

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

## **PININFARINA GROUP**

### **Interim financial report at 31 March 2017**

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

The Board of Directors approved this interim financial report at 31 March 2017 on 12 May 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.



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## **Pininfarina Group**

### **Directors' report**

#### **Operating and financial performance**

The most significant issues that arise from a comparison of the Q1 2017 and Q1 2016 consolidated financial figures are as follows:

- revenue has increased by 18% mainly thanks to the larger contribution of the design and engineering services segment and the royalties on the use of the trademark paid by Mahindra & Mahindra;
- EBITDA and EBIT are both positive compared to the operating losses recorded in the first quarter of 2016;
- compared to the first three months of 2016, the Group's Italian and German automotive operations have improved considerably, the contribution of the industrial design activities has increased while Chinese operations performed in line with the corresponding period of the previous year;
- the net financial expense has decreased following the Rescheduling Agreement with the lending institutions that took effect on 30 May 2016;
- equity is substantially unchanged from 31 December 2016, while net financial debt has increased, mainly due to the interest expense accrued during the quarter and a limited reduction in cash.

Specifically:

- revenue came to €18.6 million for the reporting period compared to €15.8 million for the corresponding period of 2016 (+18%);
- EBITDA is a positive €0.9 million, compared to the €1.7 million loss for the first three months of 2016. EBIT increased to a €0.2 million, a considerable improvement compared to the operating loss of €2.5 million in the corresponding period of the previous year;
- the net financial expense decreased to €0.5 million compared to €1.2 million in the first quarter of 2016. The pre-tax loss came to €0.3 million (€3.6 million for the three months ended 31 March 2016) and the loss for the year amounted to €0.4 million (€3.6 million for the first quarter of 2016).

Net financial debt rose to €18.6 million from €17.7 million at 31 December 2016 (€49.2 million at 31 March 2016).

Equity remained stable at €30.5 million compared to 31 December 2016 (€6.2 million at 31 March 2016).

The headcount decreased by 3% (-17 units) from 590 at 31 March 2016 to 573, being the balance of a reduction, principally involving the Italian and German companies and the increase involving the Chinese company.

#### **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 bears the costs of the support and property management functions of the parent, Pininfarina S.p.A.. It recognised revenue of €3.2 million (€2 million in Q1 2016).

Segment EBIT improved by €0.7 million to a negative €0.9 million from a negative €1.6 million in the corresponding period of the previous year. The royalties on the use of the trademark paid by

Mahindra & Mahindra Ltd for the period and the sale of the rights on concept cars (not present in Q1 2016) are the main drivers of the improvement.

### **Services segment**

This segment, comprising the design and engineering businesses, recognised revenue of €15.4 million, up roughly 12% compared to the first three months of 2016 (€13.8 million).

Segment EBIT rose from a loss of €0.9 million in the first quarter of 2016 to a profit of €1.1 million. The improvement in revenue and profitability is principally attributable to the engineering segment in Italy and Germany, which recovered compared to the first three months of 2016.

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

- 1) The net financial debt of the Pininfarina Group and Pininfarina S.p.A., with separate classification of current and non-current items, is respectively shown on pages 12 and 53 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 44 and 56 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.

### **Outlook for 2017**

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

Net financial debt at 31 December 2017 should improve thanks to completion of the capital increase approved by the parent's shareholders on 21 November 2016.

12 May 2017

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



## Group companies

### Pininfarina S.p.A.

€'million	31.03.2017	31.03.2016	Variation	31.12.2016
Revenue	10.0	7.4	2.6	
EBIT	(0.1)	(2.3)	2.2	
Loss for the period	(0.6)	(3.5)	2.9	
Net financial debt	(23.1)	(54.3)	31.2	(22.7)
Equity	31.8	5.1	26.7	32.0
Number of employees at the reporting date	274	285	(11)	278

### Pininfarina Extra Group

€'million	31.03.2017	31.03.2016	Variation	31.12.2016
Revenue	2.2	2.0	0.2	
EBIT	0.4	0.2	0.2	
Profit for the period	0.3	0.2	0.1	
Net financial position	4.2	3.6	0.6	3.4
Equity	6.7	6.7	0.0	6.4
Number of employees at the reporting date	38	38	0	39

### Pininfarina Deutschland Group

€'million	31.03.2017	31.03.2016	Variation	31.12.2016
Revenue	5.5	6.1	(0.6)	
EBIT	(0.2)	(0.5)	0.3	
Loss for the period	(0.2)	(0.5)	0.3	
Net financial position (debt)	(0.2)	1.2	(1.4)	0.7
Equity	18.5	21.1	(2.6)	18.6
Number of employees at the reporting date	234	249	(15)	238

### Pininfarina Automotive Engineering Shanghai Co Ltd

€'million	31.03.2017	31.03.2016	Variation	31.12.2016
Revenue	1.0	0.7	0.3	
EBIT	0.1	0.1	0.0	
Profit for the period	0.1	0.1	0.0	
Net financial position	0.4	0.3	0.1	1.0
Equity	0.8	0.5	0.3	0.7
Number of employees at the reporting date	27	18	9	23

## Reclassified income statement

(€'000)

	Q1 2017	%	Q1 2016	%	Variation	2016
Revenue from sales and services	14,853	80.05	17,301	109.81	(2,448)	62,660
Change in inventories and contract work in progress	1,888	10.19	(2,983)	(18.93)	4,871	(4,018)
Other revenue and income	1,813	9.76	1,438	9.12	375	10,227
<b>Revenue</b>	<b>18,554</b>	<b>100.00</b>	<b>15,756</b>	<b>100.00</b>	<b>2,798</b>	<b>68,869</b>
<b>Net gains on the sale of non-current assets</b>	-	-	-	-	-	<b>14</b>
Materials and services (*)	(6,663)	(35.91)	(6,892)	(43.74)	229	(24,840)
Change in raw materials	25	0.13	3	0.02	22	54
<b>Value added</b>	<b>11,916</b>	<b>64.22</b>	<b>8,867</b>	<b>56.28</b>	<b>3,049</b>	<b>44,097</b>
Labour cost (**)	(11,003)	(59.30)	(10,532)	(66.84)	(471)	(43,231)
<b>EBITDA</b>	<b>913</b>	<b>4.92</b>	<b>(1,665)</b>	<b>(10.56)</b>	<b>2,578</b>	<b>866</b>
Amortisation and depreciation	(744)	(4.01)	(811)	(5.15)	67	(3,143)
(Additions to)/utilisation of provisions and impairment losses	5	0.03	24	0.15	(19)	(601)
<b>EBIT</b>	<b>174</b>	<b>0.94</b>	<b>(2,452)</b>	<b>(15.56)</b>	<b>2,626</b>	<b>(2,878)</b>
Net financial expense	(474)	(2.56)	(1,190)	(7.55)	716	(3,074)
Gain on the extinguishment of financial liabilities	-	-	-	-	-	26,459
Share of profit of equity-accounted investees	4	0.02	8	0.05	(4)	14
<b>Profit (loss) before taxes</b>	<b>(296)</b>	<b>(1.60)</b>	<b>(3,634)</b>	<b>(23.06)</b>	<b>3,338</b>	<b>20,521</b>
Income taxes	(59)	(0.32)	22	0.14	(81)	10
<b>Profit (loss) for the period/year</b>	<b>(355)</b>	<b>(1.92)</b>	<b>(3,612)</b>	<b>(22.92)</b>	<b>3,257</b>	<b>20,531</b>

(\*) **Materials and services** are net of utilisations of the provisions for product warranty and risks (€6.6 thousand and €1.2 thousand for the first quarters of 2016 and 2017, respectively).

(\*\*) **Labour cost** is net of utilisations of the restructuring provision (€646 thousand and €2.3 thousand for the first quarters 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.

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

The parent's loss and equity as at and for the period ended 31 March 2017 are reconciled with the Group's relevant figures below.

	Loss for the period		Equity	
	Q1 2017	Q1 2016	31.03.2017	31.03.2016
<b>Pininfarina S.p.A.'s interim separate financial statements</b>	<b>(614,335)</b>	<b>(3,480,556)</b>	<b>31,752,156</b>	<b>5,138,308</b>
- Subsidiaries' contribution	255,719	(139,183)	4,404,295	6,720,169
- 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	-	-	-	-
- Share of profit of equity-accounted investees	3,956	7,689	3,956	7,689
- Other minor	-	-	-	-
<b>Condensed interim consolidated financial statements</b>	<b>(354,660)</b>	<b>(3,612,050)</b>	<b>30,454,851</b>	<b>6,160,610</b>

## Reclassified statement of financial position

(€'000)

	31.03.2017	31.12.2016	Variation	31.03.2016
<b>Net non-current assets (A)</b>				
Net intangible assets	1,781	1,809	(28)	2,100
Net property, plant and equipment and investment property	49,839	50,111	(272)	51,064
Equity investments	341	337	4	330
<b>Total A</b>	<b>51,961</b>	<b>52,257</b>	<b>(296)</b>	<b>53,494</b>
<b>Working capital (B)</b>				
Inventories	3,660	1,749	1,911	2,725
Net trade receivables and other assets	17,891	18,376	(485)	19,244
Deferred tax assets	1,002	1,002	-	926
Trade payables	(14,718)	(12,925)	(1,793)	(9,164)
Provisions for risks and charges	(406)	(421)	15	(585)
Other liabilities (*)	(5,463)	(6,981)	1,518	(6,429)
<b>Total B</b>	<b>1,966</b>	<b>800</b>	<b>1,166</b>	<b>6,717</b>
<b>Net invested capital (C=A+B)</b>	<b>53,927</b>	<b>53,057</b>	<b>870</b>	<b>60,211</b>
<b>Post-employment benefits (D)</b>	<b>4,863</b>	<b>4,927</b>	<b>(64)</b>	<b>4,805</b>
<b>Net capital requirements (E=C-D)</b>	<b>49,064</b>	<b>48,130</b>	<b>934</b>	<b>55,406</b>
<b>Equity (F)</b>	<b>30,455</b>	<b>30,464</b>	<b>(9)</b>	<b>6,161</b>
<b>Net financial debt (G)</b>				
Non-current loans and borrowings	26,421	25,997	424	67,271
Net current financial position	(7,812)	(8,331)	519	(18,026)
<b>Total G</b>	<b>18,609</b>	<b>17,666</b>	<b>943</b>	<b>49,245</b>
<b>Total as in E (H=F+G)</b>	<b>49,064</b>	<b>48,130</b>	<b>934</b>	<b>55,406</b>

