



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

PININFARINA GROUP

Interim financial report at 31 March 2018

Pininfarina S.p.A. - Share capital €54,287,128 fully paid-up - Registered office in Turin, Via Bruno Buozzi 6
Tax Code and Turin Company Registration no. 00489110015

The Board of Directors approved this interim financial report at 31 March 2018 on 14 May 2018.

Board of Directors

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

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

Board of Statutory Auditors

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

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

Gianfranco Albertini

Independent Auditors

KPMG S.p.A.

***Powers**

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

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Pininfarina Group

Directors' report

Operating and financial performance

The most significant issues that arise from a comparison of the Q1 2018 and Q1 2017 consolidated financial figures are as follows:

- revenue jumped (+53%) thanks to the greater contribution of all segments and especially that of the engineering services;
- gross operating profit and operating profit both improved significantly to now equal 14% and 11% of revenue, respectively (0.5% and 0.1% in the corresponding period of 2017, respectively);
- all the group companies improved their profits on Q1 2017, except for the German companies which are still struggling with a very difficult market;
- equity at the reporting date increased compared to 31 December 2017, mainly due to the profit for the period, while the Group's net financial position improved by roughly 10% on the previous year end, mostly as a result of working capital trends.

Specifically:

revenue came to €28.4 million for the reporting period compared to €18.6 million for the corresponding period of 2017 (+53%);

the gross operating profit amounts to €4.1 million, compared to €0.9 million for the first three months of 2017. The operating profit increased to €3.1 million, a considerable improvement compared to €0.2 million in the corresponding period of the previous year;

net financial expense of €0.6 million is substantially unchanged compared to the first three months of 2017. The pre-tax profit came to €2.6 million against a loss of €0.3 million for the corresponding period of 2017 while the profit for the period amounted to €2.1 million compared to a loss of €0.4 million for the same period of the previous year.

The net financial position increased to €13.1 million from €12 million at 31 December 2017 (net financial debt of €18.6 million at 31 March 2017).

Equity amounted to €61.1 million compared to €58.8 million and €30.5 million at 31 December and 31 March 2017, respectively.

The headcount increased by 9% (+49 units) from 573 at 31 March 2017 to 622 at the reporting date.

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 parent's support and property management departments. It recognised revenue of €2.1 million (€3.2 million in Q1 2017), down mainly as a result of the sale of rights to a concept car in Q1 2017 which did not repeat in the reporting period.

The segment's operating loss amounts to €0.9 million in line with the same period of 2017.

Services segment

This segment, comprising the design and engineering businesses, recognised revenue of €26.3 million, up roughly 71% compared to the first three months of 2017 (€15.4 million).

Segment operating profit rose from €1.1 million in the first quarter of 2017 to €4 million. The improvement in revenue and profitability is principally attributable to the activities carried out in Italy and China.

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

- 1) The net financial position of the Pininfarina Group and Pininfarina S.p.A., with separate classification of current and non-current items, is respectively shown on pages 12 and 57 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 47 and 61 hereof.
- 4) Under the existing Rescheduling Agreement, there is just one financial covenant, to be checked annually beginning from 31 March 2018: consolidated equity at a minimum level of €30,000,000. It had been complied with at the first verification date.
- 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 2018

Consolidated revenue, the operating profit and net financial position are all expected to improve in 2018 compared to the previous year based on the results achieved in the first quarter of this year.

14 May 2018

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

Group companies

Pininfarina S.p.A.

€'million	31.03.2018	31.03.2017	Variation	31.12.2017
Revenue	19.5	10.0	9.5	
Operating profit (loss)	2.3	(0.1)	2.4	
Profit (loss) for the period	1.7	(0.6)	2.3	
Net financial position (debt)	8.5	(23.1)	31.6	7.5
Equity	61.8	31.8	30.0	59.8
Number of employees at the reporting date	313	274	39	303

Pininfarina Extra Group

€'million	31.03.2018	31.03.2017	Variation	31.12.2017
Revenue	2.4	2.2	0.2	
Operating profit	0.8	0.4	0.4	
Profit for the period	0.6	0.3	0.3	
Net financial position	4.6	4.2	0.4	3.8
Equity	7.8	6.7	1.1	7.2
Number of employees at the reporting date	42	38	4	40

Pininfarina Deutschland Group

€'million	31.03.2018	31.03.2017	Variation	31.12.2017
Revenue	5.2	5.5	(0.3)	
Operating loss	(0.4)	(0.2)	(0.2)	
Loss for the period	(0.4)	(0.2)	(0.2)	
Net financial debt	(0.6)	(0.2)	(0.4)	(0.1)
Equity	17.8	18.5	(0.7)	18.1
Number of employees at the reporting date	232	234	(2)	233

Pininfarina Automotive Engineering Shanghai Co Ltd

€'million	31.03.2018	31.03.2017	Variation	31.12.2017
Revenue	1.5	1.0	0.5	
Operating profit	0.4	0.1	0.3	
Profit for the period	0.1	0.1	0.0	
Net financial position	0.6	0.4	0.2	0.8
Equity	1.1	0.8	0.3	1.0
Number of employees at the reporting date	35	27	8	34

Reclassified income statement

(€'000)

	Q1 2018	%	Q1 2017	%	Variation	2017
Revenue from sales and services	25,219	88.72	14,853	80.05	10,366	79,642
Change in inventories and contract work in progress	1,187	4.18	1,888	10.19	(701)	50
Other revenue and income	2,018	7.09	1,813	9.77	205	7,410
Revenue	28,424	100.00	18,554	100.00	9,870	87,102
Net gains on the sale of non-current assets	83	0.29	-	-	83	137
Materials and services (*)	(12,523)	(44.06)	(6,663)	(35.91)	(5,860)	(35,245)
Change in raw materials	18	0.06	25	0.13	(7)	85
Value added	16,002	56.31	11,916	64.22	4,086	52,079
Labour cost (**)	(11,923)	(41.95)	(11,003)	(59.30)	(920)	(44,596)
EBITDA	4,079	14.36	913	4.92	3,166	7,483
Amortisation and depreciation	(940)	(3.31)	(744)	(4.01)	(196)	(3,023)
(Additions to)/utilisation of provisions and impairment losses	(9)	(0.03)	5	0.03	(14)	(232)
EBIT	3,130	11.01	174	0.94	2,956	4,228
Net financial expense	(555)	(1.95)	(474)	(2.56)	(81)	(2,107)
Gain on the extinguishment of financial liabilities	-	-	-	0.00	-	-
Share of profit of equity-accounted investees	3	0.01	4	0.02	(1)	12
Profit (loss) before taxes	2,578	9.07	(296)	(1.61)	2,874	2,133
Income taxes	(481)	(1.69)	(59)	(0.32)	(422)	(821)
Profit (loss) for the period/year	2,097	7.38	(355)	(1.92)	2,452	1,312

(*) **Materials and services** are net of utilisations of the provisions for product warranty and risks (€1.2 thousand and €2.9 thousand for the first quarters of 2017 and 2018, respectively).

(**) **Labour cost** is net of utilisations of the restructuring provision (€2.3 thousand and €2.3 thousand for the first quarters of 2017 and 2018, respectively).

As required by Consob resolution no. DEM/6064293 of 28 July 2006, a reconciliation of the data in the 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 profit (loss) and equity and consolidated profit (loss) and equity

The parent's profit and equity as at and for the period ended 31 March 2018 are reconciled with the Group's relevant figures below.

	Profit (loss) for the period		Equity	
	Q1 2018	Q1 2017	31.03.2018	31.03.2017
Pininfarina S.p.A.'s separate financial statements	1,739,966	(614,335)	61,775,179	31,752,156
- Subsidiaries' contribution	354,060	255,719	5,058,459	4,404,295
- 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	2,796	3,956	2,796	3,956
Consolidated financial statements	2,096,822	(354,660)	61,130,878	30,454,851

Reclassified statement of financial position

(€'000)

	31.03.2018	31.12.2017	Variation	31.03.2017
Net non-current assets (A)				
Net intangible assets	7,366	1,672	5,694	1,781
Net property, plant and equipment and investment property	49,398	49,557	(159)	49,839
Equity investments	882	349	533	341
Total A	57,646	51,578	6,068	51,961
Working capital (B)				
Inventories	3,078	1,876	1,202	3,660
Net trade receivables and other assets	27,882	31,439	(3,557)	17,891
Assets held for sale	135	252	(117)	-
Deferred tax assets	874	881	(7)	1,002
Trade payables	(29,945)	(26,784)	(3,161)	(14,718)
Provisions for risks and charges	(596)	(596)	-	(406)
Other liabilities (*)	(6,410)	(7,010)	600	(5,463)
Total B	(4,982)	58	(5,040)	1,966
Net invested capital (C=A+B)	52,664	51,636	1,028	53,927
Post-employment benefits (D)	4,653	4,789	(136)	4,863
Net capital requirements (E=C-D)	48,011	46,847	1,164	49,064
Equity (F)	61,131	58,803	2,328	30,455
Net financial position (G)				
Non-current loans and borrowings	24,122	24,275	(153)	26,421
Net current financial position	(37,242)	(36,231)	(1,011)	(7,812)
Total G	(13,120)	(11,956)	(1,164)	18,609
Total as in E (H=F+G)	48,011	46,847	1,164	49,064

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

Net financial position

(€'000)

	31.03.2018	31.12.2017	Variation	31.03.2017
Cash and cash equivalents	31,729	39,785	(8,056)	27,274
Current assets held for trading	9,067	-	9,067	-
Current finance lease liabilities	-	-	-	-
Loans and borrowings - related parties and joint ventures	-	-	-	(16,034)
Current portion of bank loans and borrowings	(3,554)	(3,554)	-	(3,428)
Net current financial position	37,242	36,231	1,011	7,812
Non-current loans and receivables - third parties	-	-	-	-
Non-current loans and receivables - related parties	651	100	551	131
Non-current held-to-maturity investments	-	-	-	-
Non-current finance lease liabilities	-	-	-	-
Non-current bank loans and borrowings	(24,773)	(24,375)	(398)	(26,552)
Non-current loans and borrowings	(24,122)	(24,275)	153	(26,421)
NET FINANCIAL POSITION (DEBT)	13,120	11,956	1,164	(18,609)

