# PININFARINA GROUP

# Interim Report on Operations at September 30, 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's Company Register Office No. 00489110015`

PININFARINA GROUP

Interim Report on Operations at September 30, 2012

Approved by the Board of Directors
on November 13, 2012

## Board of Directors

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

## CONTENTS

### Pininfarina Group



### Pininfarina S.p.A.

# Pininfarina Group

## Interim Report on Operations

### Review of Operating and Financial Performance

The most significant issues that arise from an analysis of the consolidated data for the first nine months of 2012 are summarized below:

- Following the signing of a new Rescheduling Agreement with the Lender Institutions, effective as of May 1, 2012, Pininfarina S.p.A. recognized a financial gain of 44.8 million euros, which enabled the Group to report a substantial net profit for the period of 32.5 million euros.
- Compared with the data at September 30, 2011, the value of production grew by 12% due to the combined effect of increased engineering activities and higher income from the leasing of some business operations used to produce electric cars. Profitability levels deteriorated compared with a year ago, due mainly to the fact that the data reported at September 30, 2011 reflected the recognition of a significant gain of 8.9 million euros realized on the sale of the interest held in the Véhicules Electriques Pininfarina Bolloré joint venture.
- Among the Group's activities and in comparison with the first nine months of 2011, the Italian automotive operations continued to be under pressure. On the other hand, the performance of the service operations and the profitability of the foreign subsidiaries were basically in line with the previous year's results.

More specifically, the consolidated value of production totaled 50.5 million euros at September 30, 2012, compared with 45.1 million euros a year earlier (+12.0%). An increase in the volume of engineering services provided to customers in Germany, coupled with higher revenues from the leasing of the business operations and an increase in royalty income resulting from stepped up production of electric cars at the Bairo Canavese plant account for most of this gain.

EBITDA (equal to the profit or loss from operations before depreciation, amortization, additions to provisions), which were positive by 5.3 million euros in the first nine months of 2011 (thanks to the recognition of a gain of 8.9 million euros on the sale of the interest held in the Véhicules Electriques Pininfarina Bolloré joint venture), turned negative by 7.3 million euros at September 30, 2012.

EBIT (equal to the profit or loss from operations for the period) were negative by 9.6 million euros in the first nine months of 2012, compared with lower negative EBIT of 0.3 million euros at September 30, 2011 (due mainly to the abovementioned gain).

Net financial expense, which totaled 1 million euros in the first nine months of 2011, increased to 2.5 million euros, due mainly to figurative charges related to the new Rescheduling Agreement, which, as explained in the Notes to the Financial Statements, allowed the recognition, on May 1, 2012, of a gain on the cancellation of financial liabilities totaling 44.8 million euros.

As a result of the items described above, the profit before taxes amounted to 32.8 million euros at September 30, 2012, as against a loss of 1.3 million euros a year earlier. Income taxes totaled 0.2 million euros, down from 0.6 million euros a year ago.

The net profit for the first nine months of 2012 thus grew to 32.5 million euros, as against a net loss of 1.9 million euros at September 30, 2011.

Group interest in shareholders' equity increased from 9.6 million euros at December 31, 2011 to 42.1 million euros at September 30, 2012, due to the net profit for the period. The shareholders' equity of Pininfarina S.p.A. totaled 46.3 million euros at September 30, 2012, for an increase of 33.3 million euros compared with the amount at December 31, 2011 (13 million euros).

The net financial position, negative by 56.9 million euros shows significant improvement compared with the negative balance of 77.9 million euros reported at December 31, 2011. The improvement of 21 million euros is due mainly to the positive accounting effect generated by the provisions of the new Rescheduling Agreement. More specifically, the derecognition of the liability carried on the financial statements until April 30, 2012 and the recognition, effective as of May 1, 2012, of the new liability arising from the new Agreement resulted in the elimination of prior-period figurative charges, which were capitalized, and the measurement at fair value of the new liability. For the reasons mentioned above, the net financial position of Pininfarina S.p.A. also improved, with the negative balance decreasing from 82.9 million euros at December 31, 2011 to 58.2 million euros at September 30, 2012.

The Group had 821 employees on its payroll at September 30, 2012 (775 employees a year earlier, +5.9%). The data do not include the 457 employees of Pininfarina Sverige A.B. (585 employees at September 30, 2011).

## Performance of the Individual Sectors

The **Operations Sector** generated value of production of 10 million euros in the first nine months of 2012 (7.9 million euros at September 30, 2011), accounting for 19.8% of total consolidated value of production (17.6% the previous year).

The Sectors' EBIT were negative by 8.7 million euros. At September 30, 2011, EBIT were positive by 3.3 million euros, thanks to a gain of 8.9 million euros earned on the sale to the Bolloré Group of the interest held in the Véhicules Electriques Pininfarina Bolloré SAS joint venture.

In the first nine months of 2012, the value of production reported by the **Service Sector** amounted to 40.5 million euros (37.1 million euros at September 30, 2011). The contribution provided to the total for the Group decreased to 80.2%, compared with 82.4% the previous year.

The Sector's EBIT were negative by 0.8 million euros, for an improvement of 78% compared with negative EBIT of 3.6 million euros at September 30, 2011.

### Assessment of the Group's Viability as a Going Concern

With regard to the assessment the Company's viability as a going concern provided by the Board of Directors in its Report on Operations included in the 2011 Annual Report, which should be consulted for detailed information, the Rescheduling Agreement that went into effect on May 1, 2012 made it possible to recapitalize the Company (through the recognition of a significant gain on the income statement) and enabled the Group to retain an adequate amount of financial resources, thereby eliminating reasons for concern over the medium term. The financial developments of the first half of 2012 and recent trends in the order portfolio are causing the Directors to conclude that the Pininfarina Group is no longer exposed to going concern viability risks for the foreseeable future.

**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 and Pininfarina S.p.A., with current and non-current components listed separately, are shown on page 13 and page 70 of this document, respectively.
2) There were no past-due amounts (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 and Pininfarina S.p.A. are listed on page 62 and page 73 of this document, respectively.
4) The implementation of the plan to restructure the indebtedness of Pininfarina S.p.A. is proceeding as expected, consistent with the agreements with the Lender Institutions and without any change from the situation reported by the Company on August 3, 2012.
5) As for the progress made in implementing the Industrial Plan there have been no significant new developments from the situation described in the Report of the Board of Directors included in the 2011 Annual Report.

**Business Outlook for the Balance of 2012**

As for the business outlook for the balance of 2012, the value of production is expected to increase compared with the consolidated amount reported in 2011. EBIT will remain negative, due mainly to continuing challenges faced in developing the automotive activities in Italy. The implementation of the new Rescheduling Agreement, which brought a considerable benefit in terms of financial performance, 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 2011.

**Significant Events Occurring After September 30, 2012**

Thus far, no significant events have occurred since September 30, 2012.

November 13, 2012

Paolo Pininfarina
Chairman
of the Board of Directors

**Companies of the Pininfarina Group**
**(data presented in accordance with the IAS/IFRS accounting principles)**

**Pininfarina S.p.A.**

| in millions of euros | 9/30/12 | 9/30/11 | Change | 12/31/11 |
|---|---|---|---|---|
| Value of production | 27.9 | 24.4 | 3.5 | |
| EBIT | (10,4) | (11.2) | 0.8 | |
| Net profit (loss) | 33.3 | (12.0) | 45.3 | |
| Net financial position | (58.2) | (79.5) | 21.3 | (82.9) |
| Shareholders' equity | 48.3 | 23.2 | 25.1 | 13.0 |
| Number of employees at 9/30 | 442 | 447 | (5) | 440 |

**Pininfarina Extra Group**

| in millions of euros | 9/30/12 | 9/30/11 | Change | 12/31/11 |
|---|---|---|---|---|
| Value of production | 3.1 | 2.9 | 0.2 | |
| EBIT | 0.5 | 0.7 | (0.2) | |
| Net profit (loss) | 0.4 | 0.5 | (0.1) | |
| Net financial position | 2.7 | 3.0 | (0.3) | 3.3 |
| Shareholders' equity | 4.8 | 4.9 | (0.1) | 5.1 |
| Number of employees at 9/30 | 22 | 21 | 1 | 21 |

**Pininfarina Deutschland Group**

| in millions of euros | 9/30/12 | 9/30/11 | Change | 12/31/11 |
|---|---|---|---|---|
| Value of production | 19.4 | 16.9 | 2.5 | |
| EBIT | 0.7 | 0.8 | (0.1) | |
| Net profit (loss) | 0.6 | 0.7 | (0.1) | |
| Net financial position | (2.7) | (2.3) | (0.4) | (1.1) |
| Shareholders' equity | 18.4 | 18.2 | 0.2 | 18.3 |
| Number of employees at 9/30 | 317 | 261 | 56 | 275 |

**Pininfarina Maroc**

| in millions of euros | 9/30/12 | 9/30/11 | Change | 12/31/11 |
|---|---|---|---|---|
| Value of production | 1.2 | 1.4 | (0.2) | |
| EBIT | 0.3 | 0.4 | (0.1) | |
| Net profit (loss) | 0.2 | 0.4 | (0.2) | |
| Net financial position | 0.7 | 1.1 | (0.4) | 1.4 |
| Shareholders' equity | 1.6 | 1.2 | 0.4 | 1.4 |
| Number of employees at 9/30 | 31 | 42 | (11) | 40 |

**Pininfarina Automotive Engineering Shanghai**

| in millions of euros | 9/30/12 | 9/30/11 | Change | 12/31/11 |
|---|---|---|---|---|
| Value of production | 0.2 | 0.1 | 0.1 | |
| EBIT | (0.6) | (0.2) | (0.4) | |
| Net profit (loss) | (0.6) | (0.2) | (0.4) | |
| Net financial position | (0.3) | 0.3 | (0.6) | 0.1 |
| Shareholders' equity | (0.3) | 0.2 | (0.5) | - |
| Number of employees at 9/30 | 9 | 3 | 6 | 3 |

**Pininfarina Sverige**

| in millions of euros | 9/30/12 | 9/30/11 | Change | 12/31/11 |
|---|---|---|---|---|
| Value of production | 200.9 | 227.8 | (26.9) | |
| EBIT | 7.5 | 10.8 | (3.3) | |
| Net profit (loss) | 3.3 | 6.3 | (3.0) | |
| Net financial position | 48.9 | 4.6 | 44.3 | 13.8 |
| Shareholders' equity | 92.1 | 80.5 | 11.6 | 84.0 |
| Number of employees at 9/30 | 457 | 585 | (128) | 543 |

**Matra Automobile Engineering S.A.S.**, which has not been operational since 2008, reported a net loss of 73,000 euros at September 30, 2012, compared with a net loss of 23,000 euros at September 30, 2011. The net financial position was positive by 0.9 million euros, compared with a positive balance of 1.3 million euros in 2011. At September 30, 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 at | | | | | Data at |
|---|---|---|---|---|---|---|
| | **9/30/12** | % | **9/30/11** | % | **Variazioni** | **2011** |
| Sales and services revenues | 44,120 | 87.35 | 39,494 | 87.64 | 4,626 | 53,895 |
| Changes in inventory and work in progress | 1,228 | 2.43 | 2,058 | 4.57 | (830) | 2,782 |
| Other incom and revenues | 5,161 | 10.22 | 3,511 | 7.79 | 1,650 | 5,333 |
| **Value of production** | **50,509** | **100.00** | **45,063** | **10.00** | **5,446** | **62,010** |
| **Net gain (loss) on disposal of non-current assets** | **(1)** | **(0.00)** | **8,931** | **19.82** | **(8,932)** | **8,931** |
| Raw materials and outside services (*) | (25,766) | (51.01) | (18,410) | (40.85) | (7,357) | (24,519) |
| Changes in inventory of raw materials | 34 | 0.07 | (90) | (0.20) | 124 | (54) |
| **Value added** | **24,776** | **49.05** | **35,494** | **78.77** | **(10,718)** | **46,368** |
| Labor costs (**) | (32,026) | (63.41) | (30,224) | (67.07) | (1,802) | (41,656) |
| **EBITDA** | **(7,250)** | **(14.35)** | **5,270** | **11.70** | **(12,520)** | **4,712** |
| Depreciation and amortization | (2,487) | (4.92) | (3,685) | (8.18) | 1,198 | (4,789) |
| (Additions)/Utiliz.of prov. and (Writedowns) | 184 | 0.36 | (1,863) | (4.13) | 2,047 | (8,613) |
| **EBIT** | **(9,553)** | **(18.91)** | **278** | **(0.61)** | **(9,275)** | **(8,690)** |
| Net financial income (expense) | (2,518) | (4.98) | (1,032) | (2.29) | (1,485) | (2,069) |
| Gain on the cancellation of financial liabilities | 44,835 | 88.77 | - | - | 44,835 | - |
| Valuation of equity investments by the equity method | - | - | - | - | - | - |
| **Profit (Loss) before taxes** | **32,764** | **64.87** | **(1,310)** | **(2.90)** | **34,074** | **(10,759)** |
| Incone taxes | (232) | (0.46) | (585) | (1.30) | 353 | (726) |
| **Net profit (Loss)** | **32,532** | **64.41** | **(1,895)** | **(4.20)** | **34,427** | **(11,485)** |

(*) **Raw materials and outside services** is shown net of utilizations of provisions for warranties and provisions for risks and charges amounting to 1,394,000 euros in 2011 and 446,000 euros in 2012.
(**) **Labor costs** is shown net of utilizations of the provision for restructuring programs and other provisions for personnel risks amounting to 900,000 euros in 2011 and 695,000 euros in 2012.

Pursuant to Consob Resolution No. DEM/6064293 of July 28, 2006, a reconciliation of the data for the period with the those in the reclassified statements is provided below:
- **Raw materials and outside services** includes Raw materials and components, Other variable production costs, Variable external engineering services, Foreign exchange gains (losses) and Sundry expenses.
- **Depreciation and amortization** includes depreciation of property plant and equipment and amortization of intangible assets.
- **(Additions)/Utilizations of provisions and (Writedowns)** includes (Additions)/Utilizations of provisions and (Writedowns) and Addition to 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 |
|---|---|---|---|---|
| | 9/30/12 | 12/31/11 | Change | 9/30/11 |
| **Net non-current assets (A)** | | | | |
| Net intangible assets | 2,733 | 2,761 | (28) | 2,939 |
| Net property, plant and equipment | 65,132 | 66,466 | (1,334) | 70,330 |
| Equity investments | 29,784 | 29,730 | 54 | 29,730 |
| **Total A** | **97,649** | **98,957** | **(1,038)** | **102,999** |
| **Working capital (B)** | | | | |
| Inventory | 5,050 | 3,788 | 1,262 | 3,038 |
| Net trade receivables and other receivables | 32,214 | 21,692 | 10,522 | 19,307 |
| Assets held for sale | - | - | - | - |
| Deferred-tax assets | 892 | 880 | 12 | 882 |
| Trade accounts payable | (15,700) | (14,195) | (1,505) | (11,865) |
| Provisions for risks and charges | (7,460) | (9,233) | 1,773 | (6,215) |
| Other liabilities (*) | (6,220) | (6,917) | 697 | (5,536) |
| **Total B** | **8,776** | **(3,985)** | **12,761** | **(389)** |
| **Net invested capital (C=A+B)** | **106,425** | **94,972** | **11,453** | **(102,610)** |
| **Provision for temination indemnities (D)** | **7,469** | **7,545** | **(76)** | **7,420** |
| **Net capital requirements (E=C-D)** | **98,956** | **87,427** | **11,529** | **95,190** |
| **Shareholders' Equity (F)** | **42,091** | **9,556** | **32,535** | **19,121** |
| **Net financial position (G)** | | | | |
| Long term debt | 118,692 | 17,340 | 101,352 | 192,399 |
| (Net liquid assets) / Net borrowings | (61,827) | 60,530 | (122,357) | (116,330) |
| **Total G** | **56,865** | **77,870** | **(21,005)** | **76,069** |
| **Total as in E (H=F+G)** | **98,956** | **87,427** | **11,529** | **95,190** |

