PININFARINA GROUP

Semiannual Report at June 30, 2006

Pininfarina S.p.A. – Share Capital: 9,317,000 euros, fully paid in – Registered Office: 6 Via Bruno Buozzi, Turin

Tax I.D. and Turin Company Register No. 00489110015

PININFARINA GROUP

Semiannual Report at June 30, 2006

Approved by the Board of Directors
on September 12, 2006

Honorary Chairman

Honorary Chairman	Sergio	Pininfarina

Board of Directors

Chairman and Chief Executive Officer *	Andrea	Pininfarina
Deputy Chairman	Paolo	Pininfarina (2)
Directors	Franco	Bernabè (1)
	Elisabetta	Carli
	Mario Renzo	Deaglio (2)
	Edoardo	Garrone (1)
	Carlo	Pavesio (2)
	Lorenza	Pininfarina
	Sergio	Pininfarina (1)

(1) Member of the Appointments and Compensation Committee.

(2) Member of the Internal Control Committee.

Board of Statutory Auditors

Chairman	Giacomo	Zunino
Statutory Auditors	Fabrizio	Cavalli
	Piergiorgio	Re

Secretary to the Board of Directors	Gianfranco	Albertini
Independent Auditors	PricewaterhouseCoopers S.p.A.	

***Powers**

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

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The Pininfarina Group

Review of Operating and Financial Performance

The semiannual financial statements at June 30, 2006 were prepared in accordance with the international accounting principles set forth in IAS 34 and comply with IFRS guidelines. The accounting principles applied, which are reviewed on page 22 of this Report, are substantially the same as those that were used for the first time in the preparation of the data at June 30, 2005.

At June 30, 2006, consolidated value of production totaled 309.2 million euros, or 50.5% more than in the first six months of 2005 (205.5 million euros). This sharp increase reflects the contribution of the Alfa Romeo Brera and Mitsubishi Colt CZC production lines, which are running at full capacity.

EBIT (which represents the profit or loss from operations) was negative by 13.5 million euros, as compared with positive EBIT of 15 million euros at June 30, 2005. To correctly interpret these data, it is necessary to keep in mind that the two periods that are being compared were significantly different. Specifically:

- The first half of 2005 benefited from a gain of 30.2 million euros on the sale of the investment in the Open Air System joint venture, while the data for the first six months of 2006 include a gain of 13.4 million euros on the sale of buildings. When extraordinary items are excluded, the negative change in EBIT amounts to 11.7 million euros.

- The 2006 production orders have smaller margins than those of 2005 due to the burdensome cost structure that is typical of the production startup phase.

- The service operations experienced a reduction in business, due mainly to the shift that is currently under way from providing services for internal production orders to a stand-alone profile and to the in-depth restructuring of the Pininfarina Deutschland GmbH subsidiary.

The loss before taxes totaled 10.8 million euros in the first half of 2006 (profit before taxes of 12.9 million euros at June 30, 2005). The net financial income earned in the first six months of 2006 and the Group's pro rata interest in the profit of Pininfarina Sverige AB (a Swedish company consolidated by the equity method) are the reasons why the loss is smaller at the pretax level than at the EBIT level. Specifically, net financial income totaled 2.3 million euros, or 15% more than in the first half of 2005, and the Group's interest in the profit of the Swedish joint venture amounted to 0.4 million euros (loss of 4 million euros at June 30, 2005).

The Group closed the first half of 2006 with a net loss of 8.9 million euros, compared with net profit of 15.7 million euros in the same period last year. A breakdown by quarter of the cumulative loss at June 30, 2006 shows that the loss was minimal in the second quarter (loss of 8.1 million euros at March 31, 2006).

The net financial position, while negative by 3.7 million euros (positive balance of 48.7 million euros at June 30, 2005), improved compared with December 31, 2005, when the negative balance was 6.9 million euros.

At June 30, 2006, the Group had 2,728 employees (2,630 a year earlier). An additional 780 employees work at Pininfarina Sverige, which was not operational at June 30, 2005.

A review of the contribution provided by the individual business segments in the first half of 2006 shows that the manufacturing operations generated value of production of 238.1 million euros (slightly more than double the amount for the first six months of 2005), which is equal to 77% of total consolidated value of production (55.3% in the same period last year). As explained above, the startup of new production orders accounts for this significant increase.

A comparison between the number of vehicles produced in the first six months of 2005 and 2006 is provided below:

	6/30/06	6/30/05
Alfa Romeo Brera	5,961	0
Alfa Romeo Spider	85	0
Ford Streetka	0	3,130
Mitsubishi Colt CZC	4,482	0
Mitsubishi Pajero Pinin	0	1,591
TOTAL	**10,528**	**4,721**

Production of the new Alfa Romeo Spider and Ford Focus Coupé Cabriolet models is scheduled to begin in the second half of 2006, completing a new lineup of five models (with the Volvo C70) that the Group will have launched from the end of 2005 through 2006 by dint of an unprecedented financial and manufacturing effort.

In the first half of 2006, the value of production generated by the Group's service businesses, which include design, industrial design and engineering, amounted to 71.1 million euros, or 22.7% less than at June 30, 2005. These operations accounted for 23.0% of total value of production for the Group (44.7% in the first six months of 2005, when the contribution of the manufacturing operations was severely curtailed by a change in product mix).

The main projects carried out by the design operations during the first six months of 2006 are reviewed below:

For Ferrari, completion of the styling development for one model and continuation of the styling research process for a new car.

For Maserati, conclusion of the styling development phase for a new model.

For Lancia, completion of a styling research project for a new car.

For YGK, a Japanese company, start of a project for the development of a racing car.

For clients in the Chinese market:

- Further styling development work on a vehicle for Hafei.
- Simultaneous development of three different cars for JAC.
- Start of a collaborative relationship with a well-known Asian company for the restyling of a car.

Work involving other means of transportation included styling research for a new line of heavy-load and intermediate trucks for a European company and for public transportation vehicles for an Asian company.

A truck development project for BMC is continuing and research for the restyling of another heavy-load vehicle is continuing.

Work for Ansaldobreda included the continuation of a long-established, collaborative styling relationship and research activity for two new trains.

A number of automobiles styled by Pininfarina were presented to the public during the first half of 2006. The following cars were introduced at the Geneva Motor Show:

- Ferrari 599 GTB Fiorano
- Alfa Romeo Spider, which was named "Cabrio of the Year 2006"
- Mitsubishi Colt CZC
- Ford Focus Coupé Cabriolet (unveiled at the Ford booth)

The main industrial design projects carried out during the first six months of 2006 included the following:

- At the ISPO trade show in Munich, presentation of the new line of Fluid ski booths for Lange — the second project carried out for this French company.

- At the Torino 2006 Winter Olympics, successful presentation (in terms of performance and image-related benefits) of the Olympic Torch, which was designed, engineered and manufactured by Pininfarina, and the Olympic Brazier.

- A major presence of Pininfarina Extra at the Milan Furniture Show, with five products in five different areas:

  the new Venus kitchen for Snaidero, the fifth model developed for this Friuli-based company after the Ola, Viva, Idea and Acropolis;

  the Palio line of armchairs and couches for Dema;

  the Ardea day-room system for Riva 1920;

  the Premiere modular seating system for public spaces for Ares Line, which was honored with the "Wellness & Work" award for the work environment category at the EIMU ;

  the Luna management office line for Uffix (a new Group customer), which received the most votes from the public attending the EIMU.

- Presentation of a new line of furnishings for bowling alleys designed for Switch Entertainment, a new client based in Switzerland.

As for the engineering operations, there was a significant difference between the work carried out during the first half of 2006 for cars manufactured by Pininfarina and for assignments from non-captive customers.

In the case of the former, the work required for the production of the Volvo C70 at the Uddevalla plant in Sweden and for the Mitsubishi Colt CZC and Alfa Romeo Spider is in its final phase, and should come to an end in a few months for the Ford Focus Coupé Cabriolet as well.

Among engineering assignments for clients outside the Group, most of the work for Chery and Changfeng, both Chinese companies, has been completed.

Activities for JAC, a new Chinese client, is progressing to the client's satisfaction, as all targets are being met. This project involves the A108 sedan and hatchback. In addition, work is continuing on a new Maserati Coupé called M145AL.

In the area of special-production cars, work on the Ferrari 612 Scaglietti "K" and Ferrari P4/5 was completed successfully.

Among the Group's foreign subsidiaries, there was a significant increase in the work carried out in cooperation with Matra Automobile Engineering's Casablanca Engineering Center.

Lastly, the establishment of a small technical support center in China got under way with the training of the first group of employees. This center, which will assist local clients during production startup, will be staffed with employees who will be involved in the final phases of projects in Italy and will provide follow-up in China.

Outlook for the Balance of 2006

Forecasts for the balance of the year call for consolidated value of production to reach about 640 million euros, or about 67% more than at December 31, 2005. The main reason for this scaled-back projection, as compared with previous forecasts (value of production in excess of 700 million euros), is a delay in the startup of production of the new models.

The figure cited above does not include the value of production generated by the Pininfarina Sverige AB joint venture (which is expected to total about 390 million euros) because this affiliate is consolidated by the equity method.

The startup of new production runs, redefined in accordance with the new dates, will have an adverse impact on the Group's operating results, which will be negative for the year as a whole (the previous forecast called for a virtual breakeven). Put simply, even though operating performance is expected to improve during the second half of 2006, the improvement will not be sufficient to attain breakeven.

The net financial position will be negative by a greater amount than at June 30, 2006 due to the need to complete the capital investment program.

The negative results reported thus far in 2006, which were worse than anticipated, demonstrate that there is a need to reduce overhead if the Group is to attain its profitability targets. Programs specifically designed to achieve long-term objectives in this area will be created and launched in the fourth quarter of the year.

Significant Events Occurring Since June 30, 2006

The two most important events that occurred after June 30, 2006 took place in Germany, where the Pininfarina Group is working to strengthen its presence as a supplier of engineering services that have a high value added. To achieve this goal, the mission of Pininfarina Deutschland has been refocused and made more consistent with the Group's engineering operations. In addition, a new business unit that can be readily integrated both technically and commercially to offer Pininfarina services has been acquired. More specifically:

- On July 20, 2006, the recently established MPX Entwicklung GmbH subsidiary bought the design operations of MSX International Engineering GmbH, which are based in Munich, for 3.5 million euros. This acquisition gives the Pininfarina Group a significant presence in this market (this business currently has 115 employees) through a company that is already integrated with its engineering operations in Germany, operates in a steadily growing market segment and has a portfolio of top-level customers.

- On July 28, 2006, the Pininfarina Deutschland subsidiary signed a contract to sell its operations that manufacture models and calipers, effective October 1, 2006. It did not sell its engineering operations, which in the coming years will be strengthened and integrated with the newly acquired MPX GmbH.

The sharing of activities and expertise with the engineering hubs in Italy and France will help improve the profitability of the entire engineering operations. Moreover, the interaction with the design operations and with the two manufacturing hubs in Italy and Sweden will increase the efficiency and profitability of the entire Group.

Andrea Pininfarina
Chairman
of the Board of Directors

Consolidated Financial Highlights

(amounts in thousand of euros)

	Data at		Data at
	6/30/06	6/30/05	12/31/05
Operating Data			
Net revenues	266,613	155,472	461,426
Value of production	309,217	205,528	383,030
EBIT	(13,518)	14,979	(8,281)
Net financial income	2,305	1,984	1,370
Profit (Loss) before taxes	(10,837)	12,919	(9,501)
Profit (Loss) for the period	(8,866)	15,683	(8,103)
Cash flow *	1,451	23,898	8,270
Balance Sheet Data			
Net non-current assets	283,973	194,236	243,933
Net invested capital	213,150	188,876	224,160
Group interest in shareholders' equity	179,627	210,257	188,557
Net financial position	(3,706)	48,670	(6,894)

* Group interest in net profit plus depreciation and amortization.

The reclassified financial statements contain unaudited data. They regroup the data presented in the financial statements required under current statutes differently, with the objective of providing a more immediate understanding of the data, without affecting the logic of their presentation. It is important to keep in mind that the data shown for “EBIT” and “Other income (expense)” in the reclassified financial statements have the same meaning as the data shown for “EBIT” and “valuation adjustments” in the IAS/IFRS financial statements.

Reclassified Consolidated Income Statement

(amounts in thousand of euros)

	Data at					Data at
	6/30/06	**%**	**6/30/05**	**%**	**Change**	**12/31/05**
Net revenues	266,613	86.22	155,472	75.65	111,141	461,426
Changes in inventory of work in progress and finished goods	38,302	12.39	46,329	22,54	(8,027)	(85,206)
Other income and revenues	3,614	1.17	3,727	1,81	(113)	5,391
Work performed internally and capitalized	688	0.22	0	0.00	688	1,419
Value of production	**309,217**	**100.00**	**205,528**	**100.00**	**103,689**	**383,030**
Net gain on disposal of non-current assets	13,385	4.33	30,186	14.69	(16,801)	32,443
Raw materials and outside services	(277,135)	(89.62)	(149,942)	(72.95)	(127,193)	(296,307)
Change in inventory of raw materials	20,466	6.62	(9,825)	(4.78)	30,291	(5,794)
Value added	**65,934**	**21.32**	**75,947**	**36.95**	**(10,013)**	**113,372**
Labor costs	(69,000)	(22.31)	(52,753)	(25.67)	(16,247)	(102,906)
EBITDA	**(3,066)**	**(0.99)**	**23,194**	**11.28**	**(26,260)**	**10,466**
Depreciation, amortization and writedowns	(10,418)	(3.37)	(8,215)	(4.00)	(2,203)	(16,373)
Additions to provisions and reserves	(34)	(0.01)	0	0.00	(34)	(2,374)
EBIT	**(13,518)**	**(4.37)**	**14,979**	**7.29**	**(28,497)**	**(8,281)**
Net financial income	2,305	0.75	1,984	0.97	321	1,370
Other income (expense), net	376	0.12	(4,044)	(1.97)	4,420	(2,590)
Profit before taxes	**(10,837)**	**(3.50)**	**12,919**	**6.29**	**(23,756)**	**(9,501)**
Income taxes	1,971	0.64	2,764	1.34	(793)	1,398
Profit (Loss) for the period	**(8,866)**	**(2.86)**	**15,683**	**7.63**	**(24,549)**	**(8,103)**

Reclassified Consolidated Balance Sheet

(amounts in thousand of euros)

	Data at			Data at
	6/30/06	**12/31/05**	**Change**	**6/30/05**
Net non-current assets (A)				
Net intangible assets	6,322	6,284	38	6,185
Net property, plant and equipment	241,022	203,057	37,965	186,796
Equity investments	36,629	34,592	2,037	1,255
Total A	**283,973**	**243,933**	**40,040**	**194,236**
Working capital (B)				
Inventory	75,833	32,358	43,475	54,406
Net trade receivables and other receivables	138,109	122,455	15,654	91,279
Deferred-tax assets	31,814	20,927	10,887	24,757
Trade accounts payable	(238,994)	(129,079)	(109,915)	(104,516)
Provision for risks and charges	(2,908)	(2,728)	(180)	(8,471)
Other liabilities	(74,677)	(63,706)	(10,971)	(62,815)
Total B	**(70,823)**	**(19,773)**	**(51,050)**	**(5,360)**
Net invested capital (C=A+B)	**213,150**	**224,160**	**(11,010)**	**188,876**
Provision for termination indemnities (D)	**29,817**	**28,709**	**1,108**	**27,289**
Net capital requirements (E=C-D)	**183,333**	**195,451**	**(12,118)**	**161,587**
Shareholders' equity (F)	**179,627**	**188,557**	**(8,930)**	**210,257**
Net financial position (G)				
Long-term debt	102,483	96,146	6,337	59,653
(Net liquid assets)	(98,777)	(89,252)	(9,525)	(108,323)
Total G	**3,706**	**6,894**	**(3,188)**	**(48,670)**
Total as in E (H=F+G)	**183,333**	**195,451**	**(12,118)**	**161,587**

Consolidated Net Financial Position

(amounts in thousand of euros)

	Data at			Data at
	6/30/06	**12/31/05**	**Change**	**6/30/05**
Cash and cash equivalents	41,050	15,585	25,465	15,016
Current assets held for trading	58,473	60,865	(2,392)	85,226
Current loans receivable and other receivables	83,039	59,348	23,691	20,999
Available-for-sale current assets	0	0	0	23,299
Loans receivable from associates and joint ventures	0	0	0	0
Due to banks	(672)	(501)	(171)	(421)
Current liabilities under finance leases	(83,113)	(46,045)	(37,068)	(35,796)
Net liquid assets	**98,777**	**89,252**	**9,525**	**108,323**
Long-term loans and other receivables from outsiders	126,640	125,095	1,545	91,370
Long-term loans and other receivables from associates and joint ventures	107,425	116,377	(8,952)	102,818
Available-for-sale non current assets	29,365	26,015	3,350	0
Long-term liabilities under finance leases	(214,413)	(205,205)	(9,208)	(133,163)
Long-term bank debt	(151,500)	(158,428)	6,928	(120,678)
Net long-term debt	**(102,483)**	**(96,146)**	**(6,337)**	**(59,653)**
Net financial position	**(3,706)**	**(6,894)**	**3,188**	**48,670**