Net financial position (Consob)

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

(€'000)

	31.03.2018	31.12.2017	Variation	31.03.2017
Cash	(31,729)	(39,785)	8,056	(27,274)
Other cash equivalents	-	-	-	-
Securities held for trading	(9,067)	-	(9,067)	-
Total cash and cash equivalents (A.)+(B.)+(C.)	(40,796)	(39,785)	(1,011)	(27,274)
Current loan assets	-	-	-	-
Current bank loans and borrowings	-	-	-	-
<i>Current portion of secured bank loans</i>	60	60	-	60
<i>Current portion of unsecured bank loans</i>	3,494	3,494	-	3,368
Current portion of non-current debt	3,554	3,554	-	3,428
Other current loans and borrowings	-	-	-	16,034
Current financial debt (F.)+(G.)+(H.)	3,554	3,554	-	19,462
Net current financial position	(37,242)	(36,231)	(1,011)	(7,812)
<i>Non-current portion of secured bank loans</i>	135	150	(15)	195
<i>Non-current portion of unsecured bank loans</i>	24,638	24,225	413	26,357
Non-current bank loans and borrowings	24,773	24,375	398	26,552
Bonds issued	-	-	-	-
Other non-current loans and borrowings	-	-	-	-
Net non-current financial debt (K.)+(L.)+(M.)	24,773	24,375	398	26,552
Net financial position (J+N)	(12,469)	(11,856)	(613)	18,740

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

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

- At 31 March 2018: €651 thousand
- At 31 December 2017: €100 thousand
- At 31 March 2017: €131 thousand

Pininfarina Group

**Condensed interim consolidated financial statements as
at and for the three months
ended 31 March 2018**

Statement of financial position

	Note	31.03.2018	31.12.2017
Land and buildings	1	34,351,581	34,629,271
Land		7,655,314	7,655,314
Buildings		26,696,267	26,973,957
Leased property		-	-
Plant and machinery	1	5,021,658	4,806,912
Machinery		1,664,529	1,425,392
Plant		3,357,129	3,381,520
Leased machinery and equipment		-	-
Furniture, fixtures and other assets	1	2,364,108	2,120,014
Furniture and fixtures		880,892	886,083
Hardware and software		899,180	700,913
Other assets, including vehicles		584,036	533,018
Assets under construction		-	248,803
Property, plant and equipment		41,737,347	41,805,000
Investment property	2	7,660,827	7,751,920
Goodwill	3	1,043,495	1,043,495
Licences and trademarks	3	624,196	554,097
Other	3	5,698,145	74,653
Intangible assets		7,365,836	1,672,245
Associates	4	628,770	96,694
Joint ventures		-	-
Other companies	5	252,017	252,017
Equity investments		880,787	348,711
Deferred tax assets	16	874,165	880,553
Held-to-maturity investments		-	-
Loans and receivables	6	651,020	100,470
Third parties		-	-
Related parties		651,020	100,470
Available-for-sale financial assets		-	-
Non-current financial assets		651,020	100,470
TOTAL NON-CURRENT ASSETS		59,169,982	52,558,899
Raw materials		218,910	200,895
Work in progress		-	-
Finished goods		182,088	191,854
Inventories	7	400,998	392,749
Contract work in progress	8	2,676,832	1,483,347
Assets held for trading		9,066,948	-
Loans and receivables		-	-
Third parties		-	-
Related parties		-	-
Available-for-sale financial assets		-	-
Current financial assets		9,066,948	-
Derivatives		-	-
Trade receivables	9	19,058,040	17,988,325
Third parties		16,637,609	17,366,866
Related parties		2,420,431	621,459
Other assets	10	8,823,781	13,450,528
Trade receivables and other assets		27,881,821	31,438,853
Cash in hand and cash equivalents		16,209	17,254
Short-term bank deposits		31,712,572	39,767,360
Cash and cash equivalents	11	31,728,781	39,784,614
TOTAL CURRENT ASSETS		71,755,380	73,099,563
Assets held for sale	1	134,780	252,426
TOTAL ASSETS		131,060,142	125,910,888

Statement of financial position

	Note	31.03.2018	31.12.2017
Share capital	12	54,271,170	54,271,170
Share premium reserve	12	2,053,660	2,053,660
Reserve for treasury shares	12	175,697	175,697
Legal reserve	12	6,033,331	6,033,331
Stock option reserve	12	1,354,373	1,172,170
Translation reserve	12	(72,795)	(50,950)
Other reserves	12	2,646,208	2,646,208
Losses carried forward	12	(7,427,588)	(8,810,453)
Profit for the period/year	12	2,096,822	1,311,709
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		61,130,878	58,802,542
Equity attributable to non-controlling interests		-	-
EQUITY		61,130,878	58,802,542
Finance lease liabilities		-	-
Other loans and borrowings		24,773,346	24,374,769
Third parties		24,773,346	24,374,769
Related parties		-	-
Non-current loans and borrowings	13	24,773,346	24,374,769
Deferred tax liabilities	16	-	2,915
Italian post-employment benefits		4,653,098	4,789,063
Other provisions		-	-
Post-employment benefits		4,653,098	4,789,063
TOTAL NON-CURRENT LIABILITIES		29,426,444	29,166,747
Bank overdrafts		-	-
Finance lease liabilities		-	-
Other loans and borrowings		3,553,899	3,553,899
Third parties		3,553,899	3,553,899
Related parties		-	-
Current loans and borrowings	13	3,553,899	3,553,899
Wages and salaries payable		3,322,338	2,554,857
Social security charges payable		706,049	1,225,841
Other		1,148,825	1,248,660
Other financial liabilities	14	5,177,212	5,029,358
Third parties		19,332,918	15,115,347
Related parties		950,799	491,180
Advances for contract work in progress		9,661,441	11,177,804
Trade payables	14	29,945,158	26,784,331
Direct tax liabilities		-	-
Other tax liabilities		644,240	1,029,416
Current tax liabilities	16	644,240	1,029,416
Derivatives		-	-
Provision for product warranty		53,243	53,243
Restructuring provision		226,575	228,900
Other provisions		316,210	313,838
Provisions for risks and charges	15	596,028	595,981
Third parties		586,283	948,614
Related parties		-	-
Other liabilities	14	586,283	948,614
TOTAL CURRENT LIABILITIES		40,502,820	37,941,599
TOTAL LIABILITIES		69,929,264	67,108,346
Liabilities associated with assets held for sale		-	-
TOTAL LIABILITIES AND EQUITY		131,060,142	125,910,888

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 year of €38,873 and €9,000 relating to Pininfarina S.p.A. and Pininfarina Extra S.r.l., respectively.

Income statement

	Note	Q1 2018	of which: related parties	Q1 2017	of which: related parties
Revenue from sales and services	17	25,218,972	1,306,784	14,852,911	1,216,872
Internal work capitalised		-		-	
Change in inventories and contract work in progress		1,186,611		1,887,051	
Change in contract work in progress		1,196,377		1,881,986	
Change in finished goods and work in progress		(9,766)		5,065	
Other revenue and income	18	2,017,593	1,205,333	1,812,822	1,258,000
Revenue		28,423,176	2,512,117	18,552,784	2,474,872
Gains on sale of non-current assets and equity investments		82,845	-	-	-
<i>Gain on sale of equity investments</i>		-		-	
Raw materials and components	19	(2,590,027)		(1,191,323)	
Change in raw materials		18,015		25,430	
Inventory write-downs		-		-	
Raw materials and consumables		(2,572,012)	-	(1,165,893)	-
Consumables		(423,156)		(343,001)	
External maintenance		(311,760)		(274,346)	
Other variable production costs		(734,916)	-	(617,347)	-
External variable engineering services	20	(6,260,249)	(548,172)	(1,619,773)	-
Blue collars, white collars and managers		(11,614,419)		(10,714,053)	
Independent contractors and temporary workers		-		-	
Social security contributions and other post-employment benefits		(307,328)		(288,926)	
Wages, salaries and employee benefits	21	(11,921,747)	-	(11,002,979)	-
Depreciation of property, plant and equipment and investment property		(676,046)		(637,483)	
Amortisation of intangible assets		(264,315)		(106,250)	
Losses on sale of non-current assets and equity investments		-		-	
(Additions to)/utilisation of provisions and impairment losses	22	(8,685)		5,325	
Amortisation, depreciation and impairment losses		(949,046)	-	(738,408)	-
Net exchange rate gains (losses)		(22,341)		9,041	
Other expenses	23	(2,915,364)	-	(3,243,609)	-
Operating profit		3,130,346	1,963,945	173,816	2,474,872
Net financial expense	24	(554,953)	550	(473,818)	(9,014)
Dividends		-		-	
Share of profit of equity-accounted investees		2,796		3,956	
Profit (loss) before taxes		2,578,189	1,964,495	(296,046)	2,465,858
Income taxes	16	(481,367)		(58,614)	
Profit (loss) for the period		2,096,822	1,964,495	(354,660)	2,465,858
Of which:					
- Profit (loss) attributable to the owners of the parent		2,096,822		(354,660)	
- Profit (loss) attributable to non-controlling interests		-		-	
Basic/diluted earnings per share:					
- Profit (loss) attributable to the owners of the parent		2,096,822		(354,660)	
- Number of ordinary shares, net		54,271,170		30,150,694	
- Basic/diluted earnings (loss) per share		0.04		(0.01)	

Statement of comprehensive income

	Q1 2018	Q1 2017
Profit (loss) for the period	2,096,822	(354,660)
Other comprehensive income (expense):		
Items that will not be reclassified to profit or loss:		
- Actuarial gains on defined benefit plans - IAS 19	75,444	13,951
- Income taxes	(4,288)	-
- Other	-	-
Total items of other comprehensive income that will not be reclassified to profit or loss, net of tax effect:	71,156	13,951
Items that will or may be subsequently reclassified to profit or loss:		
- Losses from translation of financial statements of foreign operations - IAS 21	(21,845)	(14,981)
- Other	-	-
Total items of other comprehensive expense that will be subsequently reclassified to profit or loss, net of tax effect:	(21,845)	(14,981)
Total other comprehensive income (expense), net of tax effect	49,311	(1,030)
Comprehensive income (expense)	2,146,133	(355,690)
Of which:		
- Comprehensive income (expense) attributable to the owners of the parent	2,146,133	(355,690)
- Comprehensive income (expense) attributable to non-controlling interests	-	-
Of which:		
- Comprehensive income (expense) from continuing operations	2,146,133	(355,690)
- 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

