



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

PININFARINA GROUP

Interim financial report at 30 September 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 September 2017 on 13 November 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	Iitzkowitz (1) (2) (3)
	Licia	Mattioli (1) (2)
	Sara	Miglioli (3)
	Antony	Sheriff (1)

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

Board of Statutory Auditors

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

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

Gianfranco Albertini

Independent Auditors

KPMG S.p.A.

***Powers**

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

CONTENTS

Directors' report	page	7
Operating and financial performance	page	7
Group companies	page	10
Reclassified income statement	page	11
Reclassified statement of financial position	page	12
Net financial position	page	12
Reconciliation between the parent's profit and equity and consolidated profit and equity	page	13
Net financial position (Consob)	page	14
Pininfarina Group – Condensed interim consolidated financial statements as at and for the nine months ended 30 September 2017	page	15
Statement of financial position	page	16
Income statement	page	18
Statement of comprehensive income	page	19
Statement of changes in equity	page	20
Statement of cash flows	page	21
Income statement for the third quarter	page	22
Statement of comprehensive income for the third quarter	page	23
Notes to the condensed interim consolidated financial statements	page	24
Other information	page	49
Pininfarina S.p.A. – Interim separate financial statements as at and for the nine months ended 30 September 2017	page	53
Statement of financial position	page	54
Income statement	page	56
Statement of comprehensive income	page	57
Reclassified income statement	page	58
Reclassified statement of financial position	page	59
Net financial position	page	59
Statement of changes in equity	page	60
Statement of cash flows	page	61
Other information	page	62

Pininfarina Group

Directors' report

Operating and financial performance

The most significant issues arising from the comparison between the consolidated figures for the first nine months of 2017 and those for the corresponding period of the previous year are summarised below:

- revenue rose by 20% thanks to an improvement in all segments, but above all in Italian engineering operations;
- EBITDA and EBIT are both very positive compared to the operating losses recorded in the first three quarters of 2016;
- compared to the loss for the first nine months of 2016, the Group's Italian automotive operations made a profit while the German subsidiaries broke even. The contribution of the Industrial design operations improved and the Chinese operations saw an increase in profitability;
- the Group recorded net financial expense for the first nine months of 2017, compared to the considerable financial income recorded in the corresponding period of 2016, following the entering into force on 30 May 2016 of the new Rescheduling Agreement with the lending institutions. Following this agreement, which entailed the settlement and extinguishment of roughly 58% of the parent's debt and the rescheduling of the residual debt to 2025, Pininfarina S.p.A. recognised a gain of approximately €26.5 million on the extinguishment of financial liabilities;
- the Group's improved financial position at 30 September 2017, which was negative at the end of the first nine months of 2016, was mostly due to the capital increase carried out by the parent on 11 July 2017. This transaction entailed both an increase in available cash and the use of the loans granted by PF Holdings BV to the parent as a partial payment of the new shares issued as part of the capital increase;
- thanks to the profit for the period and the capital increase mentioned above, equity jumped by roughly 90% compared to the end of 2016.

Specifically, revenue came to €62.1 million for the reporting period compared to €51.7 million for the corresponding period of 2016 (+20%).

EBITDA is a positive €4.6 million, compared to the €0.2 million loss for the first nine months of 2016. EBIT increased to a €2.3 million, an improvement compared to the operating loss of €2.8 million in the corresponding period of the previous year. The improvement in profitability was seen in all the parent's business segments, but a considerable contribution was given by the German subsidiaries, which zeroed the operating loss recorded in the first nine months of 2016.

Net financial expense decreased to €1.4 million from €2.6 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 on 30 May 2016.

The profit before taxes amounts to €0.9 million compared to €21.1 million for the nine months ended 30 September 2016 (equal to the profit for the period) while the profit for the period came to €0.5 million.

The Group's net financial position came to €14.1 million compared to net financial debt of €17.7 million at 31 December 2016 (net financial debt of €24.8 million at 30 September 2016). The €31.8 million improvement is the result of the extinguishment of the loan of €16 million due to the ultimate parent, PF Holdings B.V. (Mahindra Group), which used that amount to partially pay its subscribed portion of newly-issued shares, the proceeds of roughly €10.6 million from the subscription of newly-issued shares and changes in working capital (approximately €5.2 million).

The Group's equity rose from €30.5 million at 31 December 2016 to €57.8 million at the reporting date, principally due to the parent's capital increase completed and the profit for the period.

The headcount increased by 2.7% (16 units) from 589 at 30 September 2016 to 605, principally involving the parent and the Chinese subsidiary.

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.. Segment revenue came to €8 million, in line with the first nine months of 2016.

Segment EBIT improved to a negative €3.4 million from the €3.6 million operating loss in the corresponding period of the previous year.

Services segment

This segment, comprising the design and engineering businesses, recognised revenue of €54.1 million, up 24% compared to the first nine months of 2016 (€43.7 million), principally due to the engineering activities carried out in Italy.

Segment EBIT is positive by €5.7 million, compared to an operating profit of €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 12 and 59 hereof.
- 2) The Group has no past-due liabilities (of a commercial, financial, tax or social security nature). No actions against the Group have been filed by creditors.
- 3) The Group's and parent's related party transactions are respectively detailed on pages 49 and 62 hereof.
- 4) Under the existing Rescheduling Agreement, there is just one financial covenant, to be checked quarterly beginning from 31 March 2018: consolidated equity at a minimum level of €30,000,000.
- 5) The parent's debt restructuring plan is proceeding in accordance with the current agreements.
- 6) Implementation of the business plan approved by the board of directors on 27 November 2015 continues as forecast.

Events after the reporting period

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

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 and completed on 11 July 2017.

13 November 2017

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

Group companies

Pininfarina S.p.A.

€'million	30.09.2017	30.09.2016	Variation	31.12.2016
Revenue	37.1	27.5	9.6	
EBIT	1.2	(2.2)	3.4	
Profit for the period	0.5	23.7	(23.2)	
Net financial position (debt)	11.2	(26.8)	38.0	(22.7)
Equity	59.5	32.2	27.3	32.0
Number of employees at the reporting date	292	280	12	278

Pininfarina Extra Group

€'million	30.09.2017	30.09.2016	Variation	31.12.2016
Revenue	6.1	5.8	0.3	
EBIT	1.2	0.9	0.3	
Profit for the period	1.0	0.8	0.2	
Net financial position	3.7	2.6	1.1	3.4
Equity	6.6	6.3	0.3	6.4
Number of employees at the reporting date	39	42	(3.0)	39

Pininfarina Deutschland Group

€'million	30.09.2017	30.09.2016	Variation	31.12.2016
Revenue	16.7	17.2	(0.5)	
EBIT	(0.4)	(1.7)	1.3	
Loss for the period	(0.4)	(1.7)	1.3	
Net financial position (debt)	(1.1)	(1.0)	(0.1)	0.7
Equity	18.2	18.9	(0.7)	18.6
Number of employees at the reporting date	243	247	(4)	238

Pininfarina Automotive Engineering Shanghai Co Ltd

€'million	30.09.2017	30.09.2016	Variation	31.12.2016
Revenue	2.9	2.1	0.8	
EBIT	0.3	0.2	0.1	
Profit for the period	0.2	0.2	0.0	
Net financial position	0.2	0.5	(0.3)	1.0
Equity	0.8	0.6	0.2	0.7
Number of employees at the reporting date	31	20	11	23

Reclassified income statement

(€'000)

	Nine months ended					2016
	30.09.2017	%	30.09.2016	%	Variation	
Revenue from sales and services	55,212	88.91	46,628	90.23	8,584	62,660
Change in inventories and contract work in progress	1,343	2.16	(2,089)	(4.04)	3,432	(4,018)
Other revenue and income	5,546	8.93	7,137	13.81	(1,591)	10,227
Revenue	62,101	100.00	51,676	100.00	10,425	68,869
Net gains on the sale of non-current assets	1	-	-	-	1	14
Materials and services (*)	(24,554)	(39.54)	(19,552)	(37.84)	(5,002)	(24,840)
Change in raw materials	69	0.11	76	0.15	(7)	54
Value added	37,617	60.57	32,200	62.31	5,417	44,097
Labour cost (**)	(33,023)	(53.18)	(32,380)	(62.66)	(643)	(43,231)
EBITDA	4,594	7.39	(180)	(0.35)	4,774	866
Amortisation and depreciation	(2,281)	(3.67)	(2,385)	(4.62)	104	(3,143)
(Additions to)/utilisation of provisions and impairment losses	(12)	(0.02)	(233)	(0.45)	221	(601)
EBIT	2,301	3.70	(2,798)	(5.42)	5,099	(2,878)
Net financial expense	(1,396)	(2.25)	(2,620)	(5.07)	1,224	(3,074)
Gain on the extinguishment of financial liabilities	-	-	26,459	51.20	(26,459)	26,459
Share of profit of equity-accounted investees	10	0.02	16	0.03	(6)	14
Profit before taxes	915	1.47	21,057	40.74	(20,142)	20,521
Income taxes	(419)	(0.67)	0	0.00	(419)	10
Profit for the period/year	496	0.80	21,057	40.74	(20,561)	20,531

(*) **Materials and services** are net of utilisations of the provisions for product warranty and risks (€8.6 thousand and €1.3 thousand for the first nine months of 2016 and 2017, respectively).

