



**(Translation from the Italian original which remains the definitive version)**

## **PININFARINA GROUP**

### **Interim financial report at 30 September 2016**

Pininfarina S.p.A. - Share capital €30,166,652 fully paid-up - Registered office in Turin, Via Bruno Buozzi 6  
Tax Code and Turin Company Registration no. 00489110015

The Board of Directors approved this interim financial report at 30 September 2016 on 11 November 2016.

## **Board of Directors**

Chairman *	Paolo	Pininfarina (4)
Chief Executive Officer	Silvio Pietro	Angori (4)
Directors	Manoj	Bhat
	Romina	Guglielmetti (2) (3)
	Chander Prakash	Gurnani
	Jay	Itzkowitz (1) (2) (3)
	Licia	Mattioli (1) (2)
	Sara	Miglioli (3)
	Antony	Sheriff (1)

- (1) Member of the Nomination and Remuneration Committee  
(2) Member of the Control and Risk Committee  
(3) Member of the Committee for Transactions with Related Parties  
(4) Responsible for the Internal Control and Risk Management System

## **Board of Statutory Auditors**

Chairman	Nicola	Treves
Standing Statutory Auditors	Margherita	Spainì
	Giovanni	Rayneri
Alternate Statutory Auditors	Maria Luisa	Fassero
	Alberto	Bertagnolio Licio

## **Secretary to the Board of Directors and Manager in charge of financial reporting**

Gianfranco Albertini

## **Independent Auditors**

KPMG S.p.A.

### **\*Powers**

Pursuant to article 22 of the bylaws, the Chairman is the parent's legal representative vis-à-vis third parties and in court proceedings.



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## Pininfarina Group

### Directors' report

#### Operating and financial performance

The most significant issues that arise from a comparison of the consolidated figures for the first nine months of 2016 to those of the corresponding period of the previous year are summarised below:

- the value of production (revenue) decreased by 15% due to the smaller contribution of the engineering services segment both in Italy and Germany;
- EBITDA and EBIT are still negative, but show an improvement compared to the corresponding period of the previous year;
- compared to the first nine months of 2015, the Group's Italian automotive operations reduced their loss considerably, the German subsidiaries' profitability became negative, the contribution of the industrial design activities increased while the Chinese operations' profitability did not change;
- the Group's net financial expense for the nine months ended 30 September 2016 showed a marked improvement on the corresponding period of the previous year, thanks, in particular, to the reduction in its interest expense calculated on a strongly reduced debt after the coming into force (on 30 May 2016) of the new Rescheduling Agreement with the lending institutions. Following this agreement, which entailed the settlement and extinguishment of roughly 58% of the parent's debt and the rescheduling of the residual debt to 2025, Pininfarina S.p.A. has recognised a gain of approximately €26.5 million on the extinguishment of financial liabilities;
- the Group's financial debt at 30 September 2016 improved considerably compared to 31 December 2015, as a result of the positive effects of the new Rescheduling Agreement that allowed a more than proportionate reduction in financial liabilities compared to the cash used to pay them. Thanks to the profit for the period, equity has more than tripled compared to the end of 2015;
- the debt to equity ratio came to approximately 0.81 at the reporting date (4.9 at 31 December 2015).

Specifically, value of production came to €51.7 million for the reporting period compared to €60.7 million for the corresponding period of 2015 (-15%).

EBITDA is a negative €0.2 million, compared to the €0.3 million loss of the first nine months of 2015. EBIT improved to a negative €2.8 million compared to an operating loss of €3.6 million in the corresponding period of the previous year, when the Group recognised an accrual of €0.9 million to the restructuring provision for a redundancy programme that involved 14 people.

Net financial expense decreased to €2.6 million from €4 million in the corresponding period of the previous year. Moreover, the Group recorded a gain of €26.5 million on the settlement and extinguishment of financial liabilities, thanks to the coming into force of the new Rescheduling Agreement on 30 May 2016.

The profit before taxes amounts to €21.1 million, compared to a loss of €7.6 million for the nine months ended 30 September 2015, and is equal to the profit for the period (compared to the €7.8 million loss for the first nine months of 2015).

Net financial debt at €24.8 million is lower than the €47.7 million at 31 December 2015 (and €42.5 million at 30 September 2015). This €22.9 million improvement is mainly due to the reduction in financial liabilities of €56 million against a decrease in cash of €17.1 million and a new financial liability of €16 million with the majority shareholder, PF Holdings B.V. (Mahindra Group).

Equity attributable to the owners of the parent increased from €9.8 million at 31 December 2015 to €30.6 million mostly as a result of the profit for the period.

The headcount decreased by 9.7% (-63 units) from 652 at 30 September 2015 to 589. The reduction principally involved the German companies.

## **Performance by business segment**

### **Operations segment**

In addition to the revenue on the sale of spare parts for cars manufactured in previous years, royalties for the use of the trademark in the automotive segment (from non-OEM customers) and business lease income, this segment incurs the costs of the support and property management functions of the parent, Pininfarina S.p.A.. Value of production increased 63% from €4.9 million for the first nine months of 2015 to €8 million, thanks to the trademark licence agreement signed by Pininfarina S.p.A. and Mahindra & Mahindra Limited.

Segment EBIT improved by €5.1 million (59%) to a negative €3.6 million from a negative €8.7 million in the corresponding period of the previous year. The effects of the coming into force of the trademark licence agreement and a reduction in provisions are the main drivers of the improvement.

### **Services segment**

This segment, comprising the design and engineering businesses, recognised value of production of €43.7 million, down 22% compared to the first nine months of 2015 (€55.8 million), principally due to the engineering activities carried out in Italy and Germany.

Segment EBIT remained positive by €0.8 million, compared to an operating profit of €5 million in the corresponding period of the previous year.

**Information required by Consob (the Italian Commission for listed companies and the stock exchange) pursuant to article 114.5 of Legislative decree no. 58/98**

- 1) The net financial debt of the Pininfarina Group and Pininfarina S.p.A., with separate classification of current and non-current items, is respectively shown on pages 13 and 59 hereof.
- 2) The Group has no past-due liabilities (of a commercial, financial, tax or social security nature). No actions against the Group have been filed by creditors.
- 3) The Group's and parent's related party transactions are respectively detailed on pages 49 and 62 hereof.
- 4) Under the existing Rescheduling Agreement, there is just one financial covenant, to be checked quarterly beginning from 31 March 2018: consolidated equity at a minimum level of €30,000,000.
- 5) The parent's debt restructuring plan is proceeding in accordance with the current agreements.
- 6) Implementation of the business plan approved by the board of directors on 27 November 2015 continues as forecast.

**Events after the reporting period**

On 17 October 2016, the parent's board of directors called an extraordinary and ordinary shareholders' meeting for 21 and 22 November 2016 on first and second calls, respectively, with the following agenda:

Ordinary section:

- 1) Proposal for the approval of the 2016-2023 stock option plan reserved for employees.  
Related and consequent resolutions.

Extraordinary section:

- 1) Proposal for a capital increase against payment of a maximum amount of €26,532,528, including any share premium, to be carried out by instalments before 31 July 2017, by issuing ordinary shares with a nominal amount of €1, on a dematerialised basis, with the same characteristics as those outstanding and carrying regular dividend, to be offered to the parent's shareholders that have right of first refusal pursuant to article 2441.1 of the Italian Civil Code, with a consequent amendment to the parent's by-laws.
- 2) Proposal for granting the board of directors the proxy provided for by article 2443 of the Italian Civil Code to increase the share capital excluding the right of first refusal pursuant to article 2441.8 of the Italian Civil Code, after having amended article 21 of the parent's by-laws.

The proposed capital increase is stipulated by the investment agreement signed by Pincar S.r.l. in liquidation (which was Pininfarina's majority shareholder at that time), Mahindra & Mahindra Limited and Tech Mahindra Limited on 14 December 2015.

There are no other significant events that occurred after the reporting date.

### **Outlook for 2016**

Consolidated value of production for 2016 is expected to decrease by roughly 15%, EBIT is forecast to be negative and the profit for the year is expected to be extremely positive, following the new debt Rescheduling Agreement in force between the Mahindra Group, the lending institutions and Pininfarina S.p.A..

Net financial debt at the end of 2016 is expected to be considerably smaller than the previous year end, thanks to Pininfarina S.p.A.'s new debt Rescheduling Agreement, which became effective on 30 May 2016. Most of the lending institutions have decided to settle and extinguish their loans.

11 November 2016

Chairman  
of the Board of Directors  
Paolo Pininfarina  
(signed on the original)

## Group companies

### Pininfarina S.p.A.

The parent, Pininfarina S.p.A., provides industrial design, engineering, wind tunnel and industrial prototyping services.

€'million	30.09.2016	30.09.2015	Variation	31.12.2015
Value of production	27.5	33.3	(5.8)	
EBIT	(2.2)	(5.6)	3.4	
Profit (loss) for the period	23.7	(8.4)	32.1	
Net financial debt	(26.8)	(47.3)	20.5	(54.1)
Equity	32.2	20.6	11.6	8.6
Number of employees at the reporting date	280	306	(26)	289

### Pininfarina Extra Group

The Pininfarina Extra Group is active in the industrial design, architecture, interiors and transportation design sectors excluding the automotive sector.

€'million	30.09.2016	30.09.2015	Variation	31.12.2015
Value of production	5.8	5.4	0.4	
EBIT	0.9	0.9	0.0	
Profit for the period	0.8	0.6	0.2	
Net financial position	2.6	3.3	(0.7)	3.8
Equity	6.3	5.6	0.7	6.5
Number of employees at the reporting date	42	28	14	30

### Pininfarina Deutschland Group

The Pininfarina Deutschland Group provides engineering services to the automotive, aeronautical and space sectors.

€'million	30.09.2016	30.09.2015	Variation	31.12.2015
Value of production	17.2	23.1	(5.9)	
EBIT	(1.7)	0.9	(2.6)	
Profit (loss) for the period	(1.7)	0.9	(2.6)	
Net financial position (debt)	(1.0)	1.1	(2.1)	2.0
Equity	18.9	20.9	(2.0)	21.6
Number of employees at the reporting date	247	302	(55)	282

### Pininfarina Automotive Engineering (Shanghai) Co Ltd

Pininfarina Automotive Engineering is active in the automotive styling and prototyping sector in China.

€'million	30.09.2016	30.09.2015	Variation	31.12.2015
Value of production	2.1	2.6	(0.5)	
EBIT	0.2	0.2	0.0	
Profit for the period	0.2	0.1	0.1	
Net financial position	0.5	0.4	0.1	0.7
Equity	0.6	0.4	0.2	0.4
Number of employees at the reporting date	20	16	4	20

## Reclassified income statement

(€'000)

			<b>Nine months ended</b>		<b>Variation</b>	<b>2015</b>
	<b>30.09.2016</b>	<b>%</b>	<b>30.09.2015</b>	<b>%</b>		
Revenue from sales and services	46,628	90.23	55,489	91.40	(8,861)	75,126
Change in inventories and contract work in progress	(2,089)	(4.03)	1,325	2.18	(3,414)	2,045
Other revenue and income	7,137	13.80	3,893	6.42	3,244	5,635
<b>Value of production</b>	<b>51,676</b>	<b>100.00</b>	<b>60,707</b>	<b>100.00</b>	<b>(9,031)</b>	<b>82,806</b>
<b>Net gains on the sale of non-current assets</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>0.08</b>	<b>(50)</b>	<b>50</b>
Materials and services (*)	(19,552)	(37.84)	(25,945)	(42.74)	6,393	(33,696)
Change in raw materials	76	0.15	68	0.12	8	29
<b>Value added</b>	<b>32,200</b>	<b>62.31</b>	<b>34,880</b>	<b>57.47</b>	<b>(2,680)</b>	<b>49,189</b>
Labour cost (**)	(32,380)	(62.66)	(35,163)	(57.92)	2,783	(47,689)
<b>EBITDA</b>	<b>(180)</b>	<b>(0.35)</b>	<b>(283)</b>	<b>(0.47)</b>	<b>103</b>	<b>1,500</b>
Amortisation and depreciation	(2,385)	(4.62)	(2,539)	(4.18)	154	(3,397)
(Additions to)/utilisation of provisions and impairment losses	(233)	(0.45)	(827)	(1.36)	594	(10,506)
<b>EBIT</b>	<b>(2,798)</b>	<b>(5.42)</b>	<b>(3,649)</b>	<b>(6.01)</b>	<b>851</b>	<b>(12,403)</b>
Net financial expense	(2,620)	(5.07)	(3,968)	(6.54)	1,348	(5,202)
Gain on the extinguishment of financial liabilities	26,459	51.20	-	-	26,459	-
Share of profit of equity-accounted investees	16	0.03	14	0.02	2	12
<b>Profit (loss) before taxes</b>	<b>21,057</b>	<b>40.74</b>	<b>(7,603)</b>	<b>(12.53)</b>	<b>28,660</b>	<b>(17,593)</b>
Income taxes	-	-	(190)	(0.31)	190	(576)
<b>Profit (loss) for the period/year</b>	<b>21,057</b>	<b>40.74</b>	<b>(7,793)</b>	<b>(12.84)</b>	<b>28,850</b>	<b>(18,169)</b>

(\*) Materials and services are net of utilisations of the provisions for product warranty and risks (€141,396 thousand and €8,578 thousand for the first nine months of 2015 and 2016, respectively).

(\*\*) Labour cost is net of utilisations of the restructuring and other provisions (€304,437 thousand and €698,840 thousand for the first nine months of 2015 and 2016, respectively).

As required by Consob resolution no. DEM/6064293 of 28 July 2006, a reconciliation of the data in the condensed interim consolidated financial statements with those in the reclassified schedules is provided below:

- **Materials and services** include raw materials and components, other variable production costs, external variable engineering services, exchange rate gains and losses and other expenses.
- **Amortisation and depreciation** comprise amortisation of intangible assets and depreciation of property, plant and equipment and investment property.
- **(Additions to)/utilisation of provisions and impairment losses** include additions to/utilisation of provisions, impairment losses and inventory write-downs.
- **Net financial expense** comprises net financial expense and dividends.

## Reclassified statement of financial position

(€'000)

	30.09.2016	31.12.2015	Variation	30.09.2015
<b>Net non-current assets (A)</b>				
Net intangible assets	1,890	2,252	(362)	2,525
Net property, plant and equipment and investment property	50,281	51,383	(1,102)	60,317
Equity investments	339	323	16	325
<b>Total A</b>	<b>52,510</b>	<b>53,958</b>	<b>(1,448)</b>	<b>63,167</b>
<b>Working capital (B)</b>				
Inventories	3,694	5,721	(2,027)	5,037
Net trade receivables and other assets	27,915	22,395	5,520	19,107
Assets held for sale	-	-	-	-
Deferred tax assets	938	926	12	1,077
Trade payables	(14,849)	(10,722)	(4,127)	(12,575)
Provisions for risks and charges	(507)	(1,266)	759	(1,207)
Other liabilities (*)	(9,258)	(8,545)	(713)	(6,971)
<b>Total B</b>	<b>7,933</b>	<b>8,509</b>	<b>(576)</b>	<b>4,468</b>
<b>Net invested capital (C=A+B)</b>	<b>60,443</b>	<b>62,467</b>	<b>(2,024)</b>	<b>67,635</b>
<b>Post-employment benefits (D)</b>	<b>5,039</b>	<b>4,980</b>	<b>59</b>	<b>4,873</b>
<b>Net capital requirements (E=C-D)</b>	<b>55,404</b>	<b>57,487</b>	<b>(2,083)</b>	<b>62,762</b>
<b>Equity (F)</b>	<b>30,644</b>	<b>9,830</b>	<b>20,814</b>	<b>20,300</b>
<b>Net financial debt (G)</b>				
Non-current loans and borrowings	28,948	66,122	(37,174)	74,302
Net current financial position	(4,188)	(18,465)	14,277	(31,840)
<b>Total G</b>	<b>24,760</b>	<b>47,657</b>	<b>(22,897)</b>	<b>42,462</b>
<b>Total as in E (H=F+G)</b>	<b>55,404</b>	<b>57,487</b>	<b>(2,083)</b>	<b>62,762</b>

(\*) Other liabilities include the following items: deferred tax liabilities, other financial liabilities, current tax liabilities and other liabilities.