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

## Net financial debt

(€'000)

	31.03.2017	31.12.2016	Variation	31.03.2016
Cash and cash equivalents	27,274	27,783	(509)	36,916
Available-for-sale financial assets	-	-	-	-
Current finance lease liabilities	-	-	-	(11,654)
Loans and borrowings - related parties and joint ventures	(16,034)	(16,024)	(10)	-
<b>Net current financial position</b>	<b>7,812</b>	<b>8,331</b>	<b>(519)</b>	<b>18,026</b>
Non-current loans and receivables - third parties	-	-	-	-
Non-current loans and receivables - related parties	131	134	(3)	269
Non-current held-to-maturity investments	-	-	-	-
Non-current finance lease liabilities	-	-	-	(41,483)
Non-current bank loans and borrowings	(26,552)	(26,131)	(421)	(26,057)
<b>Non-current loans and borrowings</b>	<b>(26,421)</b>	<b>(25,997)</b>	<b>(424)</b>	<b>(67,271)</b>
<b>NET FINANCIAL DEBT</b>	<b>(18,609)</b>	<b>(17,666)</b>	<b>(943)</b>	<b>(49,245)</b>

## Net financial debt (Consob)

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

(€'000)

	31.03.2017	31.12.2016	Variation	31.03.2016
A. Cash	(27,274)	(27,783)	509	(36,916)
B. Other cash equivalents	-	-	-	-
C. Securities held for trading	-	-	-	-
<b>D. Total cash and cash equivalents (A.)+(B.)+(C.)</b>	<b>(27,274)</b>	<b>(27,783)</b>	<b>509</b>	<b>(36,916)</b>
<b>E. Current loan assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>F. Current bank loans and borrowings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Current portion of secured bank loans</i>	60	60	-	-
<i>Current portion of unsecured bank loans</i>	3,368	3,368	-	7,236
<b>G. Current portion of non-current debt</b>	<b>3,428</b>	<b>3,428</b>	<b>-</b>	<b>7,236</b>
H. Other current loans and borrowings	16,034	16,024	10	11,654
<b>I. Current financial debt (F.)+(G.)+(H.)</b>	<b>19,462</b>	<b>19,452</b>	<b>10</b>	<b>18,890</b>
<b>J. Net current financial position</b>	<b>(7,812)</b>	<b>(8,331)</b>	<b>519</b>	<b>(18,026)</b>
<i>Non-current portion of secured bank loans</i>	195	210	(15)	300
<i>Non-current portion of unsecured bank loans</i>	26,357	25,921	436	25,757
<b>K. Non-current bank loans and borrowings</b>	<b>26,552</b>	<b>26,131</b>	<b>421</b>	<b>26,057</b>
L. Bonds issued	-	-	-	-
M. Other non-current loans and borrowings	-	-	-	41,483
<b>N. Net non-current financial debt (K.)+(L.)+(M.)</b>	<b>26,552</b>	<b>26,131</b>	<b>421</b>	<b>67,540</b>
<b>O. Net financial debt (J+N)</b>	<b>18,740</b>	<b>17,800</b>	<b>940</b>	<b>49,514</b>

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

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

- At 31 March 2017: €131 thousand
- At 31 December 2016: €134 thousand
- At 31 March 2016: €269 thousand



## **Pininfarina Group**

**Condensed interim consolidated financial statements  
as at and for the three months ended 31 March 2017**

## Statement of financial position

	Note	31.03.2017	31.12.2016
Land and buildings	1	35,683,586	35,965,549
Land		7,655,314	7,655,314
Buildings		28,028,272	28,310,235
Leased property		-	-
Plant and machinery	1	4,016,430	3,739,856
Machinery		588,584	391,600
Plant		3,427,846	3,348,256
Leased machinery and equipment		-	-
Furniture, fixtures and other assets	1	2,114,264	2,289,483
Furniture and fixtures		907,985	941,196
Hardware and software		663,285	785,390
Other assets, including vehicles		542,994	562,897
Assets under construction	1	-	-
<b>Property, plant and equipment</b>		<b>41,814,280</b>	<b>41,994,888</b>
<b>Investment property</b>	<b>2</b>	<b>8,025,200</b>	<b>8,116,293</b>
Goodwill	3	1,043,495	1,043,495
Licences and trademarks	3	650,981	675,921
Other	3	86,332	89,438
<b>Intangible assets</b>		<b>1,780,808</b>	<b>1,808,854</b>
Associates	4	88,878	84,922
Joint ventures		-	-
Other companies	5	252,017	252,017
<b>Equity investments</b>		<b>340,895</b>	<b>336,939</b>
<b>Deferred tax assets</b>	<b>16</b>	<b>1,001,637</b>	<b>1,001,766</b>
Held-to-maturity investments		-	-
Loans and receivables	6	130,986	133,997
Third parties		-	-
Related parties		130,986	133,997
Available-for-sale financial assets		-	-
<b>Non-current financial assets</b>		<b>130,986</b>	<b>133,997</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>53,093,806</b>	<b>53,392,737</b>
Raw materials		141,441	116,011
Work in progress		-	-
Finished goods		219,442	214,377
<b>Inventories</b>	<b>7</b>	<b>360,883</b>	<b>330,388</b>
<b>Contract work in progress</b>	<b>8</b>	<b>3,298,827</b>	<b>1,418,702</b>
Assets held for trading		-	-
Loans and receivables		-	-
Third parties		-	-
Related parties		-	-
Available-for-sale financial assets		-	-
<b>Current financial assets</b>		<b>-</b>	<b>-</b>
<b>Derivatives</b>		<b>-</b>	<b>-</b>
Trade receivables	9	12,355,998	12,803,047
Third parties		10,042,767	12,406,317
Related parties		2,313,231	396,730
Other assets	10	5,534,894	5,572,480
<b>Trade receivables and other assets</b>		<b>17,890,892</b>	<b>18,375,527</b>
Cash in hand and cash equivalents		11,047	8,137
Short-term bank deposits		27,262,917	27,775,232
<b>Cash and cash equivalents</b>	<b>11</b>	<b>27,273,964</b>	<b>27,783,369</b>
<b>TOTAL CURRENT ASSETS</b>		<b>48,824,566</b>	<b>47,907,986</b>
<b>TOTAL ASSETS</b>		<b>101,918,372</b>	<b>101,300,723</b>



## Statement of financial position

	Note	31.03.2017	31.12.2016
Share capital	12	30,150,694	30,150,694
Share premium reserve		-	-
Reserve for treasury shares	12	175,697	175,697
Legal reserve	12	6,033,331	6,033,331
Stock option reserve	12	504,168	157,793
Translation reserve	12	109,131	124,112
Other reserves	12	2,646,208	2,646,208
Losses carried forward	12	(8,809,718)	(29,354,877)
Profit (loss) for the period/year	12	(354,660)	20,531,208
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b>		<b>30,454,851</b>	<b>30,464,166</b>
Equity attributable to non-controlling interests		-	-
<b>EQUITY</b>		<b>30,454,851</b>	<b>30,464,166</b>
Finance lease liabilities		-	-
Other loans and borrowings		26,552,184	26,130,952
Third parties		26,552,184	26,130,952
Related parties		-	-
<b>Non-current loans and borrowings</b>	<b>13</b>	<b>26,552,184</b>	<b>26,130,952</b>
<b>Deferred tax liabilities</b>	<b>16</b>	<b>974</b>	<b>974</b>
Italian post-employment benefits		4,862,742	4,926,779
Other		-	-
<b>Post-employment benefits</b>		<b>4,862,742</b>	<b>4,926,779</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>31,415,900</b>	<b>31,058,705</b>
Bank overdrafts		-	-
Finance lease liabilities		-	-
Other loans and borrowings		19,461,614	19,451,614
Third parties		3,427,614	3,427,614
Related parties		16,034,000	16,024,000
<b>Current loans and borrowings</b>	<b>13</b>	<b>19,461,614</b>	<b>19,451,614</b>
Wages and salaries payable		2,765,090	2,228,912
Social security charges payable		592,285	1,341,011
Other		1,073,842	1,396,651
<b>Other financial liabilities</b>	<b>14</b>	<b>4,431,217</b>	<b>4,966,574</b>
Third parties		7,312,954	6,910,250
Related parties		56,439	-
Advances for contract work in progress		7,348,356	6,014,357
<b>Trade payables</b>	<b>14</b>	<b>14,717,749</b>	<b>12,924,607</b>
Direct tax liabilities		-	-
Other tax liabilities		472,189	616,440
<b>Current tax liabilities</b>	<b>16</b>	<b>472,189</b>	<b>616,440</b>
<b>Derivatives</b>		-	-
Provision for product warranty		53,291	54,525
Restructuring provision		235,871	238,195
Other provisions		116,742	128,068
<b>Provisions for risks and charges</b>	<b>15</b>	<b>405,904</b>	<b>420,788</b>
Third parties		558,948	1,397,829
Related parties		-	-
<b>Other liabilities</b>	<b>14</b>	<b>558,948</b>	<b>1,397,829</b>
<b>TOTAL CURRENT LIABILITIES</b>		<b>40,047,621</b>	<b>39,777,852</b>
<b>TOTAL LIABILITIES</b>		<b>71,463,521</b>	<b>70,836,557</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>101,918,372</b>	<b>101,300,723</b>

Pursuant to Consob resolution no. 15519 of 27 July 2006, an ad hoc statement of financial position showing related party transactions has not been prepared as these are already shown in the condensed interim consolidated financial statements schedules. As for transactions with other related parties, such as directors and statutory auditors, "Trade payables - third parties" include accrued fees for the period of €67,750 and €2,250 relating to Pininfarina S.p.A. and Pininfarina Extra, respectively.