(*) 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 |
|---|---|---|---|---|
| | 9/30/12 | 12/31/11 | Change | 9/30/11 |
| Cash and cash equivalents | 16,364 | 90,729 | (74,365) | 85,010 |
| Current assets held for trading | 50,702 | 46,042 | 4,660 | 51,027 |
| Current loans receivable and other receivables | - | 11,292 | (11,292) | 11,292 |
| Loans receivable from related parties and joint ventures | - | 8,952 | (8,952) | 18,038 |
| Due to banks | (202) | (17,970) | 17,768 | (26,000) |
| Current liabilities under finance leases | - | (130,729) | 130,729 | (12,200) |
| Current portion of long-term bank debt | (5,037) | (68,846) | 63,809 | (10,837) |
| **Net liquid assets / (Net borrowings)** | **61,827** | **(60,530)** | **122,357** | **116,330** |
| Long-term loans and other receivables from outsiders | - | - | - | - |
| Long-term loans and other receivables from associates and joint ventures | - | - | - | - |
| Held-to-maturity non-current assets | - | 257 | (257) | 257 |
| Non-current liabilities under finance leases | (63,924) | - | (63,924) | (117,469) |
| Long-term bank debt | (54,768) | (17,597) | (37,171) | (75,187) |
| **Net long-term debt** | **(118,692)** | **(17,340)** | **(101,352)** | **(192,399)** |
| **NET FINANCIAL POSITION** | **(56,865)** | **(77,870)** | **21,005** | **(76,069)** |

## Reconciliation of the Parent Company's Result and Shareholders' Equity to the Corresponding Consolidated Data

The schedule below provides a reconciliation of the result for first nine months of 2012 and the shareholders' equity at September 30, 2012 of Pininfarina S.p.A. to the corresponding data of the Pininfarina Group.

| | Profit (Loss) for the period | | Shareholders' equity | |
|---|---|---|---|---|
| | 9/30/12 | 9/30/11 | 9/30/12 | 9/30/11 |
| **Statutory financial statements Pininfarina SpA** | **33,258,466** | **(12,003,965)** | **46,297,139** | **23,200,023** |
| - Contribution of foreign companies | 519,628 | 1,311,848 | 1,499,542 | 1,632,737 |
| - Goodwill Pininfarina Extra Srl | - | - | 1,043,497 | 1,043,497 |
| - Reversal trademark usage license in Germany | - | - | (6,749,053) | (6,749,053) |
| - Intercompany dividends | (1,246,204) | (310,400) | - | - |
| - Gain on sale of investment in VEPB | - | 8,868,665 | - | 8,868,665 |
| - Valuation of investments by the equity method | - | 20,000 | - | (8,900,034) |
| - Sundry items | - | 219,023 | - | 25,194 |
| **Consolidated financial statements** | **32,531,890** | **1,894,829** | **42,091,125** | **19,121,030** |

## Consolidated Net Borrowings (Consob Communication DEM No. 6064293)

(in thousands of euros)

| | | Data at | | | Data at |
|---|---|---|---|---|---|
| | | 9/30/12 | 12/31/11 | Change | 9/30/11 |
| A. | Cash | (16,364) | (90,729) | (74,365) | (85,010) |
| B. | Other liquid assets | - | - | - | - |
| C. | Securities held for trading | (50,702) | (46,042) | 4,660 | (51,027) |
| ***D.*** | ***Total liquid funds (A.)+(B.)+(C.)*** | ***(67,066)*** | ***(136,771)*** | ***(69,705)*** | ***(136,037)*** |
| ***E.*** | ***Current financial receivables*** | - | ***(20,244)*** | ***(20,244)*** | ***(29,330)*** |
| F. | **Short-term bank account overdrafts** | **202** | **17,970** | **17,768** | **26,000** |
| | *Current portion of secured bank loans* | 5,037 | 7,555 | 2,518 | 5,037 |
| | *Current portion of unsecured bank loans* | - | 61,291 | 61,291 | 5,800 |
| G. | **Current portion of non-current debt** | **5,037** | **68,846** | **63,809** | **10,837** |
| H. | Other current financial payables | - | 130,729 | 130,729 | 12,200 |
| ***I.*** | ***Current financial debt (F.)+(G.)+(H.)*** | ***5,239*** | ***217,545*** | ***212,306*** | ***49,037*** |
| ***J.*** | ***Debt / Net current finantial (position)*** | ***(61,827)*** | ***60,530*** | ***122,357*** | ***(116,330)*** |
| | *Non-current portion of secured bank loans* | 15,077 | 17,597 | 2,520 | 20,114 |
| | *Non-current portion of unsecured bank loans* | 39,691 | - | (39,691) | 55,073 |
| **K.** | **Non-current bank account overdrafts** | **54,768** | **17,597** | (37,171) | **75,187** |
| **L.** | Bonds issued | - | - | - | - |
| **M.** | Other non-current financial payables | 63,924 | - | (63,924) | 117,469 |
| ***N.*** | ***Non-current financial debt (K.)+(L.)+(M.)*** | ***18,692*** | ***17,597*** | (101,095) | ***192,656*** |
| **O.** | **Net financial debt (J+N) (1)** | **56,865** | **78,127** | **21,262** | **76,326** |

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. Because the purpose of this schedule is to show "Net Borrowings," assets are shown with a minus sign and liabilities with a plus sign. In the "Consolidate Net Financial Position" schedule provided on 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 end of 2011 and 2012 is shown below:

- At September 30, 2012: none
- At December 31, 2011: 257,000 euros
- At September 30, 2011: 257,000 euros

## Consolidated Statement of Cash Flows

| | 9/30/12 | 9/30/11 |
|---|---|---|
| **Profit (loss) for the period** | **32,531,890** | **(1,894,829)** |
| ***Restatements*** | | |
| - Income taxes | (245,627) | 587,105 |
| - Depreciation of property, plant and equipment | 2,041,565 | 3,151,630 |
| - Amortization of intangibles | 445,168 | 532,980 |
| - Writedowns and additions to provisions | (2,220,885) | (1,531,138) |
| - (Gains) Losses on sale of non-current assets | - | (8,930,609) |
| - Financial expense | 5,416,164 | 3,143,215 |
| - (Financial income) | (4,257,421) | (2,514,299) |
| - (Dividends) | - | - |
| - Value adjustment to shareholders' equity | - | - |
| - Other restatements | (43,758,289) | (210,311) |
| **Total Restatements** | **(42,579,324)** | **(5,771,427)** |
| ***Changes in working capital*** | | |
| - (Increase) / decrease inventories | 34,843 | (57,845) |
| - (Increase) / decrease contract work in progress | (1,260,773) | (1,466,317) |
| - (Increase) / decrease trade accounts receivable and other receivable | (10,186,974) | 6,644,062 |
| - (Increase) / decrease accounts receivable from joint ventures | - | 1,176,194 |
| - Increase / (decrease) trade accounts payable | 971,123 | (24,272,620) |
| - increase / (decrease) accounts payable to joint ventures | (20,670) | (15,973) |
| - Other changes | 315,584 | 399,101 |
| **Total changes in working capital** | **(10,146,866)** | **(17,593,399)** |
| **Cash flow from operating activities** | **(20,194,300)** | **(25,259,655)** |
| (Financial expense) | (519,727) | (894,809) |
| (Income taxes) | (229,033) | (719,923) |
| **Net cash flow used in operating activities** | **(20,943,060)** | **(26,874,387)** |
| - Purchases of property, plant and equipment | (1,174,362) | (716,945) |
| - Proceeds from sale of property, plant and equipment | 3,549 | 10,048,451 |
| - Non-current loans receivable from borrowers outside the Group | 11,292,276 | 10,468,624 |
| - Non-current loans receivable from joint ventures | 9,077,679 | 9,342,074 |
| - Financial income | 2,509,341 | 1,719,848 |
| - Dividends | - | - |
| - Other equity investments | (4,403,993) | (2,683,208) |
| **Net cash used in investing activities** | **17,304,490** | **28,178,844** |
| - Proceeds from the issuance of shares | - | - |
| - Borrowings from lenders outside the Group | (70,957,975) | (2,668,455) |
| - Other non-cash items (*) | 18,000,000 | - |
| **Net cash used in financing activities** | **(52,957,975)** | **(2,668,455)** |
| **Increase (Decrease) in cash and cash equivalents** | **(56,596,545)** | **(1,363,998)** |
| - 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** | **16,162,115** | **59,010,131** |
| *Composed by:* | | |
| Cash and cash equivalents | 16,363,899 | 85,010,131 |
| Bank account overdrafts | (201,784) | (26,000,000) |

(*) Other changes refers to the reclassification of the operating lines carried out by the Group's Parent Company pursuant to the new Rescheduling Agreement.

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 September 30, 2012

# Consolidated Statement of Financial Position

| | Note ref. | 9/30/12 | 12/31/11 |
|---|---|---|---|
| Land and buildings | 1 | 58,104,780 | 59,332,176 |
| Land | | 16,984,045 | 16,984,045 |
| Buildings | | 32,134,051 | 33,092,536 |
| Leased property | | 8,986,684 | 9,255,595 |
| Plant and machinery | 1 | 5,438,544 | 5,681,546 |
| Machinery | | 271,777 | 312,357 |
| Plant | | 5,166,767 | 5,369,189 |
| Leased machinery and equipment | | - | - |
| Furniture, fixtures and other property, plant and equipment | 1 | 1,589,072 | 1,452,409 |
| Furniture and fixtures | | 241,904 | 256,251 |
| Hardware & software | | 910,766 | 738,960 |
| Other property, plant and equipment (including vehicles) | | 436,402 | 457,198 |
| Assets under construction | 1 | - | - |
| **Property, plant and equipment** | | **65,132,396** | **66,466,131** |
| Goodwill | 2 | 1,043,495 | 1,043,495 |
| Licenses and trademarks | 2 | 1,496,500 | 1,506,384 |
| Other intangibles | 2 | 192,942 | 211,441 |
| **Intangible assets** | | **2,732,937** | **2,761,320** |
| Associated companies | 3 | 54,000 | 0 |
| Joint ventures | 3 | 29,477,683 | 29,477,683 |
| Other companies | 4 | 252,017 | 252,017 |
| **Equity investments** | | **29,783,700** | **29,729,700** |
| **Deferred-tax assets** | 17 | **892,298** | **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** | | **98,541,331** | **100,094,726** |
| Raw materials | | 151,798 | 118,149 |
| Work in process | | - | - |
| Finished goods | | 690,634 | 723,380 |
| **Inventory** | 8 | **842,432** | **841,529** |
| **Contract work in progress** | 9 | **4,207,612** | **2,946,839** |
| Current assets held for trading | 7 | 50,701,852 | 46,041,811 |
| Current loans receivables and other receivables from: | 6 | - | 20,244,365 |
| Outsiders | | - | 11,292,276 |
| Related parties and joint ventures | | - | 8,952,089 |
| Available-for-sale current financial assets | | - | - |
| **Current financial assets** | | **50,701,852** | **66,286,176** |
| **Financial derivatives** | | **-** | **-** |
| Trade receivables from: | 10 | 18,827,588 | 14,792,307 |
| Outsiders | | 18,527,588 | 14,792,307 |
| Related parties and joint ventures | | - | - |
| Other receivables | 11 | 13,386,723 | 6,899,951 |
| **Trade receivables and other receivables** | | **32,214,311** | **21,692,258** |
| Cash on hand | | 1,056,539 | 1,216,032 |
| Short-term bank deposits | | 15,307,360 | 89,512,791 |
| **Cash and cash equivalents** | 12 | **16,363,899** | **90,728,823** |
| **TOTAL CURRENT ASSETS** | | **104,330,106** | **182,495,625** |
| **Held-for-sale non-curret assets** | | - | - |
| **TOTAL ASSETS** | | **202,871,437** | **282,590,351** |

## Consolidated Statement of Financial Position

| | Note ref. | 9/30/12 | 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 | 2,604,287 | 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 | 32,531,890 | (11,484,934) |
| GROUP INTEREST IN SHAREHOLDERS' EQUITY | | 42,091,125 | 9,556,496 |
| Minority interest in shareholders' equity | | - | - |
| **TOTAL SHAREHOLDERS' EQUITY** | | **42,091,125** | **9,556,496** |
| Liabilities under finance leases | | 63,923,766 | - |
| Other indebtedness owed to: | | 54,767,576 | 17,595,714 |
| Outsiders | | 54,767,576 | 17,595,714 |
| Related parties and joint ventures | | - | - |
| **Long-term borrowings** | 14 | **118,691,342** | **17,595,714** |
| **Deferred-tax liabilities** | 17 | **-** | **1,813** |
| Provision for termination indemnities | | 7,470,497 | 7,547,822 |
| Other | | - | - |
| **Provision for termination indemnities** | | **7,470,497** | **7,547,822** |
| **TOTAL NON-CURRENT LIABILITIES** | | **126,161,839** | **25,145,349** |
| Bank account overdrafts | 12 | 201,784 | 17,970,163 |
| Liabilities under finance leases | | - | 130,728,552 |
| Other borrowings owed to: | | 5,036,909 | 68,846,302 |
| Outsiders | | 5,036,909 | 68,846,302 |
| Related parties and joint ventures | | - | - |
| **Current borrowings** | 14 | **5,238,693** | **217,545,017** |
| Wages and salaries payable | | 2,078,752 | 1,595,389 |
| Due to social security institutions | | 1,219,458 | 1,844,526 |
| Other liabilities | | 1,787,013 | 1,981,266 |
| **Other payables** | 15 | **5,085,223** | **5,421,181** |
| Accounts payable to outsiders | | 13,035,705 | 11,471,833 |
| Account payable to associated companies and joint ventures | | - | 20,670 |
| Advances received for work in progress | | 2,664,363 | 2,702,338 |
| **Trade accounts payable** | 15 | **15,700,068** | **14,194,841** |
| Income taxes | | 209,637 | 164,710 |
| Other taxes | | 497,421 | 645,800 |
| **Provision for current taxes** | | **707,058** | **810,510** |
| **Financial derivatives** | | - | - |
| Provision for warranties | | 61,404 | 267,255 |
| Provision for restructuring programs | | 4,510,196 | 4,934,179 |
| Other provisions | | 2,888,805 | 4,031,706 |
| **Provision for other liabilities and charges** | 16 | **7,460,405** | **9,233,140** |
| **Other liabilities** | | 427,026 | 683,817 |
| **TOTAL CURRENT LIABILITIES** | | **34,618,473** | **247,888,506** |
| **TOTAL LIABILITIES** | | **160,780,312** | **273,033,855** |
| **Liabilities attributable to held-for-sale assets** | | - | - |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **202,871,437** | **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 227,418 euros for accrued compensation payable for the period.

