deferred-tax asset amounts:

	Tax Loss Carryforward 12/31/12	Deferred-tax Asset 12/31/12	Tax Loss Carryforward 12/31/11	Deferred-tax Asset 12/31/11
Italy	48,813,331	13,423,666	39,954,962	9,887,615
Germany	44,028,000	4,906,554	45,000,000	5,047,174
France	-	-	38,876,679	12,945,934
China	1,276,633	319,158	323,304	80,826
Tax Loss Carryforward	**94,117,964**	**18,649,378**	**120,154,945**	**27,961,549**

The full amount of deferred-tax assets resulting from the computation was not recognized because management does not believe that sufficient taxable income can be generated over the near term to fully utilize the tax loss carryforward and deductible temporary differences.

(b) Current taxes

A breakdown of the “Income taxes” line item of the income statement is provided below:

	12/31/12	12/31/11
IRES / Local taxes	(100,162)	(158,197)
IRAP	(97,852)	(437,731)
Provision release	26,262	1,767
Total current taxes	**(171,752)**	**(594,161)**
Variation of deferred tax asset	48,486	(131,500)
Variation of deferred tax liabilities	1,813	(247)
Deferred taxes	**50,299**	**(131,747)**
Income tax	**(121,453)**	**(725,909)**

The current income taxes payable refer mainly to the Pininfarina Maroc SAS and Pininfarina of America Corp. subsidiaries; the regional tax (IRAP) payable refers only to Pininfarina Extra S.r.l.

As for the Group's Parent Company, please note that the Company did not recognize a provision for taxes because the effect of the taxable status of the gains on extinguishment of financial liabilities was offset by the tax deductibility of the lease installments paid during the year.

Within the Pininfarina Group there are two agreements governing the filing of national consolidated tax returns: (i) one for the Italian companies of the Group, i.e., Pininfarina S.p.A. and Pininfarina Extra S.r.l., (ii) and another one for the Pininfarina Deutschland GmbH Group, which includes this company and its subsidiaries, both called MPX Entwicklung GmbH, located one in Munich and one in Stuttgart.

The tables below provide a reconciliation of the theoretical tax liability to the actual tax liability for corporate income taxes:

	Taxable	Taxes
Profit (loss) before taxes taxable	33,321,896	(8,336,407)
Adjustment for:		
- Impairment losses no deductible for fiscal reason	406,336	(222,676)
- Leasing costs	(40,666,017)	11,183,155
- Depreciation	477,085	(131,198)
- Utilizat.of taxed provis./Additions to taxed provis.	(1,730,611)	437,989
- Other no deductible costs	424,041	(120,219)
- Reversal of SEK translation reserve	(2,607,345)	-
- Utilizzo perdite fiscali riportabili	(496,324)	144,430
(Carried forward fiscal losses) / taxes	**(10,870,939)**	**2,955,073**

19. Sales and Service Revenues

	2012	2011
Sales revenues - Italy	1,544,112	1,306,334
Sales revenues - UE	5,165,157	4,586,695
Sales revenues - Non UE countries	1,686,091	159,237
Services revenues - Italy	7,275,305	7,621,090
Services revenues - UE	33,650,272	26,537,375
Services revenues - Non UE countries	14,657,650	13,684,236
Total	**63,778,587**	**53,894,967**

Sales revenues refers mainly to revenues from the sale of automobiles and spare parts.
Service revenues refers to revenues from the provision of styling and engineering services.

Segment information is provided on page 58.

20. Other Income and Revenues

	2012	2011
Amounts rebilled	5,659,924	4,420,066
Out-of-period income	35,710	150,936
Insurance settlements	63,368	4,508
Royalties	549,000	306,791
Rebilling	156,364	114,385
Operating grants	629,174	248,019
Sundry items	77,123	88,225
Total	**7,170,263**	**5,332,930**

Rental and leasing income refers mainly to the proceeds from a contract to lease business operations, executed on April 1, 2011 by Pininfarina S.p.A. and a company of the Cecomp Group, and rent on two building located in Renningen, near Stuttgart, in Germany, owned by the Pininfarina Deutschland GmbH subsidiary.
Out-of-period income refers to out-of-period income and estimating differences, other than errors, resulting from the regular updating of estimates made in previous years.
Redevances refers to consideration owed for the use of the Pininfarina trademark by the Bolloré S.A. Group in connection with the production of electric cars at the Bairo Canavese plant.
Research and training grants includes the grant for industrial research and experimental development awarded to the Company by the Piedmont Regional Administration for activities related to the “AMPERE” project.