## Income statement

	Note	Q1 2017	<i>of which: related parties</i>	Q1 2016	<i>of which: related parties</i>
Revenue from sales and services	17	14,852,911	1,216,872	17,300,627	-
Internal work capitalised		-		-	-
Change in inventories and contract work in progress		1,887,051		(2,982,355)	
Change in contract work in progress		1,881,986		(2,935,734)	
Change in finished goods and work in progress		5,065		(46,621)	
Other revenue and income	18	1,812,822	1,258,000	1,437,742	8,000
<b>Revenue</b>		<b>18,552,784</b>	<b>2,474,872</b>	<b>15,756,014</b>	<b>8,000</b>
<b>Gains on sale of non-current assets and equity investments</b>		-	-	-	-
<i>Gain on sale of equity investments</i>		-		-	
Raw materials and components	19	(1,191,323)		(1,223,538)	
Change in raw materials		25,430		3,042	
Inventory write-downs		-		-	
<b>Raw materials and consumables</b>		<b>(1,165,893)</b>	-	<b>(1,220,496)</b>	-
Consumables		(343,001)		(312,025)	
External maintenance		(274,346)		(358,961)	
<b>Other variable production costs</b>		<b>(617,347)</b>	-	<b>(670,986)</b>	-
<b>External variable engineering services</b>	20	<b>(1,619,773)</b>	-	<b>(1,445,903)</b>	-
Blue collars, white collars and managers		(10,714,053)		(10,256,458)	
Independent contractors and temporary workers		-		-	
Social security contributions and other post-employment benefits		(288,926)		(275,582)	
<b>Wages, salaries and employee benefits</b>	21	<b>(11,002,979)</b>	-	<b>(10,532,040)</b>	-
Depreciation of property, plant and equipment and investment property		(637,483)		(645,521)	
Amortisation of intangible assets		(106,250)		(165,240)	
Losses on sale of non-current assets and equity investments		-		-	
(Additions to)/utilisation of provisions and impairment losses	22	5,325		23,888	
<b>Amortisation, depreciation and impairment losses</b>		<b>(738,408)</b>	-	<b>(786,873)</b>	-
<b>Net exchange rate gains (losses)</b>		<b>9,041</b>		<b>(93,709)</b>	
<b>Other expenses</b>	23	<b>(3,243,609)</b>	-	<b>(3,457,585)</b>	
<b>Operating profit (loss)</b>		<b>173,816</b>	<b>2,474,872</b>	<b>(2,451,578)</b>	<b>8,000</b>
<b>Net financial expense</b>	24	<b>(473,818)</b>	<b>(9,014)</b>	<b>(1,190,282)</b>	<b>3,795</b>
<b>Gain on the extinguishment of financial liabilities</b>		-		-	-
<b>Dividends</b>		-		-	-
<b>Share of profit of equity-accounted investees</b>		<b>3,956</b>		<b>7,689</b>	-
<b>Loss before taxes</b>		<b>(296,046)</b>	<b>2,465,858</b>	<b>(3,634,171)</b>	<b>11,795</b>
<b>Income taxes</b>	16	<b>(58,614)</b>		<b>22,121</b>	-
<b>Loss for the period</b>		<b>(354,660)</b>	<b>2,465,858</b>	<b>(3,612,050)</b>	<b>11,795</b>
<b>Of which:</b>					
- Loss for the period attributable to the owners of the parent		(354,660)		(3,612,050)	
- Profit (loss) for the period attributable to non-controlling interests		-		-	
<b>Basic/diluted earnings (loss) per share:</b>					
- Loss for the period attributable to the owners of the parent		(354,660)		(3,612,050)	
- Number of ordinary shares, net		30,150,694		30,150,694	
- Basic/diluted loss per share		(0.01)		(0.12)	

## Statement of comprehensive income

	Q1 2017	Q1 2016
<b>Loss for the period</b>	<b>(354,660)</b>	<b>(3,612,050)</b>
<b>Other comprehensive expense:</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
- Actuarial gains on defined benefit plans - IAS 19	13,951	-
- Income taxes	-	-
- Other	-	-
<b>Total items of other comprehensive expense that will not be reclassified to profit or loss, net of tax effect:</b>	<b>13,951</b>	<b>-</b>
Items that will or may be subsequently reclassified to profit or loss:		
- Losses from translation of financial statements of foreign operations - IAS 21	(14,981)	(57,068)
- Other	-	-
<b>Total items of other comprehensive expense that will be subsequently reclassified to profit or loss, net of tax effect:</b>	<b>(14,981)</b>	<b>(57,068)</b>
<b>Total other comprehensive expense, net of tax effect</b>	<b>(1,030)</b>	<b>(57,068)</b>
<b>Comprehensive expense</b>	<b>(355,690)</b>	<b>(3,669,118)</b>
<b>Of which:</b>		
- Comprehensive expense attributable to the owners of the parent	(355,690)	(3,669,118)
- Comprehensive income (expense) attributable to non-controlling interests	-	-
<b>Of which:</b>		
- Comprehensive expense from continuing operations	(355,690)	(3,669,118)
- Comprehensive income (expense) from discontinued operations	-	-

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

## Statement of changes in equity

	31.12.2015	Comprehensive expense	Stock option reserve	Allocation of prior year loss	31.03.2016
Share capital	30,150,694	-	-	-	30,150,694
Share premium reserve	-	-	-	-	-
Reserve for treasury shares	175,697	-	-	-	175,697
Legal reserve	6,033,331	-	-	-	6,033,331
Translation reserve	115,171	(57,068)	-	-	58,103
Other reserves	2,646,208	-	-	-	2,646,208
Losses carried forward	(11,122,698)	-	-	(18,168,675)	(29,291,373)
Loss for the period/year	(18,168,675)	(3,612,050)	-	18,168,675	(3,612,050)
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b>	<b>9,829,728</b>	<b>(3,669,118)</b>	<b>-</b>	<b>-</b>	<b>6,160,610</b>
Equity attributable to non-controlling interests	-	-	-	-	-
<b>EQUITY</b>	<b>9,829,728</b>	<b>(3,669,118)</b>	<b>-</b>	<b>-</b>	<b>6,160,610</b>

	31.12.2016	Comprehensive expense	Stock option reserve	Allocation of prior year loss	31.03.2017
Share capital	30,150,694	-	-	-	30,150,694
Share premium reserve	-	-	-	-	-
Reserve for treasury shares	175,697	-	-	-	175,697
Legal reserve	6,033,331	-	-	-	6,033,331
Stock option reserve	157,793	-	346,375	-	504,168
Translation reserve	124,112	(14,981)	-	-	109,131
Other reserves	2,646,208	-	-	-	2,646,208
Losses carried forward	(29,354,877)	13,951	-	20,531,208	(8,809,718)
Profit (loss) for the period/year	20,531,208	(354,660)	-	(20,531,208)	(354,660)
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b>	<b>30,464,166</b>	<b>(355,690)</b>	<b>346,375</b>	<b>-</b>	<b>30,454,851</b>
Equity attributable to non-controlling interests	-	-	-	-	-
<b>EQUITY</b>	<b>30,464,166</b>	<b>(355,690)</b>	<b>346,375</b>	<b>-</b>	<b>30,454,851</b>

## Statement of cash flows

	Q1 2017	Q1 2016
Loss for the period	(354,660)	(3,612,050)
<i>Adjustments:</i>		
- Income taxes	58,614	(22,121)
- Depreciation of property, plant and equipment and investment property	637,483	645,521
- Amortisation of intangible assets	106,250	165,240
- Impairment losses, provisions and change in accounting estimates	(311,232)	(853,281)
- Gains on the sale of non-current assets	-	-
- Financial expense	485,190	1,274,872
- Financial income	(11,372)	(84,590)
- Dividends	-	-
- Share of profit of equity-accounted investees	(3,956)	(7,689)
- Other adjustments	345,345	72,085
<b>Total adjustments</b>	<b>1,306,322</b>	<b>1,190,037</b>
<i>Change in working capital:</i>		
- (Increase)/decrease in inventories	(29,303)	33,876
- (Increase)/decrease in contract work in progress	(1,880,125)	2,964,109
- Decrease in trade receivables and other assets	2,632,255	3,123,298
- (Increase)/decrease in receivables from related parties and joint ventures	(1,916,501)	24,033
- Decrease in trade payables, other financial liabilities and other liabilities	(971,534)	(2,880,811)
- Increase/(decrease) in payables to related parties and joint ventures	56,439	(15,135)
- Increase/(decrease) in advances for contract work in progress and deferred income	1,333,999	(372,442)
- Other changes	-	-
<b>Total changes in working capital</b>	<b>(774,770)</b>	<b>2,876,928</b>
<b>Gross cash flows from operating activities</b>	<b>176,892</b>	<b>454,915</b>
- Interest expense	(38,955)	(125,945)
- Income taxes	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>137,937</b>	<b>328,970</b>
- Purchases of non-current assets and equity investments	(550,396)	(356,220)
- Proceeds from the sale of non-current assets and equity investments	103,724	-
- Proceeds from the sale of discontinued operations, net of cash sold	-	-
- Increase in loans and receivables - third parties	-	-
- Increase in loans and receivables - related parties and joint ventures	-	-
- Repayment of loans and receivables - third parties	-	-
- Repayment of loans and receivables - related parties and joint ventures	3,997	3,997
- Proceeds from the sale of current assets held for trading	-	16,359,251
- Financial income	10,386	8,710
- Dividends collected	-	-
- Other changes	(200,053)	(424,781)
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>	<b>(632,342)</b>	<b>15,590,957</b>
- Proceeds from the issue of shares	-	-
- Increase in finance lease liabilities and other loans and borrowings - third parties	-	-
- Increase in other loans and borrowings - related parties and joint ventures	-	-
- Repayment of finance lease liabilities and other loans and borrowings - third parties	(15,000)	-
- Repayment of other loans and borrowings - related parties and joint ventures	-	-
- Dividends paid	-	-
- Other changes/Other non-cash items	-	-
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(15,000)</b>	<b>-</b>
<b>TOTAL CASH FLOWS</b>	<b>(509,405)</b>	<b>15,919,927</b>
Opening net cash and cash equivalents	27,783,369	20,995,697
Net cash and cash equivalents of companies that left the consolidation scope	-	-
<b>Closing net cash and cash equivalents</b>	<b>27,273,964</b>	<b>36,915,624</b>
<i>Of which:</i>		
- Cash and cash equivalents	27,273,964	36,915,624
- Bank overdrafts	-	-

Pursuant to Consob resolution no. 15519 of 27 July 2006, the impact of transactions with related parties, which relates to transactions with the ultimate parent, PF Holding B.V., the Mahindra group companies and the associate Goodmind S.r.l., are disclosed in notes 6, 9 and 13 to the condensed interim consolidated financial statements.