(**) **Labour cost** is net of utilisations of the restructuring provision (€699 thousand and €6.9 thousand for the first nine 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)

	30.09.2017	31.12.2016	Variation	30.09.2016
Net non-current assets (A)				
Net intangible assets	1,671	1,809	(138)	1,890
Net property, plant and equipment and investment property	49,443	50,111	(668)	50,281
Equity investments	347	337	10	339
Total A	51,461	52,257	(796)	52,510
Working capital (B)				
Inventories	3,150	1,749	1,401	3,694
Net trade receivables and other assets	20,214	18,376	1,838	27,915
Deferred tax assets	969	1,002	(33)	938
Trade payables	(19,148)	(12,925)	(6,223)	(14,849)
Provisions for risks and charges	(405)	(421)	16	(507)
Other liabilities (*)	(7,704)	(6,981)	(723)	(9,258)
Total B	(2,924)	800	(3,724)	7,933
Net invested capital (C=A+B)	48,537	53,057	(4,520)	60,443
Post-employment benefits (D)	4,788	4,927	(139)	5,039
Net capital requirements (E=C-D)	43,749	48,130	(4,381)	55,404
Equity (F)	57,813	30,464	27,349	30,644
Net financial (position) debt (G)				
Non-current loans and borrowings	27,290	25,997	1,293	28,948
Net current financial position	(41,354)	(8,331)	(33,023)	(4,188)
Total G	(14,064)	17,666	(31,730)	24,760
Total as in E (H=F+G)	43,749	48,130	(4,381)	55,404

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

Net financial position

(€'000)

	30.09.2017	31.12.2016	Variation	30.09.2016
Cash and cash equivalents	44,782	27,783	16,999	20,262
Current assets held for trading	-	-	-	-
Current finance lease liabilities	-	-	-	-
Loans and borrowings - related parties and joint ventures	-	(16,024)	16,024	(16,014)
Current portion of bank loans and borrowings	(3,428)	(3,428)	-	(60)
Net current financial position	41,354	8,331	33,023	4,188
Non-current loans and receivables - third parties	-	-	-	-
Non-current loans and receivables - related parties	133	134	(1)	133
Non-current held-to-maturity investments	-	-	-	-
Non-current finance lease liabilities	-	-	-	-
Non-current bank loans and borrowings	(27,423)	(26,131)	(1,292)	(29,081)
Non-current loans and borrowings	(27,290)	(25,997)	(1,293)	(28,948)
NET FINANCIAL POSITION (DEBT)	14,064	(17,666)	31,730	(24,760)

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

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

	Profit for the period		Equity	
	Nine months ended	Nine months ended	30.09.2017	30.09.2016
	30.09.2017	30.09.2016		
Pininfarina S.p.A.'s interim separate financial statements	458,388	23,723,268	59,473,936	32,169,451
- Subsidiaries' contribution	745,551	(751,766)	4,034,646	4,163,557
- 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	10,086	16,286	10,086	16,286
Condensed interim consolidated financial statements	496,225	21,056,588	57,813,112	30,643,738

Net financial position (Consob)
(CESR recommendations no. 05-04b – EU Regulation no. 809/2004)
(€'000)

	30.09.2017	31.12.2016	Variation	30.09.2016
A. Cash	(44,782)	(27,783)	(16,999)	(20,262)
B. Other cash equivalents	-	-	-	-
C. Securities held for trading	-	-	-	-
D. Total cash and cash equivalents (A.)+(B.)+(C.)	(44,782)	(27,783)	(16,999)	(20,262)
E. Current loan assets	-	-	-	-
F. Current bank loans and borrowings	-	-	-	-
<i>Current portion of secured bank loans</i>	60	60	-	-
<i>Current portion of unsecured bank loans</i>	3,368	3,368	-	60
G. Current portion of non-current debt	3,428	3,428	-	60
H. Other current loans and borrowings	-	16,024	(16,024)	16,014
I. Current financial debt (F.)+(G.)+(H.)	3,428	19,452	(16,024)	16,074
J. Net current financial position	(41,354)	(8,331)	(33,023)	(4,188)
<i>Non-current portion of secured bank loans</i>	165	210	(45)	285
<i>Non-current portion of unsecured bank loans</i>	27,258	25,921	1,337	28,796
K. Non-current bank loans and borrowings	27,423	26,131	1,292	29,081
L. Bonds issued	-	-	-	-
M. Other non-current loans and borrowings	-	-	-	-
N. Net non-current financial debt (K.)+(L.)+(M.)	27,423	26,131	1,292	29,081
O. Net financial (position) debt (J+N)	(13,931)	17,800	(31,731)	24,893

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 as follows: at 30 September 2017: €133 thousand; 31 December 2016: €134 thousand; 30 September 2016: €133 thousand.

Pininfarina Group

**Condensed interim consolidated financial statements
as at and for the nine months ended 30 September 2017**

Statement of financial position

	Note	30.09.2017	31.12.2016
Land and buildings	1	35,269,742	35,965,549
Land		7,655,314	7,655,314
Buildings		27,614,428	28,310,235
Leased property		-	-
Plant and machinery	1	4,264,292	3,739,856
Machinery		861,346	391,600
Plant		3,402,946	3,348,256
Leased machinery and equipment		-	-
Furniture, fixtures and other assets	1	2,066,162	2,289,483
Furniture and fixtures		884,005	941,196
Hardware and software		685,855	785,390
Other assets, including vehicles		496,302	562,897
Assets under construction	1	-	-
Property, plant and equipment		41,600,196	41,994,888
Investment property	2	7,843,013	8,116,293
Goodwill	3	1,043,495	1,043,495
Licences and trademarks	3	547,761	675,921
Other	3	79,984	89,438
Intangible assets		1,671,240	1,808,854
Associates	4	95,008	84,922
Joint ventures		-	-
Other companies	5	252,017	252,017
Equity investments		347,025	336,939
Deferred tax assets	16	968,768	1,001,766
Held-to-maturity investments		-	-
Loans and receivables	6	132,990	133,997
Third parties		-	-
Related parties		132,990	133,997
Available-for-sale financial assets		-	-
Non-current financial assets		132,990	133,997
TOTAL NON-CURRENT ASSETS		52,563,232	53,392,737
Raw materials		184,915	116,011
Work in progress		-	-
Finished goods		332,492	214,377
Inventories	7	517,407	330,388
Contract work in progress	8	2,632,353	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	13,505,097	12,803,047
Third parties		12,834,358	12,406,317
Related parties		670,739	396,730
Other assets	10	6,708,506	5,572,480
Trade receivables and other assets		20,213,603	18,375,527
Cash in hand and cash equivalents		20,604	8,137
Short-term bank deposits		44,761,850	27,775,232
Cash and cash equivalents	11	44,782,454	27,783,369
TOTAL CURRENT ASSETS		68,145,817	47,907,986
TOTAL ASSETS		120,709,049	101,300,723

Statement of financial position

	Note	30.09.2017	31.12.2016
Share capital	12	54,271,170	30,150,694
Share premium reserve	12	2,053,660	-
Reserve for treasury shares	12	175,697	175,697
Legal reserve	12	6,033,331	6,033,331
Stock option reserve	12	985,919	157,793
Translation reserve	12	(33,402)	124,112
Other reserves	12	2,646,208	2,646,208
Losses carried forward	12	(8,815,696)	(29,354,877)
Profit for the period/year	12	496,225	20,531,208
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		57,813,112	30,464,166
Equity attributable to non-controlling interests		-	-
EQUITY		57,813,112	30,464,166
Finance lease liabilities		-	-
Other loans and borrowings		27,423,465	26,130,952
Third parties		27,423,465	26,130,952
Related parties		-	-
Non-current loans and borrowings	13	27,423,465	26,130,952
Deferred tax liabilities	16	974	974
Italian post-employment benefits		4,788,394	4,926,779
Other		-	-
Post-employment benefits		4,788,394	4,926,779
TOTAL NON-CURRENT LIABILITIES		32,212,833	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		3,408,993	2,228,912
Social security charges payable		633,538	1,341,011
Other		1,109,498	1,396,651
Other financial liabilities	14	5,152,029	4,966,574
Third parties		9,484,708	6,910,250
Related parties		494,681	-
Advances for contract work in progress		9,168,598	6,014,357
Trade payables	14	19,147,987	12,924,607
Direct tax liabilities		-	-
Other tax liabilities		681,265	616,440
Current tax liabilities	16	681,265	616,440
Derivatives		-	-
Provision for product warranty		53,243	54,525
Restructuring provision		231,224	238,195
Other provisions		120,324	128,068
Provisions for risks and charges	15	404,791	420,788
Third parties		619,418	1,397,829
Related parties		1,250,000	-
Other liabilities	14	1,869,418	1,397,829
TOTAL CURRENT LIABILITIES		30,683,104	39,777,852
TOTAL LIABILITIES		62,895,937	70,836,557
TOTAL LIABILITIES AND EQUITY		120,709,049	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 €122,546 and €34,500 relating to Pininfarina S.p.A. and Pininfarina Extra, respectively.