21. Gains on the Sale of Property, Plant and Equipment and Equity Investments

	2012	2011
Pininfarina Sverige AB	3,179,662	-
Véhicules Electriques Pininfarina Bolloré	-	8,868,665
Gain on the Sale of Property, Plant and Equipment	2,227	62,046
Total	**3,181,888**	**8,930,711**

The main item in 2012 was the gain from the divestment of the investment in Pininfarina Sverige AB; see Note 3 for additional information.

Please note that in 2011 the gain on the sale of property, plant and equipment and equity investments, amounting to 8,930,711 euros, originated mainly from the sale to the Bolloré Group of the investment held by Pininfarina S.p.A. in the Véhicules Electriques Pininfarina Bolloré SAS 50-50 joint venture, which generated a gain of 8,868,665 euros.
The total amount also included a gain of 62,046 euros on the disposal of two vintage cars and other equipment by Pininfarina S.p.A.

22. Wages, Salaries and Employee Benefits

	2012	2011
Wages and salaries	(35,122,012)	(32,337,447)
Employee benefits	(8,829,560)	(8,483,445)
Utiliz.Prov.restruct.charges	742,329	1,208,515
Wages, Salaries and Employee Benefits	**(43,209,243)**	**(39,612,377)**
Addition to Provision for termination indemnities	(1,632,318)	(2,043,743)
Total	**(44,841,561)**	**(41,656,120)**

Utilization of the provision for restructuring charges and other provisions refers to the amounts paid to employees who left the Company in 2012, in accordance with the separation incentive program. The Provision for termination indemnities – Defined-benefit plan reflects the costs related to employee termination benefits both for the defined-benefit plan and the defined-contribution plan. Additional information is provided in Note 15.

The table below shows the number of employees December 31, 2012 and, as required by Article 2427 of the Italian Civil Code, the average number of employees, computed by adding and dividing by two the number of employees at the beginning and at the end of the year:

	2012		2011	
	December 31, 2012	Average	December 31, 2011	Average
Executives	25	24	26	27
Office staff	727	710	688	683
Production staff	63	68	66	77
Total	**815**	**803**	**780**	**787**

Please note the effect of a contract to lease certain business operations executed with a company of the Cecomp Group, which resulted in the transfer, until December 31, 2013, of the employment contracts for 54 employees of the abovementioned business operations (57 employees in 2011).

The total staff at December 31, 2012 includes 107 employees enrolled in a long-term unemployment benefit program, which the Group's Parent Company activated in October 2011 for termination of business activity (127 employees initially).

23. Additions to Provisions, Utilizations of Provisions and Writedowns

	2012	2011
Additions to allowance for doubt. accounts	(160,609)	(568,570)
Additions to provisions for risks	(985,185)	(6,530,093)
Utilization Provisions for Risks and charges	1,210,969	1,604,485
Writedowns of property, plant and equipment	-	(3,119,214)
Writedowns of Equity investment	(125,175)	-
Total	**(60,000)**	**(8,613,392)**

Additions to the allowance for doubtful accounts reflects primarily an addition of 131,537 euros to the allowance of Pininfarina Extra Srl. The addition recognized by the Pininfarina Deutschland Group accounts of the balance.

Utilization of provisions for risks and charges and estimate revisions reflects the utilization of the provision for closing losses on production orders, amounting to 893,965 euros, and the revision of the estimates of some liabilities on terminated production activities and closing losses on production orders totaling 317,004 euros.

Writedowns of equity investments reflects the deconsolidation of the Matra Automobile Engineering SAS subsidiary.

Comments about additions to the provisions for risks and charges are provided in Note 17.