# Notes to the condensed interim consolidated financial statements

## GENERAL INFORMATION

### Foreword

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

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

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

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

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

All amounts are presented in Euros, unless stated otherwise.

The Board of Directors approved these condensed interim consolidated financial statements on 12 May 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 debt, with a breakdown of the main components and balances with related parties, is provided on page 12 of the directors' report;
- there were no non-recurring events or transactions, i.e., those transactions or events that are not repeated frequently in the normal course of business;

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.

They comply with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. They are also consistent with the regulations enacted to implement article 9 of Legislative decree no. 38/2005. The term IFRS includes the International Financial Reporting Standards, the International Accounting Standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called the Standing Interpretations Committee ("SIC"), endorsed by the European Commission as of the date of the Board of Directors' meeting convened to approve the condensed interim consolidated financial statements and listed in the applicable regulations published by the European Union as of the above-mentioned date.

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

The accounting policies adopted to prepare these condensed interim consolidated financial statements at 31 March 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 31 March 2017 have been measured prospectively.

## ACCOUNTING POLICIES

### Condensed interim consolidated financial statements

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

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

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

#### (a) Subsidiaries and business combinations

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

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

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

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

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

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

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



### (c) Associates

Associates are listed below:

Name	Registered office	Investment %	Held by	Currency	Quota capital
Goodmind S.r.l.	Via Nazionale 30, 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	31.03.2017	2017	31.03.2016	2016
US dollar - USD	1.07	1.06	1.14	1.10
Chinese renminbi (yuan) - CNY	7.36	7.34	7.35	7.22

#### (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 31.03.2017	Carrying amount at 31.12.2016
	profit or loss	equity					
<b>Assets:</b>							
Equity investments in other companies	-	-		-	252,017	252,017	252,017
Loans and receivables	-	-		130,986	-	130,986	133,997
Assets held for trading	-	-	Level 1	-	-	-	-
Trade receivables and other assets	-	-		17,890,892	-	17,890,892	18,375,527
<b>Liabilities:</b>							
Finance lease liabilities	-	-		-	-	-	-
Other loans and borrowings	-	-		46,013,798	-	46,013,798	45,582,566
Trade payables and other liabilities	-	-		15,791,591	-	15,791,591	14,321,258

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

## FINANCIAL RISK MANAGEMENT

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

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

### (a) Currency risk

The Group entered into most of its financial instruments in Euros, which is its functional and presentation currency. Although it operates in an international environment, it has a limited exposure

to fluctuations in the exchange rates of the following currencies against the Euro: US dollar (USD), and Chinese Yuan (CNY).

#### **(b) Interest rate risk**

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

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

The Group is exposed to interest rate risk 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:

	<b>31.03.2017</b>	<b>%</b>	<b>31.12.2016</b>	<b>%</b>
- Fixed rate	29,724,798	99.1%	29,288,566	99.1%
- Variable rate	255,000	0.9%	270,000	0.9%
<b>Gross financial debt with third parties</b>	<b>29,979,798</b>	<b>100.0%</b>	<b>29,558,566</b>	<b>100.0%</b>

Due to the new structure of the interest rates on medium to long-term financing that, at variable rates, accounts for 0.9% 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 31.03.2017	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	29,979,798	41,431,787	3,427,614	14,423,166	23,581,007

The Group holds net cash and cash equivalents totalling €27.3 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 includes acceleration clauses that may give rise to liquidity risk.

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

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

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

## SEGMENT REPORTING

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

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

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

Segment reporting as at and for the quarters ended 31 March 2017 and 2016 is set out below.

Amounts are in thousands of Euros.

	Q1 2017			Q1 2016		
	Operations	Design & engineering	Total	Operations	Design & engineering	Total
		A			B	
Revenue (Intra-segment revenue)	3,270 (77)	15,457 (97)	18,727 (173)	2,087 (133)	14,099 (297)	16,186 (430)
<b>Revenue - third parties</b>	<b>3,193</b>	<b>15,361</b>	<b>18,554</b>	<b>1,954</b>	<b>13,802</b>	<b>15,756</b>
<b>Operating profit (loss)</b>	<b>(934)</b>	<b>1,108</b>	<b>174</b>	<b>(1,599)</b>	<b>(853)</b>	<b>(2,452)</b>
Net financial income (expense)			(474)			(1,190)
Gain on the extinguishment of financial liabilities			-			-
Dividends			-			-
Share of profit of equity-accounted investees	-	4	4	-	8	8
<b>Loss before taxes</b>	<b>-</b>	<b>-</b>	<b>(296)</b>	<b>-</b>	<b>-</b>	<b>(3,634)</b>
Income taxes	-	-	(59)	-	-	22
<b>Loss from continuing operations</b>	<b>-</b>	<b>-</b>	<b>(355)</b>	<b>-</b>	<b>-</b>	<b>(3,612)</b>
<b>Profit (loss) from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loss for the period</b>	<b>-</b>	<b>-</b>	<b>(355)</b>	<b>-</b>	<b>-</b>	<b>(3,612)</b>
<i>Other information required by IFRS 8:</i>						
- Amortisation and depreciation	(409)	(335)	(744)	(397)	(414)	(811)
- Impairment losses	-	(6)	(6)	-	(4)	(4)
- Provisions/change in accounting estimates	-	11	11	-	28	28
- Net gains (losses) on the sale of non-current assets	-	-	-	-	-	-

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:

	Q1 2017	Q1 2016
Italy	1,572	3,257
EU	7,531	8,747
Non-EU countries	5,749	5,297
<b>Revenue from sales and services</b>	<b>14,853</b>	<b>17,301</b>

## NOTES TO THE CAPTIONS

### 1. Property, plant and equipment

The carrying amount of property, plant and equipment at 31 March 2017 decreased to €41.8 million from €44 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.

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
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)
<b>Carrying amount at 31 December 2016</b>	<b>7,655,314</b>	<b>28,310,235</b>	<b>35,965,549</b>
Reclassification: Historical cost	-	-	-
Reclassification: Acc. depreciation and imp. losses	-	-	-
Additions	-	2,302	2,302
Disposals: Historical cost	-	-	-
Disposals: Acc. depreciation and imp. losses	-	-	-
Depreciation	-	(284,030)	(284,030)
Impairment losses	-	-	-
Reclassifications	-	-	-
Other changes	-	(235)	(235)
<b>Carrying amount at 31 March 2017</b>	<b>7,655,314</b>	<b>28,028,272</b>	<b>35,683,586</b>
<i>Of which:</i>			
Historical cost	12,291,743	64,458,371	76,750,114
Accumulated depreciation and impairment losses	(4,636,429)	(36,429,864)	(41,066,293)

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 approved in December 2015.

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

	<b>Machinery</b>	<b>Plant</b>	<b>Total</b>
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)
<b>Carrying amount at 31 December 2016</b>	<b>391,600</b>	<b>3,348,256</b>	<b>3,739,856</b>
Reclassification: Historical cost	-	-	-
Reclassification: Acc. depreciation and imp. losses	-	-	-
Additions	210,000	209,102	419,102
Disposals: Historical cost	-	-	-
Disposals: Acc. depreciation and imp. losses	-	-	-
Depreciation	(13,016)	(129,512)	(142,528)
Impairment losses	-	-	-
Reclassifications	-	-	-
Other changes	-	-	-
<b>Carrying amount at 31 March 2017</b>	<b>588,584</b>	<b>3,427,846</b>	<b>4,016,430</b>
<i>Of which:</i>			
Historical cost	5,583,316	83,632,978	89,216,294
Accumulated depreciation and impairment losses	(4,994,732)	(80,205,132)	(85,199,864)

Plant and machinery at 31 March 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.

	<b>Furniture and fixtures</b>	<b>Hardware and software</b>	<b>Other assets</b>	<b>Total</b>
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)
<b>Carrying amount at 31 December 2016</b>	<b>941,196</b>	<b>785,390</b>	<b>562,897</b>	<b>2,289,483</b>
Reclassification: Historical cost	-	-	-	-
Reclassification: Acc. depreciation and imp. losses	-	-	-	-
Additions	8,037	42,751	-	50,788
Disposals: Historical cost	-	(103,724)	-	(103,724)
Disposals: Acc. depreciation and imp. losses	-	-	-	-
Depreciation	(40,100)	(61,070)	(18,662)	(119,832)
Impairment losses	-	-	-	-
Reclassifications	(1,176)	(542)	(1,468)	(3,186)
Other changes	28	480	227	735
<b>Carrying amount at 31 March 2017</b>	<b>907,985</b>	<b>663,285</b>	<b>542,994</b>	<b>2,114,264</b>
<i>Of which:</i>				
Historical cost	3,514,056	6,256,941	965,338	10,736,335
Accumulated depreciation and impairment losses	(2,606,071)	(5,593,656)	(422,344)	(8,622,071)

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 (€255,000).

