PININFARINA GROUP

Consolidated Condensed Interim Financial Statements at June 30, 2008

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

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

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Approved by the Board of Directors
on August 12, 2008

Honorary Chairman

Honorary Chairman	Sergio	Pininfarina

Board of Directors

Chairman *	Paolo	Pininfarina (2) (3)
Provisional Deputy Chairperson	Lorenza	Pininfarina (3)
	Gianfranco	Albertini (**)
	Silvio Pietro	Angori (**)
	Elisabetta	Carli
	Mario Renzo	Deaglio (2) (3)
	Edoardo	Garrone (1) (3)
	Carlo	Pavesio (1) (2) (3)

(1) Member of the Appointments and Compensation Committee

(2) Member of the Internal Control Committee

(3) Member of the Strategy Committee

(**) In office since August 12, 2008

Board of Statutory Auditors

Chairman	Giacomo	Zunino
Statutory Auditors (***)	Nicola	Treves
	Pier Vittorio	Vietti

(***) Serving as Statutory Auditors since August 1, 2008.

The Statutory Auditors Fabrizio Cavalli e Piergiorgio Re resigned as of August 1, 2008.

Secretary to the Board of Directors

Gianfranco Albertini (§)

(**§**) Corporate Accounting Documents Officer

Independent Auditors

PricewaterhouseCoopers S.p.A.

***Powers**

Under Article 22 of the Bylaws, the Chairman is the Company's legal representative before outsiders and before the courts.

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Pininfarina Group

Interim Management Report

The Board of Directors of Pininfarina S.p.A. met today for the first time since the tragic demise of Andrea Pininfarina, to whom his brother Paolo Pininfarina paid homage with the following opening remarks: "Meeting today for the first time without your leadership, I join my sister, the entire Board of Directors and the Board of Statutory Auditors in beginning our meeting by expressing, before your wife, your children and your parents, our heartfelt and full appreciation for those values of integrity, humility and loyalty that you always embraced with great determination and courage, and with the reserved demeanor of a man focused on results. These same values were emphasized by His Eminence the Archbishop Severino Cardinal Poletto in his homily and in the deeply moving address delivered yesterday by your children. The Board of Directors of Pininfarina embraces these values so that Pininfarina may always follow your high example without reservations and to ensure that these values continue to be the principles guiding the Company as it pursues growth and success along the path that your have so clearly defined."

Review of Operating and Financial Performance

Despite a decrease in production value, the data for the first six months of 2008 show a sharp increase in EBITDA compared with the same period last year and a substantial reduction in the amount of the operating loss. Moreover, the ratio of EBITDA to production value improved to 5.5% at June 30, 2008, showing that the Group is achieving the operating profitability targets it announced to the financial markets a few months ago, when it presented its industrial and financial plan.

In the first half of 2008, production value totaled 345.2 million euros, or 8.8% less than in the same period last year (378.3 million euros). The main reasons for the decrease of 33.1 million euros are a shortfall in cars invoiced (-791) compared with the first six months of 2007 and differences caused by changes in the mix of installed equipment and price adjustments.

In the first half of 2008, EBITDA (which represent the profit or loss from operations before depreciation, amortization and additions to provisions) were positive by 19.1 million euros, more than double the 9.0 million euros reported at June 30, 2007. This improvement was made possible in part by a net gain of 3.8 million euros on the sale of property, plant and equipment and a reduction of 6.3 million euros in operating expenses, achieved in keeping with the stated objectives of the industrial and financial plan.

The data presented above show that the steady improvement that began during the first three months of 2008 is continuing. In the second quarter of the year, the Group earned EBITDA of 14.7 million euros, up from 4.4 million euros in the first three months of the year (the amounts for the corresponding periods in 2007 were a negative 2.6 million euros and a positive 11.6 million euros, respectively).

EBIT (which represent the profit or loss from operations) were negative by 6.9 million euros, but the loss was slightly more than half the negative amount of 13.5 million euros reported at June 30, 2007. In the first half of 2008, depreciation and amortization expense was 0.6 million euros higher than in the same period last year and additions to provisions totaled 3.3 million euros, up from 0.4 million euros in the first six months of 2007.

EBIT for the second quarter of 2008, while still negative by 1.1 million euros, show that the Group's operating performance continued to improve compared with the first three months of the year, when the loss amounted to 5.8 million euros (in the first and second quarter of 2007, the Group lost 11.4 million euros and 2.1 million euros, respectively).

Net financial expense amounted to 8.4 million euros, compared with 4.4 million euros at June 30, 2007. The main reasons for this increase are the amount of the Group's gross indebtedness and the level of interest rates (both higher than in the first half of 2007) and writedowns recognized to mark to market the carrying values of securities held through professional asset managers, required by the general downturn in share and bond prices that has occurred in the international markets in recent months.

Value adjustments, which totaled 2.2 million euros (1.5 million euros at June 30, 2007) refer to:

- a positive contribution of 2.9 million euros (the Group's pro rata interest in net profit) provided by the Pininfarina Sverige A.B. joint venture, whose positive operating results are exceeding expectations (1.5 million euros at June 30, 2007);

- a negative contribution of 0.7 million euros (the Group's pro rata interest in net loss) attributable to the Véhicules Electriques Pininfarina Bolloré SAS joint venture. The loss reflects the pro rate share of the reversal, upon consolidation, of the margin realized between Pininfarina S.p.A., the Group's Parent Company, and the French joint venture, in connection with the development of the electric car.

At June 30, 2008, the loss before taxes amounted to 13.1 million euros (loss of 16.4 million euros in the first half of 2007).

The income tax burden was 1 million euros, compared with 4.8 million euros at June 30, 2007. The reduction of 3.8 million euros is due mainly to a decision by the Parent Company, which, when preparing the financial statements at December 31, 2007, felt that, in light of the expected results over the intermediate term and the available tax loss carryforward, it was not necessary to recognize deferred-tax liabilities.

As a result of the factors outlined above, the net loss for the first half of 2008 totaled 14.1 million euros, a significantly smaller amount than the 21.2 million euros lost in the same period a year ago.

The net financial position was negative by 198.1 million euros, showing a marked improvement compared with March 31, 2008, when it was negative by 235 million euros. The increase of 12.7 million euros in indebtedness compared with the end of 2007, when the net financial position was negative by 185.5 million euros at December 31, 2007, is due mainly to changes in working capital requirements and the impact of marking to market at June 30, 2008 financial assets held through professional asset managers.

At June 30, 2008, the Group had 2,595 employees, or 218 fewer than the 2,813 employees who were on its payroll a year earlier. The above data do not include the 814 employees who work for Pininfarina Sverige A.B. (870 employees at June 30, 2007). The Véhicules Electriques Pininfarina Bolloré SAS joint venture currently does not have a staff.

A more detailed review of the data by business segment shows that the **manufacturing operations** generated production value of 274.6 million euros (11.5% less than in the first half of 2007), accounting for 79.6% of total consolidated production value (82% the previous year). The reason for this decrease is explained earlier in this Report.

A comparison between the number of vehicles invoiced in the first six months of 2007 and 2008 is provided below:

Car model	First half 2008	First half 2007	Change
Alfa Romeo Brera	2,427	2,647	(220)
Alfa Romeo Spider	2,015	3,407	(1,392)
Mitsubishi Colt CZC	2,273	2,653	(380)
Ford Focus Coupé Cabriolet	8,787	7,586	1,201
Total	**15,502**	**16,293**	**(791)**

EBIT for the manufacturing operations were negative by 10.9 million euros, but the loss was 31.4% smaller than at June 30, 2007, when it amounted to 15.9 million euros.

Specifically with regard to the Colt CZC model, on June 25, 2008, because of Mitsubishi's protracted, systematic and deliberate refusal to accept delivery of a large number of automobiles produced by Pininfarina, which caused the storage capacity of the Bairo manufacturing facility to fill up completely, Pininfarina S.p.A. was forced to suspend production effective as of July 31, 2008 (at 12:00 PM). With regard to this matter, Pininfarina, while holding Mitsubishi responsible for all costs, damages and expenses that may arise from the abovementioned suspension, has indicated that it is willing to resume production if conditions warrant it. Currently, Pininfarina and Mitsubishi are negotiating the conditions and delivery schedule for cars currently in production and those already produced and stored at Company facilities. This development should be viewed within the context of a relationship that, in recent months, included a filing for arbitration before the International Chamber of Commerce ("**ICC**") in Paris by Mitsubishi, which alleged that Pininfarina failed to perform its obligations with regard to compliance with contractual quality requirements. Pininfarina firmly rejected MME's allegation, supporting its challenge with detailed technical reports produced by TUV Sud Automotive GmbH, a top certification and consulting company of international renown in the automotive world, and, in turn, filed for arbitration asking that MME comply with its obligations under the contract signed by the parties, specifically with regard to the commitment to buy at least 40,000 cars or, otherwise, pay a guaranteed return on the corresponding investments plus damages, costs and expenses incurred. Subsequently, the ICC decided to combine both arbitration proceedings, but has not yet set a date for the first arbitration hearing.

In Sweden, Pininfarina Sverige A.B. sold 8,301 Volvo C70 automobiles, a decrease of 21% compared with the 10,511 units shipped in the first six months of 2007. Lower sales in the North American market caused by the weakness of the U.S. dollar versus the euro account for most of this decrease. Nevertheless, the contribution provided by the Swedish joint venture to the Group's income statement was extremely positive, increasing from 1.5 million euros in the first half of 2007 to 2.9 million euros in the same period this year.

The **service operations** reported a production value totaling 70.6 million euros, compared with 68.1 million euros at June 30, 2007 (+3.7%), accounting for 20.4% of the Group's total production value (18% at June 30, 2007).

EBIT were up sharply, rising to 4 million euros, or 66.7% more than the 2.4 million euros reported at June 30, 2007. Higher margins earned on the order portfolio and the portion attributable to these operations of the reduction in overhead account for this improvement.

Assessment of the Going Concern

With regard to the issue of assessing the Company's viability — which was discussed in the report of the Board of Directors on the financial statements at December 31, 2007 and in the additional disclosures requested by the Consob, which should be consulted for additional information — an update of the developments that occurred since April 29, 2008, the date of the Shareholders' Meeting that approved the 2007 Annual Report, is provided below:

- On June 25, 2008, the Company and Fortis Bank signed an agreement settling a dispute that began on March 28, 2008, when the Company was notified of the first of two provisionally enforceable injunctions that Fortis Bank was awarded by the Court of Milan. Among other provisions, the abovementioned agreement calls for a moratorium on the payments owed by Pininfarina and the definition of a plan to repay the loan owed to Fortis, with Pininfarina waiving all claims and actions in the proceedings filed to challenge injunctions No. 8152/2008 and No. 10171/2008, which the Court of Milan issued on March 18, 2008 and April 8, 2008, respectively, against Pininfarina for Fortis' benefit. With two orders issued on July 10, 2008 and July 3, 2008, respectively, the Court of Milan dismissed both actions. Under the abovementioned agreement, Fortis Bank will align itself (in terms of number of installments and their due dates, interest rates and the total amount of each installment) with the terms of a future general rescheduling/refinancing agreement, if such an agreement is executed by September 30, 2008. Otherwise, Fortis Bank shall have the right, but not the obligation, to comply with the overall rescheduling/refinancing structure. If Fortis Bank chooses not to adopt the rescheduling/refinancing method defined with all of the other lender institutions, the bilateral agreement calls for: an early repayment of 3 million euros on September 30, 2008, the rescheduling of the remaining indebtedness (about 41.9 million euros) in 14 installments — the first and last installments being due on December 31, 2008 and December 31, 2015, respectively — at the rates applied to the original contracts (six-month Euribor + a spread of 90 basis points on the medium- and long-term facility of 35 million euros and the EONIA monthly average + 45 basis points on the old short-term facility currently amounting to about 7 million euros).

- On August 1, 2008, in order to facilitate the signing of a rescheduling/refinancing agreement within the required deadline, all parties (the Company and the lender institutions) executed a Standstill Agreement that formally acknowledges the existing moratorium on the repayment of principal amounts and extends it to September 30, 2008. The Standstill Agreement was signed in preparation for the agreement to restructure the debt exposure of Pininfarina S.p.A., which is currently being negotiated. It will be in effect until September 30, 2008 or the date when the abovementioned debt restructuring agreement is signed, whichever comes first. All of the lender institutions signed this agreement, with the exception of Fortis Bank, which signed a separate agreement with Pininfarina on June 25, 2008.

- Also on August 1, 2008, Pininfarina S.p.A. retained the services of BNP Paribas, UniCredit Group and Banca IMI (IntesaSanpaolo Group) for the purpose of promoting, as Joint Global Coordinators, the establishment of a consortium to guarantee the placement of the contributory capital increase that the Extraordinary Shareholders' Meeting of April 29, 2008 authorized the Board of Directors to carry out. At present, the rights offering is tentatively scheduled for the fourth quarter of 2008. In addition to the obligation to secure the requisite authorizations, the share capital increase is subject and closely related to the signing of the abovementioned debt rescheduling/refinancing agreement, which is currently being negotiated.

Despite the progress that is being made in the activities that are being carried out in connection with the share capital increase and the related debt rescheduling/refinancing process, it is still possible that, in the highly unlikely event that a debt rescheduling agreement cannot be reached, the Company's viability could be at risk.

Outlook for the Balance of 2008

Projections call for year-end consolidated production value to amount to about 560 million euros, or about 16% less than at December 31, 2007 (670 million euros). The shortfall compared to the earlier projection (amount about 10% higher than the 2007 production value) is due mainly to conditions in the European and global automotive market, which are characterized by generally weak sales to end customers. The current projection calls for production orders in the second half to decrease by about 30% compared with earlier estimates.