24. Other Expenses

	2012	**2011**
Travel expenses	(1,631,079)	(1,576,384)
Rentals	(2,122,759)	(1,974,635)
Fees paid to Directors and Statutory Auditors	(1,082,927)	(1,100,395)
Consulting and other services	(4,323,244)	(2,706,958)
Other personnel costs	(684,564)	(718,549)
Telegraph and postage	(451,594)	(353,325)
Cleaning and waste disposal services	(252,821)	(304,983)
Advertising	(502,838)	(479,450)
Taxes	(935,837)	(1,407,215)
Insurance	(518,084)	(410,258)
Membership dues	(95,651)	(80,383)
Out-of-period charges	(27,631)	(80,890)
General services	(760,104)	(156,654)
Sundry expenses	(438,012)	(328,029)
Total	**(13,827,143)**	**(11,678,108)**

Consulting and other services refers to the charges incurred by the Group's Parent Company for legal consulting services related to the definition of the new Industrial and Financial Plan and fees paid to the Independent Auditors, a breakdown of which is provided in the "Other Information" section of this Report, as required by Article 149-*duodecies* of the Issuers' Regulations.

The main components of indirect taxes and fees are the Single Municipal Property Tax (398,008 euros), the taxes owed on outstanding service contracts with some Chinese customers (237,731 euros) and sundry taxes and fees for the balance.

General services includes mainly costs for warranties, expenses to settle judicial disputes, net of utilizations of the corresponding provisions, and miscellaneous expenses incurred by subsidiaries.

Rentals refers mainly to the cost of operating leases for EDP equipment, forklifts and cars provided to employees. Rental contracts, which constitute operating leases pursuant to IAS 17 – Leases, do not entail special commitments for the Company.

25. Financial Income (Expense), Net

	2012	2011
Financial expense paid to banks	(575,171)	(1,086,108)
Financial expense paid under leases	(5,290,175)	(2,850,808)
Financial exp. on medium- and long-term borrowings	(2,704,858)	(1,506,464)
Total financial expense	**(8,570,204)**	**(5,443,380)**
Bank interest earned	1,550,468	1,147,283
Realized gains from marking securities to market	2,134,863	335,300
Interest earned on long-term loans to outsiders	1,084,725	1,388,772
Interest earned on long-term loans to joint ventures	125,903	503,205
Total financial income	**4,895,959**	**3,374,560**
Net financial income (expense)	**(3,674,245)**	**(2,068,820)**

Interest paid – credit lines refers to the use of the credit line in day-to-day operations.

Financial expense paid under finance leases, amounting to 5,290,175 euros, includes 5,131,958 euros from the valuation of liabilities by the amortized cost method and 158,217 euros in interest paid in accordance with the provisions of the new Agreement.

Financial expense on medium/long-term borrowings, amounting to 2,704,858 euros, includes 2,133,324 euros from the valuation of liabilities by the amortized cost method, as well as 466,994 euros in interest accrued on the debt owed to Banca Nazionale del Lavoro (formerly Fortis Bank) and 98,042 in interest accrued in accordance with the provisions of the new Agreement. Foreign companies account for the balance.

Bank interest earned represents interest accrued on credit balances in the corresponding bank accounts.

The increase in income from assets held for trading reflects changes compared with the previous year in the fair value and amount of securities portfolio.

Interest accrued on the debt owed to Banca Nazionale del Lavoro (formerly Fortis Bank) was paid on schedule, in accordance with a separate agreement with this bank; the interest owed on finance leases and medium/long-term borrowings was paid on June 30, 2012 and December 31, 2012.

Interest earned on long-term loans to outsiders, amounting to 1,084,725 euros, originates from the valuation of financial assets by the amortized cost method, recognized in accordance with IFRIC 4. The full amount of the corresponding receivable was collected in 2012.

Interest earned on long-term loans to related parties and joint ventures, amounting to 125,903 euros, refers mainly to the interest accrued, and collected in 2012, on the loan provided to Pininfarina Sverige AB and 313 euros received from the Goodmind Srl. affiliated company.

26. Gain on Extinguishment of Financial Liabilities

The substantial modification of the terms of financial liabilities resulted in the extinguishment of the carrying amount of the pre-rescheduling obligation outstanding on the effective date of May 1, 2012 and the recognition of the restructured obligation at its fair value, in accordance with the method described in Note 14.

The positive difference between these two amounts, amounting to 44,835,434 euros, was recognized as a “Gain on extinguishment of financial liabilities.

OTHER INFORMATION

Events Occurring Since December 31, 2012

No significant events occurred after December 31, 2012.

