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

PININFARINA GROUP

Interim financial report at 30 June 2017

Pininfarina S.p.A. - Share capital €54,287,128 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 June 2017 on 4 August 2017.

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	Spaini
	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 an analysis of the consolidated figures for the first six months of 2017, compared to those for the first half of 2016, include the increase in revenue, the positive EBITDA and EBIT and the strong improvement in the net financial debt and equity. They are summarised below:

- revenue rose by 16.6% on the corresponding period of 2016, mainly thanks to the larger contribution of the engineering, design and operation services, while the contribution of the industrial design activities was largely unchanged. The Group signed two important long-term commercial agreements with Hybrid Kynetic and Iran Khodro during the period. They are worth approximately €135 million and involve all the parent's operating segments;

- EBITDA was positive, compared to a gross operating loss recorded in the first half of 2016. The improvement is due to the increase in revenue and/or profitability, mainly in the Italian and German engineering operations. EBIT was also positive, compared to an operating loss in the corresponding period of 2016, thanks to the improvement in the gross operating profit;
- compared to the first six months of 2016, the Group's Italian automotive operations recorded an increase in revenue and profit margins and the German subsidiaries' profitability also improved considerably, despite remaining negative, with revenue substantially unchanged. Revenue of the Chines operations grew while revenue and profitability of the industrial design segment were substantially in line;

- as a result of the coming into force of the new Rescheduling Agreement with the lending institutions (on 30 May 2016), the Group recognised a gain of approximately €26.5 million on the extinguishment of financial liabilities in the first half of 2016. There were no non-recurring items in the first half of 2017 and net financial expense approximated €1 million, mainly due to unrealised losses;

- the Group recognised a loss for the period of €0.6 million, compared to a profit of €21.8 million for the first half of 2016, which was largely due to the gain mentioned above;

- the Group's net financial position improved considerably compared to 31 December 2016, following the capital increase carried out by the parent in June 2017, which was concluded in July. Equity includes the increase in equity-related reserves due to the subscriptions received during the offering period. The net financial position was, in turn, positively affected by the proceeds from the subscriptions for newly-issued shares and the extinguishment of the loan due to the ultimate parent, PF Holding B.V., which used the loan to partially cover the subscription of its portion of newly-issued shares.

Specifically, revenue came to €39.7 million for the reporting period compared to €34 million for the corresponding period of 2016 (+16.6%).

EBITDA is a positive €2.2 million, compared to the €0.9 million loss of the first six months of 2016. EBIT also improved to a positive €0.7 million compared to an operating loss of €2.4 million in the corresponding period of the previous year.

Net financial expense decreased to €1 million from €2.1 million in the corresponding period of the previous year, when 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 with the lending institutions.

The loss before taxes amounts to €0.3 million, compared to a pre-tax profit of €21.9 million for the six months ended 30 June 2016. The loss for the period (net of taxes of €0.3 million) totals €0.6 million, compared to the €21.8 million profit recorded in the first half of 2016.

The Group's net financial position came to €8.3 million compared to net financial debt of €17.7 million at 31 December 2016 (net financial debt of €29.9 million at 30 June 2016). The €25.9 million improvement is mainly the result of the capital increase carried out by Pininfarina S.p.A., which led to an increase in cash (the proceeds from the subscription of newly-issued shares during the offering period) of €10.4 million and the extinguishment of the loan of roughly €16 million due to the ultimate parent, PF Holdings B.V., which used that amount to partially subscribe its portion of newly-issued shares. The financial debt increased by approximately €0.8 million solely due to the unrealised loss on the measurement of financial liabilities at amortised cost.

The Group's equity rose from €30.5 million at 31 December 2016 to €56.5 million at the reporting date (€31.4 million at 30 June 2016), principally due to the recognition of the reserves arising from the capital increase completed in July 2017.

The workforce numbered 592 at the reporting date, one unit less compared to 30 June 2016.

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 and business lease income, this segment incurs the costs of the support and property management functions of the parent, Pininfarina S.p.A.. Revenue increased 23.4% from €4.7 million for the first six months of 2016 to €5.8 million, mainly thanks to the greater royalties arising from the trademark licence agreement signed by Pininfarina S.p.A. and Mahindra & Mahindra Limited on 30 May 2016.

Segment EBIT improved to a negative €2.3 million from a negative €3.2 million in the corresponding period of the previous year. The royalties on the use of the trademark are the main drivers of the improvement.

Design & Engineering segment

This segment, comprising the design and engineering businesses, recognised revenue of €33.8 million, up 15.4% compared to the first six months of 2016 (€29.3 million), principally due to the Italian and German engineering activities.

Segment EBIT increased to €3 million, compared to €0.8 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 position 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 61 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 51 and 64 hereof.
4) Under the existing Rescheduling Agreement, there is just one financial covenant, to be checked annually 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.

Outlook for 2017

Revenue for 2017 is expected to be higher than the 2016 figure and the EBIT is forecast to be positive.

The net financial position at 31 December 2017 should improve on the prior year end figure, thanks to the capital increase approved by the parent's shareholders on 21 November 2016, which was carried out before 30 June and on 11 July 2017 (rights of first refusal and unopted rights offering, respectively).

4 August 2017

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

Group companies

Pininfarina S.p.A.

€'million	30.06.2017	30.06.2016	Variation	31.12.2016
Revenue	22.5	17.2	5.3	
EBIT	0.0	(2.5)	2.5	
Profit (loss) for the period	(0.3)	23.9	(24.2)	
Net financial position (debt)	5.7	(32.1)	37.8	(22.7)
Equity	58.5	32.3	26.2	32.0
Number of employees at the reporting date	287	282	5	278

Pininfarina Extra Group

€'million	30.06.2017	30.06.2016	Variation	31.12.2016
Revenue	4.3	4.4	(0.1)	
EBIT	0.9	1.1	(0.2)	
Profit for the period	0.6	0.9	(0.3)	
Net financial position	3.3	2.3	1.0	3.4
Equity	6.3	6.4	(0.1)	6.4
Number of employees at the reporting date	38	41	(3.0)	39

Pininfarina Deutschland Group

€'million	30.06.2017	30.06.2016	Variation	31.12.2016
Revenue	11.3	11.7	(0.4)	
EBIT	(0.4)	(1.1)	0.7	
Loss for the period	(0.3)	(1.1)	0.8	
Net financial debt	(1.1)	(0.6)	(0.5)	0.7
Equity	18.3	19.5	(1.2)	18.6
Number of employees at the reporting date	240	253	(13)	238

Pininfarina Automotive Engineering Shanghai Co Ltd

€'million	30.06.2017	30.06.2016	Variation	31.12.2016
Revenue	1.9	1.4	0.5	
EBIT	0.1	0.1	0.0	
Profit for the period	0.1	0.1	0.0	
Net financial position	0.5	0.4	0.1	1.0
Equity	0.7	0.6	0.1	0.7
Number of employees at the reporting date	27	17	10	23

Reclassified income statement

(€'000)

	First half 2017	%	First half 2016	%	Variation	2016
Revenue from sales and services	34,546	87.18	32,495	95.62	2,051	62,660
Change in inventories and contract work in progress	1,423	3.60	(2,594)	(7.63)	4,017	(4,018)
Other revenue and income	3,658	9.22	4,084	12.01	(426)	10,227
Revenue	**39,627**	**100.00**	**33,985**	**100.00**	**5,642**	**68,869**
Net gains on the sale of non-current assets	**1**	**-**	**-**	**-**	**1**	**14**
Materials and services (*)	(15,439)	(38.96)	(13,255)	(39.00)	(2,184)	(24,840)
Change in raw materials	76	0.19	97	0.29	(21)	54
Value added	**24,265**	**61.23**	**20,827**	**61.28**	**3,438**	**44,097**
Labour cost (**)	(22,082)	(55.72)	(21,733)	(63.95)	(349)	(43,231)
EBITDA	**2,183**	**5.51**	**(906)**	**(2.66)**	**3,089**	**866**
Amortisation and depreciation	(1,514)	(3.82)	(1,614)	(4.75)	100	(3,143)
(Additions to)/utilisation of provisions and impairment losses	(12)	(0.03)	96	0.28	(108)	(601)
EBIT	**657**	**1.66**	**(2,424)**	**(7.13)**	**3,081**	**(2,878)**
Net financial expense	(986)	(2.50)	(2,144)	(6.31)	1,158	(3,074)
Gain on the extinguishment of financial liabilities	-	-	26,459	77.85	(26,459)	26,459
Share of profit of equity-accounted investees	7	0.02	13	0.04	(6)	14
Profit (loss) before taxes	**(322)**	**(0.82)**	**21,904**	**64.45**	**(22,226)**	**20,521**
Income taxes	(282)	(0.71)	(86)	(0.25)	(196)	10
Profit (loss) for the period/year	**(604)**	**(1.53)**	**21,818**	**64.20**	**(22,422)**	**20,531**

(*) **Materials and services** are net of utilisations of the provisions for product warranty and risks (€8.5 thousand and €1.3 thousand for the first six months of 2016 and 2017, respectively).
(**) **Labour cost** is net of utilisations of the restructuring provision (€673 thousand and €4.6 thousand for the first six months of 2016 and 2017, 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)

	30.06.2017	31.12.2016	Variation	30.06.2016
Net non-current assets (A)				
Net intangible assets	1,684	1,809	(125)	1,993
Net property, plant and equipment and investment proper	49,679	50,111	(432)	50,620
Equity investments	344	337	7	336
Total A	**51,707**	**52,257**	**(550)**	**52,949**
Working capital (B)				
Inventories	3,233	1,749	1,484	3,213
Net trade receivables and other assets	20,781	18,376	2,405	33,448
Deferred tax assets	885	1,002	(117)	940
Trade payables	(14,563)	(12,925)	(1,638)	(12,335)
Provisions for risks and charges	(414)	(421)	7	(479)
Other liabilities (*)	(8,506)	(6,981)	(1,525)	(11,447)
Total B	**1,416**	**800**	**616**	**13,340**
Net invested capital (C=A+B)	**53,123**	**53,057**	**66**	**66,289**
Post-employment benefits (D)	**4,846**	**4,927**	**(81)**	**5,030**
Net capital requirements (E=C-D)	**48,277**	**48,130**	**147**	**61,259**
Equity (F)	**56,548**	**30,464**	**26,084**	**31,392**
Net financial debt (G)				
Non-current loans and borrowings	26,846	25,997	849	28,592
Net current financial (position) debt	(35,117)	(8,331)	(26,786)	1,275
Total G	**(8,271)**	**17,666**	**(25,937)**	**29,867**
Total as in E (H=F+G)	**48,277**	**48,130**	**147**	**61,259**

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

Net financial position

(€'000)

	30.06.2017	31.12.2016	Variation	30.06.2016
Cash and cash equivalents	38,545	27,783	10,762	14,729
Current assets held for trading	-	-	-	-
Current finance lease liabilities	-	-	-	-
Loans and borrowings - related parties and joint ventures	-	(16,024)	16,024	-
Current portion of bank loans and borrowings	(3,428)	(3,428)	-	(16,004)
Net current financial position (debt)	**35,117**	**8,331**	**26,786**	**(1,275)**
Non-current loans and receivables - third parties	-	-	-	-
Non-current loans and receivables - related parties	132	134	(2)	132
Non-current held-to-maturity investments	-	-	-	-
Non-current finance lease liabilities	-	-	-	-
Non-current bank loans and borrowings	(26,978)	(26,131)	(847)	(28,724)
Non-current loans and borrowings	**(26,846)**	**(25,997)**	**(849)**	**(28,592)**
NET FINANCIAL POSITION (DEBT)	**8,271**	**(17,666)**	**25,937**	**(29,867)**

Reconciliation between the parent's loss and equity and consolidated loss and equity

The parent's loss and equity as at and for the period ended 30 June 2017 are reconciled with the Group's relevant figures below.