	31.12.2016	Comprehensive expense	Stock option reserve	Allocation of prior year profit	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)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	9,829,728	(355,690)	346,375	-	30,454,851
Equity attributable to non-controlling interests	-	-	-	-	-
EQUITY	9,829,728	(355,690)	346,375	-	30,454,851

	31.12.2017	Comprehensive income	Stock option reserve	Allocation of prior year profit	31.03.2018
Share capital	54,271,170	-	-	-	54,271,170
Share premium reserve	2,053,660	-	-	-	2,053,660
Reserve for treasury shares	175,697	-	-	-	175,697
Legal reserve	6,033,331	-	-	-	6,033,331
Stock option reserve	1,172,170	-	182,203	-	1,354,373
Translation reserve	(50,950)	(21,845)	-	-	(72,795)
Other reserves	2,646,208	-	-	-	2,646,208
Losses carried forward	(8,810,453)	71,156	-	1,311,709	(7,427,588)
Profit for the period/year	1,311,709	2,096,822	-	(1,311,709)	2,096,822
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	58,802,542	2,146,133	182,203	-	61,130,878
Equity attributable to non-controlling interests	-	-	-	-	-
EQUITY	58,802,542	2,146,133	182,203	-	61,130,878

Statement of cash flows

	Q1 2018	Q1 2017
Profit (loss) for the period	2,096,822	(354,660)
<i>Adjustments:</i>		
- Income taxes	481,367	58,614
- Depreciation of property, plant and equipment and investment property	676,046	637,483
- Amortisation of intangible assets	264,315	106,250
- Impairment losses, provisions and change in accounting estimates	(83,521)	(311,232)
- Gains on the sale of non-current assets	(82,845)	-
- Financial expense	555,729	485,190
- Financial income	(776)	(11,372)
- Dividends	-	-
- Share of profit of equity-accounted investees	(2,796)	(3,956)
- Other adjustments	139,491	345,345
Total adjustments	1,947,010	1,306,322
<i>Change in working capital:</i>		
- Increase in inventories	(8,249)	(29,303)
- Increase in contract work in progress	(1,193,485)	(1,880,125)
- (Increase)/decrease in trade receivables and other assets	(1,295,246)	2,632,255
- Increase in trade receivables from related parties and joint ventures	(1,798,972)	(1,916,501)
- Increase/(decrease) in trade payables, other financial liabilities and other liabilities	4,094,281	(971,534)
- Increase in trade payables to related parties and joint ventures	459,619	56,439
- Increase/(decrease) in advances for contract work in progress and deferred income	(1,516,363)	1,333,999
- Other changes	(91,187)	-
Total changes in working capital	(1,349,602)	(774,770)
Gross cash flows from operating activities	2,694,230	176,892
- Interest expense	(50,129)	(38,955)
- Income taxes	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,644,101	137,937
- Purchases of non-current assets and equity investments	(1,204,739)	(550,396)
- Proceeds from the sale of non-current assets and equity investments	200,500	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	(550,000)	-
- Repayment of loans and receivables - third parties	-	-
- Repayment of loans and receivables - related parties and joint ventures	-	3,997
- Proceeds from the sale of current assets held for trading	(9,066,948)	-
- Financial income	226	10,386
- Dividends collected	-	-
- Other changes	(63,973)	(200,053)
CASH FLOWS USED IN INVESTING ACTIVITIES	(10,684,934)	(632,342)
- 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)	(15,000)
- Repayment of other loans and borrowings - related parties and joint ventures	-	-
- Dividends paid	-	-
- Other changes/Other non-cash items	-	-
CASH FLOWS USED IN FINANCING ACTIVITIES	(15,000)	(15,000)
TOTAL CASH FLOWS	(8,055,833)	(509,405)
Opening net cash and cash equivalents	39,784,614	27,783,369
Net cash and cash equivalents of companies that left the consolidation scope	-	-
Closing net cash and cash equivalents	31,728,781	27,273,964
<i>Of which:</i>		
- Cash and cash equivalents	31,728,781	27,273,964
- Bank overdrafts	-	-

Pursuant to Consob resolution no. 15519 of 27 July 2006, the impact of transactions with related parties, which are those with the ultimate parent, PF Holding B.V., the Mahindra group companies and the associates Goodmind S.r.l. and Signature S.r.l., are disclosed in notes 6, 9, and 14 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 23.82% of its share capital, with the remaining 76.18% held by the following shareholders:

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

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

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

All amounts are presented in Euros, unless stated otherwise.

The Board of Directors approved these condensed interim consolidated financial statements on 14 May 2018. 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 2017 annual consolidated financial statements.

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

- net financial position, with a breakdown of the main components and balances with related parties (page 12 of the directors' report);
- the effects of non-recurring events or transactions, i.e., those transactions or events that are not repeated frequently in the normal course of business (pages 49 and 50).

Related party transactions are not presented in separate schedules because they are listed as separate items in the statement of financial position (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 2018 are the same as those used in 2017, except as noted in the following section.

Standards, amendments and interpretations applicable from 1 January 2018

Listed below are the new standards or amendments to existing standards applicable to annual periods beginning on or after 1 January 2018:

IFRS 15 - Revenue from contracts with customers

IFRS 15 provides a single model to establish if, when and to what extent an entity shall recognise revenue. It replaces the recognition requirements set out in IAS 18 - Revenue, IAS 11 - Construction contracts and IFRIC 13 - Customer loyalty programmes.

IFRS 15 is applicable to annual periods beginning on or after 1 January 2018. The Group has applied it from 1 January 2018.

It has not had a significant impact on the condensed interim consolidated financial statements.

IFRS 9 - Financial instruments

The IASB published the definitive version of IFRS 9 - Financial instruments in July 2014.

IFRS 9 is applicable to annual periods beginning on or after 1 January 2018. The Group has applied it from 1 January 2018.

It has not had a significant impact on the condensed interim consolidated financial statements.

New standards published but not yet adopted

IFRS 16 - Leases

IFRS 16 introduces a single model for recognising leases in lessees' financial statements, whereby lessees shall recognise an asset representing their right of use to the leased asset and a liability for its obligation to make lease payments. Exemptions are provided for short-term and low value leases. The recognition model for lessors is substantially unchanged from that currently applied, i.e., they continue to classify leases as operating or finance.

IFRS 16 supersedes the current requirements for leases, including IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC-15 - Operating leases - Incentives and SIC-27 - Evaluating the substance of transactions involving the legal form of a lease.

IFRS 16 will be applicable to annual periods beginning on or after 1 January 2019. Earlier adoption is allowed for entities that apply IFRS 15 at the first adoption date of IFRS 16 or that have already applied it. The Group will apply it from 1 January 2019.

The Group is currently assessing the impact of application of the new standard.

ACCOUNTING POLICIES

Condensed interim consolidated financial statements

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

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

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

(a) Subsidiaries and business combinations

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

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

The 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
Signature S.r.l.	Via Paolo Frisi 6, Ravenna, Italy	24%	Pininfarina S.p.A.	€	10,000

(d) Other companies

Investments in other companies that are available-for-sale financial assets are measured at fair value, if feasible, 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	31.03.2018	Q1 2018	31.03.2017	Q1 2017
US dollar - USD	1.23	1.23	1.07	1.06
Chinese renminbi (yuan) - CNY	7.75	7.82	7.36	7.34

(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;
- financial assets held for trading;
- 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 31.03.2018	Carrying amount at 31.12.2017
	profit or loss	equity					
Assets:							
Equity investments in other companies	-	-		-	252,017	252,017	252,017
Loans and receivables	-	-		651,020	-	651,020	100,470
Assets held for trading	9,066,948	-	Level 1	-	-	9,066,948	-
Trade receivables and other assets	-	-		27,881,821	-	27,881,821	32,103,294
Liabilities:							
Finance lease liabilities	-	-		-	-	-	-
Other loans and borrowings	-	-		28,327,245	-	28,327,245	27,928,668
Trade payables and other liabilities	-	-		31,093,983	-	31,093,983	28,595,298

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

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

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

FINANCIAL RISK MANAGEMENT

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

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

(a) Currency risk

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

(b) Interest rate risk

The Restructuring Agreement signed by Pininfarina S.p.A. with the lending institutions, effective from 30 May 2016 to 31 December 2025, defined a fixed contractual interest rate of 0.25% per annum, based on a year of 360 days.

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

The Group is exposed to interest rate risk solely in connection with the loan provided by Volksbank Region Leonberg to Pininfarina Deutschland GmbH, which accrues interest at the three-month Euribor plus a spread of 0.55%.

Interest on the short-term operating lines is computed at a fixed rate ranging between 4.74% and 6.40%, with regular accrual and payment in arrears at the end of each utilisation period.

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

	31.03.2018	%	31.12.2017	%
- Fixed rate	28,132,245	99.3%	27,718,668	93.8%
- Variable rate	195,000	0.7%	210,000	0.7%
Gross financial debt with third parties	28,327,245	100.0%	29,558,566	94.5%

Due to the new structure of the interest rates on the medium to long-term financing that, at variable rates, accounts for 0.7% of total indebtedness with third parties, the Group has not performed a sensitivity analysis.

(c) Price risk

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

Current assets held for trading, which totalled €9.1 million at 31 March 2018, are measured at fair value. As they mainly consist of government bonds (investment grade) and are traded in regulated markets and have low risk profiles, the price risk presented by these assets is deemed to be limited.