Transactions with related Parties

The table below, which is being presented pursuant to Consob Communication No. DEM/6064293 of July 28, 2006, provides an overview of transactions with related parties, including intra-Group transactions. These transactions were carried out on market terms, consistent with the nature of the goods exchanged or the services provided, and were neither atypical nor unusual, for the purposes of the abovementioned communication.

	Commercial		Financial		Operating		Financial	
	Receivables	Payables	Receivables	Payables	Revenues	Costs	Income	Expense
Pininfarina Sverige AB	-	-	-	-	494,505	20,877	125,590	-
Goodmind Srl	-	-	50,313	-	-	-	313	
Total	**-**	**-**	**50,313**	**-**	**494,505**	**20,877**	**125,903**	**-**

In addition to the amounts reported in the table above, transactions with other related parties requiring disclosure included legal consulting services provided to Pininfarina S.p.A. by Studio Professionale Pavesio e Associati, related to the Director Carlo Pavesio, for a total amount of 229,661 euros, and commercial consulting services provided by Pantheon Italia S.r.l., related to the Director Roberto Testore, for a total amount of 95,000 euros.

Material Extraordinary Events and Transactions

As required by the Consob Communication No. DEM/6064293 of July 28, 2006, the tables that follow show the impact of extraordinary events or transactions and transactions and events that occur only infrequently in the normal course of business:

	Data at	
	Statutory financial statements at 12/31/12	Statutory financial statements at 12/31/12 net of extraordinary transactions
Net property, plant and equipment	64,825,202	64,825,202
Net intangible assets	3,211,257	3,211,257
Equity investments	356,017	29,783,700
Deferred-tax assets	928,815	928,815
Non-current financial assets	50,313	50,313
NON-CURRENT ASSET	**69,371,604**	**98,799,287**
Inventory	584,777	584,777
Contract work in progress	2,185,726	2,185,726
Current financial assets	50,809,450	50,809,450
Financial derivatives	-	-
Net trade receivables and other receivables	33,067,350	33,208,075
Cash and cash equivalents	41,501,410	12,369,599
CURRENT ASSETS	**128,148,713**	**99,157,627**
Held-for-sale assets	**-**	**-**
TOTAL ASSETS	**197,520,317**	**197,956,914**
Share capital and Reserves	6,951,972	9,559,317
Profit (Loss) for the period	32,862,517	(15,027,404)
TOTAL SHAREHOLDERS' EQUITY	**39,814,489**	**(5,468,087)**
Long-term borrowings	90,342,673	103,460,907
Deferred-tax liabilities	-	-
Provision for termination indemnities	7,286,941	7,286,941
NON-CURRENT LIABILITIES	97,629,614	110,747,848
Current borrowings	32,593,745	64,310,945
Other payables	5,931,916	6,198,409
Trade accounts payable	14,259,199	14,276,062
Provision for current taxes	475,781	475,781
Provision for other liabilities and charges	6,815,573	7,415,956
CURRENT LIABILITIES	**60,076,214**	**92,677,152**
Liabilities attributable to held-for-sale assets	-	-
TOTAL LIABILITIES	**157,705,827**	**203,424,999**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**197,520,317**	**197,956,914**

	Data at	
	Statutory financial statements at 12/31/12	Statutory financial statements at 12/31/12 net of extraordinary transactions
Net revenues	63,778,587	63,778,587
Change in inventory of finished goods and work in process	(798,687)	(798,687)
Other income and revenues	7,170,263	7,170,263
VALUE OF PRODUCTION	**70,150,163**	**70,150,163**
Net gain on the sale of non-current assets	3,181,888	2,227
Raw materials and outside services used	(9,906,212)	(9,906,212)
Change in inventory of raw materials	(1,754,330)	(1,754,330)
External variable engineering services	(7,750,466)	(7,750,466)
Labor costs	(44,841,561)	(44,841,561)
Depreciation and amortization	(3,401,457)	(3,276,282)
Foreign exchange gains and (losses)	(28,101)	(28,101)
Other expense	(13,827,143)	(13,827,143)
EBIT	**(8,177,219)**	**(11,231,705)**
Financial income (expense), net	(3,674,245)	(3,674,245)
Gain on extinguishment of financial liabilities	44,835,434	-
Dividend	-	-
PROFIT (LOSS) BEFORE TAX	**32,983,970**	**(14,905,950)**
Income taxes for the year	(121,453)	(121,453)
NET PROFIT (LOSS) FOR THE YEAR	**32,862,517**	**(15,027,403)**

