# PININFARINA GROUP

# Interim Report on Operations at March 31, 2012

Pininfarina S.p.A. – Share Capital: 30,166,652 euros, fully paid in. Registered Office: 6 Via Bruno Buozzi, Turin

Tax I.D. and Turin Company Register No. 00489110015

PININFARINA GROUP
Interim Report at March 31, 2012
Approved by the Board of Directors on May 11, 2012

## Honorary Chairman

| | | |
|---|---|---|
| | Sergio | Pininfarina |

## Board of Directors

| | | |
|---|---|---|
| Chairman* | Paolo | Pininfarina |
| Chief Executive Officer | Silvio Pietro | Angori |
| Directors | Gianfranco | Albertini (4) (5) |
| | Edoardo | Garrone (1) (2) (3) |
| | Enrico | Parazzini (2) (3) |
| | Carlo | Pavesio (1) |
| | Roberto | Testore (1) (2) (3) |

(1) Member of the Nominating and Compensation Committee

(2) Member of the Control and Risk Committee

(3) Member of the Committee for Transactions with Related Parties

(4) Corporate Accounting Documents Officer

(5) Director Responsible for the Internal Control and Risk Management System

## Board of Statutory Auditors

| | | |
|---|---|---|
| Chairman | Nicola | Treves |
| Statutory Auditors | Giovanni | Rayneri |
| | Mario | Montalcini |
| Alternates | Alberto | Bertagnolio Licio |
| | Guido | Giovando |

## Secretary to the Board of Directors

Gianfranco Albertini

## Independent Auditors

PricewaterhouseCoopers S.p.A.

***Powers**

Pursuant to Article 22 of the Bylaws, the Chairman is the Company’s legal representative vis-à-vis external parties and in court proceedings.

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## Pininfarina Group

Review of Operating and Financial Performance

The most significant issues that arise from the comparison between the consolidated data at March 31, 2012 and those for the first quarter of 2011 are reviewed below:

- The value of production grew by 17%, thanks mainly to engineering activities carried out in Germany and the income from the leasing of business operations engaged in the production of electric cars in Italy;

- A 43% reduction in the loss at the EBIT level, due in part to lower depreciation, amortization and additions to provisions, and an improved net result from financial transactions, which turned positive during the period, contributed to the significant decrease in the net loss reported at March 31, 2012, which was 54% smaller than in the first quarter of 2011;

- The Group's balance sheet and financial position at March 31, 2012 deteriorated compared with the first quarter of 2011, chiefly as a result of the loss for the period and the impact of working capital dynamics. Consolidated shareholders' equity decreased from 9.6 million euros at December 31, 2011 to the current 6.5 million euros (14.4 million euros at March 31, 2011), while net financial debt grew from 77.9 million euros in 2011 to 80.7 million euros at March 31, 2012 (76.9 million euros at March 31, 2011).

At March 31, 2012, the consolidated value of production totaled 15.7 million euros, or 17.2% more than in the first three of 2011 (13.4 million euros).

EBITDA were negative by 2.8 million euros, compared with negative EBITDA of 4 million euros in the first quarter of 2011. The operating loss decreased by 2.7 million euros, amounting to 3.6 million euros (loss of 6.3 million euros at March 31, 2011). A decrease in depreciation and amortization (0.6 million euros) and additions to provisions (0.9 million euros), combined with a quarter-over-quarter improvement in reported EBITDA helped reduced the operating loss at March 31, 2012.

Financial activities generated net financial income of 0.7 million euros in the first quarter of 2012, as against net financial expense of 58,000 euros at March 31, 2011. The switch from a net negative to a net positive is due mainly to an increase in interest earned on liquid assets and a positive price performance by the portfolio of securities measured at fair value.

The loss before taxes totaled 2.9 million euros (loss of 6.3 million euros at March 31, 2011). The net loss (after taxes of 143,000 euros) narrowed to 3.1 million euros, or 3.4 million euros less than the loss of 6.5 million euros reported in the first quarter of 2011.

The net financial position showed a negative balance of 80.7 million euros, compared with net indebtedness of 77.9 million euros at December 31, 2011 (negative balance of 76.9 million euros at March 31, 2011). This deterioration of 2.8 million euros reflects primarily the effect of net working capital dynamics.

Group interest in shareholders' equity declined from 9.6 million euros at December 31, 2011 to 6.5 million euros in the first quarter of 2012 (14.4 million euros at March 31, 2011) due to the loss for the period.

The Group's staff decreased from 826 employees at March 31, 2011 to 794 employees in the first quarter of 2012 (-3.9%). In addition, 499 employees worked at the Pininfarina Sverige A.B. joint venture in Sweden (603 employees a year earlier).

Please note that the total at March 31, 2012 includes 121 employees receiving long-term unemployment benefits under a procedure for termination of production activities that Pininfarina activated in October 2011.

**Performance of the Group's Businesses in the First Three Months of 2012**

**Operations Sector**

The value of production totaled 3.3 million euros, up from 2.2 million euros in the first quarter of 2011. The 2012 amount includes 1.4 million euros from a lease of business operations engaged in the production of electric cars at the Bairo Canavese plant, which went into effect on April 1, 2011.

The data for the Operations Sector include the activities involving the sale of spare parts for cars made in previous years, the income from a lease of business operations and the costs related to support activities provided by entities of Pininfarina S.p.A., the Group's Parent Company.

The Sector's EBIT, while negative by 2.7 million euros, improved compared with negative EBIT of 4.4 million euros at March 31, 2011.

**Service Sector**

The value of production of this Sector, which includes the styling and engineering operations, totaled 12.4 million euros, or 10.7% more than the amount reported at March 31, 2011 (11.2 million euros). Engineering services provided by the German subsidiaries account for most of this increase.

The Sectors' EBIT were negative by 0.9 million euros, with the loss decreasing by 1 million euros compared with March 31, 2011, when EBIT were negative by 1.9 million euros.

**Information Required by the Consob Pursuant to Article 114, Section 5 of Legislative Decree No. 58/98**

1) The net financial positions of the Pininfarina Group, with current and non-current components listed separately, are shown on page 13 of this Report.

2) There were no past-due amounts (commercial, financial or related to tax or employee benefit liabilities) owed by the Pininfarina Group. No actions against the Group have been filed by creditors.

3) The transactions with related parties of the Pininfarina Group are reviewed on page 48 of this Report.

4) The signing of the new Rescheduling Agreement, which went into effect on May 1, 2012, resulted in the definition of new financial covenants for the years from 2012 to 2018. More specifically, the only financial covenant applicable to 2012 concerns the total amount of the net financial debt for all of 2012. Compliance with this covenant will be verified when the consolidated financial statements at December 31, 2012 are published. At this point, projections show that the Company will be in compliance with this covenant.

5) The implementation of the plan to restructure the indebtedness of Pininfarina S.p.A. is proceeding in accordance with the agreements currently in effect.

6) As for the progress made in implementing the Industrial Plan, nothing has changed compared with the situation described in the Report of the Board of Directors on the 2011 annual financial statements.

**Significant Events Occurring After March 31, 2012**

Provided below is a review of significant events that occurred after March 31, 2012, which were disclosed in earlier press releases published to announce the signing of a new Rescheduling Agreement (the Agreement) with the Lender Institutions (April 23, 2012) and the approval of the 2011 financial statements (May 3, 2012).

On April 20, 2012, the Board of Directors of Pininfarina S.p.A. approved both the 2011-2018 Industrial and Financial Plan and the Agreement, which was executed with Banca IMI S.p.A., Agent Bank for the Lender Institutions, on April 23, 2012.

At signing, the implementation of the Agreement was subject to certain conditions precedent that were fully satisfied by April 30, 2012, allowing the new Rescheduling Agreement to become fully effecting on May 1, 2012.

**Assessment of the Group's Viability as a Going Concern and Business Outlook for the Balance of 2012**

The implementation of the new Rescheduling Agreement created the conditions required to recapitalize Pininfarina S.p.A., also in terms of the projections provided by the Board of Directors at the Shareholders' Meeting convened pursuant to Article 2446 of the Italian Civil Code, and reestablish a balance between the cash flows projected in the 2011-2018 Industrial and Financial Plan and the repayment schedule of the remaining debt owed to the Lender Institutions. In the second quarter of 2012, the Company will be able to recognize financial income of about 45 million euros resulting from the implementation of the Rescheduling Agreement currently in effect. The developments presented above enable the Board of Directors to conclude that the Company and the Group are no longer exposed to the going concern continuity risks for the foreseeable future.

As for the business outlook for the balance of 2012, the value of production is expected to be substantially in line with the consolidated amount reported in 2011. EBIT will remain negative, but with a smaller loss than in 2011, due mainly to continuing challenges faced in developing the automotive activities in Italy. On the other hand, the implementation of the new Rescheduling Agreement will bring a significant benefit in terms of financial performance, which will help produce a solidly positive net result.

Thanks to the restructuring of its medium/long-term debt, the Company is expected to report an improved net financial position at the end of 2012, compared with the 2011 amount, with a significant decrease of the gross debt owed to the Lender Institutions and a corresponding reduction in the amount of liquid assets needed to service the debt.

May 11, 2012

Paolo Pininfarina
Chairman
of the Board of Directors

## Companies of the Pininfarina Group

The data are presented in accordance with the IAS/IFRS accounting principles.

### Pininfarina S.p.A.

| in millions of euros | 3/31/12 | 3/31/11 | Change | 12/31/11 |
|---|---|---|---|---|
| Value of production | 8.0 | 7.0 | 1.0 | |
| EBIT | (4.2) | (7.0) | 2.8 | |
| Net profit (loss) | (3.5) | (7.1) | 3.6 | |
| Net financial position | (84.3) | (78.6) | (5.7) | (82.9) |
| Shareholders' equity | 9.6 | 28.1 | (18.5) | 13.0 |
| Number of employees at 3/31 | 436 | 532 | (96) | 440 |

### Pininfarina Extra Group

| in millions of euros | 3/31/12 | 3/31/11 | Change | 12/31/11 |
|---|---|---|---|---|
| Value of production | 1.0 | 1.0 | - | |
| EBIT | 0.2 | 0.2 | - | |
| Net profit (loss) | 0.2 | 0.1 | 0.1 | |
| Net financial position | 3.3 | 3.0 | 0.3 | 3.3 |
| Shareholders' equity | 5.3 | 4.8 | 0.5 | 5.1 |
| Number of employees at 3/31 | 22 | 20 | 2 | 21 |

### Pininfarina Deutschland Group

| in millions of euros | 3/31/12 | 3/31/11 | Change | 12/31/11 |
|---|---|---|---|---|
| Value of production | 6.5 | 5.2 | 1.3 | |
| EBIT | 0.2 | 0.3 | (0.1) | |
| Net profit (loss) | 0.2 | 0.3 | (0.1) | |
| Net financial position | (2.1) | (3.0) | 0.9 | (1.1) |
| Shareholders' equity | 18.5 | 17.8 | 0.7 | 18.3 |
| Number of employees at 3/31 | 296 | 232 | 64 | 275 |

### Pininfarina Maroc SAS

| in millions of euros | 3/31/12 | 3/31/11 | Change | 12/31/11 |
|---|---|---|---|---|
| Value of production | 0.6 | 0.4 | 0.2 | |
| EBIT | 0.2 | - | 0.2 | |
| Net profit (loss) | 0.2 | - | 0.2 | |
| Net financial position | 1.5 | 0.7 | 0.8 | 1.4 |
| Shareholders' equity | 1.6 | 0.9 | 0.7 | 1.4 |
| Number of employees at 3/31 | 37 | 39 | (2) | 40 |

**Pininfarina Automotive Engineering Shanghai Co Ltd**

| in millions of euros | 3/31/12 | 3/31/11 | Change | 12/31/11 |
|---|---|---|---|---|
| Value of production | - | - | - | |
| EBIT | (0.1) | (0.1) | - | |
| Net profit (loss) | (0.1) | (0.1) | - | |
| Net financial position | - | - | - | 0.1 |
| Shareholders' equity | (0.1) | - | (0.1) | - |
| Number of employees at 3/31 | 3 | 2 | 1 | 3 |

**Pininfarina Sverige AB**

| in millions of euros | 3/31/12 | 3/31/11 | Change | 12/31/11 |
|---|---|---|---|---|
| Value of production | 73.9 | 76.9 | (3.0) | |
| EBIT | 2.7 | 3.3 | (0.6) | |
| Net profit (loss) | 1.4 | 1.8 | (0.4) | |
| Net financial position | 22.2 | (15.4) | 37.6 | 13.8 |
| Shareholders' equity | 86.1 | 78.9 | 7.2 | 84.0 |
| Number of employees at 3/31 | 499 | 603 | (104) | 543 |

**Matra Automobile Engineering SAS**, which has not been operational since 2008, reported an almost breakeven bottom line, compared with a net profit of 0.1 million euros at March 31, 2011. The net financial position was positive by 0.9 million euros, compared with a positive balance of 1 million euros in 2011. At March 31, 2012, Matra Automobile Engineering had no employees on its payroll, compared with 1 employee, who worked mainly in Morocco, a year earlier.