## Consolidated Income Statement

| | Note ref. | 9/30/12 | 9/30/11 |
|---|---|---|---|
| Sales and service revenues | 18 | 44,120,496 | 39,494,060 |
| Increase in Company-produced non-current assets | | - | - |
| Change in inventories of finished goods and contract work in progress | | 1,228,028 | 2,057,920 |
| Change in contract work in progress | | 1,237,794 | 1,819,060 |
| Change in inventories of work in progress, semifinished and finished goods | | (9,766) | 238,860 |
| Other income and revenues | 19 | 5,160,859 | 3,511,177 |
| **Total value of production** | | **50,509,383** | **45,063,157** |
| **Gain on the sales of property, plant and equipment / equity** | | **225** | **8,930,711** |
| *Amount earned on the sale of equity investments* | | - | *8,868,665* |
| Raw materials and components | | (8,078,095) | (3,688,353) |
| Change in inventories of raw materials, subsidiary materials | | 33,649 | (90,199) |
| Addition to provision for obsolescent / slow moving inventory items | | - | - |
| **Raw materials and consumables used** | | **(8,044,446)** | **(3,778,552)** |
| Consumables | | (380,928) | (412,770) |
| External maintenance costs | | (906,596) | (732,182) |
| **Other variable production costs** | | **(1,287,524)** | **(1,144,952)** |
| **External variable engineering services** | | **(5,016,884)** | **(4,030,750)** |
| Production staff, office staff and managers | | (30,756,236) | (28,836,099) |
| Independent contractors and temporary workers | | - | - |
| Retirement and other post-employment benefits | | (1,270,074) | (1,387,801) |
| **Wages, salaries and employee benefits** | **20** | **(32,026,310)** | **(30,223,899)** |
| Depreciation of property, plant and equipment | | (2,041,565) | (3,151,630) |
| Amortization of intangibles | | (445,168) | (532,980) |
| Loss on disposals of property, plant and equipment / equity invest. | | (1,171) | (102) |
| (Additions to), Utilizations of provisions, (Writedowns) | 21 | 184,278 | (1,862,630) |
| **Depreciation, amortization and writedowns** | | **(2,303,626)** | **(5,547,342)** |
| **Foreign exchange gains (losses)** | | **(4,049)** | **25,923** |
| **Other expenses** | **22** | **(11,379,923)** | **(9,571,819)** |
| **Profit (Loss) from operations** | | **(9,553,154)** | **(277,524)** |
| **Financial income (expense), net** | **23** | **(2,518,546)** | **(1,031,967)** |
| **Gain on the cancellation of financial liabilities** | **24** | **44,835,434** | **-** |
| **Dividends** | | **-** | **-** |
| **Valuation of equity investment by the equity method** | | **-** | **-** |
| **Profit (Loss) before taxes** | | **32,763,734** | **(1,309,491)** |
| **Income taxes for the period** | **17** | **(231,844)** | **(585,338)** |
| **Profit (Loss) for the period** | | **32,531,890** | **(1,894,829)** |
| Attributable to: | | | |
| - Shareholders of the controlling company | | 32,531,890 | (1,894,829) |
| - Minority interest | | - | - |
| Profit (loss) diluted for share | | | |
| - Profit (Loss) for the period | | 32,531,890 | (1,894,829) |
| - Number of common shares net | | 30,150,694 | 30,150,694 |
| - Basic earnings (loss) diluted per share | | 1.08 | (0.06) |

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

| | 9/30/12 | 9/30/11 |
|---|---|---|
| **Profit (Loss) for the period** | **32,531,890** | **(1,894,829)** |
| **Other components of comprehensive net profit (loss)** | | |
| Gains (Losses) from translation of financial statemens of foreign value - IAS 21 | 2,739 | 12,072 |
| Other | - | - |
| **Total components in total comprehensive net profit (loss)** | **2,739** | **12,072** |
| **TOTAL COMPREHENSIVE NET PROFIT (LOSS)** | **32,534,629** | **(1,882,757)** |
| - Shareholders of the controlling company | 32,534,629 | (1,882,757) |
| - Minority interest | - | - |

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

| | Note ref. | 9/30/12 | Amt.with related parties | 9/30/11 | Amt.with related parties |
|---|---|---|---|---|---|
| Sales and service revenues | 18 | 44,120,496 | 494,505 | 39,494,060 | 741,758 |
| Increase in Company-produced non-current assets | | - | | - | |
| Change in inventories of finished goods and contract work in progress | | 1,228,028 | - | 2,057,920 | - |
| Change in contract work in progress | | 1,237,794 | | 1,819,060 | |
| Change in inventories of work in progress, semifinished and finished goods | | (9,766) | | 238,860 | |
| Other income and revenues | 19 | 5,160,859 | | 3,511,177 | |
| **Total value of production** | | **50,509,383** | **494,505** | **45,063,157** | **741,758** |
| **Gain on the sales of property, plant and equipment / equity** | | **225** | | **8,930,711** | |
| *Amount earned on the sale of equity investments* | | - | | *8,868,665* | |
| Raw materials and components | | (8,078,095) | | (3,688,353) | |
| Change in inventories of raw materials, subsidiary materials | | 33,649 | | (90,199) | |
| Addition to provision for obsolescent / slow moving inventory items | | - | | - | |
| **Raw materials and consumables used** | | **(8,044,446)** | - | **(3,778,552)** | - |
| Consumables | | (380,928) | | (412,770) | |
| External maintenance costs | | (906,596) | | (732,182) | |
| **Other variable production costs** | | **(1,287,524)** | - | **(1,144,952)** | - |
| **External variable engineering services** | | **(5,016,884)** | **(20,877)** | **(4,030,750)** | **(62,252)** |
| Production staff, office staff and managers | | (30,756,236) | | (28,836,099) | |
| Independent contractors and temporary workers | | - | | - | |
| Retirement and other post-employment benefits | | (1,270,074) | | (1,387,801) | |
| **Wages, salaries and employee benefits** | **20** | **(32,026,310)** | - | **(30,223,900)** | - |
| Depreciation of property, plant and equipment | | (2,041,565) | | (3,151,630) | |
| Loss on disposals of property, plant and equipment / equity invest. | | (1,171) | | (102) | |
| Amortization of intangibles | | (445,168) | | (532,980) | |
| (Additions to), Utilizations of provisions, (Writedowns) | 21 | 184,278 | | (1,862,630) | |
| **Depreciation, amortization and writedowns** | | **(2,303,626)** | - | **(5,547,342)** | |
| **Foreign exchange gains (losses)** | | **(4,049)** | | **25,923** | |
| **Other expenses** | **22** | **(11,379,923)** | | **(9,571,819)** | |
| **Profit (Loss) from operations** | | **(9,553,154)** | **473,628** | **(277,524)** | **679,505** |
| **Financial income (expense), net** | **23** | **(2,518,546)** | 125,590 | **(1,031,967)** | 392,331 |
| **Gain on the cancellation of financial liabilities** | **24** | **44,835,434** | | **-** | |
| **Dividends** | | **-** | | **-** | |
| **Valuation of equity investment by the equity method** | | **-** | | **-** | |
| **Profit (Loss) before taxes** | | **32,763,734** | **599,218** | **(1,309,491)** | **1,071,838** |
| **Income taxes for the period** | **17** | **(231,844)** | | **(585,338)** | |
| **Profit (Loss) for the period** | | **32,531,890** | **599,218** | **(1,894,829)** | **1,071,838** |

## Statement of Changes in Consolidated Shareholders' Equity

| | 12/31/10 | Total Profit (Loss) for the year | Translation restatements | 9/30/11 |
|---|---|---|---|---|
| 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 | 12,072 | - | 2,575,976 |
| Other reserves | 7,874,050 | - | (5,227,842) | 2,646,208 |
| Retained earnings | (4,992,913) | - | (11,771,192) | (16,764,105) |
| Profit (Loss) for the year | (33,076,486) | (1,894,829) ) | 33,076,486 | (1,894,829) |
| GROUP INTEREST IN SHAREHOLDERS' EQUITY | 21,003,786 | (1,882,757) | - | 19,121,030 |
| Minority interest in profit and res. | - | - | - | - |
| **TOTAL SHAREHOLDERS' EQUITY** | **21,003,786** | **(1,882,757)** | **-** | **19,121,030** |

| | 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 | 9/30/12 |
|---|---|---|---|---|
| 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 | 2,739 | - | 2,604,287 |
| 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) | 32,531,890 | 11,484,934 | 32,531,890 |
| GROUP INTEREST IN SHAREHOLDERS' EQUITY | 9,556,495 | 32,534,629 | - | 42,091,125 |
| Minority interest in profit and res. | - | - | - | - |
| **TOTAL SHAREHOLDERS' EQUITY** | **9,556,495** | **32,534,629** | **-** | **42,091,125** |

## Consolidated Statement of Cash Flows

| | 9/30/12 | 9/30/11 |
|---|---|---|
| **Profit (loss) for the period** | **32,531,890** | **(1,894,829)** |
| ***Restatements*** | | |
| - Income taxes | (245,627) | 587,105 |
| - Depreciation of property, plant and equipment | 2,041,565 | 3,151,630 |
| - Amortization of intangibles | 445,168 | 532,980 |
| - Writedowns and additions to provisions | (2,220,885) | (1,531,138) |
| - (Gains) Losses on sale of non-current assets | - | (8,930,609) |
| - Financial expense | 5,416,164 | 3,143,215 |
| - (Financial income) | (4,257,421) | (2,514,299) |
| - (Dividends) | - | - |
| - Value adjustment to shareholders' equity | - | - |
| - Other restatements | (43,758,289) | (210,311) |
| **Total Restatements** | **(42,579,324)** | **(5,771,427)** |
| ***Changes in working capital*** | | |
| - (Increase) / decrease inventories | 34,843 | (57,845) |
| - (Increase) / decrease contract work in progress | (1,260,773) | (1,466,317) |
| - (Increase) / decrease trade accounts receivable and other receivable | (10,186,974) | 6,644,062 |
| - (Increase) / decrease accounts receivable from joint ventures | - | 1,176,194 |
| - Increase / (decrease) trade accounts payable | 971,123 | (24,272,620) |
| - increase / (decrease) accounts payable to joint ventures | (20,670) | (15,973) |
| - Other changes | 315,584 | 399,101 |
| **Total changes in working capital** | **(10,146,866)** | **(17,593,399)** |
| **Cash flow from operating activities** | **(20,194,300)** | **(25,259,655)** |
| (Financial expense) | (519,727) | (894,809) |
| (Income taxes) | (229,033) | (719,923) |
| **Net cash flow used in operating activities** | **(20,943,060)** | **(26,874,387)** |
| - Purchases of property, plant and equipment | (1,174,362) | (716,945) |
| - Proceeds from sale of property, plant and equipment | 3,549 | 10,048,451 |
| - Non-current loans receivable from borrowers outside the Group | 11,292,276 | 10,468,624 |
| - Non-current loans receivable from joint ventures | 9,077,679 | 9,342,074 |
| - Financial income | 2,509,341 | 1,719,848 |
| - Dividends | - | - |
| - Other equity investments | (4,403,993) | (2,683,208) |
| **Net cash used in investing activities** | **17,304,490** | **28,178,844** |
| - Proceeds from the issuance of shares | - | - |
| - Borrowings from lenders outside the Group | (70,957,975) | (2,668,455) |
| - Other non-cash items (*) | 18,000,000 | - |
| **Net cash used in financing activities** | **(52,957,975)** | **(2,668,455)** |
| **Increase (Decrease) in cash and cash equivalents** | **(56,596,545)** | **(1,363,998)** |
| - 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** | **16,162,115** | **59,010,131** |
| *Composed by:* | | |
| Cash and cash equivalents | 16,363,899 | 85,010,131 |
| Bank account overdrafts | (201,784) | (26,000,000) |

(*) Other changes refers to the reclassification of the operating lines carried out by the Group's Parent Company pursuant to the new Rescheduling Agreement.
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.

## Consolidated Income Statement for the Third Quarter

| | Third Quarter 2012 | Third Quarter 2011 |
|---|---|---|
| Sales and service revenues | 16,506,571 | 12,169,946 |
| Increase in Company-produced non-current assets | - | - |
| Change in inventories of finished goods and contract work in progress | (424,861) | 8,528 |
| Change in contract work in progress | (418,763) | (245,647) |
| Change in inventories of work in progress, semifinished and finished goods | (6,098) | 254,175 |
| Other income and revenues | 1,533,910 | 1,564,137 |
| **Total value of production** | **17,615,620** | **13,742,611** |
| **Gain on the sales of property, plant and equipment / equity** | - | **36,802** |
| *Amount earned on the sale of equity investments* | - | - |
| Raw materials and components | (2,995,786) | (1,352,235) |
| Change in inventories of raw materials, subsidiary materials | (8,081) | 7,391 |
| Addition to provision for obsolescent / slow moving inventory items | - | - |
| **Raw materials and consumables used** | **(3,003,867)** | **(1,344,844)** |
| Consumables | (92,589) | (40,373) |
| External maintenance costs | (273,671) | (253,302) |
| **Other variable production costs** | **(366,260)** | **(293,675)** |
| **External variable engineering services** | **(1,968,340)** | **(526,251)** |
| Production staff, office staff and managers | (9,420,095) | (8,451,546) |
| Independent contractors and temporary workers | - | - |
| Retirement and other post-employment benefits | (479,893) | (498,662) |
| **Wages, salaries and employee benefits** | **(9,899,988)** | **(8,950,209)** |
| Depreciation of property, plant and equipment | (669,353) | (897,492) |
| Amortization of intangibles | (152,825) | (196,207) |
| Loss on disposals of property, plant and equipment / equity invest. | (3) | - |
| (Additions to), Utilizations of provisions, (Writedowns) | (33,861) | (167,105) |
| **Depreciation, amortization and writedowns** | **(856,042)** | **(1,260,804)** |
| **Foreign exchange gains (losses)** | **(15,196)** | **(7,626)** |
| **Other expenses** | **(3,286,474)** | **(3,135,288)** |
| **Profit (Loss) from operations** | **(1,780,548)** | **(1,739,284)** |
| **Financial income (expense), net** | **(987,163)** | **(565,856)** |
| **Gain on the cancellation of financial liabilities** | **-** | |
| **Dividends** | **-** | **-** |
| **Valuation of equity investment by the equity method** | **-** | **-** |
| **Profit (Loss) before taxes** | **(2,767,711)** | **(2,305,141)** |
| **Income taxes for the period** | **(35,497)** | **(194,338)** |
| **Profit (Loss) for the period** | **(2,803,208)** | **(2,499,479)** |

## Consolidated Statement of Comprehensive Income for the Third Quarter

| | Third Quarter 2012 | Third Quarter 2011 |
|---|---|---|
| **Profit (Loss) for the period** | **(2,803,208)** | **(2,499,479)** |
| **Other components of comprehensive net profit (loss)** | | |
| Gains (Losses) from translation of financial statemens of foreign value - IAS 21 | (5,579) | 58,267 |
| Other | - | - |
| **Total components in total comprehensive net profit (loss)** | **(5,579)** | **58,267** |
| **TOTAL COMPREHENSIVE NET PROFIT (LOSS)** | **(2,808,788)** | **(2,441,212)** |
| - Shareholders of the controlling company | (2,808,788) | (2,441,212) |
| - Minority interest | - | - |

# 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 Financial 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 this Consolidated Interim Financial 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 schedule showing the effects of extraordinary events or transactions or of transactions or events that are not repeated frequently in the normal course of business (page 63).

## Accounting Principles

This Interim Financial Report was prepared based on the going concern assumption, which the Board of Directors deemed appropriate. For exhaustive information, please see the sections 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 Financial Report at September 30, 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 Financial 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 Consolidated Interim Financial Report at September 30, 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 this Consolidated Interim Financial 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

This 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**

Subsidiaries are companies over which the Group exercises control, as defined in IAS 27 – Consolidated Financial Statements and Separate Financial Statements. Control is presumed to exist when the Group controls more than half of the voting rights exercisable at a Shareholders' Meeting, either directly or as a result of shareholders' agreements or potential voting rights. Subsidiaries are consolidated from the moment the Group is able to exercise control and are deconsolidated when control ends.

The Group accounts for acquisitions of controlling interests by the purchase method, as allowed by IFRS 3 – Business Combinations: the acquisition cost, plus the fair value of minority interests at the date of acquisition is compared with the fair value of the net identifiable assets purchased, on the same date, including any contingent liabilities. Any excess (full goodwill) is capitalized as goodwill among intangible assets, while any negative difference is immediately recognized as income in profit or loss.
The acquisition cost consists of the cash paid, the fair value of any equity instruments issued and any contingent consideration.
Any minority interest held earlier is remeasured in connection with the business combination, based on the pro rata interest in the net acquired assets, measured at fair value. Any gain over the previous carrying amount is recognized in profit or loss.
Any interests held by minority shareholders at the date of acquisition are recognized in equity at their fair value, if determinable, or, otherwise, at the corresponding pro rata interest in the fair value of the net acquired assets.
Incidental acquisition costs are recognized in profit or loss when incurred.

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. | Miami FL<br>848 Brickel Ave STE 830 | 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 | Jiading district, Shanghai<br>Room 806, No. 888 Moyu (S)<br>Rd. Anting Tow n, 201805 | 100 | Pininfarina S.p.A. | CNY | 3,702,824 |

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

There was no change in the scope of consolidation in the two periods under comparison.

### (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 between carrying amount and fair value is recognized in profit or loss.