Material extraordinary transactions included the following:

- Rescheduling Agreement: gain on extinguishment of financial liabilities;
- Sale of the interest held in Pininfarina Sverige AB joint venture;
- Writeoff of the carrying amounts of certain net assets due to the deconsolidation of the Matra Automobile Engineering SAS subsidiary.

Atypical and Unusual Dealings

As required by the Consob Communication No. DEM/6064293 of July 28, 2006, the Pininfarina Group discloses that in 2012 it was not a party to atypical or unusual dealings, as defined in the abovementioned Communication, according to which atypical and/or unusual dealings are dealings that, because of their significance/material amount, nature of the counterparty, subject of the transaction, method used to determine the sales price and timing of the event, could create doubts as to: the fairness and/or completeness of the information provided in the financial statements, the existence of a conflict of interests, the safety of the corporate assets and the protection of minority shareholders.

Fees Paid to the Independent Auditors, as per Article 149-*duodecies* of the Issuers' Regulations

The schedule below, which was prepared pursuant to Article 149-*duodecies* of the Consob Issuers' Regulations, lists the amount attributable to 2012 of the fees charged for independent auditing services and services other than auditing provided by PricewaterhouseCoopers S.p.A. and other companies within the same network and by Deloitte & Touche S.p.A.:

Services	Party providing the services		Client	Fee amount attributable to 2012
	PricewaterhouseCoopers SpA	(1)	Parent Company - Pininfarina SpA	159,781
	PricewaterhouseCoopers SpA		Pininfarina Extra Srl	10,596
	Deloitte & Touche SpA		Pininfarina Sverige AB	70,217
	Shanghai Linfang Certified Public Accountants		Pininfarina Automotive Eng. (Shanghai) Co Ltd	1,217
	Rete PwC		Subsidiaries	58,538
Independent Audit				**300,349**

(1) Includes additional fees totaling 20,000 euros for auditing engagements to verify the accounting impact of the Rescheduling Agreement effective as of May 1, 2012.

LIST OF CONSOLIDATED COMPANIES

Name	Registered office	Country	Share capital	Currency	% interest held directly or indirectly	Consolidated companies	% capital share
Parent Company							
Parent Company							
Pininfarina S.p.A.	Turin Via Bruno Buozzi 6	IT	30,166,652	EUR	-	-	-
List of companies consolidated line by line							
Italian subsidiaries							
Pininfarina Extra S.r.l.	Turin Via Bruno Buozzi 6	IT	388,000	EUR	100	Pininfarina S.p.A.	100
Foreign subsidiaries							
Pininfarina Of America Corp.	Florida-Miami 1101 Brickell Ave - South Tow er 8th floor	USA	10,000	USD	100	Pininfarina Extra S.r.l.	100
Pininfarina Deutschland GmbH	Leonberg Riedw iesenstr. 1	DE	3,100,000	EUR	100	Pininfarina S.p.A.	100
mpx Entw icklung GmbH	München Frankfurter Ring 17	DE	25,000	EUR	100	Pininfarina Deutschland GmbH	100
mpx Entw icklung GmbH	Leonberg Riedw iesenstr. 1	DE	26,000	EUR	100	Pininfarina Deutschland GmbH	100
Pininfarina Maroc SAS	Casablanca - 57, Bd Abdelmoumen, Residence EL HADI "A", BP 20360	MA	8,000,000	DH	100	Pininfarina S.p.A. Matra Automobile Engineering SAS	99,9 0,1
Pininfarina Automotive Engineering (Shanghai) Co Ltd	Shanghai - Units 418-419, n. 569 An Chi Road, Anting Tow n	PRC	3,702,824	CNY	100	Pininfarina S.p.A.	100

List of companies valued by the equity method in the consolidated financial statements