A breakdown of these assets by nature is provided below:

	31.03.2018	%
Italian government bonds	201,312	2.22
Foreign government or government-guaranteed bonds	213,470	2.35
Bank and insurance bonds	4,908,983	54.15
Other bonds	3,743,183	41.28
Assets held for trading	9,066,948	100.00

(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 31.03.2018	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	28,327,245	38,004,174	3,553,899	18,025,445	16,424,830

The Group holds net cash and cash equivalents and assets held for trading in its portfolio totalling €40.8 million. Consequently, it is not exposed to liquidity risk in the foreseeable future.

(f) Risk of default and debt covenants

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

The Rescheduling Agreement requires that, as of the verification date of 31 March 2018, the financial covenant shall be at least equal to the minimum consolidated equity, i.e., €30 million. The covenant will be checked annually based on the condensed interim financial statements at 31 March of each year until the expiry of the loan in 2025.

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 three months ended 31 March 2018 and 2017 is set out below. Amounts are in thousands of Euros.

	Q1 2018			Q1 2017		
	Design & engineering		Total A + B	Design & engineering		Total A + B
	Operations A	B		Operations A	B	
Revenue (Intra-segment revenue)	2,182 (77)	26,429 (110)	28,611 (187)	3,270 (77)	15,457 (97)	18,727 (173)
Revenue - third parties	2,105	26,319	28,424	3,193	15,361	18,554
Operating profit (loss)	(879)	4,010	3,130	(934)	1,108	174
Net financial expense			(555)			(474)
Gain on the extinguishment of financial liabilities			-			-
Dividends			-			-
Share of profit of equity-accounted investees	-	3	3	-	4	4
Profit (loss) before taxes	-	-	2,578	-	-	(296)
Income taxes	-	-	(481)	-	-	(59)
Profit (loss) for the period	-	-	2,097	-	-	(355)
<i>Other information required by IFRS 8:</i>						
- Amortisation and depreciation	(407)	(533)	(940)	(409)	(335)	(744)
- Impairment losses	-	(3)	(3)	-	(6)	(6)
- Provisions/change in accounting estimates	-	(6)	(6)	-	11	11
- Net gains (losses) on the sale of non-current assets	-	83	83	-	-	-

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

Sales are broken down by geographical segment below:

	Q1 2018	Q1 2017
Italy	5,256	1,572
EU	5,060	7,531
Non-EU countries	14,903	5,749
Revenue from sales and services	25,219	14,853

NOTES TO THE CAPTIONS

1. Property, plant and equipment

The carrying amount of property, plant and equipment at 31 March 2018 decreased to €41.7 million from €41.8 million at 31 December 2017.

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

	Land	Buildings	Total
Historical cost	12,291,743	63,969,570	76,261,313
Accumulated depreciation and impairment losses	(4,636,429)	(36,995,613)	(41,632,042)
Carrying amount at 31 December 2017	7,655,314	26,973,957	34,629,271
Reclassification: Historical cost	-	-	-
Reclassification: Acc. depreciation and imp. losses	-	-	-
Additions	-	5,602	5,602
Disposals: Historical cost	-	-	-
Disposals: Acc. depreciation and imp. losses	-	-	-
Depreciation	-	(283,022)	(283,022)
Impairment losses	-	-	-
Reclassifications	-	(1,247)	(1,247)
Other changes	-	977	977
Carrying amount at 31 March 2018	7,655,314	26,696,267	34,351,581
<i>Of which:</i>			
Historical cost	12,291,743	63,975,172	76,266,915
Accumulated depreciation and impairment losses	(4,636,429)	(37,278,905)	(41,915,334)

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).

In 2017, the parent decided to sell six property units in Turin and gave the related mandate to a real estate agency.

Two of the six units were sold in 2017 and another two in the reporting period generating a gain of €82,845. The carrying amount of the remaining two units has been classified to Assets held for sale. At the date of preparation of this interim financial report, the parent still had one unsold unit.

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

	Machinery	Plant	Total
Historical cost	6,470,797	83,977,820	90,448,617
Accumulated depreciation and impairment losses	(5,045,405)	(80,596,300)	(85,641,705)
Carrying amount at 31 December 2017	1,425,392	3,381,520	4,806,912
Reclassification: Historical cost	-	-	-
Reclassification: Acc. depreciation and imp. losses	-	-	-
Additions	278,280	109,873	388,153
Disposals: Historical cost	-	-	-
Disposals: Acc. depreciation and imp. losses	-	-	-
Depreciation	(39,143)	(134,264)	(173,407)
Impairment losses	-	-	-
Reclassifications	-	-	-
Other changes	-	-	-
Carrying amount at 31 March 2018	1,664,529	3,357,129	5,021,658
<i>Of which:</i>			
Historical cost	6,749,077	84,087,693	90,836,770
Accumulated depreciation and impairment losses	(5,084,548)	(80,730,564)	(85,815,112)

Plant and machinery at 31 March 2018 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.

	Furniture and fixtures	Hardware and software	Other assets	Total
Historical cost	3,612,115	5,681,110	934,627	10,227,852
Accumulated depreciation and impairment losses	(2,726,031)	(4,980,197)	(401,609)	(8,107,837)
Carrying amount at 31 December 2017	886,084	700,913	533,018	2,120,015
Reclassification: Historical cost	-	-	-	-
Reclassification: Acc. depreciation and imp. losses	-	-	-	-
Additions	35,518	273,967	70,129	379,614
Disposals: Historical cost	-	-	-	-
Disposals: Acc. depreciation and imp. losses	-	-	-	-
Depreciation	(39,239)	(70,263)	(19,022)	(128,524)
Impairment losses	-	-	-	-
Reclassifications	(5,648)	(4,542)	407	(9,783)
Other changes	4,177	(895)	(496)	2,786
Carrying amount at 31 March 2018	880,892	899,180	584,036	2,364,108
<i>Of which:</i>				
Historical cost	3,641,985	5,950,535	1,005,163	10,597,683
Accumulated depreciation and impairment losses	(2,761,093)	(5,051,355)	(421,127)	(8,233,575)

Additions of the period in hardware and software refer to the purchase of IT equipment to update technology, while those classified under other assets consist of a company car purchase by the parent.

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 (€195,000).

	Land	Buildings	Total
Historical cost	5,807,378	12,226,555	18,033,933
Accumulated depreciation and impairment losses	-	(10,282,013)	(10,282,013)
Carrying amount at 31 December 2017	5,807,378	1,944,542	7,751,920
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	-	-	-
Carrying amount at 31 March 2018	5,807,378	1,853,449	7,660,827
<i>Of which:</i>			
Historical cost	5,807,378	12,226,555	18,033,933
Accumulated depreciation and impairment losses	-	(10,373,106)	(10,373,106)

3. Intangible assets

The carrying amount of intangible assets at 31 March 2018 increased to €7.4 million from €1.7 million at 31 December 2017.

	Goodwill	Licences	Other assets	Total
Historical cost	1,043,495	6,101,968	2,182,947	9,328,410
Accumulated amortisation and impairment losses	-	(5,547,871)	(2,108,293)	(7,656,164)
Carrying amount at 31 December 2017	1,043,495	554,097	74,654	1,672,246
Reclassification: Historical cost	-	-	-	-
Reclassification: Acc. amortisation and imp. losses	-	-	-	-
Additions	-	150,895	5,807,010	5,957,905
Disposals: Historical cost	-	-	-	-
Disposals: Acc. amortisation and imp. losses	-	-	-	-
Amortisation	-	(80,796)	(183,519.00)	(264,315)
Impairment losses	-	-	-	-
Reclassifications	-	-	-	-
Other changes	-	-	-	-
Carrying amount at 31 March 2018	1,043,495	624,196	5,698,145	7,365,836
<i>Of which:</i>				
Historical cost	1,043,495	6,252,863	7,989,957	15,286,315
Accumulated amortisation and impairment losses	-	(5,628,667)	(2,291,812)	(7,920,479)

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

The increase in Other assets is due to the reclassification, made to comply with IFRS 15, of the prepayment recognised in 2017 related to an advisory services agreement that Pininfarina S.p.A. signed in connection with a long-term engineering contract.

The asset was recognised at the discounted amount of the payment plan agreed with the supplier and amortised in line with the stage of completion of the engineering contract.

4. Investments in associates

They include:

	<u>31.03.2018</u>	<u>31.12.2017</u>
Goodmind S.r.l.	99,490	96,694
Signature S.r.l.	529,280	-
Equity investments in associates	628,770	96,694

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 €2,796. The associate had nine employees at the reporting date.

Signature S.r.l., incorporated in February 2018, mainly operates in the stationery sector. The parent has a 24% interest therein.

The investment's carrying amount equals its acquisition cost of €329,280 plus the injection of €200,000 for the future capital increase.

5. Equity investments in other companies

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

	<u>31.03.2018</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
Equity investments in other companies	252,017

6. Loans and receivables

Changes in loans and receivables are set out below.

	<u>31.12.2017</u>	<u>Increase</u>	<u>Interest income</u>	<u>Collection</u>	<u>31.03.2018</u>
Goodmind S.r.l.	140,470	-	550	-	101,020
Signature S.r.l.	-	550,000	-	-	550,000
Loans and receivables - related parties	100,470	550,000	550	-	651,020

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

The amount due from the associate Signature S.r.l. refers to the loan granted by Pininfarina S.p.A. to fund its start-up phase.

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:

	31.03.2018	31.12.2017
Raw materials	579,098	561,083
Allowance for inventory write-down	(360,188)	(360,188)
Finished goods	182,088	191,854
Allowance for inventory write-down	-	-
Inventories	400,998	392,749

The allowance for raw material write-down is unchanged from the previous year end and 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 2018 and 31 December 2017:

	31.03.2018	31.12.2017
Italy	2,913,842	3,578,663
EU	4,508,133	4,770,573
Non-EU countries	9,649,396	9,474,440
(Allowance for impairment)	(433,762)	(456,809)
Third parties	16,637,609	17,366,866
Goodmind S.r.l.	-	-
Signature S.r.l.	18,300	-
Mahindra&Mahindra Group	2,074,148	464,031
Tech Mahindra Group	148,833	157,428
Ssangyong Motor Company	179,150	-
Related parties	2,420,431	621,459
Trade receivables	19,058,040	17,988,325

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:

	<u>31.03.2018</u>	<u>31.12.2017</u>
Opening balance	456,809	1,119,529
Additions	3,323	13,760
Utilisations	(26,370)	(676,480)
Other changes	-	-
Closing balance	433,762	456,809

10. Other assets

The following table shows other assets at 31 March 2018 and 31 December 2017:

	<u>31.03.2018</u>	<u>31.12.2017</u>
VAT asset	5,424,026	3,716,864
Withholding taxes	2,723,863	2,948,090
Prepayments and accrued income	504,504	6,477,454
Advances to suppliers	105,270	41,800
Amounts due from INAIL (the Italian Workers' Compensation Authority) and INPS (the Italian social security institution)	21,659	4,475
Amounts due from employees	-	40,147
Other assets	44,460	221,698
Other assets	8,823,781	13,450,528

The decrease in prepayments and accrued income is due to the reclassification to intangible assets (see note 3).