### (c) Associated Companies and Joint Ventures

Associated companies are companies over which the Group exercises a significant influence, but not control. The Group is deemed to exercise significant influence, as defined in IAS 28 – Investments in Associates, when it controls between 20% and 50% of the voting rights at a Shareholders' Meeting.
Joint ventures are companies over which the Group exercises joint control, as defined in IAS 31 – Interests in Joint Ventures.
Investments in associated companies and joint ventures are recognized initially at cost and are then valued by the equity method.
The carrying amount of investments in associated companies and joint ventures include any goodwill that was recognized at the time of acquisition, less accumulated impairment losses.
In the Group's income statement, the item "valuation of investments by the equity method" reflects the Group's pro rata interest in the result of associated companies and joint ventures. If an associated company or a joint venture recognizes an adjustment that entails a direct charge to shareholders' equity, the Group recognizes its pro rata share of the charge and shows it in its statement of comprehensive income.
The Group's pro rata interest in losses incurred by an associated company or a joint venture is recognized in the Group's financial statements until the carrying amount of the corresponding equity investment is written off. Any additional loss is posted to the provisions for risks and charges only to the extent that the Group has undertaken contractual obligations or made payments on behalf of the associated company or joint venture.
Gains or losses generated by the Group through transactions with an associated company or a joint venture are eliminated against the value of the investment in the consolidation process.
When there is objective evidence that the value of an investment has been impaired, the Group writes down the investment's carrying amount to its realizable value, which is the greater of its fair value, less cost to sell, and its value in use. Value in use is determined by discounting to present value the future cash flows expected from the investment, determined based on reasonable and demonstrable assumptions.

The tables that follow provide a list of associated companies:

| Name | Registered office | % interest held directly or indirectly | Held by | Currency | Share capital |
|---|---|---|---|---|---|
| Goodmind S.r.l. | Cambiano (TO)<br>Via Nazionale 30 | 20 | Pininfarina Extra S.r.l. | EUR | 20,000 |

The mission of Goodmind Srl, a company established this past July, is the development of conventional and virtual communication services for businesses and public entities.

and joint ventures:

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

**(d) Other Companies**

Investments in other companies that constitute available-for-sale financial assets are valued at fair value, if available, and any resulting gains or losses are recognized in equity until the investments are sold. At that point, accumulated gains or losses previously recognized in equity are reflected in the income statement for the period.
If the investments are in companies that are not listed on a regulated market and their fair value cannot be reliably determined, they are valued at cost, written down for any non-reversible impairment losses.

**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: | 9/30/12 | 2012 | 9/30/11 | 2011 |
| --- | --- | --- | --- | --- |
| - U.S. dollar - USD | 1.29 | 1.28 | 1.35 | 1.41 |
| - Swedish kronor - SEK | 8.45 | 8.73 | 9.26 | 9.01 |
| - Moroccan dirham - MAD | 11.11 | 11.09 | 11.20 | 11.28 |
| - Renminbi (Yuan) - CNY | 8.13 | 8.11 | 8.62 | 9.14 |

**(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.

**Property, Plant and Equipment**

Property, plant and equipment includes buildings, equipment, machinery and other assets used in the production process, including assets held under finance leases. These assets are carried at their purchase or production cost, less accumulated depreciation and impairment losses, except for land, which is not depreciated.

Cost includes all expenses directly attributable to the purchase of an asset, which include the costs incurred to bring an assets to the intended location and make it ready to operate.
The depreciation of buildings and other general-purpose assets is computed on a straight-line basis, so as to distribute each asset's residual carrying value over its estimated useful life. Special-purpose assets used to produce specific cars under contract manufacturing agreements are depreciated by the units of production method, in accordance with Paragraphs 50 and 60 of IAS 16 – Property, Plant and Equipment.
In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, a revision of the estimated useful life may be required when there are changes in the circumstances on which the original estimate was based or due to newly obtained information, and the effect of this change must be recognized prospectively in the current year and in future years. In view of the change in utilization conditions and in order to reflect the manner in which future economic benefits will be obtained, the estimated useful lives of the building and other assets included in the San Giorgio Canavese and Bairo Canavese production facilities owned by the Group's Parent Company were modified, starting in the second quarter of 2011.

The table below shows the depreciation rates applied to the different classes of assets:

| | **Useful lives** | |
|---|---|---|
| **Asset** | Bairo / San Giorgio Plant | Other Plant |
| Land | no depreciated | no depreciated |
| Buildings and leased property | 50 | 33 |
| Machinery | 20 | 10 |
| Plant | 20 | 10 |
| Leased machinery and equipment | - | 5 |
| Furniture and fixtures | 10 | 8 |
| Hardware | - | 5 |
| Other property, plant and equipment (incl. Vehicules) | - | 5 |

Land, which is accounted for separately, is not depreciated. Instead, it is tested for impairment when there are indications that the carrying amount is greater than the recoverable value.
Costs incurred after an asset has been acquired can be capitalized only if it is likely that they will produce future economic benefits and if the costs can be measured reliably. When an asset is replaced, the carrying amount of the replaced part is derecognized. The costs that do not meet the abovementioned capitalization requirements are recognized in profit or loss in the year they are incurred.
The residual values and useful lives of property, plant and equipment are reviewed at the end of each reporting period and, if necessary, revised prospectively, in accordance with Paragraph 32 and Paragraph 38 of IAS 8 – Accounting Principles, Changes in Accounting Estimates and Errors.
Gains and losses on the sale of property, plant and equipment, determined by comparing the carrying amount with the sales price, are recognized in profit or loss.
In this and subsequent and previous sections of these notes, the term "impairment" shall mean the adjustment made to the carrying amount of a non-current asset to make it consistent with the asset's recoverable value.

**Government Grants**

Government grants are recognized in the financial statements at fair value only when there is reasonable certainty that the Group has satisfied all of the requirements set forth in the terms of the grants. Government grant revenues are reflected in the income statement in proportion to the costs incurred.
In accordance with the provisions of Paragraph 17 of IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance, government grants toward the purchase of property, plant and

equipment are recognized as deferred income and credited to the income statement in proportion to the depreciation of the assets for which they were awarded.

**Intangible Assets**

Intangible assets are identifiable non-monetary assets without physical substance that are controllable and capable of producing measurable future economic benefits. They are carried at cost, determined based on the same criteria used for property, plant and equipment

**(a) Goodwill**

Goodwill represents the amount by which the acquisition cost exceeds the fair value of the net acquired assets on the acquisition date. Goodwill is not amortized, but the recoverability of its carrying amount is tested at least once a year (impairment test). The impairment test is performed by allocating goodwill to the cash generating units, which are the smallest groups of assets identified by management that are capable of generating cash inflows independently of the cash flows generated by other assets or groups of assets.
When the carrying amount of the net assets of a cash generating unit, including the allocated goodwill, is greater than their recoverable value an asset impairment has occurred. The required writedown is charged first against goodwill, up to its full carrying amount. Any excess of the writedown over the carrying amount of goodwill is then charged, prorated, against the carrying amounts of the assets included in the cash generating unit. Writedowns of goodwill cannot be reversed. Any negative goodwill is recognized as income in the income statement.

**(b) Software and Other Licenses**

The cost actually incurred to secure software licenses and other similar licenses, including the expenses required to put them into use, are capitalized and amortized over the estimated useful lives of the licenses (three to five years).
The costs incurred to maintain software are treated as operating expenses and charged to income on an accrual basis.
Costs incurred to develop software that can be identified and controlled by the Group and which has a high probability of producing greater economic benefits than the costs incurred are capitalized as an intangible asset and amortized over the useful life of the corresponding asset (not more than three years).

**(c) Research and Development Costs**

Research costs, as defined in IAS 38 – Intangible Assets, are charged to income in the year they are incurred, as required by Paragraph 54 of the abovementioned standard.
Development costs are capitalized as intangible assets only if they can be measured reliably and it is clear that the project for which they are being incurred has a high chance of success, in terms of technical feasibility, financial ability to implement it and commercial acceptance. Development costs that do not meet these characteristics are treated in the same manner as research costs.
Development costs that were charged to income in previous years may not be capitalized at a later date, even if they then meet the requirements for capitalization.
Development costs are amortized from the date the resulting product is brought to market over the length of time during which they are expected to produce economic benefits, but not more than five years. They are tested for impairment when there is evidence that their carrying amount may be greater than their recoverable value.
The Group carries out development work on behalf of its customers under contracts that involve the styling, engineering and manufacture of automobiles or just design and engineering work.
Development activities related to styling and engineering contracts the product of which is sold to customers are treated as contract costs, as required by IAS 11 – Construction Contracts, and, consequently, do not generate capitalized intangible assets.
Development activities related to styling, engineering and production contracts that convey to the Group a full or partial guarantee that it will recover the investments made on a customer's behalf are included among the aggregate amount of financial receivables recognized in the financial statements, pursuant to IFRIC 4 – Determining Whether and Arrangement Contains a Lease (see the note on page 38 for more details), or, when the requirements for the adoption of this interpretation cannot be met, are added to the value of special-purpose equipment included in property, plant and equipment.

**(d) Other Intangible Assets**

Other intangibles acquired separately are capitalized at cost. Those acquired through business combinations are capitalized at their fair value, determined as of the date of acquisition.
After initial recognition, intangibles with a finite useful life are carried at cost less amortization and any impairment losses. Intangibles with an undefined useful life are also carried at cost, but are not amortized. Instead, they are tested for impairment at least once a year.
The useful lives of other intangibles are reviewed once a year. Any resulting changes are applied prospectively, in accordance with Paragraph 32 and Paragraph 38 of IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

**Impairment of Non-financial Assets**

Intangible assets with an indefinite useful life, including goodwill, must be tested for impairment at least once a year and whenever there is evidence than an impairment may have occurred.
Property, plant and equipment that is depreciated and intangible assets that are amortized are tested for impairment only when there is an indication that their carrying amount may be greater than their recoverable value.
Recoverable value is defined as the greater of the fair value of an asset or cash generating unit, less cost to sell, or its value in use, determined by discounting to present value the asset's future cash flows in accordance with management projections, based on reasonable and demonstrable assumptions that are representative of the best estimate of future economic conditions. The discounting process is carried out using a rate that reflects current market valuations of the time value of money and of specific risks inherent in the asset that are not reflected in the cash flow estimates. In the Group's case, this rate is the weighted average cost of capital (WACC).
When the carrying amount is larger than the recoverable value, the Group recognizes in profit or loss a writedown of an amount equal to that difference. If, subsequently, the reasons that caused the impairment cease to apply, the carrying amount of the asset or cash generating unit is restored up to the carrying amount that existed before the writedown, after the depreciation or amortization for the period. Writedowns of goodwill are never reversible.
The cash generating units, which are identified consistent with the Group's organizational and business structure, are homogeneous aggregations that generate cash inflows independently, in accordance with the provisions of IAS 36 – Impairment of Assets, and based on two reporting segments identified in accordance with IFRS 8 – Operating Segments: 1) Styling and Engineering, and 2) Operations.
When performing an impairment test, the benchmark applied to determine the recoverability of the carrying amount of real estate assets held by the Group is their fair value, determined based on market valuations available in the archives of the Territorial Agency and, if required, appraisals prepared by independent experts.

**Assets Held for Sale**

Non-current assets and current and non-current assets of disposal groups, the carrying amount of which will be recovered mainly through a sale rather than through their ongoing use are classified as "assets held for sale."
In the statement of financial position, assets held for sale and the liabilities directly related to those assets are shown separately from the Company's other assets and liabilities, in accordance with Paragraphs 38 to 40 of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.
Assets held for sale are not depreciated or amortized and are valued at the lower of their carrying amount or their fair value, less costs to sell. If there is a difference between carrying amount and fair value, less costs to sell, it is recognized in profit or loss as a writedown. Any subsequent reversals of writedowns may be recognized up to the amount of previous writedowns, including writedowns recognized before classification of the asset as held for sale.

**Financial Assets**

Financial assets are recognized based on the trade date, which is the date when the Group undertakes a commitment to buy them.
Financial assets are classified into four categories, in accordance with IAS 39 – Financial Instruments: Recognition and Measurement:

- Financial assets carried at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments;
- Available-for-sale financial assets

Financial assets are derecognized when the right to receive cash flows from those assets ends or is transferred or when the Company substantively transfers to another party all of the risks and benefits inherent in the financial instrument and control over it.

Financial assets cannot be offset against financial liabilities in the financial statements. Any offsetting of these items and showing the resulting net amount as an asset or a liability is permissible only (i) when there is a legal right that allows it; and (ii) when the Group intends to extinguish the net liability or realize the asset and concurrently extinguish the liability.

**(a) Financial Assets Carried at Fair Value Through Profit or Loss**

This category, in turn includes:

- Financial assets bought mainly for resale over the short term (financial assets held for trading);
- Financial assets classified in this category upon initial recognition, when the requirements for such designation can be met;
- Financial derivatives, except for derivatives designated as hedges.

These financial assets are measured at fair value, with changes in fair value occurring during the holding period recognized as revenues or expenses in the income statement. Financial instruments included in this category are classified as short-term assets if they are held for trading or if the Company expects to sell them within 12 months from the date of the financial statements. The classification as a current or non-current asset thus depends on the strategic choice made about the length of the asset's holding period and the actual ability to trade the asset.

**(b) Loans and Receivables**

This category includes non-derivative financial instruments not traded in an active market that are expected to produce fixed or determinable payments. The main items in this category are trade receivables, including receivables recognized in accordance with IFRIC 4 – Determining Whether an Arrangement Contains a Lease.
Loans and receivables are listed as current assets, except for the portion due after one year, which is classified under non-current assets.
Loans and receivables are valued at amortized cost based on the effective interest rate method. If there is objective evidence of impairment, the asset's carrying amount is aligned to the present value of the estimated cash flows expected from the asset, appropriately discounted using the original effective interest rate.
Evidence that a financial asset has been impaired arise when (i) the debtor is in serious financial difficulties, (ii) there is a probability that the debtor may be declared bankrupt or become a party to composition with creditors proceedings, (iii) there are unfavorable changes in the payment flows, including delays.
Impairment losses are recognized in profit or loss. If, in a subsequent period, the reasons that made it necessary to write down an asset no longer apply, the value of the asset is reinstated up to the amount that would have resulted by applying the amortized cost method, had there been no writedown.

**(c) Held-to-maturity Investments**

These are non-derivative financial assets that entail fixed or determinable payments and have a fixed maturity and which the Group plans and has the financial ability to hold to maturity.
Upon initial recognition, they are valued at their acquisition cost, including any incidental transaction expenses.
Subsequently, held-to-maturity investments are valued at amortized cost, determined by applying the effective interest rate method, adjusted in the event of impairment. If there is evidence of impairment, the Group applies the same criteria as those described above for the loans and receivables category.

**(d) Available-for-sale Financial Assets**

Available-for-sale financial investments are those non-derivative financial assets that are explicitly designated as available for sale and those financial assets that do not fall into any of the previous categories. Available-for-sale financial assets are measured at fair value, with any resulting gains or losses posted to a shareholders' equity reserve and recognized in profit or loss only when the corresponding financial asset is actually sold or, in the case of negative cumulative differences, when it becomes apparent that the impairment loss already recognized in equity can no longer be recovered.
If the fair value cannot be determined reliably, the financial instruments in question are valued at cost, adjusted for impairment losses. Writedowns for impairment losses of equity financial instruments cannot be reversed.
If impairment losses are deemed to be no longer recoverable, e.g., in the event of a protracted decline in the market value of a financial asset, the shareholders' equity reserve is reversed in profit or loss.

**Derivatives**

The Group is not a party to any hedging or speculative financial derivative contracts.

**Contract work in progress**

The Group accounts for styling and engineering contracts in accordance with IAS 11 – Construction Contracts.
Costs incurred in connection with construction contracts are recognized when incurred. Revenues are accounted for as follows:

- When the outcome of a construction contract cannot be estimated reliably, revenues are recognized only to the extent of contract costs incurred and presumed recoverable.
- When the outcome of a construction contract can be estimated reliably and it is likely that the contract will be profitable, revenues are recognized on an accrual basis over the life of the contract.
- Conversely, if it is likely that the contract will produce a loss (that is, total contract costs exceed contract revenues), the entire loss is recognized in the year in which the Company's management becomes aware of the loss.

The Group allocates contract costs and revenues to each fiscal year by the percentage of completion method, as required by Paragraph 25 of IAS 11 – Construction Contracts. The percentage of completion is the ratio of total costs incurred through the reporting date and the overall estimated costs needed to complete the contract.
Progress billings on account are included in Contract work in progress up to the amount of the costs incurred. If the amount of the advances is larger than that of the costs incurred, the difference is recognized as a liability under Advances received for contract work in progress.