# Reclassified Consolidated Income Statement

(in thousands of euros)

| | Data for | | | | | Data for |
|---|---|---|---|---|---|---|
| | 1st quarter 2012 | % | 1st quarter 2011 | % | Change | 2011 |
| Sales and service revenues | 14,526 | 92.25 | 10,411 | 77.73 | 4,115 | 53,895 |
| Changes in inventory and work in progress | (589) | (3.74) | 2,583 | 19.29 | (3,172) | 2,782 |
| Other income and revenues | 1,809 | 11.49 | 400 | 2.98 | 1,409 | 5,333 |
| **Value of production** | **15,746** | **100.00** | **13,394** | **100.00** | **2,352** | **62,010** |
| **Net gain (loss) on disposal of non-current assets** | **-** | **0.00** | **15** | **0.11** | **(15)** | **8,931** |
| Raw materials and outside services (*) | (7,639) | (48.52) | (6,421) | (47.94) | (1,219) | (24,519) |
| Change in inventory of raw materials | 90 | 0.57 | (104) | (0.77) | 193 | (54) |
| **Value added** | **8,197** | **52.05** | **6,884** | **51.40** | **1,313** | **46,368** |
| Labor costs (**) | (11,040) | (70.11) | (10,879) | (81.22) | (161) | (41,656) |
| **EBITDA** | **(2,843)** | **(18.06)** | **(3,995)** | **(29.82)** | **1,152** | **4,712** |
| Depreciation and amortization | (824) | (5.23) | (1,462) | (10.92) | 638 | (4,789) |
| (Additions)/Utiliz. of provis. and (Writedowns) | 47 | 0.30 | (824) | (6.15) | 872 | (8,613) |
| **EBIT** | **(3,620)** | **(22.99)** | **(6,281)** | **(46.90)** | **2,661** | **(8,690)** |
| Net financial income (expense) | 696 | 4.42 | (58) | (0.43) | 754 | (2,069) |
| **Profit (Loss) before taxes** | **(2,924)** | **(18.57)** | **(6,339)** | **(47.33)** | **3,415** | **(10,759)** |
| Income taxes | (143) | (0.91) | (179) | (1.34) | 36 | (726) |
| **Net profit (loss)** | **(3,067)** | **(19.48)** | **(6,518)** | **(48.66)** | **3,451** | **(11,485)** |

(*) **Raw materials and outside services** is shown net of utilizations of the provisions for warranties and the provisions for risks amounting to 459,000 euros in 2011 and 358,000 euros in 2012.

(**) **Labor costs** is shown net of the utilization of the provision for restructuring programs and other employee benefit costs totaling 612,000 euros in 2011 and 498,000 euros in 2012.

As required by Consob Resolution No. DEM/6064293 of July 28, 2006, a reconciliation of the data in the financial statements to those in the reclassified schedules is provided below:
- **Raw materials and outside services** includes Raw materials and components, Other variable production costs, External variable engineering services, Foreign exchange gains and losses and Other expenses.
- **Depreciation and amortization** includes Depreciation of property, plant and equipment and Amortization of intangibles.
- **(Additions)/Utilizations of provisions and (Writedowns)** includes (Additions)/Utilizations of provisions and (Writedowns) and Addition to the provision for inventory risk.
- **Net financial income (expense)** includes Net financial income (expense) and dividends.

## Reclassified Consolidated Statement Of Financial Position

(in thousands of euros)

| | Data at | | | Data at |
|---|---|---|---|---|
| | 3/31/12 | 12/31/11 | Change | 3/31/11 |
| **Net non-current assets (A)** | | | | |
| Net intangible assets | 2,670 | 2,761 | (91) | 2,993 |
| Net property, plant and equipment | 65,819 | 66,466 | (647) | 71,909 |
| Equity investments | 29,730 | 29,730 | - | 29,729 |
| **Total A** | **98,219** | **98,957** | **(738)** | **104,631** |
| **Working capital (B)** | | | | |
| Inventory | 3,290 | 3,788 | (498) | 3,779 |
| Net trade receivables and other receivables | 21,597 | 21,692 | (95) | 21,739 |
| Non-current assets held for sale | - | - | - | 1,131 |
| Deferred-tax assets | 880 | 880 | - | 967 |
| Trade accounts payable | (14,264) | (14,195) | (69) | (19,193) |
| Provisions for risks and charges | (8,328) | (9,233) | 905 | (6,420) |
| Other liabilities (*) | (6,663) | (6,917) | 254 | (6,850) |
| **Total B** | **(3,488)** | **(3,985)** | **497** | **(4,847)** |
| **Net invested capital (C=A+B)** | **94,731** | **94,972** | **(241)** | **99,784** |
| **Provision for termination indemnities (D)** | **7,564** | **7,545** | **19** | **8,500** |
| **Net capital requirements (E=C-D)** | **87,167** | **87,427** | **(260)** | **91,284** |
| **Shareholders' equity (F)** | **6,468** | **9,556** | **(3,088)** | **14,422** |
| **Net financial position (G)** | | | | |
| Long-term debt | 17,597 | 17,340 | 257 | 184,558 |
| (Net liquid assets)/Net borrowings | 63,102 | 60,530 | 2,572 | (107,696) |
| **Total G** | **80,699** | **77,870** | **2,829** | **76,862** |
| **Total as in E (H=F+G)** | **87,167** | **87,427** | **(260)** | **91,284** |

(*) Other liabilities includes the following balance sheet items: Deferred taxes, Other payables, Provision for current taxes and Sundry liabilities.

## Consolidated Net Financial Position

(in thousands of euros)

| | Data at | | | Data at |
|---|---|---|---|---|
| | 3/31/12 | 12/31/11 | Change | 3/31/11 |
| Cash and cash equivalents | 96,370 | 90,729 | 5,641 | 75,788 |
| Current assets held for trading | 48,770 | 46,042 | 2,728 | 51,749 |
| Current loans receivable and other receivables | - | 11,292 | (11,292) | 11,292 |
| Loans receivable from related parties and joint ventures | 9,015 | 8,952 | 63 | 17,904 |
| Due to banks for overdraft facilities | (19,345) | (17,970) | (1,375) | (26,000) |
| Current liabilities under finance leases | (131,354) | (130,729) | (625) | (12,200) |
| Current portion of long-term bank debt | (66,559) | (68,846) | 2,287 | (10,837) |
| **Net liquid assets/(Net borrowings)** | **(63,102)** | **(60,530)** | **(2,572)** | **107,696** |
| Long-term loans and other receivables from outsiders | - | - | - | - |
| Long-term loans and other receivables from related parties and joint ventures | - | - | - | 9,113 |
| Held-to-maturity non-current assets | - | 257 | (257) | 257 |
| Non-current liabilities under finance leases | - | - | - | (116,546) |
| Long-term bank debt | (17,597) | (17,597) | - | (77,382) |
| **Net long-term debt** | **(17,597)** | **(17,340)** | **(257)** | **(184,558)** |
| **NET FINANCIAL POSITION** | **(80,699)** | **(77,870)** | **(2,829)** | **(76,862)** |

## Consolidated Net Borrowings
## (CESR/05-04b recommendations – E.U. Regulation No. 809/2004)

(in thousands of euros)

| | | Data at | | | Data at |
|---|---|---|---|---|---|
| | | 3/31/12 | 12/31/11 | Change | 3/31/11 |
| A. | Cash | (96,370) | (90,729) | 5,641 | (75,788) |
| B. | Other liquid assets | - | - | - | - |
| C. | Securities held for trading | (48,770) | (46,042) | 2,728 | (51,749) |
| ***D.*** | ***Total liquid fund (A.)+(B.)+(C.)*** | ***(145,141)*** | ***(136,771)*** | ***8,370*** | ***(127,537)*** |
| ***E.*** | ***Current financial receivables*** | ***(9,015)*** | ***(20,244)*** | ***(11,229)*** | ***(29,196)*** |
| **F.** | **Short-term bank account overdrafs** | **19,345** | **17,970** | **(1,375)** | **26,000** |
| | *Current portion of secured bank loans* | 5,037 | 7,555 | 2,518 | 5,037 |
| | *Current portion of unsecured bank loans* | 61,522 | 61,291 | (231) | 5,800 |
| **G.** | **Current portion of non-current debt** | **66,559** | **68,846** | **2,287** | **10,837** |
| H. | Other current financial payables | 131,354 | 130,729 | (625) | 12,200 |
| ***I.*** | ***Current financial debt (F.)+(G.)+(H.)*** | ***217,258*** | ***217,545*** | ***287*** | ***49,037*** |
| ***J.*** | ***Debt / Net current Financial (Position)*** | ***63,102*** | ***60,530*** | ***(2,572)*** | ***(107,696)*** |
| | *Non-current portion of secured bank loans* | 17,597 | 17,597 | - | 22,633 |
| | *Non-current portion of unsecured bank loans* | - | - | - | 54,749 |
| **K.** | **Non-current bank account overdrafs** | **17,597** | **17,597** | **-** | **77,382** |
| L. | Bonds issued | - | - | - | - |
| M. | Other non-current financial payables | - | - | - | 116,546 |
| ***N.*** | ***Non-current net financial debt (K.)+(L.)+(M.)*** | ***17,597*** | ***17,597*** | ***-*** | ***193,928*** |
| **O.** | **Net financial debt (J+N)** | **80,699** | **78,127** | **(2,572)** | **86,232** |

The "Net Borrowings" schedule provided above is presented in accordance with the format recommended by the Consob in Communication DEM No. 6064293 of July 28, 2006, which implements E.U. Regulation CESR/05-04b. Because the purpose of the abovementioned schedule is to show "Net Borrowings," assets are shown with a minus sign and liabilities with a plus sign. In the "Consolidated Net Financial Position" schedule 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 "Consolidated Net Financial Position" schedule and that of the "Consolidated Net Borrowings" schedule is that the latter does not include loans receivable and long-term financial receivables. The total amount of those differences at the respective reference dates is shown below:

- At March 31, 2012: none
- At December 31, 2011: 257,000 euros
- At March 31, 2011: 9,370,000 euros

## Consolidated Statement of Cash Flows

| | 3/31/12 | 3/31/11 |
|---|---|---|
| **Profit (loss) for the period** | **(3,067,268)** | **(6,517,981)** |
| ***Restatements*** | | |
| - Income taxes | (142,643) | 179,134 |
| - Depreciation of property, plant and equipment | 685,716 | 1,307,048 |
| - Amortization of intangibles | 138,527 | 155,211 |
| - Writedowns and additions to provisions | (884,920) | (866,769) |
| - (Gains) Losses on sale of non-current assets | - | (15,244) |
| - Financial expense | 820,910 | 930,821 |
| - (Financial income) | (607,340) | (873,241) |
| - (Dividends) | - | - |
| - Value adjustment to shareholders' equity | - | - |
| - Other restatements | 822,748 | 61,060 |
| **Total Restatements** | **832,998** | **878,020** |
| ***Changes in working capital*** | | |
| - (Increase) / decrease inventories | (98,120) | 145,642 |
| - (Increase) / decrease contract work in progress | 596,969 | (2,490,442) |
| - (Increase) / decrease trade accounts receivable and other receivabl | 339,542 | 5,623,704 |
| - (Increase) / decrease accounts receivable from joint ventures | (247,253) | 382,694 |
| - Increase / (decrease) trade accounts payable | 132,339 | (16,310,734) |
| - increase / (decrease) accounts payable to joint ventures | (14,350) | (17,208) |
| - Other changes | (10,321) | 828,648 |
| **Total changes in working capital** | **698,807** | **(11,837,696)** |
| **Cash flow from operating activities** | **(1,535,463)** | **(17,477,657)** |
| (Financial expense) | 179,518 | (243,252) |
| (Income taxes) | (149,192) | (129,134) |
| **Net cash flow used in operating activities** | **(1,505,137)** | **(17,850,043)** |
| - Purchases of property, plant and equipment | (87,481) | (94,485) |
| - Proceeds from sale of property, plant and equipment | - | 15,247 |
| - Non-current loans receivable from borrowers outside the Group | 11,292,277 | 10,820,918 |
| - Non-current loans receivable from joint ventures | - | (805) |
| - Financial income | (420,019) | 506,639 |
| - Dividends | - | - |
| - Other equity investments | (2,473,133) | (3,833,197) |
| **Net cash used in investing activities** | **8,311,644** | **7,414,318** |
| - Proceeds from the issuance of shares | - | - |
| - Borrowings from lenders outside the Group | (2,518,455) | (150,000) |
| - Other non-cash items | (21,630) | - |
| **Net cash used in financing activities** | **(2,541,085)** | **(150,000)** |
| **Increase (Decrease) in cash and cash equivalents** | **4,266,422** | **(10,585,725)** |
| - Cash and cash equivalents at beginning of the period | 72,758,660 | 60,374,129 |
| **Net cash and cash equivalents at end of the period** | **77,025,082** | **49,788,403** |
| *Composed by:* | | |
| Cash and cash equivalents | 96,370,214 | 75,788,403 |
| Bank account overdrafts | (19,345,132) | (26,000,000) |

As required by Paragraph 7 of IAS 7 – Statement of Cash Flows, this document does not reflect transactions that did not result in change in cash flow. Pursuant to Consob Resolution No. 15519 of July 27, 2006, the impact of transactions with related parties on the Pininfarina Group, which reflects exclusively transactions with the Pininfarina Sverige AB joint venture, are discussed in Notes 6, 10 and 15 (a) to the financial statements of the Pininfarina Group.