Pininfarina Recchi Buildingdesign S.r.l.	Torino Via Montevecchio 28	IT	100,000	EUR	50	Pininfarina Extra S.r.l.	50
Goodmind S.r.l.	Cambiano - Torino Via Nazionale 30	IT	20,000	EUR	20	Pininfarina Extra S.r.l.	20

Key Data of the Principal Group Companies
(data in accordance with the IAS/IFRSs)

Pininfarina Extra Group

Head office: Turin, Italy
Share capital: 388,000 euros
% interest held: 100%

	12/31/12	12/31/11
	(millions of euros)	
Value of production	4.7	4.2
Net profit	0.6	0.7
Shareholders’ equity	5.1	5.1
Net financial position	3.1	3.3

Pininfarina Deutschland Group

Head office: Leonberg, Germany
Share capital: 3,100,000 euros
% interest held: 100%

	12/31/12	12/31/11
	(millions of euros)	
Value of production	26.0	22.9
Net profit	0.5	0.8
Shareholders’ equity	18.8	18.3
Net financial position	(2.7)	(1.1)

Pininfarina Maroc SAS

Head office: Casablanca, Morocco
Share capital: MAD 8,000,000
% interest held directly: 100%

	12/31/12	12/31/11
	(millions of euros)	
Value of production	1.5	2.0
Net profit	0.2	0.5
Shareholders’ equity	1.0	1.4
Net financial position	0.5	1.4

Pininfarina Automotive Engineering Co Ltd

Head office: Shanghai, PRC
Share capital: CNY 3,702,824
% interest held directly: 100%

	12/31/12	12/31/11
	(millions of euros)	
Value of production	0.6	0.1
Net profit	(0.8)	(0.4)
Shareholders’ equity	(0.7)	0.0
Net financial position	(0.2)	0.1

Paolo Pininfarina
Chairman of the Board of Directors

Certification of the consolidated financial statements pursuant to Article 154 *bis* of Legislative Decree No. 58/98

◊ We, the undersigned, Paolo Pininfarina, in my capacity as Chairman of the Board of Directors, and Gianfranco Albertini, in my capacity as Corporate Accounting Documents Officer of Pininfarina S.p.A., attest that, insofar as the provisions of Article 154-*bis*, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998 are concerned, the administrative and accounting procedures applied to prepare the 2012 consolidated financial statements are:

- adequate in light of the Company's characteristics; and
- were applied effectively.

◊ Moreover, we certify that the consolidated financial statements at December 31, 2012:

- were prepared in accordance with the International Accounting Principles, as approved by the European Union pursuant to (CE) Regulation No. 1606/2002 of the European Parliament and Council of July 19, 2002;
- are consistent with the data in the supporting documents and accounting records;
- are suitable for the purpose of providing a truthful and fair representation of the balance sheet, operating performance and financial position of the issuer and of the companies included in the scope of consolidation.

The Report on Operations provides a reliable analysis of the operating performance and result and of the position of the issuer and of the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

March 21, 2013

Paolo Pininfarina	Gianfranco Albertini
Chairman of the Board of Directors	Corporate Accounting Documents Officer

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2012

Dear Shareholders:

The Board of Directors submits for your approval the consolidated financial statements at December 31, 2012 of the Pininfarina Group, which are comprised of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Statement of Cash Flows and Notes to the Financial Statements.

The consolidated financial statements at December 31, 2012 show consolidated shareholders' equity of 39,814,489 euros, after a consolidated net profit of 32,862,517 euros.

The consolidated financial statements at December 31, 2012 were prepared in accordance with the International Financial Reporting Standards (IAS/IFRSs).

The consolidated financial statements were provided to us within the statutory deadline, together with the statutory financial statements and the Report on Operations.

The Report on Operations presents fairly the operating results, balance sheet, financial position and individual and consolidated performance of Pininfarina S.p.A. and its subsidiaries during and after the close of the reporting year, and provides a breakdown by principal lines of business of the Group's revenues and consolidated results.

The Report clearly defines the scope of consolidation, which at December 31, 2012 included the Group's Parent Company, 7 subsidiaries, all of which were consolidated line by line, and 2 associated companies and joint ventures, which were valued by the equity method.

The Matra Automobile Engineering SAS subsidiary was deconsolidated, the value of its assets having become negligible. The reasons for the deconsolidation are explained in the Report on Operations of the Board of Directors, which should be consulted for additional information.