**Financial Expense**

Consistent with IAS 23 – Borrowing Costs, financial expense directly attributable to the purchase, construction or production of an assets for which a substantial period of time will be required before it can be ready for use or for sale must be capitalized as part of the value of the asset. If these requirements cannot be met, financial expense is recognized in profit or loss on an accrual basis.

**Inventory**

Inventory is carried at cost or estimated net realizable value, whichever is smaller. Net realizable value is the selling price in the ordinary course of business, less the variable costs to sell.
As required by IAS 2 – Inventories, cost is determined by the FIFO ("first-in, first-out") method. The cost of finished goods and semifinished goods includes design, raw materials and direct labor costs, as well as other direct costs and other indirect costs that can be allocated to the manufacturing operations based on a normal level of production capacity. This costing formula does not include borrowing costs.
Provisions for writedowns of materials, finished goods, spare parts and other supplies that are deemed to be obsolete or with a slow turnover are computed based on the expected future use of these inventory items and their realizable value. Realizable value is an item's estimated sales price in the normal course of business, net of all estimated costs to complete the item and selling and distribution costs that the Company expects to incur.

### Trade Receivables and Other Receivables

Trade receivables are initially recognized at fair value. Subsequently, they are valued at amortized cost computed by the effective interest rate method, net of writedowns for uncollectible accounts. Receivables are written down when there is objective evidence that the Group will be unable to collect the full amounts that customers have agreed to pay on the due dates. The amount of the writedown, which should correspond to the difference between the carrying amount of the receivables and the present value of future collections, discounted at the effective interest rate, is recognized in profit or loss.

### Cash and Cash Equivalents

Net cash and cash equivalents include cash on hand, readily available bank deposits, other investments that can be monetized within three months and bank account overdraft facilities. Overdraft utilizations are recognized as current liabilities for bank account overdrafts.
In accordance with Paragraph 8 of IAS 7 – Statement of Cash Flows, the cash flow for the period is equal to the net change in cash and cash equivalents, as defined above.

### Share Capital

The Company's common share capital is listed in the shareholders' equity section of the statement of financial position. There are no other classes of shares.
Incidental expenses incurred to issue share capital or options are recognized under shareholders' equity.
If a Group company buys shares of Pininfarina S.p.A. or Pininfarina S.p.A. purchases treasury shares (within the constraints of Article 2357 of the Italian Civil Code), the price paid, net of any directly attributable incidental charges, is deducted from shareholders' equity until the treasury shares are canceled, reissued, awarded to employees or resold.
The share capital of Pininfarina S.p.A., the Group's Parent Company, consists of 30,166,652 common shares, par value 1 euros each.
It is worth mentioning that, as a result of the signing of the Framework Agreement on December 31, 2008, the 22,945,566 Pininfarina S.p.A. shares held by the controlling company Pincar S.r.l., which correspond to 76.06% of the Company's share capital, are encumbered by a senior pledge, without voting rights, for the benefit of the Lender Institutions of Pininfarina S.p.A.

### Liabilities for Borrowings and Leases

Initially, liabilities for borrowings and leases are recognized at fair value, which is equal to the cash received less incidental charges. Subsequently, in accordance with IAS 39 – Financial Instruments: Recognition and Measurement, they are valued by the amortized cost method. Any difference between the collection amount, net of any incidental charges, and the redemption amount (principal and interest) is recognized in profit or loss on an accrual basis, computed by the effective interest rate method.
The portion of borrowings and leases that is due within one year is listed among current liabilities. The portion due after one year is recognized as a non-current liability only if the Group has an unconditional contractual right to defer repayment.
In accordance with Paragraph 74 of IAS 1 – Presentation of Financial Statements, if the Group is in breach of the provisions of loan agreements and leases on or before the end of the reporting period, with the effect that the remaining debt becomes payable in full on demand (loss of the benefit of deferred payment), the entire amount must be classified into current liabilities, even if the Group regained the benefit of deferred payment by reaching an agreement with the lender before the publication date of the financial statements. This is because, at the end of the reporting period, it did not have an unconditional right to defer the payment of the liability for more than 12 months after that date.

### Employee Benefits

#### (a) Pension Plans

The employees of the Pininfarina Group have access to defined-contribution and defined-benefit plans. A portion of the Provision for termination indemnities required pursuant to Article 2120 of the Italian Civil Code qualifies as a defined-benefit plan and, consequently, no dedicated plan assets are required.

Defined-contribution plans are formalized post-employment benefit plans under which the Group pays a contribution to an insurance company or a pension fund and has no further legal or constructive obligations to pay additional sums, should the plan's assets prove to be insufficient to pay vested benefits owed to employees for current or past service. The contributions that the Company pays in exchange for the service of its employees are accounted for as a cost on an accrual basis. The payments made to Fondo Cometa and Previp are included in this category.
Defined-benefit plans are plans that give rise to a future obligation for the Group consisting of the amount of the pension benefits owed to employees at the end of the employment relationship, which amount depends of such factors as age, years of service and salary earned. Under these plans, the Group assumes the actuarial risk and investment risk inherent in the plan.
To determine the present value of the plan's liabilities and service costs, the Group uses the Projected Unit Credit Method, which is based on an actuarial computation determined taking into account demographic variables (mortality rate, employee turnover rate) and financial variables (discount rate, future increases in wages and benefits).
For the purposes of IAS 19 – Employee Benefits, the Provision for termination indemnities attributable to the Group's Italian employees consists of:

- a defined-benefit pension plan for the benefits that vested prior to the effective date of Law No. 296 of December 27, 2006 and related implementation decrees;
- a defined-contribution pension plan for the benefits that vested subsequently.

The actuarial valuation used to determine the corresponding provision is carried out in connection with the preparation of the semiannual and annual reports.
The portion of the cumulative amount of the actuarial gains and losses generated by changes in estimates is recognized in the income statement.

If the liability decreases or is extinguished, the Group recognizes the resulting gains or losses when they occur.

**(b) Incentives, Bonuses and Profit Sharing Plans**

The Group recognizes the costs and the corresponding liabilities that arise from incentives, bonuses and profit sharing plans. The liability is recognized when there is a legal or constructive obligation, it is probable that resources will have to be employed to settle the obligation and the amount of the obligation can be reliably estimated.

**(c) Employee Benefits for Termination of Employment**

The Group recognizes a liability and the corresponding labor cost when it is demonstrably committed to end the employment relationship with an employee, or a group of employees, before the normal retirement age or when it has undertaken to pay benefits upon the interruption of the employment relationship in connection with incentives for voluntary separation offered to address redundancies.
The Group is deemed to be demonstrably committed to terminate the employment relationship if, and only if, it has developed a formal, detailed plan to terminate the employment relationship and there is no realistic possibility to cancel that plan.

**(d) Employee Benefits Paid in Shares of Stock**

The Group does not have employee benefits paid in shares of stock, such as stock option plans, to which IFRS 2 – Share-based Payment would be applicable.

**Provisions for Risks and Charges and Contingent Liabilities**

Provisions for risks and charges reflect charges and expenses of a determined nature, the existence of which is certain or probable, the timing or amount of which is uncertain at the end of the reporting period. Provisions are recognized when all of the following conditions are met: (i) it is probable that the Company has a legal or constructive obligation as a result of a past event; (ii) it is probable that settling the obligation will be onerous; and (iii) a reliable estimate can be made of the amount of the obligation.
Provisions are recognized at a figure representative of the best estimate of the amount that the Company would rationally pay to extinguish an obligation or transfer it to a third party at the end of the reporting period.

When the effect of the time value of money is material and the payment dates of the obligations can be estimated reliably, the provision must be discounted.
The costs that the Group expects to incur to implement restructuring programs are recognized in the year when a formal program is defined and only when the Group has raised a valid expectation in those affected that it will carry out the restructuring.
The liabilities recognized in the provisions for risks and charges are periodically updated to reflect changes in cost estimates, implementation schedules and the discount rate applied. Revisions to provision estimates are reflected in the same line item of the income statement used when the provision was established.
The notes to the financial statements must include disclosures about contingent liabilities arising from: (i) possible, but not probable, obligations that arise from past events, whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Company; or (ii) present obligations that arise from past events the amount of which cannot be estimated reliably or the settlement of which will probably not be onerous.

**Leases**

**(a) Finance Leases**

Leases in which substantially all of the risks and rewards incidental to the ownership of the corresponding asset are transferred from the leasing company (lessor) to the Group (lessee) qualify as finance leases in accordance with IAS 17 – Leases. They are accounted for as follows:

**(a1) Leases When the Group Is the Lessee**

The Group enters into leases as the lessee to finance investments in property, plant and equipment, as defined earlier in these Notes.
Asset acquired under finance leases are recognized as components of Property, plant and equipment and depreciated over their useful lives or the length of the lease, whichever is shorter. Leased assets are capitalized at the start of the lease at the fair value of the leased asset or at the present value of the lease payments, whichever is lower. The indebtedness owed to the lessor company is recognized in the manner described earlier in these Notes in the section concerning borrowings and leases.

**(a2) Leases When the Group Is the Lessor**

The Group becomes the lessor when it applies the interpretation of IAS 17 – Leases entitled IFRIC 4 – Determining Whether an Arrangement Contains a Lease to investments in plant and machinery acquired for special purposes under some contracts for the design, engineering and production of automobiles.
IFRIC 4 applies to those arrangements that, while not having the legal formalities of a lease, convey to the Group's counterparty the right to use certain assets in exchange for a series of payments. The existence of such right gives rise to an implied lease in which the Group is the lessor.
The following requirements must be met to apply this interpretation:

- Fulfillment of the arrangement is dependent on the use of a specific asset;
- The arrangement conveys to the buyer the right to control the use of the underlying asset;
- The determination that the arrangement contains a lease is made at the inception of the arrangement;
- It is possible to separate lease-related payments from other payments required under the arrangement.

In other words, IFRIC 4 can be used to identify a lease and separate it from an underlying arrangement between the parties and measure the lease in accordance with IAS 17 – Leases.
When a finance lease does exist, the Group recognizes a receivable of an amount equal to the present value of the lease payments. The difference between the future cash inflows and their present value represents the interest income component, which is reflected in the income statement over the term of the lease at a constant periodic interest rate.

**(b) Operating Leases**

If a lease does not meet the requirements to qualify as a finance lease, it is classified as an operating lease: payments, net of any incentives received from the lessor, are recognized in the income statement on an accrual basis over the term of the lease.

## Income Taxes

### (a) Current Taxes

Current taxes are recognized by each Group company based on an estimate of its taxable income, in accordance with the tax rates and laws in effect, or substantially enacted, at the end of the reporting period in each country, taking into account the agreements for the filing of national consolidated tax returns, applicable exemptions and any available tax credits.

### (b) Deferred Taxes

As required by IAS 12 – Income Taxes, deferred taxes are computed on all temporary differences between the tax base and the carrying amount of assets and liabilities in the consolidated financial statements, except for the following two items: (i) goodwill generated by a business combination; and (ii) initial recognition of an asset or a liability upon the execution of a transaction that is not a business combination and has no impact on reported results for the period or on taxable income.
Deferred-tax liabilities are estimated using the tax rates in force in the business environments in which the companies of the Group operate and in accordance with the tax laws that have been enacted, or which can be deemed to have been virtually enacted, as of the date of the financial statements and which are expected to apply when the temporary differences that required the recognition of a deferred-tax liability are reversed.
Deferred-tax assets and deferred-tax liabilities are classified, respectively, among non-current assets and liabilities and are offset at the individual company level when they refer to taxes for which offsetting is allowed pursuant law. Depending on the outcome of the offsetting process, the resulting balance is carried as a deferred-tax asset or deferred-tax liability. When the results of transactions are recognized directly in equity, the corresponding current taxes and deferred-tax assets or liabilities are also recognized in equity.
Deferred-tax assets are recognized only if it is probable that the Company will earn sufficient taxable income to utilize the deductible differences that originated them. Deferred-tax assets are reviewed at the end of each reporting period and are adjusted to reflect changes in the expectation that the Company will earn sufficient taxable income in the future to utilize all or part of the deferred-tax assets.
Deferred taxes on the retained earnings of Group companies are recognized only if there is truly an intention to distribute those earnings and, in any case, if their taxation is not avoided by the filing of a consolidated income tax return.

## Revenue Recognition

As required by IAS 18 – Revenues, revenues reflect the fair value of the goods and services sold, net of VAT, returns, discounts and intra-Group transactions. Revenues are recognized as follows:

### (a) Sale of Goods

Revenues are recognized when all of the following conditions are met:

- All significant risks and benefits inherent in the ownership of the asset are transferred to the buyer;
- Effective control ceases as does any other involvement with the goods sold;
- The revenue amount can be reliably estimated;
- An inflow of economic benefits is probable;
- Costs to sell, incurred or projected, can be reliably estimated.

### (b) Provision of Services

Service revenues are recognized based on the progress made in delivering the services in question during the year in which they are being provided. Revenues are recognized when all of the following conditions are met:

- The revenue amount can be reliably estimated;
- An inflow of economic benefits is probable;
- The transaction’s level of completion on the date of the financial statements can be reliably measured;
- The costs incurred or projected to deliver the services can be reliably estimated.

Revenues for styling and engineering services provided to customers are recognized in accordance with the percentage of completion method.

**(c) Interest, Royalties and Dividends**

Interest, royalty and dividend income is recognized only when it is probable that economic benefits will flow to the Group and the amount of these benefits can be reliably estimated.
Interest income is recognized on an accrual basis at amortized cost computed by the effective interest rate method. The effective interest rate is the rate that discounts the cash flows expected from a financial instrument over the instrument's life to the cash initially received or paid.
Royalty income is recognized on an accrual basis, taking into account the substance of the underlying contracts.
Dividends are recognized as revenues in the year in which the shareholders acquire the right to receive payment.

**Dividend Distributions**

The Group recognizes a liability for dividends that become payable when a dividend distribution is approved by the Shareholders' Meeting.

**Profit or Loss per Share**

Basic profit or loss per share is computed by dividing the net profit or loss for the period attributable to the holders of common shares of Pininfarina S.p.A., the Group's Parent Company, by the weighted average number of common shares outstanding during the period.
Diluted profit or loss per share is computed by adjusting the weighted average number of common shares outstanding to reflect the dilutive impact of all potential common shares.

**Statement of Cash Flows**

The statement of cash flows is prepared in accordance with the indirect method, as allowed by IAS 7 – Statement of Cash Flows.
Repayments of financial receivables recognized in accordance with IFRIC 4 – Determining Whether an Arrangement Contains a Lease are recognized as part of the cash flow from investing activities, in the line item "Non-current loans receivable from borrowers outside the Group," in accordance with the definition of investment activities provided in IAS 7, consistent with the balance sheet and net borrowing structure presented by the Group and pursuant to Paragraph 16-f of IAS 7.

## TYPES OF FINANCIAL INSTRUMENTS AND FAIR VALUE HIERARCHICAL RANKING

The financial instruments held by the Group include the following:

- Cash and cash equivalents.
- Financial assets held for trading.
- Medium- and long-term loans payable and liabilities under leases.
- Trade receivables and payables and receivables owed by related parties and joint ventures.

Financial assets held for trading consist mainly of government securities, bonds and other financial assets, mostly traded in regulated markets, with a low risk profile, held because they are readily salable and provide principal protection.

The Group did not execute any financial derivative contracts, either for speculative purposes or to hedge cash flows or changes in fair value.