EBITDA are expected to remain positive, in line with the guidance provided on multiple occasions (an amount greater than 5% of production value), but EBIT will still be negative.

The net financial position should hold relatively steady compared with the data at December 31, 2007, reflecting the impact of the transactions scheduled as part of the financial plan. The actual amount will be affected by the debt rescheduling agreement that is being negotiated with the lender banks and by the timing and modalities of the related share capital increase.

Subsequent Events

In addition to the information provided above, on August 1, 2008, the Statutory Auditors Piergiorgio Re and Fabrizio Cavalli resigned to comply with the provision of the Consob's Securities Issuers Regulations that concerns the maximum number of governance posts that may be held. As of the same date, they were replaced by the Alternate Statutory Auditors Nicola Treves and Pier Vittorio Vietti.

Paolo Pininfarina
Chairman
of the Board of Directors

Reclassified Consolidated Income Statement

(in thousands of euros)

	Data at					Data at
	6/30/08	%	6/30/07	%	Change	12/31/07
Net revenues	331,800	96.13	367,445	97.12	(35,645)	712,960
Changes in inventories of finished good and work in progress	6,641	1.93	5,269	1.39	1,372	(60,458)
Other income and revenues	6,177	1.79	5,451	1.44	726	14,224
Work performed internally and capitalized	532	0.15	176	0.05	356	3,705
Value of production	**345,150**	**100.00**	**378,341**	**100.00**	**(33,191)**	**670,431**
Net gain on disposal of non-current assets	6,948	2.01	3,116	0.82	3,832	4,869
Raw materials and outside services	(267,028)	(77,36)	(306,080)	(80.90)	39,052	(521,186)
Change in inventory of raw materials	2,603	0.75	2,646	0.70	(43)	(10,557)
Value added	**87,673**	**25.40**	**78,023**	**20.62**	**9,650**	**143,557**
Labor costs	(68,572)	(19.87)	(69,063)	(18.25)	491	(130,734)
EBITDA	**19,101**	**5.53**	**8,960**	**2.37**	**10,141**	**12,823**
Depreciation and amortization	(22,721)	(6.58)	(22,087)	(5.84)	(634)	(42,802)
Additions to provisions/Writedowns	(3,273)	(0.95)	(388)	(0.10)	(2,885)	(73,369)
EBIT	**(6,893)**	**(2.00)**	**(13,515)**	**(3.57)**	**6,622**	**(103,348)**
Net financial expense	(8,378)	(2.43)	(4,419)	(1.17)	(3,959)	(10,648)
Value adjustments	2,157	0.63	1,508	(0.40)	649	3,294
Profit before taxes	**(13,114)**	**(3.80)**	**(16,426)**	**(4.34)**	**3,312**	**(110,702)**
Income taxes	(950)	(0.28)	(4,786)	(1.26)	3,836	(3,823)
Profit (Loss) for the period	**(14,064)**	**(4,08)**	**(21,212)**	**(5.60)**	**7,148**	**(114,525)**

Note: Some items for the first half of 2007 have been reclassified to make them more readily comparable with the 2008 data.

As required by Consob Resolution No. DEM/6064293 of July 28, 2006, a reconciliation with the regular financial statements is being provided for the components of the reclassified income statement listed below:
Raw materials and outside services includes the following: Raw materials and components, Other variable production costs, Variable external engineering services, Foreign exchange gains (losses) and Other expenses.
Depreciation and amortization includes depreciation of property, plant and equipment and amortization of intangibles.
Net financial expenses includes Net financial income (expense) and Dividends.

Reclassified Consolidated Balance Sheet

(in thousands of euros)

	Data at			Data at
	6/30/08	12/31/07	Change	6/30/07
Net non-current assets (A)				
Net intangible assets	6,667	7,098	(431)	7,623
Net property, plant and equipment	241,442	269,855	(28,413)	294,490
Equity investments	33,959	31,965	1,994	36,302
Total A	**282,068**	**308,918**	**(26,850)**	**338,415**
Working capital (B)				
Inventory	32,534	22,717	9,817	42,523
Net trade receivables and other receivables	177,373	114,075	63,298	146,407
Held-for-sale assets	15,054	0	15,054	0
Deferred-tax assets	5,544	5,482	62	19,402
Trade accounts payable	(216,891)	(161,555)	(55,336)	(225,153)
Provision for risks and charges	(8,652)	(6,838)	(1,814)	(7,175)
Other liabilities	(32,664)	(32,758)	94	(66,940)
Held-for-sale liabilities	(7,816)	0	(7,816)	0
Total B	**(35,518)**	**(58,877)**	**23,359**	**(90,936)**
Net invested capital (C=A+B)	**246,550**	**250,041**	**(3,491)**	**247,479**
Provision for termination indeminities (D)	**23,705**	**25,617**	**(1,912)**	**25,655**
Net capital requirements (E=C-D)	**222,845**	**224,424**	**(1,579)**	**221,824**
Shareholders' equity (F)	**24,700**	**38,971**	**(14,271)**	**133,567**
Net financial position (G)				
Long-term debt	(109,472)	22,420	(131,892)	109,569
Short-term debt	307,617	163,033	144,584	(21,312)
Total G	**198,145**	**185,453**	**12,692**	**88,257**
Total as in E (H=F+G)	**222,845**	**224,424**	**(1,579)**	**221,824**

Consolidated Net Financial Position

(in thousands of euros)

	Data at			Data at
	6/30/08	12/31/07	Change	6/30/07
Cash and cash equivalents	131,471	98,008	33,463	89,327
Net liquid assets included in held-for-sale assets	996	0	996	0
Current assets held for trading	59,150	62,862	(3,712)	62,913
Current loans receivable and other receivables	42,014	40,226	1,788	43,873
Held-for-sale current assets	0	0	0	0
Loans receivable from associates and joint ventures	17,904	17,904	0	17,904
Bank account overdrafts	(34,888)	(58,430)	23,542	(26,112)
Current liabilities under finance leases	(349,679)	(193,356)	(156,323)	(94,813)
Loans payable to associates and joint ventures	0	0	0	0
Current portion of long-term bank debt	(174,585)	(130,247)	(44,338)	(71,780)
Net short-term debt	**(307,617)**	**(163,033)**	**(144,584)**	**21,312**
Long-term loans and other receivables from outsider	93,088	143,517	(50,429)	196,192
Long-term loans and other receivables from associates and joint ventures	53,713	62,665	(8,952)	71,617
Held-for-sale non-current assets	0	0	0	0
Long-term liabilities under finance leases	0	(156,290)	156,290	(253,036)
Long-term bank debt	(37,329)	(72,312)	34,983	(124,342)
Long-term debt	**109,472**	**(22,420)**	**131,892**	**(109,569)**
Net financial position	**(198,145)**	**(185,453)**	**(12,692)**	**(88,257)**

Consolidated Balance Sheet – Assets

	Note ref.	6/30/08	12/31/07
Property, plant and equipment		241,442,162	269,854,859
Land and buildings	7	87,775,865	94,446,177
Land		20,789,330	21,315,991
Buildings		56,476,022	62,440,399
Leased property		10,510,513	10,689,787
Plant and machinery	7	149,528,909	169,227,259
Machinery		26,338,193	31,260,592
Plant		32,329,824	35,788,733
Leased machinery and equipment		90,860,892	102,177,934
Furniture, fixtures and other property, plant and equipment	7	3,329,871	5,354,622
Furniture and fixtures		812,214	1,980,761
Hardware & software		1,557,237	1,997,293
Other property, plant and equipment (including vehicles)		960,420	1,376,568
Assets under construction	7	807,517	826,801
Intangible assets		6,666,845	7,097,751
Goodwill	8	2,301,012	2,301,012
Licenses and trademarks	8	3,914,390	4,331,596
Other intangibles	8	451,443	465,143
Equity investments		33,959,491	31,965,176
Subsidiaries		0	0
Associated companies	9	0	744,800
Joint ventures	9	33,447,810	30,648,695
Other companies	9	511,681	571,681
Deferred-tax assets		5,544,058	5,481,850
Non-current financial assets		146,800,682	206,182,052
Held-to-maturity long-term investments		0	0
Loans and other receivables form:		146,800,682	206,182,052
Outsiders	10	93,088,148	143,517,428
Related parties and joint ventures	10	53,712,534	62,664,624
Available-for-sale non-current financial assets		0	0
Held-for-sale other non-current assets		0	0
TOTAL NON-CURRENT ASSETS		**434,413,238**	**520,581,688**
Inventory	11	26,409,713	21,380,099
Raw materials		19,456,014	16,757,639
Work in process		5,288,776	3,253,524
Finished goods		1,664,923	1,368,936
Contract work in progress	11	6,124,392	1,336,869
Current financial assets		119,067,991	120,992,876
Current assets held for trading	10	59,149,505	62,862,293
Current loans receivables and other receivables from:		59,918,486	58,130,583
Outsiders	10	42,014,308	40,226,405
Related parties and joint ventures	10	17,904,178	17,904,178
Available-for-sale current financial assets		0	0
Held-to-maturity current investments		0	0
Trade receivables and other receivables		177,373,342	114,075,418
Trade receivables from:		126,404,832	86,284,005
Outsiders		121,223,196	80,252,005
Related parties and joint ventures		5,181,636	6,032,000
Other receivables	12	50,968,511	27,791,413
Cash and cash equivalents		131,470,640	98,008,444
Cash on hand		1,311,943	1,082,203
Short-term bank deposits		130,158,697	96,926,241
Held-for-sale assets	13	16,332,568	0
TOTAL CURRENT ASSETS		**476,778,647**	**355,793,706**
TOTAL ASSETS		**911,191,885**	**876,375,394**

Consolidated Balance Sheet – Liabilities and Shareholders' Equity

	Note ref.	6/30/08	12/31/07
Common shares	14	9,301,042	9,301,042
Additional paid-in capital		26,843,769	34,652,765
Reserve for treasury stock		175,698	12,000,000
Statutory reserve		2,231,389	2,231,389
Stock option reserve		0	2,232,280
Reserve for currency translations		(339,627)	(133,198)
Other reserves		7,873,265	82,251,468
Retained earnings		(7,321,866)	10,959,948
Profit (Loss) for the year	15	(14,063,846)	(114,525,048)
GROUP INTEREST IN SHAREHOLDERS' EQUITY		**24,699,824**	**38,970,646**
Minority interest in shareholders' equity		**0**	**0**
TOTAL SHAREHOLDERS' EQUITY		**24,699,824**	**38,970,646**
Long-term borrowings		37,329,443	228,602,431
Liabilities under finance leases	16	0	156,290,028
Other indebtedness owed to:		37,329,443	72,312,403
Outsiders	16	37,329,443	72,312,403
Related parties and joint ventures		0	0
Deferred-tax liabilities		2,543,494	3,255,954
Provision for termination indemnities		23,705,016	25,616,906
Provision for pensions and severance pay		722,269	1,107,423
Provision for termination indemnities	17	22,982,747	24,509,483
TOTAL NON-CURRENT LIABILITIES		**63,577,953**	**257,475,291**
Current borrowings		559,152,984	382,032,482
Due to banks	16	34,889,336	58,429,837
Liabilities under finance leases	16	349,678,633	193,355,300
Bonds outstanding and other borrowings owed to:		174,585,015	130,247,345
Outsiders	16	174,585,015	130,247,345
Related parties and joint ventures		0	0
Other payables		25,122,030	21,573,456
Wages and salaries		17,544,282	10,863,652
Due to social security institutions		3,921,845	6,175,947
Vacation days, sick days and personal days		681,461	362,893
Other liabilities		2,974,442	4,170,964
Trade accounts payable		216,890,881	161,554,656
Accounts payable to outsiders		207,704,699	155,591,365
Account payable to associated companies and joint ventures		164,858	434,732
Advances received for work in progress		9,021,324	5,528,559
Provision for current taxes		1,636,206	1,197,751
Direct taxes		730,886	481,399
Other taxes		905,320	716,352
Provision for other liabilities and charges		8,651,960	6,838,667
Provision for warranties	18	3,392,807	1,546,961
Provision for restructuring programs	18	1,609,703	2,025,047
Other provisions	18	3,649,450	3,266,659
Other liabilities		3,361,547	6,732,444
Liabilities attributable to held-for-sale assets	13	8,098,500	0
TOTAL CURRENT LIABILITIES		**822,914,108**	**579,929,456**
TOTAL LIABILITIES		**886,492,061**	**837,404,748**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**911,191,885**	**876,375,394**

As allowed by Consob Resolution No. 15519, a separate balance sheet listing the impact of transactions with related parties is not being provided because the impact of such transactions is already shown in the balance sheet provided above.