The interest in the Pininfarina Sverige AB joint venture was also deconsolidated, following its divestment in December 2012.

The audit performed by PricewaterhouseCoopers S.p.A. has shown that the amounts listed in the consolidated financial statements at December 31, 2012 are consistent with the Parent Company's accounting records and the statutory financial statements of the subsidiaries, and are consistent with the official information provided by these companies.

The financial statements provided to the Parent Company by the subsidiaries for consolidation purposes were prepared by the respective corporate governance bodies. They were reviewed by the entities and/or individuals that have authority over the individual companies pursuant to local laws and by the independent auditors as part of their audit of the consolidated financial statements.

The Board of Statutory Auditors did not review these financial statements, as allowed by specific statutes (Uniform Financial Code and Article 41, Section 3 of Legislative Decree No. 127 of April 9, 1991).

Today, PricewaterhouseCoopers S.p.A., the independent auditors retained to audit the consolidated financial statements of the Pininfarina Group, issued their report without qualifications stating that, in their opinion, the consolidated financial statements of the Pininfarina Group at December 31, 2012 comply with the applicable statutes.

The abovementioned report required the additional disclosures that are discussed in the Report of the Statutory Auditors on the Statutory Financial Statements, which should be consulted for additional information.

Based on the checks and tests we made, we attest to the following:

- The scope of consolidation was determined correctly.
- The consolidation procedures and principles adopted are consistent with statutory requirements and were applied correctly.
- The Report on Operations is consistent with the data and disclosures of the consolidated financial statements.
- All of the information used for consolidation purposes applies to the entire accounting period consisting of the 2012 reporting year.
- The valuation criteria applied are consistent with those used in the previous reporting year.
- The associated company Goodmind S.r.l., established in 2012, and the Pininfarina Recchi Buildingdesign S.r.l. joint venture were valued by the equity method.

Lastly, the Chairman of the Board of Directors and the Corporate Accounting Documents Officer have issued the certification required pursuant to Article 81-ter of Consob Regulation No. 11971/1999, as amended, and Article 154-bis, Sections 3 and 4, of the Uniform Financial Code (Legislative Decree No. 58/1998).

Turin, April 12, 2013

THE STATUTORY AUDITORS

(Nicola Treves)

(Giovanni Rayneri)

(Mario Montalcini)

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 DATED 27 JANUARY 2010

PININFARINA GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

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AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 DATED 27 JANUARY 2010

To the Shareholders of
Pininfarina SpA

1 We have audited the consolidated financial statements of Pininfarina SpA and its subsidiaries ("Pininfarina Group"), which comprise the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Statement of Changes in Consolidated Shareholders' Equity, the Consolidated Statement of Cash Flows and the related Notes to the Consolidated Financial Statements as at 31 December 2012. The directors of Pininfarina SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, presented for comparative purposes, reference is made to our report dated 11 April 2012.

3 In our opinion, the consolidated financial statements of the Pininfarina Group as at 31 December 2012 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, results of operations and cash flows of the Pininfarina Group for the period then ended.

PricewaterhouseCoopers SpA

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4 We draw your attention to the information provided by the directors in the Notes to the Consolidated Financial Statements under paragraph "Borrowings" and in the Report of the Board of Directors on Operations in the section "Assessment of the company's viability as a going concern", in relation to the accounting effects of the Rescheduling Agreement signed with the Lender Institutions of Pininfarina SpA, effective from 1 May 2012. This agreement made it possible to recapitalize the company by way of a recognition in the income statement of a financial income amounting to Euro 44.8 million.

5 The directors of Pininfarina SpA are responsible for the preparation of the Report of the Board of Directors on Operations and of the Report on Corporate Governance and the Company's Ownership Structure available on the website www.pininfarina.com at the section "Financial" in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report of the Board of Directors on Operations and of the specific section on Corporate Governance and Company's Ownership structure, solely with reference to the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the Report of the Board of Directors on Operations and the information, provided for in accordance with the article 123-bis, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of the Legislative Decree n° 58/98, presented in the specific section of the same report, are consistent with the consolidated financial statements of the Pininfarina Group as at 31 December 2012.

Turin, 12 April 2013

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation. We have not examined the translation of the consolidated financial statements referred to in this report.