Income statement

	Note	Nine months ended 30.09.2017	of which: related parties	Nine months ended 30.09.2016	of which: related parties
Revenue from sales and services	17	55,211,792	3,583,183	46,627,830	26,083
Internal work capitalised		-		-	
Change in inventories and contract work in progress		1,343,297		(2,088,372)	
Change in contract work in progress		1,225,182		(1,968,673)	
Change in finished goods and work in progress		118,115		(119,699)	
Other revenue and income	18	5,545,633	3,774,000	7,136,675	4,285,260
Revenue		62,100,722	7,357,183	51,676,133	4,311,343
Gains on sale of non-current assets and equity investments		500	-	393	-
<i>Gain on sale of equity investments</i>		-		-	
Raw materials and components	19	(5,935,114)		(3,751,349)	
Change in raw materials		68,903		75,721	
Inventory write-downs		-		-	
Raw materials and consumables		(5,866,211)	-	(3,675,628)	-
Consumables		(1,139,688)		(579,693)	
External maintenance		(941,775)		(1,129,598)	
Other variable production costs		(2,081,463)	-	(1,709,291)	-
External variable engineering services	20	(7,017,457)	(565,304)	(3,986,640)	-
Blue collars, white collars and managers		(32,157,551)		(31,518,338)	
Independent contractors and temporary workers		-		-	
Social security contributions and other post-employment benefits		(865,921)		(861,591)	
Wages, salaries and employee benefits	21	(33,023,472)	-	(32,379,929)	-
Depreciation of property, plant and equipment and investment property		(1,958,513)		(1,938,262)	
Amortisation of intangible assets		(322,052)		(447,082)	
Losses on sale of non-current assets and equity investments		-		-	
(Additions to)/utilisation of provisions and impairment losses	22	(12,062)		(232,632)	
Amortisation, depreciation and impairment losses		(2,292,627)	-	(2,617,976)	-
Net exchange rate losses		(130,095)		(81,107)	
Other expenses	23	(9,388,350)	-	(10,023,999)	(400,000)
Operating profit (loss)		2,301,547	6,791,879	(2,798,044)	3,911,343
Net financial expense	24	(1,409,807)	(16,899)	(2,634,880)	(6,166)
Gain on the extinguishment of financial liabilities		-		26,458,885	
Dividends		13,309		14,561	
Share of profit of equity-accounted investees		10,086		16,286	
Profit before taxes		915,135	6,774,980	21,056,808	3,905,178
Income taxes	16	(418,910)		(220)	
Profit for the period		496,225	6,774,980	21,056,588	3,905,178
Of which:					
- Profit for the period attributable to the owners of the parent		496,225		21,056,588	
- Profit for the period attributable to non-controlling interests		-		-	
Basic/diluted earnings per share:					
- Profit for the period attributable to the owners of the parent		496,225		21,056,588	
- Number of ordinary shares, net		54,271,170		30,150,694	
- Basic/diluted earnings per share		0.01		0.70	

Statement of comprehensive income

	Nine months ended 30.09.2017	Nine months ended 30.09.2016
Profit for the period	496,225	21,056,588
Other comprehensive expense:		
Items that will not be reclassified to profit or loss:		
- Actuarial gains (losses) on defined benefit plans - IAS 19	8,242	(208,913)
- Income taxes	(269)	9,963
- Other	-	-
Total items of other comprehensive expense that will not be reclassified to profit or loss, net of tax effect:	7,973	(198,950)
Items that will or may be subsequently reclassified to profit or loss:		
- Losses from translation of financial statements of foreign operations - IAS 21	(157,514)	(43,628)
- Other	-	-
Total items of other comprehensive expense that will be subsequently reclassified to profit or loss, net of tax effect:	(157,514)	(43,628)
Total other comprehensive expense, net of tax effect	(149,541)	(242,578)
Comprehensive income	346,684	20,814,010
Of which:		
- Comprehensive income attributable to the owners of the parent	346,684	20,814,010
- Comprehensive income attributable to non-controlling interests	-	-
Of which:		
- Comprehensive income from continuing operations	346,684	20,814,010
- Comprehensive income 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	Proceeds from the issue of shares	Capital increase transaction costs	30.09.2016
Share capital	30,150,694	-	-	-	-	-	30,150,694
Share premium reserve	-	-	-	-	-	-	-
Reserve for treasury shares	175,697	-	-	-	-	-	175,697
Legal reserve	6,033,331	-	-	-	-	-	6,033,331
Stock option reserve	-	-	-	-	-	-	-
Translation reserve	115,171	(43,628)	-	-	-	-	71,543
Other reserves	2,646,208	-	-	-	-	-	2,646,208
Losses carried forward	(11,122,698)	(198,950)	-	(18,168,675)	-	-	(29,490,323)
Profit (loss) for the period/year	(18,168,675)	21,056,588	-	18,168,675	-	-	21,056,588
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	9,829,728	20,814,010	-	-	-	-	30,643,738
Equity attributable to non-controlling interests	-	-	-	-	-	-	-
EQUITY	9,829,728	20,814,010	-	-	-	-	30,643,738

	31.12.2016	Comprehensive income	Stock option reserve	Allocation of prior year profit	Proceeds from the issue of shares	Capital increase transaction costs	30.09.2017
Share capital	30,150,694	-	-	-	24,120,476	-	54,271,170
Share premium reserve	-	-	-	-	2,412,047	(358,387)	2,053,660
Reserve for treasury shares	175,697	-	-	-	-	-	175,697
Legal reserve	6,033,331	-	-	-	-	-	6,033,331
Stock option reserve	157,793	-	828,126	-	-	-	985,919
Translation reserve	124,112	(157,514)	-	-	-	-	(33,402)
Other reserves	2,646,208	-	-	-	-	-	2,646,208
Losses carried forward	(29,354,877)	7,973	-	20,531,208	-	-	(8,815,696)
Profit for the period/year	20,531,208	496,225	-	(20,531,208)	-	-	496,225
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	30,464,166	346,684	828,126	-	26,532,523	(358,387)	57,813,112
Equity attributable to non-controlling interests	-	-	-	-	-	-	-
EQUITY	30,464,166	346,684	828,126	-	26,532,523	(358,387)	57,813,112

Statement of cash flows

	Nine months ended 30.09.2017	Nine months ended 30.09.2016
Profit for the period/year	496,225	21,056,588
<i>Adjustments:</i>		
- Income taxes	418,910	220
- Depreciation of property, plant and equipment and investment property	1,958,513	1,938,262
- Amortisation of intangible assets	322,052	447,082
- Impairment losses, provisions and change in accounting estimates	(843,511)	(917,055)
- Gains on the sale of non-current assets	(500)	(393)
- Financial expense	1,511,452	2,769,150
- Financial income	(181,171)	(134,270)
- Dividends	-	-
- Share of profit of equity-accounted investees	(10,086)	(16,286)
- Other adjustments	758,493	(26,386,801)
Total adjustments	3,934,152	(22,300,091)
<i>Change in working capital:</i>		
- (Increase)/decrease in inventories	(169,253)	242,008
- (Increase)/decrease in contract work in progress	(1,213,651)	1,983,604
- Increase in trade receivables and other assets	(892,702)	(4,740,018)
- Increase in trade receivables from related parties and joint ventures	(274,009)	(1,013,055)
- Increase in trade payables, other financial liabilities and other liabilities	2,873,115	3,295,798
- Increase/(decrease) in trade payables to related parties and joint ventures	494,681	(15,135)
- Increase in advances for contract work in progress and deferred income	3,154,241	1,828,573
- Other changes	-	-
Total changes in working capital	3,972,422	1,581,775
Gross cash flows from operating activities	8,402,799	338,272
- Interest expense	(154,050)	(282,028)
- Income taxes	(55,359)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	8,193,390	56,244
- Purchases of non-current assets and equity investments	(1,613,623)	(1,014,548)
- 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	-	16,000,000
- Increase in loans and receivables - related parties and joint ventures	-	-
- Repayment of loans and receivables - third parties	-	-
- Repayment of loans and receivables - related parties and joint ventures	3,997	144,002
- Proceeds from the sale of current assets held for trading	-	16,359,251
- Financial income	98,273	54,574
- Dividends collected	-	-
- Other changes	(127,086)	(256,855)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	(1,637,939)	31,363,006
- Proceeds from the issue of shares	10,488,634	-
- Increase in finance lease liabilities and other loans and borrowings - third parties	-	-
- Increase in other loans and borrowings - related parties and joint ventures	-	-
- Repayment of finance lease liabilities and other loans and borrowings - third parties	(45,000)	(32,153,413)
- Repayment of other loans and borrowings - related parties and joint ventures	-	-
- Dividends paid	-	-
- Other changes/Other non-cash items	-	-
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	10,443,634	(32,153,413)
TOTAL CASH FLOWS	16,999,085	(734,163)
Opening net cash and cash equivalents	27,783,369	20,995,697
Net cash and cash equivalents of companies that left the consolidation scope	-	-
Closing net cash and cash equivalents	44,782,454	20,261,534
<i>Of which:</i>		
- Cash and cash equivalents	44,782,454	20,261,534
- Bank overdrafts	-	-

Pursuant to Consob resolution no. 15519 of 27 July 2006, the impact of transactions with related parties, which are those 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, 13 and 14 to the condensed interim consolidated financial statements.