As required by IFRS 7, the schedule below lists the types of financial instruments included in the consolidated financial statements and shows the valuation criteria adopted:

| | Financial instruments measured at fair value with fv difference recognized in: | | Fair value hierarchical | Financial instruments valued at amortized cost | Investments in unlisted companies valued at cost | Carrying amount at 9/30/12 | Carrying amount at 12/31/11 |
|---|---|---|---|---|---|---|---|
| | Income statement | Shareholder's equity | | | | | |
| **Assets** | | | | | | | |
| Investments in other companies | - | - | | - | 252,017 | 252,017 | 252,017 |
| Loans and other receivables | - | - | | - | - | - | 20,501,612 |
| Current assets held for trading | 50,701,852 | - | Level 1 | - | - | 50,701,852 | 46,041,811 |
| Trade receivables and other receivables | - | - | | 32,214,311 | - | 32,214,311 | 21,692,258 |
| Cash and cash equivalents | - | - | | 16,363,899 | - | 16,363,899 | 90,728,823 |
| **Liabilities** | | | | | | | |
| Liabilities under finance leases | - | - | | 63,923,766 | - | 63,923,766 | 130,728,552 |
| Bonds outstanding and other borrowings | - | - | | 60,006,269 | - | 60,006,269 | 104,412,179 |
| Other payables and Other liabilities | - | - | | 17,914,107 | - | 17,914,107 | 16,859,924 |

Pursuant to IFRS 7 – Financial Instruments: Disclosures, the classification of financial instruments measured at fair value must be based on the quality of the input sources used for valuation purposes. The IFRS 7 classification is based on the following fair value hierarchical ranking:

- Level 1: Fair value is determined based on prices quoted in an active market for identical assets or liabilities. This category includes financial assets held for trading category, which are government securities and high-rating bonds.
- Level 2: Fair value is determined based on inputs that, while different from the quoted prices used in Level 1, can be observed either directly or indirectly. No financial instruments of this type are currently shown in the financial statements.
- Level 3: Fair value is determined based on valuation models the input of which is not based on observable market data. No financial instruments of this type are currently shown in the financial statements.

## FINANCIAL RISK MANAGEMENT

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

- Market risk: The risk that the fair value or the future cash flows of a financial instrument could fluctuate as a result of changes in market prices. The market risk includes the following other types of risk: currency risk, interest rate risk and price risk.
- Currency risk: The risk that the fair value or the future cash flows of a financial instrument could fluctuate as a result of changes in foreign exchange rates.
- Interest rate risk: The risk that the fair value or the future cash flows of a financial instrument could fluctuate as a result of changes in market interest rates.
- Price risk: The risk that the fair value or the future cash flows of a financial instrument could fluctuate as a result of changes in market prices (other than changes 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.
- Credit risk: The risk that one of the parties causes the other party to incur a financial loss by failing to fulfill an obligation.
- Liquidity risk: The risk that an entity may be unable to fulfill obligations associated with financial liabilities.

### (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).

**(b) Interest Rate Risk**

The Rescheduling Agreement executed by Pininfarina S.p.A. with the Lender Institutions (BRE, Intesa Sanpaolo, BNL, Italease, Unicredit, BPC, MPS, UBI Leasing, Leasint S.p.A., MPS Leasing, Selmabipiemme, Unicredit Leasing, BNP Lease and Release), effective from May 1, 2012 to December 31, 2018, defined a fixed contractual interest rate of 0.25% per annum, based on a year of 360 days, applicable to the rescheduled facilities, leases and operating lines over the entire duration of the Agreement.
As a result, the Group is only marginally exposed to the interest rate risk in connection with a loan from Banca Nazionale del Lavoro (formerly Fortis Bank), which is not included in the abovementioned Rescheduling Agreement and accrues interest at the six-month Euribor, plus a spread of 0.9%, on the remaining balance of 19.6 million euros at September 30, 2012, and a loan provided by Volksbank Region Leonberg to Pininfarina Deutschland GmbH, which accrues interest at the three-month Euribor plus a spread of 0.55%.
Interest on the short-term operating lines is computed at a fixed rate ranging between 6.27% and 7.0%, with regular accrual and payment due at the end of each utilization period.

The table below shows a fixed-rate and variable rate breakdown of the Group's indebtedness at September 30, 2012:

| | **9/30/12** | **%** | **12/31/11** | **%** |
|---|---|---|---|---|
| - Fixed interest rate | 103,614,081 | 84% | 59,323,376 | 25% |
| - Variable interest rate | 20,315,954 | 16% | 175,817,355 | 75% |
| **Gross Financial Debt** | **123,930,035** | **100%** | **235,140,731** | **100%** |

As a lender, the Group is not exposed to the risk of fluctuations in interest rates because the loan it provided to Pininfarina Automotive Engineering (Shanghai) Co. Ltd., which matures on December 31, 2014, accrues interest at a fixed annual rate of 5.8%, determined as the average of the rates charged in the Chinese market for loans of similar duration.

**(c) Price Risk**

Because the Group exited the manufacturing sector and primarily operates within the Eurozone, its exposure to the risk of fluctuations in commodity prices is currently not material.

Current assets held for trading, which totaled 51 million euros at September 30, 2012, are measured at fair value. Because they consist mainly of government securities, bonds and other financial assets held because they are readily salable and provide principal protection, most of which are traded in regulated market, the price risk presented by these assets is deemed to be limited.

A breakdown of these assets by type is provided below:

| | **9/30/12** | ***%*** | **12/31/11** | ***%*** |
|---|---|---|---|---|
| Italian Treasury securities | 20,885,235 | *41.19* | 18,939,010 | *41.13* |
| Foreign Treasury and government-guaranteed securities | 5,628,841 | *11.10* | 14,157,380 | *30.75* |
| Supranational securities | 9,455,305 | *18.65* | 2,370,986 | *5.15* |
| Bank and insurance debt securities | 6,401,583 | *12.63* | 5,845,548 | *12.7* |
| Other debt securities | 5,326,191 | *10.50* | 1,781,399 | *3.87* |
| Bond Funds | 3,004,697 | *5.93* | 2,947,488 | *6.40* |
| **Current assets held for trading** | **50,701,852** | ***100.00*** | **46,041,811** | ***100.00*** |

### (d) Credit Risk

Styling and engineering contracts, which are the Group's primary revenue source after it exited he manufacturing sector in 2010, are executed with highly rated customers located both inside and outside the European Union. For customers outside the E.U., in order to minimize the credit risk, the Group seek to align both progress billings and their collection with the project completion progress. There are no significant concentrations of receivables with individual customers.

The Group did not execute transactions involving the derecognition of financial assets, such as assignments of trade receivables without recourse to factoring companies.

Financial transactions are executed exclusively with financial institutions the reliability of which is beyond question.

### (e) Liquidity Risk

The Rescheduling Agreement, in effect from May 1, 2012 to December 31, 2018, which was executed to align the debt repayment flows with the new radically different structure adopted by the Group following its exit from the manufacturing sector, had the following effects:

- It rescheduled long-term facilities and finance leases totaling 182.5 million euros, as well as operating lines amounting to 18 million euros to 2018.

- It resulted in the adoption of a fixed interest rate of 0.25% per annum, based on a year of 360 days, for long-term facilities, finance leases and rescheduled operating lines.

- It established mandatory and voluntary early repayments upon the occurrence of specific events, including the sale of certain assets and the generation of cash flow in excess of the level projected in the 2011-2018 Industrial Plan.

The cash flows of the abovementioned Agreement were determined based on the information provided in the 2011-2018 Industrial Plan, prepared by the Board of Directors with the support of Roland Berger and approved on April 20, 2012. Consequently, the liquidity risk is directly correlated with the achievement of the objectives of the abovementioned Industrial Plan.

The table below provides a breakdown by maturity of the Group's indebtedness. The maturity intervals were determined based on the length of time between the reference date of the financial statements and the contractual maturity:

| | Carrying amount 9/30/12 | Contractual cash flows | Amount at 12/31/12 | Amount due from 1 to 5 years | Amount due after 5 years |
|---|---|---|---|---|---|
| Short-term credit lines and bank account overdrafts | 201,784 | 201,784 | 201,784 | - | - |
| Short-term facilities | 40,190,315 | 52,080,068 | - | 27,608,521 | 24,471,547 |
| Liabilities under financial leases | 63,923,766 | 83,072,966 | - | 43,660,015 | 39,412,951 |
| BNL SpA (former Fortis Bank) | 19,614,170 | 19,614,170 | 5,036,909 | 14,577,261 | - |
| **Total leasing liabilities and other indebtedness** | **123,930,035** | **154,968,988** | **5,238,693** | **85,845,797** | **63,884,498** |

The repayment, on June 29, 2012, of 65.9 million euros to the Lender Institutions was funded in full by drawing from available liquid assets, without having to use the portfolio of assets held for sale.

The following factors should also be taken into account:

- Subsequent to the abovementioned repayment, the Group holds unrestricted net liquid assets and assets held for trading totaling 66.9 million euros.

- Due to the exercise of the option to terminate the joint venture agreement with Volvo Car Corporation, in February 2011, regarding the Pininfarina Sverige A.B. investee company, Pininfarina S.p.A. will collect 30 million euros as the consideration for selling the interest it currently holds in the abovementioned company.

For the reasons explained above, there appears to be no exposure to the liquidity risk, at least for the next 12 months.

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

This risk refers to the possibility that, in addition to the provisions of the Rescheduling Agreement, effective as of May 1, 2012, 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 Rescheduling Agreement, effective as of May 1, 2012, introduced the following financial parameters:

| | 12/31/12 | 12/31/13 | 12/31/14 | 12/31/15 | 12/31/16 | 12/31/17 | 12/31/18 |
|---|---|---|---|---|---|---|---|
| Net financial Debt < of | 74,100,000 | 55,050,000 | 57,400,000 | 51,500,000 | 41,950,000 | 24,250,000 | 30,900,000 |
| EBITDA > of | n.a. | 1,250,000 | 4,750,000 | 7,200,000 | 9,550,000 | 5,300,000 | 6,650,000 |

These parameters will be verified on each Verification Date, starting on December 31, 2012, based on the most recent consolidated annual financial statements.

Definitions of Net Financial Debt, Liquidity, EBITDA and Financial Expense are provided below:

**"Financial Debt"** shall mean, based on the consolidated financial statements of the Pininfarina Group, any indebtedness arising from:

(i) Financing facilities and loans of any type provided with any technical modality;
(ii) Bonds and credit instruments issued in any form and similar instruments;
(iii) Finance leases;
(iv) Assignments of receivables (with and/or without recourse), including those executed within the framework of factoring or securitization transactions, and discounting transactions;
(v) Deferral of more than 180 days for the payment of the purchase price of any asset;
(vi) Derivative transactions;
(vii) Any guarantee or commitment of any kind (recognized or recognizable among the memorandum accounts) that will or may result in a cash outlay;
(viii) Any counter-guaranty or surety provided, or recourse or reimbursement obligation undertaken in connection with guarantees, bonds, letters of credit or similar instruments issued by a bank, financial intermediary, insurance company or other party; or
(ix) Any guarantee, surety or similar commitment related to any of the items listed in paragraph (i) to (viii) above.

**"Net Financial Debt,"** insofar as it applies to the consolidated financial statements of the Pininfarina Group, shall mean:
(i) Net Financial Debt,
(ii) Less Liquid Assets.

**"Liquid Assets"** shall mean the amounts shown in the consolidated statement of financial position for the line items "Cash and cash equivalents," "Current assets held for trading," "Available-for-sale current assets" and "Held-to-maturity current investments," including, however, only unrestricted cash items/assets that are cash items, government securities and other publicly traded debt securities with a rating of not less than "A" or other instruments for the temporary investment of short-term liquidity (such as, for example, money market funds). net of indebtedness for bank overdraft facilities (including operating lines).

**"EBITDA,"** insofar as it applies to the consolidated financial statements of the Pininfarina Group, shall mean:

(i) The "EBITDA" line item in the consolidated income statement;

plus:

(ii) To the extent that they were deducted in the computation of the "EBITDA" line item, the absolute amounts of: (i) the amortization of intangible assets, (ii) the depreciation of property, plant and equipment, (iii) writedowns of non-current assets, (iv) writedowns of receivables included in current assets and liquid assets, (v) additions to provisions for risks, (vi) additions to other provisions, (vii) extraordinary charges including, by way of non-exhaustive example, losses on disposals of property, plant and equipment and intangibles, (viii) financial expense, and (ix) income tax expense;

minus:

(iii) To the extent that they were included in the computation of the "EBITDA" line item, the absolute amounts of: (i) extraordinary gains including, by way of non-exhaustive example, gains on disposals of property, plant and equipment and intangibles, it being understood that any grants related to the Company's core production and commercial operations shall not qualify as extraordinary items, and (ii) financial income.

**"Financial Expense,"** insofar as it applies to the consolidated financial statements of the Pininfarina Group, shall mean the "Financial expense" line item in the consolidated income statement.

## 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 September 30, 2012 and provides a comparison with the same period last year. The amounts are in thousands of euros.

| | 9/30/12 | | | 9/30/11 | | |
|---|---|---|---|---|---|---|
| | Operations | Styling & Engineering | Total | Operations | Styling & Engineering | Total |
| | A | B | A + B | A | B | A + B |
| Segment value of production | 10,398 | 41,412 | 51,810 | 13,643 | 39,422 | 53,065 |
| (Value of production from transactions with other operating segments) | (428) | (873) | (1,301) | (5,717) | (2,285) | (8,002) |
| **Total value of production** | **9,970** | **40,539** | **50,509** | **7,926** | **37,137** | **45,063** |
| **Operating profit** | **(8,723)** | **(830)** | **(9,553)** | **3,343** | **(3,621)** | **(278)** |
| Financial income / (expenses) | | | (2,518) | - | - | (1,032) |
| Gain on the cancellation of financial liabilities | - | - | 44,835 | - | - | - |
| Dividend | - | - | - | - | - | - |
| Valuation of equity investment by the equity method | - | - | - | - | - | - |
| **Profit / (loss) before taxes** | - | - | **32,764** | - | - | **(1,310)** |
| Income taxes | - | - | (232) | - | - | (585) |
| **Profit / (loss) of the period** | - | - | **32,532** | - | - | **(1,895)** |
| *Other information requested by IFRS 8:* | | | | | | |
| - Depreciation and amortisation | (1,595) | (892) | (2,487) | (1,396) | (2,289) | (3,685) |
| - Impairment | - | - | - | - | (554) | (554) |
| - Non-cash items other than depreciation and amortisation | - | 184 | 184 | 77 | (1,386) | (1,309) |
| - Gains on disposals | - | - | - | 8,931 | - | 8,931 |

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:

| | 9/30/12 | 9/30/11 |
|---|---|---|
| Italy | 6,000 | 6,033 |
| UE | 24,979 | 21,899 |
| Non UE countries | 13,142 | 11,561 |
| **Total** | **44,120** | **39,494** |

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Property, Plant and Equipment

The net carrying amount of property, plant and equipment totaled 65.1 million euros at September 30, 2012, down from 66.5 million euros at the end of the previous year, due mainly to the impact of the depreciation for the year. Only limited additions were made during the first nine months of 2012.
With regard to the Bairo Canavese and San Giorgio Canavese industrial facilities, we wish to point out that the former has been leased to a company of the Cecomp Group for a period 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 the sales of spare parts for car manufactured in the past.

Tables, denominated in euros, showing the changes that occurred in the first half of 2011 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 | - | (958,485) | (268,911) | (1,227,396) |
| Impairment | - | - | - | - |
| Reclassification | - | (345) | - | (345) |
| Other | - | 345 | - | 345 |
| **Net value at September 30, 2012** | **16,984,045** | **32,134,051** | **8,986,684** | **58,104,780** |
| Composed by: | | | | |
| Cost at September 30, 2012 | 16,984,045 | 54,629,600 | 13,066,662 | 84,680,307 |
| Accumulated depreciation and impairment | - | (22,495,549) | (4,079,978) | (26,575,527) |

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 19.6 million euros at September 30, 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 with an outstanding balance of 500,000 euro.

| | 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 | - | 275,506 | - | 275,506 |
| Retiremens | - | - | - | - |
| Depreciation | (40,580) | (477,928) | - | (518,508) |
| Impairment | - | - | - | - |
| Reclassification | - | - | - | - |
| Other | - | - | - | - |
| **Net value at September 30, 2012** | **271,777** | **5,166,767** | **-** | **5,438,544** |
| Composed by: | | | | |
| Cost at September 30, 2012 | 61,339,153 | 162,783,545 | 122,353,360 | 346,476,058 |
| Accumulated depreciation and impairment | (61,067,376) | (157,616,778) | (122,353,360) | (341,037,514) |

At September 30, 2012, the “Plant and machinery” category included generic production plant and machinery located mainly at the Bairo and San Giorgio Canavese production facilities. The carrying amount of the Acoustic and Aerodynamic Research Center (wind tunnel) located in Grugliasco (TO) was written off in full at December 31, 2011.
Additions for the period refers mainly to the refurbishing of general purpose equipment.

| | 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 | 57,892 | 374,116 | - | 432,008 |
| Retiremens | - | (3,549) | - | (3,549) |
| Depreciation | (73,086) | (201,782) | (20,794) | (295,662) |
| Impairment | - | - | - | - |
| Reclassification | - | - | - | - |
| Other | 847 | 3,022 | (3) | 3,866 |
| **Net value at September 30, 2012** | **241,904** | **910,766** | **436,402** | **1,589,072** |
| Composed by: | | | | |
| Cost at September 30, 2012 | 4,412,300 | 8,684,779 | 1,779,853 | 14,876,932 |
| Accumulated depreciation and impairment | (4,170,396) | (7,774,013) | (1,343,451) | (13,287,860) |

Additions for the period to assets in the “Furniture and fixtures” category reflect primarily investments by the Pininfarina Deutschland Group, while those in the “Hardware and software” category refer to the Group’s Parent Company and the Pininfarina Extra, Pininfarina Automotive Engineering Shanghai and Pininfarina Maroc SAS subsidiaries.