	Profit (loss) for the period		Equity	
	First half 2017	First half 2016	30.06.2017	30.06.2016
Pininfarina S.p.A.'s interim separate financial statements	**(277,388)**	**23,871,473**	**58,520,225**	**32,302,519**
- Subsidiaries' contribution	384,477	(135,976)	3,726,675	4,782,049
- 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	(717,800)	(1,931,200)	-	-
- Share of profit of equity-accounted investees	7,150	13,143	7,150	13,143
Consensed interim consolidated financial statements	**(603,561)**	**21,817,440**	**56,548,494**	**31,392,155**

Net financial position (Consob)

(CESR recommendations no. 05-04b – EU Regulation no. 809/2004)

(€'000)

		30.06.2017	31.12.2016	Variation	30.06.2016
A.	Cash	(38,545)	(27,783)	(10,762)	(14,729)
B.	Other cash equivalents	-	-	-	-
C.	Securities held for trading	-	-	-	-
D.	***Total cash and cash equivalents (A.)+(B.)+(C.)***	***(38,545)***	***(27,783)***	***(10,762)***	***(14,729)***
E.	***Current loan assets***	-	-	-	-
F.	**Current bank loans and borrowings**	-	-	-	-
	Current portion of secured bank loans	-	60	**(60)**	-
	Current portion of unsecured bank loans	3,428	3,368	60	-
G.	**Current portion of non-current debt**	**3,428**	**3,428**	-	-
H.	Other current loans and borrowings	-	16,024	(16,024)	16,004
I.	***Current financial debt (F.)+(G.)+(H.)***	***3,428***	***19,452***	**(16,024)**	***16,004***
J.	***Net current financial position***	***(35,117)***	***(8,331)***	***(26,786)***	***1,275***
	Non-current portion of secured bank loans	285	210	75	300
	Non-current portion of unsecured bank loans	26,693	25,921	772	28,424
K.	**Non-current bank loans and borrowings**	**26,978**	**26,131**	**847**	**28,724**
L.	Bonds issued	-	-	-	-
M.	Other non-current loans and borrowings	-	-	-	-
N.	***Net non-current financial debt (K.)+(L.)+(M.)***	***26,978***	***26,131***	***847***	***28,724***
O.	**Net financial (position) debt (J+N)**	**(8,139)**	**17,800**	**(25,939)**	**30,000**

The "Net financial position" set out above is presented in accordance with the format recommended by 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 position" 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 position" 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 June 2017: €132 thousand
- At 31 December 2016: €134 thousand
- At 30 June 2016: €133 thousand

Pininfarina Group

Condensed interim consolidated financial statements as at and for the six months ended 30 June 2017

Statement of financial position

	Note	30.06.2017	31.12.2016
Land and buildings	1	35,467,829	35,965,549
Land		7,655,314	7,655,314
Buildings		27,812,515	28,310,235
Leased property		-	-
Plant and machinery	1	4,259,173	3,739,856
Machinery		804,801	391,600
Plant		3,454,372	3,348,256
Leased machinery and equipment		-	-
Furniture, fixtures and other assets	1	2,017,744	2,289,483
Furniture and fixtures		889,876	941,196
Hardware and software		610,945	785,390
Other assets, including vehicles		516,923	562,897
Assets under construction	1	-	-
Property, plant and equipment		**41,744,746**	**41,994,888**
Investment property	**2**	**7,934,107**	**8,116,293**
Goodwill	3	1,043,495	1,043,495
Licences and trademarks	3	562,139	675,921
Other	3	78,716	89,438
Intangible assets		**1,684,350**	**1,808,854**
Associates	4	92,072	84,922
Joint ventures		-	-
Other companies	5	252,017	252,017
Equity investments		**344,089**	**336,939**
Deferred tax assets	**16**	**885,134**	**1,001,766**
Held-to-maturity investments		-	-
Loans and receivables	6	131,982	133,997
Third parties		-	-
Related parties		131,982	133,997
Available-for-sale financial assets		-	-
Non-current financial assets		**131,982**	**133,997**
TOTAL NON-CURRENT ASSETS		**52,724,408**	**53,392,737**
Raw materials		192,069	116,011
Work in progress		-	-
Finished goods		446,389	214,377
Inventories	**7**	**638,458**	**330,388**
Contract work in progress	**8**	**2,594,364**	**1,418,702**
Assets held for trading		-	-
Loans and receivables		-	-
Third parties		-	-
Related parties		-	-
Available-for-sale financial assets		-	-
Current financial assets		**-**	**-**
Derivatives		**-**	**-**
Trade receivables	9	14,236,848	12,803,047
Third parties		11,724,845	12,406,317
Related parties		2,512,003	396,730
Other assets	10	6,544,098	5,572,480
Trade receivables and other assets		**20,780,946**	**18,375,527**
Cash in hand and cash equivalents		13,226	8,137
Short-term bank deposits		38,531,640	27,775,232
Cash and cash equivalents	**11**	**38,544,866**	**27,783,369**
TOTAL CURRENT ASSETS		**62,558,634**	**47,907,986**
TOTAL ASSETS		**115,283,042**	**101,300,723**

Statement of financial position

	Note	30.06.2017	31.12.2016
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
Stock option reserve	12	799,667	157,793
Translation reserve	12	10,248	124,112
Other reserves	12	28,764,024	2,646,208
Losses carried forward	12	(8,781,605)	(29,354,877)
Profit (loss) for the period/year	12	(603,562)	20,531,208
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		56,548,494	30,464,166
Equity attributable to non-controlling interests		-	-
EQUITY		**56,548,494**	**30,464,166**
Finance lease liabilities		-	-
Other loans and borrowings		26,978,265	26,130,952
Third parties		26,978,265	26,130,952
Related parties		-	-
Non-current loans and borrowings	**13**	**26,978,265**	**26,130,952**
Deferred tax liabilities	**16**	**974**	**974**
Italian post-employment benefits		4,845,640	4,926,779
Other		-	-
Post-employment benefits		**4,845,640**	**4,926,779**
TOTAL NON-CURRENT LIABILITIES		**31,824,879**	**31,058,705**
Bank overdrafts		-	-
Finance lease liabilities		-	-
Other loans and borrowings		3,427,614	19,451,614
Third parties		3,427,614	3,427,614
Related parties		-	16,024,000
Current loans and borrowings	**13**	**3,427,614**	**19,451,614**
Wages and salaries payable		3,214,089	2,228,912
Social security charges payable		666,812	1,341,011
Other		825,868	1,396,651
Other financial liabilities	**14**	**4,706,769**	**4,966,574**
Third parties		7,810,379	6,910,250
Related parties		172,287	-
Advances for contract work in progress		6,580,357	6,014,357
Trade payables	**14**	**14,563,023**	**12,924,607**
Direct tax liabilities		-	-
Other tax liabilities		430,155	616,440
Current tax liabilities	**16**	**430,155**	**616,440**
Derivatives		-	**-**
Provision for product warranty		53,250	54,525
Restructuring provision		233,548	238,195
Other provisions		127,265	128,068
Provisions for risks and charges	**15**	**414,063**	**420,788**
Third parties		868,045	1,397,829
Related parties		2,500,000	-
Other liabilities	**14**	**3,368,045**	**1,397,829**
TOTAL CURRENT LIABILITIES		**26,909,669**	**39,777,852**
TOTAL LIABILITIES		**58,734,548**	**70,836,557**
TOTAL LIABILITIES AND EQUITY		**115,283,042**	**101,300,723**

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 €46,667 and €17,250 relating to Pininfarina S.p.A. and Pininfarina Extra, respectively.

Income statement

	Note	First half 2017	*of which: related parties*	First half 2016	*of which: related parties*
Revenue from sales and services	17	34,546,257	2,989,220	32,495,217	551,260
Internal work capitalised		-		-	
Change in inventories and contract work in progress		1,422,783		(2,593,184)	
Change in contract work in progress		1,190,771		(2,426,417)	
Change in finished goods and work in progress		232,012		(166,767)	
Other revenue and income	18	3,657,942	2,516,000	4,083,698	1,266,000
Revenue		**39,626,982**	**5,505,220**	**33,985,731**	**1,817,260**
Gains on sale of non-current assets and equity investments		**500**	**-**	**393**	**-**
Gain on sale of equity investments		-		-	
Raw materials and components	19	(3,619,141)		(2,287,242)	
Change in raw materials		76,058		97,123	
Inventory write-downs		-		-	
Raw materials and consumables		**(3,543,083)**	**-**	**(2,190,119)**	**-**
Consumables		(951,269)		(460,272)	
External maintenance		(570,585)		(743,463)	
Other variable production costs		**(1,521,854)**	**-**	**(1,203,735)**	**-**
External variable engineering services	20	**(3,707,327)**	**(240,325)**	**(2,718,942)**	**-**
Blue collars, white collars and managers		(21,526,229)		(21,182,239)	
Independent contractors and temporary workers		-		-	
Social security contributions and other post-employment benefits		(555,870)		(551,193)	
Wages, salaries and employee benefits	21	**(22,082,099)**	**-**	**(21,733,432)**	**-**
Depreciation of property, plant and equipment and investment property		(1,301,549)		(1,293,926)	
Amortisation of intangible assets		(212,221)		(319,982)	
Losses on sale of non-current assets and equity investments		-		-	
(Additions to)/utilisation of provisions and impairment losses	22	(12,260)		95,740	
Amortisation, depreciation and impairment losses		**(1,526,030)**	**-**	**(1,518,168)**	**-**
Net exchange rate losses		**(46,500)**		**(59,115)**	
Other expenses	23	**(6,543,994)**	**-**	**(6,985,896)**	**(400,000)**
Operating profit (loss)		**656,595**	**5,264,895**	**(2,423,283)**	**1,417,260**
Net financial expense	24	**(985,910)**	**(17,907)**	**(2,158,816)**	**3,049**
Gain on the extinguishment of financial liabilities		**-**		**26,458,885**	
Dividends		**-**		**14,561**	
Share of profit of equity-accounted investees		**7,150**		**13,143**	
Profit (loss) before taxes		**(322,165)**	**5,246,988**	**21,904,490**	**1,420,309**
Income taxes	16	**(281,397)**		**(87,050)**	
Profit (loss) for the period		**(603,562)**	**5,246,988**	**21,817,440**	**1,420,309**
Of which:					
- Profit (loss) for the period attributable to the owners of the parent		(603,562)		21,817,440	
- Profit (loss) for the period attributable to non-controlling interests		-		-	
Basic/diluted earnings (loss) per share:					
- Profit (loss) for the period attributable to the owners of the parent		(603,562)		21,817,440	
- Number of ordinary shares, net		30,150,694		30,150,694	
- Basic/diluted earnings (loss) per share		(0.02)		0.72	