# Pininfarina Group

# Consolidated Financial Statements at March 31, 2012

## Consolidated Statement of Financial Position

| | Note ref. | 3/31/12 | 12/31/11 |
|---|---|---|---|
| Land and buildings | 1 | 58,923,044 | 59,332,176 |
| Land | | 16,984,045 | 16,984,045 |
| Buildings | | 32,773,040 | 33,092,536 |
| Leased property | | 9,165,958 | 9,255,595 |
| Plant and machinery | 1 | 5,511,435 | 5,681,546 |
| Machinery | | 296,634 | 312,357 |
| Plant | | 5,214,801 | 5,369,189 |
| Leased machinery and equipment | | - | - |
| Furniture, fixtures and other property, plant and equipment | 1 | 1,384,770 | 1,452,409 |
| Furniture and fixtures | | 256,557 | 256,251 |
| Hardware & software | | 678,355 | 738,960 |
| Other property, plant and equipment (including vehicles) | | 449,858 | 457,198 |
| Assets under construction | 1 | - | - |
| **Property, plant and equipment** | | **65,819,249** | **66,466,131** |
| Goodwill | 2 | 1,043,495 | 1,043,495 |
| Licenses and trademarks | 2 | 1,425,729 | 1,506,384 |
| Other intangibles | 2 | 200,584 | 211,441 |
| **Intangible assets** | | **2,669,808** | **2,761,320** |
| Joint ventures | 3 | 29,477,683 | 29,477,683 |
| Other companies | 4 | 252,017 | 252,017 |
| **Equity investments** | | **29,729,700** | **29,729,700** |
| **Deferred-tax assets** | **17** | **880,328** | **880,328** |
| Held-to-maturity long-term investments | 5 | - | 257,247 |
| Loans and other receivables form: | | - | - |
| Outsiders | | - | - |
| Related parties and joint ventures | | - | - |
| Available-for-sale non-current financial assets | | - | - |
| **Non-current financial assets** | | **-** | **257,247** |
| **TOTAL NON-CURRENT ASSETS** | | **99,099,085** | **100,094,726** |
| Raw materials | | 208,036 | 118,149 |
| Work in process | | - | - |
| Finished goods | | 731,613 | 723,380 |
| **Inventory** | **8** | **939,649** | **841,529** |
| **Contract work in progress** | **9** | **2,349,870** | **2,946,839** |
| Current assets held for trading | 7 | 48,770,039 | 46,041,811 |
| Current loans receivables and other receivables from: | 6 | 9,014,884 | 20,244,365 |
| Outsiders | | - | 11,292,276 |
| Related parties and joint ventures | | 9,014,884 | 8,952,089 |
| Available-for-sale current financial assets | | - | - |
| **Current financial assets** | | **57,784,924** | **66,286,176** |
| **Financial derivatives** | | **-** | **-** |
| Trade receivables from: | 10 | 16,534,191 | 14,792,307 |
| Outsiders | | 16,286,938 | 14,792,307 |
| Related parties and joint ventures | | 247,253 | - |
| Other receivables | 11 | 5,063,278 | 6,899,951 |
| **Trade receivables and other receivables** | | **21,597,468** | **21,692,258** |
| Cash on hand | | 1,050,989 | 1,216,032 |
| Short-term bank deposits | | 95,319,225 | 89,512,791 |
| **Cash and cash equivalents** | **12** | **96,370,214** | **90,728,823** |
| **TOTAL CURRENT ASSETS** | | **179,042,125** | **182,495,625** |
| **Held-for-sale non-curret assets** | | **-** | **-** |
| **TOTAL ASSETS** | | **278,141,210** | **282,590,351** |

## Consolidated Statement of Financial Position

| | Note ref. | 3/31/12 | 12/31/11 |
|---|---|---|---|
| Share capital | 13 | 30,150,694 | 30,150,694 |
| Additional paid-in capital | 13 | - | - |
| Reserve for treasury stock | 13 | 175,697 | 175,697 |
| Statutory reserve | 13 | 2,231,389 | 2,231,389 |
| Reserve for currency translations | 13 | 2,579,918 | 2,601,548 |
| Other reserves | 13 | 2,646,208 | 2,646,208 |
| Retained earnings / (Loss carryforward) | 13 | (28,249,040) | (16,764,106) |
| Profit / (Loss) for the period | 13 | (3,067,268) | (11,484,934) |
| GROUP INTEREST IN SHAREHOLDERS' EQUITY | | 6,467,598 | 9,556,496 |
| Minority interest in shareholders' equity | | - | - |
| **TOTAL SHAREHOLDERS' EQUITY** | | **6,467,598** | **9,556,496** |
| Liabilities under finance leases | | - | - |
| Other indebtedness owed to: | | 17,595,714 | 17,595,714 |
| Outsiders | | 17,595,714 | 17,595,714 |
| Related parties and joint ventures | | - | - |
| **Long-term borrowings** | **14** | **17,595,714** | **17,595,714** |
| **Deferred-tax liabilities** | **17** | **1,813** | **1,813** |
| Provision for termination indemnities | | 7,565,222 | 7,547,822 |
| Other | | - | - |
| **Provision for termination indemnities** | | 7,565,222 | 7,547,822 |
| **TOTAL NON-CURRENT LIABILITIES** | | **25,162,749** | **25,145,349** |
| Bank account overdrafts | 12 | 19,345,132 | 17,970,163 |
| Liabilities under finance leases | | 131,353,716 | 130,728,552 |
| Other borrowings owed to: | | 66,558,972 | 68,846,302 |
| Outsiders | | 66,558,972 | 68,846,302 |
| Related parties and joint ventures | | - | - |
| **Current borrowings** | **14** | **217,257,820** | **217,545,017** |
| Wages and salaries payable | | 2,529,455 | 1,595,389 |
| Due to social security institutions | | 1,434,027 | 1,844,526 |
| Other liabilities | | 1,493,289 | 1,981,266 |
| **Other payables** | **15** | **5,456,771** | **5,421,181** |
| Accounts payable to outsiders | | 11,673,524 | 11,471,833 |
| Account payable to associated companies and joint ventures | | 6,320 | 20,670 |
| Advances received for work in progress | | 2,584,091 | 2,702,338 |
| **Trade accounts payable** | **15** | **14,263,935** | **14,194,841** |
| Income taxes | | 144,750 | 164,710 |
| Other taxes | | 480,391 | 645,800 |
| **Provision for current taxes** | | **625,141** | **810,510** |
| **Financial derivatives** | | - | - |
| Provision for warranties | | 77,656 | 267,255 |
| Provision for restructuring programs | | 4,707,297 | 4,934,179 |
| Other provisions | | 3,543,367 | 4,031,706 |
| **Provision for other liabilities and charges** | **16** | **8,328,320** | **9,233,140** |
| **Other liabilities** | | 578,876 | 683,817 |
| **TOTAL CURRENT LIABILITIES** | | **246,510,863** | **247,888,506** |
| **TOTAL LIABILITIES** | | **271,673,612** | **273,033,855** |
| **Liabilities attributable to held-for-sale assets** | | - | - |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **278,141,210** | **282,590,351** |

As allowed by Consob Resolution No. 15519 of July 27, 2006, a separate schedule is not being provided because related-party transactions are already shown in the Statement of Financial Position of the Pininfarina Group. As for transactions with other related parties, such as Directors and Statutory Auditors, the amount shown for “Other liabilities – Miscellaneous liabilities” includes a liability of 52,747 euros for accrued compensation payable for the period, which is also listed in a separate schedule in the “Other Information” section of this Report.

## Consolidated Income Statement

| | Note ref. | 1 st quarter 2012 | 1 st quarter 2011 |
|---|---|---|---|
| Sales and service revenues | 18 | 14,525,988 | 10,411,085 |
| Increase in Company-produced non-current assets | | - | - |
| Change in inventories of finished goods and contract work in progress | | (588,736) | 2,583,472 |
| Change in contract work in progress | | (626,606) | 2,610,699 |
| Change in inventories of work in progress, semifinished and finished goods | | 37,870 | (27,227) |
| Other income and revenues | 19 | 1,808,974 | 398,509 |
| **Total value of production** | | **15,746,227** | **13,393,066** |
| **Gain on the sales of property, plant and equipment / equity** | | **-** | **15,244** |
| *Amount earned on the sale of equity investments* | | - | - |
| Raw materials and components | | (1,782,725) | (1,327,406) |
| Change in inventories of raw materials, subsidiary materials | | 89,887 | (103,570) |
| Addition to provision for obsolescent / slow moving inventory items | | - | - |
| **Raw materials and consumables used** | | **(1,692,838)** | **(1,430,976)** |
| Consumables | | (180,822) | (186,226) |
| External maintenance costs | | (367,141) | (272,027) |
| **Other variable production costs** | | **(547,963)** | **(458,253)** |
| **External variable engineering services** | | **(1,968,938)** | **(1,546,167)** |
| Production staff, office staff and managers | | (10,635,083) | (10,391,031) |
| Independent contractors and temporary workers | | - | - |
| Retirement and other post-employment benefits | | (404,697) | (487,555) |
| **Wages, salaries and employee benefits** | **20** | **(11,039,780)** | **(10,878,586)** |
| Depreciation of property, plant and equipment | | (685,716) | (1,307,048) |
| Amortization of intangibles | | (138,527) | (155,211) |
| Loss on disposals of property, plant and equipment / equity invest. | | - | (102) |
| (Additions to), Utilizations of provisions, (Writedowns) | 21 | 47,254 | (824,377) |
| **Depreciation, amortization and writedowns** | | **(776,989)** | **(2,286,738)** |
| **Foreign exchange gains (losses)** | | **(19,479)** | **4,498** |
| **Other expenses** | **22** | **(3,321,342)** | **(3,093,355)** |
| **Profit (Loss) from operations** | | **(3,621,103)** | **(6,281,267)** |
| **Financial income (expense), net** | **23** | **696,478** | **(57,580)** |
| **Dividends** | | **-** | **-** |
| **Valuation of equity investment by the equity method** | | **-** | **-** |
| **Profit (Loss) before taxes** | | **(2,924,625)** | **(6,338,847)** |
| **Income taxes for the period** | **17** | **(142,643)** | **(179,134)** |
| **Profit (Loss) for the period** | | **(3,067,268)** | **(6,517,981)** |
| Attributable to: | | | |
| - Shareholders of the controlling company | | (3,067,268) | (6,517,981) |
| - Minority interest | | - | - |
| Profit (loss) diluted for share | | | |
| - Profit (Loss) for the period | | (3,067,268) | (6,517,981) |
| - Number of common shares net | | 30,150,694 | 30,150,694 |
| - Basic earnings (loss) diluted per share | | (0.10) | (0.22) |

Pursuant to Consob Resolution No. 15519 of July 27, 2006, the impact of transactions with related parties on the income statement of the Pininfarina Group is shown in a separate schedule on the page that follows and in the Note entitled “Other Information.”

## Consolidated Statement of Comprehensive Income

| | 1 st quarter 2012 | 1 st quarter 2011 |
|---|---|---|
| **Profit (Loss) for the period** | **(3,067,268)** | **(6,517,981)** |
| **Other components of comprehensive net profit (loss)** | | |
| Gains (Losses) from translation of financial statemens of foreign value - IAS 21 | (21,630) | (63,462) |
| Other | - | - |
| **Total components in total comprehensive net profit (loss)** | **(21,630)** | **(63,462)** |
| **TOTAL COMPREHENSIVE NET PROFIT (LOSS)** | **(3,088,898)** | **(6,581,443)** |
| - Shareholders of the controlling company | (3,088,898) | (6,581,443) |
| - Minority interest | - | - |

## Income Statement Pursuant to Consob Resolution No. 15519 of July 27, 2006

| | Note ref. | 1 st quarter 2012 | Amt.with related parties | 1 st quarter 2011 | Amt.with related parties |
|---|---|---|---|---|---|
| Sales and service revenues | 18 | 14,525,988 | 247,253 | 10,411,085 | 247,253 |
| Increase in Company-produced non-current assets | | - | | - | |
| Change in inventories of finished goods and contract work in progress | | (588,736) | - | 2,583,472 | - |
| Change in contract work in progress | | (626,606) | | 2,610,699 | |
| Change in inventories of work in progress, semifinished and finished goods | | 37,870 | | (27,227) | |
| Other income and revenues | 19 | 1,808,974 | | 398,509 | |
| **Total value of production** | | **15,745,226** | **247,253** | **13,393,066** | **247,253** |
| **Gain on the sales of property, plant and equipment / equity** | | **0** | | **15,244** | |
| *Amount earned on the sale of equity investments* | | *0* | | - | |
| Raw materials and components | | (1,782,725) | | (1,327,406) | |
| Change in inventories of raw materials, subsidiary materials | | 89,887 | | (103,570) | |
| Addition to provision for obsolescent / slow moving inventory items | | - | | - | |
| **Raw materials and consumables used** | | **(1,692,838)** | - | **(1,430,976)** | - |
| Consumables | | (180,822) | | (186,226) | |
| External maintenance costs | | (367,141) | | (272,027) | |
| **Other variable production costs** | | **(547,963)** | - | **(458,253)** | - |
| **External variable engineering services** | | **(1,968,938)** | **(3,150)** | **(1,546,167)** | **(25,292)** |
| Production staff, office staff and managers | | (10,635,083) | | (10,391,031) | |
| Independent contractors and temporary workers | | - | | - | |
| Retirement and other post-employment benefits | | (404,697) | | (487,555) | |
| **Wages, salaries and employee benefits** | **20** | **(11,039,780)** | - | **(10,878,586)** | - |
| Depreciation of property, plant and equipment | | (685,716) | | (1,307,048) | |
| Loss on disposals of property, plant and equipment / equity invest. | | - | | (102) | |
| Amortization of intangibles | | (138,527) | | (155,211) | |
| (Additions to), Utilizations of provisions, (Writedowns) | 21 | 47,254 | | (824,377) | |
| **Depreciation, amortization and writedowns** | | **(776,989)** | - | **(2,286,738)** | |
| **Foreign exchange gains (losses)** | | **(19,479)** | | **4,498** | |
| **Other expenses** | **22** | **(3,321,342)** | | **(3,093,355)** | |
| **Profit (Loss) from operations** | | **(3,621,103)** | **244,103** | **(6,281,267)** | **221,961** |
| **Financial income (expense), net** | **23** | **696,478** | 62,795 | **(57,580)** | 137,901 |
| **Dividends** | | **-** | | **-** | |
| **Valuation of equity investment by the equity method** | | **-** | | **-** | |
| **Profit (Loss) before taxes** | | **(2,924,625)** | **306,898** | **(6,338,847)** | **359,862** |
| **Income taxes for the period** | **17** | **(142,643)** | | **(179,134)** | |
| **Profit (Loss) for the period** | | **(3,067,268)** | **306,898** | **(6,517,981)** | **359,862** |