## 2. Intangible Assets

At September 30, 2012, the net carrying amount of intangible assets totaled 2.7 million euros, substantially the same as the amount at the end of the previous year.

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 | - | 376,068 | 36,780 | 412,848 |
| Retiremens | - | - | - | - |
| Depreciation | - | (389,889) | (55,279) | (445,168) |
| Impairment | - | - | - | - |
| Reclassification | - | - | - | - |
| Other | - | 3,938 | - | 3,938 |
| **Net value at September 30, 2012** | **1,043,495** | **1,496,500** | **192,942** | **2,732,937** |
| Composed by: | | | | |
| Cost at September 30, 2012 | 1,043,495 | 12,568,127 | 2,217,102 | 15,828,724 |
| Accumulated depreciation and impairment | - | (11,071,627) | (2,024,160) | (13,095,787) |

Additions for the period refer mainly to software development activities 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 are not related to the automotive industry. Consequently, it constitutes a separate cash generating unit.
Because no indicators of impairment were detected at the close of the reporting period, goodwill was not tested for impairment.

## 3. Investments in Joint Ventures and Associated Companies

### Pininfarina Sverige AB

On July 5, 2012, Pininfarina S.p.A. entered into an agreement with Volvo Car Corporation to sell its interest in the Pininfarina Sverige AB joint venture. Upon closing of the transaction, which requires completion of a formal process, the Company will collect a consideration of 30 million euros, in line with the projections of the 2011-2018 Financial Plan, as disclosed in the annual financial statements at December 31, 2011.

## 4. Investments in Other Companies

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

| | 9/30/12 |
|---|---|
| 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 amount 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 | 9/30/12 |
|---|---|---|---|---|
| Outsiders | 11,292,276 | - | (11,292,276) | - |
| Related parties and joint ventures | 8,952,089 | 125,590 | (9,077,679) | - |
| **Current loans and other receiv.** | **20,244,365** | **125,590** | **(20,369,955)** | **-** |
| **Loans and other receivable** | **20,244,365** | **125,590** | **(20,369,955)** | **-** |

At December 31, 2011, the balance shown for “Loans and receivables from outsiders” represented the present value of the cash consideration owed to Pininfarina S.p.A. by the Fiat Group as reimbursement for the cost of the investments made for car production, which was collected in February 2012.

The line item “Loans and receivables from related parties and joint ventures” represented the outstanding balance of a loan provided by Pininfarina S.p.A. to the Pininfarina Sverige AB joint venture in Uddevalla, Sweden, which was repaid in full on June 26, 2012.

No receivables owed by related parties and joint ventures were outstanding during the period.

## 7. Current assets held for trading

Current assets held for trading consist mainly of government securities and highly rated debt securities, which represent temporary, unrestricted investments of liquid assets that are not subject to a significant credit 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 September 30, 2012 included a restricted investment of 2,372,320 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 by type of investment of current assets held for trading at September 30, 2012 is provided in Item (c) of the section of these Notes entitled “Financial Risk Management.”

### 8. Inventory

The table below shows a breakdown of inventory and 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.

| | 9/30/12 | 12/31/11 |
|---|---|---|
| Raw materials | 1,108,295 | 1,110,392 |
| (Inventory obsolescence) | (956,497) | (992,243) |
| Finished goods | 912,080 | 944,826 |
| (Inventory obsolescence) | (221,446) | (221,446) |
| **Inventory** | **842,432** | **841,529** |

### 9. Contract Work in Progress

The balance of gross contract work in progress less advances received is shown among current assets as current work in progress.
The change for the period refers to engineering projects for customers inside and outside the European Union that were in progress at the end of the reporting period.

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

The following table shows the trade receivable balances at September 30, 2012 and the comparable data for the previous year:

| | 9/30/12 | 12/31/11 |
|---|---|---|
| Receivables IT | 3,616,388 | 5,786,122 |
| Receivables UE | 9,636,647 | 7,002,320 |
| Receivables EXTRA UE | 7,614,116 | 4,378,507 |
| Allowance for doubtful accounts | (2,039,563) | (2,374,642) |
| **Total receivables** | **18,827,588** | **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.

No receivables owed by related parties and joint ventures were outstanding during the period.

The following changes occurred in the allowance for doubtful accounts:

| | 9/30/12 | 2011 | 9/3011 |
|---|---|---|---|
| **At the beginning of the period** | **2,374,642** | **2,444,273** | **2,444,273** |
| Additions | 12,651 | 568,568 | 567,839 |
| Utilizations | (347,730) | (638,200) | (638,200) |
| **At the end of the period** | **2,039,563** | **2,374,642** | **2,373,912** |

The allowance for doubtful accounts was used to cover receivables held by the Group's Parent Company deemed to be uncollectible.

### 11. Other Receivables

A breakdown of "Other receivables" at September 30, 2012 and a comparison with 2011 is provided below:

| | 9/30/12 | 12/31/11 |
|---|---|---|
| VAT overpayments | 9,482,606 | 1,926,823 |
| Current taxes | 2,258,400 | 2,090,565 |
| Advances to suppliers | 13,590 | 837,225 |
| Overpayments to social security institutions | 672,370 | 247,367 |
| Receivable from employees | 54,100 | 79,483 |
| Accrued income and prepaid expense | 711,222 | 1,448,879 |
| Sundry receivables | 194,435 | 269,609 |
| **Total** | **13,386,723** | **6,899,951** |

The balance in the VAT overpayments account increased due to the invoices issued by the leasing companies for the payments made by the Group's Parent Company at June 29, 2012.

### 12. Cash and Cash Equivalents

The table below provides a comparison with the data for the previous year and a breakdown of the balance in the statement of cash flows:

| | 9/30/12 | 12/31/11 |
|---|---|---|
| Cash on hand | 1,056,539 | 1,216,032 |
| Short-term bank deposits | 15,307,360 | 89,512,791 |
| **Cash and cash equivalents** | **16,363,899** | **90,728,823** |
| (Bank account overdrafts) | (201,784) | (17,970,163) |
| **Net cash and cash equivalents at end of the period** | **16,162,115** | **72,758,660** |

The decrease in Cash and cash equivalents compared with December 31, 2011 is due for the most part to the repayment of 65.9 million euros to the Lender Institutions made on June 29, 2012 pursuant to the Rescheduling Agreement that went into effect on May 1, 2012. On the liability side, the decrease in Bank account overdrafts also reflects the impact of the abovementioned Agreement, which resulted in the transformation of operating lines totaling 18 million euros into medium/long-term debt with the same characteristics as those of restructured liabilities under leases and borrowings.

Bank account overdrafts refers to mpx Entwicklung GmbH, located in Leonberg, Germany.

There were no restrictions encumbering the Group's liquid assets at September 30, 2012.

**13. Shareholders' Equity**

**(a) Share Capital**

| | 9/30/12 | | 12/31/11 | |
|---|---|---|---|---|
| | **Valore** | *Nr.* | **Valore** | *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 these Notes.

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

This reserve had a zero balance, having been used to cover the loss incurred in 2010.

**(c) Reserve for Treasury Stock**

This reserve, 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 the previous year, represents the portion of the earnings of Pininfarina S.p.A. 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 Pininfarina Automotive Engineering (Shanghai) Co Ltd.

**(f) Other reserves**

The balance shown for Other reserves was unchanged compared with the previous year.

The Group has no stock option plans or other instruments requiring share-based payments.

**(g) Retained Earnings (Loss Carryforward)**

At September 30, 2012, the loss brought forward totaled 28,249,040. The negative change of 11,484,934 euros compared with December 31, 2011 corresponds to the 2011 consolidated loss.

## 14. Borrowings

### Rescheduling Agreement

### (a) Rescheduling Agreement

The Rescheduling Agreement (the "Agreement") between Pininfarina SpA and its Lender Institutions (BRE, Intesa Sanpaolo, BNL, Italease, Unicredit, BP, MPS, UBI Leasing, Leasint S.p.A., MPS Leasing, Selmabipiemme, Unicredit Leasing, BNP Lease and Release), which became effective on May 1, 2012, produced the effects described below.

The Lender Institutions waived the exercise of the rights resulting from the violation by Pininfarina SpA of the covenants applicable to the 2011 financial statements and defined new parameters to be measured based on the year-end consolidated data, from December 31, 2012 to December 31, 2018, as described on page 44.

The concomitant forgiveness of the interest payable that, pursuant to the 2008 Framework Agreement, would have accrued on long-term facilities and finance leases from January 1, 2012 to May 1, 2012, the Agreement's effective date.

The rescheduling to 2018 of long-term facilities and finance leases totaling 182.5 million euros and a portion of the operating lines amounting to 18 million euros.

The switch to a fixed annual interest rate of 0.25% for the indebtedness mentioned above.

Please note that the Agreement does not apply to the loan owed by Pininfarina SpA to BNP Paribas (formerly Fortis Bank).

### (b) Substantial Modification of the Terms of Financial Liabilities Pursuant to IAS 39

The changes introduced by the Rescheduling Agreement produced a substantial modification of the terms of the financial liabilities towards the Lender Institutions, pursuant to Paragraphs 40 and 41 of IAS 39, which were accounted for as an extinguishment of the carrying amount of the pre-restructuring obligation (211,158,000 euros at April 30, 2012) and the concomitant recognition of the restructured obligation at its fair value (166,323,000 euros), with the resulting positive difference, amounting to 44,835,000 euros, shown as a separate line item in the income statement.
The most significant modifications of the terms of the financial liabilities introduced by the Rescheduling Agreement included: 1) lengthening the repayment period, 2) switching from a variable rate to a significantly lower fixed rate for all restructured liabilities, 3) introducing new financial parameters as replacements for the previous ones, and 4) removing two Lender Institutions from among the providers of the short-term lines.
The qualitative and quantitative analyses that justified treating as substantial the change in the terms of the financial liabilities were the subject of opinions rendered by highly regarded professionals appointed both by Pininfarina SpA and the Lender Institutions.

### (c) Fair Value of the Restructured Indebtedness

The fair value of the restructure indebtedness was determined by discounting to their present value of the cash flows from the Rescheduling Agreement at a 6.5% rate, determined with the support of a financial advisor, who was not a party to the Rescheduling Agreement, as the sum 1) of the remuneration of risk-free investments and 2) a credit spread attributed to Pininfarina SpA.
The yield rate on risk-free investments was identified as the "three-year risk-free Euribor," which was quoted at 1.15% on April 6, 2012. The credit spread, determined based on two alternative approaches, one internal to the Company (differential between the highest rate on the original borrowings and the rate on the restructured borrowings, as the best approximation of the market credit spread) and another one external to the Company (financial instruments that can be deemed comparable based on type of industry, duration and implied rating for a hypothetical loan provided to Pininfarina SpA), ranged between 525 and 545 basis points. These parameters produced a discount rate ranging between 6.4% and 6.6.%, for an average of 6.5%.

The table below shows the changes that occurred during the period in the Group's indebtedness and the effect of the Rescheduling Agreement executed by the Parent Company, effective as of May 1, 2012:

| | 12/31/11 | BNL (former Fortis Bank) Repayment 1/02/2012 | Figurative interests at 4/30/12 | Operating line changes | Operating line reclassification | TOTAL at 5/01/12 | Measurement of liabilities at fair value | Current to non-current reclassification | Repayment 6/30/12 | BNL (former Fortis Bank) Repayment 7/02/12 | Figurative charges 5/01/12 9/30/12 | 9/30/12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Liabilities under financial leases | - | - | - | - | - | - | - | 61,945,224 | - | - | 1,978,542 | 63,923,766 |
| Other indebtedness | 17,595,713 | - | - | - | - | 17,595,713 | - | 35,943,383 | - | - | 1,228,480 | 54,767,576 |
| **Non-current liabilities** | **17,595,713** | **-** | **-** | **-** | **-** | **17,595,713** | **-** | **97,888,607** | **-** | **-** | **3,207,022** | **118,691,342** |
| Bank account overdrafts | 17,970,163 | - | - | 231,621 | (18,000,000) | 201,784 | - | - | - | - | - | 201,784 |
| Liabilities under financial leases | 130,728,553 | - | 831,260 | - | - | 131,559,813 | (28,948,572) | (61,945,224) | (40,666,017) | - | - | - |
| Other indebtedness | 68,846,302 | (2,518,454) | 307,318 | - | 18,000,000 | 84,635,166 | (15,886,863) | (35,943,383) | (25,249,557) | (2,518,454) | - | 5,036,909 |
| **Current liabilities** | **217,545,018** | **(2,518,454)** | **1,138,578** | **231,621** | **-** | **216,396,763** | **(44,835,435)** | **(97,888,607)** | **(65,915,574)** | **(2,518,454)** | **-** | **5,238,693** |
| **Current and non-current liabilities** | **235,140,731** | **(2,518,454)** | **1,138,578** | **231,621** | **-** | **233,992,476** | **(44,835,435)** | **-** | **(65,915,574)** | **(2,518,454)** | **3,207,022** | **123,930,035** |
| *Composed by:* | | | | | | | | | | | | |
| Liabilities under financial leases | 130,728,553 | - | 831,260 | - | - | 131,559,813 | (28,948,572) | - | (40,666,017) | - | 1,978,542 | 63,923,766 |
| Other indebtedness | 86,442,015 | (2,518,454) | 307,318 | - | 18,000,000 | 102,230,879 | (15,886,863) | - | (25,249,557) | (2,518,454) | 1,228,480 | 59,804,485 |
| **Total leasing liabilities and other indebtedness** | **217,170,568** | **(2,518,454)** | **1,138,578** | **-** | **18,000,000** | **233,790,692** | **(44,835,435)** | **-** | **(65,915,574)** | **(2,518,454)** | **3,207,022** | **123,728,251** |

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

The BNL repayment column reflects the payment made on January 2, 2012 to Banca Nazionale del Lavoro S.p.A. (formerly Fortis Bank), which is the only bank that did not join the Framework Agreement.
The current portion of other financial payables reflects the payments due to Banca Nazionale del Lavoro on December 31, 2012 and June 30, 2013. The payment due on June 30, 2012 was made on July 2, 2012 because June 30, 2012 was not a bank business day.

The column "Measurement of liabilities at fair value" reflects the impact of the substantial changes in the terms of the financial liabilities subject of the Agreement executed by the Parent Company, which, as required by Paragraph 43 of IAS 39 – Financial Instruments: Recognition and Measurement, recognized the new liability at fair value, in accordance with the criteria explained above.

A breakdown by maturity of the contractual cash flows is provided in paragraph (e) of the section of these notes entitled Financial Risk Management.