## Net financial debt

(€'000)

	30.09.2016	31.12.2015	Variation	30.09.2015
Cash and cash equivalents	20,262	20,996	(734)	29,445
Current assets held for trading	-	16,359	(16,359)	16,343
Current loans and receivables	-	-	-	-
Loan assets - related parties	-	-	-	-
Current bank overdrafts	-	-	-	-
Current finance lease liabilities	-	(11,654)	11,654	(5,827)
Loans and borrowings - related parties and joint ventures	(16,014)	-	(16,014)	0
Current portion of bank loans and borrowings	(60)	(7,236)	7,176	(8,121)
<b>Net current financial position</b>	<b>4,188</b>	<b>18,465</b>	<b>(14,277)</b>	<b>31,840</b>
Non-current loans and receivables - third parties	-	-	-	-
Non-current loans and receivables - related parties	133	269	(136)	266
Non-current held-to-maturity investments	-	-	-	-
Non-current finance lease liabilities	-	(40,774)	40,774	(45,819)
Non-current bank loans and borrowings	(29,081)	(25,617)	(3,464)	(28,749)
<b>Non-current loans and borrowings</b>	<b>(28,948)</b>	<b>(66,122)</b>	<b>37,174</b>	<b>(74,302)</b>
<b>NET FINANCIAL DEBT</b>	<b>(24,760)</b>	<b>(47,657)</b>	<b>22,897</b>	<b>(42,462)</b>

Cash and cash equivalents include a restricted account of €5,000,000. Reference should be made to note 11 for further details.

## Reconciliation between the parent's (profit) loss and equity and consolidated (profit) loss and equity

The parent's profit and equity as at and for the period ended 30 September 2016 are reconciled with the Group's relevant figures below.

	Profit (loss) for the nine months ended		Equity	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Pininfarina S.p.A.'s interim separate financial statements	<b>23,723,268</b>	<b>(8,424,992)</b>	<b>32,169,451</b>	<b>20,573,094</b>
- Subsidiaries' contribution	(751,766)	1,618,969	4,163,557	5,418,354
- Goodwill of Pininfarina Extra S.r.l.	-	-	1,043,497	1,043,497
- Elimination of trademark licence in Germany	-	-	(6,749,053)	(6,749,053)
- Intragroup dividends	(1,931,200)	(1,001,040)	-	-
- Share of profit of equity-accounted investees	16,286	14,148	16,286	14,148
- Other minor	-	-	-	-
<b>Condensed interim consolidated financial statements</b>	<b>21,056,588</b>	<b>(7,792,915)</b>	<b>30,643,738</b>	<b>20,300,040</b>

## Net financial debt (Consob) (CESR recommendations no. 05-04b – EU Regulation no. 809/2004)

(€'000)

	30.09.2016	31.12.2015	Variation	30.09.2015
Cash	(20,262)	(20,996)	734	(29,445)
Other cash equivalents	-	-	-	-
Securities held for trading	-	(16,359)	16,359	(16,343)
<b>Total cash and cash equivalents (A.)+(B.)+(C.)</b>	<b>(20,262)</b>	<b>(37,355)</b>	<b>17,093</b>	<b>(45,788)</b>
<b>Current loan assets</b>	-	-	-	-
<b>Current bank loans and borrowings</b>	-	-	-	-
Current portion of secured bank loans	-	-	-	4,503
Current portion of unsecured bank loans	60	7,236	(7,176)	3,618
<b>Current portion of non-current debt</b>	<b>60</b>	<b>7,236</b>	<b>(7,176)</b>	<b>8,121</b>
Other current loans and borrowings	16,014	11,654	4,360	5,827
<b>Current financial debt (F.)+(G.)+(H.)</b>	<b>16,074</b>	<b>18,890</b>	<b>(2,816)</b>	<b>13,948</b>
<b>Net current financial position</b>	<b>(4,188)</b>	<b>(18,465)</b>	<b>14,277</b>	<b>(31,840)</b>
Non-current portion of secured bank loans	285	300	(15)	300
Non-current portion of unsecured bank loans	28,796	25,317	3,479	28,449
<b>Non-current bank loans and borrowings</b>	<b>29,081</b>	<b>25,617</b>	<b>3,464</b>	<b>28,749</b>
Bonds issued	-	-	-	-
Other non-current loans and borrowings	-	40,774	(40,774)	45,819
<b>Net non-current financial debt (K.)+(L.)+(M.)</b>	<b>29,081</b>	<b>66,391</b>	<b>(37,310)</b>	<b>74,568</b>
<b>Net financial debt (J+N)</b>	<b>24,893</b>	<b>47,926</b>	<b>(23,033)</b>	<b>42,728</b>

The "Net financial debt" set out above is presented in accordance with the format recommended by the Consob in Communication DEM no. 6064293 of 28 July 2006, implementing CESR (now ESMA) recommendation no. 05-04b. Because the purpose of this table is to show "Net financial debt", assets are shown with a minus sign and liabilities with a plus sign. On the contrary, in the "Net financial debt" table provided on the previous page, assets are shown with a plus sign and liabilities with a minus sign.

The reason for the difference between the amount of the "Net financial debt" on the previous page and on this page is that the latter does not include non-current loan assets. The total amount of these differences at the relevant reporting dates is shown below:

- At 30 September 2016: €133 thousand
- At 31 December 2015: €269 thousand
- At 30 September 2015: €266 thousand

## **PININFARINA GROUP**

**Condensed interim consolidated financial statements  
as at and for the nine months ended 30 September 2016**

## Statement of financial position

	Note	30.09.2016	31.12.2015
Land and buildings	1	36,238,075	36,956,009
Land		7,655,314	6,540,238
Buildings		28,582,761	22,594,368
Leased property		-	7,821,403
Plant and machinery	1	3,485,655	3,609,377
Machinery		398,264	429,183
Plant		3,087,391	3,180,194
Leased machinery and equipment		-	-
Furniture, fixtures and other assets	1	2,312,557	2,336,661
Furniture and fixtures		898,763	828,120
Hardware and software		847,181	1,006,422
Other assets, including vehicles		566,613	502,119
Assets under construction	1	37,422	-
<b>Property, plant and equipment</b>		<b>42,073,709</b>	<b>42,902,047</b>
<b>Investment property</b>	2	<b>8,207,386</b>	<b>8,480,666</b>
Goodwill	3	1,043,495	1,043,495
Licences and trademarks	3	748,470	1,126,210
Other	3	98,446	82,253
<b>Intangible assets</b>		<b>1,890,411</b>	<b>2,251,958</b>
Associates	4	86,901	70,615
Joint ventures		-	-
Other companies	5	252,017	252,017
<b>Equity investments</b>		<b>338,918</b>	<b>322,632</b>
<b>Deferred tax assets</b>	16	<b>938,444</b>	<b>926,424</b>
Held-to-maturity investments		-	-
Loans and receivables	6	133,000	269,390
Third parties		-	-
Related parties		133,000	269,390
Available-for-sale financial assets		-	-
<b>Non-current financial assets</b>		<b>133,000</b>	<b>269,390</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>53,581,868</b>	<b>55,153,117</b>
Raw materials		137,608	61,887
Work in progress		-	-
Finished goods		183,208	302,907
<b>Inventories</b>	7	<b>320,816</b>	<b>364,794</b>
<b>Contract work in progress</b>	8	<b>3,372,867</b>	<b>5,356,471</b>
Assets held for trading		-	16,359,251
Loans and receivables		-	-
Third parties		-	-
Related parties		-	-
Available-for-sale financial assets		-	-
<b>Current financial assets</b>		<b>-</b>	<b>16,359,251</b>
<b>Derivatives</b>		<b>-</b>	<b>-</b>
Trade receivables	9	14,632,441	17,706,296
Third parties		13,595,353	17,682,263
Related parties		1,037,088	24,033
Other assets	10	13,282,725	4,688,847
<b>Trade receivables and other assets</b>		<b>27,915,166</b>	<b>22,395,143</b>
Cash in hand and cash equivalents		5,684	11,593
Short-term bank deposits		20,255,850	20,984,104
<b>Cash and cash equivalents</b>	11	<b>20,261,534</b>	<b>20,995,697</b>
<b>TOTAL CURRENT ASSETS</b>		<b>51,870,383</b>	<b>65,471,356</b>
<b>TOTAL ASSETS</b>		<b>105,452,251</b>	<b>120,624,473</b>

## Statement of financial position

	Note	30.09.2016	31.12.2015
Share capital	12	30,150,694	30,150,694
Share premium reserve		-	-
Reserve for treasury shares	12	175,697	175,697
Legal reserve	12	6,033,331	6,033,331
Translation reserve	12	71,543	115,171
Other reserves	12	2,646,208	2,646,208
Losses carried forward	12	(29,490,323)	(11,122,698)
Loss for the period/year	12	21,056,588	(18,168,675)
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b>		<b>30,643,738</b>	<b>9,829,728</b>
Equity attributable to non-controlling interests		-	-
<b>EQUITY</b>		<b>30,643,738</b>	<b>9,829,728</b>
Finance lease liabilities		-	40,774,347
Other loans and borrowings		29,081,451	25,616,838
Third parties		29,081,451	25,616,838
Related parties		-	-
<b>Non-current loans and borrowings</b>	<b>13</b>	<b>29,081,451</b>	<b>66,391,185</b>
<b>Deferred tax liabilities</b>	<b>16</b>	<b>3,619</b>	<b>12,754</b>
Italian post-employment benefits		5,039,126	4,979,678
Other		-	-
<b>Post-employment benefits</b>		<b>5,039,126</b>	<b>4,979,678</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>34,124,196</b>	<b>71,383,617</b>
Bank overdrafts		-	-
Finance lease liabilities		-	11,653,536
Other loans and borrowings		16,073,778	7,235,684
Third parties		60,000	7,235,684
Related parties		16,013,778	-
<b>Current loans and borrowings</b>	<b>13</b>	<b>16,073,778</b>	<b>18,889,220</b>
Wages and salaries payable		3,651,579	2,536,661
Social security charges payable		731,152	1,284,921
Other		1,095,669	1,481,765
<b>Other financial liabilities</b>	<b>14</b>	<b>5,478,400</b>	<b>5,303,347</b>
Third parties		11,347,419	9,033,607
Related parties		-	15,135
Advances for contract work in progress		3,501,385	1,672,812
<b>Trade payables</b>	<b>14</b>	<b>14,848,804</b>	<b>10,721,554</b>
Direct tax liabilities		-	-
Other tax liabilities		452,610	714,662
<b>Current tax liabilities</b>		<b>452,610</b>	<b>714,662</b>
<b>Derivatives</b>		-	-
Provision for product warranty		54,525	54,612
Restructuring provision		240,520	939,360
Other provisions		212,027	271,653
<b>Provisions for risks and charges</b>	<b>15</b>	<b>507,072</b>	<b>1,265,625</b>
Third parties		1,448,653	2,516,720
Related parties		1,875,000	-
<b>Other liabilities</b>	<b>14</b>	<b>3,323,653</b>	<b>2,516,720</b>
<b>TOTAL CURRENT LIABILITIES</b>		<b>40,684,317</b>	<b>39,411,128</b>
<b>TOTAL LIABILITIES</b>		<b>74,808,513</b>	<b>110,794,745</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>105,452,251</b>	<b>120,624,473</b>

Pursuant to Consob resolution no. 15519 of 27 July 2006, an ad hoc statement of financial position showing related party transactions has not been prepared as these are already shown in the condensed interim consolidated financial statements schedules. As for transactions with other related parties, such as directors and statutory auditors, "Trade payables - third parties" include accrued fees for the period of €100,417 and €34,500 relating to Pininfarina S.p.A. and Pininfarina Extra, respectively.

## Income statement

	Note	Nine months ended 30.09.2016	of which: related parties	Nine months ended 30.09.2015	of which: related parties
Revenue from sales and services	17	46,627,830	26,083	55,488,571	
Internal work capitalised		-		-	
Change in inventories and contract work in progress		(2,088,372)		1,325,270	
Change in contract work in progress		(1,968,673)		1,337,634	
Change in finished goods and work in progress		(119,699)		(12,364)	
Other revenue and income	18	7,136,675	4,285,260	3,892,963	26,849
<b>Revenue</b>		<b>51,676,133</b>	<b>4,311,343</b>	<b>60,706,804</b>	<b>26,849</b>
<b>Gains on sale of non-current assets and equity investments</b>		<b>393</b>	<b>-</b>	<b>50,014</b>	<b>-</b>
<i>Gain on sale of equity investments</i>		-		-	
Raw materials and components	19	(3,751,349)		(5,754,845)	
Change in raw materials		75,721		68,027	
Inventory write-downs		-		-	
<b>Raw materials and consumables</b>		<b>(3,675,628)</b>	<b>-</b>	<b>(5,686,818)</b>	<b>-</b>
Consumables		(579,693)		(681,403)	
External maintenance		(1,129,598)		(954,288)	
<b>Other variable production costs</b>		<b>(1,709,291)</b>	<b>-</b>	<b>(1,635,691)</b>	<b>-</b>
<b>External variable engineering services</b>	20	<b>(3,986,640)</b>	<b>-</b>	<b>(7,481,705)</b>	<b>(32,224)</b>
Blue collars, white collars and managers		(31,518,338)		(34,235,278)	
Independent contractors and temporary workers		-		-	
Social security contributions and other post-employment benefits		(861,591)		(927,563)	
<b>Wages, salaries and employee benefits</b>	21	<b>(32,379,929)</b>	<b>-</b>	<b>(35,162,841)</b>	<b>-</b>
Depreciation of property, plant and equipment and investment property		(1,938,262)		(2,019,686)	
Amortisation of intangible assets		(447,082)		(519,776)	
Losses on sale of non-current assets and equity investments		-		-	
(Additions to)/utilisation of provisions and impairment losses	22	(232,632)		(826,992)	
<b>Amortisation, depreciation and impairment losses</b>		<b>(2,617,976)</b>	<b>-</b>	<b>(3,366,453)</b>	<b>-</b>
<b>Net exchange rate gains (losses)</b>		<b>(81,107)</b>		<b>30,107</b>	
<b>Other expenses</b>	23	<b>(10,023,999)</b>	<b>(400,000)</b>	<b>(11,101,779)</b>	
<b>Operating loss</b>		<b>(2,798,044)</b>	<b>3,911,343</b>	<b>(3,648,363)</b>	<b>(5,375)</b>
<b>Net financial expense</b>	24	<b>(2,634,880)</b>	<b>(6,166)</b>	<b>(3,968,441)</b>	<b>62,785</b>
<b>Gain on the extinguishment of financial liabilities</b>		<b>26,458,885</b>		<b>-</b>	
<b>Dividends</b>		<b>14,561</b>		<b>-</b>	
<b>Share of profit of equity-accounted investees</b>		<b>16,286</b>		<b>14,148</b>	
<b>Profit (loss) before taxes</b>		<b>21,056,808</b>	<b>3,905,178</b>	<b>(7,602,656)</b>	<b>57,410</b>
<b>Income taxes</b>	16	<b>(220)</b>		<b>(190,259)</b>	
<b>Profit (loss) for the period</b>		<b>21,056,588</b>	<b>3,905,178</b>	<b>(7,792,915)</b>	<b>57,410</b>

**Of which:**

- Profit (loss) for the period attributable to the owners of the parent	21,056,588	(7,792,915)
- Profit (loss) for the period attributable to non-controlling interests	-	-

**Basic/diluted earnings (losses) per share:**

- Profit (loss) for the period attributable to the owners of the parent	21,056,588	(7,792,915)
- Number of ordinary shares, net	30,150,694	30,150,694
- Basic/diluted earnings (losses) per share	0.70	(0.26)

## Statement of comprehensive income

	Nine months ended 30.09.2016	Nine months ended 30.09.2015
<b>Profit (loss) for the period</b>	<b>21,056,588</b>	<b>(7,792,915)</b>
<b>Other comprehensive income (expense):</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
- Actuarial losses on defined benefit plans - IAS 19	(208,913)	159,991
- Income taxes	9,963	(8,538)
- Other	-	-
<b>Total items of other comprehensive income (expense) that will not be reclassified to profit or loss, net of tax effect:</b>	<b>(198,950)</b>	<b>151,453</b>
Items that will or may be subsequently reclassified to profit or loss:		
- Gains (losses) from translation of financial statements of foreign operations - IAS 21	(43,628)	53,951
- Other	-	-
<b>Total items of other comprehensive income (expense) that will be subsequently reclassified to profit or loss, net of tax effect:</b>	<b>(43,628)</b>	<b>53,951</b>
<b>Total other comprehensive income (expense), net of tax effect</b>	<b>(242,578)</b>	<b>205,404</b>
<b>Comprehensive income (expense)</b>	<b>20,814,010</b>	<b>(7,587,511)</b>
<b>Of which:</b>		
- Comprehensive income (expense) attributable to the owners of the parent	20,814,010	(7,587,511)
- Comprehensive income (expense) attributable to non-controlling interests	-	-
<b>Of which:</b>		
- Comprehensive income (expense) from continuing operations	20,814,010	(7,587,511)
- Comprehensive income (expense) from discontinued operations	-	-

Pursuant to Consob resolution no. 15519 of 27 July 2006, the effects of related party transactions on the income statement of the Pininfarina Group are shown in the table provided above and in the "Other Information" section of the notes.