## Statement of Changes in Consolidated Shareholders' Equity

| | **12/31/10** | Total Profit (Loss) for the year | Translation restatements | **3/31/11** |
|---|---|---|---|---|
| Common shares | 30,150,694 | - | - | 30,150,694 |
| Additional paid-in capital | 16,077,451 | - | - | 16,077,451 |
| Reserve for treasury stock | 175,697 | - | - | 175,697 |
| Statutory reserve | 2,231,389 | - | - | 2,231,389 |
| Reserve for currency translat. | 2,563,904 | (63,462) | - | 2,500,442 |
| Other reserves | 7,874,050 | - | - | 7,874,050 |
| Retained earnings | (4,992,913) | - | (33,076,486) | (38,069,399) |
| Profit (Loss) for the year | (33,076,486) | (6,517,981) | 33,076,486 | (6,517,981) |
| GROUP INTEREST IN SHAREHOLDERS' EQUITY | 21,003,786 | (6,581,443) | - | 14,422,343 |
| Minority interest in profit and res. | - | - | - | - |
| **TOTAL SHAREHOLDERS' EQUITY** | **21,003,786** | **(6,581,443)** | **-** | **14,422,343** |

| | **12/31/10** | Total Profit (Loss) for the year | Translation restatements | **12/31/11** |
|---|---|---|---|---|
| Common shares | 30,150,694 | - | - | 30,150,694 |
| Additional paid-in capital | 16,077,451 | - | (16,077,451) | - |
| Reserve for treasury stock | 175,697 | - | - | 175,697 |
| Statutory reserve | 2,231,389 | - | - | 2,231,389 |
| Reserve for currency translat. | 2,563,904 | 37,644 | - | 2,601,548 |
| Other reserves | 7,874,050 | - | (5,227,842) | 2,646,208 |
| Retained earnings | (4,992,913) | - | (11,771,193) | (16,764,106) |
| Profit (Loss) for the year | (33,076,486) | (11,484,934) | 33,076,486 | (11,484,934) |
| GROUP INTEREST IN SHAREHOLDERS' EQUITY | 21,003,786 | (11,447,290) | - | 9,556,496 |
| Minority interest in profit and res. | - | - | - | |
| **TOTAL SHAREHOLDERS' EQUITY** | **21,003,786** | **(11,447,290)** | **-** | **9,556,496** |

| | **12/31/11** | Total Profit (Loss) for the year | Translation restatements | **3/31/12** |
|---|---|---|---|---|
| Common shares | 30,150,694 | - | - | 30,150,694 |
| Additional paid-in capital | - | - | - | - |
| Reserve for treasury stock | 175,697 | - | - | 175,697 |
| Statutory reserve | 2,231,389 | - | - | 2,231,389 |
| Reserve for currency translat. | 2,601,548 | (21,630) | - | 2,579,918 |
| Other reserves | 2,646,208 | - | - | 2,646,208 |
| Retained earnings | (16,764,106) | - | (11,484,934) | (28,249,040) |
| Profit (Loss) for the year | (11,484,934) | (3,067,268) | 11,484,934 | (3,067,268) |
| GROUP INTEREST IN SHAREHOLDERS' EQUITY | 9,556,495 | (3,088,898) | - | 6,467,598 |
| Minority interest in profit and res. | - | - | - | - |
| **TOTAL SHAREHOLDERS' EQUITY** | **9,556,495** | **(3,088,898)** | **-** | **6,467,598** |

## Consolidated Statement of Cash Flows

| | 3/31/12 | 3/31/11 |
|---|---|---|
| **Profit (loss) for the period** | **(3,067,268)** | **(6,517,981)** |
| ***Restatements*** | | |
| - Income taxes | (142,643) | 179,134 |
| - Depreciation of property, plant and equipment | 685,716 | 1,307,048 |
| - Amortization of intangibles | 138,527 | 155,211 |
| - Writedowns and additions to provisions | (884,920) | (866,769) |
| - (Gains) Losses on sale of non-current assets | - | (15,244) |
| - Financial expense | 820,910 | 930,821 |
| - (Financial income) | (607,340) | (873,241) |
| - (Dividends) | - | - |
| - Value adjustment to shareholders' equity | - | - |
| - Other restatements | 822,748 | 61,060 |
| **Total Restatements** | **832,998** | **878,020** |
| ***Changes in working capital*** | | |
| - (Increase) / decrease inventories | (98,120) | 145,642 |
| - (Increase) / decrease contract work in progress | 596,969 | (2,490,442) |
| - (Increase) / decrease trade accounts receivable and other receivable | 339,542 | 5,623,704 |
| - (Increase) / decrease accounts receivable from joint ventures | (247,253) | 382,694 |
| - Increase / (decrease) trade accounts payable | 132,339 | (16,310,734) |
| - increase / (decrease) accounts payable to joint ventures | (14,350) | (17,208) |
| - Other changes | (10,321) | 828,648 |
| **Total changes in working capital** | **698,807** | **(11,837,696)** |
| **Cash flow from operating activities** | **(1,535,463)** | **(17,477,657)** |
| (Financial expense) | 179,518 | (243,252) |
| (Income taxes) | (149,192) | (129,134) |
| **Net cash flow used in operating activities** | **(1,505,137)** | **(17,850,043)** |
| - Purchases of property, plant and equipment | (87,481) | (94,485) |
| - Proceeds from sale of property, plant and equipment | - | 15,247 |
| - Non-current loans receivable from borrowers outside the Group | 11,292,277 | 10,820,918 |
| - Non-current loans receivable from joint ventures | - | (805) |
| - Financial income | (420,019) | 506,639 |
| - Dividends | - | - |
| - Other equity investments | (2,473,133) | (3,833,197) |
| **Net cash used in investing activities** | **8,311,644** | **7,414,318** |
| - Proceeds from the issuance of shares | - | - |
| - Borrowings from lenders outside the Group | (2,518,455) | (150,000) |
| - Other non-cash items | (21,630) | - |
| **Net cash used in financing activities** | **(2,541,085)** | **(150,000)** |
| **Increase (Decrease) in cash and cash equivalents** | **4,266,422** | **(10,585,725)** |
| - Cash and cash equivalents at beginning of the period | 72,758,660 | 60,374,129 |
| **Net cash and cash equivalents at end of the period** | **77,025,082** | **49,788,403** |
| *Composed by:* | | |
| Cash and cash equivalents | 96,370,214 | 75,788,403 |
| Bank account overdrafts | (19,345,132) | (26,000,000) |

Pursuant to Consob Resolution No. 15519 of July 27, 2006, the impact of transactions with related parties on the Pininfarina Group, which reflects exclusively transactions with the Pininfarina Sverige AB joint venture, are discussed in Notes 6, 10 and 15 (a) to the financial statements of the Pininfarina Group.

# Notes to the Consolidated Financial Statements

## GENERAL INFORMATION

### Foreword

The core business of the Pininfarina Group (hereinafter the “Group”) is based on the establishment of comprehensive collaborative relationships with carmakers. Operating as a global partner, its highly flexible approach enables it to work with customers through the entire process of developing new products - design, planning, development, industrialization 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 Company, is listed on Borsa Italiana. Its headquarters are located at 6 via Bruno Buozzi, in Turin. Market investors own 22.66% of its share capital, with the remaining 77.34% held by the following shareholders:

- Pincar S.r.l. 76.06%. Pursuant to the Framework Agreement of December 31, 2008, the shares held by Pincar S.r.l. are encumbered by a senior pledge, without voting rights, for the benefit of the Lender Institutions of Pininfarina S.p.A.
- Segi S.r.l., controlling company of Pincar S.r.l., 0.60%.
- Seglap S.s. 0.63%.
- Treasury shares held by Pininfarina S.p.A. 0.05%.

A listing of the companies included in the Group, with their complete name and address, is provided later in this Report.

The Consolidated Interim Report of the Group is presented in euros, the functional and presentation currency of the Group’s Parent Company, which is where most of the activities and consolidated revenues are concentrated, and its main subsidiaries.

### Financial Statement Schedules

In accordance with IAS 1 – Presentation of Financial Statements, the financial statement schedules used in the Consolidated Interim Report are the same as those of Pininfarina S.p.A., the Group’s Parent Company. They include the following:

- Consolidated statement of financial position, in which current and non-currents assets and liabilities are classified separately;

- Consolidated income statement and consolidated statement of comprehensive income, shown as two separate schedules in which operating costs are classified by type;

- Consolidated statement of cash flows, presented in accordance with the indirect method, as allowed by IAS 7 – Statement of Cash Flows;

- Statement of changes in consolidated shareholders’ equity.

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

- The effects of transactions or positions with related parties on the income statement and cash flow, as classified by IAS 24 – Related Party Disclosures (pages 18, 19, 21 and 23).

Related-party transactions affecting the statement of financial position are not presented in a separate schedule because they are listed as separate items on the consolidated statement of financial position shown on pages 18 and 19.

- The net financial position balance, with a breakdown of the main components and a listing of amounts payable to or receivable from related parties, is provided on page 13, in the Report on Operations.

The notes also include a disclosure about the effects of nonrecurring events or transactions or of transactions or events that are not repeated frequently in the normal course of business (page 48).

**Accounting Principles**

This Consolidated Interim Report was prepared based on the going concern assumption, which the Board of Directors deemed appropriate. For exhaustive information, please see the section of the Report on Operations entitled "Assessment of the Group's Viability as a Going Concern and Business Outlook for the Balance of 2012."

This Consolidated Interim Report at March 31, 2012 was prepared in accordance with the International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, and are consistent with the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005.
The designation IFRSs includes the International Financial Reporting Standards, the International Accounting Standards ("IAS") and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called the Standing Interpretation Committee ("SIC"), adopted by the European Commission as of the date of meeting of the Board of Directors convened to approve the draft financial statements and listed in the applicable regulations published by the European Union as of the abovementioned date.

This Consolidated Interim Report was prepared in accordance with the general principle of the historical cost, except for those items that, pursuant to the IFRSs, must be measured at fair value, as explained below in the section of this Report on valuation criteria.

This Interim Report at March 31, 2012 was prepared in accordance with the requirements of IAS 34. The accounting principles applied are consistent with those used in the consolidated annual financial statements at December 31, 2011.

For the sake of full disclosure, it must be pointed out that the Interim Report was prepared taking into account new accounting principles and interpretations and amendment to existing pronouncements.

As part of the process of preparing these interim financial statements, management was required to make estimates and assumptions, based on the information available as of the date of this Report, which have an impact on the reported amounts of revenues, expenses, assets and liabilities. Should actual circumstances prove to be different from those upon which the estimates and assumptions are based, the accounting effects of the resulting revisions will be recognized in the reporting period when the actual circumstances occur.

Moreover, as a rule, non-current assets are fully tested for impairment only in connection with the preparation of the annual financial statements, unless there are strong impairment indicators.

Actuarial valuations of employee benefit provisions are performed in connection with the preparation of the semiannual and annual financial statements.

## VALUATION CRITERIA

### Consolidated Interim Report

The Consolidated Interim Report includes all of the financial statements of all subsidiaries, from the date the Group acquires their control until the moment when control ceases to exist. Joint ventures and associates are valued by the equity method, in accordance with Paragraph 38 of IAS 31 – Interests in Joint Ventures and Paragraph 11 of IAS 28 – Investments in Associates, respectively.
Expenses, revenues, receivables, payables, gains and losses generated by transactions between Group companies are eliminated in the consolidation process.
When necessary, the accounting principles of subsidiaries, associates and joint ventures are amended to make them consistent with those of the Group's Parent Company.