Statement of comprehensive income

	First half 2017	First half 2016
Profit (loss) for the period	**(603,562)**	**21,817,440**
Other comprehensive expense:		
Items that will not be reclassified to profit or loss:		
- Actuarial losses on defined benefit plans - IAS 19	45,318	(230,116)
- Income taxes	(3,254)	11,632
- Other	-	-
Total items of other comprehensive expense that will not be reclassified to profit or loss, net of tax effect:	**42,064**	**(218,484)**
Items that will or may be subsequently reclassified to profit or loss:		
- Losses from translation of financial statements of foreign operations - IAS 21	(113,864)	(36,529)
- Other	-	-
Total items of other comprehensive expense that will be subsequently reclassified to profit or loss, net of tax effect:	**(113,864)**	**(36,529)**
Total other comprehensive expense, net of tax effect	**(71,800)**	**(255,013)**
Comprehensive income (expense)	**(675,362)**	**21,562,427**
Of which:		
- Comprehensive income (expense) attributable to the owners of the parent	(675,362)	21,562,427
- Comprehensive income (expense) attributable to non-controlling interests	-	-
Of which:		
- Comprehensive income (expense) from continuing operations	(675,362)	21,562,427
- 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

	31.12.2015	Comprehensive income	Stock option reserve	Allocation of prior year loss	Capital increase transaction costs	Proceeds from the issue of shares	30.06.2016
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
Stock option reserve	-	-	-	-	-	-	-
Translation reserve	115,171	(36,529)	-	-	-	-	78,642
Other reserves	2,646,208	-	-	-	-	-	2,646,208
Losses carried forward	(11,122,698)	(218,484)	-	(18,168,675)	-	-	(29,509,857)
Profit (loss) for the period/year	(18,168,675)	21,817,440	-	18,168,675	-	-	21,817,440
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	9,829,728	21,562,427	-	-	-	-	31,392,155
Equity attributable to non-controlling interests	-	-	-	-	-	-	-
EQUITY	**9,829,728**	**21,562,427**	-	**-**	-	-	**31,392,155**

	31.12.2016	Comprehensive expense	Stock option reserve	Allocation of prior year loss	Capital increase transaction costs	Proceeds from the issue of shares	30.06.2017
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
Stock option reserve	157,793	-	641,874	-	-	-	799,667
Translation reserve	124,112	(113,864)	-	-	-	-	10,248
Other reserves	2,646,208	-	-	-	(327,517)	26,445,333	28,764,024
Losses carried forward	(29,354,877)	42,064	-	20,531,208	-	-	(8,781,605)
Profit (loss) for the period/year	20,531,208	(603,562)	-	(20,531,208)	-		(603,562)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	30,464,166	(675,362)	641,874	-	(327,517)	26,445,333	56,548,494
Equity attributable to non-controlling interests	-	-	-	-	-	-	-
EQUITY	**30,464,166**	**(675,362)**	**641,874**	**-**	**(327,517)**	**26,445,333**	**56,548,494**

Statement of cash flows

	First half 2017	First half 2016
Profit (loss) for the period	(603,562)	21,817,440
Adjustments:		
- Income taxes	281,397	87,050
- Depreciation of property, plant and equipment and investment property	1,301,549	1,293,926
- Amortisation of intangible assets	212,221	319,982
- Impairment losses, provisions and change in accounting estimates	(762,836)	(1,183,631)
- Gains on the sale of non-current assets	(500)	(393)
- Financial expense	1,004,361	2,278,199
- Financial income	(18,453)	(119,383)
- Dividends	-	-
- Share of profit of equity-accounted investees	(7,150)	(13,143)
- Other adjustments	570,074	(26,386,800)
Total adjustments	**2,580,663**	**(23,724,193)**
Change in working capital:		
- (Increase)/decrease in inventories	(306,878)	267,674
- (Increase)/decrease in contract work in progress	(1,175,662)	2,439,070
- (Increase)/decrease in trade receivables and other assets	383,636	(5,560,567)
- Increase in trade receivables from related parties and joint ventures	(2,115,273)	(5,502,219)
- Increase in trade payables, other financial liabilities and other liabilities	2,283,023	3,711,639
- Increase/(decrease) in trade payables to related parties and joint ventures	172,287	(14,236)
- Increase in advances for contract work in progress and deferred income	566,000	1,074,482
- Other changes	-	-
Total changes in working capital	**(192,867)**	**(3,584,157)**
Gross cash flows from (used in) operating activities	**1,784,234**	**(5,490,910)**
- Interest expense	(107,158)	(233,411)
- Income taxes	(55,359)	-
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	**1,621,717**	**(5,724,321)**
- Purchases of non-current assets and equity investments	(1,087,454)	(685,827)
- Proceeds from the sale of non-current assets and equity investments	500	76,582
- Proceeds from the sale of discontinued operations, net of cash sold	-	-
- Increase in loans and receivables - third parties	-	-
- Increase in loans and receivables - related parties and joint ventures	-	16,000,000
- Repayment of loans and receivables - third parties	-	-
- Repayment of loans and receivables - related parties and joint ventures	3,997	144,002
- Proceeds from the sale of current assets held for trading	-	16,359,251
- Financial income	16,471	40,693
- Dividends collected	-	-
- Other changes	(165,178)	(339,009)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	**(1,231,664)**	**31,595,692**
- Proceeds from the issue of shares	10,401,444	-
- Increase in finance lease liabilities and other loans and borrowings - third p	-	-
- Increase in other loans and borrowings - related parties and joint ventures	-	-
- Repayment of finance lease liabilities and other loans and borrowings - thir	(30,000)	(32,138,413)
- Repayment of other loans and borrowings - related parties and joint venture	-	-
- Dividends paid	-	-
- Other changes/Other non-cash items	-	-
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	**10,371,444**	**(32,138,413)**
TOTAL CASH FLOWS	**10,761,497**	**(6,267,042)**
Opening net cash and cash equivalents	27,783,369	20,995,695
Net cash and cash equivalents of companies that left the consolidation scope		-
Closing net cash and cash equivalents	**38,544,866**	**14,728,653**
Of which:		
- Cash and cash equivalents	38,544,866	14,728,653
- 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 13 to the condensed interim consolidated financial statements.

Income statement for the second quarter

	Q2 2017	Q2 2016
Revenue from sales and services	19,693,346	15,194,590
Internal work capitalised	-	-
Change in inventories and contract work in progress	(464,268)	389,171
	-	-
Change in contract work in progress	(691,215)	509,317
Change in finished goods and work in progress	226,947	(120,146)
Other revenue and income	1,845,120	2,645,956
Revenue	**21,074,198**	**18,229,717**
Gains on sale of non-current assets and equity investments	**500**	**393**
Gain on sale of equity investments	-	-
Raw materials and components	(2,427,818)	(1,063,704)
Change in raw materials	50,628	94,081
Inventory write-downs	-	-
Raw materials and consumables	**(2,377,190)**	**(969,623)**
Consumables	(608,268)	(148,247)
External maintenance	(296,239)	(384,502)
Other variable production costs	**(904,507)**	**(532,749)**
External variable engineering services	**(2,087,555)**	**(1,273,039)**
Blue collars, white collars and managers	(10,812,176)	(10,925,781)
Independent contractors and temporary workers	-	-
Social security contributions and other post-employment benefits	(266,944)	(275,611)
Wages, salaries and employee benefits	**(11,079,120)**	**(11,201,392)**
Depreciation of property, plant and equipment and investment property	(664,066)	(648,405)
Amortisation of intangible assets	(105,971)	(154,742)
Losses on sale of non-current assets and equity investments	-	-
(Additions to)/utilisation of provisions and impairment losses	(17,585)	71,852
Amortisation, depreciation and impairment losses	**(787,622)**	**(731,295)**
Net exchange rate gains (losses)	**(55,541)**	**34,594**
Other expenses	**(3,300,385)**	**(3,528,311)**
Operating profit	**482,778**	**28,295**
Net financial expense	**(512,092)**	**(968,534)**
Gain on the extinguishment of financial liabilities	**-**	**26,458,885**
Dividends	**-**	**14,561**
Share of profit of equity-accounted investees	**3,194**	**5,454**
Profit (loss) before taxes	**(26,119)**	**25,538,661**
Income taxes	**(222,783)**	**(109,171)**
Profit (loss) from continuing operations	**(248,902)**	**25,429,490**
Profit (loss) from discontinued operations	**-**	**-**
Profit (loss) for the period	**(248,902)**	**25,429,490**

Statement of comprehensive income for the second quarter

	Q2 2017	Q2 2016
Profit (loss) for the period	**(248,902)**	**25,429,490**
Other comprehensive expense:		
Items that will not be reclassified to profit or loss:		
- Actuarial gains (losses) on defined benefit plans - IAS 19	31,367	(230,116)
- Income taxes	(3,254)	11,632
- Other	-	-
Total items of other comprehensive expense that will not be reclassified to profit or loss, net of tax effect:	**28,113**	**(218,484)**
Items that will or may be subsequently reclassified to profit or loss:		
- Gains (losses) from translation of financial statements of foreign operations - IAS 21	(98,883)	20,539
- Other	-	-
Total items of other comprehensive expense that will be subsequently reclassified to profit or loss, net of tax effect:	**(98,883)**	**20,539**
Total other comprehensive expense, net of tax effect	**(70,770)**	**(197,945)**
Comprehensive income (expense)	**(319,672)**	**25,231,545**
Of which:		
- Comprehensive income (expense) attributable to the owners of the parent	(319,672)	25,231,545
- Comprehensive income (expense) attributable to non-controlling interests	-	-
Of which:		
- Comprehensive income (expense) from continuing operations	(319,672)	25,231,545
- Comprehensive income (expense) from discontinued operations	-	-

Notes to the 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 23.80% of its share capital, with the remaining 76.20% held by the following shareholders:

- PF Holdings BV 76.15%;
- 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 4 August 2017. 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 have the same basis of presentation as that 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 2016 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 position, with a breakdown of the main components and balances with related parties (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 52 and 53).

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 18 and 19.

Basis of preparation

These condensed interim consolidated financial statements at 30 June 2017 are prepared on a going concern basis, which the directors deemed appropriate.

They 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 June 2017 are the same as those used in the 2016 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 are performed in connection with the preparation of the condensed interim consolidated financial statements at 30 June and annual consolidated financial statements.

Standards, amendments and interpretations applicable from 1 January 2017

Listed below are the new standards or amendments to existing standards applicable to annual periods beginning after 1 January 2017, whose earlier adoption is permitted.

Amendments to IAS 12 – Income tax
On 19 January 2016, the IASB published "Recognition of deferred tax assets for unrealised losses (Amendments to IAS 12)", which clarifies how to account for deferred tax assets on debt instruments measured at fair value.

Amendments to IAS 7 – Statement of cash flows
On 29 January 2016, the IASB published amendments to IAS 7 - Statement of cash flows. The Disclosure initiative (Amendments to IAS 7) aims at improving the presentation and disclosure of financial information in financial reports and resolving certain critical issues reported by operators. The amendments introduce new disclosure requirements for changes in liabilities and assets relating to financing activities.

Annual improvements to IFRS - 2014-2016 cycle
As part of its process to streamline and clarify existing standards, the IASB issued "Annual Improvements to IFRS - 2014–2016 cycle" on 8 December 2016. This document relates to the following standards: IFRS 1 - First-time adoption of international financial reporting standards, IFRS 12 - Disclosure of interests in other entities and IAS 28 - Investments in associates and joint venture.

New standards published but not yet adopted

An update to the information provided in the Group's most recent annual consolidated financial statements relating to published standards that it has not yet adopted and that may have a significant effect on its consolidated financial statements is provided below.