Income statement for the third quarter

	Q3 2017	Q3 2016
Revenue from sales and services	20,665,535	14,132,613
Internal work capitalised	-	-
Change in inventories and contract work in progress	(79,486)	504,812
Change in contract work in progress	34,411	454,006
Change in finished goods and work in progress	(113,897)	50,806
Other revenue and income	1,887,691	3,052,977
Revenue	22,473,740	17,690,402
Gains on sale of non-current assets and equity investments	-	-
<i>Gain on sale of equity investments</i>	-	-
Raw materials and components	(2,315,973)	(1,464,107)
Change in raw materials	(7,155)	(21,402)
Inventory write-downs	-	-
Raw materials and consumables	(2,323,128)	(1,485,509)
Consumables	(188,419)	(119,421)
External maintenance	(371,190)	(386,135)
Other variable production costs	(559,609)	(505,555)
External variable engineering services	(3,310,130)	(1,267,698)
Blue collars, white collars and managers	(10,631,322)	(10,336,100)
Independent contractors and temporary workers	-	-
Social security contributions and other post-employment benefits	(310,051)	(310,398)
Wages, salaries and employee benefits	(10,941,373)	(10,646,498)
Depreciation of property, plant and equipment and investment property	(656,964)	(644,342)
Amortisation of intangible assets	(109,831)	(127,100)
Losses on sale of non-current assets and equity investments	-	-
(Additions to)/utilisation of provisions and impairment losses	198	(328,372)
Amortisation, depreciation and impairment losses	(766,597)	(1,099,814)
Net exchange rate losses	(83,595)	(21,992)
Other expenses	(2,844,356)	(3,038,096)
Operating profit (loss)	1,644,952	(374,761)
Net financial expense	(423,897)	(476,064)
Gain on the extinguishment of financial liabilities	-	-
Dividends	13,309	-
Share of profit of equity-accounted investees	2,936	3,143
Profit (loss) before taxes	1,237,300	(847,682)
Income taxes	(137,513)	86,830
Profit (loss) for the period	1,099,787	(760,852)

Statement of comprehensive income for the third quarter

	Q3 2017	Q3 2016
Profit (loss) for the period	1,099,787	(760,852)
Other comprehensive income (expense):		
Items that will not be reclassified to profit or loss:		
- Actuarial gains (losses) on defined benefit plans - IAS 19	(37,076)	21,202
- Income taxes	2,985	(1,669)
- Other	-	-
Total items of other comprehensive income (expense) that will not be reclassified to profit or loss, net of tax effect:	(34,091)	19,533
Items that will or may be subsequently reclassified to profit or loss:		
- Losses from translation of financial statements of foreign operations - IAS 21	(43,650)	(7,099)
- Other	-	-
Total items of other comprehensive income (expense) that will be subsequently reclassified to profit or loss, net of tax effect:	(43,650)	(7,099)
Total other comprehensive income (expense), net of tax effect	(77,741)	12,434
Comprehensive income (expense)	1,022,046	(748,418)
Of which:		
- Comprehensive income (expense) attributable to the owners of the parent	1,022,046	(748,418)
- Comprehensive income (expense) attributable to non-controlling interests	-	-
Of which:		
- Comprehensive income (expense) from continuing operations	1,022,046	(748,418)
- Comprehensive income (expense) from discontinued operations	-	-

Notes to the condensed interim consolidated financial statements

GENERAL INFORMATION

Foreword

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

Pininfarina S.p.A., the Group’s parent, is listed on the Italian Stock Exchange. Its registered office is in Via Bruno Buozzi 6, Turin. Market investors own 23.82% of its share capital, with the remaining 76.18% held by the following shareholders:

- PF Holdings BV 76.15%;
- treasury shares held by Pininfarina S.p.A. 0.03%.

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 13 November 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 are the same as those of the parent. They include the following schedules:

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

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

In accordance with IAS 34 - Interim Financial Reporting, the notes to the condensed interim consolidated financial statements are presented in a condensed format and do not include all the disclosure required for annual financial statements, since they cover only those items that, because of their amount, composition or change, are deemed essential to understand the Group’s financial performance, financial position and cash flows. Consequently, these condensed interim consolidated financial statements should be read in conjunction with the 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 12 of the directors' report);
- the effects of non-recurring events or transactions, i.e., those transactions or events that are not repeated frequently in the normal course of business (pages 50 and 51).

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

Basis of preparation

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

These condensed interim consolidated financial statements at 30 September 2017 comply with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. They are also consistent with the regulations enacted to implement article 9 of Legislative decree no. 38/2005.

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

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

The accounting policies adopted to prepare these condensed interim consolidated financial statements at 30 September 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.

Post-employment benefits at 30 September 2017 have been measured prospectively.

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 on or 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 with a project that will be completed at the end of 2017. Based on 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 to 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 have 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	30.09.2017	Nine months ended 30.09.2017	30.09.2016	Nine months ended 30.09.2016
US dollar - USD	1.18	1.11	1.12	1.12
Chinese renminbi (yuan) - CNY	7.86	7.58	7.45	7.35

(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 30.09.2017	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	-	-		132,990	-	132,990	133,997
Assets held for trading	-	-	Level 1	-	-	-	-
Trade receivables and other assets	-	-		20,213,603	-	20,213,603	18,375,527
Liabilities:							
Finance lease liabilities	-	-		-	-	-	-
Other loans and borrowings	-	-		30,851,079	-	30,851,079	45,582,566
Trade payables and other liabilities	-	-		20,257,485	-	20,257,485	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:

	30.09.2017	%	31.12.2016	%
- Fixed rate	30,626,079	99.3%	29,288,566	99.1%
- Variable rate	225,000	0.7%	270,000	0.9%
Gross financial debt with third parties	30,851,079	100.0%	29,558,566	100.0%

Due to the new structure of the interest rates on the medium to long-term financing that, at variable rates, accounts for 0.7% 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 30.09.2017	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	30,851,079	41,401,787	3,427,614	14,393,166	23,581,007

The Group holds net cash and cash equivalents totalling €44.8 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 nine months ended 30 September 2017 and 2016 is set out below. Amounts are in thousands of Euros.

	Nine months ended 30 September 2017			Nine months ended 30 September 2016		
	Operations	Design & engineering		Operations	Design & engineering	
		A	B		A	B
Revenue (Intra-segment revenue)	8,306 (266)	54,443 (382)	62,749 (648)	8,327 (308)	44,213 (556)	52,540 (864)
Revenue - third parties	8,040	54,061	62,101	8,019	43,656	51,676
Operating profit (loss)	(3,391)	5,692	2,301	(3,578)	780	(2,798)
Net financial expense			(1,396)			(2,620)
Gain on the extinguishment of financial liabilities			-			26,459
Dividends			-			-
Share of profit of equity-accounted investees	-	10	10	-	16	16
Profit before taxes	-	-	915	-	-	21,057
Income taxes	-	-	(419)	-	-	-
Profit from continuing operations	-	-	496	-	-	21,057
Profit (loss) from discontinued operations	-	-	-	-	-	-
Profit for the period	-	-	496	-	-	21,057
<i>Other information required by IFRS 8:</i>						
- Amortisation and depreciation	(1,240)	(1,041)	(2,281)	(1,190)	(1,195)	(2,385)
- Impairment losses	-	(20)	(20)	-	(233)	(233)
- Provisions/change in accounting estimates	-	8	8	-	-	-
- 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 sales by geographical segment is provided below:

	Nine months ended 30.09.2017	Nine months ended 30.09.2016
Italy	10,506	7,669
EU	20,230	24,756
Non-EU countries	24,476	14,203
Revenue from sales and services	55,212	46,628

NOTES TO THE CAPTIONS

1. Property, plant and equipment

The carrying amount of property, plant and equipment at 30 September 2017 decreased to €41.6 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.

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
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	-	169,321	169,321
Disposals: Historical cost	-	-	-
Disposals: Acc. depreciation and imp. losses	-	-	-
Depreciation	-	(864,296)	(864,296)
Impairment losses	-	-	-
Reclassifications	-	-	-
Other changes	-	(832)	(832)
Carrying amount at 30 September 2017	7,655,314	27,614,428	35,269,742

Of which:

Historical cost	12,291,743	64,625,390	76,917,133
Accumulated depreciation and impairment losses	(4,636,429)	(37,010,962)	(41,647,391)

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	513,230	444,912	958,142
Disposals: Historical cost	-	-	-
Disposals: Acc. depreciation and imp. losses	-	-	-
Depreciation	(43,484)	(390,222)	(433,706)
Impairment losses	-	-	-
Reclassifications	-	-	-
Other changes	-	-	-
Carrying amount at 30 September 2017	861,346	3,402,946	4,264,292
<i>Of which:</i>			
Historical cost	5,886,546	83,868,788	89,755,334
Accumulated depreciation and impairment losses	(5,025,200)	(80,465,842)	(85,491,042)

Plant and machinery at 30 September 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	69,765	231,957	-	301,722
Disposals: Historical cost	-	(924,348)	-	(924,348)
Disposals: Acc. depreciation and imp. losses	-	827,117	-	827,117
Depreciation	(118,920)	(213,242)	(55,069)	(387,231)
Impairment losses	-	-	-	-
Reclassifications	(8,370)	(27,294)	(14,538)	(50,202)
Other changes	334	6,275	3,012	9,621
Carrying amount at 30 September 2017	884,005	685,855	496,302	2,066,162
<i>Of which:</i>				
Historical cost	3,568,590	5,598,771	952,268	10,119,629
Accumulated depreciation and impairment losses	(2,684,585)	(4,912,916)	(455,966)	(8,053,467)

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 (€225,000).