### (a) Subsidiaries, Business Combinations

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

| Name | Registered office | % interest held directly or indirectly | Held by | Currency | Share capital |
|---|---|---|---|---|---|
| Pininfarina Extra S.r.l. | Turin<br>Via Bruno Buozzi 6 | 100 | Pininfarina S.p.A. | EUR | 388,000 |
| Pininfarina Extra USA Corp. | Florida-Fort Lauderdale<br>1710 West Cypress Creed Road | 100 | Pininfarina Extra S.r.l. | USD | 10,000 |
| Pininfarina Deutschland GmbH | Leonberg<br>Riedw iesenstr. 1 | 100 | Pininfarina S.p.A. | EUR | 3,100,000 |
| mpx Entw icklung GmbH | München<br>Frankfurter Ring 17 | 100 | Pininfarina Deutschland GmbH | EUR | 25,000 |
| mpx Entw icklung GmbH | Leonberg<br>Riedw iesenstr. 1 | 100 | Pininfarina Deutschland GmbH | EUR | 26,000 |
| Matra Automobile Engineering SAS | Paris,<br>68 rue du Faubourg Saint-Honoré | 100 | Pininfarina S.p.A. | EUR | 971,200 |
| Pininfarina Maroc SAS | Casablanca - 57, Bd Abdelmoumen,<br>Residence EL HADI "A", BP 20360 | 100 | Pininfarina S.p.A. (99,9%)<br>Matra Automobile Engineering SAS (0,1%) | MAD | 8,000,000 |
| Pininfarina Automotive Engineering (Shanghai) Co Ltd | Units 418-419, n.569 An Chi Road,<br>Anting Tow n, Shanghai | 100 | Pininfarina S.p.A. | CYN | 3,702,824 |

Subsidiaries close their financial statements on the same date as Pininfarina S.p.A., the Group's Parent Company.

The scope of consolidation changed in the first quarter of 2012, compared with the same period last year, due to the sale of the 50% interest held by the Group's parent Company in the Véhicules Electriques Pininfarina Bolloré joint venture to the Bolloré S.A.S. Group on April 27, 2011.

### (b) Acquisition/Disposal of Ownership Interests Subsequent to the Acquisition of Control

Acquisition and disposal of ownership interests subsequent to the acquisition of control that do not result in a loss of control are accounted for as transactions between owners.
In the case of purchases, the difference between the price paid and the pro rata interest in the carrying value of the acquired net assets is recognized in equity. In the case of a sale, then gain or loss is also recognized directly in equity.
If the Group loses control or significant influence, the remaining minority interest is remeasured at fair value and any positive or negative difference compared with fair value is recognized in profit or loss.

### (c) Associated Companies and Joint Ventures

A list of joint ventures and associated companies is provided below:

| Name | Registered office | % interest held directly or indirectly | Held by | Currency | Share capital |
|---|---|---|---|---|---|
| Pininfarina Sverige A.B. | Uddevalla Varsvagen 1 | 60 | Pininfarina S.p.A. | SEK | 8,965,000 |
| Pininfarina Recchi Buildingdesign S.r.l. | Torino Via Montevecchio 28 | 50 | Pininfarina Extra S.r.l. | EURO | 100,000 |

On April 27, 2011, in a new development compared with the previous period, Pininfarina S.p.A. sold to the Bolloré S.A.S. Group its 50% interest in Véhicules Electriques Pininfarina Bolloré, collecting on the same date a consideration of 10 million euros.

### Translation of Items Denominated in Foreign Currencies

### (a) Presentation Currency, Translation of Financial Statements Denominated in Currencies Other Than 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: | First quarter 2012 | 2012 | First quarter 2011 | 2011 |
|---|---|---|---|---|
| - U.S. dollar - USD | 1.34 | 1.31 | 1.42 | 1.37 |
| - Swedish kronor - SEK | 8.85 | 8.84 | 8.93 | 8.86 |
| - Moroccan dirham - MAD | 11.19 | 11.14 | 11.33 | 11.22 |
| - Renminbi (Yuan) - CNY | 8.41 | 8.28 | 9.30 | 9.01 |

### (b) Assets, Liabilities and Transactions in Currencies Other Than the Euro

Transactions executed in currencies other than the euro are recognized initially at the exchange rate in force on the date of the transaction.
On the closing date of the financial statements, cash assets and liabilities denominated in currencies are converted into euros at the exchange rate in force on that date. All translation differences are recognized in profit or loss, except for differences stemming from loans in foreign currencies that hedge investments in foreign subsidiaries. Any such differences, and the corresponding tax consequences, are recognized directly in equity until the equity investment is sold. It is only at that point that the accumulated translation differences are recognized in profit or loss.
Non-cash items that are carried at historical cost are translated into euros at the exchange rate in force when the underlying transaction was first recognized. Non-cash items that are carried at fair value are translated into euros at the exchange rate in force on the date when each item's fair value was determined.
No company of the Pininfarina Group operates in a hyperinflationary economy.

**FINANCIAL RISK MANAGEMENT**

The Group's financial instruments include the following:

- Cash and cash equivalents;
- Current assets held for trading;
- Loans and other receivables owed by outsiders, related parties and joint ventures;
- Loans payable and liabilities under leases;
- Trade receivables and payables.

Assets held for trading consist mainly of government securities, bonds and other financial assets, generally traded on regulated markets, with a low risk profile, held because they are readily salable and provide principal protection.
The Group did not execute any derivative contracts, either for speculative purposes or to hedge cash flows or changes in fair value.

As required by IFRS 7 concerning financial risks, the schedule below lists the types of financial instruments included in the consolidated financial statements and shows the valuation criteria applied in each case:

| **Types of financial instruments** | Criteria applied to measure financial instruments in financial statements | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Financial instruments measured at fair value with fv difference recognized in: | | Financial instruments valued at amortized cost | Investments in unlisted companies valued at cost | Carrying amount at 3/31/12 | Fair value at 3/31/12 | Carrying amount at 12/31/11 | Fair value at 12/31/11 |
| | Income statement | Shareholder's equity | | | | | | |
| **Assets** | | | | | | | | |
| Investments in other companies | - | - | - | 252,017 | 252,017 | 252,017 | 252,017 | 252,017 |
| Loans and other receivables | - | - | 9,014,885 | - | 9,014,885 | 9,014,885 | 20,501,612 | 20,501,612 |
| Current assets held for trading | 48,770,039 | - | - | - | 48,770,039 | 48,770,039 | 46,041,811 | 46,041,811 |
| Trade receivables and other receivables | - | - | 21,597,469 | - | 21,597,469 | 21,597,469 | 21,692,258 | 21,692,258 |
| Cash and cash equivalents | - | - | 96,370,214 | - | 96,370,214 | 96,370,214 | 90,728,823 | 90,728,823 |
| **Liabilities** | | | | | | | | |
| Liabilities under finance leases | - | - | 131,353,716 | - | 131,353,716 | 131,353,716 | 130,728,552 | 130,728,552 |
| Bonds outstanding and other borrowings | - | - | 103,499,818 | - | 103,499,818 | 103,499,818 | 104,412,179 | 104,412,179 |
| Other payables and Other liabilities | - | - | 16,336,101 | - | 16,336,101 | 16,336,101 | 16,859,924 | 16,859,924 |

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

- 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"). The market risk includes the following risks: currency risk, interest rate risk and price risk.
- The risk that the value or the future cash flows of a financial instrument could fluctuate as a result of changes in foreign exchange rates ("currency risk").
- The risk that the value or the future cash flows of a financial instrument could fluctuate as a result of changes in market interest rates ("interest rate risk").
- The risk that the value or the future cash flows of a financial instrument could fluctuate as a result of changes in market prices (other than changes determined by the interest rate risk or the currency risk), irrespective as to whether such fluctuation are determined by factors specific to the financial instrument or its issuer or by factors that affect all similar market-traded financial instruments ("price risk").
- The risk that one of the parties causes the other party to incur a financial loss by failing to fulfill an obligation ("credit risk").
- The risk that an entity may be unable to fulfill obligations associated with financial liabilities ("liquidity risk").

**(a) Currency Risk**

The Group executed most of its financial instruments in euros, which is its functional and presentation currency. Because it operates in an international environment, it has a limited exposure to fluctuations in the exchange rates of the following currencies versus the euro: Swedish kroner (SEK), U.S. dollar (USD), Moroccan dirham (MAD) and Chinese renminbi yuan (CNY).
The loan that Pininfarina S.p.A. provided to the Pininfarina Sverige AB joint venture, which is reflected in the line item "Loans and other receivables from related parties and joint ventures," is in euros and, consequently, entails no currency risk exposure.
It is also worth noting that, as part of the stipulations with the counterparty in the abovementioned Swedish joint venture, the redemption value of the capital provided by Pininfarina S.p.A. is subject to the currency risk to the extent that, pursuant to the joint venture agreement, should Pininfarina S.p.A. exercise its exit option by 2013, the redemption price will be the value in euros of its pro rata interest in the joint venture's shareholders' equity stated in the local currency (SEK), net of non-taxed reserves, but not more than 30 million euros and not less than 15 million euros. As of the writing of this Report, the abovementioned value was greater than 30 million euros.

**(b) Interest Rate Risk**

The Group executed leases and loan agreements with several Italian credit institutions at standard market rates. Loans and other receivables owed by outsiders and Group companies, including Pininfarina Sverige AB, were executed on the same basis.
The Rescheduling Agreement signed with the Lender Institutions on December 31, 2008 recapitalized the Company by about 241 million euros, without changing the interest rates of the original loan agreements. Moreover, it postponed to January 1, 2012 the start of the accrual and payment of interest.

As of May 1, 2012, effective date of the new Rescheduling Agreement, the terms of the financial restructuring program changed drastically. The principal balance of the remaining medium/long-term debt will accrue interest at a fixed annual rate of 0.25%. At the same time, the Lender Institutions forgave payment of the interest that accrued from January 1, 2012 to April 30, 2012 under the original Rescheduling Agreement.

The Group is thus exposed to the risk of fluctuation in interest rates only with regard to the loan originally provided by Fortis Bank (now BNL) to Pininfarina S.p.A., which accrues interest at the six-month Euribor plus a spread of 0.9%, and the facility provided by Volksbank Region Leonberg to Pininfarina Deutschland GmbH, which accrues interest at the three-month Euribor plus a spread of 0.55%.

As a lender, the Group is not exposed to the risk of fluctuations in interest rates because the loan it provided to Pininfarina Sverige AB will be repaid in full in the first half of 2012, while the facility provided to Pininfarina Automotive Engineering (Shanghai) Co. Ltd., which matures on December 31, 2014, accrues interest at an annual rate of 5.8%, determined as the average of the rates charged in the Chinese market for loans of similar duration.

As of May 1, 2012, the short-term operating credit lines provided to the Group's Parent Company, previously carried as accruing interest at the six-month Euribor plus a spread of 1%, will now accrue interest at annual rate of 0.25%. In addition, pursuant to the new Rescheduling Agreement, the short-term operating credit lines outstanding at April 30, 2012, are being converted into medium/long-term debt maturing in 2018, amortized in annual installments with the same criteria as the rescheduled debt owed to the Lender Institutions.

**(c) Price Risk**

Current assets held for trading, which totaled 48.8 million euros at March 31, 2012, are measured at fair value. Because they consist mainly of government securities and highly rated bonds and other financial assets, most of which are traded on regulated market, the price risk presented by these assets is deemed to be limited.

**(d) Credit Risk**

Styling and engineering contracts, which are the Group's primary revenue source after the end of the production contracts, are executed with customer located both inside and outside the European Union. For customers outside the E.U., in order to minimize credit risk, the Group seek to align both invoicing and payments with the project completion progress.
Financial transactions are executed exclusively with financial institutions the reliability of which is beyond question.
With regard to receivables arising from the recognition of leases in which the Group is the lessor in accordance with IFRIC 4 – Determining Whether an Arrangement Contains a Lease, the receivable owed by Fiat, totaling 11.3 million euros at December 31, 2011, was collected on February 29, 2012.

**(e) Liquidity Risk**

Basically, the new Rescheduling Agreement executed with the Lender Institutions, effective May 1, 2012, calls for the following:

- The utilization of any liquidity in excess of operating needs immediately to service the medium/long-term debt owed to the Financial Institutions. The debt is to be repaid in seven installments, with the first one due on June 30, 2012 and the rest on December 31 each year, from 2013 to 2018. Compared with previous arrangements, the amortization plan of the medium/long-term debt has been lengthened by three years (from 2015 to 2018).
- A substantial reduction of the interest rates applied to the remaining debt on the Agreement's effective date, which will significantly reduce the Company's financial expense, as the market rates charged before are replaced with a fixed annual rate of 0.25%.
- A reduction of the current credit lines from about 50 million euros to 18 million euros, their use and transformation into medium/long-term debt, accruing interest at an annual rate of 0.25%, with the same repayment plan and maturities as the other medium/long-term debt mentioned above.

There appears to be no evidence of liquidity risk over the medium term. However, over the long-term, it is sensitive to the achievement of the targets of the new Industrial and Financial Plan

**(f) Risk of Default and Debt Covenants**

This risk refers to the possibility that, in addition to the provisions of the Rescheduling Agreement, the leases and loan agreements executed by the Group may contain provisions pursuant to which, upon the occurrence of certain events, the counterparties may demand the immediate repayment of the loaned amounts, thereby creating a liquidity risk.

The Group was not in compliance with the financial covenants at December 31, 2011. However, the implementation of the new Rescheduling Agreement triggered an express waiver for the failure to comply with the financial covenants based on the data in the financial statements at December 31, 2011. New financial parameters were introduced in 2012. The Group expects to comply with the new covenants in 2012.