Consolidated Income Statement (*)

	Note ref.	6/30/08	6/30/07
Sales and service revenues		331,800,123	367,444,918
Increase in Company-produced non-current assets		532,302	176,520
Change in inventories of finished goods and work in progress		6,640,694	5,268,788
Change in contract work in progress		4,278,455	7,776,184
Change in inventories of work in progress, semifinished and finished goods		2,362,239	(2,507,396)
Other income and revenues	19	6,176,782	5,451,254
Total value of production		**345,149,901**	**378,341,480**
Gain on the sales of non-current assets	20	6,968,321	3,142,953
Amount earned on the sale of equity investments		*2,638,870*	*0*
Raw materials and consumables used		(222,296,723)	(259,695,578)
Raw materials and components		(224,899,448)	(262,341,525)
Change in inventories of raw materials, subsidiary materials and consumables		2,602,725	2,645,947
Other variable production costs		(5,555,953)	(5,107,098)
Consumables		(2,783,840)	(2,668,365)
Utilities		(277,136)	(261,294)
External maintenance costs		(2,494,977)	(2,177,439)
External variable engineering services		(13,327,784)	(18,284,388)
Wages, salaries and employee benefits		(68,572,213)	(69,063,152)
Production staff, office staff and managers		(62,887,333)	(64,277,935)
Independent contractors		(3,422,825)	(6,660,097)
Social security and other post-employment benefits		(2,262,055)	(2,910,631)
Curtailment		0	4,785,511
Depreciation, amortization and writedowns		(26,014,103)	(22,502,200)
Depreciation of property, plant and equipment		(21,978,948)	(21,113,544)
Loss on disposals of property, plant and equipment		(20,429)	(26,576)
Amortization of intangibles		(741,732)	(973,584)
Writedowns		(3,272,994)	(388,496)
Utilization of negative goodwill		0	0
Foreign exchange gains (losses)		(10,543)	(16,086)
Other expenses		(23,234,303)	(20,330,645)
Profit (Loss) from operations		**(6,893,400)**	**(13,514,714)**
Financial income (expense), net	21	(8,498,659)	(4,573,299)
Dividends	22	120,564	153,024
Value adjustments	23	2,157,409	1,508,884
Profit (Loss) before taxes		**(13,114,086)**	**(16,426,105)**
Income taxes for the period	24	(949,760)	(4,785,970)
Profit (Loss) for the period		**(14,063,846)**	**(21,212,075)**

	6/30/08	6/30/07
Profit (Loss) for the period	(14,063,846)	(21,212,075)
Number of common shares, net	9,301,042	9,300,945
Basic earnings (loss) per share	(1.51)	(2.28)

In order to make the data for 2007 and 2008 more readily comparable, the amounts for the first half of 2007 for “Additions to provisions/ Writedowns” and “Other expenses” have been restated, with no impact on “Profit (Loss) from operations.”

(*) As required by Consob Resolution No. 15519 of July 27, 2006, the impact of transactions with related parties on the income statement of the Pininfarina Group is shown in a separate schedule on the page that follows.

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

	6/30/08	Amt.with related parties	6/30/07	Amt.with related parties
Sales and service revenues	331,800,123	10,142,396	367,444,918	722,375
Increase in Company-produced non-current assets	532,302		176,520	
Change in inventories of finished goods and work in progress	6,640,694	0	5,268,788	0
Change in contract work in progress	4,278,455		7,776,184	
Change in inventories of work in progress, semifinished and finished goods	2,362,239		(2,507,396)	
Other income and revenues	6,176,782		5,451,254	
Total value of production	**345,149,901**	**10,142,396**	**378,341,480**	**722,375**
Gain on the sales of non-current assets	6,968,321		3,142,953	
Amount earned on the sale of equity investments	*2,638,870*		*0*	
Raw materials and consumables used	(222,296,723)	0	(259,695,578)	0
Raw materials and components	(224,899,448)		(262,341,525)	
Change in inventories of raw materials, subsidiary materials	2,602,725		2,645,947	
Other variable production costs	(5,555,953)	0	(5,107,098)	0
Consumables	(2,783,840)		(2,668,365)	
Utilities	(277,136)		(261,294)	
External maintenance costs	(2,494,977)		(2,177,439)	
External variable engineering services	(13,327,784)		(18,284,388)	(9,986)
Wages, salaries and employee benefits	(68,572,213)	0	(69,063,152)	0
Production staff, office staff and managers	(62,887,333)		(64,277,935)	
Independent contractors	(3,422,825)		(6,660,097)	
Social security and other post-employment benefits	(2,262,055)		(2,910,631)	
Curtailment	0		4,785,511	
Depreciation, amortization and writedowns	(26,014,103)	0	(22,502,200)	0
Depreciation of property, plant and equipment	(21,978,948)		(21,113,544)	
Loss on disposals of property, plant and equipment	(20,429)		(26,576)	
Amortization of intangibles	(741,732)		(973,584)	
Writedowns	(3,272,994)		(388,496)	
Utilization of negative goodwill	0	0	0	0
Foreign exchange gains (losses)	(10,543)		(16,086)	
Other expenses	(23,234,303)		(20,330,645)	
Profit (Loss) from operations	**(6,893,400)**	**10,142,396**	**(13,514,714)**	**712,389**
Financial income (expense), net	(8,498,659)	2,596,675	(4,573,299)	2,513,519
Dividends	120,564		153,024	
Value adjustments	2,157,409		1,508,884	
Net loss from held-for-sale assets	0		0	
Profit (Loss) before taxes	**(13,114,086)**	**12,739,071**	**(16,426,105)**	**3,225,908**
Income taxes for the period	(949,760)		(4,785,970)	
Profit (Loss) for the period	**(14,063,846)**	**12,739,071**	**(21,212,075)**	**3,225,908**

In order to make the data for 2007 and 2008 more readily comparable, the amounts for the first half of 2007 for “Additions to provisions/ Writedowns” and “Other expenses” have been restated, with no impact on “Profit (Loss) from operations.”

Statement of Changes in Consolidated Shareholders' Equity

	12/31/06	Fair value gains (losses)	Translation restatements	Profit (Loss) for the year	Employee stock option plan	Changes to reserves	Dividends	Purchases / Sales of treasury shares	**6/30/07**
Common shares	9,288,847							12,098	9,300,945
Additional paid-in capital	34,604,184							50,634	34,654,818
Reserve for treasury stock	12,000,000								12,000,000
Statutory reserve	2,231,389								2,231,389
Stock options reserve	2,232,280				500,000				2,732,280
Reserve for currency translat.	1,506,737		(880,915)						625,822
Other reserves	103,152,036					(20,877,825)			82,274,211
Retained earnings	11,945,400					(985,452)			10,959,948
Profit (Loss) for the period	(21,883,216)			(21,212,075)		21,883,216			(21,212,075)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	155,077,657		(880,915)	(21,212,075)	500,000	19,939	0	62,732	133,567,338
Minority interest in profit and res.	0								0
TOTAL SHAREHOLDERS' EQUITY	**155,077,657**		**(880,915)**	**(21,212,075)**	**500,000**	**19,939**	**0**	**62,732**	**133,567,338**

	12/31/06	Fair value gains (losses)	Translation restatements	Profit (Loss) for the year	Employee stock option plan	Changes to reserves	Dividends	Purchases / Sales of treasury shares	**12/31/07**
Common shares	9,288,847							12,195	9,301,042
Additional paid-in capital	34,604,184							48,581	34,652,765
Reserve for treasury stock	12,000,000								12,000,000
Statutory reserve	2,231,389								2,231,389
Stock options reserve	2,232,280								2,232,280
Reserve for currency translat.	1,506,737		1,639,935						(133,198)
Other reserves	103,152,036					(20,900,568)			82,251,468
Retained earnings	11,945,400					(985,452)			10,959,948
Profit (Loss) for the period	(21,883,216)			(114,525,048)		21,883,216			(114,525,048)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	155,077,657		1,639,935	(114,525,048)		(2,804)		60,776	38,970,646
Minority interest in profit and res.	0								
TOTAL SHAREHOLDERS' EQUITY	**155,077,657**		**1,639,935**	**(114,525,048)**		**(2,804)**		**60,776**	**38,970,646**

	12/31/07	Fair value gains (losses)	Translation restatements	Profit (Loss) for the year	Employee stock option plan	Changes to reserves	Dividends	Purchases / Sales of treasury shares	**6/30/08**
Common shares	9,301,042								9,301,042
Additional paid-in capital	34,652,765					(7,808,996)			26,843,769
Reserve for treasury stock	12,000,000					(11,824,302)			175,698
Statutory reserve	2,231,389								2,231,389
Stock options reserve	2,232,280					(2,232,280)			0
Reserve for currency translat.	(133,198)		(206,429)						(339,627)
Other reserves	82,251,468					(74,378,203)			7,873,265
Retained earnings	10,959,948					(18,281,814)			(7,321,866)
Profit (Loss) for the period	(114,525,048)			(14,063,846)		114,525,048			(14,063,846)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	38,970,646	0	(206,429)	(14,063,846)		(547)			24,699,824
Minority interest in profit and res.									
TOTAL SHAREHOLDERS' EQUITY	**38,970,646**	**0**	**(206,429)**	**(14,063,846)**		**(547)**			**24,699,824**

Consolidated Cash Flow Statement

	Data at 6/30/08	Data at 6/30/07
Profit (loss) for the period	**(14,063,846)**	**(21,212,075)**
Restatements	***20,262,850***	***20,443,055***
- Income taxes	949,760	4,785,971
- Depreciation of property, plant and equipment	21,978,948	21,113,544
- Amortization of intangibles	741,732	973,584
- Writedowns and additions to provisions	3,272,994	(1,031,244)
- Provision for pensions and seniority indemnities	(1,443,515)	(5,257,077)
- (Gains) Losses on sale of non-current assets	(6,947,892)	(3,116,377)
- Unrealized (gains) losses on derivatives	0	0
- (Gains) Losses available for sale financial assets	(16,700)	(13,676)
- (Financial income)	(11,628,485)	(9,242,068)
- Financial expense	15,630,732	13,829,043
- (Dividends)	(120,564)	(153,024)
- Value adjustment to shareholders' equity	(2,157,409)	(1,508,884)
- Other restatements	3,249	63,264
Changes in working capital	***(19,908,855)***	***62,322,655***
- Inventories	(5,136,028)	83,837
- Contract work in progress	(4,787,522)	(136,882)
- Trade accounts receivable and other receivables	(71,829,238)	(15,441,354)
- Accounts receivable from joint ventures	850,364	1,521,746
- Trade accounts payable	58,366,890	58,626,387
- Accounts payable to joint ventures	(269,873)	(1,301,905)
- Other changes	2,896,552	18,970,826
Cash flow from operating activities	**13,709,851**	**61,553,635**
(Financial expense)	(15,630,732)	(13,829,043)
(Income taxes)	(949,760)	(4,785,971)
Net cash flow used in operating activities	**(30,290,342)**	**42,938,622**
- Purchases of property, plant and equipment	(407,330)	(23,580,383)
- Proceeds from sale of property, plant and equipment	6,340,345	3,367,982
- Non-current loans receivable from borrowers outside the Group	51,914,189	11,603,359
- Non-current loans receivable from joint ventures	8,952,088	8,952,089
- Financial income	11,645,185	9,255,744
- Dividends	120,564	153,024
- Other equity investments	103,095	845,635
Net cash used in investing activities	**78,668,136**	**10,597,450**
- Proceeds from the issuance of shares	0	0
- Purchases of treasury shares	0	62,732
- Borrowings from lenders outside the Group	9,447,896	24,374,570
- Loans payable to joint ventures	0	0
- Dividends paid	0	0
Net cash used in financing activities	**9,447,896**	**24,437,302**
- Other non-cash items	(206,976)	(360,977)
Increase (Decrease) in cash and cash equivalents	**57,618,712**	**77,612,397**
- Cash and cash equivalents at beginning of the period	39,578,608	(14,397,898)
- Cash attributable to available-for-sale assets	(616,016)	0
Cash and cash equivalents at end of the period	**96,581,304**	**63,214,499**

Cash and cash equivalents	131,470,640	89,326,983
Bank account overdrafts	(34,889,336)	(26,112,484)
Net cash and cash equivalents at end of period	*96,581,304*	*63,214,499*

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

The **Pininfarina Extra S.r.l.** Group ended the first half of 2008 with value of production of 4.6 million euros, double the amount booked in the first six months of 2007. This large increase in revenues had a positive impact on profitability — net profit of 0.9 million euros compared with 0.4 million euros at June 30, 2007 — and on the net financial position, which was positive by 1.6 million euros, up from 1 million euros a year earlier.

At June 30, 2008, the **Matra Automobile Engineering** Group reported value of production of 30.6 million euros and a consolidated net loss of 2.4 million euros, compared with 34.5 million euros and 0.5 million euros, respectively, in the first half of 2007. Net indebtedness decreased from 26.2 million euros in the first six months of 2007 to 23.1 million euros in the same period this year. The result for the period benefited from the recognition of a research grant amounting to 1.7 million euros (1 million euros at June 30, 2007).

The **Pininfarina Deutschland GmbH** Group booked value of production of 7.7 million euros in the first six months of 2008 (7.5 million euros at June 30, 2007) and a net profit 1.1 million euros (net profit of 0.5 million euros last year). Net indebtedness also improved, with borrowings falling from 6 million euros in the first half of 2007 to 4.8 million euros in the same period this year.

Pininfarina Sverige AB ended the first half of 2008 with value of production of 221.2 million euros and a net profit of 4.9 million euros (270.1 million euros and 2.3 million euros, respectively, at June 30, 2007). It invoiced 8,301 cars and had 814 employees (10,511 cars and 870 employees at June 30, 2007). An effective effort to contain operating expenses and the achievement of maximum efficiency enabled the company to significantly increase its profitability, even though production volume was down 21% as sales in the United States decreased due to the weakness of the U.S. dollar versus the euro. The company's debt exposure significantly improved, with net indebtedness decreasing from 189.1 million euros in the first half of 2007 to 149.5 million euros in the same period this year.

At June 30, 2008, **RHTU AB** reported value of production of 2.1 million euros, the same as in the first six months of 2007, and a net loss of 140,000 euros (net loss of 284,000 euros at June 30, 2007). The company's ability to cut sharply its net loss while its value of production was virtually unchanged attests to the success of the efforts it is making to achieve breakeven. The net financial position was positive by 582,000 euros, compared with 321,000 euros at June 30, 2007.