### Statement of changes in equity

	31.12.2014	Comprehensive expense	Allocation of prior year loss	30.09.2015
Share capital	30,150,694	-	-	30,150,694
Share premium reserve	-	-	-	-
Reserve for treasury shares	175,697	-	-	175,697
Legal reserve	6,033,331	-	-	6,033,331
Translation reserve	35,557	53,951	-	89,508
Other reserves	2,646,208	-	-	2,646,208
Losses carried forward	(9,891,053)	151,453	(1,262,883)	(11,002,483)
Loss for the period/year	(1,262,883)	(7,792,915)	1,262,883	(7,792,915)
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b>	<b>27,887,551</b>	<b>(7,587,511)</b>	<b>-</b>	<b>20,300,040</b>
Equity attributable to non-controlling interests	-	-	-	-
<b>EQUITY</b>	<b>27,887,551</b>	<b>(7,587,511)</b>	<b>-</b>	<b>20,300,040</b>

	31.12.2015	Comprehensive income	Allocation of prior year loss	30.09.2016
Share capital	30,150,694	-	-	30,150,694
Share premium reserve	-	-	-	-
Reserve for treasury shares	175,697	-	-	175,697
Legal reserve	6,033,331	-	-	6,033,331
Translation reserve	115,171	(43,628)	-	71,543
Other reserves	2,646,208	-	-	2,646,208
Losses carried forward	(11,122,698)	(198,950)	(18,168,675)	(29,490,323)
Profit (loss) for the period/year	(18,168,675)	21,056,588	18,168,675	21,056,588
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b>	<b>9,829,728</b>	<b>20,814,010</b>	<b>-</b>	<b>30,643,738</b>
Equity attributable to non-controlling interests	-	-	-	-
<b>EQUITY</b>	<b>9,829,728</b>	<b>20,814,010</b>	<b>-</b>	<b>30,643,738</b>

## Statement of cash flows

	Nine months ended 30.09.2016	Nine months ended 30.09.2015
Profit (loss) for the period	21,056,588	(7,792,915)
<i>Adjustments:</i>		
- Income taxes	220	190,259
- Depreciation of property, plant and equipment and investment property	1,938,262	2,019,686
- Amortisation of intangible assets	447,082	519,776
- Impairment losses, provisions and change in accounting estimates	(917,055)	(275,049)
- Gains on the sale of non-current assets	(393)	(50,014)
- Financial expense	2,769,150	4,238,658
- Financial income	(134,270)	(270,217)
- Dividends	-	-
- Share of profit of equity-accounted investees	(16,286)	(14,148)
- Other adjustments	(26,386,801)	37,766
<b>Total adjustments</b>	<b>(22,300,091)</b>	<b>6,396,718</b>
<i>Change in working capital:</i>		
- Decrease in inventories	242,008	214,060
- (Increase)/decrease in contract work in progress	1,983,604	(1,337,634)
- (Increase)/decrease in trade receivables and other assets	(4,740,018)	12,193,453
- Increase in receivables from related parties and joint ventures	(1,013,055)	(6,285)
- Increase/(decrease) in trade payables, other financial liabilities and other liabilities	3,295,798	(563,198)
- Decrease in payables to related parties and joint ventures	(15,135)	(31,139)
- Increase/(decrease) in advances for contract work in progress and deferred income	1,828,573	(442,209)
- Other changes	-	(138,522)
<b>Total changes in working capital</b>	<b>1,581,775</b>	<b>9,888,526</b>
<b>Gross cash flows from operating activities</b>	<b>338,272</b>	<b>8,492,328</b>
- Interest expense	(282,028)	(555,768)
- Income taxes	-	(433,872)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>56,244</b>	<b>7,502,688</b>
- Purchases of non-current assets and equity investments	(1,014,548)	(1,857,365)
- Proceeds from the sale of non-current assets and equity investments	76,582	50,000
- Proceeds from the sale of discontinued operations, net of cash sold	-	-
- Increase in loans and receivables - third parties	16,000,000	-
- Increase in loans and receivables - related parties and joint ventures	-	-
- Repayment of loans and receivables - third parties	-	-
- Repayment of loans and receivables - related parties and joint ventures	144,002	1,567,000
- Proceeds from the sale of current assets held for trading	16,359,251	15,515
- Financial income	54,574	169,665
- Dividends collected	-	-
- Other changes	(256,855)	92,218
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>31,363,006</b>	<b>37,033</b>
- Proceeds from the issue of shares	-	-
- Increase in finance lease liabilities and other loans and borrowings - third parties	-	-
- Increase in other loans and borrowings - related parties and joint ventures	-	-
- Repayment of finance lease liabilities and other loans and borrowings - third parties	(32,153,413)	(2,518,455)
- Repayment of other loans and borrowings - related parties and joint ventures	-	-
- Dividends paid	-	-
- Other changes/Other non-cash items	-	-
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(32,153,413)</b>	<b>(2,518,455)</b>
<b>TOTAL CASH FLOWS</b>	<b>(734,163)</b>	<b>5,021,267</b>
Opening net cash and cash equivalents	20,995,697	24,423,783
Net cash and cash equivalents of companies that left the consolidation scope	-	-
<b>Closing net cash and cash equivalents</b>	<b>20,261,534</b>	<b>29,445,050</b>
<i>Of which:</i>		
- Cash and cash equivalents	20,261,534	29,445,049
- Bank overdrafts	-	-

Pursuant to Consob resolution no. 15519 of 27 July 2006, the impact of transactions with related parties, which relates to transactions with the ultimate parent, PF Holding B.V., the Mahindra group companies and the associate Goodmind S.r.l., are disclosed in notes 6, 9 and 14 to the condensed interim consolidated financial statements.

Opening and closing net cash and cash equivalents include a restricted account of €5,000,000. Reference should be made to note 11 for further details.

## Income statement for the third quarter

	Q3 2016	Q3 2015
Revenue from sales and services	14,132,613	17,644,425
Internal work capitalised	-	-
Change in inventories and contract work in progress	504,812	(361,948)
Change in contract work in progress	454,006	(388,006)
Change in finished goods and work in progress	50,806	26,058
Other revenue and income	3,052,977	1,318,096
<b>Revenue</b>	<b>17,690,402</b>	<b>18,600,573</b>
<b>Gains on sale of non-current assets and equity investments</b>	-	-
<i>Gain on sale of equity investments</i>	-	-
Raw materials and components	(1,464,107)	(2,058,916)
Change in raw materials	(21,402)	23,475
Inventory write-downs	-	-
<b>Raw materials and consumables</b>	<b>(1,485,509)</b>	<b>(2,035,441)</b>
Consumables	(119,421)	(256,770)
External maintenance	(386,135)	(340,134)
<b>Other variable production costs</b>	<b>(505,555)</b>	<b>(596,904)</b>
<b>External variable engineering services</b>	<b>(1,267,698)</b>	<b>(2,278,128)</b>
Blue collars, white collars and managers	(10,336,100)	(9,652,790)
Independent contractors and temporary workers	-	-
Social security contributions and other post-employment benefits	(310,398)	(352,691)
<b>Wages, salaries and employee benefits</b>	<b>(10,646,498)</b>	<b>(10,005,481)</b>
Depreciation of property, plant and equipment and investment property	(644,342)	(666,773)
Amortisation of intangible assets	(127,100)	(169,161)
Losses on sale of non-current assets and equity investments	-	-
(Additions to)/utilisation of provisions and impairment losses	(328,372)	(904,859)
<b>Amortisation, depreciation and impairment losses</b>	<b>(1,099,814)</b>	<b>(1,740,793)</b>
<b>Net exchange rate losses</b>	<b>(21,992)</b>	<b>(34,848)</b>
<b>Other expenses</b>	<b>(3,038,096)</b>	<b>(3,593,703)</b>
<b>Operating loss</b>	<b>(374,761)</b>	<b>(1,684,725)</b>
<b>Net financial expense</b>	<b>(476,064)</b>	<b>(1,218,627)</b>
<b>Gain on the extinguishment of financial liabilities</b>	-	-
<b>Dividends</b>	-	-
<b>Share of profit of equity-accounted investees</b>	<b>3,143</b>	<b>7,364</b>
<b>Loss before taxes</b>	<b>(847,682)</b>	<b>(2,895,988)</b>
<b>Income taxes</b>	<b>86,830</b>	<b>(137,386)</b>
<b>Loss for the period</b>	<b>(760,852)</b>	<b>(3,033,374)</b>

## Statement of comprehensive income for the third quarter

	Q3 2016	Q3 2015
<b>Loss for the period</b>	<b>(760,852)</b>	<b>(3,033,374)</b>
<b>Other comprehensive income (expense):</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
- Actuarial gains on defined benefit plans - IAS 19	21,202	-
- Income taxes	(1,669)	-
- Other	-	-
<b>Total items of other comprehensive income (expense) that will not be reclassified to profit or loss, net of tax effect:</b>	<b>19,533</b>	<b>-</b>
Items that will or may be subsequently reclassified to profit or loss:		
- Losses from translation of financial statements of foreign operations - IAS 21	(7,099)	(12,933)
- Other	-	-
<b>Total items of other comprehensive income (expense) that will be subsequently reclassified to profit or loss, net of tax effect:</b>	<b>(7,099)</b>	<b>(12,933)</b>
<b>Total other comprehensive income (expense), net of tax effect</b>	<b>12,434</b>	<b>(12,933)</b>
<b>Comprehensive expense</b>	<b>(748,418)</b>	<b>(3,046,307)</b>
<b>Of which:</b>		
- Comprehensive expense attributable to the owners of the parent	(748,418)	(3,046,307)
- Comprehensive expense attributable to non-controlling interests	-	-
<b>Of which:</b>		
- Comprehensive expense from continuing operations	(748,418)	(3,046,307)
- Comprehensive expense from discontinued operations	-	-

# Notes to the condensed interim consolidated financial statements

## GENERAL INFORMATION

### Foreword

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

Pininfarina S.p.A., the Group’s parent, is listed on the Italian Stock Exchange. Its registered office is in Via Bruno Buozzi 6, Turin. Market investors own 22.58% of its share capital, with the remaining 77.42% held by the following shareholders:

- PF Holdings B.V. 76.14%,
- Segi S.r.l. 0.60%;
- Seglap S.s. 0.63%;
- treasury shares held by Pininfarina S.p.A. 0.05%.

A list of the group companies, with their complete name and address, is provided later on.

The condensed interim consolidated financial statements are presented in Euros, the functional and presentation currency of the parent, where most of the activities and consolidated revenue are concentrated, and its main subsidiaries.

All amounts are presented in Euros, unless stated otherwise.

The Board of Directors approved these condensed interim consolidated financial statements on 11 November 2016. They were authorised for publication within the legal terms.

### Basis of presentation

In accordance with IAS 1 - Presentation of Financial Statements, the condensed interim consolidated financial statements are the same as those of the parent. They include the following schedules:

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

These schedules present the corresponding prior year annual or interim figures for comparative purposes.

In accordance with IAS 34 - Interim Financial Reporting, the notes to the condensed interim consolidated financial statements are presented in a condensed format and do not include all the disclosure required for annual financial statements, since they cover only those items that, because of their amount, composition or change, are deemed essential to understand the Group’s financial performance, financial position and cash flows. Consequently, these condensed interim consolidated financial statements should be read in conjunction with the 2015 annual consolidated financial statements.

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

- net financial debt, with a breakdown of the main components and balances with related parties, is provided on page 13 of the directors' report;
- the effects of non-recurring events or transactions, i.e., those transactions or events that are not repeated frequently in the normal course of business (pages 50 and 51).

Related party transactions are not presented in separate schedules because they are listed as separate items in the statement of financial position, shown on pages 16 and 17.

### **Basis of preparation**

These condensed interim consolidated financial statements are prepared on a going concern basis, which the directors deemed appropriate. Reference should be made to the "Going concern" section of the directors' report for further details.

These condensed interim consolidated financial statements at 30 September 2016 comply with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. They are also consistent with the regulations enacted to implement article 9 of Legislative decree no. 38/2005.

The term IFRS includes the International Financial Reporting Standards, the International Accounting Standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called the Standing Interpretations Committee ("SIC"), endorsed by the European Commission as of the date of the Board of Directors' meeting convened to approve the condensed interim consolidated financial statements and listed in the applicable regulations published by the European Union as of the above-mentioned date.

These condensed interim consolidated financial statements are prepared in accordance with the general principle of historical cost, except for those items that, pursuant to the IFRS, are measured at fair value, as explained in the "Accounting policies" section.

The accounting policies adopted to prepare these condensed interim consolidated financial statements at 30 September 2016 are the same as those used in the 2015 annual consolidated financial statements.

As part of the process of preparing these condensed interim consolidated financial statements, management was required to make estimates and assumptions, based on the information available as of the date hereof, which have an impact on the carrying amounts of revenue, expenses, assets and liabilities. Should actual circumstances prove to be different from those upon which the estimates and assumptions are based, the accounting effects of the resulting revisions will be recognised in the reporting period when the actual circumstances occur. Moreover, generally speaking, non-current assets are fully tested for impairment only in connection with the preparation of the annual financial statements, unless there are strong impairment indicators.

Actuarial valuations of post-employment benefits were previously performed in connection with the preparation of the condensed interim consolidated financial statements at 30 June and annual consolidated financial statements. They are now presented on a quarterly basis, starting from this reporting period.

### **Standards, amendments and interpretations applicable from 1 January 2016**

None.

## ACCOUNTING POLICIES

### Condensed interim consolidated financial statements

The condensed interim consolidated financial statements include the interim financial statements of all subsidiaries from the date the Group acquires control until such control ceases to exist. Joint ventures (if any) and associates are measured using the equity method.

Intragroup expenses, revenue, receivables, payables, gains and losses are eliminated in the consolidation process.

When necessary, the accounting policies of subsidiaries, associates and joint ventures are amended to make them consistent with those of the parent.

#### (a) Subsidiaries and business combinations

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

Name	Registered office	Investment %	Held by	Currency	Share/quota capital
Pininfarina Extra S.r.l.	Via Bruno Buozzi 6, Turin, Italy	100%	Pininfarina S.p.A.	€	388,000
Pininfarina of America Corp.	501 Brickell Key Drive, Suite 200, Miami FL 33131 USA	100%	Pininfarina Extra S.r.l.	USD	10,000
Pininfarina Deutschland Holding GmbH	Riedwiesenstr. 1, Leonberg, Germany	100%	Pininfarina S.p.A.	€	3,100,000
Pininfarina Deutschland GmbH	Frankfurter Ring 81, Munich, Germany	100%	Pininfarina Deutschland GmbH	€	25,000
Pininfarina Automotive Engineering (Shanghai) Co Ltd	Unit 1, Building 3, Lane 56, Antuo Road, Anting, 201805, Jiading district, Shanghai, China	100%	Pininfarina S.p.A.	CNY	3,702,824

The interim reporting date of the subsidiaries is the same as that of the parent, Pininfarina S.p.A..

#### (b) Acquisition/sale of investments subsequent to the acquisition of control

Acquisitions and sales of investments subsequent to the acquisition of control that do not result in a loss of control are accounted for as owner transactions.

In the case of acquisitions, the difference between the consideration paid and the pro rata interest in the carrying amount of the net assets acquired is recognised in equity. In the case of sales, the resulting gain or loss is also recognised directly in equity.

If the Group loses control or significant influence, the remaining non-controlling interest is remeasured at fair value and any positive or negative difference between its carrying amount and fair value is recognised in profit or loss.