## SEGMENT INFORMATION

Within the Styling and Engineering segment, each styling or engineering contract signed with a customer represents an “operating segment,” as defined above, consistent with Paragraphs from 5 to 10 of IFRS 8 – Operating Segments. In the Operations area, the operating segments coincide with a series of activities involving mainly the supply of spare parts for cars made in previous years by Pininfarina S.p.A., the leasing of certain business operations for the production of electric cars manufactured for the car sharing service of the City of Paris and support functions.
Financial income and expense and income taxes are not allocated to the reporting sectors because the relevant decisions are made by management on an aggregate segment basis. Intra-segment transactions are executed on standard market terms. In accordance with Paragraph 4 of IFRS 8, the Group presents segment information only for its consolidated financial statements.

The schedule that follows shows the Group’s segment information at March 31, 2012 and provides a comparison with the same period last year. The amounts are in thousands of euros.

| | 1st quarter 2012 | | | 1 st quarter 2011 | | |
|---|---|---|---|---|---|---|
| | **Operations** | **Design & Engineering** | **Total** | **Operations** | **Design & Engineering** | **Total** |
| | A | B | A + B | A | B | A + B |
| Segment value of production | 3,292 | 12,846 | 16,137 | 4,390 | 12,207 | 16,597 |
| Value of production from transactions with other operating segments | - | (391) | (391) | (2,178) | (1,025) | (3,203) |
| **Total value of production** | **3,292** | **12,455** | **15,746** | **2,212** | **11,182** | **13,394** |
| **Operating profit** | **(2,675)** | **(945)** | **(3,620)** | **(4,418)** | **(1,863)** | **(6,281)** |
| Financial income / (expenses) | | | 696 | | | (58) |
| Dividend | - | - | - | - | - | - |
| Valuation of equity investment by the equity method | - | - | - | - | - | - |
| **Profit / (loss) before taxes** | - | - | **(2,924)** | - | - | **(6,339)** |
| Income taxes | - | - | (143) | - | - | (179) |
| **Profit / (loss) of the year** | - | - | **(3,067)** | - | - | **(6,518)** |
| *Other information requested by IFRS 8:* | | | | | | |
| - Depreciation and amortisation | (515) | (309) | (824) | (718) | (744) | (1,462) |
| - Impairment | - | - | - | - | (698) | (698) |
| - Non-cash items other than depreciation and amortisation | - | 47 | 47 | - | (126) | (126) |
| - Gains on disposals | - | - | - | 15 | - | 15 |

Please consult the comments provided in the Report on Operations for an analysis of the operating segments.
A breakdown of sales by geographic destination is provided below:

| | **1st quarter 2012** | **1st quarter 2011** |
|---|---|---|
| Italy | 2,376 | 2,004 |
| UE | 7,811 | 6,312 |
| Non UE countries | 4,339 | 2,096 |
| **Total** | **14,526** | **10,411** |

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Property, Plant and Equipment

The net carrying amount of property, plant and equipment decreased to 65.8 million euros at March 31, 2012, down from 66.5 million euros at the end of 2011, due to the impact of the depreciation for the period. Capital expenditures were limited in the first quarter of 2012.
With regard to the industrial facilities in Bairo Canavese and San Giorgio Canavese, we wish to point out that the former was leased to a company of the Cecomp Group from April 1, 2011 to December 31, 2013, while the latter, following the end of contract manufacturing activities, is being used for the remaining activities involving sales of spare parts for car manufactured in the past.

Tables, denominated in euros, showing the changes that occurred in the first quarter of 2012 and a review of the components of property, plant and equipment are provided below:

| | Land | Buildings | Leased property | Total |
|---|---|---|---|---|
| Cost at December 31, 2011 | 16,984,045 | 54,629,600 | 13,066,662 | 84,680,307 |
| Accumulated depreciation and impairment | - | (21,537,064) | (3,811,067) | (25,348,131) |
| **Net value at December 31, 2011** | **16,984,045** | **33,092,536** | **9,255,595** | **59,332,176** |
| Additions | - | - | - | - |
| Retiremens | - | - | - | - |
| Depreciation | - | (319,496) | (89,636) | (409,132) |
| Impairment | - | - | - | - |
| Reclassification | - | - | - | - |
| Other | - | - | - | - |
| **Net value at March 31, 2012** | **16,984,045** | **32,773,040** | **9,165,959** | **58,923,044** |
| Composed by: | | | | |
| Cost at March 31, 2012 | 16,984,045 | 54,629,600 | 13,066,662 | 84,680,307 |
| Accumulated depreciation and impairment | - | (21,856,560) | (3,900,703) | (25,757,263) |

The Land and buildings category reflects the carrying amount of Company owned or leased real estate complexes, including production facilities located at 6 via Castellamonte, in Bairo Canavese (TO) and on Strada provinciale per Caluso, in San Giorgio Canavese (TO); the styling and engineering center at 30 via Nazionale, in Cambiano (TO); a building owned by Pininfarina Deutschland GmbH in Renningen, near Stuttgart, in Germany; and two properties in Turin and Beinasco (TO).
The “Leased property” column reflects the carrying amount of a portion of the Cambiano real estate complex held under a finance lease recognized in accordance with IAS 17 – Leases.
All land and buildings located in Italy, which are owned by Pininfarina S.p.A., the Group’s Parent Company, are encumbered by a mortgage for the benefit of Fortis Bank (now Banca Nazionale del Lavoro S.p.A.) securing the remaining indebtedness, which totaled 22 million euros at March 31, 2012.
The building owned by Pininfarina Deutschland GmbH is encumbered by a mortgage of 1 million euros securing a loan received by the German subsidiary currently amounting to 500,000 euros.

| | Machinery | Plant | Leased plant machinery | Total |
|---|---|---|---|---|
| Cost at December 31, 2011 | 61,339,153 | 162,508,039 | 122,353,360 | 346,200,552 |
| Accumulated depreciation and impairment | (61,026,796) | (157,138,850) | (122,353,360) | (340,519,006) |
| **Net value at December 31, 2011** | **312,357** | **5,369,189** | **-** | **5,861,546** |
| Additions | - | 9,050 | - | 9,050 |
| Retiremens | - | - | - | - |
| Depreciation | (15,723) | (163,438) | - | (179,161) |
| Impairment | - | - | - | - |
| Reclassification | - | - | - | - |
| Other | - | - | - | - |
| **Net value at March 31, 2012** | **296,634** | **5,214,801** | **-** | **5,511,435** |
| Composed by: | | | | |
| Cost at March 31, 2012 | 61,339,153 | 162,517,089 | 122,353,360 | 346,209,602 |
| Accumulated depreciation and impairment | (61,042,519) | (157,302,288) | (122,353,360) | (340,698,167) |

At March 31, 2012, the “Plant and machinery” category included: (i) generic production plant and machinery located mainly at the Bairo and San Giorgio Canavese production facilities; and (ii) the carrying amount of the Acoustic and Aerodynamic Research Center (wind tunnel) located in Grugliasco (TO).

| | Furniture and fixtures | Hardware & software | Other prop., plant and equipment | Total |
|---|---|---|---|---|
| Cost at December 31, 2011 | 4,354,408 | 8,314,212 | 1,779,853 | 14,448,472 |
| Accumulated depreciation and impairment | (4,098,157) | (7,575,252) | (1,322,655) | (12,996,063) |
| **Net value at December 31, 2011** | **256,251** | **738,960** | **457,198** | **1,452,409** |
| Additions | 25,563 | 5,679 | - | 31,242 |
| Retiremens | - | (6,058) | - | (6,058) |
| Depreciation | (22,903) | (67,181) | (7,338) | (97,422) |
| Impairment | - | - | - | - |
| Reclassification | (318) | 318 | (5,706) | (5,706) |
| Other | (2,036) | 6,636 | 5,704 | 10,304 |
| **Net value at March 31, 2012** | **256,557** | **678,355** | **449,858** | **1,384,770** |
| Composed by: | | | | |
| Cost at March 31, 2012 | 4,377,617 | 8,320,787 | 1,779,852 | 14,478,255 |
| Accumulated depreciation and impairment | (4,121,060) | (7,642,433) | (1,326,992) | (13,093,485) |

**2. Intangible Assets**

At March 31, 2012, the net carrying amount of intangible assets totaled 2.7 million euros, down from 2.8 million euros at the end of 2011.

A table, denominated in euros, and a review of the components of intangible assets are provided below:

| | Goodwill | Licenses and trademarks | Other intangibles | Total |
|---|---|---|---|---|
| Cost at December 31, 2011 | 1,043,495 | 12,192,059 | 2,180,322 | 15,415,876 |
| Accumulated depreciation and impairment | - | (10,685,675) | (1,968,881) | (12,654,556) |
| **Net value at December 31, 2011** | **1,043,495** | **1,506,384** | **211,441** | **2,761,320** |
| Additions | - | 39,793 | 7,395 | 47,189 |
| Retiremens | - | - | - | - |
| Depreciation | - | (120,274) | (18,253) | (138,527) |
| Impairment | - | - | - | - |
| Reclassification | - | - | - | - |
| Other | - | (173) | - | (173) |
| **Net value at March 31, 2012** | **1,043,495** | **1,425,729** | **200,583** | **2,669,808** |
| Composed by: | | | | |
| Cost at March 31, 2012 | 1,043,495 | 12,231,679 | 2,187,717 | 15,462,891 |
| Accumulated depreciation and impairment | - | (10,805,950) | (1,987,134) | (12,793,084) |

Additions for the period refer mainly to software development and purchases of licenses by the Pininfarina Deutschland Group and the Pininfarina Maroc Sas subsidiary.

The remaining goodwill of 1,043,495 euros, which is the Group's only intangible asset with an indefinite useful life, originates from the consolidation of Pininfarina Extra S.r.l. Within the Pininfarina Group, the Pininfarina Extra subgroup, which is comprised of Pininfarina Extra S.r.l. and Pininfarina Extra USA Corp., engages in styling activities that re not related to the automotive industry. Consequently, it constitutes a separate cash generating unit.

**3. Investments in Joint Ventures**

**(a) Pininfarina Sverige AB**

There was no change in the valuation of the Pininfarina Sverige AB joint venture. Please consult the corresponding note to the 2011 consolidated financial statements for detailed information.

**4. Investments in Other Companies**

A breakdown of investments in other companies, unchanged at 252,017 euros compared with the December 31, 2011, is provided below:

| | 3/31/12 |
|---|---|
| Midi Plc | 251,072 |
| Idroenergia Soc.Cons. a.r.l. | 516 |
| Volksbank Region Leonberg | 300 |
| Unionfidi S.c.r.l.p.A - Turin | 129 |
| **Total** | **252,017** |

## 5. Held to Maturity Assets

The balance of 257,247 euros shown at December 31, 2011 represented the guarantee provided by Matra Automobile Engineering SAS to the buyers of its Ceram SAS subsidiary as protection from any liability that may arise subsequent to the sale.
This amount was collected on February 14, 2012.

## 6. Loans and Receivables

The table that follows shows the changes that occurred in loans and receivables from outsiders and joint ventures:

| | 12/31/11 | Increases | Repayment | 3/31/12 |
|---|---|---|---|---|
| Outsiders | - | - | - | - |
| Related parties and joint ventures | - | - | - | - |
| **Non-current loans and other receiv.** | **-** | **-** | **-** | **-** |
| Outsiders | 11,292,276 | - | (11,292,276) | - |
| Related parties and joint ventures | 8,952,089 | 62,795 | - | 9,014,884 |
| **Current loans and other receiv.** | **20,244,365** | **62,795** | **(11,292,276)** | **9,014,884** |
| **Loans and other receivable** | **20,244,365** | **62,795** | **(11,292,276)** | **9,014,884** |

At December 31, 2011, the balance shown for “Loans and receivables from outsiders” included financial assets, valued at their amortized cost, which were recognized consistent with the adoption of IFRIC 4 – Determining Whether an Arrangement Contains a Lease. These receivables, which were collected on February 29, 2012, represented the present value of the cash consideration owed to Pininfarina S.p.A. by the Fiat Group as reimbursement for the investments made by Pininfarina S.p.A. for the production of cars.

The line item “loans and receivables from related parties and joint ventures” represents the outstanding balance of a loan, which accrues interest at regular market rates, provided by Pininfarina S.p.A. to the Pininfarina Sverige AB joint venture to provide it with the financial resources needed to develop the Volvo C70 Convertible and set up the production line at a plant in Uddevalla, Sweden. This loan will be repaid in full by the end of the first half of 2012.
Even though Pininfarina S.p.A. owns 60% of Pininfarina Sverige AB, this company is valued by the equity method in the consolidated financial statements, as required by Paragraph 38 of IAS 31 – Interests in Joint Ventures and Paragraph 14 of IAS 27 – Consolidated and Separate Financial Statements.

## 7. Current Assets Held for Trading

Current assets held for trading consist mainly of government securities and highly rated equity and debt securities, which represent temporary, unrestricted investments of liquid assets that are not subject to a significant risk exposure. However, these investments do not meet all of the requirements needed to qualify as “liquid assets.”.
These assets are measured at fair value, based on their market prices. Changes in fair value are recognized in the income statement under “Financial income/expense, net.”
Management of the investment portfolio is outsourced to top flight counterparties with a market reputation of high reliability.
The balance at March 31, 2012 includes a restricted investment of 2,353,073 euros. Of this amount, 2,000,000 euros secure a surety provided to De Tomaso Automobili S.p.A. to cover compensation

payment obligations, as is customary in transactions involving the sale of business operations, with a maximum guaranteed liability equal to the sales price. The surety expires on January 30, 2015.