Véhicules Electriques Pininfarina Bolloré SAS, a joint venture established in February 2008, reported a net loss of 24,000 euros, before consolidation adjustments, attributable to interest charges and startup costs. The net financial position was negative by 12.1 million euros.

Pininfarina S.p.A., the Group's Parent Company, reported value of production of 302.8 million euros, compared with 331.9 million euros in the first half of 2007 (-8.8%). EBITDA were positive by 16.2 million euros (+7.2 million euros a year earlier), but EBIT were negative by 7.2 million euros (-13.6 million euros at June 30, 2007). The first six months of 2008 ended with a net loss of 15.1 million euros, compared with a net loss of 21.4 million euros in the same period in 2007. The net financial position was negative by 172 million euros, compared with negative balances of 57.4 million euros at June 30, 2007 and 157.4 million euros at December 31, 2007. The factors that affected the Group's operating and financial performance in the first six months of 2008 are valid for the most part for the Parent Company as well.

Notes to the Consolidated Condensed Interim 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 S.p.A., the Group's Parent Company, has its registered office at 6 via Bruno Buozzi, in Turin. Its shares are traded on the Borsa Italiana securities market.

This Semiannual Financial Report was approved by the Board of Directors on August 12, 2008.

For information about the assessment of the Company's viability, please consult the update on this topic provided in the corresponding section of the Interim Report on Operations, on page 10 this Report.

2. Accounting Principles

2.1 Basis for Preparation

The consolidated condensed interim financial statements at June 30, 2008 of the Pininfarina Group, which were prepared on a going concern basis for the reasons explained earlier in the interim management report, are consistent with International Financial Reporting Standards ("IFRS") published by the International Accounting Standards Board ("IASB") and adopted by the European Union.

The accounting principles applied to the preparation of these abbreviated semiannual financial statements, which are consistent with the requirements of IAS 34 "Interim Financial Reporting," are the same as those used for the consolidated annual financial statements at December 31, 2007.

The abbreviated semiannual consolidated financial statements include the following components:

- a consolidated balance sheet, in which current and non-currents assets and liabilities are classified separately and, as required by IFRS 5, "Held-for-sale assets" and "Held-for-sale liabilities" are shown as two separate line items;
- a consolidated income statement, in which operating costs are classified by type;
- a consolidated cash flow statement, in which the cash flow from operating activities is presented in accordance with the "indirect method," as allowed by IAS 7, and the total cash flow from "Held-for-sale assets" is shown separately, as required by IFRS 5;
- a statement of changes in consolidated shareholders' equity.

Moreover, as required by Consob Resolution No. 15519 of July 27, 2006, income and expense that originate from nonrecurring transactions or from events that do not occur frequently in the normal course of business are specifically identified in the income statement with costs classified by nature. The impact of the abovementioned transactions or events is shown in a separate schedule (see pages 53-54).

Also pursuant to the abovementioned Consob Resolution, in the balance sheet and cash flow statement the amounts attributable to positions or transactions with related parties are listed separately from the other amounts in the corresponding accounts.

2.2 Changes in the Group's Structure

The changes in the Group's structure that occurred in the first half of 2008 are listed below:

– Companies added to the Group:
  a. MPX Entwicklungs GmbH Leonberg;
  b. Véhicules Electriques Pininfarina-Bolloré SAS (50-50 joint venture with the Bolloré Group);
  c. Pininfarina Recchi Buildingdesign S.r.l. (50-50 joint venture with Recchi Ingegneria e Partecipazioni S.p.A).

– Companies removed from the Group:
  a. Pasiphae S.a.r.l.

During the first half of 2008, ownership of Matra Automobile Engineering Maroc SAS was transferred from Matra Automobile Engineering SAS to Pininfarina S.p.A. This change of ownership had no impact on the scope of consolidation and did not generate neither a gain nor a loss in the abbreviated semiannual consolidated financial statements.

As required by IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations," the assets and liabilities of Ceram and D3 are listed in the balance sheet under the following two line items: "Held-for-sale assets" and "Liabilities attributable to held-for-sale assets."

2.3 Consolidation

Please consult the schedule provided in Section 6 below, which lists all of the consolidated companies.

(a) Subsidiaries

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

The Group accounts for the acquisition of controlling interests by the purchase method. This method, which is provided in IFRS 3, Business Combinations, requires that the acquiree's identifiable assets and liabilities be recognized at their fair value as of the acquisition date.

The cost of acquisition is the sum of the price paid plus any incidental charges.

Any difference between the cost paid and the Group's pro rata interest in the fair value of the net assets it acquired is capitalized and recognized as goodwill, if positive, or charged directly to income, if negative.

Revenues and expenses and receivables and payables that arise from transactions between Group companies are eliminated in the consolidation process. When necessary, the accounting principles of subsidiaries are amended to make them consistent with those of the Group's Parent Company.

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

(b) Associated Companies and Joint Ventures

Associated companies are companies over which the Group exercises a significant influence, but not control. The Group is deemed to exercise significant influence when it controls between 20% and 50% of the voting rights.

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

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

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

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

Gains generated through transactions with an associated company or a joint venture are eliminated against the value of the investment. The same is done for losses, unless the losses stem from an impairment of the assets subject of the transaction. When necessary, the accounting principles of associated companies and joint ventures are amended to make them consistent with those of the Group's Parent Company.

Consistent with the provisions of Paragraph 38 of IAS 31 – *Interests in Joint Ventures* and Paragraph 14 of IAS 27 – *Consolidated Financial Statements and Separate Financial Statements*, the 60% interest held in Pininfarina Sverige A.B. is valued by the equity method in the consolidated financial statements.

(c) Other Companies

Investments in other companies that constitute available-for-sale financial assets are valued at fair value, if available, and any resulting gains or losses are recognized in equity until the assets are sold or their value is impaired. At that point, accumulated gains or losses previously recognized in equity are reflected on the income statement for the period. Investments in small companies for which a fair value may not be available are carried at cost, adjusted for any impairment losses. Dividends received from these companies are recognized under "Dividends" in the income statement.

2.4 Translation of Items Denominated in Foreign Currencies

(a) Functional Currency and Presentation Currency

The financial statements of subsidiaries, associated companies and joint ventures are presented in the corresponding functional currency, which is the currency used in their primary business environment. The presentation currency of the Pininfarina Group is the euro.

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

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

Monetary assets and liabilities denominated in currencies other than the euro are converted into euros at the exchange rate in force on the balance sheet date. All translation differences are recognized in the income statement, except for differences stemming from loans in foreign currencies that hedge investments in foreign subsidiaries. These differences, net of the corresponding tax effect, are recognized directly in equity until the equity investment is sold, at which point the translation differences are recognized in the income statement.

Non-cash items that are carried at historical cost are translated into euros at the exchange rate in force when the underlying transaction was first recognized.

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

No company of the Pininfarina Group operates in a high-inflation economic environment.

(c) Group Companies

The assets and liabilities of Group companies that use a functional currency different from the euro are translated into euros at the exchange rate in force on the balance sheet date. The income statement is translated at the average exchange rate for the reporting period. Translation differences are recognized directly in equity and are shown separately in the reserve for currency translations. When an investee company is sold, the corresponding portion of this reserve is reflected in the income statement.

Goodwill and fair value adjustments to the assets and liabilities of foreign companies are translated into euros at the exchange rate in effect at the end of the period.

The table below lists the exchange rates used to translate financial statements denominated in currencies other than the Group's functional currency:

Euro vs. currency	**At June 30, 2008**	**Average for the first half 2008**	**At June 30, 2007**	**Average for the first half 2007**
- U.S. dollar	1.58	1.53	1.35	1.33
- Swedish kronor	9.47	9.38	9.25	9.22
- Moroccan dirham	11.48	11.43	11.20	11.16

2.5 Property, Plant and Equipment

All classes of property, plant and equipment are carried at their historical cost, less accumulated depreciation and impairment losses, except for land, which is carried at its historical cost less impairment losses. Cost includes all expenses directly attributable to the purchase.

Costs incurred after an asset has been acquired can be capitalized only if it is likely that they will produce future economic benefits and if the costs can be measured reliably.

Depreciation of property, plant and equipment is computed on a straight-line basis, so as to distribute each asset's residual carrying value over its estimated useful life.

Special-purpose assets used to produce specific cars under contract manufacturing agreements are depreciated by the units of production method, in accordance with Paragraphs 50 and 60 of IAS 16.

Extraordinary maintenance costs that have been capitalized and added to the carrying value of an existing asset are depreciated over the residual useful life of the asset or over the period of time until the next maintenance overhaul, whichever is shorter.

The residual values and useful lives of property, plant and equipment are reviewed and changed, if necessary, on the balance sheet date.

Gains and losses on the sale of property, plant and equipment are recognized in the income statement. They represent the difference between an item's carrying amount and its sales price.

In this and subsequent sections of these notes, the term "impairment" shall mean the adjustment made to the carrying amount of a non-current asset to make it consistent with the asset's recoverable value.

2.6 Intangible Assets

(a) Goodwill

Goodwill represents the excess of the price paid for net identifiable assets at the time of their acquisition over their fair value.

Goodwill generated upon the purchase of an interest in a subsidiary or affiliated company is recognized as an addition to the value of the investment in the company in question.

Goodwill is tested for impairment at least once a year and, if an impairment loss is detected, its carrying amount is adjusted accordingly.

Any gain or loss generated by the sale of an equity investment must also take into account the carrying amount of the corresponding goodwill.

An impairment test is performed by comparing the carrying amount of goodwill with the present value of the cash flows that homogeneous groups of assets are expected to generate.

(b) Software and Other Licenses

The cost actually incurred to secure software licenses and other similar licenses, including the expenses required to put them into use, are capitalized and amortized over the estimated useful lives of the licenses (three to five years).

The costs incurred to develop and maintain software are treated as operating expenses and charged to income in the year they are incurred.

Costs incurred to develop software that can be identified and controlled by the Pininfarina Group and which has a high probability of producing greater economic benefits than the costs incurred during a single year are capitalized as an intangible asset and amortized over the useful life of the corresponding asset (not more than three years).

(c) Research and Development Costs

Research costs are charged to income in the year they are incurred.

Development costs, other than those referred to in the paragraph below, are capitalized as intangible assets only if they can be measured reliably and it is clear that the project for which they are being incurred has a high chance of success, both in terms of technical feasibility and commercial acceptance. Development costs that do not meet these characteristics are treated as operating expenses.

Development costs that were charged to income in previous years may not be capitalized at a later date, even if they then meet the requirements for capitalization.

Development costs with a finite useful life are amortized from the date the resulting product was brought to market over the length of time during which they are expected to produce economic benefits, but not more than five years.

The Pininfarina Group carries out development work on behalf of its clients under contracts that involve the styling, engineering and manufacture of automobiles or just design and engineering work. These contracts, which are covered by the provisions of IAS 11 – *Construction Contracts,* are handled on an inventory basis and, consequently, do not generate capitalized intangible assets. Styling activities carried out for internal use are deemed to be the same as research activities and the resulting costs are charged to income when incurred.

Development work performed under styling, engineering and production contracts is included in the amount of financial receivables recognized in accordance with IFRIC 4 (see Note 2.19 b below) or, if IFRIC 4 is not applicable, in the value of special-purpose assets that are part of property, plant and equipment.

(d) Other Intangibles

Other intangibles acquired separately are capitalized at cost. Those acquired through business combinations are capitalized at their fair value as of the date of acquisition.

After initial recognition, intangibles with a finite useful life are carried at cost less depreciation and impairment losses. Intangibles with an undefined useful life are carried at cost less impairment losses.

The useful lives of other intangibles are reviewed once a year. Any resulting changes are applied from that point on.

2.7 Recoverable Amount of Assets

The recoverable amount of any intangibles with an indefinite useful life that are not amortized should be tested for impairment at least once a year.

Assets that are amortized are tested for impairment only when there is an indication that their carrying amount may not be recoverable.

The amount of the impairment writedown should be equal to the difference between an assets' carrying amount and its recoverable amount, computed as the greater of the asset's sales price (net of transaction costs) and its value in use.

The recoverable amount of the assets is determined by grouping basic cash generating units.

2.8 Financial Assets

The Group divides its investments into four categories: a) Financial assets carried at fair value through profit and loss; b) Loans and other financial receivables; c) Held-to-maturity investments; and d) Available-for-sale financial assets.

The basis for this classification is the reasoning behind an asset's acquisition. Management allocates financial assets to the appropriate category at the time of purchase.

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

This category is divided into two classes: 1) Financial assets held for trading and 2) Assets designated into the category from the inception. An asset is included in this category if it was acquired mainly to be resold over the short term or if it was placed in this category by the Company's management.

Any derivatives that do not qualify as hedges are included in the held-for-trading class.

Financial assets that fall into these two classes are listed as current assets when they are held for trading or are expected to be sold within 12 months from the balance sheet date.

(b) Loans and Other Financial Receivables

Loans and other financial receivables are non-derivative financial assets that entail fixed or determinable payments, are not traded on a regulated market and are not held for trading. They are listed as current assets, except for the portion due after one year, which is classified under non-current assets.

(c) Held-to-maturity Investments

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

(d) Available-for-sale Financial Assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale and those non-derivative financial assets that do not fall into any of the previous categories. These assets are listed as current assets, unless management decides not to sell them within 12 months from the balance sheet date, in which case they are reclassified under non-current assets.

Purchases and sales of financial assets are recognized on the transaction date, which is the date when the Group agrees to buy or sell an asset.