### (c) Associates

Associates are listed below:

Name	Registered office	Investment %	Held by	Currency	Quota capital
Goodmind S.r.l.	Via Nazionale 30,	20%	Pininfarina Extra	€	20,000

### (d) Other companies

Investments in other companies that are available-for-sale financial assets are measured at fair value, if this can be calculated, and any resulting gains or losses are recognised in equity until the investments are sold. At that point, fair value gains or losses accumulated in equity are reclassified to the income statement for the reporting period.

If the investments are not listed on a regulated market and their fair value cannot be reliably determined, they are measured at cost, adjusted for any impairment losses, which cannot be reversed.

### Translation of foreign currency captions

#### (a) Presentation currency and translation of financial statements denominated in currencies other than the Euro

The Group's presentation currency is the Euro.

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

Euro vs currency	30.09.2016	2016	30.09.2015	2015
US dollar - USD	1.12	1.12	1.12	1.11
Chinese renminbi (yuan) - CNY	7.45	7.35	7.12	6.96

#### (b) Foreign currency assets, liabilities and transactions

Transactions carried out in currencies other than the Euro are initially translated at the exchange rate in force on the date of the transaction.

At the reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated into Euros at the closing rate. All resulting exchange rate gains and losses are recognised in profit or loss, except for those stemming from foreign currency loans that hedge investments in foreign operations. Any such gains or losses, net of the related tax effects, are recognised directly in equity. When the equity investment is sold, the accumulated translation differences are reclassified to profit or loss.

Non-monetary items that are carried at historical cost are translated into Euros at the exchange rate in force when the underlying transaction was initially recognised. Non-monetary items that are carried at fair value are translated into Euros at the exchange rate in force on the measurement date.

None of the group companies operate in a hyperinflationary economy.

## TYPES OF FINANCIAL INSTRUMENTS AND FAIR VALUE HIERARCHY

The financial instruments held by the Group include:

- cash and cash equivalents;
- non-current loan liabilities;
- trade receivables and payables and loans and receivables - related parties.

During the reporting period, the parent sold all current assets held for trading recognised at 31 December 2015.

As required by IFRS 7, the table below lists the types of financial instruments included in the condensed interim consolidated financial statements and shows the measurement criteria adopted:

	Financial instruments at fair value through:		Fair value hierarchy	Financial instruments at amortised cost	Equity investments measured at cost	Carrying amount at 30.09.2016	Carrying amount at 31.12.2015
	profit or loss	equity					
<b>Assets:</b>							
Equity investments in other companies	-	-		-	252,017	252,017	252,017
Loans and receivables	-	-		133,000	-	133,000	269,390
Assets held for trading	-	-	Level 1	-	-	-	16,359,251
Trade receivables and other assets	-	-		27,915,166	-	27,915,166	22,395,143
<b>Liabilities:</b>							
Finance lease liabilities	-	-		-	-	-	52,427,883
Other loans and borrowings	-	-		45,155,228	-	45,115,228	32,852,522
Trade payables and other liabilities	-	-		15,944,473	-	15,944,473	12,203,319

In addition, net cash and cash equivalents are measured at fair value which usually equals their nominal amount.

Pursuant to IFRS 7 – Financial Instruments: Disclosures, the classification of financial instruments at fair value shall be based on the quality of the inputs used for measurement purposes. The IFRS 7 classification is based on the following fair value hierarchy:

- Level 1: fair value is determined based on prices quoted on an active market for identical assets or liabilities.
- Level 2: fair value is determined based on inputs that, while different from the quoted prices used in Level 1, can be observed either directly or indirectly. These condensed interim consolidated financial statements do not present any financial instruments of this type.
- Level 3: fair value is determined based on valuation models, the input of which is not based on observable market data. These condensed interim consolidated financial statements do not present any financial instruments of this type.

## FINANCIAL RISK MANAGEMENT

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

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

### (a) Currency risk

The Group entered into most of its financial instruments in Euros, which is its functional and presentation currency. Although it operates in an international environment, it has a limited exposure to fluctuations in the exchange rates of the following currencies against the Euro: US dollar (USD), and Chinese Yuan (CNY).

### (b) Interest rate risk

The restructuring Agreement signed by Pininfarina S.p.A. with the lending institutions, effective from 31 May 2016 to 31 December 2025, defined a fixed contractual interest rate of 0.25% per annum, based on a year of 360 days.

If the six-month Euribor exceeds 4% during an interest accruing period, the contractual interest rate will be increased by the difference between the actual six-month Euribor and 4%.

The Group is exposed to interest rate risk in connection with the loan provided by Volksbank Region Leonberg to Pininfarina Deutschland GmbH, which accrues interest at the three-month Euribor (equal to zero, if negative) plus a spread of 1%.

Interest on the short-term operating lines is computed at a fixed rate ranging between 5% and 6.40%, with regular accrual and payment in arrears at the end of each utilisation period.

A breakdown of the Group's financial debt by fixed and variable interest rates at 30 September 2016 is as follows:

	<u>30.09.2016</u>	<u>%</u>	<u>31.12.2015</u>	<u>%</u>
- Fixed rate	28,856,151	99.0%	84,980,405	99.6%
- Variable rate	285,000	1.0%	300,000	0.4%
<b>Gross financial debt</b>	<b>29,141,151</b>	<b>100.0%</b>	<b>85,280,405</b>	<b>100.0%</b>

Due to the new structure of the interest rates on medium to long-term financing that, at variable rates, accounts for 1% of total indebtedness, the Group has not performed a sensitivity analysis.

### (c) Price risk

Because the Group primarily operates within the Eurozone, its exposure to the risk of fluctuations in commodity prices is currently immaterial.

Assets held for trading, which totalled €16.4 million at 31 December 2015, were all sold and, therefore, the Group is no longer exposed to the related price risk.

### (d) Credit risk

Styling and engineering contracts, which are the Group's primary revenue source, are agreed with highly rated customers located both inside and outside the European Union. In order to minimise the credit risk from non-EU customers, the Group seeks to align both progress billings and their collection with the relevant contract's stage of completion. There is no significant credit concentration with individual customers.

The Group did not carry out transactions involving the derecognition of financial assets, such as the factoring of trade receivables without recourse.

### (e) Liquidity risk

In brief, the Rescheduling Agreement signed on 14 December 2015 and effective as of 30 May 2016 entailed:

- settlement and extinguishment of 56.74% of the nominal amount of the parent's debt with the lending institutions that accepted this option, in addition to the interest accrued up to the effective date;
- the rescheduling of the nominal amount of the debt with the lending institutions that accepted this option, totalling €41.5 million, from 2016 to 2025;
- the application of a fixed interest rate of 0.25% per annum, based on a year of 360 days, increased by the difference between this rate and the six-month Euribor, should the latter exceed 4%.

The cash flows of the above-mentioned agreement have been determined on the basis of the 2016-2025 business and financial plan that ensures the Group's financial stability.

Consequently, over the medium to long term, the liquidity risk is directly correlated to the achievement of the business plan targets.

A breakdown of the contractual amount of the Group's financial debt is set out below.

	Carrying amount 30.09.2016	Contractual cash flows	Of which: due within one year	Of which: due from one to five years	Of which: due after five years
Term financing	29,141,451	41,476,787	60,000	14,242,691	27,159,096

The Group holds net cash and cash equivalents totalling €20.3 million, including €5 million which is restricted, as explained in note 11. Consequently, it is not exposed to liquidity risk in the foreseeable future.

**(f) Risk of default and debt covenants**

This risk relates to the possibility that the new Rescheduling Agreement between Pininfarina S.p.A. and the lending institutions that came into force on 30 May 2016 includes accelerations clauses that may give rise to liquidity risk.

The Rescheduling Agreement includes a financial covenant requiring that the Group's minimum equity amount to at least €30 million starting from the verification date of 31 March 2018.

As of that date, the financial covenant will be checked at each verification date on the basis of the Group's quarterly report published by the parent.

The Mahindra Group granted a first demand surety to the lending institutions that is enforceable if Pininfarina S.p.A. fails to meet its obligations.

## SEGMENT REPORTING

Operating segments are identified in accordance with paragraphs 5 to 10 of IFRS 8 – Operating segments. In the Operations business segment, the operating segments coincide with a series of activities mainly involving the supply of spare parts for cars manufactured by Pininfarina S.p.A., the lease of the business for the production of electric cars for the car sharing service and support functions.

Financial income and expense and income taxes are not allocated to the reporting segments because management makes the relevant decisions on an aggregate segment basis. Intra-segment transactions are carried out at market conditions. In accordance with IFRS 8.4, the Group presents segment reporting in its consolidated financial statements only.

The Group's business segments are not affected by seasonal factors.

Segment reporting for the nine months ended 30 September 2016 and 2015 is set out below. Amounts are in thousands of Euros.

	Nine months ended 30 September 2016			Nine months ended 30 September 2015		
	Operations	Design & engineering	Total	Operations	Design & engineering	Total
		A	B		A + B	A
Revenue	8,327	44,213	52,540	5,224	59,171	64,395
(Intra-segment revenue)	(308)	(556)	(864)	(372)	(3,316)	(3,688)
<b>Revenue - third parties</b>	<b>8,019</b>	<b>43,656</b>	<b>51,676</b>	<b>4,852</b>	<b>55,855</b>	<b>60,707</b>
<b>Operating profit (loss)</b>	<b>(3,578)</b>	<b>780</b>	<b>(2,798)</b>	<b>(8,669)</b>	<b>5,020</b>	<b>(3,649)</b>
Net financial expense			(2,620)			(3,968)
Gain on the extinguishment of financial liabilities			26,459			-
Dividends			-			-
Share of profit of equity-accounted investees	-	16	16	-	14	14
<b>Profit (loss) before taxes</b>	<b>-</b>	<b>-</b>	<b>21,057</b>	<b>-</b>	<b>-</b>	<b>(7,603)</b>
Income taxes	-	-	-	-	-	(190)
<b>Profit (loss) from continuing operations</b>	<b>-</b>	<b>-</b>	<b>21,057</b>	<b>-</b>	<b>-</b>	<b>(7,793)</b>
<b>Profit (loss) from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>21,057</b>	<b>-</b>	<b>-</b>	<b>(7,793)</b>
<i>Other information required by IFRS 8:</i>						
- Amortisation and depreciation	(1,190)	(1,196)	(2,385)	(1,381)	(1,158)	(2,539)
- Impairment losses	-	(233)	(233)	-	(21)	(21)
- Provisions/change in accounting estimates	-	-	-	(900)	94	(806)
- Net gains on the sale of non-current assets	-	-	-	-	50	50

Reference should be made to the directors' report for an analysis of the operating segments.

A breakdown of sales by geographical segment is provided below (in thousands of Euros):

	30.09.2016	30.09.2015
Italy	7,669	15,425
EU	24,756	26,525
Non-EU countries	14,203	13,539
<b>Revenue from sales and services</b>	<b>46,628</b>	<b>55,489</b>

## NOTES TO THE CAPTIONS

### 1. Property, plant and equipment

The carrying amount of property, plant and equipment at 30 September 2016 decreased to €42.1 million from €43 million at 31 December 2015.

Changes in property, plant and equipment and an analysis of the items making up the captions are set out below.

	Land	Buildings	Leased property	Total
Historical cost	11,176,667	52,363,793	13,066,662	76,607,122
Accumulated depreciation and impairment losses	(4,636,429)	(29,769,425)	(5,245,259)	(39,651,113)
<b>Carrying amount at 31 December 2015</b>	<b>6,540,238</b>	<b>22,594,368</b>	<b>7,821,403</b>	<b>36,956,009</b>
Reclassification: Historical cost	1,115,076	11,951,586	(13,066,662)	-
Reclassification: Acc. depreciation and imp. losses	-	(5,394,654)	5,394,654	-
Additions	-	129,679	-	129,679
Disposals: Historical cost	-	-	-	-
Disposals: Acc. depreciation and imp. losses	-	-	-	-
Depreciation	-	(698,218)	(149,395)	(847,613)
Impairment losses	-	-	-	-
Reclassifications	-	-	-	-
Other changes	-	-	-	-
<b>Carrying amount at 30 September 2016</b>	<b>7,655,314</b>	<b>28,582,761</b>	<b>-</b>	<b>36,238,075</b>

*Of which:*

Historical cost	11,176,667	64,445,058	-	75,621,725
Accumulated depreciation and impairment losses	(4,636,429)	(35,862,297)	-	(40,498,726)

Land and buildings include the carrying amounts of real estate complexes, comprising the production facilities located in Via Castellamonte 6, Bairo Canavese (TO) and Strada provinciale per Caluso, San Giorgio Canavese (TO), the styling and engineering sites in via Nazionale 30, Cambiano (TO) and two properties in Turin and Beinasco (TO).

Reclassifications from "Leased property" relate to the portion of the Cambiano real estate complex under finance lease, which were purchased by Pininfarina S.p.A. that exercised the related purchase option, as provided for by the Rescheduling Agreement.

The Bairo Canavese industrial facility, which is owned by the parent, was leased to a third party in 2011, while the San Giorgio Canavese facility, which is also owned by the parent and was previously used for the sale of spare parts (now carried out from the Cambiano site), was discontinued at the reporting date, in line with the provisions of the new 2015-2016 business plan approved in December 2015.

All land and buildings located in Italy are owned by Pininfarina S.p.A..

Additions of the year relate to the renovation of Pininfarina of America Corp.'s offices and works carried out at the Cambiano facility.

	Machinery	Plant	Leased machinery and equipment	Total
Historical cost	5,381,890	82,760,316	122,353,360	210,495,566
Accumulated depreciation and impairment losses	(4,952,707)	(79,580,122)	(122,353,360)	(206,886,189)
<b>Carrying amount at 31 December 2015</b>	<b>429,183</b>	<b>3,180,194</b>	<b>-</b>	<b>3,609,377</b>
Reclassification: Historical cost	-	-	(122,353,360)	(122,353,360)
Reclassification: Acc. depreciation and imp. losses	-	-	122,353,360	122,353,360
Additions	-	285,571	-	285,571
Disposals: Historical cost	(5,422)	(1,040)	-	(6,462)
Disposals: Acc. depreciation and imp. losses	5,422	433	-	5,855
Depreciation	(30,919)	(377,767)	-	(408,686)
Impairment losses	-	-	-	-
Reclassifications	-	-	-	-
Other changes	-	-	-	-
<b>Carrying amount at 30 September 2016</b>	<b>398,264</b>	<b>3,087,391</b>	<b>-</b>	<b>3,485,655</b>

*Of which:*

Historical cost	5,376,468	83,044,847	-	88,421,315
Accumulated depreciation and impairment losses	(4,978,204)	(79,957,456)	-	(84,935,660)

Plant and machinery at 30 September 2016 include generic production plant and machinery, mainly based at the Bairo and Cambiano facilities.

Leased machinery and equipment at 31 December 2015, which show a zero balance, related to production machinery and equipment purchased by Pininfarina S.p.A. that exercised the related purchase option, as provided for by the Rescheduling Agreement.

The leased machinery and equipment related to production contracts and their carrying amount progressively zeroed due to depreciation and the impairment losses recognised following the parent's discontinuance of production activities. They will be scrapped as they cannot be used for other purposes.

Additions of the period are mainly due to plant installed at the Cambiano facility.

	Furniture and fixtures	Hardware and software	Other assets	Total
Historical cost	3,231,777	6,218,217	842,018	10,292,012
Accumulated depreciation and impairment losses	(2,403,657)	(5,211,795)	(339,899)	(7,955,351)
<b>Carrying amount at 31 December 2015</b>	<b>828,120</b>	<b>1,006,422</b>	<b>502,119</b>	<b>2,336,661</b>
Reclassification: Historical cost	-	-	-	-
Reclassification: Acc. depreciation and imp. losses	-	-	-	-
Additions	191,359	100,928	184,054	476,341
Disposals: Historical cost	(2,006)	(3,232)	(70,344)	(75,582)
Disposals: Acc. depreciation and imp. losses	-	-	-	-
Depreciation	(120,645)	(245,633)	(42,405)	(408,683)
Impairment losses	-	-	-	-
Reclassifications	1,294	(16,087)	(8,320)	(23,113)
Other changes	641	4,783	1,509	6,933
<b>Carrying amount at 30 September 2016</b>	<b>898,763</b>	<b>847,181</b>	<b>566,613</b>	<b>2,312,557</b>

*Of which:*

Historical cost	3,422,424	6,299,826	947,408	10,669,658
Accumulated depreciation and impairment losses	(2,523,661)	(5,452,645)	(380,795)	(8,357,101)

Additions to furniture and fixtures and other assets made during the reporting period relate to the German group's and Pininfarina of America Corp.'s new offices.  
 Additions to hardware and software for the reporting period relate to the purchase of IT equipment for technological upgrading.