A breakdown of current assets held for trading at March 31, 2012 by type of investment is as follows:

| | **3/31/12** | **%** |
|---|---|---|
| - Italian Treasury securities | 21,139,366 | 43.3 |
| - Foreign Treasury and government-guaranteed securities (France - Germany - Belgium - Netherlands - Morocco) | 7,994,317 | 16.4 |
| - Supranational securities | 7,413,182 | 15.2 |
| - Bank and insurance debt securities | 6,419,382 | 13.2 |
| - Other debt securities | 2,825,574 | 5.8 |
| - Bond Funds | 2,978,218 | 6.1 |
| **Total** | **48,770,039** | **100.0** |

### 8. Inventory

The table below shows the changes that occurred in the provision for inventory writedowns, which reflects the risk for obsolescent and slow turnover items that arose during the phase out of the production activities.

| | **3/31/12** | **12/31/11** |
|---|---|---|
| Raw materials | 1,200,279 | 1,110,392 |
| (Inventory obsolescence) | (992,243) | (992,243) |
| Finished goods | 953,059 | 944,826 |
| (Inventory obsolescence) | (221,446) | (221,446) |
| **Inventory** | **939,649** | **841,529** |

### 9. Contract Work in Progress

The balance of gross contract work in progress less advances received is shown among current assets as contract work in progress.

**10. Trade Receivables from Customers, Related Parties and Joint Ventures**

The following table shows the trade receivable balances at March 31, 2012 and the comparable data for the previous year:

| | 3/31/12 | 12/31/11 |
|---|---|---|
| Receivables IT | 4,509,501 | 5,786,122 |
| Receivables UE | 7,276,939 | 7,002320 |
| Receivables EXTRA UE | 6,877,640 | 4,378,507 |
| Allowance for doubtful accounts | (2,377,142) | (2,374,642) |
| **Total receivables from Customers** | **16,286,938** | **14,792,307** |
| Pininfarina Sverige A.B. | 247,253 | - |
| **Total receivables Related Parties and Joint Ventures** | **247,253** | **-** |
| **Total receivables** | **16,534,191** | **14,792,307** |

The Group's main counterparties are top carmakers with a high credit rating. Since there are no receivable insurance contracts, the Group's maximum exposure to the credit risk is equal to the carrying amount of the receivables less the allowance for doubtful accounts. The balance shown for trade receivables represents exclusively receivables denominated in euros.

The receivable owed by Pininfarina Sverige AB refers to technical support services provided pursuant to agreements with Volvo in connection with the production of the Volvo C70 Convertible at the factory in Uddevalla, Sweden

The following changes occurred in the allowance for doubtful accounts:

| | First quarter 2012 | 2011 | First quarter 2011 |
|---|---|---|---|
| **At the beginning of the period** | **2,374,642** | **2,444,273** | **2,444,273** |
| Additions | 2,500 | 568,568 | 562,576 |
| Utilizations | - | (638,200) | (83,722) |
| **At the end of the period** | **2,377,142** | **2,374,642** | **2,923,127** |

### 11. Other Receivables

A breakdown of “Other receivables” at March 31, 2012 and a comparison with 2011 is provided below:

| | 3/31/12 | 12/31/11 |
|---|---|---|
| VAT overpayments | 309,329 | 1,926,823 |
| Current taxes | 2,259,750 | 2,090,565 |
| Advances to suppliers | 891,127 | 837,225 |
| Overpayments to social security institutions | 253,969 | 247,367 |
| Receivable from employees | 176,877 | 79,483 |
| Accrued income and prepaid expense | 1,012,110 | 1,448,879 |
| Sundry receivables | 160,116 | 269,609 |
| **Total** | **5,063,278** | **6,899,951** |

The receivable for VAT overpayments decreased due mainly to the amounts invoiced to Italian customers by Pininfarina S.p.A. during the period.

The receivable for tax withholdings increased due new taxes withheld on interest income earned by the Group’s Parent Company.

The change in the amount receivable from employees is due mainly to advances paid to employees of the Group’s Parent Company for benefits owed by the supplemental unemployment fund.

### 12. Cash and Cash Equivalents

The table below show a breakdown of this account and provides a comparison with the data for the previous year:

| | 3/31/12 | 12/31/11 |
|---|---|---|
| Cash on hand | 1,050,989 | 1,216,032 |
| Short-term bank deposits | 95,319,225 | 89,512,791 |
| **Cash and cash equivalents** | **96,370,215** | **90,728,823** |
| (Bank account overdrafts) | (19,345,132) | (17,970,163) |
| **Net cash and cash equivalents at end of the period** | **77,025,082** | **72,758,660** |

There were no restrictions encumbering the Group’s liquid assets at March 31, 2012.

### 13. Shareholders’ Equity

#### (a) Share Capital

| | 3/31/12 | | 12/31/11 | |
|---|---|---|---|---|
| | **Value** | *Nr.* | **Value** | *Nr.* |
| Common share | 30,166,652 | *30,166,652* | 30,166,652 | *30,166,652* |
| (Treasury share ) | (15,958) | *(15,958)* | (15,958) | *(15,958)* |
| **Share Capital** | **30,150,694** | *30,150,694* | **30,150,694** | *30,150,694* |

The share capital of Pininfarina S.p.A., the Group’s Parent Company, is comprised of 30,166,652 common shares, par value 1 euro each. There are no other classes of shares.
Treasury shares are held consistent with the limits imposed by Article 2357 of the Italian Civil Code.
As required by the Framework Agreement of December 31, 2008, the shares held by Pincar S.r.l., equal to 76.06% of the share capital, are encumbered by a senior lien, without voting rights, for the benefit of the Lender Institutions of Pininfarina S.p.A. Detailed information about the Company’s shareholders is provided in the “General Information” section of the Notes.

#### (b) Additional Paid-in Capital

This reserve has a zero balance, as its full amount was used to cover the loss incurred in 2010.

#### (c) Reserve for Treasury Stock

The reserve for treasury stock, which amounted to 175,697 euros, is carried in accordance with the provisions of Article 2357 of the Italian Civil Code.

#### (d) Statutory Reserve

The statutory reserve, which was unchanged compared with December 31, 2010, represents the portion of the earnings of Pininfarina S.p.A., the Group’s Parent Company, that, pursuant to the provisions of Article 2430 of the Italian Civil Code, cannot be distributed as dividends.

#### (e) Reserve for Currency Translations

The reserve for currency translations reflects the cumulative differences from the translation of financial statements of companies with functional currencies different from the euro, which is the Group’s presentation currency. These companies are Pininfarina Sverige AB, Pininfarina Maroc SAS and the recently established Pininfarina Automotive Engineering (Shanghai) Co Ltd.

#### (f) Other reserves

The amount of other reserves was unchanged compared with the previous year.

The Group does not have any stock option plans or other instruments requiring share-based payments.

#### (g) Retained Earnings (Loss Carryforward)

At March 31, 2012, the loss brought forward totaled 28,249,040 euros, with a negative change of 11,484,934 euros compared with December 31, 2011, equal to the 2011 consolidated net loss.

## 14. Borrowings

The table below shows the changes that occurred during the period with regard to the Group's indebtedness:

| | 12/31/11 | Variation of bank overdrafts | Repayment | Figurative interests | 3/31/12 |
|---|---|---|---|---|---|
| Liabilities under financial leases | - | - | - | - | - |
| Other indebtedness | 17,595,714 | - | - | - | 17,595,714 |
| **Non-current liabilities** | **17,595,714** | **-** | **-** | **-** | **17,595,714** |
| Bank account overdrafts | 17,970,163 | 1,374,969 | - | - | 19,345,132 |
| Liabilities under financial leases | 130,728,553 | - | - | 625,163 | 131,353,716 |
| Other indebtedness | 68,846,302 | - | (2,518,455) | 231,125 | 66,558,972 |
| **Current liabilities** | **217,545,018** | **1,374,969** | **(2,518,455)** | **856,288** | **217,257,820** |
| **Current and non-current liabilities** | **235,140,731** | **1,374,969** | **(2,518,455)** | **856,288** | **234,853,534** |
| *Composed by:* | | | | | |
| Liabilities under financial leases | 130,728,552 | - | - | 625,163 | 131,353,716 |
| Other indebtedness | 86,442,016 | - | (2,518,455) | 231,125 | 84,154,686 |
| **Total leasing liabilities and other indebtedness** | **217,170,568** | **-** | **(2,518,455)** | **856,288** | **215,508,402** |

Other financial debt includes the amounts owed to the Lender Institutions of Pininfarina S.p.A., parties to the Rescheduling Agreement, and to Fortis Bank (now Banca Nazionale del Lavoro S.p.A.) pursuant to the corresponding loan agreements.

The repayment column, amounting to 2,518,455 euros, reflects a partial repayment made on January 2, 2012 to Banca Nazionale del Lavoro (formerly Fortis Bank), the only bank that did not join the Framework Agreement

A breakdown of gross borrowings by maturity is as follows:

| | 3/31/12 | Amount at 12/31/12 | Amount due from 1 to 5 years | Amount due after 5 years |
|---|---|---|---|---|
| Liabilities under financial leases | 131,353,716 | 131,353,716 | - | - |
| Other indebtedness | 84,154,686 | 66,558,969 | 17,595,717 | - |
| **Total leasing liabilities and other indebtedness** | **215,508,402** | **197,912,685** | **17,595,717** | **-** |

The table below, which is being provided for the sake of consistency with previous years and periods, shows a breakdown of the Group's borrowings by lender and the changes that occurred in the first quarter of 2012:

| | 12/31/11 | Repayments | Figurative charges | 3/31/12 |
|---|---|---|---|---|
| Leasint | 29,661,687 | - | 192,420 | 29,854,107 |
| MPS Leasing | 14,830,845 | - | 96,210 | 14,927,055 |
| Selmabipiemme | 14,830,845 | - | 96,210 | 14,927,055 |
| Release Spa (ex B.Italease) | 38,111,771 | - | 120,868 | 38,232,639 |
| Lease Group Spa (ex BNP Paribas) | 12,247,025 | - | 44,658 | 12,291,683 |
| UBI Leasing | 6,123,512 | - | 22,329 | 6,145,841 |
| Unicredit Leasing Spa (ex LOCAT) | 14,922,868 | - | 52,468 | 14,975,336 |
| **Total Leasing** | **130,728,553** | **-** | **625,163** | **131,353,716** |
| Banca Intesa Sanpaolo Spa | 22,121,093 | - | 83,448 | 22,204,541 |
| Banca Italease Spa | 1,658,989 | - | 6,265 | 1,665,254 |
| Unicredit Corporate Banking Spa | 10,654,409 | - | 40,183 | 10,694,592 |
| Unicredit Corporate Banking Spa (ex B.Roma) | 7,374,816 | - | 27,736 | 7,402,552 |
| Banca Nazionale del Lavoro | 3,351,728 | - | 12,640 | 3,364,368 |
| Banca Regionale Europea | 3,686,630 | - | 13,923 | 3,700,553 |
| Banca Regionale Europea (ex B.Pop.Bergamo) | 5,530,389 | - | 20,854 | 5,551,243 |
| Banca Popolare di Novara | 6,912,883 | - | 26,077 | 6,938,960 |
| Volksbank Region Leonberg (DE) | 500,000 | - | - | 500,000 |
| **Total Bank** | **61,790,937** | **-** | **231,126** | **62,022,063** |
| BNL (Ex Fortis Bank) | 24,651,078 | (2,518,455) | - | 22,132,623 |
| **Total** | **217,170,568** | **(2,518,455)** | **856,289** | **215,508,402** |

## A) Transactions with Banca Nazionale del Lavoro S.p.A., formerly Fortis Bank

On June 25, 2008, Pininfarina S.p.A. and Fortis Bank (now Banca Nazionale del Lavoro S.p.A.) entered into an agreement (the "Fortis Agreement"), separate from the Rescheduling Agreement reviewed below, that defines a plan for the repayment of interest-bearing debt in semiannual installments, the last one of which is due on December 31, 2015. This separate agreement is not affected by the new Rescheduling Agreement, scheduled to go into effect on May 1, 2012.

By virtue of the court injunctions served on Pininfarina S.p.A. on March 28, 2008 and April 19, 2008, Fortis Bank S.A. (now Banca Nazionale del Lavoro S.p.A.) was granted court-ordered mortgages on all of the buildings owned by the Company, which secure loans currently totaling about 22 million euros.

## B) Loans, Financing Facilities and Finance Leases

The original Rescheduling Agreement, signed on December 31, 2008, was replaced by a new Agreement that became fully effective on May 1, 2012.
Specifically, based on the new 2011-2018 Industrial Plan, a new Financial Plan was drafted. The Plan's content was the subject of constructive discussions between the Lender Institutions and the Company during the November 2011 – March 2012 period, which resulted in the definition of a new rescheduling of the debt owed to the Lender Institutions. Additional information about this issue is provided in the "Liquidity Risk" section of these Notes.

## C) Other Information

Pininfarina S.p.A. is the guarantor of obligations, denominated in euros, under finance leases executed by Pininfarina Sverige AB joint venture, which were not restructured in 2008. At March 31, 2012, the outstanding balance of these leases was about 7.2 million euros.