All financial assets (except for financial assets carried at fair value) whose changes in value are recognized in earnings, are initially recognized at their fair value, plus transaction costs.

Financial assets are removed from the financial statements when they cease to deliver cash flow, or the right to receive such cash flow is transferred, or when the Group effectively transfers all of the risks and benefits inherent in ownership to a third party.

Following their purchase, assets that are categorized either as Available-for-sale financial assets or as Financial assets carried at fair value (whose changes in value are recognized in earnings) are valued at fair value. The assets included in the other two categories (Loans and other financial receivables and Held-to-maturity investments) are valued at their amortized cost, computed by the effective interest method.

Realized and unrealized gains and losses from changes in the fair value of financial assets categorized as Financial assets carried at fair value (whose changes in value are recognized in earnings) are reflected in the income statement in the year when they are generated.

Unrealized gains and losses from changes in the fair value of non-monetary securities categorized as Available-for-sale assets are recognized in equity. When securities categorized as Available-for-sale assets are sold or their value is impaired, adjustments to their fair value that have accumulated in a separate shareholders' equity reserve are recognized in earnings as a gain or loss on the sale.

The fair value of investments in listed securities is based on current bid prices. If an active market is not available for these financial assets or they are unlisted equity securities, their fair value is determined by the Group using such valuation techniques as making reference to market transactions involving similar instruments or discounting future cash flows, adjusted as necessary to reflect the specific characteristics of the issuers.

At the end of each fiscal year, the Group tests its financial assets for objective indications of the existence of impairment losses. In the case of financial assets that represent equity investments categorized as Available-for-sale assets, a significant and prolonged decline in their fair value, as compared to their cost, is one of the parameters that should be used in determining if an impairment loss has occurred. If this type of evidence exists for a financial asset categorized as an Available-for-sale asset, the accumulated loss, calculated as the difference between the asset's cost and its current fair value (net of previous writedowns), is reversed out of shareholders' equity and posted to the income statement. Writedowns that have been recognized in earnings cannot be reversed.

2.9 Inventory

Inventory is carried at cost or estimated net realizable value, whichever is smaller. Net realizable value is the selling price in the ordinary course of business, less the variable costs necessary to make the sale.

Cost is determined by the FIFO ("first-in, first-out") method. The cost of finished goods and semifinished goods includes design, raw materials and direct labor costs, as well as other direct costs and other indirect costs that can be allocated to the manufacturing operations based on a normal level of production capacity. This costing formula does not include borrowing costs.

2.10 Trade Receivables and Other Receivables

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

2.11 Cash and Cash Equivalents

The Cash and cash equivalents account includes cash on hand, readily available bank deposits, overdraft facilities and liquid investments due within three months. Overdraft utilizations are recognized as current liabilities.

2.12 Held-for-sale Non-current Assets and Assets of Discontinued Operations

Held-for-sale non-current assets and assets of discontinued operations refer to those business operations and assets (or groups of assets) that were divested or are in the process of being divested, the carrying value of which was or will be recovered through a sale rather than through their continuous use. These assets are valued at the lesser of their net carrying value or their fair value less costs to sell. As required by IFRS 5, Paragraphs 38-40, the data attributable to a non-current asset or a disposal group classified as held for sale are reclassified to separate balance sheet accounts.

2.13 Share Capital

The Company's common share capital is listed in the shareholders' equity section of the balance sheet.
Incidental expenses incurred to issue share capital or options are recognized under shareholders' equity.
If a Group company buys shares of Pininfarina S.p.A. or Pininfarina S.p.A. purchases treasury shares (within the constraints of the applicable statutes), the price paid, net of any directly attributable incidental charges, is deducted from shareholders' equity until the shares are retired, reissued, awarded to employees or sold.
The share capital of Pininfarina S.p.A. is comprised of 9,317,000 common shares, par value 1 euros per share. There are no other classes of shares.

2.14 Borrowings

Initially, borrowings are recognized at fair value, net of any incidental charges. Subsequently, their value is adjusted in accordance with the amortized cost method. Any difference between the collection amount, net of any incidental charges, and the redemption amount is recognized in earnings on an accrual basis, computed by the effective interest rate method.

The portion of borrowings that is due within one year is listed among current liabilities. The portion due after one year is recognized as a non-current liability only if the Group has an unconditional contractual right to defer repayment.

2.15 Deferred Taxes

Deferred taxes are computed on all temporary differences between the carrying amount of assets and liabilities and the amount attributed to those assets and liabilities for tax purposes. Temporary differences are not computed on:

- Goodwill generated by a business combination;
- Initial recognition of assets and liabilities upon the execution of a transaction that is not a business combination and has no impact on reported results for the period or on taxable income.

Deferred-tax liabilities are computed using the tax rates in force in the business environments in which the companies of the Group operate and in accordance with the tax laws that have been enacted, or which can be deemed to have been virtually enacted, as of the balance sheet date and which are expected to apply when the temporary differences that required the recognition of a deferred-tax liability are reversed.

Deferred-tax assets are recognized only if it is likely that the Company will have earned sufficient taxable income to offset them when the temporary differences that required their recognition are reversed.
Deferred-tax assets are reviewed at each balance sheet date and are adjusted to reflect changes in the expectation that the Company will earn sufficient taxable income in the future to utilize all or part of the deferred-tax assets.

Deferred-tax liabilities are computed on temporary differences generated in connection with equity investments in subsidiaries, associated companies and joint ventures, except in those cases where the reversal of the temporary differences can be controlled by the Group and it is unlikely to occur in the near future.

Deferred-tax liabilities on components of shareholders' equity are posted directly to shareholders' equity.

2.16 Employee Benefits

(a) Pension Plans

The employees of the Pininfarina Group have access to defined-contribution and defined-benefit plans. None of these plans has dedicated plan assets.
For IFRS purposes (IAS 19), the Provision for termination indemnities attributable to employees of the Pininfarina Group, computed in accordance with Article 2120 of the Italian Civil Code, consists of:

- a defined-benefit pension plan for the benefits that vested prior to the effective date of Legislative Decree No. 252 of December 5, 2005;
- a defined-contribution pension plan for the benefits that vested from 2007 on.

Defined-benefit plans are pension plans in which the pension benefit that an employee will receive at the end of the employment relationship is defined based on such factors as age, years of services and salary earned.

Defined-contribution plans are plans under which the Group pays a fixed contribution and has no further statutory or implied obligations to pay additional sums, should the plan's assets prove to be inadequate to pay benefits for current or past service.

The liability recognized in the financial statements for defined-benefit plans is the present value of the obligation on the balance sheet date, adjusted for actuarial gains and losses and for the cost of benefits paid for past service.

The portion of the cumulative amount of the actuarial gains and losses generated by changes in estimates that is larger than 10% of the fair value of plan assets or 10% of the plan's liabilities, whichever is greater, is recognized in the income statement on a pro rata basis over the average expected remaining working life of the employees who are enrolled in the plan.

Under defined-contribution plans, the Group makes contributions to public and private pension funds on a statutory, contractual or voluntary basis and incurs no further obligation. Contributions are reflected in the income statement as part of labor costs when they become due. Contributions made in advance are recognized as a prepaid expense only if the Group expects to receive a refund or a reduction in future payments.

(b) Incentives, Bonuses and Profit Sharing Plans

The Group recognizes the costs and liabilities that arise from profit sharing plans in accordance with a formula based mainly on the Group's interest in net profit. The Group sets aside a provision only if it is contractually obligated to do so or if established practice is to create such a provision.

(c) Employee Benefits Paid in Shares of Stock

The Group's management, at its sole discretion and from time to time, awards bonuses to key employees in the form of options to buy Company shares. The right to exercise the options vests after one year of service, if certain personal objectives are reached. The fair value of the options is a labor cost of the fiscal year and is added to a special equity reserve for the duration of the option vesting period. When the options are exercised, the amount collected, net of any transaction costs, is added to share capital (the portion corresponding to the par value of the shares) and to additional paid-in capital (the amount paid in excess of par value).

2.17 Provisions for Risks and Charges

Additions to the provisions for risks and charges are recognized when:

- The Group incurs a statutory or implied obligation as a result of past events;
- It is likely that resources will have to be expended to satisfy this obligation;
- The amount of the obligation can be determined reliably.

Additions to these provisions are recognized based on the present value of the best estimates made by the Company's management of the costs that the Pininfarina Group will incur to satisfy the obligations.

The provisions for risks and charges reflect primarily the best available estimates of the Group's liability for future warranty costs on the pool of cars in circulation that the Group has manufactured. The warranty commitment stems from contractual obligations to customers.

The provisions for risks and charges also include amounts set aside to cover the Group's pro rata share in losses of associated companies and joint ventures, in those cases where Pininfarina is contractually obligated to cover those losses.

2.18 Revenue Recognition

Revenues should reflect the fair value of the goods and services sold, net of VAT, returns, discounts and intra-Group transactions. Revenues are recognized as follows:

(a) Sale of Goods

Revenues are recognized when the Company has transferred all significant risks and benefits inherent in ownership, and the revenue amount can be estimated reliably.

(b) Provision of Services

Service revenues are recognized based on the progress made in delivering the services in question during the year in which they are being provided.

(c) Interest

Interest income is recognized on an accrual basis at amortized cost computed by the effective interest rate method. The effective interest rate is the rate used to accurately discount the cash flows that a financial instrument is expected to generate over its life.

(d) Royalties

Royalty income is recognized on an accrual basis, taking into account the terms of the underlying contracts.

(e) Dividends

Dividends are recognized in the year in which the shareholders acquire the right to receive payment.

2.19 Leases

(a) When the Pininfarina Group Is the Lessee

Leases covering property, plant and equipment are deemed to be finance leases when the Pininfarina Group assumes substantially all of the risks and rewards incidental to the ownership of an asset.

An asset acquired under a finance lease is recognized as a component of Property, plant and equipment and depreciated over the asset's useful life. Leased assets are capitalized at the start of the lease at the fair value of the leased asset or at the present value of the lease payments, whichever is smaller. Lease payments are broken down into principal repayment and interest, which is determined by applying a constant interest rate to the outstanding balance.

The current portion of the indebtedness to the lessor is recognized as a current liability and the portion due after one year is booked as a non-current liability.

The interest paid is charged to income over the term of the lease.

Leases in which the lessor (third party) retains all of the risks and rewards incidental to ownership are recognized as operating leases. Payments, net of any incentives received from the lessor, are recognized in the income statement on an accrual basis over the term of the lease.

(b) When the Pininfarina Group Is the Lessor

The Pininfarina Group applies IFRIC 4 *"Determining Whether an Arrangement Contains a Lease"* to investments in plant and machinery acquired for special purposes under some contracts for the design, engineering and production of automobiles.

IFRIC 4 applies to those arrangements that, while not having the legal formalities of a lease, convey to one of the parties the right to use certain assets in exchange for a series of payments.

According to IFRIC 4, an arrangement contains a lease if the following conditions are met:

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

In other words, IFRIC 4 can be used to identify a lease and separate it from an underlying arrangement between the parties and measure the lease in accordance with IAS 17 *"Leases."*

When a finance lease does exist, the Pininfarina Group recognizes a receivable of an amount equal to the present value of the lease payments. The difference between the gross amount of the receivable and its present value, which represents the interest income component, is reflected in the income statement over the term of the lease at a constant periodic interest rate.

The Group does not own assets leased to third parties under operating leases.

2.20 Dividend Distributions

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

2.21 Financial Expense

Consistent with IAS 23, Paragraph 7, financial expense is charged to income in the year it is incurred. On January 1, 2009, the Group will adopt the revised version of IAS 23 *"Borrowing Costs,"* in which this option has been removed. This change in accounting principles is not expected to have a material impact.

2.22 Construction Contracts

Costs incurred in connection with construction contracts are recognized when incurred.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred and presumed recoverable.

When the outcome of a construction contract can be estimated reliably and it is likely that the contract will be profitable, revenues are recognized on an accrual basis over the life of the contract.

Conversely, if it is likely that the contract will produce a loss (that is, total contract costs exceed contract revenues), the entire loss should be recognized in the year in which the Company's management becomes aware of the loss.

The Pininfarina Group allocates contract costs and revenues to each fiscal year by the percentage of completion method. The percentage of completion is the ratio of total costs incurred through the reporting date and the overall estimated costs needed to complete the contract. Costs incurred in a given fiscal year in connection with activities that have not yet been performed are excluded from the percentage of completion computation. Instead, they are recognized as inventory, advances or other assets, depending on their nature.

Progress billings on account are included in Contract work in progress.

2.23 Government Grants

Government grants are recognized in the financial statements at fair value only when there is reasonable certainty that the Group has satisfied all of the requirements set forth in the terms of the grants.

Government grant revenues are reflected in the income statement in proportion to the costs incurred.

Government grants toward the purchase of property, plant and equipment are recognized as deferred income and credited to the income statement in proportion to the depreciation of the assets for which they were awarded.

2.24 Valuations That Affect the Financial Statements

(a) Current and Deferred Taxes

The computation of current taxes made in the financial statements represents a best estimate of the weighted average of the tax liability that will be reflected in the annual financial statements.

In these financial statements, in view of the results that the Group is expected to report over the intermediate term and of the tax loss carryforward, Pininfarina S.p.A. chose not to recognize any new deferred-tax assets or liabilities.

Deferred-tax assets recognized by Group companies in accordance with IAS 12 *"Income Taxes"* were retained.

(b) Estimate of Fair Value

The fair value of financial instruments that are traded on an active market is based on their market value on the balance sheet date. The reference market price for financial assets held by the Pininfarina Group is their current sales price (purchase price for financial liabilities).