	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	-	(273,280)	(273,280)
Impairment losses	-	-	-
Reclassifications	-	-	-
Other changes	-	-	-
Carrying amount at 30 September 2017	5,807,378	2,035,635	7,843,013
<i>Of which:</i>			
Historical cost	5,807,378	12,226,555	18,033,933
Accumulated depreciation and impairment losses	-	(10,190,920)	(10,190,920)

3. Intangible assets

The carrying amount of intangible assets at 30 September 2017 decreased to €1.7 million from €1.8 million at 31 December 2016.

	Goodwill	Licences	Other	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. losse	-	-	-	-
Additions	-	169,441	14,997	184,438
Disposals: Historical cost	-	-	-	-
Disposals: Acc. amortisation and imp. losses	-	-	-	-
Amortisation	-	(297,601)	(24,451.00)	(322,052)
Impairment losses	-	-	-	-
Reclassifications	-	-	-	-
Other changes	-	-	-	-
Carrying amount at 30 September 2017	1,043,495	547,761	79,984	1,671,240
<i>Of which:</i>				
Historical cost	1,043,495	6,011,074	2,180,867	9,235,436
Accumulated amortisation and impairment losses	-	(5,463,313)	(2,100,883)	(7,564,196)

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 €10,086. 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:

	30.09.2017
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	Impairment losses	30.09.2017
Goodmind S.r.l.	133,997	-	2,990	(3,997)	-	132,990
Loans and receivables - related parties	133,997	-	2,990	(3,997)	-	132,990

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:

	30.09.2017	31.12.2016
Raw materials	545,103	493,965
Allowance for inventory write-down	(360,188)	(377,954)
Finished goods	332,492	214,377
Allowance for inventory write-down	-	-
Inventories	517,407	330,388

	Nine months ended 30.09.2017		Nine months ended 30.09.2016	
	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	(17,766)	-	(37,066)	(183,808)
Other changes	-	-	(106,035)	106,035
Closing balance	360,188	-	377,954	-

The allowance for raw material 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 September 2017 and 31 December 2016:

	30.09.2017	31.12.2016
Italy	2,446,403	2,713,055
EU	5,231,735	6,782,867
Non-EU countries	5,604,386	4,029,925
(Allowance for impairment)	(448,166)	(1,119,529)
Third parties	12,834,358	12,406,317
Goodmind S.r.l.	-	-
Mahindra&Mahindra Group	379,710	361,500
Tech Mahindra Group	291,029	35,230
Ssangyong Motor Company	-	-
Related parties	670,739	396,730
Trade receivables	13,505,097	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:

	Nine months ended	
	30.09.2017	30.09.2016
Opening balance	1,119,529	542,453
Additions	9,117	681,917
Utilisations	(680,480)	(115,863)
Other changes	-	11,022
Closing balance	448,166	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 September 2017 and 31 December 2016:

	30.09.2017	31.12.2016
VAT	2,935,996	2,642,667
Withholding taxes	2,608,091	1,901,056
Prepayments and accrued income	772,857	609,589
Advances to suppliers	173,742	37,942
Amounts due from INAIL (the Italian Workers' Compensation Authority) and INPS (the Italian social security institution)	47,407	166,461
Amounts due from employees	937	16,707
Other	169,476	198,059
Other assets	6,708,506	5,572,480

The VAT asset is mainly attributable to the parent.

11. Cash and cash equivalents

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

	30.09.2017	31.12.2016
Cash in hand and cash equivalents	20,604	8,137
Short-term bank deposits	44,761,850	27,775,232
Cash and cash equivalents	44,782,454	27,783,369
(Bank overdrafts)	-	-
Net cash and cash equivalents	44,782,454	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

	30.09.2017		31.12.2016	
	Nominal amount	No.	Nominal amount	No.
Ordinary shares	54,287,128	54,287,128	30,166,652	30,166,652
(Treasury shares)	(15,958)	(15,958)	(15,958)	(15,958)
Share capital	54,271,170	54,271,170	30,150,694	30,150,694

The parent's share capital is comprised of 54,287,128 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 increase in the number of shares compared to 31 December 2016 is the result of the parent's capital increase, which may be summarised as follows:

	Options	Shares	Nominal amount	Share capital	Share premium	Share premium reserve
Pre-increase balance		Total shares	30,166,652	1.00	30,166,652	
		Treasury shares	(15,958)	1.00	(15,958)	
			30,150,694	1.00	30,150,694	
Number of approved new shares		24,120,480				
Offering ratio		Old shares	5			
		New shares	4			
			0.8			
Options granted*	30,150,600	24,120,480				
Capital increase (portion offered in option)	30,051,515	24,041,212	1.00	24,041,212	0.1	2,404,121
Capital increase (portion offered to the market)	99,080	79,264	1.00	79,264	0.1	7,926
Total new share capital		54,271,170		54,271,170		2,412,047

* Old shares net of treasury shares and 94 unexercised options

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 made available during 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) Share premium reserve

This reserve was recognised following the parent's capital increase that provided for a €0.10 premium per share, totalling €2,412,047, net of transaction costs of €358,387.

(c) 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.

(d) 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.

(e) 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: €828,126
8. Carrying amount at the reporting date: €985,919

(f) 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..

(g) Other reserves

Other reserves are unchanged from the previous year end.

(h) Losses carried forward

Losses carried forward totalled €8,815,696 at the reporting date, down by €20,539,181 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 €7,973.

The table reconciling the parent's profit and equity as at and for the period ended 30 September 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 assistance 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	30.09.2017
Finance lease liabilities	-	-	-	-	-
Other loans and borrowings	26,130,952	1,337,513	-	(45,000)	27,423,465
Non-current portion	26,130,952	1,337,513	-	(45,000)	27,423,465
Bank overdrafts	-	-	-	-	-
Finance lease liabilities	-	-	-	-	-
Other loans and borrowings	3,427,614	-	(45,000)	45,000	3,427,614
Current portion	3,427,614	-	(45,000)	45,000	3,427,614
Current and non-current portions	29,558,566	1,337,513	(45,000)	-	30,851,079

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	30.09.2017
Intesa Sanpaolo S.p.A.	18,959,643	865,824	-	19,825,467
Banca Nazionale del Lavoro S.p.A.	1,116,026	50,965	-	1,166,991
Ubi Banca S.p.A. (formerly Banca Regionale Europea S.p.A.)	4,456,651	203,521	-	4,660,172
Selmabipiemme Leasing S.p.A.	4,756,246	217,203	-	4,973,449
Volksbank Region Leonberg (GER)	270,000	-	(45,000)	225,000
Other loans and borrowings	29,558,566	1,337,513	(45,000)	30,851,079

Other information

The €225,000 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

	30.09.2017	31.12.2016
Third parties	9,484,708	6,910,250
Related parties	494,681	-
Advances for contract work in progress	9,168,598	6,014,357
Trade payables	19,147,987	12,924,607

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

(b) Other financial liabilities

	30.09.2017	31.12.2016
Wages and salaries payable	3,408,993	2,228,912
Social security charges payable	633,538	1,341,011
Other	1,109,498	1,396,651
Other financial liabilities	5,152,029	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	30.09.2017
Provision for product warranty	54,525	-	(1,282)	-	53,243
Restructuring provision	238,195	-	(6,971)	-	231,224
Other provisions	128,068	59,791	(67,535)	-	120,324
Provisions for risks and charges	420,788	59,791	(75,788)	-	404,791

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:

	<u>30.09.2017</u>	<u>31.12.2016</u>
Deferred tax assets	968,768	1,001,766
(Deferred tax liabilities)	(974)	(974)
Net deferred tax assets	967,794	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:

	<u>Nine months ended 30.09.2017</u>	<u>Nine months ended 30.09.2016</u>
Income taxes	(244,221)	-
IRAP (Regional tax on production activities)	(139,861)	(29,799)
Release of/(addition to) prior period provision	(2,962)	18,675
Current taxes	(387,044)	(11,124)
Change in deferred tax assets	(31,866)	-
Change in deferred tax liabilities	-	10,904
Net deferred taxes	(31,866)	10,904
Income taxes	(418,910)	(220)

17. Revenue from sales and services

	Nine months ended 30.09.2017	Nine months ended 30.09.2016
Sales - Italy	640,123	795,686
Sales - EU	1,336,841	997,600
Sales - Non-EU countries	2,965,447	1,922,489
Services - Italy	9,866,192	6,873,163
Services - EU	18,893,263	23,758,817
Services - Non-EU countries	21,509,926	12,280,075
Revenue from sales and services	55,211,792	46,627,830

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

Segment reporting is provided on page 32.