	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)
<b>Carrying amount at 31 December 2016</b>	<b>5,807,378</b>	<b>2,308,915</b>	<b>8,116,293</b>
Reclassification: Historical cost	-	-	-
Reclassification: Acc. depreciation and imp. losses	-	-	-
Additions	-	-	-
Disposals: Historical cost	-	-	-
Disposals: Acc. depreciation and imp. losses	-	-	-
Depreciation	-	(91,093)	(91,093)
Impairment losses	-	-	-
Reclassifications	-	-	-
Other changes	-	-	-
<b>Carrying amount at 31 March 2017</b>	<b>5,807,378</b>	<b>2,217,822</b>	<b>8,025,200</b>
<i>Of which:</i>			
Historical cost	5,807,378	12,226,555	18,033,933
Accumulated depreciation and impairment losses	-	(10,008,733)	(10,008,733)

## 3. Intangible assets

The carrying amount of intangible assets at 31 March 2017 amounted to €1.8 million, substantially unchanged from the previous year end.

	Goodwill	Licences	Other assets	Total
Historical cost	1,043,495	5,841,633	2,165,870	9,050,998
Accumulated amortisation and impairment losses	-	(5,165,712)	(2,076,432)	(7,242,144)
<b>Carrying amount at 31 December 2016</b>	<b>1,043,495</b>	<b>675,921</b>	<b>89,438</b>	<b>1,808,854</b>
Reclassification: Historical cost	-	-	-	-
Reclassification: Acc. amortisation and imp. losses	-	-	-	-
Additions	-	73,007	5,197	78,204
Disposals: Historical cost	-	-	-	-
Disposals: Acc. amortisation and imp. losses	-	-	-	-
Amortisation	-	(97,947)	(8,303.00)	(106,250)
Impairment losses	-	-	-	-
Reclassifications	-	-	-	-
Other changes	-	-	-	-
<b>Carrying amount at 31 March 2017</b>	<b>1,043,495</b>	<b>650,981</b>	<b>86,332</b>	<b>1,780,808</b>
<i>Of which:</i>				
Historical cost	1,043,495	5,914,640	2,171,067	9,129,202
Accumulated amortisation and impairment losses	-	(5,263,659)	(2,084,735)	(7,348,394)

The remaining goodwill of €1,043,495, which is the Group's only intangible asset with an indefinite useful life, originates from the consolidation of Pininfarina Extra S.r.l.. Within the Pininfarina Group,



the Pininfarina Extra subgroup, which is comprised of Pininfarina Extra S.r.l., Pininfarina of America Corp. and the associate Goodmind S.r.l., engages in styling activities that are not related to the automotive industry. Consequently, it constitutes a separate cash generating unit. No indicators of impairment were identified during the period.

#### 4. Investments in associates

Goodmind S.r.l., incorporated in July 2012, provides communication services to companies and public sector entities. The Group's share of its profit for the period is €3,956. 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:

	<u>31.03.2017</u>
Midi Plc	251,072
Idroenergia Soc. Cons. a.r.l.	516
Volksbank Region Leonberg	300
Unionfidi S.c.r.l.p.A. Turin	129
<b>Equity investments in other companies</b>	<b>252,017</b>

#### 6. Loans and receivables

Changes in loans and receivables are set out below.

	<u>31.12.2016</u>	<u>Increase</u>	<u>Interest income</u>	<u>Collection</u>	<u>Impairment losses</u>	<u>31.03.2017</u>
Goodmind S.r.l.	133,997	-	986	(3,997)	-	130,986
Loans and receivables - related parties	<b>133,997</b>	<b>-</b>	<b>986</b>	<b>(3,997)</b>	<b>-</b>	<b>130,986</b>

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:

	<u>31.03.2017</u>	<u>31.12.2016</u>
Raw materials	518,203	493,965
Allowance for inventory write-down	(376,762)	(377,954)
Finished goods	219,442	214,377
Allowance for inventory write-down	-	-
<b>Inventories</b>	<b>360,883</b>	<b>330,388</b>

	Q1 2017		2016	
	Allowance for raw material write-down	Allowance for finished goods write-down	Allowance for raw material write-down	Allowance for finished goods write-down
<b>Opening balance</b>	<b>377,954</b>	-	<b>521,055</b>	<b>77,773</b>
Additions	-	-	-	-
Utilisations	(1,192)	-	(37,066)	(183,808)
Other changes	-	-	(106,035)	106,035
<b>Closing balance</b>	<b>376,762</b>	-	<b>377,954</b>	-

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

### 8. Contract work in progress

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

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

### 9. Trade receivables - third and related parties

The following table shows trade receivables at 31 March 2017 and 31 December 2016:

	31.03.2017	31.12.2016
Italy	1,680,093	2,713,055
EU	5,550,849	6,782,867
Non-EU countries	3,700,235	4,029,925
(Allowance for impairment)	(888,410)	(1,119,529)
<b>Third parties</b>	<b>10,042,767</b>	<b>12,406,317</b>
Mahindra&Mahindra Group	1,488,488	361,500
Tech Mahindra Group	756,743	35,230
Ssangyong Motor Company	68,000	-
<b>Related parties</b>	<b>2,313,231</b>	<b>396,730</b>
<b>Trade receivables</b>	<b>12,355,998</b>	<b>12,803,047</b>

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

Changes in the allowance for impairment are set out below:

	Q1 2017	2016
<b>Opening balance</b>	<b>1,119,529</b>	<b>542,453</b>
Additions	3,689	681,917
Utilisations	(234,808)	(115,863)
Other changes	-	11,022
<b>Closing balance</b>	<b>888,410</b>	<b>1,119,529</b>

## 10. Other assets

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

	31.03.2017	31.12.2016
VAT	2,568,277	2,642,667
Withholding taxes	1,985,277	1,901,056
Prepayments and accrued income	603,615	609,589
Advances to suppliers	49,398	37,942
Amounts due from INAIL (the Italian Workers' Compensation Authority) and INPS (the Italian social security institution)	2,923	166,461
Amounts due from employees	24,638	16,707
Other	300,766	198,059
<b>Other assets</b>	<b>5,534,894</b>	<b>5,572,480</b>

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

## 11. Cash and cash equivalents

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

	31.03.2017	31.12.2016
Cash in hand and cash equivalents	11,047	8,137
Short-term bank deposits	27,262,917	27,775,232
<b>Cash and cash equivalents</b>	<b>27,273,964</b>	<b>27,783,369</b>
(Bank overdrafts)	-	-
<b>Net cash and cash equivalents</b>	<b>27,273,964</b>	<b>27,783,369</b>

## 12. Equity

### (a) Share capital

	31.03.2017		31.03.2016	
	Nominal amount	No.	Nominal amount	No.
Ordinary shares	30,166,652	30,166,652	30,166,652	30,166,652
(Treasury shares)	(15,958)	(15,958)	(15,958)	(15,958)
<b>Share capital</b>	<b>30,150,694</b>	<b>30,150,694</b>	<b>30,150,694</b>	<b>30,150,694</b>

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

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

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

During their ordinary and extraordinary meeting of 21 November 2016, the shareholders approved the proposal for a capital increase against payment of a maximum amount of €26,532,528, including any share premium, to be carried out by instalments, by issuing ordinary shares with a nominal amount of €1 with the same characteristics as those outstanding and carrying regular dividend rights, to be offered to the parent's shareholders that have right of first refusal pursuant to article 2441.1 of the Italian Civil Code. The capital increase shall be carried out before 31 July 2017, when the decisions, pursuant to article 2439.2 of the Italian Civil Code, that the capital increase, if not fully subscribed, shall be intended as limited to the amount subscribed before that term shall be made.

Moreover, the shareholders gave the Board of Directors the powers, pursuant to article 2443 of the Italian Civil Code and for five years from 21 November 2016, to increase the share capital against payment and by instalments, for a maximum amount of €2,225,925, without excluding the right of first refusal pursuant to article 2441.8 of the Italian Civil Code, by issuing 2,225,925 ordinary shares with a nominal amount of €1, with the same characteristics as those outstanding at the issue date and carrying regular dividend rights. Subscription of the newly-issued shares will be reserved for the beneficiaries of the 2016-2023 stock option plan, in accordance with the provisions of the plan, for a unit price of €1.10.

### (b) Reserve for treasury shares

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

### (c) Legal reserve

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

### (d) Stock option reserve

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

and that the option's exercise price is €1.10 for each share. The plan term is seven years (2016-2023).

The reserve includes 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: €346,375
8. Carrying amount at the reporting date: €504,168

#### **(e) Translation reserve**

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

#### **(f) Other reserves**

Other reserves are unchanged from the previous year end.

#### **(g) Losses carried forward**

Losses carried forward totalled €8,809,718 at the reporting date, down by €20,545,159 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 €13,951.

The table reconciling the parent's loss and equity as at and for the period ended 31 March 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:

- the rescheduling of the nominal amount of the debt with the lending institutions that accepted this option, totalling €41.5 million, to 2025;
- the application of a fixed interest rate of 0.25% per annum, based on a year of 360 days, increased by the difference between this rate and the six-month Euribor, should the latter exceed 4%.

## (b) Fair value of restructured debt

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

The table below summarises the changes in loans and borrowings:

	31.12.2016	Figurative interest	Repayments	Current/non-current reclassification	31.03.2017
Finance lease liabilities	-	-	-	-	-
Other loans and borrowings	26,130,952	436,232	-	(15,000)	26,552,184
<b>Non-current portion</b>	<b>26,130,952</b>	<b>436,232</b>	<b>-</b>		<b>26,552,184</b>
Bank overdrafts	-	-	-	-	-
Finance lease liabilities	-	-	-	-	-
Other loans and borrowings	3,427,614	-	(15,000)	15,000	3,427,614
<b>Current portion</b>	<b>3,427,614</b>	<b>-</b>	<b>(15,000)</b>	<b>15,000</b>	<b>3,427,614</b>
<b>Current and non-current portion:</b>	<b>29,558,566</b>	<b>436,232</b>	<b>(15,000)</b>	<b>15,000</b>	<b>29,979,798</b>

Other loans and borrowings include the amounts due to the parent's lending institutions, parties to the Agreement, pursuant to the relevant loan and financing agreements.