The VAT asset is mainly attributable to the parent.

11. Cash and cash equivalents

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

	<u>31.03.2018</u>	<u>31.12.2017</u>
Cash in hand and cash equivalents	16,209	17,254
Short-term bank deposits	31,712,572	39,767,360
Cash and cash equivalents	31,728,781	39,784,614
(Bank overdrafts)	-	-
Net cash and cash equivalents	31,728,781	39,784,614

12. Equity

(a) Share capital

	31.03.2018		31.12.2017	
	Nominal amount	No.	Nominal amount	No.
Ordinary shares	54,287,128	54,287,128	54,287,128	54,287,128
(Treasury shares)	(15,958)	(15,958)	(15,958)	(15,958)
Share capital	54,271,170	<i>54,271,170</i>	54,271,170	<i>54,271,170</i>

The parent's share capital is comprised of 54,287,128 ordinary shares, with a unit nominal amount of €1. There are no other classes of shares.

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

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

(b) Share premium reserve

This reserve is unchanged from the previous year end.

(c) Reserve for treasury shares

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

(d) Legal reserve

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

(e) Stock option reserve

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

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

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

1. Volatility: 80% (three-year average)
2. Risk-free rate: -0.41% (the average of the three instalments considered)
3. Dividends: no dividends are expected during the plan term
4. Average share price: €1.10
5. Vesting conditions: permanence of the employment agreement
6. Settlement method: equity instruments
7. Cost for the year: €182,203
8. Carrying amount at the reporting date: €1,354,373

(f) Translation reserve

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

(g) Other reserves

Other reserves are unchanged from the previous year end.

(h) Losses carried forward

Losses carried forward totalled €7,427,588 at the reporting date, down by €1,382,865 from the 31 December 2017 figure. The decrease is due to the profit for 2017 of €1,311,709 and the effect for the period of the adoption of IAS 19 (revised), quantified at €71,156.

The table reconciling the parent's profit and equity as at and for the period ended 31 March 2018 with the Group's figures is provided in the directors' report, to which reference is made.

13. Loans and borrowings

Rescheduling Agreement

(a) Rescheduling Agreement

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

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

(b) Fair value of restructured debt

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

The table below summarises the changes in loans and borrowings:

	31.12.2017	Figurative interest	Repayment	Current/non-current reclassification	31.03.2018
Finance lease liabilities	-	-	-	-	-
Other loans and borrowings	24,374,769	413,577	(15,000)	-	24,773,346
Non-current portion	26,130,952	413,577	(15,000)	-	24,773,346
Bank overdrafts	-	-	-	-	-
Finance lease liabilities	-	-	-	-	-
Other loans and borrowings	3,553,899	-	-	-	3,553,899
Current portion	3,427,614	-	-	-	3,553,899
Current and non-current portions	29,558,566	413,577	(15,000)	-	28,327,245

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:

	31.12.2017	Figurative interest	Repayment	31.03.2018
Intesa Sanpaolo S.p.A.	17,943,386	267,725	-	18,211,111
Banca Nazionale del Lavoro S.p.A.	1,056,206	15,759	-	1,071,965
Ubi Banca S.p.A. (formerly Banca Regionale Europea S.p.A.)	4,217,769	62,931	-	4,280,700
Selmabipiemme Leasing S.p.A.	4,501,307	67,162	-	4,568,469
Volksbank Region Leonberg (GER)	210,000	-	(15,000)	195,000
Other loans and borrowings	27,928,668	413,577	(15,000)	28,327,245

Other information

The €195,000 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.

14. Trade payables, other financial liabilities and other liabilities

(a) Trade payables

	31.03.2018	31.12.2017
Third parties	19,332,918	15,115,347
Related parties	950,799	491,180
Advances for contract work in progress	9,661,441	11,177,804
Trade payables	29,945,158	26,784,331

Trade payables to third parties include roughly €5.8 million arising from an advisory services agreement that the parent signed in connection with a long-term contract.

The amount due under the agreement is recognised at the discounted value of the contractual payment plan in place with the service provider.

The reporting-date balance comprises amounts that will be paid within twelve months of the reporting date, except for the trade payable described above, which will be settled over the term of the contract to which it relates. The portion due within one year amounts to approximately €3 million.

(b) Other financial liabilities

	<u>31.03.2018</u>	<u>31.12.2017</u>
Wages and salaries payable	3,322,338	2,554,857
Social security charges payable	706,049	1,225,841
Other	1,148,825	1,248,660
Other financial liabilities	5,177,212	5,029,358

(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:

	<u>31.12.2017</u>	<u>Additions</u>	<u>Utilisations</u>	<u>Other changes</u>	<u>31.03.2018</u>
Provision for product warranty	53,243	-	-	-	53,243
Restructuring provision	228,900	-	(2,325)	-	226,575
Other provisions	313,838	16,182	(13,810)	-	316,210
Provisions for risks and charges	595,981	16,182	(16,135)	-	596,028

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. The column titled "Additions" shows the effects of unrealised losses to complete long-term contracts, which are also shown in "Utilisations".

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

The parent is involved in a tax dispute relating to two tax assessment notices served by the tax authorities in 2007 and relating to allegedly incorrect invoicing practices in 2002 and 2003 by Industrie Pininfarina S.p.A. (which merged into the parent in 2004) with Gefco Italy S.p.A., as the client Peugeot Citroen Automobiles' tax representative in Italy.

The tax authorities prepared one challenge for VAT purposes for 2002, which it repeated for 2003, finding that the company had not applied VAT on certain sales of goods that the parent had considered non-taxable, along with other less material findings.

The tax authorities also raised certain challenges relating to IRPEG (income tax) and IRAP for 2003 as well.

The higher assessed taxes in these notices amounted to €17.7 million for 2002 and €12 million for 2003. The total amount claimed in the notices, including taxes and sanctions, was €69.5 million.

The parent lodged two separate appeals against the notices before the Turin provincial tax court, challenging the legitimacy and grounds of all their findings. In a ruling issued on 17 February 2009, the Turin provincial tax court confirmed the legitimacy of the main finding relating to VAT, but cancelled the sanctions applied for both years and the other minor findings for 2003, "given the complexity of the case and the difficulty in interpreting the applied regulation".

The amount due from the parent was reduced from roughly €69.5 million to around €29.4 million.

The parent appealed the ruling before the Turin regional tax court, claiming the partial amendment of the first-level ruling, with specific regard to the cancellation of the main VAT finding and the cancellation of other less material findings with respect to IRES (corporate income tax) and IRAP (regional tax on production activities) which the first-level judge had not cancelled.

The tax authorities appeared in the hearing to argue against the parent's appeal and to file an appeal of its own with respect to the sanctions on the main VAT finding and the material findings cancelled by the first-level judge.

On 17 February 2010, the Turin regional tax court lodged a ruling in which: (i) it admitted the parent's appeal against the VAT finding, therefore deciding that the parent is not obliged to pay any amount in this respect; and (ii) partially confirmed the legitimacy of certain IRES and IRAP findings against the parent, amounting to approximately €230,000, in the tax assessment notice for 2003.

In 2011, the tax authorities appealed before the Supreme Court of Cassation against the Turin regional tax court's ruling and the parent argued against the appeal in court by filing a counter-appeal and claiming the inadmissibility and lack of grounds of the tax authorities' appeal.

The total amount claimed at 31 December 2017 is roughly €29.4 million, plus the legal interest that would be applied in the inauspicious event that the parent loses the case, in which case, it could exercise its right as taxpayer to offset the VAT due against that paid. On 10 May 2018, the Supreme Court of Cassation heard the case relating to the Turin regional tax court's ruling of 17 February 2010 which admitted Pininfarina S.p.A.'s appeal, cancelling the VAT assessment notices issued by the tax authorities for 2002 and 2003. While awaiting the outcome of the hearing, Pininfarina S.p.A. still expects the dispute to end in its favour, as it remains confident about the grounds of its arguments.

The parent's directors, supported by reliable expert opinions stating that the tax authorities' claims are without grounds and that any financial expenditure is unlikely and based on the outcome of the first two levels of judgement, believe that the risk of this tax dispute is only potential with any financial expenditure improbable. Accordingly, they have not accrued any amounts for this purpose in the condensed interim consolidated financial statements as at and for the three months ended 31 March 2018 pursuant to IAS 37.

16. Current and deferred taxes

(a) Deferred taxes

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

	31.03.2018	31.12.2017
Deferred tax assets	874,165	880,553
(Deferred tax liabilities)	-	(2,915)
Net deferred tax assets	874,165	877,638

The net deferred tax assets shown in the condensed interim consolidated financial statements mainly refer to the German companies. They reflect the recoverable portion of the tax loss carryforwards, determined based on forecast future taxable profit and taking into account the agreement for the filing of a national consolidated tax return signed by the German companies, headed by the subsidiary Pininfarina Extra S.r.l..

Deferred tax assets decreased due to the disappearance of the temporary differences of the subsidiary Pininfarina Extra S.r.l..