Consolidated Balance Sheet – Assets

	Note ref.	6/30/06	12/31/05
Property, plant and equipment	7	241,022,311	203,056,932
Land and buildings		98,156,330	99,677,778
Land		22,617,797	22,619,019
Buildings		64,310,924	66,538,277
Leased property		11,227,609	10,520,482
Plant and machinery		128,000,859	91,413,504
Machinery		5,526,588	5,769,909
Plant		36,585,666	34,853,880
Leased machinery and equipment		85,888,605	50,789,715
Furniture, fixtures and other property, plant and equipment		6,522,529	6,339,239
Furniture and fixtures		2,910,668	3,007,970
Hardware & software		2,553,007	2,292,636
Other property, plant and equipment (including vehicles)		1,041,460	1,038,633
Other leased property, plant and equipment		17,394	0
Assets under construction		8,342,593	5,626,411
Intangible assets	8	6,322,024	6,284,212
Goodwill		2,301,012	2,301,012
Licenses and trademarks		3,686,563	3,626,561
Development costs		0	0
Other intangibles		334,449	356,639
Equity investments		36,628,554	34,592,135
Subsidiaries		0	0
Associated companies	9	744,800	744,800
Joint ventures	9	35,351,603	33,373,701
Other companies	9	532,151	473,634
Deferred-tax assets		31,814,470	20,926,810
Non-current financial assets		263,430,020	267,487,405
Held-to-maturity long-term investments		0	0
Loans and other receivables form:		234,065,058	241,472,036
Outsiders	10	126,639,990	125,094,880
Related parties and joint ventures	10	107,425,068	116,377,156
Available-for-sale non-current financial assets	10	29,364,962	26,015,369
Held-for-sale other non-current assets		0	0
TOTAL NON-CURRENT ASSETS		**579,217,379**	**532,347,494**
Inventory	11	45,310,366	17,583,386
Raw materials		33,290,541	12,728,743
Work in process		5,135,131	2,475,939
Finished goods		6,884,694	2,378,704
Contract work in progress	11	30,522,932	14,774,330
Current financial assets		141,512,226	120,211,789
Current assets held for trading	10	58,473,162	60,864,391
Current loans receivables and other receivables from:		83,039,064	59,347,398
Outsiders	10	83,039,064	59,347,398
Related parties and joint ventures		0	0
Available-for-sale current financial assets		0	0
Held-to-maturity current investments		0	0
Derivatives		0	0
Trade receivables and other receivables		138,109,214	122,454,878
Trade receivables from:		122,511,393	106,296,621
Outsiders		112,503,782	95,725,186
Related parties and joint ventures	10	10,007,611	10,571,435
Other receivables		15,597,821	16,158,257
Cash and cash equivalents		41,050,035	15,585,498
Cash on hand		160,503	675,260
Short-term bank deposits		40,889,532	14,910,238
TOTAL CURRENT ASSETS		**396,504,773**	**290,609,881**
TOTAL ASSETS		**975,722,152**	**822,957,375**

Consolidated Balance Sheet – Liabilities and Shareholders' Equity

	Note ref.	6/30/06	12/31/05
Common shares	12	9,218,981	9,312,155
Additional paid-in capital		33,225,441	36,215,861
Reserve for treasury stock		12,000,000	12,000,000
Statutory reserve		2,231,389	2,231,389
Revaluation reserve		0	0
Stock option reserve		1,820,733	1,320,733
Derivative hedging reserve		0	0
Reserve for currency translations		358,149	(252,864)
Fair value reserve		14,609,383	12,507,513
Other reserves		103,083,231	110,942,932
Retained earnings		11,945,400	12,382,791
Profit (Loss) for the year	13	(8,865,687)	(8,103,394)
GROUP INTEREST IN SHAREHOLDERS' EQUITY		**179,627,020**	**188,557,116**
Minority interest in shareholders' equity		**0**	**0**
TOTAL SHAREHOLDERS' EQUITY		**179,627,020**	**188,557,116**
Long-term borrowings		365,913,200	363,632,728
Liabilities under finance leases	14	214,413,133	205,204,788
Other indebtedness owed to:		151,500,067	158,427,940
Outsiders	14	151,500,067	158,427,940
Related parties and joint ventures		0	0
Deferred-tax liabilities		35,688,238	28,026,734
Provision for termination indemnities		29,817,491	28,708,951
Provision for pensions and severance pay		795,770	464,732
Provision for termination indemnities		29,021,721	28,244,219
Provision for other liabilities and charges		0	0
Decommissioning costs		0	0
TOTAL NON-CURRENT LIABILITIES		**431,418,929**	**420,368,413**
Current borrowings		83,784,995	46,545,406
Due to banks	14	671,852	500,816
Liabilities under finance leases	14	83,113,143	46,044,590
Bonds outstanding and other borrowings owed to:		0	0
Outsiders		0	0
Related parties and joint ventures		0	0
Other payables		29,026,114	32,134,207
Wages and salaries		17,761,820	9,580,474
Due to social security institutions		5,284,244	5,583,737
Vacation days, sick days and personal days		348,964	292,928
Other liabilities		5,631,086	16,677,068
Trade accounts payable		238,993,938	129,079,429
Accounts payable to outsiders		238,078,298	129,072,214
Account payable to associated companies and joint ventures		915,640	0
Advances received for work in progress		0	7,215
Provision for current taxes		6,196,354	51,047
Direct taxes		4,062,149	0
Other taxes		2,134,205	51,047
Financial derivatives		0	0
Provision for other liabilities and charges		2,908,188	2,727,570
Provision for warranties	15	0	900,000
Provision for restructuring programs	15	1,700,000	0
Other provisions	15	1,208,188	1,827,570
Other liabilities		3,766,614	3,494,187
TOTAL CURRENT LIABILITIES		**364,676,203**	**214,031,846**
TOTAL LIABILITIES		**796,095,132**	**634,400,259**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**975,722,152**	**822,957,375**

Consolidated Income Statement

	Note ref.	6/30/06	6/30/05
Sales and service revenues		266,613,197	155,471,985
Increase in Company-produced non-current assets		688,281	0
Change in inventories of finished goods and work in progress		38,301,839	46,329,170
Change in contract work in progress		31,129,694	35,815,746
Change in inventories of work in progress, semifinished and finished goods		7,172,145	10,513,424
Other income and revenues	16	3,614,075	3,726,428
Total value of production		**309,217,392**	**205,527,583**
Gain on the sales of non-current assets	17	13,388,049	30,269,152
Amount earned on the sale of equity investments		*0*	*30,247,496*
Raw materials and consumables used		(201,824,897)	(89,316,061)
Raw materials and components		(222,290,985)	(79,491,186)
Change in inventories of raw materials, subsidiary materials and consumables		20,466,088	(9,824,875)
Other variable production costs		(5,582,528)	(3,838,424)
Consumables		(2,761,440)	(1,893,252)
Utilities		(397,431)	(80,288)
External maintenance costs		(2,423,657)	(1,864,884)
External variable engineering services		(28,768,641)	(37,993,476)
Wages, salaries and employee benefits		(69,000,090)	(52,753,316)
Production staff, office staff and managers		(63,845,129)	(50,110,696)
Independent contractors		(2,298,903)	(351,957)
Social security and other post-employment benefits		(2,856,058)	(2,290,663)
Depreciation, amortization and writedowns		(10,420,546)	(8,298,546)
Depreciation of property, plant and equipment	18	(9,298,651)	(7,409,244)
Loss on disposals of property, plant and equipment		(2,644)	(83,289)
Amortization of intangibles	19	(1,018,398)	(806,013)
Writedowns		(100,853)	0
Utilization of negative goodwill		0	0
Foreign exchange gains (losses)		18,764	222,759
Other expenses		(20,545,604)	(28,841,325)
Profit (Loss) from operations		**(13,518,101)**	**14,978,346**
Financial income (expense), net	20	1,301,133	1,122,127
Dividends	21	1,003,736	862,371
Value adjustments	22	376,300	(4,044,000)
Non-recurring income (expense)		0	0
Profit (Loss) before taxes		**(10,836,932)**	**12,918,844**
Income taxes for the period	23	1,971,245	2,764,293
Profit (Loss) for the period		**(8,865,687)**	**15,683,137**

	6/30/06	6/30/05
Profit (Loss) for the period	(8,865,687)	15,683,137
Number of common shares, net	9,317,000	9,317,000
Basic earnings (loss) per share	(0.95)	1.68

Statement of Changes in Consolidated Shareholders' Equity

	1/1/05	Fair value gains (losses)	Cash flow hedges	Translation restatements	Net gains (losses) recognized directly in equity	Profit (Loss) for the year	Total result for the year	Employee stock option plan	Changes to reserves	Dividends	Issue of share capital	Purchases / Sales of treasury shares	6/30/05
Common shares	9,182,502											130,809	9,313,311
Additional paid-in capital	33,910,650											2,436,718	36,347,368
Reserve for treasury stock	27,434,512								(12,439,645)				14,994,867
Statutory reserve	2,231,389												2,231,389
Revaluation reserve	-												
Stock options reserve	527,691							263,846					791,537
Derivative hedging reserve	-												
Reserve for currency translat.	3,726								36,097				39,823
Fair value reserve	8,265,701	2,537,018			**2,537,018**		**2,537,018**						10,802,719
Other reserves	97,522,513								13,269,634	(3,122,051)			107,670,096
Retained earnings	15,895,428								(3,512,637)				12,382,791
Profit (Loss) for the period	(2,404,679)					15,683,137	**15,683,137**		2,404,679				15,683,137
GROUP INTEREST IN SHAREHOLDERS' EQUITY	192,569,433												210,257,038
Minority interest in profit and res.	**-**												
TOTAL SHAREHOLDERS' EQUITY	**192,569,433**	**2,537,018**			**2,537,018**	**15,683,137**	**18,220,155**	**263,846**	**(241,872)**	**(3,122,051)**		**2,567,527**	**210,257,038**

	1/1/05	Fair value gains (losses)	Cash flow hedges	Translation restatements	Net gains (losses) recognized directly in equity	Profit (Loss) for the year	Total result for the year	Employee stock option plan	Changes to reserves	Dividends	Issue of share capital	Purchases / Sales of treasury shares	12/31/05
Common shares	9,182,502											129,653	9,312,155
Additional paid-in capital	33,910,650											2,305,211	36,215,861
Reserve for treasury stock	27,434,512								(15,434,512)				12,000,000
Statutory reserve	2,231,389												2,231,389
Revaluation reserve	-												
Stock options reserve	527,691							793,042					1,320,733
Derivative hedging reserve	-												
Reserve for currency translat.	3,726			(256,590)	**(256,590)**		**(256,590)**						(252,864)
Fair value reserve	8,265,701	4,241,812			**4,241,812**		**4,241,812**						12,507,513
Other reserves	97,522,513								16,542,470	(3,122,051)			110,942,932
Retained earnings	15,895,428								(3,512,637)				12,382,791
Profit (Loss) for the period	(2,404,679)					(8,103,394)	**(8,103,394)**		2,404,679				(8,103,394)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	192,569,433												188,557,116
Minority interest in profit and res.	-												
TOTAL SHAREHOLDERS' EQUITY	**192,569,433**	**4,241,812**		**(256,590)**	**3,985,222**	**(8,103,394)**	**(4,118,172)**	**793,042**	**0**	**(3,122,051)**	**0**	**2,434,864**	**188,557,116**

	1/1/06	Fair value gains (losses)	Cash flow hedges	Translation restatements	Net gains (losses) recognized directly in equity	Profit (Loss) for the year	Total result for the year	Employee stock option plan	Changes to reserves	Dividends	Issue of share capital	Purchases / Sales of treasury shares	6/30/06
Common shares	9,312,155											(93,174)	9,218,981
Additional paid-in capital	36,215,861											(2,990,420)	33,225,441
Reserve for treasury stock	12,000,000												12,000,000
Statutory reserve	2,231,389												2,231,389
Revaluation reserve													
Stock options reserve	1,320,733							500,000					1,820,733
Derivative hedging reserve													
Reserve for currency translat.	(252,864)			611,013	**611,013**		**611,013**						358,149
Fair value reserve	12,507,513	2,101,870			**2,101,870**		**2,101,870**						14,609,383
Other reserves	110,942,932								(7,859,701)				103,083,231
Retained earnings	12,382,791								(437,391)				11,945,400
Profit (Loss) for the period	(8,103,394)					(8,865,687)	**(8,865,687)**		8,103,394				(8,865,687)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	188,557,116												179,627,020
Minority interest in profit and res.													
TOTAL SHAREHOLDERS' EQUITY	**188,557,116**	**2,101,870**		**611,013**	**2,712,883**	**(8,865,687)**	**(6,152,804)**	**500,000**	**(193,698)**	**0**		**(3,083,594)**	**179,627,020**

Consolidated Cash Flow Statement

	Data at	
	6/30/06	6/30/05
Profit for the period	**(8,865,687)**	**15,683,137**
Restatements	*(6,718,251)*	*(20,399,580)*
- Income taxes	(1,971,245)	(2,764,293)
- Depreciation of property, plant and equipment	9,298,651	7,409,244
- Amortization of intangibles	1,018,398	806,013
- Writedowns	377,622	1,054,334
- Provision for pensions and seniority indemnities	1,108,540	1,276,795
- (Gains) Losses on sale of non-current assets	(13,385,405)	(30,185,863)
- (Financial income)	(10,087,028)	(5,286,499)
- Financial expense	8,296,248	4,164,372
- (Dividends)	(1,003,736)	(862,371)
- Value adjustment to shareholders' equity	(376,300)	4,044,000
- Unrealized (gains) losses on foreing exchange transactions	6,004	(55,312)
Changes in working capital	*50,665,068*	*(19,567,029)*
- Inventories	(27,726,980)	(507,038)
- Contract work in progress	(15,748,602)	(8,443,672)
- Trade accounts receivable	(15,654,336)	7,010,677
- Trade accounts payable	109,908,505	(21,041,750)
- Other changes	(113,519)	3,414,754
Cash flow from operating activities	**35,081,130**	**(24,283,472)**
(Financial expense)	(8,296,248)	(4,164,372)
(Income taxes)	1,971,245	2,764,293
Net cash from operating activities	**28,756,127**	**(25,683,551)**
- Acquisition of a subsidiary, net of cash acquired	(51,302,885)	(39,213,626)
- Purchases of property, plant and equipment	16,368,050	32,105,877
- Non-current financial assets	(15,141,182)	(39,055,508)
- Financial income	10,087,028	5,286,499
- Dividend received	1,003,736	862,371
- Other equity investments	(1,660,119)	1,722,341
Net cash used in investing activities	**(11,889,245)**	**(63,975,597)**
- Purchases of treasury shares	(3,083,594)	2,567,527
- Long-term borrowings from lenders outside the Group	39,520,061	52,955,508
- Dividends paids	0	(3,122,051)
Net cash used in financing activities	**24,547,222**	**(11,574,613)**
- Other non-cash items	917,315	21,974
Increase (Decrease) in cash and cash equivalents	**25,464,537**	**(11,552,639)**
- Cash and cash equivalents at beginning of the period	15,585,498	26,568,454
Cash and cash equivalents at the end of the period	**41,050,035**	**15,015,815**

Companies of the Pininfarina Group
(data presented in accordance with the new IAS accounting principles)

Pininfarina Extra S.r.l. ended the first half of 2006 with value of production of 2.3 million euros (data consolidated with the Pininfarina Extra USA Corp. subsidiary), or 21% less than in the same period last year (2.9 million euros). Despite this decrease, net profit rose to 413,000 euros, up from 299,000 euros in the first six months of 2005, causing the ratio of net profit to value of production to improve from 10.3% to 17.4%.

The **Matra Automobile Engineering Group** reported value of production of 29.5 million euros and a consolidated loss of 1.4 million euros, compared with 25.6 million euros and 2 million euros, respectively, in the first half of 2005. The increase in value of production (+15.2%) and an improvement in operating efficiency are the reasons for the smaller loss incurred during the first six months of 2006. This group, which is now in its third year of activity, is continuing to enjoy a significant rate of expansion in its volume of business and should be able to reach breakeven later this year.