The Group does not hold financial instruments that are not traded on an active market. Consequently, it does not use valuation techniques or make assumptions about the market conditions on the balance sheet date.

The fair value of receivables is assumed to approximate their face value, net of valuation adjustments made to reflect collectibility.

The fair value of financial liabilities is determined for reporting purposes by discounting the contractual cash flows at an interest rate that approximates the market rate at which the Group borrows.

(c) Impairment

An estimate of the impairment of goodwill is made by discounting the cash flows anticipated in the business plan prepared by the Group's management. Actual results can vary from the estimates in the business plan due to a variety of factors that are beyond the Group's control.

The process of estimating cash flows for the purpose of testing for impairment the assets allocated to the cash generating units is based on production volumes, which, in turn, are estimated based on the production budgets communicated by customers and on conservative estimates of the overall volumes scheduled under the corresponding contracts.

(d) Financial Plans of Leases in Which the Group Is Either the Lessor or the Lessee

By their own nature, financial plans prepared to account for leases in which the Group is either the lessor or the lessee are affected by changes in expected future cash flows. Leases in which the Group is either the lessor or the lessee are accounted for in compliance with the terms of the leases.

(e) Design, Engineering and Production Contracts

Contracts covering design, engineering and production orders are subject to change while they are being performed (e.g., engineering change requests) and these changes are anticipated and provided for in the contracts. As a result, the cash flows expected from these contracts can also change.

(f) Accounting for the Provision for Termination Indemnities

The provision for termination indemnities is akin to a defined-benefit plan (a defined-benefit plan is one in which the pension benefit payable to employees at the end of the employment relationship is predefined based on such factors as age, years of service and salary). Estimates of these factors, while made conservatively based on historical Company data, are subject to change.

(g) Stock Option Plans

In view of the prices at which the Company's shares have traded in recent months and short-term price expectations and taking into account overall market conditions, the Company did not recognize any cost with regard to the 2008 batch of options awarded to eligible beneficiaries. On July 22, 2008, the Stock Option Plan was amended to allow executives who had been awarded 2006 and 2007 stock options that were not yet exercisable to exercise them starting in July 2008. Subsequent to this amendment, the Company and the eligible executives entered into an agreement pursuant to which all options that are still exercisable will be cancelled. In return for this concession, the abovementioned executives will be awarded an alternative incentive compensation, the amount of which is currently being defined.

3. Managing Financial Risk

The financial instruments utilized by the Group include bank borrowings, leases in which it is the lessee, leases in which it is the lessor that are recognized in accordance with IFRIC 4 and short-term bank deposits, which it uses to finance its operations, as well as trade payables and receivables, which are generated as part of its operating activities.

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 financial flows).

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 kroner (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 Group's reputation as a reliable borrower among financial institutions is demonstrated by the fact that no assets have been pledged as collateral and no financial covenants are included in the corresponding loan agreements. 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: Pininfarina S.p.A. entered into finance leases as lessee to finance capital investments needed to manufacture the Alfa Brera, Alfa Spider, Ford Focus CC and Mitsubishi Colt CZC models. Originally, the repayment plan was structured so that the cash outflows for principal and interest would coincide with the cash inflows from car sales. Delays incurred in connection with the ramping up of production, concurrently

with a reduction in orders under the Alfa Brera and Spider and Mitsubishi Colt CZC orders, created an unfavorable misalignment of the abovementioned cash flows, which resulted in the signing of a Standstill Agreement providing for a moratorium in principal repayments, the purpose of which is to facilitate the execution of an agreement to refinance/reschedule the existing debt.
In addition, in order to provide the Pininfarina Sverige AB joint venture with the financial resources needed to develop and manufacture the Volvo C70 convertible, Pininfarina S.p.A. signed loan agreements for medium- and long-term financing facilities with Italian banks and guaranteed the finance leases executed by the Swedish joint venture with the same banks.
No corporate assets have been pledged to secure the abovementioned financing facilities and leases and no financial compliance covenants are included in the loan agreements. Some leases and loan agreements contains clauses that can cause the borrower to forfeit the right to repayment in installments.

Interest Risk on Fair Value and Liquidity Flows: 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.

4. 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 values 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.

5. Segment Information

a) Primary Segment

Business Segment

The Group is organized on a global scale and operates in two main business segments: "Production" and "Styling and Engineering." These two businesses are the primary reporting segments.

The results for the first half of 2008 are as follows:

			€/000
	Production	**Styling & Engineering**	**Total for the Group**
Value of production	279,185	75,111	354,296
Intra-segment value of production	(4,582)	(4,564)	(9,146)
Value of production	**274,603**	**70,547**	**345,150**
EBIT	(10,905)	4,012	(6,893)
Financial income (expense)			(8,378)
Interest in results of associates	2,913	(756)	2,157
Profit (Loss) before taxes			(13,114)
Income taxes			(950)
Profit (Loss) for the period			(14,064)

The results for the first half of 2007 are as follows:

			€/000
	Production	**Styling & Engineering**	**Total for the Group**
Value of production	328,216	72,162	400,378
Intra-segment value of production	(17,969)	(4,068)	(22,037)
Value of production	**310,247**	**68,094**	**378,341**
EBIT	(15,905)	2,390	(13,515)
Financial income (expense)			(4,419)
Interest in results of associates	1,508	0	1,508
Profit (Loss) before taxes			(16,426)
Income taxes			(4,786)
Profit (Loss) for the period			(21,212)

b) Secondary Segment

Geographic Destination of Sales

A breakdown of sales by geographic destination is as follows (in thousands of euros):

	6/30/08	**6/30/07**
ITALY	104,456	150,490
REST OF E.U.	223,317	213,139
OUTSIDE E.U.	4,027	3,816
Total	**331,800**	**367,445**

6. List of Consolidated Companies

List of Consolidated Companies

Name	Registered office	Country	Share capital	Currency	% interest held directly or indirectly	Consolidated companies	% capital share
Parent Company							
Parent Company							
Pininfarina S.p.A.	Turin Via Bruno Buozzi 6	IT	9,317,000	EUR	-	-	-
List of companies consolidated line by line							
Italian subsidiaries							
Pininfarina Extra S.r.l.	Turin Via Bruno Buozzi 6	IT	388,000	EUR	100	Pininfarina S.p.A.	100
Foreign subsidiaries							
Pininfarina Extra USA Corp.	New York 1, Penn Plaza Suite 3515	USA	10,000	USD	100	Pininfarina Extra S.r.l.	100
Pininfarina Deutschland GmbH	Leonberg Riedwiesenstr. 1	DE	3,100,000	EUR	100	Pininfarina S.p.A.	100
mpx Entwicklung GmbH	Munich Frankfurter Ring 17	DE	25,000	EUR	100	Pininfarina Deutschland GmbH	100
mpx Entwicklung GmbH	Leonberg Riedwiesenstr. 1	DE	26,000	EUR	100	Pininfarina Deutschland GmbH	100
Matra Automobile Engineering SAS	Trappes - cedex 8, avenue J. D'Alembert	FR	971,200	EUR	100	Pininfarina S.p.A.	100
CERAM SAS	Mortefontaine	FR	1,000,000	EUR	100	Matra Automobile Engineering SAS	100
D3 SAS	Courbevoie 11, rue Paul Bert	FR	306,000	EUR	100	Matra Automobile Engineering SAS	100
Plazolles Modelage S.a.r.l.	Garges Les Gonesses Zac de l'Argentine - 9, rue J. Anquetil	FR	8,000	EUR	100	D3 SAS Matra Automobile Engineering SAS	70 30
Matra Automobile Engineering Maroc SAS	Casablanca - Residence EL HADI "A" 57, Bd Abdelmoumen	MA	8,000,000	MAD	100	Pininfarina S.p.A. Matra Automobile Engineering SAS	99,9 0,1
RHTU Sverige A.B.	Uddevalla Varsvagen 1	SE	100,000	SEK	100	Pininfarina S.p.A.	100
List of companies valued by the equity method in the consolidated financial statements							
Pininfarina Sverige A.B.	Uddevalla Varsvagen 1	SE	8,965,000	SEK	60	Pininfarina S.p.A.	60
Véhicules Electriques Pininfarina-Bolloré SAS	Puteaux 31-32 Quai de Dion Bouton	FR	40,000	EUR	50	Pininfarina S.p.A.	50
Pininfarina Recchi Buildingdesign S.r.l.	Torino Via Montevecchio 28	IT	100,000	EUR	50	Pininfarina Extra S.r.l.	50

List of Unconsolidated Companies

Name	Registered office	Country	Share capital	Currency	% interest held directly or indirectly	Consolidated companies	% capital share
Italian subsidiaries							
Nord Est Design S.r.l.	Maniago (PN) Via Dante 28	IT	100,000	EUR	-	Pininfarina Extra S.r.l.	40
Foreign subsidiaries							
Numero Design S.a.r.l.	Sceaux Sentier des Torque, 4 Chemin du rue d'Aulnay	FR	8,000	EUR	-	D3 SAS	40

7. Property, Plant and Equipment

	Land	Buildings	Leased property	Total
Net value at December 31, 2007	**21,315,991**	**62,440,399**	**10,689,787**	**94,446,177**
Additions	0	207,558	0	207,558
Retirements	(526,661)	(1,130,331)	0	(1,656,992)
Depreciation	0	(1,372,594)	(179,274)	(1,551,868)
Held-for-sale assets	0	(3,669,010)	0	(3,669,010)
Net value at June 30, 2008	**20,789,330**	**56,476,022**	**10,510,513**	**87,775,865**

The decrease in "Land and Buildings" reflects primarily the sale of the "Technical Center" building complex in Grugliasco. The sale produced a gain of 3,543,008 euros.

	Machinery	Plant	Leased plant machinery	Total
Net value at December 31, 2007	**31,260,592**	**35,788,733**	**102,177,934**	**169,227,259**
Additions	474,895	1,531,934	0	2,006,829
Retirements	(2,355)	(16,158)	0	(18,513)
Depreciation	(3,522,903)	(4,974,685)	(11,317,042)	(19,814,630)
Held-for-sale assets	(1,872,036)	0	0	(1,872,036)
Net value at June 30, 2008	**(26,338,193)**	**32,329,824**	**90,860,892**	**149,528,909**

	Furniture and fixtures	Hardware & software	Other prop., plant and equipment	Total
Net value at December 31, 2007	**1,980,761**	**1,997,293**	**1,376,568**	**5,354,622**
Additions	107,402	307,185	74,651	489,238
Retirements	(30,441)	(314,349)	(315,075)	(659,865)
Depreciation	(222,788)	(280,624)	(109,038)	(612,450)
Held-for-sale assets	(1,022,720)	(152,268)	(66,686)	(1,241,674)
Net value at June 30, 2008	**812,214**	**1,557,237**	**960,420**	**3,329,871**

	Assets under construction
Net value at December 31, 2007	**826,801**
Additions	31,690
Retirements	0
Depreciation	0
Held-for-sale assets	(50,974)
Net value at June 30, 2008	**807,517**

8. Intangible Assets

	Goodwill	Licenses and trademarks	Other intangibles	Total
Net value at December 31, 2007	**2,301,012**	**4,331,596**	**465,143**	**7,097,751**
Additions	0	504,075	66,753	570,828
Retirements	0	(128,708)	(68)	(128,776)
Amortization	0	(661,347)	(80,385)	(741,732)
Held-for-sale assets	0	(131,226)	0	(131,226)
Net value at June 30, 2008	**2,301,012**	**3,914,390**	**451,443**	**6,666,845**

9. Equity Investments

Investments in associated companies

	6/30/08	12/31/07	Change
Pasiphae S.a.r.l.	0	744,800	(744,800)
Total	**0**	**744,800**	**(744,800)**

During the first quarter of 2008, Pininfarina S.p.A. sold its investment in Pasiphae S.a.r.l. to buyers outside the Group, earning a gain of 2,638,870 euros.

Investments in joint ventures

	12/31/07	Purchases	Interest in result	Sales	Other changes	6/30/08
Pininfarina Sverige A.B.	30,648,695	0	2,913,451	0	(164,336)	33,397,810
Véhicules Electriques Pininfarina-Bolloré SAS	0	20,000	(11,924)	0	(8,076)	0
Pininfarina Recchi Buildingdesign S.r.l.	0	50,000	0	0	0	50,000
Total	**30,648,695**	**70,000**	**2,901,527**	**0**	**(172,412)**	**33,447,810**

The interest in the result of Pininfarina Sverige AB, amounting to 2,913,451 euros, is equal to 60% of the net profit earned by the joint venture. Other changes includes a change in the reserve for currency translations.

In February 2008, Pininfarina S.p.A. and Bolloré SA established a 50-50 joint venture for the purpose of marketing an electric car manufactured by Pininfarina S.p.A. The interest in the result of this joint venture (-11,924 euros) is equal to 50% of the net loss for the first half of 2008, net of consolidation adjustments for the reversal of the intra-Group margin.

In March 2008, Pininfarina Extra S.r.l. and Recchi Ingegneria e Partecipazioni S.p.A. established a 50-50 joint venture called Pininfarina Recchi Buildingdesign S.r.l. The new company will offer integrated design and engineering services in the real estate area.

Investments in other companies

	6/30/08	12/31/07	Change
Banca Passadore S.p.A.	257,196	257,196	0
Idroenergia Soc. Cons. a.r.l	516	516	0
Unionfidi S.c.r.lp.A. Torino	129	129	0
Midi Ltd	213,840	213,840	0
Numero Design Sarl	0	60,000	(60,000)
Nord Est Design S.r.l.	40,000	40,000	0
Total	**511,681**	**571,681**	**(60,000)**

The decrease in the investment in Numero Design Sarl is due to the reclassification of the non-current portion of D Trois and Ceram to "Held-for-sale assets non-current assets" (see Note 13 for more information).