IFRS 15 - Revenue from contracts with customers

IFRS 15 provides a single model to establish if, when and to what extent an entity shall recognise revenue. It replaces the recognition requirements set out in IAS 18 - Revenue, IAS 11 - Construction contracts and IFRIC 13 - Customer loyalty programmes.
IFRS 15 will be applicable to annual periods beginning on or after 1 January 2018. Earlier adoption is allowed. The Group will apply it from 1 January 2018.
It is currently assessing the effect of the new standard based on a project that will be completed at the end of 2017. According to the progress of the project and its stages completed at the date of this interim report, as well as to a preliminary analysis of the potential effect of the application of IFRS 15 on its major sales contracts, the Group does not expect a significant impact on revenue recognition in its consolidated financial statements.

IFRS 9 - Financial instruments

The IASB published the definitive version of IFRS 9 - Financial instruments in July 2014.
IFRS 9 will be applicable to annual periods beginning on or after 1 January 2018. Earlier adoption is allowed. The Group will apply it from 1 January 2018.
The impact of the adoption of IFRS 9 on the consolidated financial statements in 2018 is currently unknown, not can it be reliably estimated as it will depend on the financial instruments that the Group will hold and the financial conditions in that period, as well as the Group's future accounting decisions and policies.
Based on a preliminary analysis, no significant impact on the consolidated financial statements is expected.

IFRS 16 - Leases

IFRS 16 introduces a single model for recognising leases in lessees' financial statements, whereby lessees shall recognise an asset representing their right of use the leased asset and a liability for its obligation to make lease payments. Exemptions are provided for short-term and low value leases. The recognition model for lessors is substantially unchanged from that currently applied, i.e., they continue to classify leases as operating or finance.
IFRS 16 supersedes the current requirements for leases, including IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC-15 - Operating leases.Incentives and SIC-27 - Evaluating the substance of transactions involving the legal form of a lease.
IFRS 16 will be applicable to annual periods beginning on or after 1 January 2019. Earlier adoption is allowed for entities that apply IFRS 15 at the first adoption date of IFRS 16 or that already applied it. The Group will apply it from 1 January 2019.
The Group is currently assessing the impact of application of the new standard.

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 Holding 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..

The liquidation procedure for Matra Automobile Engineering SAS commenced in 2015 was concluded on 7 June 2017.

(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, Cambiano, Italy	20%	Pininfarina Extra S.r.l.	€	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	30.06.2017	2017	30.06.2016	2016
US dollar - USD	1.14	1.08	1.11	1.11
Chinese renminbi (yuan) - CNY	7.74	7.45	7.38	7.30

(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.

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 30.06.2017	Carrying amount at 31.12.2016
	profit or loss	equity					
Assets:							
Equity investments in other companies	-	-		-	252,017	252,017	252,017
Loans and receivables	-	-		131,982	-	131,982	133,997
Assets held for trading	-	-	Level 1	-	-	-	-
Trade receivables and other assets	-	-		20,780,946	-	20,780,946	18,375,527
Liabilities:							
Finance lease liabilities	-	-		-	-	-	-
Other loans and borrowings	-	-		30,405,879	-	30,405,879	45,582,566
Trade payables and other liabilities	-	-		15,388,891	-	15,388,891	14,321,258

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 30 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 solely in connection with the loan provided by Volksbank Region Leonberg to Pininfarina Deutschland GmbH, which accrues interest at the three-month Euribor plus a spread of 0.55%.
Interest on the short-term operating lines is computed at a fixed rate ranging between 5.26% and 6.75%, with regular accrual and payment in arrears at the end of each utilisation period.

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

	30.06.2017	%	31.12.2016	%
- Fixed rate	30,165,879	99.2%	29,288,566	99.1%
- Variable rate	240,000	0.8%	270,000	0.9%
Gross financial debt with third parties	**30,405,879**	**100.0%**	**29,558,566**	**100.0%**

Due to the new structure of the interest rates on medium to long-term financing that, at variable rates, accounts for 0.8% of total indebtedness with third parties, 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.

(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 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 parent's and 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 30.06.2017	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	30,405,879	41,416,787	3,427,614	14,408,166	23,581,007

The Group holds net cash and cash equivalents totalling €38.5 million. 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 may include acceleration clauses that would give rise to liquidity risk.

The Rescheduling Agreement requires that as of the verification date of 31 March 2018, the financial covenant shall be at least equal to the minimum consolidated equity, i.e., €30 million. The covenant will be checked annually based on the condensed interim financial statements at 31 March of each year until the expiry of the loan.

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 as at and for the six months ended 30 June 2017 and 2016 is set out below. Amounts are in thousands of Euros.

	First half 2017			First half 2016		
	Operations	**Design & engineering**	**Total**	**Operations**	**Design & engineering**	**Total**
	A	B	A + B	A	B	A + B
Revenue	5,954	34,132	40,086	4,872	29,814	34,686
(Intra-segment revenue)	(157)	(302)	(459)	(210)	(491)	(701)
Revenue - third parties	**5,797**	**33,830**	**39,627**	**4,662**	**29,323**	**33,985**
Operating profit (loss)	**(2,353)**	**3,010**	**657**	**(3,235)**	**811**	**(2,424)**
Net financial expense			(986)			(2,144)
Gain on the extinguishment of financial liabilities			-			26,459
Dividends			-			-
Share of profit of equity-accounted investees	-	7	7	-	13	13
Profit (loss) before taxes	-	-	**(322)**	-	-	**21,904**
Income taxes	-	-	(282)	-	-	(86)
Profit (loss) from continuing operations	-	-	**(604)**	-	-	**21,818**
Profit (loss) from discontinued operations	-	-	**-**	-	-	**-**
Profit (loss) for the period	-	-	**(604)**	-	-	**21,818**
Other information required by IFRS 8:						
- Amortisation and depreciation	(821)	(692)	(1,514)	(793)	(821)	(1,614)
- Impairment losses	-	(13)	(13)	-	(10)	(10)
- Provisions/change in accounting estimates	-	1	1	-	105	105
- Net gains on the sale of non-current assets	-	1	1	-	-	-

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

A breakdown of assets and liabilities by business segment and sales revenue by geographical segment is provided below:

	30 June 2017				30 June 2016			
	Operations	Design & engineering	Unallocated	Total	Production / Operations	Design & engineering	Unallocated	Total
	A	B	C	A + B + C	A	B	C	A + B + C
Assets	23,699	48,500	43,085	115,283	24,573	28,864	51,974	105,411
Liabilities	2,696	18,893	37,146	58,735	4,668	16,471	52,880	74,019
Of which: other information required by IFRS 8:								
- Equity-accounted investments	-	92	-	92	-	84	-	84
- Intangible assets	-	1,206	479	1,684	-	1,261	732	1,994
- Property, plant and equipment and investment property	22,868	25,854	958	49,679	23,533	26,057	1,030	50,620
- Employees	78	467	47	592	75	475	43	593

	First half 2017	First half 2016
Italy	5,204	6,175
EU	14,217	16,773
Non-EU countries	15,125	9,547
Revenue from sales and services	**34,546**	**32,495**

NOTES TO THE CAPTIONS

1. Property, plant and equipment

The carrying amount of property, plant and equipment at 30 June 2017 decreased to €41.7 million from €42 million at 31 December 2016.

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

	Land	Buildings	Total
Historical cost	12,291,743	64,456,069	76,747,812
Accumulated depreciation and impairment losses	(4,636,429)	(36,145,834)	(40,782,263)
Carrying amount at 31 December 2016	**7,655,314**	**28,310,235**	**35,965,549**
Reclassification: Historical cost	-	-	-
Reclassification: Acc. depreciation and imp. losses	-	-	-
Additions	-	81,329	81,329
Disposals: Historical cost	-	-	-
Disposals: Acc. depreciation and imp. losses	-	-	-
Depreciation	-	(578,471)	(578,471)
Impairment losses	-	-	-
Reclassifications	-	-	-
Other changes	-	(578)	(578)
Carrying amount at 30 June 2017	**7,655,314**	**27,812,515**	**35,467,829**
Of which:			
Historical cost	12,291,743	64,537,398	76,829,141
Accumulated depreciation and impairment losses	(4,636,429)	(36,724,883)	(41,361,312)

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).

The Bairo Canavese industrial facility, which is owned by the parent, was leased to a third party in 2011 and the related lease was renewed until 2022, 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 shut down at the end of 2015, in line with the provisions of the new 2016-2025 business plan.

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

	Machinery	Plant	Total
Historical cost	5,373,316	83,423,876	88,797,192
Accumulated depreciation and impairment losses	(4,981,716)	(80,075,620)	(85,057,336)
Carrying amount at 31 December 2016	**391,600**	**3,348,256**	**3,739,856**
Reclassification: Historical cost	-	-	-
Reclassification: Acc. depreciation and imp. losses	-	-	-
Additions	440,350	365,763	806,113
Disposals: Historical cost	-	-	-
Disposals: Acc. depreciation and imp. losses	-	-	-
Depreciation	(27,149)	(259,647)	(286,796)
Impairment losses	-	-	-
Reclassifications	-	-	-
Other changes	-	-	-
Carrying amount at 30 June 2017	**804,801**	**3,454,372**	**4,259,173**
Of which:			
Historical cost	5,813,666	83,789,639	89,603,305
Accumulated depreciation and impairment losses	(5,008,865)	(80,335,267)	(85,344,132)

Plant and machinery at 30 June 2017 include generic production plant and machinery, mainly based at the Bairo and Cambiano facilities.

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

	Furniture and fixtures	Hardware and software	Other assets	Total
Historical cost	3,507,195	6,318,456	966,806	10,792,457
Accumulated depreciation and impairment losses	(2,565,999)	(5,533,066)	(403,909)	(8,502,974)
Carrying amount at 31 December 2016	**941,196**	**785,390**	**562,897**	**2,289,483**
Reclassification: Historical cost	-	-	-	-
Reclassification: Acc. depreciation and imp. losses	-	-	-	-
Additions	33,850	78,444	-	112,294
Disposals: Historical cost	-	(925,800)	-	(925,800)
Disposals: Acc. depreciation and imp. losses	-	827,117	-	827,117
Depreciation	(79,384)	(137,655)	(37,057)	(254,096)
Impairment losses	-		-	-
Reclassifications	(5,802)	(16,551)	(3,776)	(26,129)
Other changes	16	-	(5,141)	(5,125)
Carrying amount at 30 June 2017	**889,876**	**610,945**	**516,923**	**2,017,744**
Of which:				
Historical cost	3,535,243	5,454,549	963,030	9,952,822
Accumulated depreciation and impairment losses	(2,645,367)	(4,843,604)	(446,107)	(7,935,078)

Additions to hardware and software for the year 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 (€240,000).

	Land	Buildings	Total
Historical cost	5,807,378	12,226,555	18,033,933
Accumulated depreciation and impairment losses	-	(9,917,640)	(9,917,640)
Carrying amount at 31 December 2016	**5,807,378**	**2,308,915**	**8,116,293**
Reclassification: Historical cost	-	-	-
Reclassification: Acc. depreciation and imp. losses	-	-	-
Additions	-	-	-
Disposals: Historical cost	-	-	-
Disposals: Acc. depreciation and imp. losses	-	-	-
Depreciation	-	(182,186)	(182,186)
Impairment losses	-	-	-
Reclassifications	-	-	-
Other changes	-	-	-
Carrying amount at 30 June 2017	**5,807,378**	**2,126,729**	**7,934,107**
Of which:			
Historical cost	5,807,378	12,226,555	18,033,933
Accumulated depreciation and impairment losses	-	(10,099,826)	(10,099,826)

3. Intangible assets

The carrying amount of intangible assets at 30 June 2016 decreased to €1.7 million from €1.8 million at 31 December 2016.