Pininfarina Deutschland GmbH booked value of production of 3.0 million euros in the first six months of 2006 (3.5 million euros at June 30, 2005) and a net loss 2.7 million euros (801,000 euros last year). This loss is after a provision of 1.7 million euros set aside in anticipation of the restructuring charges that the company expects to incur during the second half of the year. Continued difficulties in the German automotive model and caliper construction businesses caused the Group's Parent Company to change the focus of this subsidiary's mission.
On July 28, 2006, Pininfarina Deutschland sold its model and caliper construction businesses. The sale, which went into effect on October 1, 2006, will enable this subsidiary to focus its efforts on its engineering activities, thereby adding its Stuttgart operations to recently acquired facilities in Munich.

At June 30, 2006, **Pininfarina Sverige AB** reported value of production of 155.9 million euros and a net profit of 461,000 euros. It produced 5,621 cars and had 780 employees. This company became operational in November 2005.

RHTU AB ended the first half of 2006 with value of production of 2.0 million euros (705,000 euros last year) and a net loss of 532,000 euros (breakeven at June 30, 2005). This company, too, became fully operational in the second half of 2005. The loss reported this year is temporary and reflects the costs incurred to begin production of retractable hard tops for the Volvo C70.

Pininfarina S.p.A., the Group's Parent Company, reported value of production of 276.4 million euros, compared with 174.9 million euros in the first half of 2005 (+58.0%). The loss for the period came to 5.8 million euros, compared with a profit of 14.1 million euros at June 30, 2005. The positive result reported last year included a gain of 13.4 million euros earned on the disposal of non-current assets (at June 30, 2005, gains generated by nonrecurring transactions amounted to 22.2 million euros). The net financial position was positive by 21.7 million euros, down from 60.4 million euros at June 30, 2005. The factors that affected the Group's operating and financial performance in the first six months of 2006 are valid for the most part for the Parent Company as well.

Notes to the Semiannual Consolidated Financial Statements

1. General Information

The Pininfarina Group is an industrial enterprise that is centered around a core of automotive operations and based on the establishment of comprehensive collaborative relationships with carmakers.

Pininfarina operates as a global partner. Its highly flexible approach enables it to work with customers through the entire product development process — design, planning, development, industrialization and manufacturing — or to provide support during any one of these phases.

The Group has production and development facilities in Italy, France, Germany, Sweden and Morocco. Its customers are located mainly in Italy, France, Great Britain and China.

Pininfarina is a corporation that has its registered office at 6 via Bruno Buozzi, in Turin.

The Company's shares are traded on the Borsa Italiana securities market.

This Consolidated Semiannual Report was approved by the Board of Directors on September 12, 2006.

2. Accounting Principles

Pursuant to:

- Legislative Decree No. 38 of February 28, 2002;
- European Regulation No. 1606 of July 19, 2002;
- Article 81 of Issuers' Regulation No. 11971, as amended by CONSOB Resolution No. 14990 of April 14, 2005;

the Pininfarina Group prepared its Semiannual Report at June 30, 2006 in accordance with the IFRSs.

As required by Paragraph 8 of IAS 34 "Interim Financial Reporting," the Semiannual Report includes the following minimum components:

a) Condensed balance sheet;
b) Condensed income statement;
c) Condensed statement of changes in shareholders' equity;
d) Condensed cash flow statement;
e) Specific accompanying notes required by Paragraph 16 of IAS 34.

No changes in accounting principles significant enough to require a restatement of the opening balances have occurred. There have been no changes in the estimating methods.

The accounting principles applied in the preparation of the consolidated financial statements at June 30, 2006 are consistent with those used for the annual consolidated financial statements.

3. Managing Financial Risk

3.1 Financial Risk Factors

The financial instruments that the Group uses to finance its operations include bank borrowings, leases in which it is the lessee, leases in which it is the lessor and which are recognized in accordance with IFRIC 4, and short-term bank deposits.
The Group uses other financial instruments, such as trade payables and receivables, for operating purposes.

The Group's cash resources are managed centrally by Pininfarina S.p.A.
The Group does not execute transactions involving derivatives, such as interest rate swaps and forward currency contracts, either for speculative purposes or as cash flow hedges or to hedge changes in fair value.
The financial risks that affect the Group are summarized below:

- The risk that the value of a financial instrument could fluctuate as a result of changes in foreign exchange rates (*currency risk*);
- The risk that the fair value of a financial instrument could change as a result of changes in market interest rates (*interest rate risk on fair value*);
- The risk that the value of a financial instrument could fluctuate due to changes in market prices (*price risk*);
- The risk that the counterpart could fail to perform its obligations (*credit risk*);
- The risk of facing difficulties in securing the financial resources needed to meet commitments arising from financial instruments (*liquidity risk*);
- The risk that future financial flows of a financial instrument could fluctuate due to changes in market interest rates (*interest risk on financing instruments*).

Currency Risk: The Group borrows in euros. It operates in an international environment and is exposed to fluctuations in currency translation rates, particularly with regard to the value of the Swedish krona (SEK) and U.S. dollar (USD) versus the euro. The currency risk arises from the following commercial transactions:

- Sales of automobiles to Volvo through the Swedish joint venture Pininfarina Sverige AB. In this case, the currency risk is assumed by the counterpart pursuant to the terms of the underlying contracts.
- Purchases of automobile components in U.S. dollars. In this case, the currency risk is minimal because the underlying contract sets maximum variability thresholds.

Risk of Changes in Fair Value: The investment portfolio of Pininfarina S.p.A. consists of securities of top-rated companies. These assets are subject to significant changes in fair value caused by changes in stock market prices.

Price Risk: The Group's exposure to price risk is minimal because the price at which it sells cars is defined contractually.

Credit Risk: The Group does business with a limited number of customers. In all cases, the Group's customers are deemed to be reliable counterparts, and financial transactions are executed exclusively with financial institutions the reliability of which is beyond question. The high credit standing that the Group enjoys with financial institutions is demonstrated by the fact that none of its assets have been used to collateralize loans and these loans are not subject to restrictive covenants. Receivables recognized upon the accounting of leases in which the Group is the lessor identified in accordance with IFRIC 4 are booked under the assumption that the Group will continue to operate as a going concern and that such receivables will be collected upon the payment of the price of its cars and not based on a right held by the Group, even in the event of liquidation or other composition with creditors proceedings.

Liquidity Risk: The Group has entered into finance leases as lessee to finance capital investments. All or part of these capital investments will be reimbursed by the Group's customers when they pay for their cars. The Group also holds a very substantial amount of highly liquid, unrestricted assets. As a result, viewing the Group as a going concern, the liquidity risk is deemed to be low.

Interest Risk on Fair Value and Financing Instruments: The Group receives financing from credit institutions at regular market rates. The Group is exposed to changes in interest rates, but its exposure in terms of interest payable is substantially offset by changes in interest receivable.

3.2 Accounting for Derivatives

The Group has not executed transactions involving derivatives, either for hedging or speculative purposes. The paragraphs that follow are not applicable to the Group at this point. They are provided solely for information purposes.

Derivatives are recognized in the financial statements at fair value when the contracts are signed. Valuations made subsequent to the purchase of the financial instruments are made at fair value, but the accounting treatment of gains and losses differs according to whether a financial instrument is classified as a hedge.

There are three types of hedges:

- Fair value hedge;
- Cash flow hedge;
- Hedging of a net investment in foreign operations.

Before entering into a hedging contract, the Group documents the relationship between the hedge and the instrument that is being hedged and the Group's risk management strategies and objectives. The Group also assesses whether the derivative possesses and will continue to possess over its life the effectiveness requirements needed to qualify it for recognition as a hedge. Changes in the fair value of hedging instruments are recorded in the fair value reserve listed in the statement of changes in shareholders' equity.

(a) Fair Value Hedge

Changes in the fair value of fair value hedges are reflected in the income statement together with the changes in fair value of the hedged assets or liabilities.

(b) Cash Flow Hedge

The portion of the gain or loss on a hedging instrument that can be classified as effective is recognized directly in equity. The non-effective portion is reflected in earnings when incurred.
The amounts accumulated in a shareholders' equity account are transferred to the income statement in the year or years in which the planned transaction covered by the hedge has an impact on the income statement (for example, when a planned sale is executed).
When a financial instrument matures and/or is sold, or when it no longer meets the requirements for classification as a hedge, the gains and/or losses accumulated in a shareholders' equity account are held in that account until the planned transaction covered by the hedge has an impact on the income statement. If, instead, the Group no longer believes that the planned transactions will be executed, the gains and/or losses accumulated in a shareholders' equity account are transferred to the income statement.

(c) Hedging of a Net Investment in Foreign Operations

Instruments that hedge a net investment in foreign operations are accounted for in the same manner as cash flow hedges.

(d) Financial Instruments That Do Not Meet the Requirements to Be Classified as Hedges

Financial instruments that do not meet the requirements to be classified as hedges are classified among financial assets or liabilities carried at fair value, with changes of value recognized in earnings.

4. Key Financial Statement Estimates and Valuations

Estimates and disclosures presented in the financial statements are evaluated on an ongoing basis. They are based on historical data and such other factors as expectations about future events the occurrence of which is reasonable to expect.
The Group makes assessments and valuations regarding future events. By definition, the resulting restatements rarely coincide with the final outcome. The assessments and valuations that entail a high risk that the valuation of assets and liabilities will be restated the following year are reviewed below.

(a) Measurement of the Impairment of Goodwill

Consistent with its accounting policies, the Group tests goodwill annually for impairment. The recoverable amount of cash generating units is determined by a computation of their value in use. These computations require the use of valuations.

(b) Income taxes

The Group is taxed in a number of different jurisdictions. A significant judgment call is necessary to determine the amount of the reserve for taxes. There are numerous transactions and computations that can make the determination of the ultimate tax liability uncertain in the normal course of business.

(c) Provision for Termination Indemnities

The actuarial valuation of the amount that should be added to the provision for termination indemnities is determined by the Projected Unit Credit Method (IAS 19). This method uses actuarial assumptions to determine the probability that payment will occur at a given moment in the future and to associate with this event the amount that will have to be paid. The probable cash outflows are then harmonized by means of an appropriate discounting mechanism so as to determine the present value on the date when the value of the termination indemnities is being determined.

(d) Stock Options

The valuation of options available for award was made in accordance with the binomial lattice model, which is based on the original approach developed by Cox, Ross and Rubinstein.

The model incorporates the following assumptions:

1. Volatility
   Expected volatility has been annualized and set at 18.32%. The estimate was made based on the historical price volatility of the shares. The time horizon used for estimate purposes was the same as the expected expiration of the option.
2. Risk-free Rate
   The rate used for the purpose of this valuation was 2.79175%, which was the same as the gross yield on the benchmark five-year Italian government bond on July 15, 2005, as determined by the Bank of Italy.
3. Dividends
   Consistent with the Group's accounting principles, the amount of expected dividends was the same as the amounts paid between 2002 and 2005.
4. Early Expiration
   Based on the technical characteristics of the options and an analysis of other stock option plans, this phenomenon appeared to be nonexistent.

5. Segment Information

a) Primary Segment

Business Segment

Segment information at June 30, 2006 shows that the Group is organized on a global scale and operates in two main business segments: vehicle production and styling/engineering.

The results for the first half of 2006 are as follows:

€/000

	Production	Styling & Engineering	Total for the Group
Value of production	272,080	74,841	346,921
Intra-segment value of production	(33,972)	(3,732)	(37,704)
Value of production	**238,108**	**71,109**	**309,217**
EBIT	(10,030)	(3,488)	(13,518)
Financial income (expense)			2,305
Interest in results of associates	376	0	376
Profit (Loss) before taxes			(10,837)
Income taxes			1,971
Profit (Loss) for the period			(8,866)

The results for the first half of 2005 were as follows:

€/000

	Production	Styling & Engineering	Total for the Group
Value of production	150,017	94,965	244,982
Intra-segment value of production	(36,453)	(3,001)	(39,454)
Value of production	**113,564**	**91,964**	**205,528**
EBIT	16,415	(1,436)	14,979
Financial income (expense)			1,984
Interest in results of associates	(4,044)	0	(4,044)
Profit (Loss) before taxes			12,919
Income taxes			2,764
Profit (Loss) for the period			15,683

b) Secondary Segment

Geographic Destination of Sales

A breakdown of sales by geographic destination is as follows:

	6/30/06	6/30/05
ITALY	150,925	57,542
REST OF E.U.	113,323	92,567
OUTSIDE E.U.	2,365	5,363
Total	**266,613**	**155,472**

6. List of Consolidated Companies

6.1 List of Companies Consolidated Line by Line

Name	Registered office	Share capital	% interest held directly or indirectly in 2006	% interest held directly or indirectly in 2005
Parent Company				
Pininfarina S.p.A.	Via Bruno Buozzi 6 - Turin - I	9,317,000 EUR		
Italian subsidiaries				
Pininfarina Extra S.r.l.	Via Bruno Buozzi 6 – Turin – I	388,000 EUR	100	100
Foreign subsidiaries				
Pininfarina Extra USA Corp.	1 Penn Plaza Suite 3515- New York-NY	10,000 US $	100	
Pininfarina Deutschland GmbH	Industriestrasse 10 – Renningen - D	3,100,000 EUR	100	100
Matra Automobile Engineering. SAS	8, avenue J. D'Alembert – Trappes cedex - F	971,200 EUR	100	100
CERAM S.A.S.	Mortefontaine – F	1,000,000 EUR	100	100
D3 S.A.S.	11, rue Paul Bert – Courbevoie - F	306,000 EUR	100	100
Plazolles Modelage S.a.r.l.	ZAC de l'Argentine – 9, rue J. Anquetil Garges Les Gonesses – F	8,000 EUR	100	100
Matra Automobile Engineering Maroc S.A.S.	Km 12, Autoroute de Rabat - Sidi Bernoussi – Zenata Casablanca – MA	8,000,000 MAD	100	100
Matra Developpement S.A.S.	8, avenue J.D'Alembert – Parc d'Activites Pissaloup - Trappes – F	37,000 EUR	100	100
RHTU Sverige AB	Varvsvagen 1 - Uddevalla -S	100,000 SEK	100	100

6.2 List of Companies Consolidated by the Equity Method

Name	Registered office	Share capital	% interest held directly or indirectly in 2006	% interest held directly or indirectly in 2005
Pasiphae S.a.r.l.	4, Boulevard Royal - L	Euro 5.000.000	20	20
Pininfarina Sverige AB	Varvsvagen 1 - Uddevalla - S	SEK 8.965.000	60	60

6.3 Change in Scope of Consolidation

Compared with December 31, 2005, the scope of consolidation has changed due to the inclusion of Pininfarina Extra USA Corp.

7. Property, Plant and Equipment

	6/30/06	12/31/05	Change
Land and buildings	98,156,330	99,677,778	(1,521,448)
Plant and machinery	128,000,859	91,413,504	36,587,355
Furniture, fixtures and other property, plant and equipment	6,522,529	6,339,239	183,290
Assets under construction	8,342,593	5,626,411	2,716,182
Total	**241,022,311**	**203,056,932**	**37,965,379**

On January 1, 2004, as allowed under the recognition options provided in IFRS 1, Paragraph 16-19, land and buildings owned by the Group were revalued based on reports by independent appraisers.

The revaluations, net of deferred taxes, were recognized with offsetting entries posted to shareholders' equity.

The decrease in the value of Land and buildings reflects primarily the sale of the "Area Centro 28" development in June. The impact of this sale was offset in part by additions to buildings in Bairo Canavese and Torre Canavese.

The increase in Plant and machinery is due mainly to the recognition in accordance with IAS 17 of equipment leased for new production contracts.

8. Intangible Assets

	6/30/06	12/31/05	Change
Goodwill	2,301,012	2,301,012	0
Licenses and trademarks	3,686,563	3,626,561	60,002
Development costs	0	0	0
Other intangibles	334,449	356,639	(22,190)
Total	**6,322,024**	**6,284,212**	**37,812**

9. Equity Investments

Investments in associated companies

	6/30/06	12/31/05	Change
Pasiphae S.a.r.l	744,800	744,800	0
Total	**744,800**	**744,800**	0

There was no change in the value of the investment in Pasiphae Sarl.

Investments in joint ventures

	6/30/06	12/31/05	Change
Pininfarina Sverige AB	35,351,603	33,373,701	1,977,902
Total	**35,351,603**	**33,373,701**	**1,977,902**

Pininfarina Sverige was consolidated by the equity method.

Investments in other companies

	6/30/06	12/31/05	Change
Banca Passadore S.p.a.	257,196	257,196	0
Idroenergia Soc. cons. a r.l.	516	516	0
Unionfidi S.c.r.l.p.A. Torino	129	129	0
Midi Ltd	214,310	215,793	(1,483)
Numero Design Sarl	60,000	0	60,000
Total	**532,151**	**473,634**	**58,517**

During the first half of 2006, D3 SAS, a Matra Group company, acquired a 40% interest in Numero Design Sarl at a cost of 60,000 euros.