## 2. Investment property

The Group's investment property consists of buildings owned by Pininfarina Deutschland Holding GmbH in Renningen, near Stuttgart, Germany, which are leased to third parties.  
 They are mortgaged to secure a loan received by the German subsidiary, which currently has an outstanding amount of €285,000.

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
Historical cost	5,807,378	12,226,555	18,033,933
Accumulated depreciation and impairment losses	-	(9,553,267)	(9,553,267)
<hr/>			
<b>Carrying amount at 31 December 2015</b>	<b>5,807,378</b>	<b>2,673,288</b>	<b>8,480,666</b>
<hr/>			
Reclassification: Historical cost	-	-	-
Reclassification: Acc. depreciation and imp. losses	-	-	-
Additions	-	-	-
Disposals: Historical cost	-	-	-
Disposals: Acc. depreciation and imp. losses	-	-	-
Depreciation	-	(273,280)	(273,280)
Impairment losses	-	-	-
Reclassifications	-	-	-
Other changes	-	-	-
<hr/>			
<b>Carrying amount at 30 September 2016</b>	<b>5,807,378</b>	<b>2,400,008</b>	<b>8,207,386</b>
<hr/>			
<i>Of which:</i>			
Historical cost	5,807,378	12,226,555	18,033,933
Accumulated depreciation and impairment losses	-	(9,826,547)	(9,826,547)

## 3. Intangible assets

The carrying amount of intangible assets at 30 September 2016 decreased to €1.9 million from €2.3 million at 31 December 2015.

	<b>Goodwill</b>	<b>Licences</b>	<b>Other assets</b>	<b>Total</b>
Historical cost	1,043,495	5,765,109	2,124,015	8,932,619
Accumulated amortisation and impairment losses	-	(4,638,899)	(2,041,762)	(6,680,661)
<b>Carrying amount at 31 December 2015</b>	<b>1,043,495</b>	<b>1,126,210</b>	<b>82,253</b>	<b>2,251,958</b>
Reclassification: Historical cost	-	-	-	-
Reclassification: Acc. amortisation and imp. losses	-	-	-	-
Additions	-	44,078	41,457	85,535
Disposals: Historical cost	-	-	-	-
Disposals: Acc. amortisation and imp. losses	-	-	-	-
Amortisation	-	(421,818)	(25,264)	(447,082)
Impairment losses	-	-	-	-
Reclassifications	-	-	-	-
Other changes	-	-	-	-
<b>Carrying amount at 30 September 2016</b>	<b>1,043,495</b>	<b>748,470</b>	<b>98,446</b>	<b>1,890,411</b>

*Of which:*

Historical cost	1,043,495	5,809,187	2,165,472	9,018,154
Accumulated amortisation and impairment losses	-	(5,060,717)	(2,067,026)	(7,127,743)

The remaining goodwill of €1,043,495, which is the Group's only intangible asset with an indefinite useful life, originates from the consolidation of Pininfarina Extra S.r.l.. Within the Pininfarina Group, the Pininfarina Extra subgroup, which is comprised of Pininfarina Extra S.r.l., Pininfarina of America Corp. and the associate Goodmind S.r.l., engages in styling activities that are not related to the automotive industry. Consequently, it constitutes a separate cash generating unit. No indicators of impairment were identified during the period.

#### 4. Investments in associates

Goodmind S.r.l., incorporated in July 2012, provides communication services to companies and public sector entities. The Group's share of its profit for the period is €16,286. The associate had eight employees at the reporting date.

#### 5. Equity investments in other companies

Equity investments in other companies did not change from the previous year end and are as follows:

	<b>30.09.2016</b>
Midi Plc	251,072
Idroenergia Soc. Cons. a.r.l.	516
Volksbank Region Leonberg	300
Unionfidi S.c.r.l.p.A. Turin	129
<b>Equity investments in other companies</b>	<b>252,017</b>

## 6. Loans and receivables

Changes in loans and receivables are set out below.

	31.12.2015	Increase	Interest income	Collection	30.09.2016
Pincar S.r.l. in liquidation	135,393	-	4,612	(140,005)	-
Goodmind S.r.l.	133,997	-	3,000	(3,997)	133,000
<b>Loans and receivables - related parties</b>	<b>269,390</b>	<b>-</b>	<b>7,612</b>	<b>(144,002)</b>	<b>133,000</b>

The amount due to the parent by Pincar S.r.l. in liquidation consisted of the accrued interest income on the loans that were fully repaid in the previous year. It was repaid at the end of May 2016.

The amount due from the associate Goodmind S.r.l. shows the loan provided by Pininfarina Extra S.r.l. to finance its activities.

## 7. Inventories

Raw materials mainly consist of various materials used for the production of cars and prototypes at the Cambiano facility. Finished goods mainly consist of car spare parts manufactured by the Group, which are sold to carmakers.

The table below shows a breakdown of inventories and the allowance for inventory write-down:

	30.09.2016	31.12.2015
Raw materials	559,807	582,942
Allowance for inventory write-down	(400,797)	(521,055)
Finished goods	183,208	380,680
Allowance for inventory write-down	-	(77,773)
<b>Inventories</b>	<b>320,816</b>	<b>364,794</b>

The allowance for inventory write-down reflects the risk of obsolete and slow-moving items of materials and spare parts.

	Nine months ended 30.09.2016		2015	
	Allowance for raw material write- down	Allowance for finished goods write-down	Allowance for raw material write- down	Allowance for finished goods write-down
<b>Opening balance</b>	<b>521,055</b>	<b>77,773</b>	<b>553,858</b>	<b>339,744</b>
Additions	-	-	-	-
Utilisations	(14,223)	(183,808)	(32,803)	(261,971)
Other changes	(106,035)	106,035	-	-
<b>Closing balance</b>	<b>400,797</b>	<b>-</b>	<b>521,055</b>	<b>77,773</b>

## 8. Contract work in progress

Contract work in progress shows the balance of gross contract work in progress less progress payments and advances.

The change for the period is due to the completion of certain styling and engineering contracts from customers inside and outside the European Union.

## 9. Trade receivables - third and related parties

The following table shows trade receivables at 30 September 2016 and 31 December 2015:

	<b>30.09.2015</b>	<b>31.12.2015</b>
Italy	1,916,801	5,031,681
EU	7,849,973	7,978,499
Non-EU countries	4,597,441	5,214,535
(Allowance for impairment)	(768,862)	(542,453)
<b>Third parties</b>	<b>13,595,353</b>	<b>17,682,263</b>
Goodmind S.r.l.	-	24,033
Mahindra&Mahindra Group	1,021,260	-
Tech Mahindra Group	15,828	-
<b>Related parties</b>	<b>1,037,088</b>	<b>24,033</b>
<b>Trade receivables</b>	<b>14,632,441</b>	<b>17,706,296</b>

The Group's main counterparties are top carmakers with a high credit rating. Since there are no insurance contracts on receivables, the Group's maximum exposure to credit risk is equal to the carrying amount of the receivables less the allowance for impairment. The Group did not factor any receivables. Trade receivables are mostly denominated in Euros.

Changes in the allowance for impairment are set out below:

	<b>Nine months ended</b>	
	<b>30.09.2016</b>	<b>2015</b>
<b>Opening balance</b>	<b>542,453</b>	<b>949,773</b>
Additions	233,052	28,809
Utilisations	(6,643)	(436,129)
Other changes	-	-
<b>Closing balance</b>	<b>768,862</b>	<b>542,453</b>

## 10. Other assets

The following table shows other assets at 30 September 2016 and 31 December 2015:

	<b>30.09.2016</b>	<b>31.12.2015</b>
VAT	10,276,328	2,532,963
Withholding taxes	1,738,691	1,091,201
Prepayments and accrued income	707,785	722,524
Advances to suppliers	105,119	157,404
Amounts due from INAIL (the Italian Workers' Compensation Authority) and INPS (the Italian social security institution)	137,549	10,834
Amounts due from employees	17,006	15,094
Other	300,248	158,826
<b>Other assets</b>	<b>13,282,725</b>	<b>4,688,847</b>

The VAT asset is mainly attributable to the parent and is mostly due to the invoices received for exercising the purchase options for leased assets, as provided for by the new Rescheduling Agreement. In October 2016, Pininfarina S.p.A. collected the Q2 2016 VAT reimbursement of €8 million.

## 11. Cash and cash equivalents

The table below shows a breakdown of this caption and a comparison with the previous year-end corresponding figures:

	<b>30.09.2016</b>	<b>31.12.2015</b>
Cash in hand and cash equivalents	5,684	11,593
Short-term bank deposits	20,255,850	20,984,104
<b>Cash and cash equivalents</b>	<b>20,261,534</b>	<b>20,995,697</b>
(Bank overdrafts)	-	-
<b>Net cash and cash equivalents</b>	<b>20,261,534</b>	<b>20,995,697</b>

Short-term bank deposits include the parent's restricted account of €5,000,000 in favour of Banca Intermobiliare to secure the surety of the same amount that the latter provided to Reale Mutua Assicurazione, which, in turn, issued a surety of €9,649,751 to the tax authorities securing the repayment of the 2012 VAT asset to the parent. The surety expires on 26 November 2016.

## 12. Equity

### (a) Share capital

	30.09.2016		31.12.2015	
	Nominal amount	No.	Nominal amount	No.
Ordinary shares	30,166,652	30,166,652	30,166,652	30,166,652
(Treasury shares)	(15,958)	(15,958)	(15,958)	(15,958)
<b>Share capital</b>	<b>30,150,694</b>	<b>30,150,694</b>	<b>30,150,694</b>	<b>30,150,694</b>

The parent's share capital is comprised of 30,166,652 ordinary shares, with a unit nominal amount of €1. There are no other classes of shares.

Treasury shares are held in accordance with the limits imposed by article 2357 of the Italian Civil Code.

Detailed information about the parent's shareholders is provided in the "General information" section of these notes.

As a result of a deed signed on 30 May 2016, the shares previously held by Pincar S.r.l. in liquidation, equal to 76.06%, were released from the senior pledge granted in 2008.

Reference should be made to the directors' report for information on the capital increase approved by the parent's directors on 17 October 2016.

### (b) Reserve for treasury shares

This reserve of €175,697, unchanged from the previous year end, is recognised in accordance with the provisions of article 2357 of the Italian Civil Code.

### (c) Legal reserve

The legal reserve of €6,033,331, which pursuant to the provisions of article 2430 of the Italian Civil Code is available to cover any losses, is unchanged from the previous year end.

### (d) Translation reserve

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

### (e) Other reserves

Other reserves are unchanged from the previous year end.

The Group has no stock option plans or other instruments requiring share-based payments.

On 17 October 2017, the parent's directors proposed the adoption of a stock option plan reserved for employees and directors. Reference should be made to the directors' report for further information.

### (f) Losses carried forward

Losses carried forward totalled €29,490,323 at the reporting date, up by €18,367,625 from the 31 December 2015 figure. The increase includes the loss for 2015 of €18,168,675 and the effect for the period of the adoption of IAS 19 (revised), quantified at €198,950.

The table reconciling the parent's profit (loss) and equity as at and for the period ended 30 September 2016 with the Group's relevant figures is provided in the directors' report, to which reference is made.

## 13. Loans and borrowings

### Rescheduling Agreement

#### (a) Rescheduling Agreement

The new Rescheduling Agreement (the "Agreement") between Pininfarina S.p.A. and its lending institutions became effective on 30 May 2016. Its effects are summarised below:

- settlement and extinguishment of 56.74% of the nominal amount of the parent's debt with the lending institutions that accepted this option, totalling €32.1 million;
- the rescheduling of the nominal amount of the debt with the lending institutions that accepted this option, totalling €41.5 million, from 2016 to 2025;
- the application of a fixed interest rate of 0.25% per annum, based on a year of 360 days, increased by the difference between this rate and the six-month Euribor, should the latter exceed 4%;
- exercising the purchase option for leased assets.

#### (b) Substantial change to the financial liabilities' terms pursuant to IAS 39

The above-mentioned changes introduced by the new Rescheduling Agreement entailed a substantial change to the terms of the financial liabilities with the lending institutions pursuant to IAS 39, which has been recognised by reinstating the debt's pre-agreement carrying amount and posting a gain relating to the new financial liability, as shown in the table below.

#### (c) Fair value of restructured debt

The fair value of the restructured debt was determined by discounting the cash flows as per the Rescheduling Agreement to their present value using a 6.5% rate, determined with the support of a third-party financial advisor, as the sum of 1) the return on risk-free investments and 2) a credit spread attributed to Pininfarina S.p.A..

The table below summarises the changes in loans and borrowings:

	31.12.2015	Figurative interest	Current/non-current reclassification	Nominal amount reinstatement	Extinguishment	Repayment	Gain on new financial liability	Reclassification	Figurative interest	30.09.2016
Finance lease liabilities	40,774,347	1,168,381	11,653,536	6,751,862	(17,428,467)	(22,859,253)	(6,284,512)	(13,775,894)	-	-
Other loans and borrowings	25,616,838	725,450	7,235,684	4,192,231	(7,074,662)	(9,294,160)	(6,615,337)	13,715,894	579,513	29,081,451
<b>Non-current portion</b>	<b>66,391,185</b>	<b>1,893,831</b>	<b>18,889,220</b>	<b>10,944,093</b>	<b>(24,503,129)</b>	<b>(32,153,413)</b>	<b>(12,899,849)</b>	<b>(60,000)</b>	<b>579,513</b>	<b>29,081,451</b>
Bank overdrafts	-	-	-	-	-	-	-	-	-	-
Finance lease liabilities	11,653,536	-	(11,653,536)	-	-	-	-	-	-	-
Other loans and borrowings	7,235,684	-	(7,235,684)	-	-	-	-	60,000	-	60,000
<b>Current portion</b>	<b>18,889,220</b>	<b>-</b>	<b>(18,889,220)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,000</b>	<b>-</b>	<b>60,000</b>
<b>Current and non-current portions</b>	<b>85,280,405</b>	<b>1,893,831</b>	<b>-</b>	<b>10,944,093</b>	<b>(24,503,129)</b>	<b>(32,153,413)</b>	<b>(12,899,849)</b>	<b>-</b>	<b>579,513</b>	<b>29,141,451</b>

Other loans and borrowings include the amounts due to the parent's lending institutions, parties to the Agreement, pursuant to the relevant loan and financing agreements and the loan due to Volksbank Region Leonberg by Pininfarina Deutschland Holding GmbH, to which the current portion refers.