(b) Current taxes

Income taxes recognised in profit or loss are detailed below:

	Q1 2018	Q1 2017
Income taxes	(336,029)	(54,812)
IRAP (Regional tax on production activities)	(146,083)	(3,673)
Current taxes	(482,112)	(58,485)
Change in deferred tax assets	745	(129)
Change in deferred tax liabilities	-	-
Net deferred taxes	745	(129)
Income taxes	(481,367)	(58,614)

17. Revenue from sales and services

	Q1 2018	Q1 2017
Sales - Italy	74,632	107,497
Sales - EU	226,192	443,204
Sales - Non-EU countries	986,187	2,295,403
Services - Italy	5,181,400	1,464,773
Services - EU	4,833,623	7,088,039
Services - Non-EU countries	13,916,938	3,453,996
Revenue from sales and services	25,218,972	14,852,911

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 30.

18. Other revenue and income

	Q1 2018	Q1 2017
Royalties	1,434,000	1,268,000
Lease income	443,888	444,818
Insurance compensation	43,501	1,950
Prior year income	42,080	42,471
Rebilling	27,765	28,794
Sundry	26,359	17,402
Grants for research and training	-	9,387
Other revenue and income	2,017,593	1,812,822

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

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

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

19. Raw materials and components

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

20. External variable engineering services

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

21. Wages, salaries and employee benefits

	Q1 2018	Q1 2017
Wages and salaries	(9,334,543)	(8,464,233)
Social security contributions	(2,282,201)	(2,252,143)
Independent contractors	-	-
Utilisation of restructuring provision	2,325	2,324
Blue collars, white collars and managers	(11,614,419)	(10,714,052)
Post-employment benefits - defined contribution plan	(307,328)	(288,926)
Wages, salaries and employee benefits	(11,921,747)	(11,002,979)

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 31 March 2018 and the average number for the reporting period is set out below, as per article 2427 of the Italian Civil Code, calculated by adding the number of employees at the beginning and end of the reporting period and dividing the result by two:

	Q1 2018		Q1 2017	
	reporting date	average	reporting date	average
Managers	26	25	23	23
White collars	567	567	526	523
Blue collars	29	28	24	24
Total	622	620	573	570

The business lease currently in force involved the transfer of 48 employment contracts.

22. Additions to/utilisation of provisions and impairment losses

	Q1 2018	Q1 2017
Net impairment losses on loans and receivables	(3,323)	(6,001)
Revised estimate of the allowance for impairment	-	-
Additions to provisions for risks and charges	(16,182)	(18,499)
Utilisation and revised estimates of provisions for risks and charges	10,820	29,825
Additions to/utilisation of provisions and impairment losses	(8,685)	5,325

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 2018	Q1 2017
Travel expenses	(348,265)	(318,428)
Leases	(545,367)	(611,880)
Directors' and statutory auditors' fees	(184,988)	(179,560)
Consulting and other services	(673,416)	(630,913)
Other personnel costs	(263,027)	(248,651)
Postal expenses	(83,374)	(98,297)
Cleaning and waste disposal services	(74,873)	(79,181)
Advertising	(232,984)	(486,455)
Indirect taxes	(183,945)	(185,168)
Insurance	(121,433)	(143,882)
Membership fees	(29,919)	(34,644)
Prior year expense	(15,629)	(8,240)
General services and other expenses	(158,144)	(218,310)
Other expenses	(2,915,364)	(3,243,609)

Consulting and other services mainly include IT, administrative and commercial consultancy fees.

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

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

24. Net financial expense

	Q1 2018	Q1 2017
Interest and commission expense on credit facilities	(25,986)	(12,559)
Interest expense on loans and financing	(437,720)	(462,632)
Expense on assets held for trading	(5,306)	-
Interest expense on trade payables	(86,717)	-
Financial expense	(555,729)	(485,190)
Bank interest income	226	10,386
Interest income on loans and receivables - related parties	550	986
Gains on assets held for trading	-	-
Financial income	776	11,372
Net financial expense	(554,953)	(473,818)

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

Interest expense on loans and financing of €437,720 comprises the effect of amortised-cost accounting (€413,577) and interest accrued under the existing Agreement (€23,631). The remainder relates to foreign companies.

Interest expense on trade payables of €86,717 relates to the amortised-cost measurement of liabilities arising from an advisory services agreement that the parent signed in connection with a long-term engineering contract.

Bank interest income accrued on the current account credit balances.

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

OTHER INFORMATION

Events after the reporting period

On 10 May 2018, the Supreme Court of Cassation heard the case relating to the Turin regional tax court's ruling of 17 February 2010 which admitted Pininfarina S.p.A.'s appeal, cancelling the VAT assessment notices issued by the tax authorities for 2002 and 2003. While awaiting the outcome of the hearing, Pininfarina S.p.A. still expects the dispute to end in its favour, as it remains confident about the grounds of its arguments.

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

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
Goodmind S.r.l.	-	-	101,020	-	5,333	-	550	-
Signature S.r.l.	18,300	21,466	550,000	-	15,000	17,595	-	-
Mahindra&Mahindra Ltd	2,074,148	-	-	-	2,187,171	-	-	-
Mahindra Graphic Research Design S.r.l.	-	275,862	-	-	-	215,644	-	-
Tech Mahindra Ltd	138,718	653,471	-	-	123,560	314,933	-	-
Tech Mahindra GmbH	10,115	-	-	-	16,378	-	-	-
Ssangyong Motor Company	179,150	-	-	-	164,675	-	-	-
Total	2,420,431	950,799	651,020	-	2,512,117	548,172	550	-

Intragroup transactions include:

- Goodmind S.r.l.: loan agreement with Pininfarina Extra S.r.l. and lease for equipped office premises with the parent, terminated in February 2018;
- Signature S.r.l.: loan agreement with the parent, purchases and sales of goods with Pininfarina Extra S.r.l.;
- Mahindra & Mahindra Ltd: brand licence agreement and engineering services agreements with Pininfarina S.p.A. and sales of goods and services by Pininfarina Extra S.r.l.;
- Mahindra Graphic Research Design S.r.l.: engineering services agreements with Pininfarina S.p.A.;
- Tech Mahindra Ltd: services agreements with Pininfarina Deutschland GmbH, Pininfarina S.p.A. and Pininfarina of America Corp.; sales of goods by Pininfarina Extra S.r.l. and recharge of costs incurred by Pininfarina S.p.A. on the company's behalf;
- Tech Mahindra GmbH: lease agreement for equipped office premises with Pininfarina Deutschland GmbH;
- Saangyoung Motor Company: design services agreement with Pininfarina S.p.A..

In addition to the above figures, Studio Starplex - Studio Legale Associato Guglielmetti, related to Romina Guglielmetti (director of Pininfarina S.p.A.), provided legal assistance to the parent for €9,000, while Greta Pininfarina provided employee services to Pininfarina Extra S.r.l. for a cost of approximately €8,500.

Directors' and statutory auditors' fees

(€000)	<u>Q1 2018</u>	<u>Q1 2017</u>
Directors	152	153
Statutory auditors	27	27
Total	<u>179</u>	<u>180</u>

Significant non-recurring transactions

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

	31.03.2018	31.03.2018, net of significant non-recurring transactions
Property, plant and equipment	41,737,347	41,989,782
Investment property	7,660,827	7,660,827
Intangible assets	7,365,836	7,365,836
Equity investments	880,787	351,507
Deferred tax assets	874,165	874,165
Non-current financial assets	651,020	101,020
NON-CURRENT ASSETS	59,169,982	58,343,137
Inventories	400,998	400,998
Contract work in progress	2,676,832	2,676,832
Current financial assets	9,066,948	9,066,948
Derivatives	-	-
Trade receivables and other assets	27,881,821	27,881,821
Cash and cash equivalents	31,728,781	32,607,561
CURRENT ASSETS	71,755,380	72,634,160
Assets held for sale	134,780	-
TOTAL ASSETS	131,060,142	130,977,297
Share capital and reserves	59,034,056	59,034,056
Profit from continuing operations	2,096,822	2,013,977
EQUITY	61,130,878	61,048,033
Non-current loans and borrowings	24,773,346	24,773,346
Deferred tax liabilities	-	-
Post-employment benefits and other provisions	4,653,098	4,653,098
NON-CURRENT LIABILITIES	29,426,444	29,426,444
Current loans and borrowings	3,553,899	3,553,899
Other financial liabilities	5,177,212	5,177,212
Trade payables	29,945,158	29,945,158
Current tax liabilities	644,240	644,240
Provisions for risks and charges	596,028	596,028
Other liabilities	586,283	586,283
CURRENT LIABILITIES	40,502,820	40,502,820
Liabilities associated with non-current assets held for sale	-	-
TOTAL LIABILITIES	69,929,264	69,929,264
TOTAL LIABILITIES AND EQUITY	131,060,142	130,977,297

	Q1 2018	Q1 2018, net of significant non-recurring transactions
Revenue from sales and services	25,218,972	25,218,972
Internal work capitalised	-	-
Change in finished goods and contract work in progress	1,186,611	1,186,611
Other revenue and income	2,017,593	2,017,593
REVENUE	28,423,176	28,423,176
Net gains on sale of non-current assets and equity investments	82,845	-
Raw materials and consumables	(2,572,012)	(2,572,012)
Other variable production costs	(734,916)	(734,916)
External variable engineering services	(6,260,249)	(6,260,249)
Wages, salaries and employee benefits	(11,921,747)	(11,921,747)
Amortisation and depreciation, impairment losses and provisions	(949,046)	(949,046)
Net exchange rate losses	(22,341)	(22,341)
Other expenses	(2,915,364)	(2,915,364)
OPERATING PROFIT	3,130,346	3,047,501
Net financial expense	(554,953)	(554,953)
Share of profit of equity-accounted investees	2,796	2,796
PROFIT BEFORE TAXES	2,578,189	2,495,344
Income taxes	(481,367)	(481,367)
PROFIT FOR THE PERIOD	2,096,822	2,013,977

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

- a) Disposal of four property units in Turin, two of which were sold in the reporting period, with the remaining two classified as assets held for sale.
The impact of this transaction on the net financial position and cash flows amounts to €200,500.
- b) Acquisition of an investment in Signature S.r.l., injection for a future capital increase and loan agreement from the parent.
The impact of this transaction on the net financial position and cash flows amounts to €1,079,280.