	Goodwill	Licences	Other assets	Total
Historical cost	1,043,495	5,841,633	2,165,870	9,050,998
Accumulated amortisation and impairment losses	-	(5,165,712)	(2,076,432)	(7,242,144)
Carrying amount at 31 December 2016	**1,043,495**	**675,921**	**89,438**	**1,808,854**
Reclassification: Historical cost	-	-	-	-
Reclassification: Acc. amortisation and imp. losses	-	-	-	-
Additions	-	82,521	5,196	87,717
Disposals: Historical cost	-	-	-	-
Disposals: Acc. amortisation and imp. losses	-	-	-	-
Amortisation	-	(196,303)	(15,918.00)	(212,221)
Impairment losses	-	-	-	-
Reclassifications	-	-	-	-
Other changes	-	-	-	-
Carrying amount at 30 June 2017	**1,043,495**	**562,139**	**78,716**	**1,684,350**
Of which:				
Historical cost	1,043,495	5,924,154	2,171,066	9,138,715
Accumulated amortisation and impairment losses	-	(5,362,015)	(2,092,350)	(7,454,365)

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 €7,150. 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:

	30.06.2017
Midi Plc	251,072
Idroenergia Soc. Cons. a.r.l.	516
Volksbank Region Leonberg	300
Unionfidi S.c.r.l.p.A. Turin	129
Equity investments in other companies	**252,017**

6. Loans and receivables

Changes in loans and receivables are set out below.

	31.12.2016	Increase	Interest income	Collection	30.06.2017
Goodmind S.r.l.	133,997	-	1,982	(3,997)	131,982
Loans and receivables - related parties	**133,997**	**-**	**1,982**	**(3,997)**	**131,982**

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

Loans to group companies are granted at market interest rates.

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:

	30.06.2017	31.12.2016
Raw materials	568,831	493,965
Allowance for inventory write-down	(376,762)	(377,954)
Finished goods	446,389	214,377
Allowance for inventory write-down	-	-
Inventories	**638,458**	**330,388**

	2017		2016	
	Allowance for raw material write-down	Allowance for finished goods write-down	Allowance for raw material write-down	Allowance for finished goods write-down
Opening balance	377,954	-	521,055	77,773
Additions	-	-	-	-
Utilisations	(1,192)	-	(37,066)	(183,808)
Other changes	-	-	(106,035)	106,035
Closing balance	**376,762**	**-**	**377,954**	**-**

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

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 progress 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 June 2017 and 31 December 2016:

	30.06.2017	31.12.2016
Italy	3,049,115	2,713,055
EU	5,064,010	6,782,867
Non-EU countries	4,057,469	4,029,925
(Allowance for impairment)	(445,749)	(1,119,529)
Third parties	**11,724,845**	**12,406,317**
Mahindra&Mahindra Group	972,734	361,500
Tech Mahindra Group	1,539,269	35,230
Related parties	**2,512,003**	**396,730**
Trade receivables	**14,236,848**	**12,803,047**

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:

	2017	2016
Opening balance	**1,119,529**	**542,453**
Additions	6,700	681,917
Utilisations	(680,480)	(115,863)
Other changes	-	11,022
Closing balance	**445,749**	**1,119,529**

Utilisations refer to irrecoverable trade receivables of the Pininfarina Extra Group.

10. Other assets

The following table shows other assets at 30 June 2017 and 31 December 2016:

	30.06.2017	31.12.2016
VAT	3,103,224	2,642,667
Withholding taxes	2,528,109	1,901,056
Prepayments and accrued income	571,715	609,589
Advances to suppliers	91,644	37,942
Amounts due from INAIL (the Italian Workers' Compensation Authority) and INPS (the Italian social security institution)	37,109	166,461
Amounts due from employees	1,541	16,707
Other	210,756	198,059
Other assets	**6,544,098**	**5,572,480**

The VAT asset is mainly attributable to the parent, which filed a claim in February for the partial reimbursement of the VAT assets that arose in 2016.

11. Cash and cash equivalents

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

	30.06.2017	31.12.2016
Cash in hand and cash equivalents	13,226	8,137
Short-term bank deposits	38,531,640	27,775,232
Cash and cash equivalents	**38,544,866**	**27,783,369**
(Bank overdrafts)	-	-
Net cash and cash equivalents	**38,544,866**	**27,783,369**

The increase in net cash and cash equivalents is due to the parent’s proceeds from the issue of shares.

12. Equity

(a) Share capital

	30.06.2017		31.12.2016	
	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)*
Share capital	**30,150,694**	*30,150,694*	**30,150,694**	*30,150,694*

The parent's share capital at 30 June 2017 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.

The offering of 24,120,480 newly-issued shares, arising from the capital increase against consideration carried out by instalments approved by the shareholders on 21 November 2016, was completed on 11 July 2017.

The main steps of the capital increase are summarised below:

On 5 June 2017, the parent's board of directors resolved as follows:

- the definitive capital increase amount as €26,532,528 and the maximum number of shares to be issued as 24,120,480 at a unit issue price of €1.10, including €0.10 as the premium; they also agreed the exchange ratio of four new shares for each five shares held;

- that the options were to be exercised during the offering period from 12 to 30 June 2017 (inclusive), if the necessary authorisations from the competent authorities were obtained in due time, and that the options were to be traded on the stock exchange during the period from 12 to 26 June 2017 (inclusive). Any unexercised options were to be traded for at least five business days in the month after the offering period ends pursuant to article 2441.3 of the Italian Civil Code.

On 9 June 2017, Consob approved the publication of the Prospectus for the capital increase. The offering was then launched on 12 June 2017. The parent announced the conclusion of the capital increase procedure on 11 July 2017. It was 99.99% subscribed, for an overall amount (including the share premium) of €26,532,523.60. The parent's majority shareholder, PF Holdings B.V., subscribed €20,211,677.20. Its portion of the 54,287,128 shares making up the parent's new share capital (filed with the Turin Company Registrar on 17 July 2017) is 76.15%.

(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) Stock option reserve

Pursuant to article 114-bis of the Consolidated Finance Act, on 21 November 2016, the shareholders approved a stock option plan that provides for the free assignment of options for the subscription of ordinary shares to the parent's employees. The ratio is one share for each option. The plan aims at incentivising attainment of the parent's objectives and retaining employees. The plan provides that the maximum number of shares to be assigned to the beneficiaries is 2,225,925 and that the option's exercise price is €1.10 for each share. The plan term is seven years (2016-2023).

The reserve increased by the plan cost pertaining to the period.

The options are measured using the Black-Scholes valuation approach, whose assumptions are as follows:

1. Volatility: 80% (three year average)
2. Risk-free rate: -0.41% (the average of the three instalments considered)
3. Dividends: no dividends are expected during the plan term
4. Average share price: €1.10
5. Vesting conditions: permanence of the employment agreement
6. Settlement method: equity instruments
7. Cost for the period: €641,874
8. Carrying amount at the reporting date: €799,667

(e) 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..

(f) Other reserves

Other reserves rose by €26,117,816 on the prior year end, due to the payment of €26,445,333 made by the shareholders subscribing the capital increase, net of transactions costs of €327,511 incurred by Pininfarina S.p.A..
On 13 July 2017, after the completion of the capital increase was filed with the Turing Company Registrar, €24,120,480 of the above amounts was reclassified to share capital and the remainder to the share premium reserve.

(g) Losses carried forward

Losses carried forward totalled €8,781,605 at the reporting date, down by €20,573,272 from the 31 December 2016 figure. The decrease is due to the profit for 2016 of €20,531,208 and the effect for the period of the adoption of IAS 19 (revised), quantified at €42,064.

The table reconciling the parent's loss and equity as at and for the period ended 30 June 2017 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, 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, 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%.

(b) 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:

	31.12.2016	Figurative interest	Repayment	Current/non-current reclassification	30.06.2017
Finance lease liabilities	-	-	-		-
Other loans and borrow ings	26,130,952	877,313	-	(30,000)	26,978,265
Non-current portion	**26,130,952**	**877,313**	**-**	**(30,000)**	**26,978,265**
Bank overdrafts	-	-	-	-	-
Finance lease liabilities	-	-	-	-	-
Other loans and borrow ings	3,427,614	-	(30,000)	30,000	3,427,614
Current portion	**3,427,614**	**-**	**(30,000)**	**30,000**	**3,427,614**
Current and non-current portions	**29,558,566**	**877,313**	**(30,000)**	**-**	**30,405,879**

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.

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:

	31.12.2016	Figurative interest	Repayment	30.06.2017
Intesa Sanpaolo S.p.A.	18,959,643	567,919	-	19,527,562
Banca Nazionale del Lavoro S.p.A.	1,116,026	33,429	-	1,149,455
Ubi Banca SpA (formerly Banca Regionale Europea S	4,456,651	133,495	-	4,590,146
Selmabipiemme Leasing S.p.A.	4,756,246	142,470	-	4,898,716
Volksbank Region Leonberg (GER)	270,000	-	(30,000)	240,000
Other loans and borrowings	**29,558,566**	**877,313**	**(30,000)**	**30,405,879**

Other information

The €240,000 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

The loan that PF Holdings B.V. granted to Pininfarina S.p.A., including interest accrued up to 29 June 2017, totalling €16,043,889, was converted into share capital for the portion subscribed by the majority shareholder. Accordingly, the loan no longer exists at the reporting date.

The loan agreement provided for interest at 0.25% pa.

14. Trade payables, other financial liabilities and other liabilities

(a) Trade payables

	30.06.2017	31.12.2016
Third parties	7,810,379	6,910,250
Related parties	172,287	-
Advances for contract work in progress	6,580,357	6,014,357
Trade payables	**14,563,023**	**12,924,607**

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

(b) Other financial liabilities

	30.06.2017	31.12.2016
Wages and salaries payable	3,214,089	2,228,912
Social security charges payable	666,812	1,341,011
Other	825,868	1,396,651
Other financial liabilities	**4,706,769**	**4,966,574**

(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:

	31.12.2016	Additions	Utilisations	Other changes	30.06.2017
Provision for product warranty	54,525	-	(1,275)	-	53,250
Restructuring provision	238,195	-	(4,647)	-	233,548
Other provisions	128,068	36,898	(37,701)	-	127,265
Provisions for risks and charges	**420,788**	**36,898**	**(43,623)**	**-**	**414,063**

The restructuring provision reflects the best estimate of the liability for restructuring at the reporting date.

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 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:

	30.06.2017	31.12.2016
Deferred tax assets	885,134	1,001,766
(Deferred tax liabilities)	(974)	(974)
Net deferred tax assets	**884,160**	**1,000,792**

The net deferred tax assets shown in the 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, headed by the subsidiary Pininfarina Extra S.r.l..
Deferred tax assets decreased due to the disappearance of the temporary differences of the subsidiary Pininfarina Extra S.r.l..