In addition, indebtedness totaling 500,000 euros is owed to Volksbank Region Leonberg (GER) by Pininfarina Deutschland, which is the only company consolidated line by line with medium/long-term debt.

Consequently, the Group does not owe any amounts subject to the currency risk. Information about its net borrowings, computed in accordance with Consob Communication No. 6064293 of July 28, 2006, is provided on page 14 of the Report on Operations.

## 15. Trade Accounts Payable and Other Payables

### (a) Trade Accounts Payable

| | 3/31/12 | 12/31/11 |
|---|---|---|
| Accounts payable to suppliers | 11,673,524 | 11,471,833 |
| Accounts payable to related parties and joint ventures | 6,320 | 20,670 |
| Advances received for work in progress | 2,584,091 | 2,702,338 |
| **Total** | **14,263,935** | **14,194,841** |

The balance at March 31, 2012 does not include any material past-due amounts and reflects payables that will be settled within 12 months from the date of the financial statements.

### (b) Other Payables

| | 3/31/12 | 12/31/11 |
|---|---|---|
| Amounts owed to employees | 2,529,455 | 1,595,389 |
| Income tax withheld from employees | 1,434,027 | 1,844,526 |
| Miscellaneous payables | 1,493,289 | 1,981,266 |
| **Total** | **5,456,771** | **5,421,181** |

### 16. Provisions for Risks and Charges, Contingent Liabilities and Legal Disputes

### (a) Provisions for Risks and Charges

A listing and review of the changes that occurred in the first quarter of 2012 in the provisions for risks and charges is provided below:

| | 12/31/11 | Additions | Utilizations | 3/31/12 |
|---|---|---|---|---|
| Provision for warranties | 267,255 | - | (189,599) | 77,656 |
| Provision for restructuring | 4,934,179 | - | (226,882) | 4,707,297 |
| Other provisions | 4,031,706 | 456,436 | (944,775) | 3,543,367 |
| **Total** | **9,233,140** | **456,436** | **(1,361,256)** | **8,328,320** |

The "Provision for warranties" covers the best estimate of the Company's contractual and statutory obligations with regard to costs entailed by warranties provided on certain components of the vehicles it manufactured for a specific period, starting from the sale of the vehicles to end customers. The abovementioned estimate was determined based on the Company's experience, specific contractual terms and product specification, and defect incidence data generated by the statistical survey systems of the Company's customers.

The Provision for restructuring charges reflects a best estimate of the liability for restructuring programs at the end of the reporting period. The utilization for the period covers the costs incurred for early retirement incentives.

Other provisions reflects best estimates of the liabilities that may arise from the renegotiation of certain aspects of the contract with Volvo, the close-out losses on styling and engineering contracts and other minor liabilities arising from disputes with employees and tax disputes of the Matra Automobile Engineering SAS subsidiary.

### (b) Contingent Liabilities and Legal Disputes

### (b1) Disputes with the Revenue Administration

There was no change in the situation reported in the Annual Financial Report with regard to the VAT dispute currently pending before the Supreme Court of Cassation. In this matter, the fairness shown by the Revenue Agency in its dealings with the Company, with each party standing by its own positions and interpretations, is worthy of mention.

### 17. Current and Deferred Taxes

### (a) Deferred Taxes

There was no change in the first quarter of 2012.

### (b) Current Taxes

A breakdown of the “Income taxes” line item of the income statement is provided below:

| | First quarter 2012 | First quarter 2011 |
|---|---|---|
| IRES / Local taxes | (111,078) | (61,692) |
| IRAP | (31,565) | (73,000) |
| **Total current taxes** | **(142,643)** | **(134,692)** |
| Variation of deferred tax asset | - | (44,442) |
| Variation of deferred tax liabilities | - | - |
| **Deferred taxes** | **-** | **(44,442)** |
| **Income tax** | **(142,643)** | **(179,134)** |

The current taxes payable refer mainly to the Group’s foreign companies and Pininfarina Extra S.r.l. Within the Pininfarina Group there are two agreements governing the filing of national consolidated tax returns: (i) one for the Italian companies of the Group, i.e., Pininfarina S.p.A. and Pininfarina Extra S.r.l., (ii) and another one for the Pininfarina Deutschland GmbH Group, which includes this company and its subsidiaries, both called MPX Entwicklung GmbH, located one in Munich and one in Stuttgart.

### 18. Sales and Service Revenues

| | First quarter 2012 | First quarter 2011 |
|---|---|---|
| Sales revenues - Italy | 422,868 | 202,765 |
| Sales revenues - UE | 1,058,223 | 1,452,371 |
| Sales revenues - Non UE countries | 86,519 | 108,736 |
| Services revenues - Italy | 1,953,315 | 1,800,775 |
| Services revenues - UE | 6,752,456 | 4,859,452 |
| Services revenues - Non UE countries | 4,252,607 | 1,986,986 |
| **Total** | **14,525,988** | **10,411,085** |

Sales revenues refers mainly to revenues from the sale of automobiles and spare parts, while service revenues refers to revenues from the provision of styling and engineering services.

Segment information is provided on page 31.

### 19. Other Income and Revenues

| | First quarter 2012 | First quarter 2011 |
|---|---:|---:|
| Amounts rebilled | 1,414,104 | 150,663 |
| Out-of-period income | 23,041 | 94,142 |
| Insurance settlements | 5,039 | - |
| Royalties | 249,000 | - |
| Rebilling | 38,449 | 26,334 |
| Operating grants | 74,987 | 114,622 |
| Sundry items | 4,354 | 12,748 |
| **Total** | **1,808,974** | **398,509** |

Rental and leasing income refers mainly to the proceeds from a contract to lease business operations, executed on April 1, 2011 by Pininfarina S.p.A. and a company of the Cecomp Group, and rent on two building located in Renningen, near Stuttgart, in Germany, owned by the Pininfarina Deutschland GmbH subsidiary.
Out-of-period income refers to out-of-period income and estimating differences, other than errors, resulting from the regular updating of estimates made in previous years.
Redevances refers to fees for the use of the trademark under an agreement executed by Pininfarina S.p.A. and the Bolloré S.A. Group in connection with the production of electric cars at the Bairo Canavese plant.

### 20. Wages, Salaries and Employee Benefits

| | First quarter 2012 | First quarter 2011 |
|---|---:|---:|
| Wages and salaries | (8,869,708) | (8,667,779) |
| Employee benefits | (2,262,907) | (2,335,771) |
| Independent contractors | - | - |
| Utiliz.Prov.restruct.charges | 497,532 | 612,519 |
| **Wages, Salaries and Employee Benefits** | **(10,635,083)** | **(10,391,031)** |
| Addition to Provision for termination indemnities | (404,697) | (487,555) |
| **Total** | **(11,039,780)** | **(10,878,587)** |

Utilization of the provisions refers to the amounts paid to employees who left the Company in the first quarter of 2012, in accordance with the early retirement incentive program.
The Provision for termination indemnities – Defined-benefit plan reflects the costs related to employee termination benefits both for the defined-benefit plan and the defined-contribution plan.

The table below shows the number of employees March 31, 2012 and, as required by Article 2427 of the Italian Civil Code, the average number of employees, computed by adding and dividing by two the number of employees at the beginning and at the end of the year:

| | First quarter 2012 | | First quarter 2011 | |
|---|---|---|---|---|
| | March 31, 2012 | Average | March 31, 2011 | Average |
| Executives | 24 | 24 | 27 | 28 |
| Office staff | 705 | 699 | 698 | 694 |
| Production staff | 65 | 66 | 101 | 101 |
| **Total** | **794** | **789** | **826** | **823** |

The total number of employees at March 31, 2012 includes 121 employees, initially 127, covered by a long-term unemployment benefit program activated by the Company in October 2011 for termination of production activities.

### 21. Additions to Provisions, Utilizations of Provisions and Writedowns

| | First quarter 2012 | First quarter 2011 |
|---|---|---|
| Additions to allowance for doubt. accounts | (2,500) | (562,576) |
| Additions to provisions for risks | (456,436) | (261,801) |
| Writedowns of equity investmens | 506,190 | - |
| **Total** | **47,254** | **(824,377)** |

Utilization of provisions for risks and charges and estimate revisions reflects the utilization of the provision for closing losses on production orders, amounting to 506,190 euros.
Comments about additions to the provisions for risks and charges are provided in Note 16.

### 22. Other Expenses

| | First quarter 2012 | First quarter 2011 |
|---|---|---|
| Travel expenses | (345,312) | (320,463) |
| Rentals | (534,074) | (527,609) |
| Fees paid to Directors and Statutory Auditors | (250,214) | (308,751) |
| Consulting and other services | (1,007,259) | (956,958) |
| Other personnel costs | (213,404) | (208,908) |
| Telegraph and postage | (100,338) | (92,632) |
| Cleaning and waste disposal services | (83,470) | (106,247) |
| Advertising | (142,112) | (128,720) |
| Taxes | (266,312) | (150,405) |
| Insurance | (129,690) | (121,624) |
| Membership dues | (18,368) | (26,613) |
| Out-of-period charges | (26,873) | (12,135) |
| General services | (24,583) | (81,846) |
| Sundry expenses | (179,333) | (50,445) |
| **Total** | **(3,321,342)** | **(3,093,355)** |

The change in the amount of indirect taxes and fees refers mainly to taxes owed on outstanding service contracts with some Chinese customers.

### 23. Financial Income (Expense), Net

| | First quarter 2012 | First quarter 2011 |
|---|---|---|
| Financial expense paid to banks | (179,518) | (240,319) |
| Financial expense paid under leases | (738,480) | (414,461) |
| Financial exp. on medium- and long-term borrowings | (375,264) | (275,093) |
| **Total financial expense** | **(1,293,262)** | **(929,873)** |
| Bank interest earned | 691,200 | 181,695 |
| Realized gains from marking securities to market | 964,563 | 205,604 |
| Interest earned on long-term loans to outsiders | 271,181 | 347,193 |
| Interest earned on long-term loans to joint ventures | 62,794 | 137,901 |
| **Total financial income** | **1,989,739** | **872,393** |
| **Net financial income (expense)** | **696,478** | **(57,480)** |

Interest paid – credit lines refers to the use of the credit line in day-to-day operations.
Interest earned – credit lines represents interest accrued on credit balances in the corresponding bank accounts.
The amount shown for Current assets held for trading reflects trading gains and losses and the effect of measuring these assets at fair value, compared with the previous year.

Financial expense paid under finance leases, amounting to 738,480 euros, was recognized as a result of the valuation of liabilities by the amortized cost method.

Financial expense on medium/long-term borrowings, amounting to 375,264 euros, reflect the valuation of liabilities by the amortized cost method (231,124 euros) and the interest accrued on the debt owed to Fortis Bank (now BNL of the BNP Paribas Group), which is the only bank that refused to sign the Framework Agreement (141,816 euros). Amounts owed to subsidiaries account for the balance The interest owed to Fortis Bank was paid on schedule, in accordance with a separate agreement with this bank, while the interest owed on medium/long-term borrowings will be paid in the first half of 2012.

Interest earned on long-term loans to outsiders, amounting to 271,181 euros, originates from the valuation of financial assets recognized by the amortized cost method, in accordance with IFRIC 4.

Interest earned on long-term loans to related parties and joint ventures, amounting to 62,794 euros, refers to the interest accrued, and collected on the loan provided to Pininfarina Sverige AB.

## OTHER INFORMATION

### Events Occurring After March 31, 2012

Information about significant events occurring after March 31, 2012 is provided in a separate section of the Report of the Board of Directors on Operations.

### Transactions with related Parties

The table below, which is being presented pursuant to Consob Communication No. DEM/6064293 of July 28, 2006, provides an overview of transactions with related parties, including intra-Group transactions. These transactions were carried out on market terms, consistent with the nature of the goods exchanged or the services provided, and were neither atypical nor unusual, for the purposes of the abovementioned communication.

| | Commercial | | Financial | | Operating | | Financial | |
|---|---|---|---|---|---|---|---|---|
| | Receivables | Payables | Receivables | Payables | Revenues | Costs | Income | Expense |
| Pininfarina Sverige AB | 247,253 | 6,320 | 9,014,884 | - | 247,253 | 3,150 | 62,795 | - |
| **Total** | **247,253** | **6,320** | **9,014,884** | **-** | **247,253** | **3,150** | **62,795** | **-** |

In addition to the amounts reported in the table above, transactions with other related parties requiring disclosure included legal consulting services provided to Pininfarina S.p.A. by Studio Professionale Pavesio e Associati, related to the Director Carlo Pavesio, for a total amount of 55,118 euros, and commercial consulting services provided by Pantheon Italia S.r.l., related to the Director Roberto Testore, for a total amount of 5,000 euros.

### Material Extraordinary Transactions

As required by the Consob Communication No. DEM/6064293 of July 28, 2006, the Company announces that it did not execute any material extraordinary transactions in the first quarter of 2012.

### Atypical and Unusual Dealings

As required by the Consob Communication No. DEM/6064293 of July 28, 2006, the Pininfarina Group discloses that in the first quarter of 2012 it was not a party to atypical or unusual dealings, as defined in the abovementioned Communication, according to which atypical and/or unusual dealings are dealings that, because of their significance/material amount, nature of the counterparty, subject of the transaction, method used to determine the sales price and timing of the event, could create doubts as to: the fairness and/or completeness of the information provided in the financial statements, the existence of a conflict of interests, the safety of the corporate assets and the protection of minority shareholders.