Atypical and unusual transactions

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

Pininfarina S.p.A.

**Interim separate financial statements as at and for the
three months ended 31 March 2018**

Statement of financial position

	31.03.2018	31.12.2017
Land and buildings	34,345,009	34,618,826
Land	7,655,314	7,655,314
Buildings	26,689,695	26,963,512
Leased property	-	-
Plant and machinery	4,950,437	4,731,532
Machinery	1,664,529	1,425,392
Plant	3,285,908	3,306,140
Leased machinery and equipment	-	-
Furniture, fixtures and other assets	1,043,748	807,183
Furniture and fixtures	22,627	19,329
Hardware and software	545,422	371,284
Other assets, including vehicles	475,699	416,570
Assets under construction	-	248,803
Property, plant and equipment	40,339,194	40,406,344
Investment property	-	-
Goodwill	-	-
Licences and trademarks	498,287	450,680
Other	5,629,107	-
Intangible assets	6,127,394	450,680
Subsidiaries	21,577,447	21,577,447
Associates	529,280	-
Joint ventures	-	-
Other companies	645	645
Equity investments	22,107,372	21,578,092
Deferred tax assets	-	-
Held-to-maturity investments	-	-
Loans and receivables	2,122,676	1,500,000
Third parties	-	-
Related parties	2,122,676	1,500,000
Available-for-sale financial assets	-	-
Non-current financial assets	2,122,676	1,500,000
TOTAL NON-CURRENT ASSETS	70,696,636	63,935,116
Raw materials	218,910	200,895
Work in progress	-	-
Finished goods	34,845	38,133
Inventories	253,755	239,028
Contract work in progress	1,489,769	1,168,154
Assets held for trading	9,066,948	-
Loans and receivables	-	-
Third parties	-	-
Related parties	-	-
Available-for-sale financial assets	-	-
Current financial assets	9,066,948	-
Derivatives	-	-
Trade receivables	10,949,207	9,756,817
Third parties	8,457,425	8,948,194
Related parties	2,491,782	808,623
Other assets	8,245,612	12,435,776
Trade receivables and other assets	19,194,819	22,192,593
Cash in hand and cash equivalents	8,705	9,371
Short-term bank deposits	25,789,256	34,054,431
Cash and cash equivalents	25,797,961	34,063,802
TOTAL CURRENT ASSETS	55,803,252	57,663,577
Assets held for sale	134,780	252,426
TOTAL ASSETS	126,634,668	121,851,119

Statement of financial position

	31.03.2018	31.12.2017
Share capital	54,271,170	54,271,170
Share premium reserve	2,053,660	2,053,660
Reserve for treasury shares	175,697	175,697
Legal reserve	6,033,331	6,033,331
Stock option reserve	1,354,373	1,172,170
Other reserves	2,646,208	2,646,208
Losses carried forward	(6,499,226)	(7,165,362)
Profit for the period/year	1,739,966	608,558
EQUITY	61,775,179	59,795,432
Finance lease liabilities	-	-
Other loans and borrowings	24,638,346	24,224,769
Third parties	24,638,346	24,224,769
Related parties	-	-
Non-current loans and borrowings	24,638,346	24,224,769
Deferred tax liabilities	-	-
Italian post-employment benefits	3,908,209	4,046,976
Other provisions	-	-
Post-employment benefits	3,908,209	4,046,976
TOTAL NON-CURRENT LIABILITIES	28,546,555	28,271,745
Bank overdrafts	-	-
Finance lease liabilities	-	-
Other loans and borrowings	3,828,475	3,828,475
Third parties	3,493,899	3,493,899
Related parties	334,576	334,576
Current loans and borrowings	3,828,475	3,828,475
Wages and salaries payable	2,291,621	1,888,292
Social security charges payable	515,238	1,014,776
Other	626,380	1,012,770
Other financial liabilities	3,433,239	3,915,838
Third parties	17,782,175	13,571,580
Related parties	1,051,952	507,407
Advances for contract work in progress	8,962,512	10,537,040
Trade payables	27,796,639	24,616,027
Direct tax liabilities	-	-
Other tax liabilities	365,267	234,335
Current tax liabilities	365,267	234,335
Derivatives	-	-
Provision for product warranty	53,243	53,243
Restructuring provision	226,575	228,900
Other provisions	309,496	307,124
Provisions for risks and charges	589,314	589,267
Third parties	300,000	600,000
Related parties	-	-
Other liabilities	300,000	600,000
TOTAL CURRENT LIABILITIES	36,312,934	33,783,942
TOTAL LIABILITIES	64,859,489	62,055,687
Liabilities associated with assets held for sale	-	-
TOTAL LIABILITIES AND EQUITY	126,634,668	121,851,119

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 €38,873.

Income statement

	Q1 2018	Of which: related parties	Q1 2017	Of which: related parties
Revenue from sales and services	17,408,695	1,197,891	7,490,685	1,121,067
Internal work capitalised	-		-	
Change in inventories and contract work in progress	318,327		907,526	
Change in contract work in progress	321,615		935,030	
Change in finished goods and work in progress	(3,288)		(27,504)	
Other revenue and income	1,784,843	1,205,333	1,587,361	1,258,000
Revenue	19,511,865	2,403,224	9,985,572	2,379,067
Gains on sale of non-current assets and equity investments	82,855	-	-	-
Gain on sale of equity investments	-		-	
Raw materials and components	(2,501,494)		(1,098,982)	
Change in raw materials	18,015		25,430	
Inventory write-downs	-		-	
Raw materials and consumables	(2,483,479)	-	(1,073,552)	-
Consumables	(359,984)		(238,643)	
External maintenance	(212,371)		(215,158)	
Other variable production costs	(572,355)	-	(453,801)	-
External variable engineering services	(5,468,793)	(631,996)	(447,136)	(36,489)
Blue collars, white collars and managers	(5,895,985)		(5,410,870)	
Independent contractors and temporary workers	-		-	
Social security contributions and other post-employment benefits	(273,737)		(265,868)	
Wages, salaries and employee benefits	(6,169,722)	-	(5,676,738)	-
Depreciation of property, plant and equipment and investment property	(500,518)		(474,803)	
Amortisation of intangible assets	(244,449)		(87,233)	
Losses on sale of non-current assets and equity investments	-		-	
(Additions to)/utilisation of provisions and impairment losses	(5,362)		11,326	
Amortisation, depreciation and impairment losses	(750,329)	-	(550,710)	-
Net exchange rate gains (losses)	(282)		892	
Other expenses	(1,817,937)		(1,932,129)	
Operating profit (loss)	2,331,823	1,771,228	(147,602)	2,342,578
Net financial expense	(533,601)	2,685	(466,733)	(6,891)
Gain on the extinguishment of financial liabilities	-		-	
Dividends	-	-	-	-
Profit (loss) before taxes	1,798,222	1,773,913	(614,335)	2,335,687
Income taxes	(58,256)		-	
Profit (loss) for the period	1,739,966	1,773,913	(614,335)	2,335,687

Statement of comprehensive income

	Q1 2018	Q1 2017
Profit (loss) for the period	1,739,966	(614,335)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
- Actuarial gains on defined benefit plans - IAS 19	57,578	13,951
- Income taxes	-	-
- Other	-	-
Total items of other comprehensive income that will not be reclassified to profit or loss, net of tax effect:	57,578	13,951
Items that will or may be subsequently reclassified to profit or loss:		
- Gains (losses) from translation of financial statements of foreign operations - IAS 21	-	-
- Other	-	-
Total items of other comprehensive income that will be subsequently reclassified to profit or loss, net of tax effect:	-	-
Total other comprehensive income, net of tax effect	57,578	13,951
Comprehensive income (expense)	1,797,544	(600,384)

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 2018	%	Q1 2017	%	Variation
Revenue from sales and services	17,409	89.23	7,491	75.02	9,918
Change in inventories and contract work in progress	318	1.63	908	9.09	(590)
Other revenue and income	1,785	9.15	1,587	15.89	198
Revenue	19,512	100.00	9,986	100.00	9,526
Net gains on the sale of non-current assets	83	0.43	-	-	83
Materials and services (*)	(10,361)	(53.11)	(3,931)	(39.37)	(6,430)
Change in raw materials	18	0.09	25	0.25	(7)
Value added	9,252	47.42	6,080	60.89	3,172
Labour cost (**)	(6,170)	(31.62)	(5,677)	(56.85)	(493)
EBITDA	3,082	15.80	403	4.04	2,679
Amortisation and depreciation	(745)	(3.81)	(562)	(5.63)	(183)
(Additions to)/utilisation of provisions and impairment losses	(5)	(0.03)	11	0.11	(16)
EBIT	2,332	11.95	(148)	(1.48)	2,480
Net financial expense	(534)	(2.74)	(466)	(4.67)	(68)
Profit (loss) before taxes	1,798	9.21	(614)	(6.15)	2,412
Income taxes	(58)	(0.30)	-	-	(58)
Profit (loss) for the period	1,740	8.92	(614)	(6.15)	2,354

(*) **Materials and services** are net of utilisations of the provisions for product warranty and risks (€1.2 thousand and €2.9 thousand for the first quarters of 2017 and 2018, respectively).

(**) **Labour cost** is net of utilisations of the restructuring provision (€2.3 thousand and €2.3 thousand for the first quarters of 2017 and 2018, respectively).