10. Financial Assets

Loans and other receivables from outsiders

	12/31/07	Increases	Writedowns	Repayments	6/30/08
Loans receivable	183,743,833	0	0	(48,641,377)	135,102,456
Total loans receivable	**183,743,833**	**0**	**0**	**(48,641,377)**	**135,102,456**

The decrease in loans receivable reflects primarily the collection of receivables arising from the 2005-2007 guaranteed volumes, which the Group's Parent Company invoiced early in 2008.

The table below shows separately the current and non-current portions of these receivables:

	6/30/08	12/31/07	Change
Non-current loans and other receiv.	93,088,148	143,517,428	(50,429,280)
Current loans and other receivables	42,014,308	40,226,405	1,787,903
Total	**135,102,456**	**183,743,833**	**(48,641,377)**

Loans and other receivables from affiliated companies and joint ventures

	6/30/08	12/31/07	Change
Non-current loans owed by Pininfarina Sverige AB	53,712,534	62,664,624	(8,952,090)
Current loans owed by Pininfarina Sverige AB	17,904,178	17,904,178	0
Total	**71,616,712**	**80,568,802**	**(8,952,090)**

Loans receivable from joint ventures accrue interest at market rates.

The decrease reflects loan repayments by Pininfarina Sverige AB.

Even though Pininfarina S.p.A. owns 60% of Pininfarina Sverige AB, this company is valued by the equity method, as required by IAS 31, Paragraph 38, and IAS 27, Paragraph 14.

Held-for-sale current assets

	Equity securities	Fixed income securities	Mutual funds	Total
Value at December 31, 2007	5,841,453	40,590,225	16,430,615	62,862,293
Fair value adjustment recognized in earnings	(787,507)	(609,170)	(326,530)	(1,723,207)
Purchases	12,336,469	11,014,344	12,663,480	36,014,293
Sales	(12,908,539)	(13,111,791)	(11,983,544)	(38,003,874)
Value at June 30, 2008	**4,481,876**	**37,883,608**	**16,784,021**	**59,149,505**

11. Inventory and Contract Work in Progress

	6/30/08	12/31/07	Change
Raw materials	19,456,014	16,757,639	2,698,375
Work in process	5,288,776	3,253,524	2,035,252
Finished goods	1,664,923	1,368,936	295,987
Total	**26,409,713**	**21,380,099**	**5,029,614**

The amount shown for the inventory of raw materials is net of an allowance for inventory obsolescence amounting to 2,593,000 euros.

	6/30/08	12/31/07	Change
Contract work in progress	6,124,392	1,336,869	4,787,523
Total	**6,124,392**	**1,336,869**	**4,787,523**

As required by IAS 11, contract work in progress is shown net of advances received (3,240,838 euros).

12. Other Receivables

	6/30/08	12/31/07	Change
Overpayments to social security institutions	787,986	671,608	116,378
VAT overpayments	31,002,667	11,147,322	19,855,345
Current taxes	460,304	410,980	49,324
Advances to suppliers	1,578,207	1,481,804	96,403
Accrued income and prepaid expense	4,652,928	4,681,347	(28,419)
Sundry receivables	12,486,419	9,398,352	3,088,067
Total	**50,968,511**	**27,791,413**	**23,177,098**

The VAT overpayment attributable to Group's Parent Company increased due to a change in the billing method used for the main domestic customer of Group's manufacturing operations.

13. Held-for-sale Non-current Assets and Liabilities

In the balance sheet at June 30, 2008, the item "Held-for-sale non current assets" includes the interests held by Matra Automobile Engineering SAS in D3 SAS and Ceram SAS, due to the decision to sell these equity investments.

A breakdown of held for sale non current assets and liabilities is provided below:

	6/30/08
Held-for-sale non-current assets	
Financial assets	1,278,179
Non-financial assets	15,054,389
Total	**16,332,568**

	6/30/08
Liabilities directly attributable to held-for-sale non-current assets	
Financial liabilities	282,066
Non-financial liabilities	7,816,434
Total	**8,098,500**

A breakdown of non-financial assets is as follows:

	6/30/08
D3 SAS	5,791,670
Ceram SAS	9,262,719
Total	**15,054,389**

A breakdown of financial assets is as follows:

	6/30/08
D3 SAS	837,573
Ceram SAS	440,606
Total	**1,278,179**

A breakdown of non-financial liabilities is as follows:

	6/30/08
D3 SAS	4,221,684
Ceram SAS	3,594,750
Total	**7,816,434**

A breakdown of financial liabilities is as follows:

	6/30/08
D3 SAS	23,846
Ceram SAS	258,220
Total	**282,066**

The table below lists the components of the income statement attributable to the held-for-sale non-current assets:

	6/30/08
Net revenues	9,782,953
Other income and revenues	99,052
Value of production	**9,882,005**
Net gain (loss) on disposal of non-current assets	(5,289)
Raw materials and outside services	(6,658,333)
Value added	**3,218,383**
Labor costs	(4,218,216)
EBITDA	**(999,833)**
Depreciation and amortization	(534,931)
(Additions to provisions/Writedowns)/Utilizations	(91,379)
EBIT	**(1,626,143)**
Net financial income	12,638
Profit before taxes	**(1,613,505)**
Income taxes	(591,858)
Profit (Loss) for the period	**(2,205,363)**

The impact of "Held-for-sale non-current assets" are attributable to the following two items:

	6/30/08
D3 SAS	(2,079,008)
Ceram SAS	(126,355)
Total	**(2,205,363)**

The table below shows in the cash flow statement the components of the cash flow from operating activities, investing activities and financing activities attributable to the held-for-sale non-current assets:

Total Cash flow attributable to held-for-sale non current assets	6/30/08
Cash and cash equivalent	**(153,262)**
Cash flow from operating activities	(445,716)
Cash flow from investing activities	282,972
Cash flow from financing activities	932,021
Cash and cash equivalent at end of period	**616,015**

More specifically:

Cash flow from operating activities

	6/30/08
D3 SAS	(161,263)
CERAM SAS	(284,453)
Total	**(445,716)**

Cash flow from investing activities

	6/30/08
D3 SAS	(85,844)
CERAM SAS	368,816
Total	**282,972**

Cash flow from financing activities

	6/30/08
D3 SAS	932,021
CERAM SAS	0
Total	**932,021**

14. Share Capital

	No. of shares	Common shares	Treasury shares	Total
Balance at December 31, 2006	9,317,000	9,317,000	28,153	9,288,847
Balance at June 30, 2007	9,317,000	9,317,000	16,055	9,300,945
Balance at December 31, 2007	9,317,000	9,317,000	15,958	9,301,042
Balance at June 30, 2008	9,317,000	9,317,000	15,958	9,301,042

A total of 9,317,000 common shares, par value of 1 euro each, were outstanding at June 30, 2008.
All issued shares have been fully paid-in.

At June 30, 2008, the Company held 15,958 of its own shares, valued at 98,923 euros. As required by IAS 32, this amount was deducted from shareholders' equity.
These shares are held as treasury shares.

15. Earnings (Loss) 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 December 31, 2007 (excluding treasury shares).

	6/30/08	12/31/07	6/30/07
Net profit (loss)	(14,063,846)	(114,525,048)	(21,212,075)
Number of common shares, net	9,301,042	9,301,042	9,300,545
Basic earnings (loss) per share	(1.51)	(12.31)	(2.28)

b) Diluted earnings (loss) per share

The diluted earnings (loss) per share are the same as the basic earnings (loss) per share.

16. Borrowings

	6/30/08	12/31/07	Change
Non-current	**37,329,443**	**228,602,431**	**(191,272,988)**
Liabilities under finance leases	0	156,290,028	(156,290,028)
Bonds outstanding and other borrowings	37,329,443	72,312,403	(34,982,960)
Current	**559,152,984**	**382,032,482**	**177,120,502**
Due to banks	34,889,336	58,429,837	(23,540,501)
Liabilities under finance leases	349,678,633	193,355,300	156,323,333
Bonds outstanding and other borrowings	174,585,015	130,247,345	44,337,670
Total	**596,482,427**	**610,634,913**	**(14,152,486)**

No Group assets have been pledged as collateral with the exception of assets held under finance leases and a mortgage on a building owned by Pininfarina Deutschland GmbH in Renningen, Germany.

Pursuant to the injunctions served on Pininfarina S.p.A. on March 28 and April 19, 2008, Banca Fortis succeeded in encumbering all of the Company's buildings with court ordered mortgages to secure a receivable amounting to about 45 million euros.

Because of the moratorium currently in effect with the majority of the lending institutions, both the liabilities under finance leases and the borrowings owed by the Group's Parent Company were unchanged compared with the end of 2007. As required by IAS 1.65, all remaining balances of borrowings with regard to which the right to repayment in installments was contractually forfeited due to the failure to make payments due by June 30, 2008 were reclassified as current. Consequently, all of the liabilities under finance leases and virtually all of the bonds outstanding and other borrowings were reclassified as current liabilities.

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

	6/30/08
due within 1 year	559,152,984
due between 1 and 5 years	22,134,001
due after 5 years	15,195,442
Total	**596,482,427**

The table below provides a breakdown of medium- and long-term borrowings by type and maturity:

Borrowings (in thousands of euros)	**Amount at 12/31/07**	**Amount at 6/30/08**	**Amount due within 1 year**	**Amt. due from 1 to 5 years**	**Amount due after 5 years**
Total loans and other facilities	(202,560)	(211,914)	(174,585)	(22,134)	(15,195)
Total obligations under finance leases	(349,645)	(349,679)	(349,679)	0	0
Total liabilities for short-term credit lines	(58,430)	(34,889)	(34,889)	0	0
Total	**(610,635)**	**(596,482)**	**(559,153)**	**(22,134)**	**(15,195)**

At June 30, 2008, a total of 35.1 million euros had been drawn down from available credit lines totaling about 50.5 million euros.
At June 30, 2008, past due indebtedness amounted to 95.4 million euros.

There are no borrowings in currencies different from the euro. The Group is exposed to interest rate fluctuations on some facilities that are tied to the Euribor. The carrying amount of these facilities approximates their fair value.

Some loan agreements and finance leases contain express cancellation clauses which, if exercised, cause the borrower to lose the benefit of repayment in installments and can result in the lender demanding repayment in a lump sum.

Since December 1, 2007, under a moratorium currently in effect, which has been agreed to by most of the lenders, the Company has not been making principal repayments on its medium/long-term debt.

The moratorium agreement will end on September 30, 2008 and will be followed by an agreement to reschedule/refinance the Company's entire indebtedness.

17. Provision for Termination Indemnities

	Pininfarina SpA		Pininfarina Extra Srl		Total	
	6/30/08	12/31/07	6/30/08	12/31/07	6/30/08	12/31/07
Financial coverage:						
Liability for future benefits	22,423,618	24,272,606	260,159	236,255	22,683,777	24,508,861
Present value of coverage	0	0	0	0	0	0
Liability in the balance sheet	**22,423,618**	**24,272,606**	**260,159**	**236,255**	**22,683,777**	**24,508,861**
Actuarial gains (losses) not reflected in the income statement	298,797	0	(1,977)	622	296,820	622
Cost of services attrib. to prior years	0	0	0	0	0	0
Miscellaneous items	2,150	0	0	0	2,150	0
Net liability in the balance sheet	**22,724,565**	**24,272,606**	**258,182**	**236,877**	**22,982,747**	**24,509,483**
Income statement:						
Cost of current service	0	258,678	15,756	35,688	15,756	294,366
Interest costs	545,334	1,078,231	5,546	9,470	550,880	1,087,701
Actuarial (gains) losses recognized in the current year (attribut. to 2008)	0	(2,800,662)	0	0	0	(2,800,662)
Actuarial (gains) losses (attributable to 2004, 2005, 2006)	0	135,025	0	0	0	135,025
Other changes	0	0	0	0	0	0
Total cost included in income stat.	**545,334**	**(1,328,728)**	**21,302**	**45,158**	**566,636**	**(1,283,570)**
Liability in the balance sheet						
Liability at beginning	24,272,606	29,770,787	236,877	207,298	24,509,483	29,978,085
Total costs	545,334	(1,328,728)	21,305	45,158	566,639	(1,283,570)
Benefits paid	(2,093,375)	(4,169,453)	0	(15,579)	(2,093,375)	(4,185,032)
Other changes	0	0	0	0	0	0
Liability in the balance sheet at end	**22,724,565**	**24,272,606**	**258,182**	**236,877**	**22,982,747**	**24,509,483**

18. Provisions for Other Liabilities

	6/30/08	12/31/07	Change
Provision for warranties	3,392,807	1,546,961	1,845,846
Provision for restructuring	1,609,703	2,025,047	(415,344)
Other provisions	3,649,450	3,266,659	382,791
Total	**8,651,960**	**6,838,667**	**1,813,293**

The provision for warranties increased due to warranties provided in connection with production orders. Other provisions include a provision established in connection with the elimination of the unrealized margin from activities carried out for the Véhicules Electriques Pininfarina Bolloré SAS joint venture in connection with the electric car project in the amount of 736,042 euros.