18. Other revenue and income

	Nine months ended 30.09.2017	Nine months ended 30.09.2016
Royalties	3,973,000	4,081,000
Lease income	1,334,455	2,696,906
Prior period income	82,723	139,641
Rebiling	83,148	96,106
Sundry	48,881	66,250
Grants relating to income	21,476	5,469
Insurance compensation	1,950	51,303
Other revenue and income	5,545,633	7,136,675

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.

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

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

19. Raw materials and components

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

20. External variable engineering services

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

21. Wages, salaries and employee benefits

	Nine months ended 30.09.2017	Nine months ended 30.09.2016
Wages and salaries	(26,168,666)	(26,137,750)
Social security contributions	(5,995,857)	(6,079,428)
Independent contractors	-	-
Utilisation of restructuring provision	6,972	698,840
Blue collars, white collars and managers	(32,157,551)	(31,518,338)
Post-employment benefits - defined contribution plan	(865,921)	(861,591)
Wages, salaries and employee benefits	(33,023,472)	(32,379,929)

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

A breakdown of the actual number of employees at 30 September 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:

	30.09.2017		30.09.2016	
	reporting date	average	reporting date	average
Managers	24	23	24	24
White collars	554	536	537	541
Blue collars	27	25	28	28
Total	605	584	589	593

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

22. Additions to/utilisation of provisions and impairment losses

	Nine months ended 30.09.2017	Nine months ended 30.09.2016
Net impairment losses on loans and receivables	(19,806)	(12,514)
Revised estimate of the allowance for impairment	-	(220,538)
Additions to provisions for risks and charges	(59,791)	(104,972)
Utilisation and revised estimates of provisions for risks and charges	67,535	105,392
Additions to/utilisation of provisions and impairment losses	(12,062)	(232,632)

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

	Nine months ended 30.09.2017	Nine months ended 30.09.2016
Travel expenses	(1,167,348)	(1,058,503)
Leases	(1,890,281)	(2,111,357)
Directors' and statutory auditors' fees	(551,329)	(715,606)
Consulting and other services	(2,211,391)	(2,756,286)
Other personnel costs	(741,034)	(614,524)
Postal expenses	(295,212)	(346,182)
Cleaning and waste disposal services	(233,044)	(248,108)
Advertising	(675,961)	(281,044)
Indirect taxes	(563,852)	(546,261)
Insurance	(407,413)	(482,211)
Membership fees	(84,267)	(78,193)
Prior period expense	(9,225)	(11,393)
General services and other expenses	(557,993)	(774,331)
Other expenses	(9,388,350)	(10,023,999)

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

	Nine months ended 30.09.2017	Nine months ended 30.09.2016
Interest and commission expense on credit facilities	(74,111)	(143,095)
Lease interest expense	-	(1,235,609)
Interest expense on loans and financing	(1,417,454)	(1,376,668)
Interest expense on loans from the ultimate parent	(19,889)	(13,778)
Financial expense	(1,511,454)	(2,769,150)
Bank interest income	18,365	52,119
Gains on assets held for trading	-	72,084
Sales of unopted rights	79,908	-
Interest income on loans and receivables - third parties	384	2,455
Interest income on loans and receivables - related parties	2,990	7,612
Financial income	101,647	134,270
Net financial expense	(1,409,807)	(2,634,880)

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

Interest expense on loans and financing of €1,417,454 comprises the effect of amortised-cost accounting (€1,337,515) and interest accrued under the existing Agreement (€78,064). 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.

Sales of unopted rights relates to the sale of 99,080 unexercised options.

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

There are no 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.	-	-	132,990	-	24,000	-	2,990	-
Mahindra&Mahindra Ltd	379,710	-	-	-	5,030,138	-	-	-
Mahindra Graphic Research Design S.r.l.	-	94,385	-	-	-	89,867	-	-
Tech Mahindra Ltd	7,727	351,642	-	-	81,405	397,443	-	-
Tech Mahindra (Shanghai) Co Ltd	282,000	32,589	-	-	1,497,772	32,589	-	-
Tech Mahindra GmbH	1,302	16,065	-	-	12,606	45,405	-	-
Ssangyong Motor Company	-	-	-	-	711,262	-	-	-
Total	670,739	494,681	132,990	-	7,357,183	565,304	2,990	19,889

Intragroup transactions include:

- Pininfarina Holdings BV: interest accrued on the loan agreement signed 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. and sales of goods by Pininfarina Extra S.r.l.;
- Mahindra Graphic Research Design S.r.l.: engineering services agreements with Pininfarina S.p.A.;
- Tech Mahindra Ltd: services agreements with Pininfarina Deutschland GmbH, Pininfarina S.p.A. and Pininfarina of America Corp.; sales of goods by Pininfarina Extra S.r.l. and recharge of costs incurred by Pininfarina S.p.A. on the company's behalf;
- Tech Mahindra (Shanghai) Co. Ltd: engineering services agreement with Pininfarina S.p.A. and Pininfarina Deutschland GmbH and services agreement with Pininfarina Automotive Engineering (Shanghai) Co Ltd.;
- Tech Mahindra GmbH lease agreement for equipped office premises with Pininfarina Deutschland GmbH;
- Saangyoung Motor Company: design services agreement with Pininfarina S.p.A.

Directors' and statutory auditors' fees

(€'000)	Nine months ended 30.09.2017	Nine months ended 30.09.2016
Directors	468	634
Statutory auditors	83	82
Total	551	716

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:

	30.09.2017	30.09.2017, net of significant non- recurring transactions
Property, plant and equipment	41,600,196	41,600,196
Investment property	7,843,013	7,843,013
Intangible assets	1,671,240	1,671,240
Equity investments	347,025	347,025
Deferred tax assets	968,768	968,768
Non-current financial assets	132,990	132,990
NON-CURRENT ASSETS	52,563,232	52,563,232
Inventories	517,407	517,407
Contract work in progress	2,632,353	2,632,353
Trade receivables and other assets	20,213,603	20,213,603
Cash and cash equivalents	44,782,454	34,652,206
CURRENT ASSETS	68,145,817	58,015,569
TOTAL ASSETS	120,709,049	110,578,801
Share capital and reserves	57,316,887	31,142,751
Profit from continuing operations	496,225	496,225
EQUITY	57,813,112	31,638,976
Non-current loans and borrowings	27,423,465	27,423,465
Deferred tax liabilities	974	974
Post-employment benefits and other provisions	4,788,394	4,788,394
NON-CURRENT LIABILITIES	32,212,833	32,212,833
Current loans and borrowings	3,427,614	19,471,502
Other financial liabilities	5,152,029	5,152,029
Trade payables	19,147,987	19,147,987
Current tax liabilities	681,265	681,265
Provisions for risks and charges	404,791	404,791
Other liabilities	1,869,418	1,869,418
CURRENT LIABILITIES	30,683,104	46,726,992
TOTAL LIABILITIES	62,895,937	78,939,825
TOTAL LIABILITIES AND EQUITY	120,709,049	110,578,801

	Nine months ended 30.09.2017	Nine months ended 30.09.2017, net of significant non- recurring transactions
Revenue from sales and services	55,211,792	55,211,792
Internal work capitalised	-	-
Change in finished goods and contract work in progress	1,343,297	1,343,297
Other revenue and income	5,545,633	5,545,633
REVENUE	62,100,722	62,100,722
Net gains on sale of non-current assets and equity investments	500	500
Raw materials and consumables	(5,866,211)	(5,866,211)
Other variable production costs	(2,081,463)	(2,081,463)
External variable engineering services	(7,017,457)	(7,017,457)
Wages, salaries and employee benefits	(33,023,472)	(33,023,472)
Amortisation and depreciation, impairment losses and provisions	(2,292,627)	(2,292,627)
Net exchange rate losses	(130,095)	(130,095)
Other expenses	(9,388,350)	(9,388,350)
OPERATING PROFIT	2,301,547	2,301,547
Net financial expense	(1,409,807)	(1,409,807)
Gain on the extinguishment of financial liabilities	-	-
Dividends	13,309	13,309
Share of profit of equity-accounted investees	10,086	10,086
PROFIT BEFORE TAXES	915,135	915,135
Income taxes	(418,910)	(418,910)
PROFIT FOR THE PERIOD	496,225	496,225

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 million) and a larger shareholder loan (+€16 million);
- the cash flows for the period would have been smaller by €10 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 accuracy/completeness of the disclosure provided in the financial statements, the existence of a conflict of interest, the safeguarding of corporate assets and the protection of non-controlling investors.

Pininfarina S.p.A.