(b) Current taxes

Income taxes recognised in profit or loss are detailed below:

	First half 2017	First half 2016
Income taxes	(152,617)	(110,220)
IRAP (Regional tax on production activities)	(13,007)	(26,938)
Release of/(addition to) prior period provision	(2,962)	37,524
Current taxes	**(168,586)**	**(99,634)**
Change in deferred tax assets	(112,811)	-
Change in deferred tax liabilities	-	12,584
Net deferred taxes	**(112,811)**	**12,584**
Income taxes	**(281,397)**	**(87,050)**

17. Revenue from sales and services

	First half 2017	First half 2016
Sales - Italy	341,030	721,507
Sales - EU	887,284	594,457
Sales - Non-EU countries	2,831,042	1,654,680
Services - Italy	4,863,549	5,453,190
Services - EU	13,329,533	16,178,691
Services - Non-EU countries	12,293,817	7,892,691
Revenue from sales and services	**34,546,257**	**32,495,217**

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 34.

18. Other revenue and income

	First half 2017	First half 2016
Royalties	2,570,000	2,002,000
Lease income	889,637	1,786,231
Prior period income	74,192	126,025
Rebilling	55,932	97,704
Sundry	46,755	31,834
Grants relating to income	19,476	5,469
Insurance compensation	1,950	34,433
Other revenue and income	**3,657,942**	**4,083,698**

Royalties mainly refer to fees for the brand licence agreement signed with Mahindra & Mahindra Ltd. and the licence to use the Pininfarina trademark granted to the Bolloré S.A. Group in connection with the electric cars manufactured at the Bairo Canavese facility. The increase for the period is due to the brand licence agreement.

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

	First half 2017	First half 2016
Wages and salaries	(17,433,202)	(17,695,587)
Social security contributions	(4,097,675)	(4,159,308)
Independent contractors	-	-
Utilisation of restructuring provision	4,648	672,656
Blue collars, white collars and managers	**(21,526,229)**	**(21,182,239)**
Post-employment benefits - defined contribution plan	(555,870)	(551,193)
Wages, salaries and employee benefits	**(22,082,099)**	**(21,733,432)**

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 June 2017 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:

	First half 2017		First half 2016	
	reporting date	average	reporting date	average
Managers	23	23	24	24
White collars	544	530	541	544
Blue collars	25	24	28	29
Total	**592**	**577**	**593**	**597**

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

22. Additions to/utilisation of provisions and impairment losses

	First half 2017	First half 2016
Net impairment losses on loans and receivables	(13,063)	(9,652)
Additions to provisions for risks and charges	(36,898)	-
Utilisation and revised estimates of provisions for risks and charges	37,701	105,392
Additions to/utilisation of provisions and impairment losses	**(12,260)**	**95,740**

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

Reference should be made to note 15 for details of additions to the provisions for risks and charges.

23. Other expenses

	First half 2017	First half 2016
Travel expenses	(784,386)	(791,226)
Leases	(1,241,469)	(1,375,761)
Directors' and statutory auditors' fees	(369,367)	(535,886)
Consulting and other services	(1,619,228)	(1,920,251)
Other personnel costs	(490,376)	(423,416)
Postal expenses	(197,066)	(220,252)
Cleaning and waste disposal services	(161,120)	(170,172)
Advertising	(593,548)	(279,325)
Indirect taxes	(361,933)	(359,220)
Insurance	(256,926)	(323,341)
Membership fees	(59,741)	(55,677)
Prior period expense	(9,236)	(10,559)
General services and other expenses	(399,598)	(520,809)
Other expenses	**(6,543,994)**	**(6,985,896)**

Consulting and other services mainly include IT, administrative and commercial 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 and cars used by employees. These are operating leases pursuant to IAS 17 – Leases and do not entail special commitments for the group companies.

24. Net financial expense

	First half 2017	First half 2016
Interest and commission expense on credit facilities	(54,113)	(121,615)
Lease interest expense	-	(1,235,516)
Interest expense on loans and financing	(930,361)	(917,512)
Interest expense on loans and financing - subsidiaries	(19,889)	(3,556)
Financial expense	**(1,004,363)**	**(2,278,199)**
Bank interest income	16,471	38,238
Gains on assets held for trading	-	72,085
Interest income on loans and receivables - related parties	1,982	6,605
Financial income	**18,453**	**119,383**
Net financial expense	**(985,910)**	**(2,158,816)**

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

Interest expense on non-current loans and financing of €930,361 comprises the effect of amortised-cost accounting (€877,315) and interest accrued under the existing Agreement (€51,758). 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 credit balances.

Interest income on loans and receivables - related parties accrued on the loans granted to the associate Goodmind S.r.l. by Pininfarina Extra S.r.l..

OTHER INFORMATION

Events after the reporting period

On 21 November 2016, Pininfarina's shareholders resolved to increase the share capital against payment by a maximum of €26,532,528, to be carried out before 31 July 2017. The majority shareholder agreed to subscribe €20,000,000 by also using the loan of €16 million plus related interest already granted to Pininfarina.

On 9 June 2017, Consob approved the publication of the Prospectus for the capital increase. The offering was then launched on 12 June 2017. The parent announced the conclusion of the capital increase procedure on 11 July 2017. It was 99.99% subscribed, for an overall amount (including the share premium) of €26,532,523.60. The parent's majority shareholder, PF Holdings B.V., subscribed €20,211,677.20 (including using the loan mentioned above). Its portion of the 54,287,128 shares making up the parent's new share capital (filed with the Turin Company Registrar on 17 July 2017) is 76.15%.

There are no other significant 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	-	-	-	-	-	-	-	19,889
Goodmind S.r.l.	-	-	131,982	-	16,000	-	1,982	-
Mahindra&Mahindra Ltd	972,735	-	-	-	3,352,588	-	-	-
Tech Mahindra Ltd	40,195	125,549	-	-	77,195	114,398	-	-
Tech Mahindra (Shanghai) Co	1,497,772	32,868	-	-	1,497,772	-	-	-
Tech Mahindra GmbH	1,301	13,869	-	-	9,324	125,927	-	-
Ssangyong Motor Company	-	-	-	-	552,341	-	-	-
Total	**2,512,003**	**172,287**	**131,982**	**-**	**5,505,220**	**240,325**	**1,982**	**19,889**

Intragroup transactions include:

- Pininfarina Holdings BV: interest accrued on the loan agreement ended on 29 June 2017 due by Pininfarina S.p.A.
- Goodmind S.r.l.: lease for equipped office premises with the parent and a loan agreement with Pininfarina Extra S.r.l.
- Mahindra & Mahindra Ltd: brand licence agreement and engineering services agreements with Pininfarina S.p.A.
- Tech Mahindra Ltd: services agreement with Pininfarina Deutschland GmbH, sales of goods by Pininfarina Extra S.r.l. and recharge of costs incurred on the parent's behalf.
- Tech Mahindra (Shanghai) Co. Ltd: engineering services agreement with Pininfarina S.p.A. and Pininfarina Deutschland GmbH
- Saangyoung Motor Company: design services agreement with Pininfarina S.p.A.

Directors' and statutory auditors' fees

(€'000)	First half 2017	First half 2016
Directors	313	480
Statutory auditors	57	56
Total	**370**	**536**

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 tables:

	30.06.2017	30.06.2017, net of significant non-recurring transactions
Property, plant and equipment	41,744,745	41,744,745
Investment property	7,934,107	7,934,107
Intangible assets	1,684,350	1,684,350
Equity investments	344,089	344,089
Deferred tax assets	885,134	885,134
Non-current financial assets	131,982	131,982
NON-CURRENT ASSETS	**52,724,407**	**52,724,407**
Inventories	638,458	638,458
Contract work in progress	2,594,364	2,594,364
Trade receivables and other assets	20,780,946	20,780,946
Cash and cash equivalents	38,544,867	28,470,938
CURRENT ASSETS	**62,558,635**	**52,484,706**
TOTAL ASSETS	**115,283,042**	**105,209,113**
Share capital and reserves	57,152,056	31,034,239
Loss from continuing operations	(603,562)	(603,562)
EQUITY	**56,548,494**	**30,430,677**
Non-current loans and borrowings	26,978,265	26,978,265
Deferred tax liabilities	974	974
Post-employment benefits and other provisions	4,845,640	4,845,640
NON-CURRENT LIABILITIES	**31,824,879**	**31,824,879**
Current loans and borrowings	3,427,614	19,471,502
Other financial liabilities	4,706,768	4,706,768
Trade payables	14,563,024	14,563,024
Current tax liabilities	430,155	430,155
Provisions for risks and charges	414,063	414,063
Other liabilities	3,368,045	3,368,045
CURRENT LIABILITIES	**26,909,668**	**42,953,556**
TOTAL LIABILITIES	**58,734,548**	**74,778,436**
TOTAL LIABILITIES AND EQUITY	**115,283,041**	**105,209,112**

	First half 2017	First half 2017, net of significant non-recurring transactions
Revenue from sales and services	34,546,257	34,546,257
Internal work capitalised	-	-
Change in finished goods and contract work in progress	1,422,783	1,422,783
Other revenue and income	3,657,942	3,657,942
REVENUE	**39,626,982**	**39,626,982**
Net gains on sale of non-current assets and equity investments	**500**	**500**
Raw materials and consumables	(3,543,083)	(3,543,083)
Other variable production costs	(1,521,854)	(1,521,854)
External variable engineering services	(3,707,328)	(3,707,328)
Wages, salaries and employee benefits	(22,082,099)	(22,082,099)
Amortisation and depreciation, impairment losses and provisions	(1,526,030)	(1,526,030)
Net exchange rate losses	(46,500)	(46,500)
Other expenses	(6,543,994)	(6,543,994)
OPERATING PROFIT	**656,594**	**656,594**
Net financial expense	(985,910)	(985,910)
Gain on the extinguishment of financial liabilities	-	-
Dividends	-	-
Share of profit of equity-accounted investees	7,150	7,150
LOSS BEFORE TAXES	**(322,165)**	**(322,165)**
Income taxes	(281,397)	(281,397)
LOSS FOR THE PERIOD	**(603,562)**	**(603,562)**

The significant non-recurring transaction is the parent's capital increase, net of transaction costs. This transaction also affected the issuer's net financial position and cash flows and, had it not been carried out, the effects would have been as summarised below:

- the issuer's net financial position would have included less cash and cash equivalents (-€10.4 million) and a larger shareholder loan (+€16 million);
- the cash flows for the period would have been smaller by €10.4 million due to the transaction costs shown in the caption "Proceeds from the issue of shares" presented in the statement of cash flows for the reporting period.