A breakdown of the contractual cash flows by maturity is provided in paragraph (e) of the “Financial risk management” section. A breakdown of changes by lender is set out below:

	31.12.2015	Accrued figurative interest at 30.05.2016	Nominal amount reinstatement	Extinguishment	Repayment	Gain on new financial liability	Figurative interest accrued from 31.05 to 30.09	Reclassification	30.09.2016
Mediocredito Italiano S.p.A. (formerly Leasint S.p.A.)	11,618,417	258,922	1,496,264	-	-	(4,189,674)	-	(9,183,929)	-
MPS Leasing & Factoring S.p.A.	5,809,211	129,461	748,131	(2,892,711)	(3,794,092)	-	-	-	-
Selmabipiemme Leasing S.p.A.	5,809,211	129,461	748,131	-	-	(2,094,838)	-	(4,591,965)	-
Release S.p.A.	15,614,955	347,987	2,010,954	(7,775,507)	(10,198,389)	-	-	-	-
BNP Paribas Leasing Solutions S.p.A.	4,988,373	111,168	642,422	(2,483,973)	(3,257,990)	-	-	-	-
UBI Leasing S.p.A.	2,494,186	55,585	321,211	(1,241,987)	(1,628,995)	-	-	-	-
Unicredit Leasing S.p.A.	6,093,530	135,797	784,749	(3,034,289)	(3,979,787)	-	-	-	-
<b>Finance lease liabilities</b>	<b>52,427,883</b>	<b>1,168,381</b>	<b>6,751,862</b>	<b>(17,428,467)</b>	<b>(22,859,253)</b>	<b>(6,284,512)</b>	-	<b>(13,775,894)</b>	-
Mediocredito Italiano S.p.A. (formerly Leasint S.p.A.)	-	-	-	-	-	-	188,217	9,183,929	9,372,146
Selmabipiemme Leasing S.p.A.	-	-	-	-	-	-	94,109	4,591,965	4,686,074
Intesa Sanpaolo S.p.A.	11,538,615	257,144	1,485,985	-	-	(4,160,896)	186,925	-	9,307,773
Banco Popolare Soc. Coop. (formerly Banca Italease S.p.A.)	674,734	15,037	86,894	(335,985)	(440,680)	-	-	-	-
UniCredit S.p.A.	7,331,804	163,393	944,218	(3,650,891)	(4,788,524)	-	-	-	-
Banca Nazionale del Lavoro S.p.A.	1,363,097	30,377	175,545	-	-	(491,542)	22,082	-	1,099,559
Banca Regionale Europea S.p.A.	5,443,303	121,307	701,008	-	-	(1,962,899)	88,180	-	4,390,899
Banco Popolare Soc. Coop.	4,082,482	90,980	525,754	(2,032,880)	(2,666,336)	-	-	-	-
Banca Monte dei Paschi di Siena S.p.A.	2,118,487	47,212	272,827	(1,054,906)	(1,383,620)	-	-	-	-
Volksbank Region Leonberg (GER)	300,000	-	-	-	(15,000)	-	-	-	285,000
<b>Loans and borrowings</b>	<b>32,852,522</b>	<b>725,450</b>	<b>4,192,231</b>	<b>(7,074,662)</b>	<b>(9,294,160)</b>	<b>(6,615,337)</b>	<b>579,513</b>	<b>13,775,894</b>	<b>29,141,451</b>
<b>Leases and financing</b>	<b>85,280,405</b>	<b>1,893,831</b>	<b>10,944,093</b>	<b>(24,503,129)</b>	<b>(32,153,413)</b>	<b>(12,899,849)</b>	<b>579,513</b>	-	<b>29,141,451</b>

## Other information

The €285,000 loan is due to Volksbank Region Leonberg (GER) by Pininfarina Deutschland Holding GmbH, which is the only subsidiary with non-current debt.

Consequently, the Group’s loans and borrowings are not subject to currency risk.

## Loans and borrowings - related parties and joint ventures

This caption shows the loan that PF Holdings B.V. granted to Pininfarina S.p.A., including interest accrued during the period. The loan agreement provides for interest at 0.25% pa and expires on 1 January 2017.

## 14. Trade payables, other financial liabilities and other liabilities

### (a) Trade payables

	30.09.2016	31.12.2015
Third parties	11,347,419	9,033,607
Related parties	-	15,135
Advances for contract work in progress	3,501,385	1,672,812
<b>Trade payables</b>	<b>14,848,804</b>	<b>10,721,554</b>

The reporting-date balance comprises amounts that will be paid within twelve months of the reporting date.

**(b) Other financial liabilities**

	<b>30.09.2016</b>	<b>31.12.2015</b>
Wages and salaries payable	3,651,579	2,536,661
Social security charges payable	731,152	1,284,921
Other	1,095,669	1,481,765
<b>Other financial liabilities</b>	<b>5,478,400</b>	<b>5,303,347</b>

**(c) Other liabilities**

This caption comprises the parent's deferred royalty income relating to the brand licence agreement signed with Mahindra & Mahindra Ltd, deferred business lease payments and accrued expenses of the subsidiaries.

**15. Provisions for risks and charges, contingent liabilities and litigation****(a) Provisions for risks and charges**

Changes in provisions for risks and charges are set out below, with a comment on the main changes:

	<b>31.12.2015</b>	<b>Additions</b>	<b>Utilisations</b>	<b>Other changes</b>	<b>30.09.2016</b>
Provision for product warranty	54,612	-	(87)	-	54,525
Restructuring provision	939,360	-	(698,840)	-	240,520
Other provisions	271,653	104,972	(161,385)	(3,213)	212,027
<b>Provisions for risks and charges</b>	<b>1,265,625</b>	<b>104,972</b>	<b>(860,312)</b>	<b>(3,213)</b>	<b>507,072</b>

The restructuring provision reflects the best estimate of the liability for restructuring at the reporting date. Utilisations mainly relate to the amounts paid in January 2016 to employees who left the parent under a redundancy programme in December 2015.

Other provisions reflect the estimated liabilities that may arise from losses to complete styling and engineering contracts, potential disputes with former employees and environmental risks. Utilisations and other changes mainly show the effects of the measurement of losses to complete long-term contracts.

**(b) Contingent liabilities and litigation****VAT**

This dispute, which arose in 2007 regarding the allegation that VAT should have been levied on the amounts invoiced in 2002 and 2003 by the parent to Peugeot Citroen Automobiles SA, is currently pending before the Supreme Court of Cassation. There were no developments in this case as of the approval date hereof.

## 16. Current and deferred taxes

### (a) Deferred taxes

The table below provides a breakdown of deferred tax assets and liabilities:

	<b>30.09.2016</b>	<b>31.12.2015</b>
Deferred tax assets	938,444	926,424
(Deferred tax liabilities)	(3,619)	(12,754)
<b>Net deferred tax assets</b>	<b>934,825</b>	<b>913,670</b>

The net deferred tax assets shown in the condensed interim consolidated financial statements mainly refer to the German companies. They reflect the recoverable portion of the tax loss carryforwards, determined based on forecast future taxable profit and taking into account the agreement for the filing of a national consolidated tax return signed by the German companies. The decrease for the reporting period relates to temporary differences of the subsidiary Pininfarina of America Corp..

### (b) Current taxes

Income taxes recognised in profit or loss are detailed below:

	<b>Nine months ended 30.09.2016</b>	<b>Nine months ended 30.09.2015</b>
Income taxes	-	(181,551)
IRAP (Regional tax on production activities)	(29,799)	(37,817)
Tax consolidation benefit	-	-
Adjustment to prior year tax consolidation benefit	-	-
Release of/(addition to) prior period provision	18,675	(13,918)
<b>Current taxes</b>	<b>(11,124)</b>	<b>(233,286)</b>
<b>Net deferred tax income</b>	<b>10,904</b>	<b>43,027</b>
<b>Income taxes</b>	<b>(220)</b>	<b>(190,259)</b>

IRAP (Regional tax on production activities) relates to Pininfarina Extra S.r.l. while the release of prior period provision is attributable to the subsidiary Pininfarina Automotive Engineering Shanghai Co Ltd..

## 17. Revenue from sales and services

	Nine months ended 30.09.2016	Nine months ended 30.09.2015
Sales - Italy	795,686	818,648
Sales - EU	997,600	979,304
Sales - Non-EU countries	1,922,489	144,754
Services - Italy	6,873,163	14,606,076
Services - EU	23,758,817	25,545,536
Services - Non-EU countries	12,280,075	13,394,253
<b>Revenue from sales and services</b>	<b>46,627,830</b>	<b>55,488,571</b>

Sales refer mainly to revenue from sales of spare parts, equipment and prototypes. Services show amounts invoiced for styling and engineering services.

Segment reporting is provided on page 32.

## 18. Other revenue and income

	Nine months ended 30.09.2016	Nine months ended 30.09.2015
Royalties	4,081,000	737,500
Lease income	2,696,906	2,665,428
Prior period income	139,641	72,384
Rebilling	96,106	204,646
Sundry	66,250	33,814
Insurance compensation	51,303	53,188
Grants relating to income	5,469	126,003
<b>Other revenue and income</b>	<b>7,136,675</b>	<b>3,892,963</b>

Royalties mainly refer to fees for the licence to use the Pininfarina trademark granted to the Bolloré S.A. Group in connection with the production of electric cars at the Bairo Canavese facility and for the brand licence agreement signed with Mahindra & Mahindra Ltd on 30 May 2016.

Lease income mainly refers to the business lease signed by Pininfarina S.p.A. and a third party and leases for the two buildings located in Renningen, near Stuttgart, in Germany, owned by the subsidiary Pininfarina Deutschland Holding GmbH.

Prior period income refers to prior period income and estimation differences, other than errors, resulting from the regular updating of estimates made in previous years.

## 19. Raw materials and components

Raw materials and components mainly include purchases of equipment and materials used for the styling and engineering contracts and spare parts resold by the parent.

## 20. External variable engineering services

External variable engineering services mainly refer to design and technical services.

## 21. Wages, salaries and employee benefits

	Nine months ended 30.09.2016	Nine months ended 30.09.2015
Wages and salaries	(26,137,750)	(28,050,893)
Social security contributions	(6,079,428)	(6,488,822)
Independent contractors	-	-
Utilisation of restructuring provision	698,840	304,437
<b>Blue collars, white collars and managers</b>	<b>(31,518,338)</b>	<b>(34,235,278)</b>
<b>Post-employment benefits - defined contribution plan</b>	<b>(861,591)</b>	<b>(927,563)</b>
<b>Wages, salaries and employee benefits</b>	<b>(32,379,929)</b>	<b>(35,162,841)</b>

Utilisation of restructuring provision mainly relates to the amounts paid in January 2016 to employees who left the parent under a redundancy programme in December 2015.

Post-employment benefits – defined contribution plan reflect the costs related to post-employment benefits both for defined benefit and defined contribution plans.

A breakdown of the actual number of employees at 30 September 2016 and the average number for the reporting period is set out below, as per article 2427 of the Italian Civil Code, calculated by adding the number of employees at the beginning and end of the reporting period and dividing the result by two:

	30.09.2016		30.09.2015	
	reporting date	average	reporting date	average
Managers	24	24	25	25
White collars	537	541	596	609
Blue collars	28	28	31	31
<b>Total</b>	<b>589</b>	<b>593</b>	<b>652</b>	<b>665</b>

The business lease currently in force involved the transfer of 50 employment contracts.

## 22. Additions to/utilisation of provisions and impairment losses

	Nine months ended 30.09.2016	Nine months ended 30.09.2015
Net impairment losses on loans and receivables	(12,514)	(20,525)
Revised estimate of the allowance for impairment	(220,538)	-
Additions to provisions for risks and charges	(104,972)	(905,698)
Utilisation and revised estimates of provisions for risks and charges	105,392	99,231
<b>Additions to/utilisation of provisions and impairment losses</b>	<b>(232,632)</b>	<b>(826,992)</b>

Utilisation and revised estimates of provisions for risks and charges include the utilisation and revised estimates of the provision for losses to complete contracts.

## 23. Other expenses

	Nine months ended 30.09.2016	Nine months ended 30.09.2015
Travel expenses	(1,058,503)	(1,832,475)
Leases	(2,111,357)	(1,795,402)
Directors' and statutory auditors' fees	(715,606)	(841,190)
Consulting and other services	(2,756,286)	(3,166,248)
Other personnel costs	(614,524)	(560,196)
Postal expenses	(346,182)	(349,117)
Cleaning and waste disposal services	(248,108)	(200,491)
Advertising	(281,044)	(484,332)
Indirect taxes	(546,261)	(574,676)
Insurance	(482,211)	(456,335)
Membership fees	(78,193)	(84,826)
Prior period expense	(11,393)	(5,264)
General services and other expenses	(774,331)	(751,226)
<b>Other expenses</b>	<b>(10,023,999)</b>	<b>(11,101,779)</b>

Consulting and other services include legal expenses and IT consultancy fees.

General services and other expenses include costs for general services, guarantees and settlements in court.

Leases mainly refer to IT equipment, forklift trucks, cars used by employees and offices. These are operating leases pursuant to IAS 17 – Leases and do not entail special commitments for the group companies.

## 24. Net financial expense

	Nine months ended 30.09.2016	Nine months ended 30.09.2015
Interest and commission expense on credit facilities	(143,095)	(320,451)
Lease interest expense	(1,235,609)	(2,386,318)
Interest expense on loans and financing	(1,376,668)	(1,531,889)
Interest expense on loans and financing - subsidiaries	(13,778)	-
<b>Financial expense</b>	<b>(2,769,150)</b>	<b>(4,238,658)</b>
Bank interest income	52,119	73,583
Gains on assets held for trading	72,084	37,766
Interest income on loans and receivables - third parties	2,455	96,083
Interest income on loans and receivables - related parties	7,612	62,785
<b>Financial income</b>	<b>134,270</b>	<b>270,217</b>
<b>Net financial expense</b>	<b>(2,634,880)</b>	<b>(3,968,441)</b>

Interest and commission expense refer to interest paid on credit lines and bank fees.

Lease interest expense of €1,235,609 shows the effect of amortised-cost accounting (€1,168,381) and interest paid under the existing Agreement (€67,228).

Interest expense on loans and financing of €1,376,668 comprises the effect of amortised-cost accounting (€1,304,963) and interest accrued under the existing Agreement (€70,031). The remainder relates to foreign companies.

Interest expense on loans from the ultimate parent refers to the loan granted by PF Holdings B.V. to Pininfarina S.p.A..

Bank interest income accrued on the current account positive balances.

Gains on assets held for trading relate to the sale of the parent's portfolio in March 2016.

Interest income on loans and receivables - third parties relates to the 2015 VAT tax assets recovered by the parent at the end of June 2016.

Interest income on loans and receivables - related parties of €7,612 accrued on the loans granted to the former ultimate parent, Pincar S.r.l. in liquidation, by Pininfarina S.p.A. and to the associate Goodmind S.r.l. by Pininfarina Extra S.r.l..

## OTHER INFORMATION

### Events after the reporting period

Reference should be made to the relevant section of the directors' report for information about events that occurred after the reporting date.

### Related party transactions

The table below, which is presented pursuant to Consob communication no. DEM/6064293 of 28 July 2006, summarises related party transactions, including intragroup transactions. These transactions were carried out at market conditions, consistent with the nature of the goods exchanged or services provided. They were neither atypical nor unusual for the purposes of the above-mentioned communication.

	Commercial		Financial		Operating		Financial	
	Assets	Liabilities	Assets	Liabilities	Revenue	Expense	Income	Expense
PF Holding BV	-	-	-	16,013,778	-	-	-	13,778
Pincar S.r.l. in liquidation	-	-	-	-	-	400,000	4,612	-
Goodmind S.r.l.	-	-	133,000	-	24,000	-	3,000	-
Mahindra&Mahindra Limited	1,021,260	-	-	-	4,261,260	-	-	-
Tech Mahindra (Americas) Inc.	4,180	-	-	-	10,345	-	-	-
Tech Mahindra Ltd (India)	11,647	-	-	-	15,738	-	-	-
<b>Total</b>	<b>1,037,087</b>	<b>-</b>	<b>133,000</b>	<b>16,013,778</b>	<b>4,311,343</b>	<b>400,000</b>	<b>7,612</b>	<b>13,778</b>

The expense relating to Pincar S.r.l. in liquidation shows the liquidation costs incurred by Pininfarina S.p.A. in accordance with the investing agreement signed by the parties.

The balances with the Mahindra group companies relate to transactions carried out after the acquisition of the investment.

In addition to the above figures, Studio Professionale Pavesio & Associati, related to the director Carlo Pavesio, provided legal assistance to the parent and Pininfarina Extra S.r.l. for total fees of €33,133 and €2,033, respectively.