10. Financial Assets

Loans and other receivables from outsiders

	6/30/06	12/31/05	Change
Non current loans and other receivables	126,639,990	125,094,880	1,545,110
Current loans and other receivables	83,039,064	59,347,398	23,691,666
Total	**209,679,054**	**184,442,278**	**25,236,776**

Loans and other receivables from outsiders, which increased by 25,236,776 euros, refer to loans receivable under leases in which the Group is the lessor that were identified as such in accordance with IFRIC 4.

Loans and other receivables from related parties and joint ventures

	6/30/06	12/31/05	Change
Pininfarina Sverige AB	*117,432,679*	*126,948,591*	*(9,515,912)*
-non-current	107,425,068	116,377,156	(8,952,088)
-current	10,007,611	10,571,435	(563,824)
Total	**117,432,679**	**126,948,591**	**(9,515,912)**

The increase in loans receivable from Pininfarina Sverige AB reflects support provided for the development of the P15 project, the collection of which has been deferred to provide this company with the necessary financing.

Held-for-sale non-current assets

	San Paolo IMI SpA	Banca Intermobiliare SpA	Beni stabili SpA	Total
Value at December 31, 2005	463,355	25,523,372	28,642	26,015,369
Fair value adjustment posted to shareholders' equity	21,165	3,329,727	(1,299)	3,349,593
Purchases	0	0	0	0
Sales	0	0	0	0
Impairment losses/Writedowns	0	0	0	0
Value at June 30, 2006	**484,520**	**28,853,099**	**27,343**	**29,364,962**

The fair value adjustment required by IAS 39 was posted, net of deferred taxes, as an increase to the fair value reserve. These adjustments will be reflected in the income statement only upon the sale of the corresponding financial assets. At June 30, 2006, the adjustment posted to the reserve amounted to 14,609,383 euros.

Held-for-sale current assets

	Equity securities	Fixed income securities	Mutual funds	Total
Value at December 31, 2005	6,039,092	30,165,528	24,659,771	60,864,391
Fair value adjustment posted to the income statement	(224,493)	(25,295)	(146,162)	(395,950)
Purchases	8,434,224	16,974,388	13,182.122	38,590,734
Sales	(10,776,512)	(9,339,962)	(20,469,539)	(40,586,013)
Impairment losses/Writedowns	0	0	0	0
Value at June 30, 2006	**3,472,311**	**37,774,659**	**17,226,192**	**58,473,162**

11. Inventory and Contract Work in Progress

	6/30/06	12/31/05	Change
Raw materials	33,290,541	12,728,743	20,561,798
Work in process	5,135,131	2,475,939	2,659,192
Finished goods	6,884,694	2,378,704	4,505,990
Total	**45,310,366**	**17,583,386**	**27,726,980**

The value of raw materials is shown net of an allowance for inventory obsolescence, which totaled 225,000 euros, unchanged compared with December 31, 2005.

	6/30/06	12/31/05	Change
Contract work in progress	30,522,932	14,774,330	15,748,602
Total	**30,522,932**	**14,774,330**	**15,748,602**

Contract work in progress increased by 15,748,602 euros, reflecting additional work performed on production orders.

12. Share Capital

	Number of shares	Common shares	Treasury shares	Total
Balance at December 31, 2004	9,317,000	9,317,000	134,498	9,182,502
Balance at June 30, 2005	9,317,000	9,317,000	3,689	9,313,311
Balance at December 31, 2005	9,317,000	9,317,000	4,845	9,312,155
Balance at June 30, 2006	9,317,000	9,317,000	98,019	9,218,981

The total number of authorized shares was 9,317,000, each with a par value of 1 euro.
All issued shares have been fully paid-in.

At June 30, 2006, the Company held a total of 98,019 of its own shares, the net value of which (2,508,306 euros) was deducted from shareholders' equity as required by the adoption of IAS 32 and IAS 39 as of January 2005.
These shares are held as treasury shares.

13. Earnings per Share

a) Basic earnings (loss) per share

Basic earnings per share are computed by dividing the profit for the year by the number of common shares outstanding at June 30, 2006.

	6/30/06	12/31/05	6/30/05
Net profit (loss) for the period	(8,865,687)	(8,103,394)	15,683,137
Number of common shares, net	9,317,000	9,317,000	9,317,000
Basic earnings (loss) per share	(0.95)	(0.87)	1.68

b) Diluted earnings (loss) per share

The diluted earnings per share are the same as the basic earnings per share.

14. Borrowings

	6/30/06	12/31/05	Change
Non-current	**365,913,200**	**363,632,728**	**2,280,472**
Liabilities under finance leases	214,413,133	205,204,788	9,208,345
Bonds outstanding and other borrowings	151,500,067	158,427,940	(6,927,873)
Current	**83,784,995**	**46,545,406**	**37,239,589**
Due to banks	671,852	500,816	171,036
Liabilities under finance leases	83,113,143	46,044,590	37,068,553
Total	**449,698,195**	**410,178,134**	**39,520,061**

No Group assets have been pledged as collateral.
The increase in current and non-current Liabilities under finance leases (46,276,898 euros) refers to lease obligations (recognized in accordance with IAS 17) incurred to finance new development and production orders.
The decrease in Bonds outstanding and other borrowings reflects the redemption of bonds.

A breakdown of long-term borrowings by maturity is as follows:

	6/30/06
due within 12 months	83,784,995
due between 1 and 5 years	359,246,526
due after 5 years	6,666,674
Total	**449,698,195**

15. Provisions for Other Liabilities and Charges

	6/30/06	12/31/05	Change
Provision for warranties	0	900,000	(900,000)
Provision for restructuring programs	1,700,000	0	1,700,000
Other provisions	1,208,188	1,827,570	(619,382)
	2,908,188	**2,727,570**	**180,618**

The decrease in the Provision for warranties reflects the utilization of the Mitsubishi provision. The addition of 1,700,000 euros to the Provision for restructuring programs was recognized in anticipation of the restructuring of Pininfarina Deutschland GmbH.
The main component of Other provisions is a provision for risks of potential out-of-period charges related to the receivership proceedings involving the Rover Group.

16. Other Income and Revenues

	6/30/06	6/30/05	Change
Rental income	45,674	152,983	(107,309)
Out-of –period income	271,936	1,108,170	(836,234)
Insurance settlements	10,125	10,347	(222)
Royalties	250,000	250,000	0
Amounts rebilled	269,348	1,626,871	(1,357,523)
Operating grants	2,040,733	3,928	2,036,805
Capital grants	131,870	110,634	21,236
Sundry items	594,389	463,495	130,894
Total	**3,614,075**	**3,726,428**	**(112,353)**

17. Gain on the Sale of Non-current Assets

	6/30/06	6/30/05	Change
Gain on the sale of equity investments	0	30,247,496	(30,247,496)
Gain on the sale of other assets	13,388,049	21,656	13,366,393
Total	**13,388,049**	**30,269,152**	**(16,881,103)**

Most of the gain shown at June 30, 2006 was generated by the sale of the “Area Centro 28” real estate complex in Grugliasco on June 29, 2006.

The gain recognized in the first half of 2005 stems mainly from the sale of the investment in Oasys GmbH on January 20, 2005.

18. Depreciation of property, plant and equipment

	6/30/06	6/30/05	Change
Land and buildings	1,612,261	1,662,150	(49,889)
Plant and machinery	7,155,256	5,316,293	1,838,963
Furniture, fixture and other property, plant and equipment	531,134	430,801	100,333
Total	**9,298,651**	**7,409,244**	**1,889,407**

19. Amortization of intangibles

	6/30/06	6/30/05	Change
Licenses and trademarks	974,905	619,429	355,476
Other intangibles	43,493	186,584	(143,091)
Total	**1,018,398**	**806,013**	**212,385**

20. Financial Income (Expense), Net

	6/30/06	6/30/05	Change
Financial expense paid to banks	(1,941,260)	(137,968)	(1,803,292)
Financial expense paid under leases	(3,546,977)	(2,386,673)	(1,160,304)
Financial expense on medium and long-term borrowings	(2,837,062)	(1,642,480)	(1,194,582)
Total financial expense	**(8,325,299)**	**(4,167,121)**	**(4,158,178)**
Bank interest earned	50,932	86,253	(35,321)
Gains from marking securities to market	366,356	1,347,115	(980,759)
Interest earned on long-term loans to outsiders	6,956,637	2,323,812	4,632,825
Interest earned on long-term loans to associated cos.	2,223,456	1,529,319	694,137
Gains on trading securities	29,051	2,749	26,302
Total financial income	**9,626,432**	**5,289,248**	**4,337,184**
Net financial income	**1,301,133**	**1,122,127**	**179,006**

21. Dividends

	6/30/06	6/30/05	Change
Banca Passadore	41,250	37,500	3,750
San Paolo IMI	20,007	16,497	3,510
Banca Intermobiliare	849,420	594,594	254,826
Italian securities under asset management	92,217	205,356	(113,139)
Other securities	842	8,424	(7,582)
Total	**1,003,736**	**862,371**	**141,365**

22. Value adjustments

	6/30/06	6/30/05	Change
Revaluation (Writedown) of investment in Pininfarina Sverige AB	376,300	(4,044,000)	4,420,300
Total	**376,300**	**(4,044,000)**	**4,420,300**

23. Income taxes for the period

	6/30/06	6/30/05	Change
Current taxes	(2,537,020)	(1,181,137)	(1,355,883)
Prepaid taxes	11,614,541	4,389,895	7,224,646
Deferred taxes	(7,106,276)	(444,465)	(6,661,811)
Total	**1,971,245**	**2,764,293**	**(793,048)**

Other Information

As required by Article 126 of Consob Resolution No. 11971/99, the table below provides a breakdown of the equity investments held directly and indirectly by Pininfarina S.p.A. at June 30, 2006:

Name	***% interest held***	***direct % interest***	***indirect % interest***		
			Matra Automobile Engineering	D3 SAS	Pininfarina Extra Srl
Pininfarina Extra S.r.l.	*100*	*100*			
Pininfarina Deutschland GmbH	*100*	*100*			
Matra Automobile Engineering SAS	*100*	*100*			
CERAM S.A.S.	*100*	*0*	*100*		
D3 S.A.S.	*100*	*0*	*100*		
Plazolles Modelage S.à.r.l.	*100*	*0*	*30*	*70*	
Matra Automobile Engineering Maroc S.A.S.	*100*	*0*	*100*		
Matra Developpement S.A.S.	*100*	*0*	*100*		
Numero Design S.à.r.l.	*40*	*0*		*40*	
RHTU Sverige AB	*100*	*100*			
Pininfarina Extra USA Corp.	*100*	*0*			*100*
Pininfarina Sverige AB	*60*	*60*			
Pasiphae S.à.r.l.	*20*	*20*			

Information Required Pursuant to Consob Communication No. DEM/6064293 of July 28, 2006

Transactions with related parties

The transactions involving the Pininfarina Group and Pininfarina Sverige AB that were executed during the first half of 2006 are summarized below:

REVENUES	
Miscellaneous services	10,494,505.00
Interest income	2,223,455.98
EXPENSES	
Miscellaneous services	915,640.00
Loans provided	107,425,068.10

Significant nonrecurring events and transactions

The table below shows the impact on the balance sheet and income statement of the sale of the "Area Centro 28" real estate development in Grugliasco, which closed on June 29, 2006.

	Financial statements at 6/30/06	*Financial statements at 6/30/06 excluding the sale of the asset*
IMPACT ON BALANCE SHEET		
Land and buildings	64,310,924	67,238,484
Trade receivables	112,503,782	97,833,782
Bank deposits	41,050,035	39,420,035
TOTAL ASSETS	**975,722,152**	**962,349,713**
Shareholders' equity	**179,627,020**	**166,254,580**
Total liabilities	**796,095,132**	**796,095,132**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**975,722,152**	**962,349,712**
IMPACT ON INCOME STATEMENT		
Gain on the sale of non-current assets	13,388,049	92,240
Depreciation for the period	(9,298,651)	(9,375,282)
Operating loss	**(14,508,690)**	**(27,881,130)**
Profit (Loss) before taxes	**(10,836,932)**	**(24,209,372)**

Positions or entries generated by atypical and/or unusual transactions

The Pininfarina Group did not record any entries generated by atypical and/or unusual transactions.

PININFARINA S.p.A.

Financial Statements at June 30, 2006

International Accounting Principles

Financial Statements of Pininfarina S.p.A.

The financial statements at June 30, 2006 of Pininfarina S.p.A., the Group's Parent Company, that are shown on the following pages were prepared in accordance with the requirements of Consob Regulation No. 11971 of May 14, 1999, as amended.
Specifically, the accounting principles and criteria adopted to prepare the abovementioned statements are the same as those that will be used for the annual financial statements at December 31, 2006, insofar as compatible. With regard to this issue, following the enactment of European Regulation No. 1606 of July 19, 2002 and the Italian statutes that implement the abovementioned Regulation, as of January 1, 2006, Pininfarina S.p.A. has adopted the International Financial Reporting Standards (IFRSs) to prepare its annual financial statements. Consequently, the data for the first half of 2006 (and the previous year's data provided for comparison purposes) are presented in accordance with the IFRSs. Additional information about these accounting principles and their impact on the data for 2005 (originally published in accordance with Italian accounting principles) is provided in the Annex appended to this Report.

Balance Sheet – Assets

	6/30/06	12/31/05
Property, plant and equipment	200,586,741	161,550,742
Land and buildings	65,595,034	66,763,370
Land	13,212,308	13,212,308
Buildings	41,155,117	43,030,580
Leased property	11,227,609	10,520,482
Plant and machinery	123,625,274	86,898,376
Machinery	1,582,292	1,555,034
Plant	36,209,973	34,666,720
Leased machinery and equipment	85,833,009	50,676,622
Furniture, fixtures and other property, plant and equipment	3,158,182	3,166,283
Furniture and fixtures	880,243	982,512
Hardware & software	1,293,744	1,254,922
Other property, plant and equipment (including vehicles)	984,195	928,849
Other leased property, plant and equipment	0	0
Assets under construction	8,208,251	4,722,713
Intangible assets	2,234,269	2,347,068
Goodwill	0	0
Licenses and trademarks	2,234,269	2,347,068
Development costs	0	0
Other intangibles	0	0
Equity investments	78,762,360	75,584,760
Subsidiaries	40,295,366	37,117,766
Associated companies	744,800	744,800
Joint ventures	37,464,353	37,464,353
Other companies	257,841	257,841
Deferred-tax assets	25,803,965	15,262,450
Non-current financial assets	287,916,074	291,294,193
Held-to-maturity	0	0
Loans and other receivables from:	258,551,112	265,278,824
Outsiders	126,639,990	124,826,726
Related parties and joint ventures	131,911,122	140,452,098
Available-for-sale non-current financial assets	29,364,962	26,015,369
Held-for-sale other non-current assets	0	0
TOTAL NON-CURRENT ASSETS	**595,303,409**	**546,039,753**
Inventory	45,020,024	17,252,399
Raw materials	33,000,199	12,419,223
Work in process	5,135,131	2,454,472
Finished goods	6,884,694	2,378,704
Contract work in progress	32,917,041	17,411,173
Current financial assets	140,659,514	116,314,185
Current assets held for trading	57,620,450	56,966,787
Current loans receivables and other receivables from:	83,039,064	59,347,398
Outsiders	83,039,064	59,347,398
Related parties and joint ventures	0	0
Available-for-sale current financial assets	0	0
Held-to-maturity current investments	0	0
Derivatives	0	0
Trade receivables and other receivables	110,086,160	99,003,948
Trade receivables from:	98,698,214	86,887,701
Outsiders	88,630,707	76,156,095
Related parties and joint ventures	10,067,507	10,731,606
Other receivables	11,387,946	12,116,247
Cash and cash equivalents	40,308,086	11,834,620
Cash on hand	75,995	69,099
Short-term bank deposits	40,232,091	11,765,521
TOTAL CURRENT ASSETS	**368,990,825**	**261,816,325**
TOTAL ASSETS	**964,294,234**	**807,856,078**