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 six months ended 30 June 2017

Statement of financial position

	30.06.2017	31.12.2016
Land and buildings	35,449,091	35,948,194
Land	7,655,314	7,655,314
Buildings	27,793,777	28,292,880
Leased property	-	-
Plant and machinery	4,185,838	3,656,844
Machinery	804,801	391,600
Plant	3,381,037	3,265,244
Leased machinery and equipment	-	-
Furniture, fixtures and other assets	670,697	755,208
Furniture and fixtures	11,070	13,505
Hardware and software	277,786	339,981
Other assets, including vehicles	381,841	401,722
Assets under construction	-	-
Property, plant and equipment	**40,305,626**	**40,360,246**
Investment property		
Goodwill	-	-
Licences and trademarks	478,722	585,375
Other	-	-
Intangible assets	**478,722**	**585,375**
Subsidiaries	21,577,447	21,577,447
Associates	-	-
Joint ventures	-	-
Other companies	645	645
Equity investments	**21,578,092**	**21,578,092**
Deferred tax assets	-	-
Held-to-maturity investments	-	-
Loans and receivables	1,517,366	1,686,303
Third parties	-	-
Related parties	1,517,366	1,686,303
Available-for-sale financial assets	-	-
Non-current financial assets	**1,517,366**	**1,686,303**
TOTAL NON-CURRENT ASSETS	**63,879,806**	**64,210,016**
Raw materials	192,069	116,011
Work in progress	-	-
Finished goods	274,595	71,803
Inventories	**466,664**	**187,814**
Contract work in progress	**508,585**	**822,643**
Assets held for trading	-	-
Loans and receivables	-	-
Third parties	-	-
Related parties	-	-
Available-for-sale financial assets	-	-
Current financial assets	**-**	**-**
Derivatives	**-**	**-**
Trade receivables	6,480,018	5,435,882
Third parties	3,669,736	4,266,883
Related parties	2,810,282	1,168,999
Other assets	5,439,780	4,742,947
Trade receivables and other assets	**11,919,798**	**10,178,829**
Cash in hand and cash equivalents	7,533	86
Short-term bank deposits	34,565,888	21,149,195
Cash and cash equivalents	**34,573,421**	**21,149,281**
TOTAL CURRENT ASSETS	**47,468,468**	**32,338,567**
TOTAL ASSETS	**111,348,274**	**96,548,583**

Statement of financial position

	30.06.2017	31.12.2016
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
Stock option reserve	799,667	157,793
Other reserves	28,764,024	2,646,208
Losses carried forward	(7,125,800)	(30,424,802)
Profit (loss) for the period/year	(277,388)	23,267,243
EQUITY	**58,520,225**	**32,006,164**
Finance lease liabilities	-	-
Other loans and borrowings	26,798,265	25,920,952
Third parties	26,798,265	25,920,952
Related parties	-	-
Non-current loans and borrowings	**26,798,265**	**25,920,952**
Deferred tax liabilities	-	-
Italian post-employment benefits	4,122,782	4,224,616
Other	-	-
Post-employment benefits	**4,122,782**	**4,224,616**
TOTAL NON-CURRENT LIABILITIES	**30,921,047**	**30,145,568**
Bank overdrafts	-	-
Finance lease liabilities	-	-
Other loans and borrowings	3,625,452	19,649,452
Third parties	3,367,614	3,367,614
Related parties	257,838	16,281,838
Current loans and borrowings	**3,625,452**	**19,649,452**
Wages and salaries payable	2,135,694	1,608,770
Social security charges payable	530,534	1,110,904
Other	596,131	1,169,696
Other financial liabilities	**3,262,359**	**3,889,370**
Third parties	5,986,623	5,187,482
Related parties	16,061	63,523
Advances for contract work in progress	5,509,158	4,592,950
Trade payables	**11,511,842**	**9,843,955**
Direct tax liabilities	-	-
Other tax liabilities	-	-
Current tax liabilities	**-**	**-**
Derivatives	**-**	**-**
Provision for product warranty	53,250	54,525
Restructuring provision	233,548	238,195
Other provisions	120,551	121,354
Provisions for risks and charges	**407,349**	**414,074**
Third parties	600,000	600,000
Related parties	2,500,000	-
Other liabilities	**3,100,000**	**600,000**
TOTAL CURRENT LIABILITIES	**21,907,002**	**34,396,851**
TOTAL LIABILITIES	**52,828,049**	**64,542,419**
TOTAL LIABILITIES AND EQUITY	**111,348,274**	**96,548,583**

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 €46,667.

Income statement

	First half 2017	*Of which: related parties*	First half 2016	*Of which: related parties*
Revenue from sales and services	19,404,345	3,174,084	17,295,211	1,117,947
Internal work capitalised	-	-	-	
Change in inventories and contract work in progress	(111,266)	-	(3,733,695)	
Change in contract work in progress	(314,058)	-	(3,563,190)	
Change in finished goods and work in progress	202,792	-	(170,505)	
Other revenue and income	3,207,705	2,516,000	3,592,687	1,266,000
Revenue	**22,500,784**	**5,690,084**	**17,154,203**	**2,383,947**
Gains on sale of non-current assets and equity investments	**500**	**-**	**393**	**-**
Gain on sale of equity investments	-	-	-	
Raw materials and components	(3,468,363)	-	(2,155,139)	
Change in raw materials	76,058	-	97,123	
Inventory write-downs	-	-	-	
Raw materials and consumables	**(3,392,305)**	**-**	**(2,058,016)**	**-**
Consumables	(799,728)	-	(346,055)	
External maintenance	(427,153)	-	(587,396)	
Other variable production costs	**(1,226,881)**	**-**	**(933,451)**	**-**
External variable engineering services	**(1,423,455)**	**(47,873)**	**(619,612)**	**(110,181)**
Blue collars, white collars and managers	(10,939,851)	-	(10,468,886)	
Independent contractors and temporary workers	-	-	-	
Social security contributions and other post-employment benefits	(505,307)	-	(499,249)	
Wages, salaries and employee benefits	**(11,445,158)**	**-**	**(10,968,135)**	**-**
Depreciation of property, plant and equipment and investment property	(953,522)	-	(936,685)	
Amortisation of intangible assets	(174,194)	-	(182,382)	
Losses on sale of non-current assets and equity investments	-	-	-	
(Additions to)/utilisation of provisions and impairment losses	803	-	105,392	
Amortisation, depreciation and impairment losses	**(1,126,913)**	**-**	**(1,013,675)**	**-**
Net exchange rate gains (losses)	**861**	**-**	**(1,061)**	
Other expenses	**(3,910,037)**	**-**	**(4,038,108)**	**(400,000)**
Operating loss	**(22,604)**	**5,642,211**	**(2,477,462)**	**1,873,766**
Net financial expense	**(969,622)**	**(13,722)**	**(2,146,841)**	**8,878**
Gain on the extinguishment of financial liabilities	**-**	**-**	**26,458,885**	**-**
Dividends	**717,800**	**717,800**	**1,931,200**	**1,931,200**
Profit (loss) before taxes	**(274,426)**	**6,346,289**	**23,765,782**	**3,813,844**
Income taxes	**(2,962)**	**-**	**105,691**	
Profit (loss) for the period	**(277,388)**	**6,346,289**	**23,871,473**	**3,813,844**

Statement of comprehensive income

	First half 2017	First half 2016
Profit (loss) for the period	**(277,388)**	**23,871,473**
Other comprehensive income (expense):		
Items that will not be reclassified to profit or loss:		
- Actuarial gains (losses) on defined benefit plans - IAS 19	31,759	(187,818)
- Income taxes	-	-
- Other	-	-
Total items of other comprehensive income (expense) that will not be reclassified to profit or loss, net of tax effect:	**31,759**	**(187,818)**
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	-	-
Total items of other comprehensive income (expense) that will be subsequently reclassified to profit or loss, net of tax effect:	**-**	**-**
Total other comprehensive income (expense), net of tax effect	**31,759**	**(187,818)**
Comprehensive income (expense)	**(245,629)**	**23,683,655**

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.

Reclassified income statement

(€'000)

	First half 2017	%	First half 2016	%	Variation	2016
Revenue from sales and services	19,404	86.23	17,295	100.82	2,109	31,630
Change in inventories and contract work in progress	(111)	(0.49)	(3,734)	(21.77)	3,623	(4,032)
Other revenue and income	3,208	14.26	3,593	20.95	(385)	9,210
Revenue	**22,501**	**100.00**	**17,154**	**100.00**	**5,347**	**36,808**
Net gains on the sale of non-current assets	**1**	**-**	**-**	**-**	**1**	**2**
Materials and services (*)	(10,029)	(44.57)	(7,746)	(45.16)	(2,283)	(14,738)
Change in raw materials	76	0.34	97	0.57	(21)	54
Value added	**12,549**	**55.77**	**9,505**	**55.41**	**3,044**	**22,126**
Labour cost (**)	(11,445)	(50.86)	(10,968)	(63.94)	(477)	(22,242)
EBITDA	**1,104**	**4.91**	**(1,463)**	**(8.53)**	**2,567**	**(116)**
Amortisation and depreciation	(1,128)	(5.01)	(1,119)	(6.52)	(9)	(2,216)
(Additions to)/utilisation of provisions and impairment losses	1	-	105	0.61	(104)	82
EBIT	**(23)**	**(0.10)**	**(2,477)**	**(14.44)**	**2,454**	**(2,250)**
Net financial expense	(251)	(1.12)	(216)	(1.26)	(35)	(1,132)
Gain on the extinguishment of financial liabilities	-	-	26,459	154.24	(26,459)	26,459
Profit (loss) before taxes	**(274)**	**(1.22)**	**23,766**	**138.55**	**(24,040)**	**23,077**
Income taxes	(3)	(0.01)	106	0.62	(109.00)	190
Profit (loss) for the period/year	**(277)**	**(1.23)**	**23,872**	**139.16**	**(24,149)**	**23,267**

(*) **Materials and services** are net of utilisations of the provisions for product warranty and risks (€8.5 thousand and €1.3 thousand for the first six months of 2016 and 2017, respectively).
(**) **Labour cost** is net of utilisations of the restructuring provision (€673 thousand and €4.6 thousand for the first six months of 2016 and 2017, 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)

	30.06.2017	31.12.2016	Variation	30.06.2016
Net non-current assets (A)				
Net intangible assets	479	585	(106)	732
Net property, plant and equipment and investment property	40,305	40,360	(55)	40,663
Equity investments	21,578	21,578	-	21,578
Total A	**62,362**	**62,523**	**(161)**	**62,973**
Working capital (B)				
Inventories	975	1,010	(35)	1,352
Net trade receivables and other assets	11,920	10,180	1,740	23,605
Trade payables	(11,512)	(9,844)	(1,668)	(10,057)
Provisions for risks and charges	(407)	(414)	7	(419)
Other liabilities	(6,361)	(4,489)	(1,872)	(8,735)
Total B	**(5,385)**	**(3,557)**	**(1,828)**	**5,746**
Net invested capital (C=A+B)	**56,977**	**58,966**	**(1,989)**	**68,719**
Post-employment benefits (D)	**4,123**	**4,225**	**(102)**	**4,358**
Net capital requirements (E=C-D)	**52,854**	**54,741**	**(1,887)**	**64,361**
Equity (F)	**58,520**	**32,005**	**26,515**	**32,303**
Net financial (position) debt (G)				
Non-current loans and borrowings	25,281	24,235	1,046	26,784
Net current financial (position) debt	(30,947)	(1,499)	(29,448)	5,274
Total G	**(5,666)**	**22,736**	**(28,402)**	**32,058**
Total as in E (H=F+G)	**52,854**	**54,741**	**(1,887)**	**64,361**

Net financial position
(€'000)

	30.06.2017	31.12.2016	Variation	30.06.2016
Cash and cash equivalents	34,573	21,149	13,424	10,914
Current assets held for trading	-	-	-	-
Current finance lease liabilities	-	-	-	-
Loans and borrowings - related parties	(258)	(16,282)	16,024	(16,188)
Current portion of bank loans and borrowings	(3,368)	(3,368)	-	-
Net current financial position (debt)	**30,947**	**1,499**	**29,448**	**(5,274)**
Non-current loans and receivables - related parties	1,517	1,686	(169)	1,640
Non-current finance lease liabilities	-	-	-	-
Non-current bank loans and borrowings	(26,798)	(25,921)	(877)	(28,424)
Non-current loans and borrowings	**(25,281)**	**(24,235)**	**(1,046)**	**(26,784)**
NET FINANCIAL POSITION (DEBT)	**5,666**	**(22,736)**	**28,402**	**(32,058)**