### Directors' and statutory auditors' fees

	<b>Nine months ended 30.09.2016</b>	<b>Nine months ended 30.09.2015</b>
(€'000)		
Directors	634	759
Statutory auditors	82	82
<b>Total</b>	<b>716</b>	<b>841</b>

## Significant non-recurring transactions

As required by Consob communication no. DEM/6064293 of 28 July 2006, the effects of non-recurring events or transactions, i.e., those events or transactions that do not occur frequently during the normal course of business, are shown in the next table:

	30.09.2016	30.09.2016 net of significant non-recurring transactions
Property, plant and equipment	42,073,709	42,073,709
Investment property	8,207,386	8,207,386
Intangible assets	1,890,411	1,890,411
Equity investments	338,918	338,918
Deferred tax assets	938,444	938,444
Non-current financial assets	133,000	133,000
<b>NON-CURRENT ASSETS</b>	<b>53,581,868</b>	<b>53,581,868</b>
Inventories	320,816	320,816
Contract work in progress	3,372,867	3,372,867
Current financial assets	-	-
Derivatives	-	-
Trade receivables and other assets	27,915,166	18,726,517
Cash and cash equivalents	20,261,534	36,570,709
<b>CURRENT ASSETS</b>	<b>51,870,383</b>	<b>58,990,909</b>
<b>Assets held for sale</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>105,452,251</b>	<b>112,572,777</b>
Share capital and reserves	9,587,150	9,587,150
Profit (loss) from continuing operations	21,056,588	(7,534,006)
<b>EQUITY</b>	<b>30,643,738</b>	<b>2,053,144</b>
Non-current loans and borrowings	29,081,451	68,210,016
Deferred tax liabilities	3,619	3,619
Post-employment benefits and other provisions	5,039,126	5,039,126
<b>NON-CURRENT LIABILITIES</b>	<b>34,124,196</b>	<b>73,252,761</b>
Current loans and borrowings	16,073,778	18,949,220
Other financial liabilities	5,478,400	1,060,513
Trade payables	14,848,803	14,848,803
Current tax liabilities	452,611	452,611
Provisions for risks and charges	507,072	507,072
Other liabilities	3,323,653	1,448,653
<b>CURRENT LIABILITIES</b>	<b>40,684,317</b>	<b>37,266,872</b>
Liabilities associated with non-current assets held for sale	-	-
<b>TOTAL LIABILITIES</b>	<b>74,808,513</b>	<b>110,519,633</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>105,452,251</b>	<b>112,572,777</b>

	Nine months ended	
	30.09.2016	30.09.2016 net of significant non-recurring transactions
Revenue from sales and services	46,627,830	46,627,830
Internal work capitalised	-	-
Change in finished goods and contract work in progress	(2,088,372)	(2,088,372)
Other revenue and income	7,136,675	4,011,675
<b>REVENUE</b>	<b>51,676,133</b>	<b>48,551,133</b>
Net gains on sale of non-current assets and equity investments	393	393
Raw materials and consumables	(3,675,628)	(3,675,628)
Other variable production costs	(1,709,291)	(1,709,291)
External variable engineering services	(3,986,640)	(3,986,640)
Wages, salaries and employee benefits	(32,379,929)	(32,379,929)
Amortisation and depreciation, impairment losses and provisions	(2,617,976)	(2,617,976)
Net exchange rate gains	(81,107)	(81,107)
Other expenses	(10,023,999)	(9,623,999)
<b>OPERATING LOSS</b>	<b>(2,798,044)</b>	<b>(5,523,044)</b>
Net financial expense	(2,634,880)	(2,041,589)
Gain on the extinguishment of financial liabilities	26,458,885	-
Dividends	14,561	14,561
Share of profit of equity-accounted investees	16,286	16,286
<b>PROFIT (LOSS) BEFORE TAXES</b>	<b>21,056,808</b>	<b>(7,533,786)</b>
Income taxes	(220)	(220)
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>21,056,588</b>	<b>(7,534,006)</b>

The transactions identified as significant and non-recurring are as follows:

- . the parent's debt Rescheduling Agreement;
- . loan agreement between Pininfarina S.p.A. and PF Holdings B.V.;
- . brand licence agreement between Pininfarina S.p.A. and Mahindra & Mahindra;
- . Pincar S.r.l. in liquidation's liquidation costs.

#### **Atypical and unusual transactions**

As required by Consob communication no. DEM/6064293 of 28 July 2006, the Pininfarina Group specifies that it did not carry out atypical or unusual transactions during the reporting period, as defined in the above-mentioned Communication, according to which atypical and/or unusual transactions are transactions that, because of their significance/material amount, nature of the counterparty, subject, method used to determine the transfer price and timing of the event, could create doubts as to: the fairness/completeness of the disclosure provided in the financial statements, the existence of a conflict of interest, the safeguarding of corporate assets and the protection of non-controlling investors.



**Pininfarina S.p.A.**

**Interim separate financial statements as at and for the  
nine months ended 30 September 2016**

## Statement of financial position

	30.09.2016	31.12.2015
Land and buildings	36,219,604	36,956,009
Land	7,655,314	6,540,238
Buildings	28,564,290	22,594,368
Leased property	-	7,821,403
Plant and machinery	3,399,071	3,520,658
Machinery	398,264	429,183
Plant	3,000,807	3,091,475
Leased machinery and equipment	-	-
Furniture, fixtures and other assets	810,578	883,466
Furniture and fixtures	14,979	19,806
Hardware and software	386,135	504,977
Other assets, including vehicles	409,464	358,683
Assets under construction	37,422	-
<b>Property, plant and equipment</b>	<b>40,466,675</b>	<b>41,360,133</b>
<b>Investment property</b>	<b>-</b>	<b>-</b>
Goodwill	-	-
Licences and trademarks	653,057	896,328
Other	-	-
<b>Intangible assets</b>	<b>653,057</b>	<b>896,328</b>
Subsidiaries	21,577,447	21,577,447
Associates	-	-
Joint ventures	-	-
Other companies	645	645
<b>Equity investments</b>	<b>21,578,092</b>	<b>21,578,092</b>
<b>Deferred tax assets</b>	<b>-</b>	<b>-</b>
Held-to-maturity investments	-	-
Loans and receivables	1,651,837	1,987,174
Third parties	-	-
Related parties	1,651,837	1,987,174
Available-for-sale financial assets	-	-
<b>Non-current financial assets</b>	<b>1,651,837</b>	<b>1,987,174</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>64,349,661</b>	<b>65,821,727</b>
Raw materials	137,608	61,887
Work in progress	-	-
Finished goods	40,840	180,445
<b>Inventories</b>	<b>178,448</b>	<b>242,332</b>
<b>Contract work in progress</b>	<b>1,601,775</b>	<b>4,745,906</b>
Assets held for trading	-	16,359,251
Loans and receivables	-	-
Third parties	-	-
Related parties	-	-
Available-for-sale financial assets	-	-
<b>Current financial assets</b>	<b>-</b>	<b>16,359,251</b>
<b>Derivatives</b>	<b>-</b>	<b>-</b>
Trade receivables	5,676,307	9,459,329
Third parties	3,955,340	8,548,782
Related parties	1,720,967	910,547
Other	12,157,795	3,906,834
<b>Trade receivables and other assets</b>	<b>17,834,102</b>	<b>13,366,163</b>
Cash in hand and cash equivalents	83	250
Short-term bank deposits	16,588,755	12,777,447
<b>Cash and cash equivalents</b>	<b>16,588,838</b>	<b>12,777,697</b>
<b>TOTAL CURRENT ASSETS</b>	<b>36,203,163</b>	<b>47,491,349</b>
<b>TOTAL ASSETS</b>	<b>100,552,824</b>	<b>113,313,076</b>

## Statement of financial position

	<b>30.09.2016</b>	<b>31.12.2015</b>
Share capital	30,150,694	30,150,694
Share premium reserve	-	-
Reserve for treasury shares	175,697	175,697
Legal reserve	6,033,331	6,033,331
Other reserves	2,646,208	2,646,208
Losses carried forward	(30,559,748)	(10,123,630)
Profit (loss) for the period/year	23,723,268	(20,263,436)
<b>EQUITY</b>	<b>32,169,450</b>	<b>8,618,864</b>
Finance lease liabilities	-	40,774,347
Other loans and borrowings	28,856,451	25,316,838
Third parties	28,856,451	25,316,838
Related parties	-	-
<b>Non-current loans and borrowings</b>	<b>28,856,451</b>	<b>66,091,185</b>
<b>Deferred tax liabilities</b>	<b>-</b>	<b>-</b>
Italian post-employment benefits	4,355,536	4,382,502
Other	-	-
<b>Post-employment benefits</b>	<b>4,355,536</b>	<b>4,382,502</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>33,211,987</b>	<b>70,473,687</b>
Bank overdrafts	-	-
Finance lease liabilities	-	11,653,536
Other loans and borrowings	16,197,889	7,483,428
Third parties	-	7,235,684
Related parties	16,197,889	247,744
<b>Current loans and borrowings</b>	<b>16,197,889</b>	<b>19,136,964</b>
Wages and salaries payable	2,635,714	1,733,181
Social security charges payable	520,763	1,020,631
Other	562,234	1,208,576
<b>Other financial liabilities</b>	<b>3,718,711</b>	<b>3,962,388</b>
Third parties	9,697,214	7,115,520
Related parties	11,688	443,932
Advances for contract work in progress	2,423,098	856,096
<b>Trade payables</b>	<b>12,132,000</b>	<b>8,415,548</b>
Direct tax liabilities	-	-
Other tax liabilities	-	-
<b>Current tax liabilities</b>	<b>-</b>	<b>-</b>
<b>Derivatives</b>	<b>-</b>	<b>-</b>
Provision for product warranty	54,525	54,612
Restructuring provision	240,520	939,360
Other provisions	202,742	211,653
<b>Provisions for risks and charges</b>	<b>497,787</b>	<b>1,205,625</b>
Third parties	750,000	1,500,000
Related parties	1,875,000	-
<b>Other liabilities</b>	<b>2,625,000</b>	<b>1,500,000</b>
<b>TOTAL CURRENT LIABILITIES</b>	<b>35,171,387</b>	<b>34,220,525</b>
<b>TOTAL LIABILITIES</b>	<b>68,383,374</b>	<b>104,694,212</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>100,552,824</b>	<b>113,313,076</b>

Pursuant to Consob resolution no. 15519 of 27 July 2006, an ad hoc statement of financial position showing related party transactions has not been prepared as these are already shown in the interim separate financial statements schedules. As for transactions with other related parties, such as directors and statutory auditors, "Trade payables - third parties" include accrued fees for the period of €100,417.

## Income statement

	Nine months ended 30.09.2016	<i>Of which: related parties</i>	Nine months ended 30.09.2015	<i>Of which: related parties</i>
Revenue from sales and services	24,306,886	1,880,649	30,051,462	978,538
Internal work capitalised	-		-	
Change in inventories and contract work in progress	(3,283,736)		(12,738)	
Change in contract work in progress	(3,144,131)		(374)	
Change in finished goods and work in progress	(139,605)		(12,364)	
Other revenue and income	6,447,300	3,149,000	3,240,618	24,000
<b>Revenue</b>	<b>27,470,450</b>	<b>5,029,649</b>	<b>33,279,342</b>	<b>1,002,538</b>
<b>Gains on sale of non-current assets and equity investments</b>	<b>393</b>	<b>-</b>	<b>50,000</b>	<b>-</b>
<i>Gain on sale of equity investments</i>	-		-	
Raw materials and components	(3,520,150)		(5,617,130)	
Change in raw materials	75,721		68,027	
Inventory write-downs	-		-	
<b>Raw materials and consumables</b>	<b>(3,444,429)</b>	<b>-</b>	<b>(5,549,103)</b>	<b>-</b>
Consumables	(438,870)		(506,335)	
External maintenance	(912,441)		(759,080)	
<b>Other variable production costs</b>	<b>(1,351,311)</b>	<b>-</b>	<b>(1,265,415)</b>	<b>-</b>
<b>External variable engineering services</b>	<b>(989,015)</b>	<b>(117,956)</b>	<b>(5,706,828)</b>	<b>(2,709,750)</b>
Blue collars, white collars and managers	(15,617,245)		(15,965,984)	
Independent contractors and temporary workers	-		-	
Social security contributions and other post-employment benefits	(781,989)		(848,730)	
<b>Wages, salaries and employee benefits</b>	<b>(16,399,234)</b>	<b>-</b>	<b>(16,814,714)</b>	<b>-</b>
Depreciation of property, plant and equipment and investment property	(1,404,949)		(1,599,440)	
Amortisation of intangible assets	(267,580)		(280,688)	
Losses on sale of non-current assets and equity investments	-		-	
(Additions to)/utilisation of provisions and impairment losses	420		(806,467)	
<b>Amortisation, depreciation and impairment losses</b>	<b>(1,672,109)</b>	<b>-</b>	<b>(2,686,595)</b>	<b>-</b>
<b>Net exchange rate gains (losses)</b>	<b>(1,433)</b>		<b>862</b>	
<b>Other expenses</b>	<b>(5,769,406)</b>	<b>(400,000)</b>	<b>(6,912,572)</b>	
<b>Operating loss</b>	<b>(2,156,094)</b>	<b>4,511,693</b>	<b>(5,605,023)</b>	<b>(1,707,212)</b>
<b>Net financial expense</b>	<b>(2,617,092)</b>	<b>1,834</b>	<b>(3,954,564)</b>	<b>76,998</b>
<b>Gain on the extinguishment of financial liabilities</b>	<b>26,458,885</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Dividends</b>	<b>1,931,200</b>	<b>1,931,200</b>	<b>1,001,040</b>	<b>1,001,040</b>
<b>Profit (loss) before taxes</b>	<b>23,616,899</b>	<b>6,444,727</b>	<b>(8,558,547)</b>	<b>(629,174)</b>
<b>Income taxes</b>	<b>106,369</b>		<b>133,555</b>	
<b>Profit (loss) for the period</b>	<b>23,723,268</b>	<b>6,444,727</b>	<b>(8,424,992)</b>	<b>(629,174)</b>

Pursuant to Consob resolution no. 15519 of 27 July 2006, the effects of related party transactions on the income statement of Pininfarina S.p.A. are shown in the table provided above and in the "Other Information" section of the notes.

## Statement of comprehensive income

	Nine months ended 30.09.2016	Nine months ended 30.09.2015
<b>Profit (loss) for the period</b>	<b>23,723,268</b>	<b>(8,424,992)</b>
<b>Other comprehensive income (expense):</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
- Actuarial gains (losses) on defined benefit plans - IAS 19	(172,682)	128,943
- Income taxes	-	-
- Other	-	-
<b>Total items of other comprehensive expense that will not be reclassified to profit or loss, net of tax effect:</b>	<b>(172,682)</b>	<b>128,943</b>
Items that will or may be subsequently reclassified to profit or loss:		
- Gains (losses) from translation of financial statements of foreign operations - IAS 21	-	-
- Other	-	-
<b>Total items of other comprehensive expense that will be subsequently reclassified to profit or loss, net of tax effect:</b>	<b>-</b>	<b>-</b>
<b>Total other comprehensive income (expense), net of tax effect</b>	<b>(172,682)</b>	<b>128,943</b>
<b>Comprehensive income (expense)</b>	<b>23,550,586</b>	<b>(8,296,049)</b>

**Reclassified income statement**  
(€'000)

	30.09.2016	%	30.09.2015	%	Variation	2015
Revenue from sales and services	24,307	88.49	30,051	90.30	(5,744)	38,809
Change in inventories and contract work in progress	(3,284)	( 11.95)	(13)	( 0.04)	(3,271)	1,626
Other revenue and income	6,447	23.47	3,241	9.74	3,206	4,738
Internal work capitalised	-	-	-	-	-	-
<b>Value of production</b>	<b>27,470</b>	<b>100.00</b>	<b>33,279</b>	<b>100.00</b>	<b>(5,809)</b>	<b>45,173</b>
<b>Net gains on the sale of non-current assets</b>	-	-	50	0.15	( 50)	50
Materials and services (*)	(11,631)	(42.34)	(19,501)	(58.60)	7,870	(24,946)
Change in raw materials	76	0.28	68	0.20	8	29
<b>Value added</b>	<b>15,915</b>	<b>57.94</b>	<b>13,896</b>	<b>41.76</b>	<b>2,019</b>	<b>20,306</b>
Labour cost (**)	(16,399)	(59.70)	(16,815)	(50.53)	416	(23,806)
<b>EBITDA</b>	<b>(484)</b>	<b>(1.76)</b>	<b>(2,919)</b>	<b>(8.77)</b>	<b>2,435</b>	<b>(3,500)</b>
Amortisation and depreciation	(1,673)	(6.09)	(1,880)	(5.65)	207	(2,505)
(Additions to)/utilisation of provisions and impairment losses	-	0.00	(806)	(2.42)	806	(10,417)
<b>EBIT</b>	<b>(2,157)</b>	<b>(7.85)</b>	<b>(5,605)</b>	<b>(16.85)</b>	<b>3,448</b>	<b>(16,422)</b>
Net financial expense	(685)	(2.49)	( 2,954)	(8.88)	2,269	(4,180)
Gain on the extinguishment of financial liabilities	26,459	96.32	-	-	26,459	-
<b>Profit (loss) before taxes</b>	<b>23,617</b>	<b>85.97</b>	<b>(8,559)</b>	<b>(25.72)</b>	<b>32,176</b>	<b>(20,602)</b>
Income taxes	106	0.39	134	0.40	(28)	339
<b>Profit (loss) for the period/year</b>	<b>23,723</b>	<b>86.36</b>	<b>(8,425)</b>	<b>(25.32)</b>	<b>32,148</b>	<b>(20,263)</b>

(\*) Materials and services are net of utilisations of the provisions for product warranty and risks (€141,396 thousand and €8,578 thousand for the first nine months of 2015 and 2016, respectively).