Balance Sheet – Liabilities and Shareholders' Equity

	6/30/06	12/31/05
Common shares	9,218,981	9,312,155
Additional paid-in capital	33,225,441	36,215,861
Reserve for treasury stock	12,000,000	12,000,000
Statutory reserve	2,231,389	2,231,389
Revaluation reserve	0	0
Stock option reserve	1,820,733	1,320,733
Hedging derivatives reserve	0	0
Reserve for currency translations	0	0
Fair value reserve	14,609,383	12,507,513
Other reserves	117,725,209	131,195,833
Retained earnings	11,945,400	12,382,791
Profit (Loss) for the year	(5,849,383)	(13,908,024)
TOTAL SHAREHOLDERS' EQUITY	**196,927,153**	**203,258,251**
Long-term borrowings	364,110,718	361,693,563
Liabilities under finance leases	214,399,133	205,204,788
Other indebtedness owed to:	149,711,585	156,488,775
Outsiders	149,711,585	156,488,775
Related parties and joint ventures	0	0
Deferred-tax liabilities	32,178,994	24,432,708
Provision for termination indemnities	28,800,341	28,015,996
Provision for pensions and severance pay	0	0
Provision for termination indemnities	28,800,341	28,015,996
Provision for other liabilities and charges	0	0
Decommissioning costs	0	0
TOTAL NON-CURRENT LIABILITIES	**425,090,053**	**414,142,267**
Current borrowings	83,113,143	46,044,590
Due to banks	0	0
Liabilities under finance leases	83,113,143	46,044,590
Bonds outstanding and other borrowings owed to:	0	0
Outsiders	0	0
Related parties and joint ventures	0	0
Other payables	22,342,089	23,087,090
Wages and salaries	14,922,648	7,084,272
Due to social security institutions	2,155,577	2,830,509
Vacation days, sick days and personal days	0	0
Other liabilities	5,263,864	13,172,309
Trade accounts payable	233,524,052	119,311,010
Accounts payable to outsiders	228,740,894	117,193,908
Account payable to associated companies and joint ventures	4,783,158	2,109,887
Advances received for work in progress	0	7,215
Provision for current taxes	2,184,874	0
Direct taxes	133,017	0
Other taxes	2,051,857	0
Financial derivatives	0	0
Provision for other liabilities and charges	1,112,870	2,012,870
Provision for warranties	0	900,000
Provision for restructuring programs	0	0
Other provisions	1,112,870	1,112,870
Other liabilities	0	0
TOTAL CURRENT LIABILITIES	**342,277,028**	**190,455,560**
TOTAL LIABILITIES	**767,367,081**	**604,597,827**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**964,294,234**	**807,856,078**

Income Statement

	6/30/06	6/30/05
Sales and service revenues	234,563,195	125,709,623
Increase in Company-produced non-current assets	688,281	0
Change in inventories of finished goods and work in progress	38,080,572	45,833,167
Change in contract work in process	30,893,923	35,319,743
Change in inventories of work in progress, semifinished and finished goods	7,186,649	10,513,424
Other income and revenues	3,040,128	3,317,897
Total value of production	**276,372,176**	**174,860,687**
Gain on the sale of non-current assets	13,363,864	22,225,848
Amount earned on the sale of equity investments	*0*	*22,204,192*
Raw materials and consumables used	(198,452,470)	(87,496,374)
Raw materials and components	(218,918,558)	(77,671,499)
Change in inventories of raw materials, subsidiary materials and consumables	20,466,088	(9,824,875)
Other variable production costs	(4,583,279)	(3,596,476)
Consumables	(2,469,991)	(1,836,093)
Utilities	0	0
External maintenance costs	(2,113,288)	(1,760,383)
External variable engineering services	(26,569,998)	(38,996,014)
Wages, salaries and employee benefits	(47,682,599)	(37,021,556)
Production staff, office staff and managers	(42,705,192)	(34,479,819)
Independent contractors	(2,154,216)	(17,048)
Social security and other post-employment benefits	(2,823,191)	(2,524,689)
Depreciation, amortization and writedowns	(8,143,103)	(6,458,881)
Depreciation of property, plant and equipment	(7,587,749)	(5,888,764)
Loss on disposals of property, plant and equipment	0	0
Amortization of intangibles	(555,354)	(570,117)
Writedowns	0	0
Utilization of negative goodwill	0	0
Foreign exchange gains (losses)	33,377	129,738
Other expenses	(15,109,156)	(14,259,775)
Profit (Loss) from operations	**(10,771,188)**	**9,387,197**
Financial income (expense), net	1,718,076	1,608,282
Dividends	1,294,736	853,947
Value adjustments	0	0
Non-recurring income (expense)	0	0
Profit (Loss) before taxes	**(7,758,376)**	**11,849,426**
Income taxes for the period	1,908,993	2,268,720
Profit (Loss) for the period	**(5,849,383)**	**14,118,146**

Net Financial Position

	Data at			Data at
	6/30/06	**12/31/05**	**Change**	**6/30/05**
Cash and cash equivalents	40,308	11,835	28,473	8,029
Current assets held for trading	57,620	56,967	653	81,065
Current loans receivable and other receivables	83,039	59,347	23,692	20,999
Available-for-sale current assets	0	0	0	0
Loans receivable from associates and joint ventures	0	0	0	0
Due to banks	0	0	0	0
Current liabilities under finance leases	(83,113)	(46,045)	(37,068)	(35,781)
Loans payable to associates and joint ventures	0	0	0	0
Net liquid assets	**97,854**	**82,104**	**15,750**	**74,312**
Long-term loans and other receivables from outsiders	126,640	124,827	1,813	91,171
Long-term loans and other receivables from associates and joint ventures	131,911	140,452	(8,541)	123,643
Available-for-sale non current assets	29,365	26,015	3,350	23,299
Long-term liabilities under finance leases	(214,399)	(205,205)	(9,194)	(133,163)
Long-term bank debt	(149,712)	(156,489)	6,777	(118,826)
Net long-term debt	**(76,195)**	**(70,400)**	**(5,795)**	**(13,876)**
Net financial position	**21,659**	**11,704**	**9,955**	**60,436**

Cash Flow Statement

	Data at	
	6/30/06	6/30/05
Profit for the period	**(5,849,383)**	**14,118,146**
Restatements	*(9,581,197)*	*(17,789,865)*
- Income taxes	(1,908,993)	(2,268,720)
- Depreciation of property, plant and equipment	7,587,749	5,888,764
- Amortization of intangibles	555,354	570,117
- Writedowns	266,801	1,514,000
- Provision for pensions and seniority indemnities	784,345	1,249,363
- (Gains) Losses on sale of non-current assets	(13,363,864)	(22,225,848)
- (Financial income)	(10,472,654)	(5,715,567)
- Financial expense	8,235,880	4,078,234
- (Dividends)	(1,294,736)	(853,947)
- Value adjustment to shareholders' equity	0	0
- Unrealized (gains) losses on foreign exchange transactions	(130)	(55,312)
Changes in working capital	*57,335,310*	*(21,094,253)*
- Inventories	(27,767,625)	(688,549)
- Contract work in progress	(15,505,868)	(7,805,404)
- Trade accounts receivable	(11,082,212)	9,407,782
- Trade accounts payable	114,213,172	(21,415,521)
- Other changes	(2,522,157)	(592,561)
Cash flow from operating activities	**41,904,730**	**(24,765,972)**
(Financial expense)	(8,235,880)	(4,078,234)
(Income taxes)	1,908,993	2,268,720
Net cash from operating activities	**35,577,843**	**(26,575,486)**
- Purchases of non-current assets	(50,069,949)	(13,201,522)
- Proceeds from the sale of non-current assets	16,368,050	127,575
- Non-current financial assets	(18,865,340)	(40,351,626)
- Financial income	10,472,654	5,715,567
- Dividend received	1,294,736	853,947
- Other equity investments	(3,206,651)	9,472,005
Net cash used in investing activities	**(8,428,657)**	**(63,959,540)**
- Purchases of treasury shares	(3,083,594)	2,567,527
- Long-term borrowings from lenders outside the Group	39,485,708	53,131,080
Net cash used in financing activities	**27,973,457**	**(8,260,933)**
- Other non-cash items	500,009	(2,858,208)
Increase (Decrease) in cash and cash equivalents	**28,473,466**	**(11,119,141)**
- Cash and cash equivalents at beginning of the period	11,834,620	19,148,419
Cash and cash equivalents at the end of the period	**40,308,086**	**8,029,278**

Statement of Changes in Shareholders' Equity

	12/31/05	Fair value gains/losses	Cash flow Hedges	Cumulative translation adjustments	**Net income recognised directly in equity**	Profit for the period	**Total result for the period**	Employee stock option plan	Changes to reserves	Dividends	Issues of share capital	Purchases / Sales of treasury shares	**6/30/06**
Share capital	9,312,155												9,218,981
Ordinary shares	9,312,155											(93,174)	9,218,981
Other reserves	195,471,329												187,708,172
Additional paid in capital	36,215,861											(2,990,420)	33,225,441
Legal reserve	2,231,389												2,231,389
Evaluation reserve													
Stock option reseve	1,320,733							500,000					1,820,733
Fair value reserve	12,507,513	2,101,870			**2,101,870**		**2,101,870**						14,609,383
Other reserves	131,195,833								(13,470,624)				117,725,209
Treasury shares reserve	12,000,000												12,000,000
Retained earnings	12,382,791								(437,391)				11,945,400
Current earnings	(13,908,024)					(5,849,383)	**(5,849,383)**		13,908,024				(5,849,383)
TOTAL EQUITY	203,258,251	2,101,870	-	-	**2,101,870**	(5,849,383)	**(3,747,513)**	500,000	-	-	-	3,083,594	196,927,153

	01/01/05	Fair value gains/losses	Cash flow Hedges	Cumulative translation adjustments	**Net income recognised directly in equity**	Profit for the period	**Total result for the period**	Employee stock option plan	Changes to reserves	Dividends	Issues of share capital	Purchases / Sales of treasury shares	**6/30/05**
Share capital	9,182,502												9,313,311
Ordinary shares	9,182,502											130,809	9,313,311
Other reserves	177,421,606												193,368,846
Additional paid in capital	33,910,650											2,436,718	36,347,368
Legal reserve	2,231,389												2,231,389
Stock option reserve	527,691							263,846					791,537
Fair value reserve	8,265,701	2,537,018			**2,537,018**		**2,537,018**						10,802,719
Other reserves	105,051,663								26,271,354	(3,122,051)			128,200,966
Treasury shares reserve	27,434,512								(12,439,645)				14,994,867
Retained earnings	26,214,503					(13,831,712)	**(13,831,712)**						12,382,791
Current earnings	-					14,118,146	**14,118,146**						14,118,146
TOTAL EQUITY	212,818,611	2,537,018			**2,537,018**	286,434	**2,823,452**	263,846	23,149,303	-	-	(9,872,118)	229,183,094

Annex – Transition to the International Financial Reporting Standards (IFRSs) by Pininfarina S.p.A., the Group's Parent Company

Starting in 2005, as required by the provisions of European Regulation No. 1606 of July 19, 2002, the Pininfarina Group adopted the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board ("IASB").
As allowed under the Italian statutes enacted to implement the abovementioned Regulation, Pininfarina S.p.A., the Group's Parent Company, will prepare its annual financial statements in accordance with the abovementioned standards staring in 2006. As a result, Pininfarina S.p.A., the Group's Parent Company, is presenting its data for the first half of 2006 (and the previous year's data provided for comparison purposes) in accordance with the IFRSs.

As required by Consob Communication No. DEM/6064313 of July 28, 2006, this Annex provides the following information:

- A description of the accounting principles adopted by Pininfarina S.p.A., the Group's Parent Company, as of January 1, 2006;
- Reconciliations of the net profit or loss and shareholders' equity computed in accordance with the old accounting principles to the net profit or loss and shareholders' equity computed in accordance with the IFRSs for the previous periods, which are presented for comparison purposes, as required by IFRS 1 – First-Time Adoption of International Financial Reporting Standards.

1. Annual Financial Statements at December 31, 2006

The consolidated financial statements at December 31, 2006 will be the first annual financial statements prepared in accordance with the International Financial Reporting Standards, as approved by the European Commission (hereinafter referred to individually as IAS/IFRS, or collectively as IFRSs).

2. Application of IFRS 1, First-Time Adoption of International Financial Reporting Standards

The closing date of these interim financial statements is June 30, 2006. In the preparation of its interim financial statements, Pininfarina S.p.A. adopted all of the mandatory exceptions to the retrospective application of IFRSs provided in IFRS 1, Paragraphs 27 to 34A, and some of the optional exceptions.

Optional Exceptions to the Retrospective Application of IFRSs

The choices made by the Pininfarina Group with regard to the retrospective application of certain IFRSs provisions is described below. More detailed information is provided in the paragraphs that follow.

(a) IFRS 1, Paragraph 16 – Fair Value or Revaluation as Deemed Cost

For certain categories of land and buildings, Pininfarina S.p.A. adopted the option exception provided in IFRS 1, Paragraph 16, Fair Value or Revaluation as Deemed Cost. Detailed information about the impact of this allocation is available in the notes to the reconciliation schedules provided later in this Report.

(b) IFRS 1, Paragraph 20 – Employee Benefits

Pininfarina S.p.A. adopted the available optional exemption, choosing to postpone to after the transition date the recognition of actuarial gains and losses generated by valuing the Provision for termination indemnities in accordance with IAS 19, Paragraphs 48 to 62.

(c) IFRS 1, Paragraph 23 – Compound Financial Instruments

The Company has not issued compound financial instruments and the corresponding exemption does not apply.

(d) IFRS 1, Paragraph 25A – Designation of Previously Recognized Financial Instruments

Pininfarina S.p.A. opted for early adoption of IAS 32 (Financial Statements: Disclosure and Presentation) and IAS 39 (Financial Statements: Recognition and Measurement). Consequently, the available exemption does not apply.

(e) IFRS 1, Paragraph 25B – Share-based Payment Transactions

Pininfarina S.p.A. adopted the exemption provided by IFRS 2, Paragraphs 53 to 59 for the first and second tranche of the 2002/2010 stock option plan. This choice was made in part because these tranches were awarded after November 7, 2002 and the option rights matured at the farthest of the transition date (January 1, 2004) and January 1, 2005.

The third tranche of the plan was valued in accordance with IFRS 2, Share-based Payment.

(f) IFRS 1, Paragraph 25D – Insurance Contracts

Pininfarina S.p.A does not apply IFRS 1.

(g) IFRS 1, Paragraph 25E – Changes in Recognized Liabilities Due to Decommissioning, Reinstatements and Similar Liabilities Included in the Cost of Property, Plant and Equipment

The Company availed itself of this exemption and measured its liabilities on the transition date in accordance with the provisions of IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), discounting them to the date when they were incurred and recomputing amortization from that date.

Exceptions to the Retrospective Application of IFRSs

(a) IFRS 1, Paragraph 27 – Derecognition of Financial Assets and Financial Liabilities

Financial assets and financial liabilities that do not meet the requirements of IAS 39 (Financial Instruments: Recognition and Measurement) for inclusion in the financial statements cannot be re-recognized in the financial statements if they were derecognized before the transition date. No items of this kind existed in the financial statements of Pininfarina S.p.A. There is no impact on the financial statements of Pininfarina S.p.A. because the Company does not use factoring arrangements or other devices for the assignment of receivables.

(b) IFRS 1, Paragraphs 28 to 30 – Hedge Accounting

On the date of transition to the IFRSs, an entity shall: a) measure all derivatives at fair value; and b) eliminate all deferred losses and gains arising on derivatives that were reported under previous accounting principles as if they were assets or liabilities. Since Pininfarina S.p.A. has not executed derivative contracts, this exception had no impact on its IFRS financial statements.

(c) IFRS 1, Paragraphs 31 to 34 – Estimates

Estimates under IFRSs at the date of transition to IFRSs must be consistent with estimates made for the same date under previous accounting principles (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

(d) IFRS 1, Paragraph 34A – Non-current Assets Classified as Held for Sale and Discontinued Operations

Pininfarina S.p.A. adopted IFRS 5 prospectively, as of the transition date.

IFRIC Interpretations Used

Accounting for finance leases in accordance with the IFRSs instead of Italian accounting principles created significant differences for Pininfarina S.p.A.

In the financial statements prepared in accordance with Italian accounting principles, the Company accounted for leases in accordance with the allowed method whereby property, plant and equipment financed through leases is recognized in the consolidated financial statements only when the assets have been bought out, while lease payments are recognized as expenses in the income statement.

According to IAS 17, Paragraph 20 (Leases), lessees shall recognize finance leases as assets (property, plant and equipment) and liabilities (loans payable to leasing companies) in their balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The consequences of the adoption of IAS 17 are discussed in detail in the notes provided to explain the restatements.

Pininfarina S.p.A. applies IFRIC 4 – Determining Whether an Arrangement Contains a Lease. This interpretation applies to financial statements prepared after January 1, 2006, but early adoption is recommended.

Provided that the requirements listed below are met, IFRIC 4 can be used to identify and separate from an arrangement a lease, which should be valued in accordance with IAS 17 (Leases).

IFRIC 4 applies to arrangements that are not formally leases but convey to one of the parties the right to use certain assets in exchange for a series of payments.

According to IFRIC 4, the following requirements must be met to determine whether an arrangement contains a lease:

- Fulfillment of the arrangement is dependent on the use of a specific asset;
- The arrangement conveys to the buyer the right to use the underlying asset;
- The assessment of whether an arrangement contains a lease must be made at the inception of the arrangement;
- It must be possible to separate payments for the lease from other payments required under the arrangement.