**Interim separate financial statements as at and for the
nine months ended 30 September 2017**

Statement of financial position

	30.09.2017	31.12.2016
Land and buildings	35,255,381	35,948,194
Land	7,655,314	7,655,314
Buildings	27,600,067	28,292,880
Leased property	-	-
Plant and machinery	4,194,910	3,656,844
Machinery	861,346	391,600
Plant	3,333,564	3,265,244
Leased machinery and equipment	-	-
Furniture, fixtures and other assets	752,149	755,208
Furniture and fixtures	19,855	13,505
Hardware and software	360,394	339,981
Other assets, including vehicles	371,900	401,722
Assets under construction	-	-
Property, plant and equipment	40,202,440	40,360,246
Investment property	-	-
Goodwill	-	-
Licences and trademarks	468,155	585,375
Other	-	-
Intangible assets	468,155	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	1,500,000	1,686,303
Third parties	-	-
Related parties	1,500,000	1,686,303
Available-for-sale financial assets	-	-
Non-current financial assets	1,500,000	1,686,303
TOTAL NON-CURRENT ASSETS	63,748,687	64,210,016
Raw materials	184,915	116,011
Work in progress	-	-
Finished goods	166,622	71,803
Inventories	351,537	187,814
Contract work in progress	713,785	822,643
Assets held for trading	-	-
Loans and receivables	-	-
Third parties	-	-
Related parties	-	-
Available-for-sale financial assets	-	-
Current financial assets	-	-
Derivatives	-	-
Trade receivables	5,194,079	5,435,882
Third parties	4,110,241	4,266,883
Related parties	1,083,838	1,168,999
Other assets	5,587,699	4,742,947
Trade receivables and other assets	10,781,778	10,178,829
Cash in hand and cash equivalents	12,545	86
Short-term bank deposits	40,618,906	21,149,195
Cash and cash equivalents	40,631,451	21,149,281
TOTAL CURRENT ASSETS	52,478,551	32,338,567
TOTAL ASSETS	116,227,238	96,548,583

Statement of financial position

	30.09.2017	31.12.2016
Share capital	54,271,170	30,150,694
Share premium reserve	2,053,660	-
Reserve for treasury shares	175,697	175,697
Legal reserve	6,033,331	6,033,331
Stock option reserve	985,919	157,793
Other reserves	2,646,208	2,646,208
Losses carried forward	(7,150,437)	(30,424,802)
Profit for the period/year	458,388	23,267,243
EQUITY	59,473,936	32,006,164
Finance lease liabilities	-	-
Other loans and borrowings	27,258,465	25,920,952
Third parties	27,258,465	25,920,952
Related parties	-	-
Non-current loans and borrowings	27,258,465	25,920,952
Deferred tax liabilities	-	-
Italian post-employment benefits	4,034,992	4,224,616
Other	-	-
Post-employment benefits	4,034,992	4,224,616
TOTAL NON-CURRENT LIABILITIES	31,293,457	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	2,454,447	1,608,770
Social security charges payable	485,330	1,110,904
Other	592,855	1,169,696
Other financial liabilities	3,532,632	3,889,370
Third parties	7,829,337	5,187,482
Related parties	325,757	63,523
Advances for contract work in progress	8,076,315	4,592,950
Trade payables	16,231,409	9,843,955
Direct tax liabilities	-	-
Other tax liabilities	122,275	-
Current tax liabilities	122,275	-
Derivatives	-	-
Provision for product warranty	53,243	54,525
Restructuring provision	231,224	238,195
Other provisions	113,610	121,354
Provisions for risks and charges	398,077	414,074
Third parties	300,000	600,000
Related parties	1,250,000	-
Other liabilities	1,550,000	600,000
TOTAL CURRENT LIABILITIES	25,459,845	34,396,851
TOTAL LIABILITIES	56,753,302	64,542,419
TOTAL LIABILITIES AND EQUITY	116,227,238	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 €122,546.

Income statement

	Nine months ended 30.09.2017	<i>Of which: related parties</i>	Nine months ended 30.09.2016	<i>Of which: related parties</i>
Revenue from sales and services	32,191,833	3,890,647	24,306,886	1,880,649
Internal work capitalised	-	-	-	-
Change in inventories and contract work in progress	(14,039)	-	(3,283,736)	-
Change in contract work in progress	(108,858)	-	(3,144,131)	-
Change in finished goods and work in progress	94,819	-	(139,605)	-
Other revenue and income	4,922,175	3,774,000	6,447,300	3,149,000
Revenue	37,099,969	7,664,647	27,470,450	5,029,649
Gains on sale of non-current assets and equity investments	500	-	393	-
<i>Gain on sale of equity investments</i>	-	-	-	-
Raw materials and components	(5,909,532)	-	(3,520,150)	-
Change in raw materials	68,903	-	75,721	-
Inventory write-downs	-	-	-	-
Raw materials and consumables	(5,840,629)	-	(3,444,429)	-
Consumables	(952,677)	-	(438,870)	-
External maintenance	(707,929)	-	(912,441)	-
Other variable production costs	(1,660,606)	-	(1,351,311)	-
External variable engineering services	(3,831,774)	(364,451)	(989,015)	(117,956)
Blue collars, white collars and managers	(16,431,833)	-	(15,617,245)	-
Independent contractors and temporary workers	-	-	-	-
Social security contributions and other post-employment benefits	(788,466)	-	(781,989)	-
Wages, salaries and employee benefits	(17,220,299)	-	(16,399,234)	-
Depreciation of property, plant and equipment and investment property	(1,437,335)	-	(1,404,949)	-
Amortisation of intangible assets	(261,762)	-	(267,580)	-
Losses on sale of non-current assets and equity investments	-	-	-	-
(Additions to)/utilisation of provisions and impairment losses	7,744	-	420	-
Amortisation, depreciation and impairment losses	(1,691,353)	-	(1,672,109)	-
Net exchange rate losses	(52,996)	-	(1,433)	-
Other expenses	(5,559,293)	-	(5,769,406)	(400,000)
Operating profit (loss)	1,243,519	7,300,196	(2,156,094)	4,511,693
Net financial expense	(1,377,694)	(10,977)	(2,617,092)	1,834
Gain on the extinguishment of financial liabilities	-	-	26,458,885	-
Dividends	717,800	717,800	1,931,200	1,931,200
Profit before taxes	583,625	8,007,019	23,616,899	6,444,727
Income taxes	(125,237)	-	106,369	-
Profit for the period	458,388	8,007,019	23,723,268	6,444,727

Statement of comprehensive income

	Nine months ended 30.09.2017	Nine months ended 30.09.2016
Profit for the period	458,388	23,723,268
Other comprehensive income (expense):		
Items that will not be reclassified to profit or loss:		
- Actuarial gains (losses) on defined benefit plans - IAS 19	7,122	(172,682)
- Income taxes	-	-
- Other	-	-
Total items of other comprehensive income (expense) that will not be reclassified to profit or loss, net of tax effect:	7,122	(172,682)
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	7,122	(172,682)
Comprehensive income	465,510	23,550,586

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)

	Nine months ended					
	30.09.2017	%	30.09.2016	%	Variation	2016
Revenue from sales and services	32,192	86.77	24,307	88.49	7,885	31,630
Change in inventories and contract work in progress	(14)	(0.04)	(3,284)	(11.95)	3,270	(4,032)
Other revenue and income	4,922	13.27	6,447	23.47	(1,525)	9,210
Revenue	37,100	100.00	27,470	100.00	9,630	36,808
Net gains on the sale of non-current assets	1	-	-	-	1	2
Materials and services (*)	(17,015)	(45.86)	(11,631)	(42.34)	(5,384)	(14,738)
Change in raw materials	69	0.19	76	0.28	(7)	54
Value added	20,155	54.33	15,915	57.94	4,240	22,126
Labour cost (**)	(17,220)	(46.42)	(16,399)	(59.70)	(821)	(22,242)
EBITDA	2,935	7.91	(484)	(1.76)	3,419	(116)
Amortisation and depreciation	(1,699)	(4.58)	(1,673)	(6.09)	(26)	(2,216)
(Additions to)/utilisation of provisions and impairment losses	8	0.02	0	0.00	8	82
EBIT	1,244	3.35	(2,157)	(7.85)	3,401	(2,250)
Net financial expense	(660)	(1.78)	(685)	(2.49)	25	(1,132)
Gain on the extinguishment of financial liabilities	-	-	26,459	96.32	(26,459)	26,459
Profit before taxes	584	1.57	23,617	85.97	(23,033)	23,077
Income taxes	(126)	(0.34)	106	0.39	(232.00)	190
Profit for the period	458	1.23	23,723	86.36	(23,265)	23,267

(*) **Materials and services** are net of utilisations of the provisions for product warranty and risks (€8.6 thousand and €1.3 thousand for the first nine months of 2016 and 2017, respectively).