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	Repayments	31.03.2017
Intesa Sanpaolo S.p.A.	18,959,643	282,390	-	19,242,033
Banca Nazionale del Lavoro S.p.A.	1,116,026	16,622	-	1,132,648
Ubi Banca SpA (formerly Banca Regionale Europea S.p.A.)	4,456,651	66,379	-	4,523,030
Selmabipiemme Leasing S.p.A.	4,756,246	70,841	-	4,827,087
Volksbank Region Leonberg (GER)	270,000	-	(15,000)	255,000
<b>Other loans and borrowings</b>	<b>29,558,566</b>	<b>436,232</b>	<b>(15,000)</b>	<b>29,979,798</b>

## Other information

The €255,000 loan is due to Volksbank Region Leonberg (GER) by Pininfarina Deutschland Holding GmbH, which is the only subsidiary with non-current debt.

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

## Loans and borrowings - related parties and joint ventures

This caption shows the loan that PF Holdings B.V. granted to Pininfarina S.p.A., including interest accrued during the period.

The loan agreement provides for interest at 0.25% pa and expires on 31 July 2017.

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

##### (a) Trade payables

	31.03.2017	31.12.2016
Third parties	7,312,954	6,910,250
Related parties	56,439	-
Advances for contract work in progress	7,348,356	6,014,357
<b>Trade payables</b>	<b>14,717,749</b>	<b>12,924,607</b>

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

##### (b) Other financial liabilities

	31.03.2017	31.12.2016
Wages and salaries payable	2,765,090	2,228,912
Social security charges payable	592,285	1,341,011
Other	1,073,842	1,396,651
<b>Other financial liabilities</b>	<b>4,431,217</b>	<b>4,966,574</b>

##### (c) Other liabilities

This caption comprises the parent's deferred lease income on the business lease and deferred income 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	31.03.2017
Provision for product warranty	54,525	-	(1,234)	-	53,291
Restructuring provision	238,195	-	(2,324)	-	235,871
Other provisions	128,068	18,499	(29,825)	-	116,742
<b>Provisions for risks and charges</b>	<b>420,788</b>	<b>18,499</b>	<b>(33,383)</b>	<b>-</b>	<b>405,904</b>

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:

	31.03.2017	31.12.2016
Deferred tax assets	1,001,637	1,001,766
(Deferred tax liabilities)	(974)	(974)
<b>Net deferred tax assets</b>	<b>1,000,663</b>	<b>1,000,792</b>

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..

The decrease in deferred tax liabilities relates to temporary differences of the subsidiary Pininfarina of America Corp..

### (b) Current taxes

Income taxes recognised in profit or loss are detailed below:

	Q1 2017	Q1 2016
Income taxes	(54,812)	-
IRAP (Regional tax on production activities)	(3,673)	(9,363)
Release of prior period provision	-	37,960
<b>Current taxes</b>	<b>(58,485)</b>	<b>28,597</b>
Change in deferred tax assets	(129)	-
Change in deferred tax liabilities	-	(6,476)
<b>Net deferred taxes</b>	<b>(129)</b>	<b>(6,476)</b>
<b>Income taxes</b>	<b>(58,614)</b>	<b>22,121</b>



## 17. Revenue from sales and services

	Q1 2017	Q1 2016
Sales - Italy	107,497	356,305
Sales - EU	443,204	345,448
Sales - Non-EU countries	2,295,403	1,531,117
Services - Italy	1,464,773	2,900,495
Services - EU	7,088,039	8,401,060
Services - Non-EU countries	3,453,996	3,766,203
<b>Revenue from sales and services</b>	<b>14,852,911</b>	<b>17,300,627</b>

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

Segment reporting is provided on page 29.

## 18. Other revenue and income

	Q1 2017	Q1 2016
Royalties	1,268,000	405,000
Lease income	444,818	903,278
Rebilling	28,794	32,637
Sundry	17,402	1,793
Insurance compensation	1,950	36,690
Grants relating to income	9,387	-
<b>Other revenue and income</b>	<b>1,812,822</b>	<b>1,437,742</b>

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

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

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

## 19. Raw materials and components

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

## 20. External variable engineering services

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

## 21. Wages, salaries and employee benefits

	Q1 2017	Q1 2016
Wages and salaries	(8,464,233)	(8,431,590)
Social security contributions	(2,252,143)	(2,471,340)
Independent contractors	-	-
Utilisation of restructuring provision	2,324	646,472
<b>Blue collars, white collars and managers</b>	<b>(10,714,052)</b>	<b>(10,256,458)</b>
<b>Post-employment benefits - defined contribution plan</b>	<b>(288,926)</b>	<b>(275,582)</b>
<b>Wages, salaries and employee benefits</b>	<b>(11,002,979)</b>	<b>(10,532,040)</b>

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 the reporting date and the average number for the 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:

	Q1 2017		Q1 2016	
	reporting date	average	reporting date	average
Managers	23	23	24	24
White collars	526	523	537	544
Blue collars	24	24	29	29
<b>Total</b>	<b>573</b>	<b>570</b>	<b>590</b>	<b>597</b>

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

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

	Q1 2017	Q1 2016
Net impairment losses on loans and receivables	(6,001)	(3,695)
Additions to provisions for risks and charges	(18,499)	-
Utilisation and revised estimates of provisions for risks and charges	29,825	27,583
<b>Additions to/utilisation of provisions and impairment losses</b>	<b>5,325</b>	<b>23,888</b>

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

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

## 23. Other expenses

	Q1 2017	Q1 2016
Travel expenses	(318,428)	(405,771)
Leases	(611,880)	(677,445)
Directors' and statutory auditors' fees	(179,560)	(282,745)
Consulting and other services	(630,913)	(826,629)
Other personnel costs	(248,651)	(232,139)
Postal expenses	(98,297)	(114,555)
Cleaning and waste disposal services	(79,181)	(90,836)
Advertising	(486,455)	(187,407)
Indirect taxes	(185,168)	(180,666)
Insurance	(143,882)	(158,962)
Membership fees	(34,644)	(32,213)
Prior period expense	(8,240)	(896)
General services and other expenses	(218,310)	(267,321)
<b>Other expenses</b>	<b>(3,243,609)</b>	<b>(3,457,585)</b>

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

	Q1 2017	Q1 2016
Interest and commission expense on credit facilities	(12,559)	(63,981)
Lease interest expense	-	(746,692)
Interest expense on loans and financing	(462,632)	(464,199)
Interest expense on ultimate parent loans	(10,000)	-
<b>Financial expense</b>	<b>(485,190)</b>	<b>(1,274,872)</b>
Bank interest income	10,386	8,710
Gains on assets held for trading	-	72,085
Interest income on loans and receivables - related parties	986	3,795
<b>Financial income</b>	<b>11,372</b>	<b>84,590</b>
<b>Net financial expense</b>	<b>(473,818)</b>	<b>(1,190,282)</b>

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

Interest expense on loans and financing of €462,632 comprises the effect of amortised-cost accounting (€436,234) and interest accrued under the existing Agreement (€25,735). The remainder relates to foreign companies.

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

Bank interest income accrued on the current account positive balances.

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

## OTHER INFORMATION

### Events after the reporting period

On 9 May 2017, Pininfarina S.p.A. announced that it signed a trade agreement with Iran Khodro (IKCO), Iranian leading automotive company, listed on the Teheran stock exchange.

The agreement covers the turn-key development of a modular automotive platform that can host at least four car models, with the first car to compete in the mid market segment. The activities will start from styling the concept to the platform architecture, vehicle styling, engineering development, virtual and physical validation for series production.

The agreement is worth approximately €70 million and will have a total duration of three years.

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

### Related party transactions

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

	Commercial		Financial		Operating		Financial	
	Assets	Liabilities	Assets	Liabilities	Revenue	Expense	Income	Expense
PF Holding BV	-	-	-	16,034,000	-	-	-	10,000
Goodmind S.r.l.	-	-	130,986	-	8,000	-	986	-
Mahindra&Mahindra Group	1,488,488	-	-	-	1,554,926	-	-	-
Tech Mahindra Group	756,743	56,439	-	-	643,546	-	-	-
Ssangyong Motor Company	68,000	-	-	-	268,400	-	-	-
<b>Total</b>	<b>2,313,231</b>	<b>56,439</b>	<b>130,986</b>	<b>16,034,000</b>	<b>2,474,872</b>	<b>-</b>	<b>986</b>	<b>10,000</b>

### Directors' and statutory auditors' fees

	Q1 2017	Q1 2016
(€'000)		
Directors	153	255
Statutory auditors	27	29
<b>Total</b>	<b>180</b>	<b>284</b>

### Significant non-recurring transactions

As required by Consob communication no. DEM/6064293 of 28 July 2006, the Pininfarina Group specifies that it did not carry out non-recurring transactions during the reporting period.