Pininfarina S.p.A. applies IFRIC 4 to the following production contracts:

- Mitsubishi "Pajero Pinin";
- Ford "Street Ka";
- Alfa Romeo "Brera/Spider";
- Mitsubishi "Colt CZC";

The production contract signed with Ford for the development, engineering and production of the Ford Focus Coupè Cabriolet is accounted for in accordance with IAS 31, Paragraphs 13 to 17

Overall, the consequences of the adoption of IFRIC 4 on the balance sheet of Pininfarina S.p.A. consist of the recognition of loans to contract customers in accordance with IAS 17, Paragraph 36.

Overall, the consequences of the adoption of IFRIC 4 on the income statement of the Pininfarina Group consist of the following:

- Reversal of the pro rata share of revenues per car earmarked for recovery of capital investments and, when applicable, reversal of the revenues generated by the rebilling to contract customers of payments made under leases for capital assets;
- Recognition of financial income generated by leases in which the Group is the lessor in accordance with IAS 17, Paragraph 39 (Leases).

3. Reconciliation of IFRSs and Italian Accounting Principles

In accordance with IFRS 1, Paragraphs 39 and 45, the reconciliation provided below provides an explanation of the effects of the transition to the IFRSs.

The first reconciliation shows the impact on shareholders' equity at January 1, 2005, June 30, 2005 and December 31, 2005 (IFRS 1, Paragraph 45b).

The other six reconciliations (IFRS 1, Paragraph 39a(i)) show the effects of the transition on:

- Shareholders' equity at January 1, 2005;
- Shareholders' equity at June 30, 2005;
- Shareholders' equity at December 31, 2005;
- Reconciliation of IAS/IFRS financial statements to the statutory financial statements at January 1, 2005 (Annex A);
- Reconciliation of IAS/IFRS financial statements to the statutory financial statements at June 30, 2005 (Annex B);
- Reconciliation of IAS/IFRS financial statements to the statutory financial statements at December 31, 2005 (Annex C);

Changes in Shareholders' Equity to Reconcile IFRS Restatement Amounts

Description of IFRS restatements	**Notes**	**1/1/05**	**6/30/05**	**12/31/05**
Shareholders' equity in accordance with Italian principles		**194,751,628**	**205,808,267**	**178,158,941**
Valuation of shares at fair value	1	8,265,701	10,802,719	12,507,513
Valuation of managed assets at fair value	2	658,536	734,438	1,260,111
Derecognition of multi-year costs	3	(347,983)	(289,590)	(247,382)
Redefinition of useful life of equipment	4	(1,780,301)	(1,561,306)	(1,132,444)
Recomputation of the fair value of buildings	5	12,332,864	12,373,971	12,400,381
Leases received	6	(8,891,880)	(4,342,799)	1,223,098
Leases given	7	10,108,509	4,880,390	416,150
Actuarial computation of provision for termination indemnities	8	1,195,467	1,068,262	1,168,967
Valuation of inventory at FIFO	9	(348,487)	(314,607)	11,082
Derecognition of treasury share asset	10	(2,994,867)	(86,766)	(134,207)
Valuation of loans at amortized cost	11	181,389	380,090	151,711
Valuation of loans payable under new leases	12	(311,965)	(269,975)	(2,525,670)
Total IFRS restatements		**18,066,983**	**23,374,827**	**25,099,310**
Shareholders' equity in accordance with IAS/IFRS		**212,818,611**	**229,183,094**	**203,258,251**

Notes to the Restatements to Shareholders’ Equity

All restatements listed in the schedule of reconciliation of shareholders’ equity are shown net of the corresponding tax effect, when applicable.

(1) Valuation of Shares at Fair Value

This restatement has to do with the valuation at fair value of the following listed shares: Banca Intermobiliare S.p.A., Beni Stabili S.p.A. and San Paolo IMI S.p.A. In the process of transition to the IFRSs, they were classified as Available-for-sale financial assets. IAS 39, Paragraph 55b, requires that changes in the fair value of these assets be recognized in equity until the assets are sold, at which time the cumulative gain or loss previously recognized in equity is recognized in profit or loss.

(2) Valuation of Managed Assets at Fair Value

This restatement reflects the impact of valuing at fair value the investment portfolios managed by Azimut Fondi, Banca Intermobiliare S.G.R. S.p.A. and Ersel SIM. In accordance with IAS 39, Paragraph 9, these managed assets, which are deemed to be financial assets acquired primarily for the purpose of selling them or repurchasing them over the short term, constitute a subcategory of the class called Financial assets carried at fair value, with changes of value recognized in earnings. Consistent with IAS 39, Paragraph 55a, gains and losses that arise from the valuation at fair value are recognized in the income statement.

(3) Derecognition of Multi-year Costs

This restatement reflects the impact of the elimination of certain types of multi-year costs that do not meet the requirements of IAS 38, Paragraph 10, for inclusion among the intangible assets.

(4) Redefinition of the Useful Life of Equipment

This restatement was necessary to adjust the depreciation period of certain production equipment to match its useful life, which is the same as the production run of the respective automobiles.

(5) IFRS 1 - Fair Value or Revaluation as Deemed Cost

This restatement shows the impact of adopting the optional exemption to apply retroactively the IFRSs, as allowed under IFRS 1, Paragraphs 16 to 19 (“Fair Value or Revaluation as Deemed Cost). The adoption of the optional exemption was necessary to separate the value of land from the following properties:

- Grugliasco (TO);
- Cambiano (TO) – portion not covered by a finance lease;
- Bairo Canavese (TO);
- San Giorgio Canavese (TO);

In the financial statements prepared in accordance with the old principles, land that was appurtenant to a building was included in the Land and buildings category and depreciated.
The fair value of land and buildings on the transition date is the value assigned to these assets by an independent appraiser who was retained to provide an expert appraisal.

(6) Leases Received

In the financial statements prepared under Italian accounting principles, the Group recognized finance leases in accordance with accepted practice, i.e., in the consolidated financial statements, it recognized the assets financed by means of a lease only upon payment of the asset’s buyout amount. Lease payments were recognized as expenses in the income statement.

Under IAS 17, Paragraph 20 (Leases), lessees are required to recognize finance leases as assets (property, plant and equipment) and liabilities (loans payable to leasing companies) in their balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

This restatement resulted in the recognition of indebtedness toward leasing companies under leases executed in connection with the capital expenditures required for the Ford Street Ka, Mitsubishi Pajero Pinin, Colt CZC and Alfa Romeo Brera/Spider production orders and for a building in Cambiano, where the styling center is located.

(7) Leases Given

This restatement was required to recognize the Ford ("Street Ka"), Mitsubishi ("Pajero Pinin" and "Colt CZC") and Alfa Romeo ("Brera" and "Spider") production orders in accordance with IFRIC 4. The method of accounting used entails the recognition of a loan receivable from contract customers for the portion that will be recovered by Pininfarina S.p.A. by means of a surcharge on the price at which the cars are being sold.

(8) Actuarial Computations of Provision for Termination Indemnities

The Provision for termination indemnities, computed and recognized in the financial statements prepared under Italian accounting principles in accordance with Article 2120 of the Italian Civil Code, is deemed to be a defined-benefit pension plan, as defined by IAS 19, Paragraphs 48 to 62. It must then be valued as such by the Projected Unit Credit Method (IAS 19, Paragraph 68). This liability was determined by an independent actuary, who is a member of the relevant national board.

(9) Valuation of Inventory at FIFO

This restatement reflects the financial impact of switching from the LIFO method (not allowed under IAS 2 - Inventories) to the FIFO method to value inventories.

(10) Derecognition of Treasury Share Asset

Under Italian accounting principles, treasury shares were recognized as a current asset and valued at the lower of cost or market value. Pursuant to law, a corresponding reserve for purchases of treasury shares was included in shareholders' equity. The financial effects of transactions involving treasury shares were reflected in the income statement.

Under IAS 32, Paragraph 33, treasury shares and any trading gain or loss generated after the transition date must be recognized as a deduction from shareholders' equity.

(11) Valuation of Loans at Amortized Cost

This restatement reflects the valuation of a loan by the amortized cost method.

(12) Valuation of Loans Payable Under New Leases

This restatement reflects the valuation of loans payable in accordance with IAS 17, which provides different criteria than those used to prepare statutory financial statements in accordance with Italian accounting principles.
The method of accounting used entails the recognition of a loan receivable from contract customers for the portion that will be recovered by Pininfarina S.p.A. by means of a surcharge on the price at which the cars are being sold.

Changes in Net Profit (Loss) to Reconcile IFRS Restatement Amounts

Description of IFRS restatements	6/30/05	12/31/05
Net profit (loss) in accordance with Italian principles	**14,178,693**	**(13,470,633)**
Valuation of shares at fair value	0	0
Valuation of managed assets at fair value	75,902	601,575
Derecognition of multi-year costs	58,393	100,601
Redefinition of useful life of equipment	218,995	647,857
Recomputation of the fair value of buildings	41,107	67,517
Leases received	4,549,081	10,114,978
Leases given	(5,228,119)	(9,692,359)
Actuarial computation of provision for termination indemnities	(127,205)	(26,500)
Valuation of inventory at FIFO	33,880	359,569
Derecognition of treasury share asset	340,574	425,796
Valuation of loans at amortized cost	198,701	(29,678)
Valuation of loans payable under new leases	41,990	(2,213,705)
Stock options	(263,846)	(793,042)
Net profit (Loss) in accordance with IAS/IFRS	**14,118,146**	**(13,908,024)**

IAS/IFRS Financial Statements Reconciled to the Statutory Financial Statements of Pininfarina		Statutory financial statements	IFRS changes	IFRS financial statements
ANNEX A	Note reference	(a)	(b)	(a) + (b)
		01/01/05	01/01/05	01/01/05
Non-current assets		**256,879,898**	**126,027,120**	**382,907,018**
Property, plant and equipment	**1.1**	73,704,523	42,809,364	116,513,887
Intangible assets	**1.2**	3,230,719	(554,554)	2,676,165
Investments in associates		55,797,310	-	55,797,310
Deferred-tax assets	**1.3**	10,043,959	6,997,408	17,041,367
Non-current financial assets	**1.4**	114,103,387	76,774,902	190,878,289
Current assets		**375,205,156**	**(123,209,661)**	**251,995,495**
Inventory	**2.1**	22,035,867	(555,357)	21,480,510
Contract work in progress	**2.2**	164,427,881	(137,815,007)	26,612,874
Trade receivables and other receivables	**2.3**	77,347,477	996,933	78,344,410
Current financial assets	**2.4**	92,245,512	14,163,770	106,409,282
Derivatives		-		-
Cash and cash equivalents	**2.5**	19,148,419	-	19,148,419
TOTAL ASSETS		**632,085,054**	**2,817,459**	**634,902,513**
SHAREHOLDERS' EQUITY		**194,751,628**	**18,066,983**	**212,818,611**
Share capital		9,317,000	(134,498)	9,182,502
Other reserves		171,602,916	5,818,690	177,421,606
Profit (Loss) for the previous year		13,831,712	12,382,791	26,214,503
Profit (Loss) for the current year		-	-	-
Non-current liabilities		**154,403,744**	**91,795,068**	**246,198,812**
Long-term borrowings	**3.1**	118,234,624	74,127,286	192,361,910
Deferred-tax liabilities	**3.2**	8,764,712	19,425,453	28,190,165
Provision for termination indemnities	**3.3**	27,404,408	(1,757,671)	25,646,737
Provision for other liabilities and charges		-	-	-
Current liabilities		**282,929,682**	**(107,044,592)**	**175,885,090**
Current liabilities	**4.1**	-	42,277,164	42,277,164
Trade accounts payable and other payables	**4.2**	282,929,682	(149,321,756)	133,607,926
Provision for current taxes		-	-	-
Provision for other liabilities and charges		-	-	-
Derivatives		-		-
TOTAL LIABILITIES		**437,333,426**	**(15,249,524)**	**422,083,902**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**632,085,054**	**2,817,459**	**634,902,513**

IAS/IFRS Financial Statements Reconciled to the Statutory Financial Statements of Pininfarina

ANNEX B

	Note reference	Statutory financial statements (a) 6/30/05	IFRS changes (b) 6/30/05	IFRS financial statements (a) + (b) 6/30/05
Non-current assets		**262,442,413**	**181,262,080**	**443,704,493**
Property, plant and equipment	1.1	76,852,693	68,713,131	145,565,824
Intangible assets	1.2	2,926,639	(461,497)	2,465,142
Investments in associates		46,296,254	-	46,296,254
Deferred-tax assets	1.3	12,723,586	4,624,291	17,347,877
Non-current financial assets	1.4	123,643,241	108,386,155	232,029,396
Current assets		**385,910,271**	**(142,696,209)**	**243,214,062**
Inventory	2.1	22,670,424	(501,365)	22,169,059
Contract work in progress	2.2	199,747,624	(165,329,346)	34,418,278
Trade receivables and other receivables	2.3	67,885,353	1,051,275	68,936,628
Current financial assets	2.4	87,577,592	22,083,227	109,660,819
Derivatives		-		-
Cash and cash equivalents	2.5	8,029,278	-	8,029,278
TOTAL ASSETS		**648,352,684**	**38,565,871**	**686,918,555**
SHAREHOLDERS' EQUITY		**205,808,267**	**23,374,827**	**229,183,094**
Share capital		9,317,000	(3,689)	9,313,311
Other reserves		182,312,574	11,056,272	193,368,846
Profit (Loss) for the previous year		-	12,382,791	12,382,791
Profit (Loss) for the current year		14,178,693	(60,547)	14,118,146
Non-current liabilities		**155,438,042**	**150,190,721**	**305,628,763**
Long-term borrowings	3.1	118,826,230	133,162,621	251,988,851
Deferred-tax liabilities	3.2	8,147,899	18,595,913	26,743,812
Provision for termination indemnities	3.3	28,463,913	(1,567,813)	26,896,100
Provision for other liabilities and charges		-		-
Current liabilities		**287,106,375**	**(134,999,677)**	**152,106,698**
Current liabilities	4.1	-	35,781,303	35,781,303
Trade accounts payable and other payables	4.2	285,592,375	(170,780,980)	114,811,395
Provision for current taxes		-	-	-
Provision for other liabilities and charges		1,514,000	-	1,514,000
Derivatives		-		-
TOTAL LIABILITIES		**442,544,417**	**15,191,044**	**457,735,461**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**648,352,684**	**38,565,871**	**686,918,555**

IAS/IFRS Income Statements Reconciled to the Statutory Income Statements of Pininfarina

	Note reference	6/30/05	6/30/05	6/30/05
Net revenues	5.1	134,504,370	(8,794,747)	125,709,623
Revenues from multi-year contracts		-	-	-
Change in inventory of finished goods and work in progress	5.2	45,779,175	53,992	45,833,167
Work performed by the Company and capitalized		-	-	-
Other income and revenues		3,317,897	-	3,317,897
TOTAL VALUE OF PRODUCTION		**183,601,442**	**(8,740,755)**	**174,860,687**
Gain on the sale of non-current assets	6.1	22,225,848	-	22,225,848
Raw materials and consumables used		(87,496,374)	-	(87,496,374)
Other variable production costs		(3,596,476)	-	(3,596,476)
Variable external engineering services	6.2	(38,897,236)	(98,778)	(38,996,014)
Wages, salaries and employee benefits	6.3	(36,567,852)	(453,704)	(37,021,556)
Depreciation, amortization and writedowns	6.4	(7,050,367)	591,486	(6,458,881)
Utilization of negative goodwill		-	-	-
Foreign exchange gains (losses)		129,738	-	129,738
Other expenses	6.5	(22,185,408)	7,925,633	(14,259,775)
PROFIT (LOSS) FROM OPERATIONS		**10,163,315**	**(776,118)**	**9,387,197**
Finance costs, net	7.1	855,173	753,109	1,608,282
Dividends		853,947	-	853,947
Change in valuation of investments by the equity method		-	-	-
Extraordinary income (expenses)		-	-	-
PROFIT (LOSS) BEFORE TAXES		**11,872,435**	**(23,009)**	**11,849,426**
Income taxes for the year/period	8.1	2,306,258	(37,538)	2,268,720
PROFIT (LOSS) FOR THE YEAR/PERIOD		**14,178,693**	**(60,547)**	**14,118,146**