Statement of changes in equity

	31.12.2015	Comprehensive income	Stock option reserve	Allocation of prior year loss	Capital increase transaction costs	Proceeds from the issue of shares	30.06.2016
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
Stock option reserve		-	-	-	-	-	-
Other reserves	2,646,208	-	-	-	-	-	2,646,208
Losses carried forward	(10,123,630)	(187,818)	-	(20,263,436)	-	-	(30,574,884)
Profit (loss) for the period/year	(20,263,436)	23,871,473	-	20,263,436	-	-	23,871,473
EQUITY	**8,618,864**	**23,683,655**	**-**	**-**	**-**	**-**	**32,302,519**

	31.12.2016	Comprehensive expense	Stock option reserve	Allocation of prior year profit	Capital increase transaction costs	Proceeds from the issue of shares	30.06.2017
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
Stock option reserve	157,793		641,874	-	-	-	799,667
Other reserves	2,646,208	-	-	-	(327,517)	26,445,333	28,764,024
Losses carried forward	(30,424,802)	31,759	-	23,267,243	-	-	(7,125,800)
Profit (loss) for the period/year	23,267,243	(277,388)	-	(23,267,243)	-	-	(277,388)
EQUITY	**32,006,164**	**(245,629)**	**641,874**	**-**	**(327,517)**	**26,445,333**	**58,520,225**

Statement of cash flows

	First half 2017	First half 2016
Profit (loss) for the period	**(277,388)**	**23,871,473**
Adjustments:		
- Income taxes	2,962	-
- Depreciation of property, plant and equipment and investment property	953,522	936,685
- Amortisation of intangible assets	174,194	182,382
- Impairment losses, provisions and change in accounting estimates	(77,993)	(1,197,239)
- Gains on the sale of non-current assets	(500)	(393)
- Financial expense	992,532	2,269,922
- Financial income	(22,910)	(123,081)
- Dividends	(717,800)	(1,931,200)
- Other adjustments	641,874	(26,386,800)
Total adjustments	**1,945,881**	**(26,249,724)**
Change in working capital:		
- (Increase)/decrease in inventories	(277,657)	271,413
- Decrease in contract work in progress	314,058	3,563,190
- Increase in trade receivables and other assets	(99,686)	(5,022,630)
- Increase in trade receivables - related parties	(1,641,283)	(5,216,649)
- Increase in trade payables, other financial liabilities and other liabilities	2,344,613	4,004,999
- Decrease in trade payables - related parties	(47,462)	(336,479)
- Increase in advances for contract work in progress and deferred income	916,208	1,246,386
- Other changes	-	-
Total changes in working capital	**1,508,791**	**(1,489,770)**
Gross cash flows from (used in) operating activities	**3,177,284**	**(3,868,021)**
- Financial expense	(95,330)	(225,134)
- Income taxes	-	-
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	**3,081,954**	**(4,093,155)**
- Purchases of non-current assets and equity investments	(966,443)	(258,516)
- Proceeds from the sale of non-current assets and equity investments	500	1,000
- 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	172,142	360,021
- Proceeds from the sale of current assets held for trading	-	16,359,251
- Financial income	16,743	38,562
- Dividends collected	717,800	1,931,200
- Other changes	-	-
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	**(59,258)**	**34,431,518**
- Proceeds from the issue of shares	10,401,444	-
- 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)
- Repayment of other loans and borrowings - related parties	-	(63,633)
- Dividends paid	-	-
- Other changes	-	-
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	**10,401,444**	**(32,202,046)**
TOTAL CASH FLOWS	**13,424,140**	**(1,863,683)**
Opening net cash and cash equivalents	21,149,281	12,777,697
Closing net cash and cash equivalents	**34,573,421**	**10,914,014**
Of which:		
- Cash and cash equivalents	34,573,421	10,914,014
- 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.

OTHER INFORMATION

Events after the reporting period

On 21 November 2016, Pininfarina's shareholders resolved to increase the share capital against payment by a maximum of €26,532,528, to be carried out before 31 July 2017. The majority shareholder agreed to subscribe €20,000,000 by also using the loan of €16 million plus related interest already granted to Pininfarina.

On 9 June 2017, Consob approved the publication of the Prospectus for the capital increase. The offering was then launched on 12 June 2017. The parent announced the conclusion of the capital increase procedure on 11 July 2017. It was 99.99% subscribed, for an overall amount (including the share premium) of €26,532,523.60. The parent's majority shareholder, PF Holdings B.V., subscribed €20,211,677.20 (including using the loan mentioned above). Its portion of the 54,287,128 shares making up the parent's new share capital (filed with the Turin Company registrar on 17 July 2017) is 76.15%.

There are no other significant 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	-	-	-	-	-	-	-	19,889
Pininfarina Extra S.r.l.	116,945	15,411	17,366	257,838	210,385	18,223	717,800	-
Goodmind S.r.l.	-	-		-	16,000	-	-	-
Pininfarina Deutschland GmbH	-	650	1,500,000	-	56,000	650	6,167	-
Pininfarina Automotive Engineering (Shanghai) Co Ltd	393,928	-	-	-	134,122	29,000	-	-
Mahindra&Mahindra Ltd	972,735	-	-	-	3,345,850	-	-	-
Tech Mahindra (Shanghai) Co Ltd	1,315,386	-	-	-	1,315,386	-	-	-
Tech Mahindra Ltd	11,288	-	-	-	60,000	-	-	-
Ssangyong Motor Company	-	-	-	-	552,341	-	-	-
Total	**2,810,282**	**16,061**	**1,517,366**	**257,838**	**5,690,084**	**47,873**	**723,967**	**19,889**

Intragroup transactions include:

- Pininfarina Holdings BV: interest accrued on the loan agreement ended on 29 June 2017
- Pininfarina Extra S.r.l.: lease for equipped office premises and service agreements
  The financial assets and liabilities with Pininfarina Extra S.r.l. relate to the domestic tax consolidation agreement.
- Goodmind S.r.l.: lease for equipped office premises.
- Pininfarina Deutschland GmbH: loan agreement and engineering service agreement.
- Pininfarina Automotive Engineering (Shanghai) Co Ltd: personnel secondment agreement and design service agreements
- Mahindra & Mahindra Ltd: brand licence agreements and engineering service agreements
- Tech Mahindra (Shanghai) Co. Ltd: engineering service agreements
- Tech Mahindra Ltd: recharge of costs incurred on the company's behalf
- Saangyoung Motor Company: design service agreement

Fees to directors, statutory auditors and key management personnel:

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

(€'000)	First half 2017	First half 2016
Directors	183	296
Statutory auditors	52	51
Total	**235**	**347**

The total fees to Pininfarina S.p.A.'s key management personnel approximate €0.8 million for the first six months of 2017.

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 tables:

	30.06.2017	30.06.2017, net of significant non-recurring transactions
Property, plant and equipment	40,305,626	40,305,626
Intangible assets	478,722	478,722
Equity investments	21,578,092	21,578,092
Non-current financial assets	1,517,366	1,517,366
NON-CURRENT ASSETS	**63,879,806**	**63,879,806**
Inventories	466,664	466,664
Contract work in progress	508,585	508,585
Current financial assets	-	-
Trade receivables and other assets	11,919,798	11,919,798
Assets held for sale	-	-
Cash and cash equivalents	34,573,421	24,499,492
CURRENT ASSETS	**47,468,468**	**37,394,539**
TOTAL ASSETS	**111,348,274**	**101,274,345**
		-
Share capital and reserves	58,797,613	32,679,796
Loss for the period	(277,388)	(277,388)
EQUITY	**58,520,225**	**32,402,408**
		-
Non-current loans and borrowings	26,798,265	26,798,265
Deferred tax liabilities	-	-
Post-employment benefits and other provisions	4,122,782	4,122,782
NON-CURRENT LIABILITIES	**30,921,047**	**30,921,047**
Current loans and borrowings	3,625,452	19,669,340
Other financial liabilities	3,262,359	3,262,359
Trade payables	11,511,842	11,511,842
Current tax liabilities	-	-
Provisions for risks and charges	407,349	407,349
Other liabilities	3,100,000	3,100,000
CURRENT LIABILITIES	**21,907,002**	**37,950,890**
TOTAL LIABILITIES	**52,828,049**	**68,871,937**
TOTAL LIABILITIES AND EQUITY	**111,348,274**	**101,274,345**

	First half 2017	First half 2017, net of significant non-recurring transactions
Revenue from sales and services	19,404,345	19,404,345
Internal work capitalised	-	-
Change in inventories and contract work in progress	(111,266)	(111,266)
Other revenue and income	3,207,705	3,207,705
Revenue	**22,500,784**	**22,500,784**
Gains on sale of non-current assets and equity investments	500	500
Raw materials and consumables	(3,392,305)	(3,392,305)
Other variable production costs	(1,226,881)	(1,226,881)
External variable engineering services	(1,423,455)	(1,423,455)
Wages, salaries and employee benefits	(11,445,158)	(11,445,158)
Amortisation, depreciation and impairment losses	(1,126,913)	(1,126,913)
Net exchange rate gains	861	861
Other expenses	(3,910,037)	(3,910,037)
Operating loss	**(22,604)**	**(22,604)**
Net financial expense	(969,622)	(969,622)
Gain on the extinguishment of financial liabilities	-	-
Dividends	717,800	717,800
Loss before taxes	**(274,426)**	**(274,426)**
Income taxes	(2,962)	(2,962)
Loss for the period	**(277,388)**	**(277,388)**

The significant non-recurring transaction is the parent's capital increase, net of transaction costs.

This transaction also affected the issuer's net financial position and cash flows and, had it not been carried out, the effects would have been as summarised below:
- the issuer's net financial position would have included less cash and cash equivalents (-€10.4 million) and a larger shareholder loan (+€16 million);
- the cash flows for the period would have been smaller by €10.4 million due to the transaction costs shown in the caption "Proceeds from the issue of shares" presented in the statement of cash flows for the reporting period.

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.

Statement on the condensed interim consolidated financial statements pursuant to article 154-bis of Legislative decree no. 58/98

◊ The undersigned Paolo Pininfarina, as chairman, and Gianfranco Albertini, as manager in charge of financial reporting of Pininfarina S.p.A., also considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998, state that the administrative and accounting policies adopted for the preparation of the condensed interim consolidated financial statements:

- are adequate in relation to the Group's characteristics and
- have been effectively applied during the period.

◊ Moreover, they state that

- The condensed interim consolidated financial statements:
  - have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Community pursuant to (EC) regulation no. 1606/2002 issued by the European Parliament and Council on 19 July 2002 and, in particular, IAS 34 - Interim financial reporting and the measures implementing article 9 of Legislative decree no. 38/2005;
  - are consistent with the accounting ledgers and records;
  - are suitable to give a true and fair view of the financial position, financial performance and cash flows of the issuer and the group of companies included in the consolidation scope;
  - the directors' report includes a description of the key events of the period and their impact on the condensed interim consolidated financial statements, as well as a description of the main risks and uncertainties for the second half of the year and information about significant related party transactions.

4 August 2017

Chairman	Manager in charge of financial reporting
Paolo Pininfarina	Gianfranco Albertini
(signed on the original)	(signed on the original)

KPMG

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

Report on review of condensed interim consolidated financial statements

To the shareholders of
Pininfarina S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Pininfarina Group, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto, as at and for the six months ended 30 June 2017. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusions

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Pininfarina Group as at and for the six months ended 30 June 2017 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Turin, 4 August 2017

KPMG S.p.A.

(signed on the original)

Piercarlo Miaja
Director of Audit