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

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

Reclassified statement of financial position
(€'000)

	31.03.2018	31.12.2017	Variation
Net non-current assets (A)			
Net intangible assets	6,127	451	5,676
Net property, plant and equipment and investment property	40,339	40,406	(67)
Equity investments	22,107	21,578	529
Total A	68,573	62,435	6,138
Working capital (B)			
Inventories	1,744	1,407	337
Net trade receivables and other assets	19,195	22,193	(2,998)
Assets held for sale	135	252	(117)
Trade payables	(27,797)	(24,616)	(3,181)
Provisions for risks and charges	(589)	(589)	-
Other liabilities	(4,099)	(4,750)	651
Total B	(11,411)	(6,103)	(5,308)
Net invested capital (C=A+B)	57,162	56,332	830
Post-employment benefits (D)	3,908	4,047	(139)
Net capital requirements (E=C-D)	53,254	52,285	969
Equity (F)	61,775	59,795	1,980
Net financial position (G)			
Non-current loans and borrowings	22,515	22,725	(210)
Net current financial position	(31,036)	(30,235)	(801)
Total G	(8,521)	(7,510)	(1,011)
Total as in E (H=F+G)	53,254	52,285	969

Net financial position
(€'000)

	31.03.2018	31.12.2017	Variation
Cash and cash equivalents	25,798	34,064	(8,266)
Current assets held for trading	9,067	-	9,067
Current finance lease liabilities	-	-	-
Loans and borrowings - related parties	(335)	(335)	-
Current portion of bank loans and borrowings	(3,494)	(3,494)	-
Net current financial position	31,036	30,235	801
Non-current loans and receivables - related parties	2,123	1,500	623
Non-current finance lease liabilities	-	-	-
Non-current bank loans and borrowings	(24,638)	(24,225)	(413)
Non-current loans and borrowings	(22,515)	(22,725)	210
NET FINANCIAL POSITION	8,521	7,510	1,011

Statement of changes in equity

	31.12.2016	Comprehensive expense	Stock option reserve	Allocation of prior year profit	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)
EQUITY	32,006,164	(600,384)	346,375	-	31,752,155

	31.12.2017	Comprehensive income	Stock option reserve	Allocation of prior year profit	31.03.2018
Share capital	54,271,170	-	-	-	54,271,170
Share premium reserve	2,053,660	-	-	-	2,053,660
Reserve for treasury shares	175,697	-	-	-	175,697
Legal reserve	6,033,331	-	-	-	6,033,331
Stock option reserve	1,172,170	-	182,203	-	1,354,373
Other reserves	2,646,208	-	-	-	2,646,208
Losses carried forward	(7,165,362)	57,578	-	608,558	(6,499,226)
Profit for the period/year	608,558	1,739,966	-	(608,558)	1,739,966
EQUITY	59,795,432	1,797,544	182,203	-	61,775,179

Statement of cash flows

	Q1 2018	Q1 2017
Profit (loss) for the period	1,739,966	(614,335)
<i>Adjustments:</i>		
- Income taxes	58,256	-
- Depreciation of property, plant and equipment and investment property	500,518	474,803
- Amortisation of intangible assets	244,449	87,233
- Impairment losses, provisions and change in accounting estimates	(95,511)	(80,196)
- Gains on the sale of non-current assets	(82,855)	-
- Financial expense	536,291	479,190
- Financial income	(2,690)	(12,459)
- Dividends	-	-
- Other adjustments	90,180	346,375
Total adjustments	1,248,638	1,294,946
<i>Change in working capital:</i>		
- (Increase)/decrease in inventories	(14,727)	3,267
- Increase in contract work in progress	(321,615)	(935,030)
- (Increase)/decrease in trade receivables and other assets	(1,111,709)	2,175,005
- Increase in trade receivables - related parties	(1,683,159)	(1,588,730)
- Increase/(decrease) in trade payables, other financial liabilities and other liabilities	3,519,183	(1,138,268)
- Increase in trade payables - related parties	544,545	37,891
- Increase/(decrease) in advances for contract work in progress and deferred income	(1,574,528)	1,396,598
- Other changes	(91,187)	-
Total changes in working capital	(733,197)	(49,267)
Gross cash flows from operating activities	2,255,407	631,344
- Financial expense	(30,691)	(32,958)
- Income taxes	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,224,716	598,386
- Purchases of non-current assets and equity investments	(1,076,799)	(494,931)
- Proceeds from the sale of non-current assets and equity investments	200,500	-
- Increase in loans and receivables - third parties	-	-
- Increase in loans and receivables - related parties	(550,000)	-
- Repayment of loans and receivables - third parties	-	-
- Repayment of loans and receivables - related parties	2,685	4,180
- Proceeds from the sale of current assets held for trading	(9,066,948)	-
- Financial income	5	9,350
- Dividends collected	-	-
- Other changes	-	-
CASH FLOWS USED IN INVESTING ACTIVITIES	(10,490,557)	(481,401)
- 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	-	-
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	-	-
TOTAL CASH FLOWS	(8,265,841)	116,985
Opening net cash and cash equivalents	34,063,802	21,149,281
Closing net cash and cash equivalents	25,797,961	21,266,266
<i>Of which:</i>		
- Cash and cash equivalents	25,797,961	21,266,266
- 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 10 May 2018, the Supreme Court of Cassation heard the case relating to the Turin regional tax court's ruling of 17 February 2010 which admitted Pininfarina S.p.A.'s appeal, cancelling the VAT assessment notices issued by the tax authorities for 2002 and 2003. While awaiting the outcome of the hearing, Pininfarina S.p.A. still expects the dispute to end in its favour, as it remains confident about the grounds of its arguments.

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

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
Pininfarina Extra S.r.l.	95,586	107,619	72,676	334,576	76,824	86,419	-	-
Goodmind S.r.l.	-	-	-	-	5,333	-	-	-
Signature S.r.l.	-	-	550,000	-	-	-	-	-
Pininfarina Deutschland Holding GmbH	-	-	-	-	-	-	-	-
Pininfarina Deutschland GmbH	-	-	1,500,000	-	-	-	2,685	-
Pininfarina Automotive Engineering (Shanghai) Co Ltd	205,200	15,000	-	-	-	15,000	-	-
Mahindra&Mahindra Limited	1,996,086	-	-	-	2,151,432	-	-	-
Mahindra Graphic Research Design S.r.l.	-	275,862	-	-	-	215,644	-	-
Tech Mahindra Ltd	15,760	653,471	-	-	4,960	314,933	-	-
Ssangyong Motor Company	179,150	-	-	-	164,675	-	-	-
Total	2,491,782	1,051,952	2,122,676	334,576	2,403,224	631,996	2,685	-

Intragroup transactions include:

- Pininfarina Extra S.r.l.: lease for equipped office premises and services agreements. The financial liability with Pininfarina Extra S.r.l. relates to the domestic tax consolidation agreement;
- Goodmind S.r.l.: lease for equipped office premises terminated in February 2018;
- Signature S.r.l.: loan agreement;
- Pininfarina Deutschland GmbH: loan agreement;
- Pininfarina Automotive Engineering (Shanghai) Co Ltd: services agreement;
- Mahindra & Mahindra Ltd: brand licence agreements and engineering services agreements;
- Mahindra Graphic Research Design S.r.l.: engineering services agreements;
- Tech Mahindra Ltd: services agreement;
- Saangyoung Motor Company: design services agreement with Pininfarina S.p.A.;

In addition to the above figures, Studio Starclex - Studio Legale Associato Guglielmetti, related to Romina Guglielmetti (director of Pininfarina S.p.A.), provided legal assistance to the company for €9,000.

Directors' and statutory auditors' fees

(€'000)	<u>Q1 2018</u>	<u>Q1 2017</u>
Directors	87	87
Statutory auditors	25	25
Total	112	112

The total fees to Pininfarina SpA.'s key management personnel approximate €0.24 million for the first three months of 2018.

Significant non-recurring transactions

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

	31.03.2018	31.03.2018 net of significant non-recurring transactions
Property, plant and equipment	40,339,194	40,591,619
Intangible assets	6,127,394	6,127,394
Equity investments	22,107,372	21,578,092
Non-current financial assets	2,122,676	1,572,676
NON-CURRENT ASSETS	70,696,636	69,869,781
Inventories	253,755	253,755
Contract work in progress	1,489,769	1,489,769
Current financial assets	9,066,948	9,066,948
Trade receivables and other assets	19,194,819	19,194,819
Assets held for sale	134,780	-
Cash and cash equivalents	25,797,961	26,676,741
CURRENT ASSETS	55,938,032	56,682,032
TOTAL ASSETS	126,634,668	126,551,813
Share capital and reserves	60,035,213	60,035,213
Profit for the period	1,739,966	1,657,111
EQUITY	61,775,179	61,692,324
Non-current loans and borrowings	24,638,346	24,638,346
Post-employment benefits and other provisions	3,908,209	3,908,209
NON-CURRENT LIABILITIES	28,546,555	28,546,555
Current loans and borrowings	3,828,475	3,828,475
Other financial liabilities	3,433,239	3,433,239
Trade payables	27,796,639	27,796,639
Current tax liabilities	365,267	365,267
Provisions for risks and charges	589,314	589,314
Other liabilities	300,000	300,000
CURRENT LIABILITIES	36,312,934	36,312,934
TOTAL LIABILITIES	64,859,489	64,859,489
TOTAL LIABILITIES AND EQUITY	126,634,668	126,551,813

	Q1 2018	Q1 2018 net of significant non-recurring transactions
Revenue from sales and services	17,408,695	17,408,695
Internal work capitalised	-	-
Change in inventories and contract work in progress	318,327	318,327
Other revenue and income	1,784,843	1,784,843
Revenue	19,511,865	19,511,865
Gains on sale of non-current assets and equity investments	82,855	-
Raw materials and consumables	(2,483,479)	(2,483,479)
Other variable production costs	(572,355)	(572,355)
External variable engineering services	(5,468,793)	(5,468,793)
Wages, salaries and employee benefits	(6,169,722)	(6,169,722)
Amortisation, depreciation and impairment losses	(750,329)	(750,329)
Net exchange rate losses	(282)	(282)
Other expenses	(1,817,937)	(1,817,937)
Operating profit	2,331,823	2,248,968
Net financial expense	(533,601)	(533,601)
Gain on the extinguishment of financial liabilities	-	-
Dividends	-	-
Profit before taxes	1,798,222	1,715,367
Income taxes	(58,256)	(58,256)
Profit for the period	1,739,966	1,657,111

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

- a) Disposal of four property units in Turin, two of which were sold in the reporting period, with the remaining two classified as assets held for sale.
The impact of this transaction on the net financial position and cash flows amounts to €200,500.
- b) Acquisition of an investment in Signature S.r.l., injection for a future capital increase and loan agreement from the parent.
The impact of this transaction on the net financial position and cash flows amounts to €1,079,280.

Atypical and unusual transactions

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