### **Atypical and unusual transactions**

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



***Pininfarina S.p.A.***

**Interim separate financial statements as at and for the  
three months ended 31 March 2017**

## Statement of financial position

	31.03.2017	31.12.2016
Land and buildings	35,668,645	35,948,194
Land	7,655,314	7,655,314
Buildings	28,013,331	28,292,880
Leased property	-	-
Plant and machinery	3,939,142	3,656,844
Machinery	588,584	391,600
Plant	3,350,558	3,265,244
Leased machinery and equipment	-	-
Furniture, fixtures and other assets	710,435	755,208
Furniture and fixtures	12,260	13,505
Hardware and software	306,394	339,981
Other assets, including vehicles	391,781	401,722
Assets under construction	-	-
<b>Property, plant and equipment</b>	<b>40,318,222</b>	<b>40,360,246</b>
<b>Investment property</b>		
Goodwill	-	-
Licences and trademarks	560,294	585,375
Other	-	-
<b>Intangible assets</b>	<b>560,294</b>	<b>585,375</b>
Subsidiaries	21,577,447	21,577,447
Associates	-	-
Joint ventures	-	-
Other companies	645	645
<b>Equity investments</b>	<b>21,578,092</b>	<b>21,578,092</b>
<b>Deferred tax assets</b>	-	-
Held-to-maturity investments	-	-
Loans and receivables	1,685,232	1,686,303
Third parties	-	-
Related parties	1,685,232	1,686,303
Available-for-sale financial assets	-	-
<b>Non-current financial assets</b>	<b>1,685,232</b>	<b>1,686,303</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>64,141,840</b>	<b>64,210,016</b>
Raw materials	141,441	116,011
Work in progress	-	-
Finished goods	44,299	71,803
<b>Inventories</b>	<b>185,740</b>	<b>187,814</b>
<b>Contract work in progress</b>	<b>1,757,673</b>	<b>822,643</b>
Assets held for trading	-	-
Loans and receivables	-	-
Third parties	-	-
Related parties	-	-
Available-for-sale financial assets	-	-
<b>Current financial assets</b>	<b>-</b>	<b>-</b>
<b>Derivatives</b>	-	-
Trade receivables	5,059,963	5,435,882
Third parties	2,302,234	4,266,883
Related parties	2,757,729	1,168,999
Other assets	4,532,591	4,742,947
<b>Trade receivables and other assets</b>	<b>9,592,554</b>	<b>10,178,829</b>
Cash in hand and cash equivalents	3,180	86
Short-term bank deposits	21,263,086	21,149,195
<b>Cash and cash equivalents</b>	<b>21,266,266</b>	<b>21,149,281</b>
<b>TOTAL CURRENT ASSETS</b>	<b>32,802,233</b>	<b>32,338,567</b>
<b>TOTAL ASSETS</b>	<b>96,944,073</b>	<b>96,548,583</b>



## Statement of financial position

	31.03.2017	31.12.2016
Share capital	30,150,694	30,150,694
Share premium reserve	-	-
Reserve for treasury shares	175,697	175,697
Legal reserve	6,033,331	6,033,331
Stock option reserve	504,168	157,793
Other reserves	2,646,208	2,646,208
Losses carried forward	(7,143,608)	(30,424,802)
Profit (loss) for the period/year	(614,335)	23,267,243
<b>EQUITY</b>	<b>31,752,155</b>	<b>32,006,164</b>
Finance lease liabilities	-	-
Other loans and borrowings	26,357,184	25,920,952
Third parties	26,357,184	25,920,952
Related parties	-	-
<b>Non-current loans and borrowings</b>	<b>26,357,184</b>	<b>25,920,952</b>
<b>Deferred tax liabilities</b>	-	-
Italian post-employment benefits	4,146,546	4,224,616
Other	-	-
<b>Post-employment benefits</b>	<b>4,146,546</b>	<b>4,224,616</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>30,503,730</b>	<b>30,145,568</b>
Bank overdrafts	-	-
Finance lease liabilities	-	-
Other loans and borrowings	19,659,452	19,649,452
Third parties	3,367,614	3,367,614
Related parties	16,291,838	16,281,838
<b>Current loans and borrowings</b>	<b>19,659,452</b>	<b>19,649,452</b>
Wages and salaries payable	1,935,674	1,608,770
Social security charges payable	387,290	1,110,904
Other	551,246	1,169,696
<b>Other financial liabilities</b>	<b>2,874,210</b>	<b>3,889,370</b>
Third parties	5,364,374	5,187,482
Related parties	101,414	63,523
Advances for contract work in progress	5,989,548	4,592,950
<b>Trade payables</b>	<b>11,455,336</b>	<b>9,843,955</b>
Direct tax liabilities	-	-
Other tax liabilities	-	-
<b>Current tax liabilities</b>	<b>-</b>	<b>-</b>
<b>Derivatives</b>	-	-
Provision for product warranty	53,291	54,525
Restructuring provision	235,871	238,195
Other provisions	110,028	121,354
<b>Provisions for risks and charges</b>	<b>399,190</b>	<b>414,074</b>
Third parties	300,000	600,000
Related parties	-	-
<b>Other liabilities</b>	<b>300,000</b>	<b>600,000</b>
<b>TOTAL CURRENT LIABILITIES</b>	<b>34,688,188</b>	<b>34,396,851</b>
<b>TOTAL LIABILITIES</b>	<b>65,191,918</b>	<b>64,542,419</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>96,944,073</b>	<b>96,548,583</b>

Pursuant to Consob resolution no. 15519 of 27 July 2006, an ad hoc statement of financial position showing related party transactions has not been prepared as these are already shown in the interim separate financial statements schedules. As for transactions with other related parties, such as directors and statutory auditors, "Trade payables - third parties" include accrued fees for the period of €67,750.

## Income statement

	Q1 2017	Of which: related parties	Q1 2016	Of which: related parties
Revenue from sales and services	7,490,685	1,121,067	10,538,362	345,470
Internal work capitalised	-		-	
Change in inventories and contract work in progress	907,526		(4,401,827)	
Change in contract work in progress	935,030		(4,355,206)	
Change in finished goods and work in progress	(27,504)		(46,621)	
Other revenue and income	1,587,361	1,258,000	1,231,175	8,000
<b>Revenue</b>	<b>9,985,572</b>	<b>2,379,067</b>	<b>7,367,710</b>	<b>353,470</b>
<b>Gains on sale of non-current assets and equity investments</b>	<b>-</b>		<b>-</b>	
<i>Gain on sale of equity investments</i>	-		-	
Raw materials and components	(1,098,982)		(1,158,351)	
Change in raw materials	25,430		3,042	
Inventory write-downs	-		-	
<b>Raw materials and consumables</b>	<b>(1,073,552)</b>	<b>-</b>	<b>(1,155,309)</b>	<b>-</b>
Consumables	(238,643)		(233,345)	
External maintenance	(215,158)		(270,713)	
<b>Other variable production costs</b>	<b>(453,801)</b>	<b>-</b>	<b>(504,058)</b>	<b>-</b>
<b>External variable engineering services</b>	<b>(447,136)</b>	<b>(36,489)</b>	<b>(381,980)</b>	<b>(84,161)</b>
Blue collars, white collars and managers	(5,410,870)		(4,840,473)	
Independent contractors and temporary workers	-		-	
Social security contributions and other post-employment benefits	(265,868)		(253,550)	
<b>Wages, salaries and employee benefits</b>	<b>(5,676,738)</b>	<b>-</b>	<b>(5,094,023)</b>	<b>-</b>
Depreciation of property, plant and equipment and investment property	(474,803)		(467,892)	
Amortisation of intangible assets	(87,233)		(96,683)	
Losses on sale of non-current assets and equity investments	-		-	
(Additions to)/utilisation of provisions and impairment losses	11,326		27,583	
<b>Amortisation, depreciation and impairment losses</b>	<b>(550,710)</b>	<b>-</b>	<b>(536,992)</b>	<b>-</b>
<b>Net exchange rate gains (losses)</b>	<b>892</b>		<b>(443)</b>	
<b>Other expenses</b>	<b>(1,932,129)</b>		<b>(1,991,195)</b>	
<b>Operating loss</b>	<b>(147,602)</b>	<b>2,342,578</b>	<b>(2,296,290)</b>	<b>269,309</b>
<b>Net financial expense</b>	<b>(466,733)</b>	<b>(6,891)</b>	<b>(1,184,266)</b>	<b>6,869</b>
<b>Gain on the extinguishment of financial liabilities</b>	<b>-</b>		<b>-</b>	<b>-</b>
<b>Dividends</b>	<b>-</b>		<b>-</b>	
<b>Loss before taxes</b>	<b>(614,335)</b>	<b>2,335,687</b>	<b>(3,480,556)</b>	<b>276,178</b>
<b>Income taxes</b>	<b>-</b>		<b>-</b>	
<b>Loss for the period</b>	<b>(614,335)</b>	<b>2,335,687</b>	<b>(3,480,556)</b>	<b>276,178</b>

## Statement of comprehensive income

	Q1 2017	Q1 2016
<b>Loss for the period</b>	<b>(614,335)</b>	<b>(3,480,556)</b>
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
- Actuarial gains on defined benefit plans - IAS 19	13,951	-
- Income taxes	-	-
- Other	-	-
<b>Total items of other comprehensive income that will not be reclassified to profit or loss, net of tax effect:</b>	<b>13,951</b>	<b>-</b>
Items that will or may be subsequently reclassified to profit or loss:		
- Gains (losses) from translation of financial statements of foreign operations - IAS 21	-	-
- Other	-	-
<b>Total items of other comprehensive income that will be subsequently reclassified to profit or loss, net of tax effect:</b>	<b>-</b>	<b>-</b>
<b>Total other comprehensive income, net of tax effect</b>	<b>13,951</b>	<b>-</b>
<b>Comprehensive expense</b>	<b>(600,384)</b>	<b>(3,480,556)</b>

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

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

	Q1 2017	%	Q1 2016	%	Variation	2016
Revenue from sales and services	7,491	75.02	10,538	143.04	(3,047)	31,630
Change in inventories and contract work in progress	908	9.09	(4,402)	( 59.75)	5,310	(4,032)
Other revenue and income	1,587	15.89	1,231	16.71	356	9,210
<b>Revenue</b>	<b>9,986</b>	<b>100.00</b>	<b>7,367</b>	<b>100.00</b>	<b>2,619</b>	<b>36,808</b>
<b>Net gains on the sale of non-current assets</b>	-	-	-	-	-	<b>2</b>
Materials and services (*)	(3,931)	(39.36)	(4,036)	(54.78)	105	(14,738)
Change in raw materials	25	0.25	3	0.04	22	54
<b>Value added</b>	<b>6,080</b>	<b>60.89</b>	<b>3,334</b>	<b>45.26</b>	<b>2,746</b>	<b>22,126</b>
Labour cost (**)	(5,677)	(56.85)	(5,094)	(69.15)	(583)	(22,242)
<b>EBITDA</b>	<b>403</b>	<b>4.04</b>	<b>(1,760)</b>	<b>(23.89)</b>	<b>2,163</b>	<b>(116)</b>
Amortisation and depreciation	(562)	(5.63)	(565)	(7.67)	3	(2,216)
(Additions to)/utilisation of provisions and impairment losses	11	0.11	28	0.38	(17)	82
<b>EBIT</b>	<b>(148)</b>	<b>(1.48)</b>	<b>(2,297)</b>	<b>(31.18)</b>	<b>2,149</b>	<b>(2,250)</b>
Net financial expense	(466)	(4.67)	(1,184)	(16.07)	718	(1,132)
Gain on the extinguishment of financial liabilities	-	-	-	-	-	26,459
<b>Profit (loss) before taxes</b>	<b>(614)</b>	<b>(6.15)</b>	<b>(3,481)</b>	<b>(47.25)</b>	<b>2,867</b>	<b>23,077</b>
Income taxes	-	-	-	-	-	190
<b>Profit (loss) for the period/year</b>	<b>(614)</b>	<b>(6.15)</b>	<b>(3,481)</b>	<b>(47.25)</b>	<b>2,867</b>	<b>23,267</b>

(\*) **Materials and services** are net of utilisations of the provisions for product warranty and risks (€6.6 thousand and €1.2 thousand for the first quarters of 2016 and 2017, respectively).