Pininfarina S.p.A., the Group's Parent Company is currently a party to a dispute with the Turin Internal Revenue Agency concerning alleged irregularities in the method used, between 2001 and 2003, by Industrie Pininfarina S.p.A. (merged into Pininfarina S.p.A. in 2004) to issue invoices to Gefco Italia S.p.A., which acted as the tax representative in Italy of the customer Peugeot Citroen Automobiles. On December 14, 2007, the Turin Internal Revenue Agency served on the Company two notices of assessment for unpaid VAT owed for 2002, amounting to 17,655,017 euros, and for 2003, amounting to 11,747,076 euros.
On February 12, 2008, the Company challenged the notices of assessment in a motion filed with the Turin Provincial Tax Commission. On May 14, 2008, the Company filed explanatory briefs underscoring the injury that could be caused by a provisional recognition of the corresponding liability and asking that all collection activities be held in abeyance. On June 17, 2008, the Turin Provincial Tax Commission granted the abeyance motions and scheduled a merit hearing for September 30, 2008.
Based on the available technical and legal information, the Company did not deem it necessary to establish a separate provision in connection with this dispute.

19. Other Income and Revenues

	6/30/08	6/30/07	Change
Amounts rebilled	339,382	13,243	326,139
Out-of-period income	1,670,191	577,953	1,092,238
Insurance settlements	5,270	1,958,502	(1,953,232)
Royalties	250,000	250,000	0
Rebilling of lease payments	195,007	174,026	20,981
Operating grants	2,980,100	1,147,744	1,832,356
Sundry items	736,832	1,329,786	(592,954)
Total	**6,176,782**	**5,451,254**	**725,528**

Out-of-period income, which concerns mainly the Group's Parent Company, refers to price adjustments attributable to previous years. The increase in operating grants refers to a tax credit for research projects held by the Matra Group.

20. Gain on the Sale of Non-current Assets

	6/30/08	12/31/07	Change
Gain on the sale of equity investments	2,638,870	0	2,638,870
Gain on the sale of other assets	4,329,451	3,142,953	1,186,498
Total	**6,968,321**	**3,142,953**	**3,825,368**

The gain on the sale of equity investments refers to the divestiture of the interest held in Pasiphae in the first quarter of 2008.

The disposal of the "Technical Center" building complex in Grugliasco in June for a price of 3,543,008 euros and the sale of some vintage automobiles account for most of the gain on the sale of other assets.

21. Financial Income (Expense), Net

	6/30/08	6/30/07	Change
Financial expense paid to banks	(1,760,239)	(1,195,387)	(564,852)
Financial expense paid under leases	(10,181,102)	(8,533,165)	(1,647,937)
Financial exp. on medium- and long-term borrowings	(6,238,933)	(4,100,491)	(2,138,442)
Realized losses from marking securities to market	(2,256,557)	0	(2,256,557)
Total financial expense	**(20,436,831)**	**(13,829,043)**	**(6,607,788)**
Bank interest earned	695,135	30,786	664,349
Realized gains from marking securities to market	946,352	1,102,157	(155,805)
Interest earned on long-term loans to outsiders	7,390,322	5,595,606	1,794,716
Interest earned on long-term loans to joint ventures	2,596,676	2,513,519	83,157
Gains on trading securities	309,687	13,676	296,011
Total financial income	**11,938,172**	**9,255,744**	**2,682,428**
Net financial income (expense)	**(8,498,659)**	**(4,573,299)**	**(3,925,360)**

22. Dividends

	6/30/08	6/30/07	Change
Banca Passadore	53,571	48,214	5,357
Italian securities under asset management	66,993	98,994	(32,001)
Other investments	0	5,816	(5,816)
Total	**120,564**	**153,024**	**(32,460)**

23. Value Adjustments

	6/30/08	6/30/07	Change
Pininfarina Sverige AB	2,913,451	1,508,884	1,404,567
Véhicules Electriques Pininfarina-Bolloré SAS	(756,042)	0	(756,042)
Total	**2,157,409**	**1,508,884**	**648,525**

24. Income Taxes

	6/30/08	6/30/07	Change
Current taxes	(1,164,593)	(1,055,805)	(108,788)
Prepaid taxes	131,433	(3,381,663)	3,513,096
Deferred taxes	83,400	(348,502)	431,902
Total	**(949,760)**	**4,785,970**	**3,836,210**

The income tax liability for the first half of 2008 was about the same as in the same period a year ago. The tax liability was computed based on the best estimate of the weighted average tax rate expected for the entire year.

Deferred-tax assets and liabilities at June 30, 2008 refer to foreign Group companies and reflect other consolidation effects because the Group's Parent Company, in light of the results it expects to report over the intermediate term, chose not to recognize any deferred-tax assets or liabilities. The deferred-tax asset amount includes the tax loss carryforward of the Pininfarina Deutschland Group (850,180 euros), which is recognized to the extent that it is probable that the Pininfarina Deutschland Group will generate sufficient taxable income in the future to recover the abovementioned tax loss carryforward.

Deferred-tax assets	**12/31/07**	**Impact on the income statement**	**Reclassification to held-for-sale assets**	**6/30/08**	**Deferred-tax assets and liabilities not recognized at 6/30/08**
Leases as lessor/lessee	-			-	36,985,552
Provisions for risks and writedowns	-			-	2,682,733
Sundry differences	691,186	(141,506)		549,680	362,255
Total deferred-tax assets on temporary differences	**691,186**	**(141,506)**		**549,680**	**40,030,540**
Deferred-tax assets on tax loss carryforward	**4,790,664**	**272,939**	**(69,225)**	**4,994,378**	**44,518,901**
Deferred-tax liabilities					
Revaluation of land and buildings	3,251,737	83,324	(629,060)	2,539,353	5,782,897
Provision for termination indemnities and other provisions	4,217	76		4,141	1,064,764
Held-for-sale financial assets	-				
Total deferred-tax liabilities on temporary differences	**3,255,954**	**83,400**	**(696,060)**	**2,543,494**	**6,847,661**
Net balance (credit)	**2,225,896**	**214,833**	**(698,285)**	**3,000,564**	**77,701,780**

The deferred-tax asset that arises from the tax loss carryforward of the Matra Group (4.2 million euros) was determined by assessing critically its future recoverability, based on updated strategic plans and the corresponding tax plans. The recoverability was also evaluated taking into account the agreements concerning the filing of a national consolidated tax return.
Deferred-tax assets of 0.6 million euros attributable to D3 SAS were written off as of June 30, 2008.
No additional deferred-tax assets were recognized for losses incurred in 2007 and the first half of 2008, which would have amounted to about 4.2 million euros, were recognized.

As for the Pininfarina Deutschland Group, in addition to the amount of 850,181 euros recognized at June 30, 2008, the deferred-tax assets that would be recognizable on its loss carryforward would amount to about 6.1 million euros.

25. Guarantees Provided

Pininfarina S.p.A. provided a surety in the amount of 174,326,360 euros to a credit institution that provided Pininfarina Sverige A.B. with a finance lease.

Other Information

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

Transactions with Related Parties

The transactions executed during the first half of 2008 by the Pininfarina Group with Pininfarina Sverige AB are summarized below:

REVENUES RECEIVED FROM:	Amounts in euros	Description
Pininfarina Sverige AB	*651,605*	*Miscellaneous services*
	2,596,675	*Interest income*
Véhicules Electriques Pininfarina-Bolloré SAS	*9,490,791*	*Miscellaneous services*

Financing provided to:	Amount at 6/30/08
Pininfarina Sverige AB	*71,616,712*

Material Extraordinary Events and Transactions

The schedules that follow show the impact of extraordinary events or transactions and transactions and events that occur only infrequently in the normal course of business.
The balance sheet and income amounts presented below have been restated to eliminate the impact of the following extraordinary transactions that occurred in the first half of 2008:

1. Sale of the investment in Pasiphae S.a.r.l.;
2. Sale of some vintage automobiles;
3. Sale of the Technical Center;
4. Research grant for research costs recognized by the Matra Group;
5. Reclassification of equity investments to held-for-sale non-current assets.

Consolidated Balance Sheet	Statutory financial statements at 6/30/08	Statutory financial statements at 6/30/08 net of extraordinary transactions
Net intangible assets	6,666,845	11,390,142
Net property, plant and equipment	241,442,162	245,810,215
Non-current financial assets	146,800,682	146,788,346
Equity investments	33,959,491	34,776,627
Inventory	32,534,105	32,640,519
Current financial assets	119,067,991	119,507,967
Net trade receivables and other receivables	177,373,342	173,235,402
Deferred-tax assets	5,544,058	5,613,285
Cash and cash equivalents	131,470,640	128,467,843
Held-for-sale assets	16,332,568	0
TOTAL ASSETS	**911,191,885**	**898,230,347**
Reserves	38,763,670	36,318,254
Profit (Loss) for the period	(14,063,846)	(22,792,954)
TOTAL SHAREHOLDERS' EQUITY	**24,699,824**	**13,525,300**
Long-term borrowings	37,329,443	37,389,323
Deferred-tax liabilities	2,543,494	3,172,558
Provision for termination indemnities	23,705,016	24,173,391
Current borrowings	559,152,984	559,375,169
Other payables	25,122,030	26,878,078
Trade accounts payable	216,890,881	217,867,907
Provision for current taxes	1,636,206	1,714,931
Provision for other liabilities and charges	12,013,507	14,133,689
Liabilities attributable to held-for-sale assets	8,098,500	0
TOTAL LIABILITIES	**886,492,061**	**884,705,046**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**911,191,885**	**898,230,345**

Consolidated Income Statement	Statutory financial statements at 6/30/08	Statutory financial statements at 6/30/08 net of extraordinary transactions
Net revenues	331,800,123	331,800,123
Change in inventory of finished goods and work in process	6,640,694	6,640,694
Other income and revenues	6,176,782	3,320,072
Company-produced non-current assets	532,302	532,302
Value of production	**345,149,901**	**342,293,191**
Net gain on the sale of non-current assets	6,947,892	75,646
Raw materials and outside services used	(267,028,031)	(266,028,183)
Change in inventory of raw materials	2,602,725	2,602,725
Value added	**87,672,487**	**78,943,378**
Labor costs	(68,572,213)	(68,572,213)
EBITDA	**19,100,274**	**10,371,165**
Depreciation and amortization	(22,720,680)	(22,720,680)
(Additions to provisions/Writedowns) / Utilizations	(3,272,994)	(3,272,994)
EBIT	**(6,893,400)**	**(15,622,510)**
Financial income (expense), net	(8,378,095)	(8,378,095)
Other income (expense), net	2,157,409	2,157,409
Profit before taxes	**(13,114,086)**	**(21,843,196)**
Income taxes for the period	(949,760)	(949,760)
Net profit (loss) for the period	**(14,063,846)**	**(22,792,955)**

Positions or Transactions Arising from Atypical and/or Unusual Dealings

The Pininfarina Group was not a party to transactions arising from atypical or unusual dealings.

Certification of the Consolidated Condensed Interim Financial Statements Pursuant to Article 154-*bis* of Legislative Decree No. 58/98

◊ We, the undersigned, Paolo Pininfarina, in my capacity as Chairman of the Board of Directors, and Gianfranco Albertini, in my capacity as Corporate Accounting Documents Officer of Pininfarina S.p.A., certify that, insofar as the provisions of Article 154-*bis*, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998 are concerned, the administrative and accounting procedures applied to prepare the abbreviated semiannual consolidated financial statements at June 30, 2008 are:

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

◊ Moreover, we certify that

- the abbreviated semiannual consolidated financial statements:
  - were prepared in accordance with the international accounting principles, as approved by the European Union pursuant to CE Regulation No. 1606/2002 of July 19, 2002, of the European Parliament and Council, and specifically comply with the provisions of IAS 34 *"Interim Financial Reporting"* and with the Directives enacted to implement Article 9 of Legislative Decree No. 38/2005;
  - are consistent with the data in the supporting documents and accounting records;
  - are suitable for the purpose of providing a truthful and fair representation of the balance sheet, operating results and financial position of the issuer and of the companies included in the scope of consolidation.

- The Interim Report on Operations contains references to material events that occurred during the first six months of 2008 and to the impact of these events on the abbreviated semiannual consolidated financial statements. The Interim Report on Operations also describes the main risks and uncertainties for the second half of 2008 and provides information on material transactions with related parties.

August 12, 2008

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

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers SpA

AUDITORS' REPORT ON THE REVIEW OF CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

To the Shareholders of
Pininfarina SpA

1. We have reviewed the consolidated condensed interim financial statements of Pininfarina SpA and subsidiaries (Pininfarina Group) as of June 30, 2008 and the six months then ended, comprising the consolidated balance sheet, consolidated income statement, consolidated statements of changes in shareholders' equity and cash flows and related explanatory notes. Pininfarina SpA's Directors are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

2. Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution no. 10867 of July 31, 1997. The review consisted principally of inquiries of company personnel about the information reported in the consolidated condensed 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 above mentioned consolidated financial statements. The 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 an audit on the annual consolidated financial statements, we do not express a professional audit opinion on the consolidated condensed interim financial statements.

   Regarding the comparative amounts of the consolidated financial statements of the prior year and the consolidated condensed interim financial statements of the prior year presented in the consolidated condensed interim financial statements, reference should be made to our reports dated April 11, 2008 and September 10, 2007, respectively.

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** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 – **Firenze** 50129 Viale Milton 65 Tel. 055471747 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 30 Tel. 08136181 – **Padova** 35138 Via Vicenza 4 Tel. 049873481 – **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

3. Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of Pininfarina Group have not been prepared, in all material respects, in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union.

4. Your attention is drawn to the information provided by the Directors in the "Interim Management Report" at section "Assessment of the Going Concern".

Turin, August 12, 2008

PricewaterhouseCoopers SpA

Signed by

Paolo Ozino Caligaris
(Partner)

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

Printed internally by Pininfarina S.p.A.