IAS/IFRS Financial Statements Reconciled to the Statutory Financial Statements of Pininfarina		Statutory financial statements	IFRS changes	IFRS financial statements
ANNEX C	Note reference	(a)	(b)	(a) + (b)
		12/31/05	12/31/05	12/31/05
Non-current assets		**321,830,380**	**224,209,373**	**546,039,753**
Property, plant and equipment	**1.1**	82,396,483	79,154,259	161,550,742
Intangible assets	**1.2**	2,741,842	(394,234)	2,347,608
Investments in associates		75,584,760	-	75,584,760
Deferred-tax assets	**1.3**	14,572,120	690,330	15,262,450
Non-current financial assets	**1.4**	146,535,175	144,759,018	291,294,193
Current assets		**259,100,877**	**2,715,448**	**261,816,325**
Inventory	**2.1**	17,234,738	17,661	17,252,399
Contract work in progress	**2.2**	77,286,466	(59,875,293)	17,411,173
Trade receivables and other receivables	**2.3**	97,663,992	1,339,956	99,003,948
Current financial assets	**2.4**	55,092,849	61,221,336	116,314,185
Derivatives		-		-
Cash and cash equivalents	**2.5**	11,822,832	11,788	11,834,620
TOTAL ASSETS		**580,931,257**	**226,924,821**	**807,856,078**
SHAREHOLDERS' EQUITY		**178,158,941**	**25,099,310**	**203,258,251**
Share capital		9,317,000	(4,845)	9,312,155
Other reserves		182,312,574	13,158,755	195,471,329
Profit (Loss) for the previous year		-	12,382,791	12,382,791
Profit (Loss) for the current year		(13,470,633)	(437,391)	(13,908,024)
Non-current liabilities		**194,098,926**	**220,043,341**	**414,142,267**
Long-term borrowings	**3.1**	156,488,775	205,204,788	361,693,563
Deferred-tax liabilities	**3.2**	7,876,037	16,556,671	24,432,708
Provision for termination indemnities	**3.3**	29,734,114	(1,718,118)	28,015,996
Provision for other liabilities and charges		-		-
Current liabilities		**208,673,390**	**(18,217,830)**	**190,455,560**
Current liabilities	**4.1**	-	46,044,590	46,044,590
Trade accounts payable and other payables	**4.2**	206,660,520	(64,262,420)	142,398,100
Provision for current taxes		-	-	-
Provision for other liabilities and charges		2,012,870	-	2,012,870
Derivatives		-		-
TOTAL LIABILITIES		**402,772,316**	**201,825,511**	**604,597,827**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**580,931,257**	**226,924,821**	**807,856,078**

IAS/IFRS Income Statements Reconciled to the Statutory Income Statements of Pininfarina		12/31/05	12/31/05	12/31/05
Net revenues	**5.1**	420,561,181	(20,098,078)	400,463,103
Revenues from multi-year contracts		-	-	-
Change in inventory of finished goods and work in progress	**5.2**	(86,129,705)	573,018	(85,556,687)
Work performed by the Company and capitalized		1,418,990	-	1,418,990
Other income and revenues		4,372,944	-	4,372,944
TOTAL VALUE OF PRODUCTION		**340,223,410**	**(19,525,060)**	**320,698,350**
Gain on the sale of non-current assets	**6.1**	24,426,312	(26,700)	24,399,612
Raw materials and consumables used		(162,613,399)	-	(162,613,399)
Other variable production costs		(6,668,969)	-	(6,668,969)
Variable external engineering services	**6.2**	(75,059,802)	(1,670,779)	(76,730,581)
Wages, salaries and employee benefits	**6.3**	(69,384,526)	(832,595)	(70,217,121)
Depreciation, amortization and writedowns	**6.4**	(14,446,491)	1,480,944	(12,965,547)
Utilization of negative goodwill		-	-	-
Foreign exchange gains (losses)		182,291	-	182,201
Other expenses	**6.5**	(50,073,776)	21,107,166	(28,966,610)
PROFIT (LOSS) FROM OPERATIONS		**(13,415,040)**	**532,976**	**(12,882,064)**
Finance costs, net	**7.1**	1,126,750	(50,119)	1,076,631
Dividends		1,168,742	-	1,168,742
Change in valuation of investments by the equity method		(6,333,045)	-	(6,333,045)
Extraordinary income (expenses)		-	-	-
PROFIT (LOSS) BEFORE TAXES		**(17,452,593)**	**482,857**	**(16,969,736)**
Income taxes for the year/period	**8.1**	3,981,960	(920,248)	3,061,712
PROFIT (LOSS) FOR THE YEAR/PERIOD		**(13,470,633)**	**(437,391)**	**(13,908,024)**

1.1 PROPERTY, PLANT AND EQUIPMENT

	Description	1/1/05	6/30/05	12/31/05
a	Restatement of value of buildings	19,653,967	19,719,477	19,761,847
b	Recognition of assets acquired under finance leases	25,992,530	51,481,791	61,197,104
c	Redefinition of the useful life of equipment	(2,837,133)	(2,488,137)	(1,804,692)
	Total	**42,809,364**	**68,713,131**	**79,154,259**

a. IFRS 1 – Fair Value or Revaluation as Deemed Cost

The Company applied the optional exemption provided under IFRS 1, Paragraphs 16 to 19 ("Fair Value or Revaluation as Deemed Cost") in order to separate the value of land from the following properties:

- Grugliasco – via Pininfarina (TO);
- Cambiano (TO) – portion not covered by a finance lease;
- Bairo Canavese (TO);
- San Giorgio Canavese (TO);

In the financial statements prepared in accordance with the old principles, land that was appurtenant to a building was included in the Land and buildings category and depreciated.
The redetermined fair value of land and buildings on the transition date is the value assigned to these assets by an independent appraiser who was retained to provide an expert appraisal.

The revaluation of buildings required the recognition of the resulting tax effect (deferred-tax liability), which was computed on the difference between the carrying amount of the assets and their tax base, in accordance with IAS 12 (see also Paragraph 4.2.a Deferred-tax Liabilities).

The revaluation of land also required the recognition of the resulting tax effect (deferred-tax liability) in accordance with SIC 21 (Income Taxes – Recovery of Revalued Non-depreciable Assets).

The new carrying value attributed to the property located on via Di Vittorio, in Grugliasco, is the same as its carrying amount under Italian accounting principles, due to the fact that this property was appraised and revalued in 1991.

b. IAS 17 – Recognition of Assets Acquired Under Finance Leases

In accordance with IAS 17 Paragraph 20, Pininfarina S.p.A. recognizes the fair value of the building as property, plant and equipment and the indebtedness toward the leasing company as a financial liability.

The Group also computed and recognized the resulting tax impact, as required under IAS 12.

c. IAS 16 – Redefinition of the Useful Life of Equipment

This restatement was necessary to adjust the depreciation period of certain production equipment owned by Pininfarina S.p.A. to match its useful life, which is the same as the production run of the respective automobiles.
This restatement required the computation and recognition of the resulting tax effect (deferred-tax asset), which was computed on the difference between the carrying amount of the assets and their tax base, in accordance with IAS 12.

1.2 INTANGIBLE ASSETS

	Description	1/1/05	6/30/05	12/31/05
a	Derecognition of multi-year costs	(554,554)	(461,497)	(394,234)
	Total	**(554,554)**	**(461,497)**	**(394,234)**

a. IAS 38 – Derecognition of Multi-year Costs

This adjustment reflects the derecognition of multi-year costs that do not meet the requirements of IAS 38, Paragraph 10, for recognition as intangibles.

This restatement required the computation and recognition of the resulting tax effect (deferred-tax asset), which was computed on the difference between the carrying amount of the assets and their tax base, in accordance with IAS 12.

1.3 DEFERRED-TAX ASSETS

	Description	1/1/05	6/30/05	12/31/05
	Recognition of credits for taxes on reversal of intangibles	206,571	171,907	146,852
a	Recognition of credits for taxes on reversal of equipment depreciation	1,056,832	926,831	672,248
b	Recognition of credits for taxes on finance leases	5,527,135	3,338,795	(122,191)
	Recognition of credits for taxes on changes in inventory	206,870	186,758	(6,579)
	Total	**6,997,408**	**4,624,291**	**690,330**

a. IAS 12 – Redefinition of the Useful Life of Equipment (Tax Effect)

This item represents the deferred-tax asset generated as a result of the adjustment explained in Paragraph 1.1c.

b. IAS 12 – Leases in Which the Group Is the Lessee (Tax Effect)

This item reflects the tax impact of the recognition of indebtedness toward leasing companies.

1.4 NON-CURRENT FINANCIAL ASSETS

	Description	1/1/05	6/30/05	12/31/05
a	Loans receivable from contract customers	63,602,470	91,170,666	124,826,726
b	Valuation of available-for-sale securities	13,172,432	17,215,489	19,932,292
	Total	**76,774,902**	**108,386,155**	**144,759,018**

a. IFRIC 4 – Recognition of Loans Receivable from Contract Customers

This restatement stems from the recognition of Ford (“Street Ka”), Mitsubishi (Pajero Pinin and Colt CZC) and Alfa Romeo (Brera and Spider) production contracts in accordance with IFRIC 4. This approach calls for the recognition of loans receivable from contract customers equal to the portion of capital expenditures that will be recovered by Pininfarina S.p.A. through a surcharge on the price of cars.

b. IAS 39 – Available-for-sale Financial Assets

This restatement has to do with the valuation at fair value of listed shares of Banca Intermobiliare S.p.A., Beni Stabili S.p.A. and San Paolo IMI S.p.A., which are classified as Available-for-sale financial assets. IAS 39, Paragraph 55b, requires that changes in the fair value of these assets be recognized in equity until the assets are sold, at which time the cumulative gain or loss previously recognized in equity is recognized in profit or loss.

This restatement required the computation of the applicable deferred taxes, in accordance with IAS 12, Paragraph 61 (for additional information, see Paragraph 3.2a, Deferred-tax liabilities).

2.1 INVENTORY

	Description	1/1/05	6/30/05	12/31/05
a	Adjustment for restatement of inventory by the FIFO method	(555,357)	(501,365)	17,661
	Total	**(555,357)**	**(501,365)**	**17,661**

a. IAS 2 – Valuation of Inventory by the FIFO Method

In the financial statements prepared in accordance with Italian accounting principles, inventory was valued by the LIFO method, which is not allowed under the IFRSs. Consequently, consistent with the requirements of IAS 2, Paragraph 25, inventory was valued by the FIFO method.

2.2 CONSTRUCTION CONTRACTS

	Description	1/1/05	6/30/05	12/31/05
a	Reclassification of advances on contract orders	(137,815,007)	(165,329,346)	(59,875,293)
	Total	**(137,815,007)**	**(165,329,346)**	**(59,875,293)**

a. IAS 11 – Reclassification of Advances on Contract Orders

In accordance with IAS 11, which deals with accounting for contract work in progress, the underlying orders should be recognized in the financial statements net of advances received.

2.3 TRADE RECEIVABLES AND OTHER RECEIVABLES

	Description	1/1/05	6/30/05	12/31/05
a	Restatement of accrued income	996,933	1,051,275	1,339,956
	Total	**996,933**	**1,051,275**	**1,339,956**

a. IAS 17– Reversal of Accrued Income

This adjustment reflects the recognition of prepaid expenses corresponding to the portion payable in subsequent years of interest expense generated by the use of the finance method to account for leases (IAS 17, Paragraph 20).

2.4 CURRENT FINANCIAL ASSETS

	Description	1/1/05	6/30/05	12/31/05
a	Valuation of securities at fair value	1,049,459	1,171,478	2,008,145
b	Derecognition of treasury shares	(2,994,867)	(86,766)	(134,207)
c	Loans receivable from contract customers	16,109,178	20,998,515	59,347,398
	Total	**14,163,770**	**22,083,227**	**61,221,336**

a. IAS 39 – Financial assets carried at fair value, with changes of value recognized in earnings

This restatement reflects the impact of valuing at fair value the investment portfolios managed by Azimut Fondi, Banca Intermobiliare S.G.R. S.p.A. and Ersel SIM. In accordance with IAS 39, Paragraph 9, these managed assets, which are deemed to be financial assets acquired primarily for the purpose of selling them or repurchasing them over the short term, constitute a subcategory of the class called Financial assets carried at fair value, with changes of value recognized in earnings. Consistent with IAS 39, Paragraph 55a, gains and losses that arise from the valuation at fair value are recognized in the income statement.

This restatement required the computation of the applicable deferred taxes, in accordance with IAS 12 (for additional information, see Paragraph 3.2a, Deferred-tax liabilities).

b. IAS 32 – Treasury Shares

Under Italian accounting principles, treasury shares were recognized as a current asset and valued at the lower of cost or market value. Pursuant to law, a corresponding reserve for purchases of treasury shares was included in shareholders' equity. The financial effects of transactions involving treasury shares were reflected in the income statement.

Under IAS 32, Paragraph 33, treasury shares and any trading gain or loss generated after the transition date must be recognized as a deduction from shareholders' equity.

c. Loans Receivable from Contract Customers

This item is the current portion of the loans discussed in Paragraph 1.4.a.

2.5 CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS

Description	1/1/05	6/30/05	12/31/05
Reclassification of a loan at amortized cost	0	0	11,788
Total	**0**	**0**	**11,788**

3.1 NON-CURRENT LIABILITIES

Description	1/1/05	6/30/05	12/31/05
Liabilities under finance leases received	74,127,286	133,162,621	205,204,788
Total	**74,127,286**	**133,162,621**	**205,204,788**

The current portion of liabilities under finance leases received is discussed in 5.1.a below.

3.2 DEFERRED-TAX LIABILITIES

	Description	1/1/05	6/30/05	12/31/05
a	Deferred-tax liabilities on valuation of available-for-sale securities	4,906,731	6,412,770	7,424,779
a	Deferred-tax liabilities on valuation of securities at fair value	390,923	437,040	748,034
b	Deferred-tax liabilities on revaluations of buildings	7,321,103	7,345,506	7,361,466
c	Deferred-tax liabilities on adjustments to the provision for termination indem.	588,812	526,159	575,759
d	Deferred-tax liabilities on adjustment made to account for leases	6,217,884	3,874,438	446,633
	Total	**19,425,453**	**18,595,913**	**16,556,671**

a. IAS 12 – Deferred-tax Liabilities on the Valuation of Securities at Fair Value

This entry reflects the tax consequences of the restatements discussed in Paragraphs 2.4.a and 1.4.b.

b. IAS 12 – Deferred-tax Liabilities on the Revaluation of Buildings

This entry reflects the tax consequences of the restatements discussed in Paragraph 1.1 a "Fair Value or Revaluation as Deemed Cost."

c. IAS 12 – Deferred-tax Liabilities on Adjustments to the Provision for Termination Indemnities

This entry represents the tax consequences of the adjustments explained in Paragraph 3.3.a.

d. IAS 12 – Deferred-tax Liabilities on Leases

This entry reflects the net tax consequences of accounting for leases received in accordance with IAS 17, Paragraph 20 (see Paragraph 4.1 – Derecognition of Accrued Expenses for Lease Payments) and of leases given in accordance with IFRIC 4 (see Paragraph 1.4 IFRIC 4 – Recognition of Loans Receivable from Contract Customers).

3.3 POST-EMPLOYMENT BENEFITS

	Description	1/1/05	6/30/05	12/31/05
a	Restatement for transition to IFRS treatment of provision	(1,757,671)	(1,567,813)	(1,718,118)
	Total	**(1,757,671)**	**(1,567,813)**	**(1,718,118)**

a. IAS 19 – Provision for Termination Indemnities

The Provision for termination indemnities, computed and recognized in the financial statements prepared under Italian accounting principles in accordance with Article 2120 of the Italian Civil Code, is deemed to be a defined-benefit pension plan, as defined by IAS 19, Paragraphs 48 to 62. It must then be valued as such by the Projected Unit Credit Method (IAS 19, Paragraph 68). This liability was determined by an independent actuary, who is a member of the relevant national board.

The tax impact of this restatement was computed in accordance with IAS 12.

4.1 CURRENT BORROWINGS

	Description	1/1/05	6/30/05	12/31/05
a	Current portion of loans payable under leases	41,946,020	35,641,994	45,713,446
	Application of amortized cost method to loans	331,144	139,309	331,144
	Total	**42,277,164**	**35,781,303**	**46,044,590**

a. IAS 17 – Accounting for Leases Received

This restatement reflects the liability toward leasing companies under a long-term lease executed to finance the capital expenditures needed for the Ford Street Ka, Mitsubishi Pajero Pinin, Mitsubishi Colt CZC and Alfa Romeo Brera/Spider orders and to erect a building in Cambiano that houses the Style Center.

4.2 TRADE ACCOUNTS PAYABLE AND OTHER PAYABLES

	Description	1/1/05	6/30/05	12/31/05
a	Derecognition of accrued expenses due to accounting for leases under IAS 17	(25,662,899)	(21,153,372)	(18,015,313)
b	Reclassification of advances for derecognition of contract work in progress	(122,612,537)	(148,510,808)	(45,314,213)
	Other entries	(1,046,320)	(1,116,800)	(932,894)
	Total	**(149,321,756)**	**(170,780,980)**	**(64,262,420)**

a. IAS 17 – Derecognition of Accrued Expenses for Lease Payments

In the financial statements prepared in accordance with Italian accounting principles, in order to match the revenues from the sale of automobiles with the payments made under leases received to finance the corresponding capital expenditures, the Company recognized as accrued expenses the portion of lease payments that had not yet been invoiced to Pininfarina S.p.A.