(\*\*) **Labour cost** is net of utilisations of the restructuring provision (€646 thousand and €2.3 thousand for the first quarters 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)

	31.03.2017	31.12.2016	Variation
<b>Net non-current assets (A)</b>			
Net intangible assets	560	585	(25)
Net property, plant and equipment and investment property	40,319	40,360	(41)
Equity investments	21,578	21,578	-
<b>Total A</b>	<b>62,457</b>	<b>62,523</b>	<b>(66)</b>
<b>Working capital (B)</b>			
Inventories	1,943	1,010	933
Net trade receivables and other assets	9,593	10,180	(587)
Trade payables	(11,455)	(9,844)	(1,611)
Provisions for risks and charges	(399)	(414)	15
Other liabilities	(3,174)	(4,489)	1,315
<b>Total B</b>	<b>(3,492)</b>	<b>(3,557)</b>	<b>65</b>
<b>Net invested capital (C=A+B)</b>	<b>58,965</b>	<b>58,966</b>	<b>(1)</b>
<b>Post-employment benefits (D)</b>	<b>4,147</b>	<b>4,225</b>	<b>(78)</b>
<b>Net capital requirements (E=C-D)</b>	<b>54,818</b>	<b>54,741</b>	<b>77</b>
<b>Equity (F)</b>	<b>31,752</b>	<b>32,005</b>	<b>(253)</b>
<b>Net financial debt (G)</b>			
Non-current loans and borrowings	24,672	24,235	437
Net current financial position	(1,606)	(1,499)	(107)
<b>Total G</b>	<b>23,066</b>	<b>22,736</b>	<b>330</b>
<b>Total as in E (H=F+G)</b>	<b>54,818</b>	<b>54,741</b>	<b>77</b>

### Net financial debt

(€'000)

	31.03.2017	31.12.2016	Variation
Cash and cash equivalents	21,266	21,149	117
Current assets held for trading	-	-	-
Current finance lease liabilities	-	-	-
Loans and borrowings - related parties	(16,292)	(16,282)	(10)
Current portion of bank loans and borrowings	(3,368)	(3,368)	-
<b>Net current financial position</b>	<b>1,606</b>	<b>1,499</b>	<b>107</b>
Non-current loans and receivables - related parties	1,685	1,686	(1)
Non-current finance lease liabilities	-	-	-
Non-current bank loans and borrowings	(26,357)	(25,921)	(436)
<b>Non-current loans and borrowings</b>	<b>(24,672)</b>	<b>(24,235)</b>	<b>(437)</b>
<b>NET FINANCIAL DEBT</b>	<b>(23,066)</b>	<b>(22,736)</b>	<b>(330)</b>

### Statement of changes in equity

	31.12.2015	Comprehensive expense	Stock option reserve	Allocation of prior year loss	31.03.2016
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)	-	-	(20,263,436)	(30,387,066)
Loss for the period/year	(20,263,436)	(3,480,556)	-	20,263,436	(3,480,556)
<b>EQUITY</b>	<b>8,618,864</b>	<b>(3,480,556)</b>	<b>-</b>	<b>-</b>	<b>5,138,308</b>

	31.12.2016	Comprehensive expense	Stock option reserve	Allocation of prior year loss	31.03.2017
Share capital	30,150,694	-	-	-	30,150,694
Share premium reserve	-	-	-	-	-
Reserve for treasury shares	175,697	-	-	-	175,697
Legal reserve	6,033,331	-	-	-	6,033,331
Stock option reserve	157,793	-	346,375	-	504,168
Other reserves	2,646,208	-	-	-	2,646,208
Losses carried forward	(30,424,802)	13,951	-	23,267,243	(7,143,608)
Profit (loss) for the period/year	23,267,243	(614,335)	-	(23,267,243)	(614,335)
<b>EQUITY</b>	<b>32,006,164</b>	<b>(600,384)</b>	<b>346,375</b>	<b>-</b>	<b>31,752,155</b>

## Statement of cash flows

	Q1 2017	Q1 2016
<b>Loss for the period</b>	<b>(614,335)</b>	<b>(3,480,556)</b>
<i>Adjustments:</i>		
- Income taxes	-	-
- Depreciation of property, plant and equipment and investment property	474,803	467,892
- Amortisation of intangible assets	87,233	96,683
- Impairment losses, provisions and change in accounting estimates	(80,196)	(869,701)
- Gains on the sale of non-current assets	-	-
- Financial expense	479,190	1,270,821
- Financial income	(12,459)	(86,555)
- Dividends	-	-
- Other adjustments	346,375	72,085
<b>Total adjustments</b>	<b>1,294,946</b>	<b>951,225</b>
<i>Change in working capital:</i>		
- Decrease in inventories	3,267	44,896
- (Increase)/decrease in contract work in progress	(935,030)	4,355,206
- Decrease in trade receivables and other assets	2,175,005	2,508,968
- (Increase)/decrease in trade receivables - related parties	(1,588,730)	98,841
- Decrease in trade payables, other financial liabilities and other liabilities	(1,138,268)	(2,967,802)
- Increase/(decrease) in trade payables - related parties	37,891	(383,919)
- Increase/(decrease) in advances for contract work in progress and deferred income	1,396,598	(27,075)
- Other changes	-	-
<b>Total changes in working capital</b>	<b>(49,267)</b>	<b>3,629,115</b>
<b>Gross cash flows from operating activities</b>	<b>631,344</b>	<b>1,099,784</b>
- Financial expense	(32,958)	(121,894)
- Income taxes	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>598,386</b>	<b>977,890</b>
- Purchases of non-current assets and equity investments	(494,931)	(57,455)
- Proceeds from the sale of non-current assets and equity investments	-	-
- Increase in loans and receivables - third parties	-	-
- Increase in loans and receivables - related parties	-	-
- Repayment of loans and receivables - third parties	-	-
- Repayment of loans and receivables - related parties	4,180	4,276
- Proceeds from the sale of current assets held for trading	-	16,359,251
- Financial income	9,350	7,601
- Dividends collected	-	-
- Other changes	-	-
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>	<b>(481,401)</b>	<b>16,313,673</b>
- Proceeds from the issue of shares	-	-
- Increase in finance lease liabilities and other loans and borrowings - third parties	-	-
- Increase in other loans and borrowings - related parties	-	-
- Repayment of finance lease liabilities and other loans and borrowings - third parties	-	-
- Repayment of other loans and borrowings - related parties	-	-
- Dividends paid	-	-
- Other changes	-	-
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>TOTAL CASH FLOWS</b>	<b>116,985</b>	<b>17,291,563</b>
Opening net cash and cash equivalents	21,149,281	12,777,697
<b>Closing net cash and cash equivalents</b>	<b>21,266,266</b>	<b>30,069,260</b>
<i>Of which:</i>		
- Cash and cash equivalents	21,266,266	30,069,260
- Bank overdrafts	-	-

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

## OTHER INFORMATION

### Events after the reporting period

On 9 May 2017, Pininfarina S.p.A. announced that it signed a trade agreement with Iran Khodro (IKCO), Iranian leading automotive company, listed on the Teheran stock exchange.

The agreement covers the turn-key development of a modular automotive platform that can host at least four car models, with the first car to compete in the mid market segment. The activities will start from styling the concept to the platform architecture, vehicle styling, engineering development, virtual and physical validation for series production.

The agreement is worth approximately €70 million and will have a total duration of three years.

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

### Related party transactions

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

	Commercial		Financial		Operating		Financial	
	Assets	Liabilities	Assets	Liabilities	Revenue	Expense	Income	Expense
PF Holding BV	-	-	-	16,034,000	-	-	-	10,000
Pincar S.r.l. in liquidation	-	-	-	-	-	-	-	-
Pininfarina Extra S.r.l.	92,851	72,414	185,232	257,838	80,383	7,489	-	-
Goodmind S.r.l.	-	-	-	-	8,000	-	-	-
Pininfarina Deutschland GmbH	14,000	-	1,500,000	-	28,000	-	3,109	-
Pininfarina Automotive Engineering (Shanghai) Co Ltd	377,340	29,000	-	-	65,437	29,000	-	-
Mahindra&Mahindra Group	1,484,300	-	-	-	1,448,821	-	-	-
Tech Mahindra Group	721,238	-	-	-	630,991	-	-	-
Ssangyong Motor Company	68,000	-	-	-	117,435	-	-	-
<b>Total</b>	<b>2,757,729</b>	<b>101,414</b>	<b>1,685,232</b>	<b>16,291,838</b>	<b>2,379,067</b>	<b>36,489</b>	<b>3,109</b>	<b>10,000</b>

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

	Q1 2017	Q1 2016
(€'000)		
Directors	87	157
Statutory auditors	25	26
<b>Total</b>	<b>112</b>	<b>183</b>

The total fees to Pininfarina S.p.A.'s key management personnel approximate €0.3 million for the first three months of 2017.



**Significant non-recurring transactions**

As required by Consob communication no. DEM/6064293 of 28 July 2006, Pininfarina S.p.A. specifies that it did not carry out non-recurring transactions during the reporting period.

**Atypical and unusual transactions**

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