(\*\*) Labour cost is net of utilisations of the restructuring and other provisions (€304,437 thousand and €698,840 thousand for the first nine months of 2015 and 2016, respectively).

As required by Consob resolution no. DEM/6064293 of 28 July 2006, a reconciliation of the data in the interim separate financial statements with those in the reclassified schedules is provided below:

- **Materials and services** include raw materials and components, other variable production costs, external variable engineering services, exchange rate gains and losses and other expenses.
- **Amortisation and depreciation** comprise amortisation of intangible assets and depreciation of property, plant and equipment and investment property.
- **(Additions to)/utilisation of provisions and impairment losses** include additions to/utilisation of provisions, impairment losses and inventory write-downs.
- **Net financial expense** comprises net financial expense and dividends.

**Reclassified statement of financial position**  
(€'000)

<b>Net non-current assets (A)</b>				
Net intangible assets	653	896	(243)	972
Net property, plant and equipment and investment prop	40,467	41,360	(893)	51,185
Equity investments	21,578	21,578	-	21,578
<b>Total A</b>	<b>62,698</b>	<b>63,834</b>	<b>(1,136)</b>	<b>73,735</b>
<b>Working capital (B)</b>				
Inventories	1,780	4,988	(3,208)	3,388
Net trade receivables and other assets	17,834	13,366	4,468	10,380
Trade payables	(12,132)	(8,416)	(3,716)	(10,204)
Provisions for risks and charges	(498)	(1,206)	708	(1,207)
Other liabilities	(6,344)	(5,459)	(885)	(3,871)
<b>Total B</b>	<b>640</b>	<b>3,273</b>	<b>(2,633)</b>	<b>(1,514)</b>
<b>Net invested capital (C=A+B)</b>	<b>63,338</b>	<b>67,107</b>	<b>(3,769)</b>	<b>72,221</b>
<b>Post-employment benefits (D)</b>	<b>4,356</b>	<b>4,383</b>	<b>(27)</b>	<b>4,298</b>
<b>Net capital requirements (E=C-D)</b>	<b>58,982</b>	<b>62,724</b>	<b>(3,742)</b>	<b>67,923</b>
<b>Equity (F)</b>	<b>32,169</b>	<b>8,619</b>	<b>23,550</b>	<b>20,573</b>
<b>Net financial debt (G)</b>				
Non-current loans and borrowings	27,204	64,104	(36,900)	72,238
Net current financial position	(391)	(9,999)	9,608	(24,888)
<b>Total G</b>	<b>26,813</b>	<b>54,105</b>	<b>(27,292)</b>	<b>47,350</b>
<b>Total as in E (H=F+G)</b>	<b>58,982</b>	<b>62,724</b>	<b>(3,742)</b>	<b>67,923</b>

**Net financial debt**

(€'000)

	30.09.2016	31.12.2015	Variation	30.09.2015
Cash and cash equivalents	16,589	12,778	3,811	22,665
Current assets held for trading	-	16,359	(16,359)	16,343
Current loans and receivables	-	-	-	-
Loan assets - related parties	-	-	-	-
Current bank overdrafts	-	-	-	-
Current finance lease liabilities	-	(11,654)	11,654	(5,827)
Loans and borrowings - related parties	(16,198)	(248)	(15,950)	(172)
Current portion of bank loans and borrowings	-	(7,236)	7,236	(8,121)
<b>Net current financial position</b>	<b>391</b>	<b>9,999</b>	<b>(9,608)</b>	<b>24,888</b>
Non-current loans and receivables - third parties	-	-	-	-
Non-current loans and receivables - related parties	1,652	1,987	(335)	2,031
Non-current held-to-maturity investments	-	-	-	-
Non-current finance lease liabilities	-	(40,774)	40,774	(45,820)
Non-current bank loans and borrowings	(28,856)	(25,317)	(3,539)	(28,449)
<b>Non-current loans and borrowings</b>	<b>(27,204)</b>	<b>(64,104)</b>	<b>36,900</b>	<b>(72,238)</b>
<b>NET FINANCIAL DEBT</b>	<b>(26,813)</b>	<b>(54,105)</b>	<b>27,292</b>	<b>(47,350)</b>

Cash and cash equivalents include a restricted account of €5,000,000.

### Statement of changes in equity

	31.12.2014	Comprehensive expense	Allocation of prior year loss	30.09.2015
Share capital	30,150,694	-	-	30,150,694
Share premium reserve	-	-	-	-
Reserve for treasury shares	175,697	-	-	175,697
Legal reserve	6,033,331	-	-	6,033,331
Other reserves	2,646,208	-	-	2,646,208
Losses carried forward	(7,164,992)	128,943	(2,971,795)	(10,007,844)
Loss for the period/year	(2,971,795)	(8,424,992)	2,971,795	(8,424,992)
<b>EQUITY</b>	<b>28,869,143</b>	<b>(8,296,049)</b>	<b>-</b>	<b>20,573,094</b>

	31.12.2015	Comprehensive income	Allocation of prior year loss	30.09.2016
Share capital	30,150,694	-	-	30,150,694
Share premium reserve	-	-	-	-
Reserve for treasury shares	175,697	-	-	175,697
Legal reserve	6,033,331	-	-	6,033,331
Other reserves	2,646,208	-	-	2,646,208
Losses carried forward	(10,123,630)	(172,682)	(20,263,436)	(30,559,748)
Profit (loss) for the period/year	(20,263,436)	23,723,268	20,263,436	23,723,268
<b>EQUITY</b>	<b>8,618,864</b>	<b>23,550,586</b>	<b>-</b>	<b>32,169,450</b>

## Statement of cash flows

	Nine months ended 30.09.2016	Nine months ended 30.09.2015
<b>Profit (loss) for the period</b>	<b>23,723,268</b>	<b>(8,424,992)</b>
<i>Adjustments:</i>		
- Income taxes	(106,369)	(134,106)
- Depreciation of property, plant and equipment and investment property	1,404,949	1,599,439
- Amortisation of intangible assets	267,580	280,688
- Impairment losses, provisions and change in accounting estimates	(1,105,517)	(218,746)
- Gains on the sale of non-current assets	(393)	(50,000)
- Financial expense	2,756,405	4,226,664
- Financial income	(139,314)	(272,100)
- Dividends	(1,931,200)	(1,001,040)
- Other adjustments	(26,386,800)	37,766
<b>Total adjustments</b>	<b>(25,240,659)</b>	<b>4,468,565</b>
<i>Change in working capital:</i>		
- Decrease in inventories	261,915	239,109
- Decrease in contract work in progress	3,144,131	374
- (Increase)/decrease in trade receivables and other assets	(3,657,519)	14,511,700
- Increase in trade receivables - related parties	(810,420)	(380,079)
- Increase/(decrease) in trade payables, other financial liabilities and other liabilities	3,463,017	(1,907,948)
- Decrease in trade payables - related parties	(432,244)	(727,865)
- Increase/(decrease) in advances for contract work in progress and deferred income	1,567,002	(546,574)
- Other changes	-	-
<b>Total changes in working capital</b>	<b>3,535,882</b>	<b>11,188,717</b>
<b>Gross cash flows from operating activities</b>	<b>2,018,491</b>	<b>7,232,290</b>
- Financial expense	(269,283)	(543,774)
- Income taxes	-	(391,008)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,749,208</b>	<b>6,297,508</b>
- Purchases of non-current assets and equity investments	(536,407)	(1,288,373)
- Proceeds from the sale of non-current assets and equity investments	1,000	50,000
- Increase in loans and receivables - third parties	-	-
- Increase in loans and receivables - related parties	16,000,000	-
- Repayment of loans and receivables - third parties	-	-
- Repayment of loans and receivables - related parties	457,318	2,459,899
- Proceeds from the sale of current assets held for trading	16,359,251	15,515
- Financial income	51,617	157,336
- Dividends collected	1,931,200	1,001,040
- Other changes	-	-
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>34,263,979</b>	<b>2,395,417</b>
- Proceeds from the issue of shares	-	-
- Increase in finance lease liabilities and other loans and borrowings - third parties	-	-
- Increase in other loans and borrowings - related parties	-	-
- Repayment of finance lease liabilities and other loans and borrowings - third parties	(32,138,413)	(2,518,455)
- Repayment of other loans and borrowings - related parties	(63,633)	(125,333)
- Dividends paid	-	-
- Other changes	-	-
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(32,202,046)</b>	<b>(2,643,788)</b>
<b>TOTAL CASH FLOWS</b>	<b>3,811,141</b>	<b>6,049,137</b>
Opening net cash and cash equivalents	12,777,697	16,616,173
<b>Closing net cash and cash equivalents</b>	<b>16,588,838</b>	<b>22,665,310</b>
<i>Of which:</i>		
- Cash and cash equivalents	16,588,838	22,665,310
- Bank overdrafts	-	-

Pursuant to Consob resolution no. 15519 of 27 July 2006, the effects of related party transactions are shown in the "Other information" section of the notes.

Opening and closing net cash and cash equivalents include a restricted account of €5,000,000.

## OTHER INFORMATION

### Events after the reporting period

Reference should be made to the relevant section of the directors' report on the condensed interim consolidated financial statements for information about events that occurred after the reporting date.

### Related party transactions

The table below, which is presented pursuant to Consob communication no. DEM/6064293 of 28 July 2006, summarises related party transactions, including intragroup transactions. These transactions were carried out at market conditions, consistent with the nature of the goods exchanged or services provided. They were neither atypical nor unusual for the purposes of the above-mentioned communication.

	Commercial		Financial		Operating		Financial	
	Assets	Liabilities	Assets	Liabilities	Revenue	Expense	Income	Expense
PF Holding BV	-	-	-	16,013,778	-	-	-	13,778
Pincar S.r.l. in liquidation	-	-	-	-	-	400,000	4,612	-
Pininfarina Extra S.r.l.	89,688	11,688	150,801	184,111	319,967	44,624	931,200	-
Goodmind S.r.l.	-	-	-	-	24,000	-	-	-
Pininfarina Deutschland Holding GmbH	-	-	-	-	-	-	1,000,000	-
Pininfarina Deutschland GmbH	31,500	-	1,501,036	-	334,000	73,332	11,000	-
Pininfarina Automotive Engineering (Shanghai) Co Ltd	578,519	-	-	-	90,422	-	-	-
Mahindra&Mahindra Limited	1,021,260	-	-	-	4,261,260	-	-	-
<b>Total</b>	<b>1,720,967</b>	<b>11,688</b>	<b>1,651,837</b>	<b>16,197,889</b>	<b>5,029,649</b>	<b>517,956</b>	<b>1,946,812</b>	<b>13,778</b>

The financial assets and liabilities with Pininfarina Extra S.r.l. relate to the domestic tax consolidation agreement.

The expense relating to Pincar S.r.l. in liquidation shows the liquidation costs incurred by Pininfarina S.p.A. in accordance with the investing agreement signed by the parties.

The balances with the Mahindra group companies relate to transactions carried out after the acquisition of the investment.

In addition to the above figures, Studio Professionale Pavesio e Associati, related to the director Carlo Pavesio, provided legal assistance to the company for total fees of €33,133.

### Fees to directors, statutory auditors and key management personnel:

Fees to the company's directors and statutory auditors for their respective duties are as follows:

	<b>Nine months ended 30.09.2016</b>	<b>Nine months ended 30.09.2015</b>
(€'000)		
Directors	384	466
Statutory auditors	75	75
<b>Total</b>	<b>459</b>	<b>541</b>

The total fees to Pininfarina S.p.A.'s key management personnel approximate €1.3 million for the first nine months of 2016.

## Significant non-recurring transactions

As required by Consob communication no. DEM/6064293 of 28 July 2006, the effects of non-recurring events or transactions, i.e., those events or transactions that do not occur frequently during the normal course of business, are shown in the next table:

	30.09.2016	30.09.2016 net of significant non-recurring transactions
Property, plant and equipment	40,466,675	40,466,675
Intangible assets	653,057	653,057
Equity investments	21,578,092	21,578,092
Non-current financial assets	1,651,837	1,651,837
<b>NON-CURRENT ASSETS</b>	<b>64,349,661</b>	<b>64,349,661</b>
Inventories	178,448	178,448
Contract work in progress	1,601,775	1,601,775
Current financial assets	-	-
Trade receivables and other assets	17,834,102	8,645,453
Cash and cash equivalents	16,588,838	32,898,013
<b>CURRENT ASSETS</b>	<b>36,203,163</b>	<b>43,323,689</b>
<b>TOTAL ASSETS</b>	<b>100,552,824</b>	<b>107,673,350</b>
Share capital and reserves	8,446,182	8,446,182
Profit (loss) for the period	23,723,268	(4,867,326)
<b>EQUITY</b>	<b>32,169,450</b>	<b>3,578,856</b>
Non-current loans and borrowings	28,856,451	67,985,016
Post-employment benefits and other provisions	4,355,536	4,355,536
<b>NON-CURRENT LIABILITIES</b>	<b>33,211,987</b>	<b>72,340,552</b>
Current loans and borrowings	16,197,888	19,073,330
Other financial liabilities	3,718,712	3,718,712
Trade payables	12,132,000	7,714,113
Current tax liabilities	-	-
Provisions for risks and charges	497,787	497,787
Other liabilities	2,625,000	750,000
<b>CURRENT LIABILITIES</b>	<b>35,171,387</b>	<b>31,753,942</b>
<b>TOTAL LIABILITIES</b>	<b>68,383,374</b>	<b>104,094,494</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>100,552,824</b>	<b>107,673,350</b>

	<b>Nine months ended</b>	
	<b>30.09.2016</b>	<b>30.09.2016 net of significant non-recurring transactions</b>
Revenue from sales and services	24,306,886	24,306,886
Internal work capitalised	-	-
Change in inventories and contract work in progress	(3,283,736)	(3,283,736)
Other revenue and income	6,447,300	3,322,300
<b>REVENUE</b>	<b>27,470,450</b>	<b>24,345,450</b>
Gains on sale of non-current assets and equity investments	393	393
Raw materials and consumables	(3,444,429)	(3,444,429)
Other variable production costs	(1,351,311)	(1,351,311)
External variable engineering services	(989,015)	(989,015)
Wages, salaries and employee benefits	(16,399,234)	(16,399,234)
Amortisation and depreciation, impairment losses, losses on sales of non-current assets/equity investments	(1,672,109)	(1,672,109)
Net exchange rate losses	(1,433)	(1,433)
Other expenses	(5,769,406)	(5,369,406)
<b>OPERATING LOSS</b>	<b>(2,156,094)</b>	<b>(4,881,094)</b>
Net financial expense	(2,617,092)	(2,023,801)
Gain on the extinguishment of financial liabilities	26,458,885	-
Dividends	1,931,200	1,931,200
<b>PROFIT (LOSS) BEFORE TAXES</b>	<b>23,616,899</b>	<b>(4,973,695)</b>
Income taxes	106,369	106,369
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>23,723,268</b>	<b>(4,867,326)</b>

The transactions identified as significant and non-recurring are as follows:

- . debt Rescheduling Agreement;
- . loan agreement with PF Holdings B.V.
- . brand licence agreement with Mahindra & Mahindra;
- . Pincar S.r.l. in liquidation's liquidation costs.

#### **Atypical and unusual transactions**

As required by Consob communication no. DEM/6064293 of 28 July 2006, Pininfarina S.p.A. specifies that it did not carry out atypical or unusual transactions during the reporting period, as defined in the above-mentioned Communication, according to which atypical and/or unusual transactions are transactions that, because of their significance/material amount, nature of the counterparty, subject, method used to determine the transfer price and timing of the event, could create doubts as to: the fairness/completeness of the disclosure provided in the financial statements, the existence of a conflict of interest, the safeguarding of corporate assets and the protection of non-controlling investors.