(**) **Labour cost** is net of utilisations of the restructuring provision (€699 thousand and €6.9 thousand for the first nine 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)

	30.09.2017	31.12.2016	Variation	30.09.2016
Net non-current assets (A)				
Net intangible assets	468	585	(117)	653
Net property, plant and equipment and investment property	40,203	40,360	(157)	40,467
Equity investments	21,578	21,578	-	21,578
Total A	62,249	62,523	(274)	62,698
Working capital (B)				
Inventories	1,065	1,010	55	1,780
Net trade receivables and other assets	10,782	10,180	602	17,834
Trade payables	(16,231)	(9,844)	(6,387)	(12,132)
Provisions for risks and charges	(398)	(414)	16	(498)
Other liabilities	(5,205)	(4,489)	(716)	(6,344)
Total B	(9,987)	(3,557)	(6,430)	640
Net invested capital (C=A+B)	52,262	58,966	(6,704)	63,338
Post-employment benefits (D)	4,035	4,225	(190)	4,356
Net capital requirements (E=C-D)	48,227	54,741	(6,514)	58,982
Equity (F)	59,474	32,005	27,469	32,169
Net financial (position) debt (G)				
Non-current loans and borrowings	25,758	24,235	1,523	27,204
Net current financial position	(37,005)	(1,499)	(35,506)	(391)
Total G	(11,247)	22,736	(33,983)	26,813
Total as in E (H=F+G)	48,227	54,741	(6,514)	58,982

Net financial position
(€'000)

	30.09.2017	31.12.2016	Variation	30.09.2016
Cash and cash equivalents	40,631	21,149	19,482	16,589
Current assets held for trading	-	-	-	-
Current finance lease liabilities	-	-	-	-
Loans and borrowings - related parties	(258)	(16,282)	16,024	(16,198)
Current portion of bank loans and borrowings	(3,368)	(3,368)	-	-
Net current financial position	37,005	1,499	35,506	391
Non-current loans and receivables - related parties	1,500	1,686	(186)	1,652
Non-current finance lease liabilities	-	-	-	-
Non-current bank loans and borrowings	(27,258)	(25,921)	(1,337)	(28,856)
Non-current loans and borrowings	(25,758)	(24,235)	(1,523)	(27,204)
NET FINANCIAL POSITION (DEBT)	11,247	(22,736)	33,983	(26,813)

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

	31.12.2016	Comprehensive income	Stock option reserve	Allocation of prior year profit	Capital increase transaction costs	Proceeds from the issue of shares	30.09.2017
Share capital	30,150,694	-	-	-	24,120,476	-	54,271,170
Share premium reserve	-	-	-	-	2,412,047	(358,387)	2,053,660
Reserve for treasury shares	175,697	-	-	-	-	-	175,697
Legal reserve	6,033,331	-	-	-	-	-	6,033,331
Stock option reserve	157,793	-	828,126	-	-	-	985,919
Other reserves	2,646,208	-	-	-	-	-	2,646,208
Losses carried forward	(30,424,802)	7,122	-	23,267,243	-	-	(7,150,437)
Profit for the period/year	23,267,243	458,388	-	(23,267,243)	-	-	458,388
EQUITY	32,006,164	465,510	828,126	-	26,532,523	(358,387)	59,473,936

Statement of cash flows

	Nine months ended 30.09.2017	Nine months ended 30.09.2016
Profit for the period	458,388	23,723,268
<i>Adjustments:</i>		
- Income taxes	122,275	(106,369)
- Depreciation of property, plant and equipment and investment property	1,437,335	1,404,949
- Amortisation of intangible assets	261,762	267,580
- Impairment losses, provisions and change in accounting estimates	(216,266)	(1,105,517)
- Gains on the sale of non-current assets	(500)	(393)
- Financial expense	1,485,341	2,756,405
- Financial income	(107,647)	(139,314)
- Dividends	(717,800)	(1,931,200)
- Other adjustments	908,034	(26,386,800)
Total adjustments	3,172,534	(25,240,659)
<i>Change in working capital:</i>		
- (Increase)/decrease in inventories	(145,956)	261,915
- Decrease in contract work in progress	108,858	3,144,131
- Increase in trade receivables and other assets	(688,110)	(3,657,519)
- (Increase)/decrease in trade receivables - related parties	85,161	(810,420)
- Increase in trade payables, other financial liabilities and other liabilities	2,876,730	3,463,017
- Increase/(decrease) in trade payables - related parties	262,234	(432,244)
- Increase in advances for contract work in progress and deferred income	3,483,365	1,567,002
- Other changes	-	-
Total changes in working capital	5,982,282	3,535,882
Gross cash flows from operating activities	9,613,204	2,018,491
- Financial expense	(127,939)	(269,283)
- Income taxes	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	9,485,265	1,749,208
- Purchases of non-current assets and equity investments	(1,424,071)	(536,407)
- 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	195,215	457,318
- Proceeds from the sale of current assets held for trading	-	16,359,251
- Financial income	18,827	51,617
- Dividends collected	717,800	1,931,200
- Other changes	-	-
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	(491,729)	34,263,979
- Proceeds from the issue of shares	10,488,634	-
- 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	10,488,634	(32,202,046)
TOTAL CASH FLOWS	19,482,170	3,811,141
Opening net cash and cash equivalents	21,149,281	12,777,697
Closing net cash and cash equivalents	40,631,451	16,588,838
<i>Of which:</i>		
- Cash and cash equivalents	40,631,451	16,588,838
- 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

There are no 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.	80,827	15,372	-	257,838	312,676	28,935	717,800	-
Goodmind S.r.l.	-	-	-	-	24,000	-	-	-
Pininfarina Deutschland GmbH	-	-	1,500,000	-	56,000	650	8,912	-
Pininfarina Automotive Engineering (Shanghai) Co Ltd	369,100	6,000	-	-	199,722	35,000	-	-
Mahindra&Mahindra Limited	351,911	-	-	-	4,985,601	-	-	-
Mahindra Graphic Research Design S.r.l.	-	94,385	-	-	-	89,866	-	-
Tech Mahindra (Shanghai) Co Ltd	282,000	-	-	-	1,315,386	-	-	-
Tech Mahindra Ltd	-	210,000	-	-	60,000	210,000	-	-
Ssangyong Motor Company	-	-	-	-	711,262	-	-	-
Total	1,083,838	325,757	1,500,000	257,838	7,664,647	364,451	726,712	19,889

Intragroup transactions include:

- Pininfarina Holdings BV: interest accrued on the loan agreement signed on 29 June 2017;
- Pininfarina Extra S.r.l.: lease for equipped office premises and services agreements. The financial liability with Pininfarina Extra S.r.l. relates to the domestic tax consolidation agreement;
- Goodmind S.r.l.: lease for equipped office premises;
- Pininfarina Deutschland GmbH: loan agreement and engineering services agreement;
- Pininfarina Automotive Engineering (Shanghai) Co Ltd: personnel secondment agreement and design services agreements;
- Mahindra & Mahindra Ltd: brand licence agreements and engineering services agreements;
- Mahindra Graphic Research Design S.r.l.: engineering services agreements;
- Tech Mahindra (Shanghai) Co. Ltd: engineering services agreements;
- Tech Mahindra Ltd: engineering services agreements and recharge of costs incurred by Pininfarina S.p.A. on the company's behalf;
- Saangyoung Motor Company: design services agreement.

Fees to directors, statutory auditors and key management personnel

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

(€'000)	<u>Nine months ended 30.09.2017</u>	<u>Nine months ended 30.09.2016</u>
Directors	273	384
Statutory auditors	76	75
Total	349	459

The total fees to Pininfarina S.p.A.'s key management personnel approximate €1 million for the first nine 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:

	30.09.2017	30.09.2017, net of significant non- recurring transactions
Property, plant and equipment	40,202,440	40,202,440
Intangible assets	468,155	468,155
Equity investments	21,578,092	21,578,092
Non-current financial assets	1,500,000	1,500,000
NON-CURRENT ASSETS	63,748,687	63,748,687
Inventories	351,537	351,537
Contract work in progress	713,785	713,785
Current financial assets	-	-
Trade receivables and other assets	10,781,778	10,781,778
Assets held for sale	-	-
Cash and cash equivalents	40,631,451	30,501,203
CURRENT ASSETS	52,478,551	42,348,303
TOTAL ASSETS	116,227,238	106,096,990
Share capital and reserves	59,015,548	32,841,412
Profit for the period	458,388	458,388
EQUITY	59,473,936	33,299,800
Non-current loans and borrowings	27,258,465	27,258,465
Post-employment benefits and other provisions	4,034,992	4,034,992
NON-CURRENT LIABILITIES	31,293,457	31,293,457
Current loans and borrowings	3,625,452	19,669,340
Other financial liabilities	3,532,632	3,532,632
Trade payables	16,231,409	16,231,409
Current tax liabilities	122,275	122,275
Provisions for risks and charges	398,077	398,077
Other liabilities	1,550,000	1,550,000
CURRENT LIABILITIES	25,459,845	41,503,733
TOTAL LIABILITIES	56,753,302	72,797,190
TOTAL LIABILITIES AND EQUITY	116,227,238	106,096,990

	Nine months ended 30.09.2017	Nine months ended 30.09.2017, net of significant non- recurring transactions
Revenue from sales and services	32,191,833	32,191,833
Internal work capitalised	-	-
Change in inventories and contract work in progress	(14,039)	(14,039)
Other revenue and income	4,922,175	4,922,175
Revenue	37,099,969	37,099,969
Gains on sale of non-current assets and equity investments	500	500
Raw materials and consumables	(5,840,629)	(5,840,629)
Other variable production costs	(1,660,606)	(1,660,606)
External variable engineering services	(3,831,774)	(3,831,774)
Wages, salaries and employee benefits	(17,220,299)	(17,220,299)
Amortisation, depreciation and impairment losses	(1,691,353)	(1,691,353)
Net exchange rate losses	(52,996)	(52,996)
Other expenses	(5,559,293)	(5,559,293)
Operating profit	1,243,519	1,243,519
Net financial expense	(1,377,694)	(1,377,694)
Gain on the extinguishment of financial liabilities	-	-
Dividends	717,800	717,800
Profit before taxes	583,625	583,625
Income taxes	(125,237)	(125,237)
Profit for the period	458,388	458,388

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 issuer's net financial position would have included less cash and cash equivalents (-€10 million) and a larger shareholder loan (+€16 million);
- the cash flows for the period would have been smaller by €10 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 accuracy/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.