In the IFRS financial statements, these accrued expenses have to be eliminated because the financial statements include the loans payable to the leasing companies (IAS 17, Paragraph 20) and the loans receivable from contract customers (IFRIC 4).

b. Reclassification of Advances for Derecognition of Contract Work in Progress

With regard to this item, see the comments in Paragraph 2.2.

5.1 SALES AND SERVICE REVENUES

	Description	6/30/05	12/31/05
a	Reversal of recovery of lease payments	(8,794,747)	(20,098,078)
	Total	**(8,794,747)**	**(20,098,078)**

a. IFRIC 4 – Sales and Service Revenues

This restatement reflects the derecognition of the portion of revenues that represents the recovery of the capital expenditures incurred for the Ford Street Ka and Alfa Romeo Brera/Spider orders and the rebilling to Mitsubishi of payments under leases in which the Group is the lessee.

5.2 CHANGE IN INVENTORY

	Description	6/30/05	12/31/05
a	Change in inventory of finished goods and contract work in progress	53,992	573,018
	Total	**53,992**	**573,018**

a. IAS 2 – Valuation of Inventory by the FIFO Method

This restatement reflects the impact on the income statement of the switch from LIFO (not allowed under IAS 2) to FIFO to value inventory.

6.1 GAIN ON THE SALE OF NON-CURRENT ASSETS

Description	6/30/05	12/31/05
Derecognition of gains on the sale of non-current assets recorded in the statutory financial statements	0	(26,700)
Total	**0**	**(26,700)**

6.2 VARIABLE EXTERNAL ENGINEERING SERVICES

Description	6/30/05	12/31/05
Reversal of multi-year costs that cannot be capitalized	(98,778)	(1,670,779)
Total	**(98,778)**	**(1,670,779)**

6.3 LABOR COSTS

	Description	6/30/05	12/31/05
a	Increase in labor costs for recognition of stock options	(263,846)	(793,042)
b	Difference in amount shown as addition to provision for termination indemnities in statutory and IAS financial statements	(189,858)	(39,553)
	Total	**(453,704)**	**(832,595)**

a. IFRS 2 – Stock Option Plans

This restatement reflects the determination of the fair value of the benefits provided by the Group to the beneficiaries of the last tranche of the stock option plan.

b. IAS 19 – Provision for Termination Indemnities

This restatement reflects the net impact of accounting for the Provision for termination indemnities in accordance with IAS 19, Paragraphs 48 to 62.

6.4 DEPRECIATION, AMORTIZATION AND WRITEDOWNS

	Description	6/30/05	12/31/05
a	Amortization of derecognized intangibles	191,835	413,800
	Difference in depreciation of assets revalued in accordance with IFRS 1	65,510	109,121
b	Redefinition of depreciation of equipment	374,455	1,057,900
	Net depreciation of leased assets	(40,314)	(99,877)
	Total	**591,486**	**1,480,944**

a. IAS 38 – Elimination of Multi-year Costs

This entry reflects the impact of the reversal of the amortization of the multi-year costs discussed in Paragraph 1.2.a.

b. IAS 16 – Redefinition of the Useful Life of Equipment – Reversal of Depreciation for the Period

This restatement was necessary to adjust the depreciation period of certain production equipment owned by Pininfarina S.p.A. to match its useful life, which is the same as the production run of the automobiles referred to in Paragraph 1.1 c.

6.5 OTHER EXPENSES

	Description	6/30/05	12/31/05
a	Reversal of lease payments made	7,947,966	21,101,436
b	Reversal of taxes on financing facilities valued at amortized cost	(25,459)	0
	Other adjustments	3,126	5,730
	Total	**7,925,633**	**21,107,166**

a. IAS 17 – Reversal of Lease Payments Made

This entry removes from the income statement the lease payments made under leases executed for a building in Cambiano and to finance the capital expenditures needed to finance production of the Ford Street Ka and Mitsubishi lines.

b. IAS 38 – Reversal of Substitute Tax on Financing Facilities

This entry reverses the substitute tax on the financing received during the period, which was capitalized as an intangible in the financial statements in accordance with Italian accounting principles but did not meet the capitalization requirements of IAS 38.

7.1 FINANCIAL INCOME AND EXPENSE

	Description	6/30/05	12/31/05
a	Change in fair value of securities	118,893	952,956
b	Interest paid on finance leases received	(2,346,826)	(6,154,131)
c	Interest earned on finance leases given	2,323,812	4,772,557
d	Use of amortized cost for existing financing facilities	316,656	(47,297)
e	Stock options	340,574	425,796
	Total	**753,109**	**(50,119)**

a. **IAS 39 – Financial Assets Carried at Fair Value, with Changes of Value Recognized in Earnings**

This restatement reflects the impact of valuing at fair value the investment portfolios managed by Azimut Fondi, Banca Intermobiliare S.G.R. S.p.A. and Ersel SIM. In accordance with IAS 39, Paragraph 9, these managed assets are classified as financial assets carried at fair value, with changes of value recognized in earnings. Consistent with IAS 39, Paragraph 55a, the resulting gains and losses are recognized in the income statement.

b. **IAS 17 – Interest Paid on Leases**

This item represents the interest payable accrued during the period on liabilities recognized in the financial statements in accordance with IAS 17, Paragraph 20.

c. **IAS 17– Interest Earned on Leases**

This item represents the interest receivable accrued during the period in accordance with IAS 17, Paragraph 39, on liabilities recognized in the financial statements in accordance with IFRIC 4.

d. **Use of Amortized Cost for Financing Facilities**

Consistent with IAS 39, the impact of loans payable on the income statement was recomputed by the amortized cost method.

e. **Stock Option Plans**

This adjustment reflects the recognition of the fair value of the services provided to the Company by the beneficiaries of the last tranche of the stock option plan.

8.1 DEFERRED TAXES

	Description	6/30/05	12/31/05
a	Tax impact of derecognition of intangibles	(34,664)	(59,719)
b	Deferred taxes on entries to inventories	(20,112)	(213,449)
c	Reversal of deferred-tax asset on leases received	(3,342,594)	(5,649,326)
d	Reversal of deferred-tax liability on leases given	3,615,655	5,753,632
e	Reversal of taxes on the fair value of securities	(46,117)	(357,111)
	Tax effect of the provision for equipment	(130,001)	(384,584)
	Impact of borrowings valued at amortized cost	(117,955)	17,619
	Other entries	38,250	(27,310)
	Total	**(37,538)**	**(920,248)**

a. **IAS 38 – Elimination of Multi-year Costs**

This entry reflects the tax impact of eliminating multi-year costs recognized by Pininfarina S.p.A. that do not meet the requirements of IAS 38, Paragraph 10, for inclusion among intangible assets. See also Paragraph 1.2.a.

b. **IAS 2 – Valuation of Inventory by the FIFO Method**

This restatement reflects the tax impact of the switch from the LIFO method (not allowed under IAS 2) to the FIFO method to value inventory.

c. IAS 17 – Tax Impact of Restatements Made in Connection with Leases Received

This restatement reflects the reversal of the deferred-tax asset on leases received recognized as a result of the liability incurred toward the leasing company.

d. IAS 17– Tax Impact of Restatements Made in Connection with Leases Given

This restatement reflects the reversal of the deferred-tax liability on leases received recognized as a result of the liability incurred toward the leasing company identified in accordance with IFRIC 4.

Other Information

Disclosure required by CONSOB Communication No. DEM/6064293 of July 28, 2006

Transactions with related parties

The table below shows the transactions that Pininfarina S.p.A. executed with Group companies during the first half of 2006:

REVENUES FROM:	*Amounts in euros*	*Description*
Pininfarina Extra S.r.l.	7,900	Design
	133,954	Miscellaneous services
Matra Group	56,330	Miscellaneous services
	394,525	Interest income
Pininfarina Deutschland	2,596	Miscellaneous services
	3,597	Interest income
RHTU Sverige	74,636	Miscellaneous services
	8,089	Interest income
Pininfarina Sverige	10,494,505	Miscellaneous services
	2,223,456	Interest income

EXPENSES PAID TO:	*Amounts in euros*	*Description*
Pininfarina Extra S.r.l.	0	
Matra Group	2,863,156	Design
	102,672	Verified design
Pininfarina Deutschland	755,795	Miscellaneous services
	32,500	Miscellaneous expenses
RHTU Sverige	63,695	Miscellaneous services
Pininfarina Sverige	915,640	Miscellaneous services

Loans provided to:	***Balance at 6/30/06***
Matra Automobile Engineering SAS	23,125,401
Pininfarina Deutschland GmbH	503,597
RHTU Sverige AB	857,056
Pininfarina Sverige AB	107,425,068

In the first half of 2006, Pininfarina S.p.A. converted a loan it was owed by Pininfarina Deutschland GmbH into additional equity. The resulting capital increase amounted to 3,177,600 euros.

Significant nonrecurring events and transactions

The table below shows the impact on the balance sheet and income statement of the sale of the "Area Centro 28" real estate development in Grugliasco, which closed on June 29, 2006.

	Financial statements at 6/30/06	*Financial statements at 6/30/06 excluding the sale of the asset*
IMPACT ON BALANCE SHEET		
Land and buildings	41,155,117	44,082,677
Trade receivables	88,630,707	73,960,707
Bank deposits	40,308,086	38,678,086
TOTAL ASSETS	**964,294,234**	**950,921,794**
Shareholders' equity	**196,927,153**	**183,554,713**
Total liabilities	**767,367,081**	**767,367,081**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**964,294,234**	**950,921,794**
IMPACT ON INCOME STATEMENT		
Gain on the sale of non-current assets	13,363,864	68,055
Depreciation and amortization for the year	(7,587,749)	(7,664,380)
Operating loss	**(10,771,188)**	**(24,143,628)**
Profit (Loss) before taxes	**(7,758,376)**	**(21,130,816)**

Positions or entries generated by atypical and/or unusual transactions

Pininfarina S.p.A. did not record any entries generated by atypical and/or unusual transactions.

Reconciliation of the Net Loss and Shareholders' Equity of the Group's Parent Company to the Corresponding Consolidated Data

	PININFARINA S.P.A	Net profit (loss) of consolidated companies	Difference between the carrying values of equity investments included in the scope of consolidation and corresponding interests in the underlying shareholders' equity	Elimination of intra-Group dividends	Writedown of investment in Pininfarina Sverige AB	Consolidation adjustments for Pininfarina Deutschland GmbH	Other consolidation adjustments	PININFARINA GROUP
Common Shares	**9,218,981**	**0**	**0**	**0**	**0**	**0**	**0**	**9,218,981**
Common shares	9,218,981							9,218,981
Other reserves	**181,612,155**	**0**	**(3,228,215)**	**291,000**	**(3,479,639)**	**(6,749,053)**	**(1,117,922)**	**167,328,326**
Additional paid-in capital	33,225,441							33,225,441
Reserve for treasury stock	12,000,000							12,000,000
Statutory reserve	2,231,389							2,231,389
Stock option reserve	1,820,733							1,820,733
Currency translation reserve	0				358,149			358,149
Fair value reserve	14,609,383							14,609,383
Other reserves	117,725,209		(3,228,215)	291,000	(3,837,788)	(6,749,053)	(1,117,922)	103,083,231
Retained earnings (loss) carryforward	**11,945,400**							**11,945,400**
Net prodit (loss) for the period	**(5,849,383)**	**(4,253,610)**		**(291,000)**	**376,300**		**1,152,006**	**(8,865,687)**
Total shareholders' equity	**196,927,153**	**(4,253,610)**	**(3,228,215)**	**0**	**(2,112,750)**	**(6,749,053)**	**(956,505)**	**179,627,020**

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AUDITORS' REPORT ON THE LIMITED REVIEW OF INTERIM FINANCIAL REPORTING FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2006 PREPARED IN ACCORDANCE WITH ARTICLE 81 OF CONSOB REGULATION APPROVED BY RESOLUTION No. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND INTEGRATIONS

To the Shareholders of
Pininfarina SpA

1. We have performed a limited review of the consolidated financial statements consisting of balance sheet, income statement, changes in shareholders' equity and cash flows (hereinafter "Accounting Statements") and related illustrative notes included in the interim financial reporting of Pininfarina SpA for the six-month period ended 30 June 2006. The interim financial reporting is the responsibility of Pininfarina SpA's Directors. Our responsibility is to issue this report based on our limited review. We have also checked the part of the notes related to the information on operations for the sole purpose of verifying the consistency with the remaining part of the interim financial reporting.

2. Our work was conducted in accordance with the criteria for a limited review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with resolution no. 10867 of 31 July 1997. The limited review consisted principally of inquiries of company personnel about the information reported in the interim financial statements and about the consistency of the accounting principles utilised therein as well as the application of analytical review procedures on the data contained in the interim financial statements. The limited review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike the audit on the annual consolidated financial statements, we do not express a professional audit opinion on the interim financial reporting.

3. Regarding the comparative data of the prior year consolidated financial statements and of the prior year interim financial reporting presented in the Accounting Statements, reference should be made to our reports dated 26 April 2006 and 28 September 2005.

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P. IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob – Altri Uffici: **Bari** 70125 Viale della Repubblica 110 Tel. 0805429863 – **Bologna** 40122 Via delle Lame 111 Tel. 051526611 – **Brescia** 25124 Via Cefalonia 70 Tel. 0302219811 – **Firenze** 50129 Viale Milton 65 Tel. 0554627100 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 30 Tel. 0817644441 – **Padova** 35137 Largo Europa 16 Tel. 0498762677 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38100 Via Grazioli 73 Tel. 0461237004 – **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 – **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel. 0458002561

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4. Based on our review, no significant changes or adjustments came to our attention that should be made to the consolidated Accounting Statements and related illustrative notes, identified in paragraph 1 of this report, in order to make them consistent with the criteria for the preparation of interim financial reporting established by Article 81 of the CONSOB Regulation approved by Resolution no. 11971 of 14 May 1999 and subsequent amendments and integrations.

Turin, 12 September 2006

PricewaterhouseCoopers SpA

Signed by

Massimo Aruga
(Partner)

This report has been translated into the English language solely for the convenience of international readers.

AUDITOR'S REPORT ON THE STATEMENTS OF RECONCILIATION TO IFRS (SEPARATE ACCOUNTS "NOT CONSOLIDATED") INCLUDING THE EXPLANATORY NOTES OF THE EFFECT OF THE TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

To the Board of Directors
of Pininfarina SpA

1. We have audited the accompanying statements of reconciliation to International Financial Reporting Standards ("IFRS") of Pininfarina SpA, consisting of the balance sheet as of 1 January 2005 and 31 December 2005, the income statement for the year ended 31 December 2005 and the related explanatory notes prepared in accordance with the CONSOB resolution n. 6064313 of 28 July 2006, included in the Appendix of the interim financial statements for the six-month period ended 30 June 2006 (hereinafter, the "IFRS Reconciliation Statements"). These IFRS Reconciliation Statements derive from the financial statements of Pininfarina SpA as of 31 December 2005, prepared in accordance with the Italian regulations governing the criteria for their preparation, which we have previously audited and on which we issued our auditor's report respectively 20 April 2005 and 26 April 2006. The IFRS Reconciliation Statements have been prepared as part of the Group's conversion to International Financial Reporting Standards as adopted by the European Commission. These IFRS Reconciliation Statements are the responsibility of the Directors of Pininfarina SpA. Our responsibility is to express an opinion on these IFRS Reconciliation Statements based on our audit.

2. We conducted our audit in accordance with generally accepted auditing standards. In accordance with such standards our audit was planned and performed to obtain the necessary assurance about whether the IFRS Reconciliation Statements are materially misstated. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the IFRS Reconciliation Statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

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3. In our opinion, the IFRS Reconciliation Statements identified in paragraph 1 above, taken as a whole, have been prepared in all material respects in accordance with the criteria and principles set out in the CONSOB resolution n. 6064313 of 28 July 2006.

4. We draw your attention to the fact that the IFRS Reconciliation Statements have been prepared solely for the purpose of the transition project for the preparation of the first annual financial statements compliant with the IFRS endorsed by the European Commission. For this reason they do not include the comparative figures and explanatory notes that would be required in order to fairly present the financial position and the result of operations of Pininfarina SpA in compliance with IFRS.

Turin, 12 September 2006

PricewaterhouseCoopers SpA

Signed by

Massimo Aruga
(Partner)

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(2)

Printed internally by Pininfarina S.p.A.