Consistent with the disclosures provided in the financial statement of previous years and periods, the table below shows a breakdown of the changes for each Lender Institution:

| | 12/31/11 | Repayments 1/02/12 | Operating line reclassification | Measurement of liabilities at fair value | Repayments 6/29/12 | Repayments 7/02/12 | Figurative charges 1/01/12-9/30/12 | 9/30/12 |
|---|---|---|---|---|---|---|---|---|
| Leasint Spa | 29,661,687 | - | - | (7,178,110) | 9,011,899 | - | 694,315 | 14,165,993 |
| MPS Leasing & Factoring Spa | 14,830,845 | - | - | (3,589,056) | 4,505,949 | - | 347,158 | 7,082,998 |
| Selmabipiemme Spa | 14,830,845 | - | - | (3,589,056) | 4,505,949 | - | 347,158 | 7,082,998 |
| Release Spa | 38,111,771 | - | - | (7,711,074) | 12,111,840 | - | 749,997 | 19,038,854 |
| BNP Paribas Lease Group Spa | 12,247,025 | - | - | (2,543,220) | 3,869,263 | - | 247,630 | 6,082,172 |
| UBI Leasing Spa | 6,123,512 | - | - | (1,271,610) | 1,934,631 | - | 123,817 | 3,041,088 |
| Unicredit Leasing Spa | 14,922,868 | - | - | (3,066,446) | 4,726,486 | - | 299,727 | 7,429,663 |
| **Total Leasing** | **130,728,553** | **-** | **-** | **(28,948,572)** | **40,666,017** | **-** | **2,809,802** | **63,923,766** |
| Banca Intesa Sanpaolo Spa | 22,121,093 | - | - | (4,624,344) | 6,978,137 | - | 450,469 | 10,969,081 |
| Banca Intesa Sanpaolo Spa (Former operating line) | - | - | 6,000,000 | (1,024,467) | 1,971,861 | - | 95,938 | 3,099,610 |
| Banca Italease Spa | 1,658,989 | - | - | (346,742) | 523,360 | - | 33,794 | 822,681 |
| Unicredit Spa | 18,029,225 | - | - | (3,769,812) | 5,686,961 | - | 367,001 | 8,939,453 |
| Banca Nazionale del Lavoro Spa | 3,351,728 | - | - | (700,701) | 1,057,293 | - | 68,248 | 1,661,982 |
| Banca Regionale Europea Spa | 9,217,019 | - | - | (1,926,717) | 2,907,557 | - | 187,705 | 4,570,450 |
| Banca Regionale Europea Spa (Former operating line | - | - | 4,000,000 | (682,978) | 1,314,574 | - | 63,959 | 2,066,407 |
| Banco Pop. Cooperativo Spa | 6,912,883 | - | - | (1,445,145) | 2,180,667 | - | 140,767 | 3,427,838 |
| Banco Pop. Cooperativo Spa (Former operating line | - | - | 3,000,000 | (512,234) | 985,930 | - | 47,969 | 1,549,805 |
| MPS SpA (Former operating line) | - | | 5,000,000 | (853,723) | 1,643,217 | | 79,948 | 2,583,008 |
| Volksbank Region Leonberg (DE) | 500,000 | - | - | - | - | - | - | 500,000 |
| **Total Bank** | **61,790,937** | **-** | **18,000,000** | **(15,886,863)** | **25,249,557** | **-** | **1,535,798** | **40,190,315** |
| BNL Spa (Ex Fortis Bank) | 24,651,078 | (2,518,454) | - | - | - | (2,518,454) | - | 19,614,170 |
| **Total** | **217,170,568** | **(2,518,454)** | **18,000,000** | **(44,835,435)** | **65,915,574** | **(2,518,454)** | **4,345,600** | **123,728,251** |

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

On June 25, 2008, Pininfarina S.p.A. and Banca Nazionale del Lavoro S.p.A. (formerly Fortis Bank) entered into an agreement (the "Fortis Agreement"), separate from the Rescheduling Agreement of December 31, 2008, 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 that went 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, Banca Nazionale del Lavoro S.p.A. (formerly Fortis Bank) was granted court-ordered mortgages on all of the buildings owned by the Company, which secure loans currently totaling about 22 million euros.

**Other Information**

Pininfarina S.p.A. was the guarantor of obligations, denominated in euros, under finance leases executed by Pininfarina Sverige AB joint venture, which was repaid in full.

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**

| | 9/30/12 | 12/31/11 |
|---|---|---|
| Accounts payable to suppliers | 13,035,705 | 11,471,833 |
| Accounts payable to related parties and joint ventures | - | 20,670 |
| Advances received for work in progress | 2,664,363 | 2,702,338 |
| **Total** | **15,700,068** | **14,194,841** |

The balance at September 30, 2012 does not include any material past-due amounts and reflects payables that will be settled within 12 months from the end of the reporting period.

**(b) Other Payables**

| | 9/30/12 | 12/31/11 |
|---|---|---|
| Amounts owed to employees | 2,078,752 | 1,595,389 |
| Income tax withheld from employees | 1,219,458 | 1,844,526 |
| Miscellaneous payables | 1,787,013 | 1,981,266 |
| **Total** | **5,085,223** | **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 nine months of 2012 in the provisions for risks and charges is provided below:

| | 12/31/11 | Additions | Utilizations | Other changes | 9/30/12 |
|---|---|---|---|---|---|
| Provision for warranties | 267,255 | - | (205,851) | - | 61,404 |
| Provision for restructuring | 4,934,179 | - | (423,983) | - | 4,510,196 |
| Other provisions | 4,031,706 | 758,205 | (1,825,455) | (75,651) | 2,888,805 |
| **Total** | **9,233,140** | **758,205** | **(2,455,289)** | **(75,651)** | **7,460,405** |

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. Its utilization for the period covers the costs incurred for 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 the revenue administration of the Matra Automobile Engineering SAS subsidiary.

### (b) Contingent Liabilities and Legal Disputes

### (b1) Dispute with the Revenue Administration

On April 11, 2011, the Government’s Legal Services Office served notice on the Company that it was appealing to the Supreme Court of Cassation a decision by which a higher-level tax commission fully upheld the position of Pininfarina S.p.A. in a dispute with the Internal Revenue Agency concerning VAT that started in 2006. The focus of the dispute was the contention that VAT should have been levied on the amounts invoiced in 2002 and 2003 by Industrie Pininfarina S.p.A. (merged into Pininfarina S.p.A. in 2004) to Peugeot Citroen Automobiles, whose tax representative in Italy was Gefco Italia S.p.A. At this point, it is impossible to predict the decision of the Supreme Court of Cassation with regard to the appeal filed by the Government’s Legal Services Office. The Company is confident that its actions were proper and, on April 13, 2011, filed with the Clerk of the Supreme Court of Cassation a motion in opposition to the abovementioned appeal.

## 17. Current and Deferred Taxes

### (a) Deferred Taxes

The table below provides a breakdown of the deferred-tax asset and deferred-tax liabilities recognized in the financial statements:

| | 9/30/12 | 12/31/11 |
|---|---|---|
| Deferred tax assets | 892,298 | 880,328 |
| (Deferred tax liabilities) | - | (1,813) |
| **Total** | **892,298** | **878,515** |

The net deferred-tax assets shown on the consolidated financial statements refer mainly to the Group's German companies (Pininfarina Deutschland GmbH, MPX Entwicklung GmbH – Munich and MPX Entwicklung GmbH – Stuttgart) and reflect the recoverable portion of the tax loss carryforward, determined based on projected future taxable income and taking into account the agreement for the filing of a national consolidated tax return executed by the abovementioned companies in Germany.

**(b) Current Taxes**

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

| | **9/30/12** | **9/30/11** |
|---|---|---|
| IRES / Local taxes | (195,086) | (252,771) |
| IRAP | (76,803) | (203,968) |
| Provision release | 26,262 | 1,767 |
| **Total current taxes** | **(245,627)** | **(454,972)** |
| Variation of deferred tax asset | 11,970 | (130,018) |
| Variation of deferred tax liabilities | 1,813 | (348) |
| **Deferred taxes** | **13,783** | **(130,366)** |
| **Income tax** | **(231,844)** | **(585,338)** |

The current taxes payable refer mainly to the corporate income taxes and regional taxes (IRAP) owed by Pininfarina Extra S.r.l. and Pininfarina Maroc SAS.

The Group's Parent Company did not recognize a liability for taxes because any tax effect of the gain on the extinguishment of financial liabilities will be offset, inter alia, by the deductibility for tax purposes of the lease installments paid during the year.

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**

| | **9/30/12** | **9/30/11** |
|---|---|---|
| Sales revenues - Italy | 1,260,351 | 721,142 |
| Sales revenues - UE | 4,004,577 | 3,450,820 |
| Sales revenues - Non UE countries | 1,635,090 | 148,604 |
| Services revenues - Italy | 4,739,834 | 5,312,084 |
| Services revenues - UE | 20,974,010 | 18,448,571 |
| Services revenues - Non UE countries | 11,506,634 | 11,412,839 |
| **Total** | **44,120,496** | **39,494,060** |

Sales revenues refer mainly to revenues from sales of replacement parts, while service revenues reflects amounts invoiced for styling and engineering services.

Segment information is provided on page 46.

## 19. Other Income and Revenues

| | 9/30/12 | 9/30/11 |
|---|---|---|
| Amounts rebilled | 4,243,725 | 2,996,920 |
| Out-of-period income | 35,463 | 124,468 |
| Insurance settlements | 60,452 | 4,233 |
| Royalties | 513,750 | - |
| Rebilling | 116,650 | 81,320 |
| Operating grants | 106,529 | 240,765 |
| Sundry items | 84,289 | 63,470 |
| **Total** | **5,160,859** | **3,511,177** |

Leasing and rental income refers mainly to income from a contract for the leasing of business operations executed by Pininfarina S.p.A. on April 1, 2011 with a company of the Cecomp Group and to 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

| | 9/30/12 | 9/30/11 |
|---|---|---|
| Wages and salaries | (25,448,049) | (23,871,694) |
| Employee benefits | (6,002,819) | (5,863,942) |
| Utiliz.Prov.restruct.charges | 694,633 | 899,537 |
| **Wages, Salaries and Employee Benefits** | **(30,756,235)** | **(28,836,099)** |
| Addition to Provision for termination indemnities | (1,270,075) | (1,387,801) |
| **Total** | **(32,026,310)** | **(30,223,900)** |

Utilization of provisions refers to the amounts paid to employees who left the Company during the reporting period, in accordance with the separation 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 at September 30, 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 reporting period:

| | 9/30/12 | | 9/30/11 | |
|---|---|---|---|---|
| | September 30, 2012 | Average | September 30, 2011 | Average |
| Executives | 25 | 24 | 26 | 27 |
| Office staff | 720 | 704 | 681 | 682 |
| Production staff | 76 | 67 | 68 | 80 |
| **Total** | **821** | **795** | **775** | **789** |

The total number of employees at September 30, 2012 includes 108 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

| | 9/30/12 | 9/30/11 |
|---|---|---|
| Additions to allowance for doubt. accounts | (12,650) | (567,839) |
| Additions to provisions for risks | (758,205) | (1,371,807) |
| Utilization ans revisions of estimates of provisions for risks and charges | 955,133 | 77,016 |
| **Total** | **184,278** | **(1,862,630)** |

Utilizations and revisions of estimates of provisions for risks and charges reflect the utilization of the provision for closing losses on production orders attributable to the Group's Parent Company, the addition to which is included in Additions to the provision for risks and charges for the period under comparison.

Comments about additions to the provisions for risks and charges are provided in Note. 16.

### 22. Other Expenses

| | 9/30/12 | 9/30/11 |
|---|---|---|
| Travel expenses | (1,184,593) | (1,104,654) |
| Rentals | (1,588,275) | (1,706,801) |
| Fees paid to Directors and Statutory Auditors | (803,549) | (845,571) |
| Consulting and other services | (4,044,235) | (2,040,566) |
| Other personnel costs | (560,788) | (539,884) |
| Telegraph and postage | (288,257) | (287,466) |
| Cleaning and waste disposal services | (232,868) | (257,998) |
| Advertising | (430,153) | (413,081) |
| Taxes | (784,563) | (1,139,315) |
| Insurance | (398,964) | (332,107) |
| Membership dues | (75,262) | (87,143) |
| Out-of-period charges | (27,631) | (54,268) |
| General services | (500,664) | (269,802) |
| Sundry expenses | (460,121) | (493,163) |
| **Total** | **(11,379,923)** | **(9,571,819)** |

Consulting and other services reflects the costs incurred by the Group's Parent Company for consulting services related to the definition of the Industrial and Financial Plan.

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

| | 9/30/12 | 9/30/11 |
|---|---|---|
| Interest paid - credit lines | (519,727) | (887,010) |
| Financial expense paid under finance leases | (4,274,526) | (1,677,829) |
| Financial exp. on medium- and long-term borrowings | (1,981,714) | (917,655) |
| **Total financial expense** | **(6,775,967)** | **(3,482,494)** |
| Interest earnes - credit lines | 1,424,616 | 746,349 |
| Realized gains from marking securities to market | 1,622,490 | 270,268 |
| Interest earned on long-term loans to outsiders | 1,084,725 | 1,041,579 |
| Interest earned on long-term loans to joint ventures | 125,590 | 392,331 |
| **Total financial income** | **4,257,421** | **2,450,527** |
| **Net financial income (expense)** | **(2,518,546)** | **(1,031,967)** |

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 at the end of each period.

"Financial expense paid under finance leases," amounting to 4,274,526 euros includes 4,169,605 euros recognized as a result of the valuation of liabilities by the amortized cost method and 104,921 euros in interest paid in accordance with the new Agreement.
"Financial expense on medium/long-term borrowings," amounting to 1,981,714 euros, includes 1,535,798 euros recognized as a result of the valuation of liabilities by the amortized cost method, 375,316 euros accrued on the debt owed to Banca Nazionale del Lavoro (formerly Fortis Bank) and 65,108 euros in accrued interest recognized in accordance with the terms of the new Agreement. Amounts owed to subsidiaries account for the balance.
The interest owed to Banca Nazionale del Lavoro was paid on schedule, in accordance with a separate agreement with this bank, while the interest owed on medium/long-term borrowings and leases covered by the new Agreement was paid on June 29, 2012, together with a principal repayment.

"Interest earned on long-term loans to outsiders," amounting to 1,084,725 euros, originates from the valuation of financial assets recognized by the amortized cost method, in accordance with IFRIC 4. This receivable was collected in full.

"Interest earned on long-term loans to related parties and joint ventures," totaling 125,590 euros, refers to the interest accrued and collected on the loan provided to Pininfarina Sverige AB, which the Group's Parent Company collected in full during the period.

### 24. Gain on Extinguishment of Financial Liabilities

The substantial modification of the terms of financial liabilities resulted in the extinguishment of the carrying amount of the pre-rescheduling obligation outstanding on the effective date of May 1, 2012 and the recognition of the restructured obligation at its fair value, in accordance with the method described in Note 14.
The positive difference between these two amounts, amounting to 44,835,434 euros, was recognized as a "Gain on extinguishment of financial liabilities.

## OTHER INFORMATION

### Events Occurring After September 30, 2012

A review of any significant events occurring after September 30, 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 | - | - | - | - | 494,505 | 20,877 | 125,590 | - |
| **Total** | **-** | **-** | **-** | **-** | **494,505** | **20,877** | **125,590** | **-** |

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 165,123 euros, and commercial consulting services provided by Pantheon Italia S.r.l., related to the Director Roberto Testore, for a total amount of 85,000 euros.

**Material Extraordinary Transactions**

As required by the Consob Communication No. DEM/6064293 of July 28, 2006, the effects of events or transactions that do not occur on a recurring basis or of transactions or facts that are not repeated frequently in the normal course of business are listed in the table provided below.

The following transaction was identified as being a material extraordinary transaction:

- Rescheduling Agreement: gain on extinguishment of financial liabilities.

| | Data at | |
|---|---|---|
| | **Statutory financial statements at 9/30/12** | **Statutory financial statements at 9/30/12 net of extraordinary transactions** |
| Net property, plant and equipment | 65,132,396 | 65,132,396 |
| Net intangible assets | 2,732,937 | 2,732,937 |
| Equity investments | 29,783,700 | 29,783,700 |
| Deferred-tax assets | 892,298 | 892,298 |
| Non-current financial assets | - | - |
| **NON-CURRENT ASSET** | **98,541,331** | **98,541,331** |
| Inventory | 842,432 | 842,432 |
| Contract work in progress | 4,207,612 | 4,207,612 |
| Current financial assets | 50,701,852 | 50,701,852 |
| Financial derivatives | - | - |
| Net trade receivables and other receivables | 32,214,311 | 32,214,311 |
| Cash and cash equivalents | 16,363,899 | 16,363,899 |
| **CURRENT ASSETS** | **104,330,106** | **104,330,106** |
| Held-for-sale assets | **-** | **-** |
| **TOTAL ASSETS** | **202,871,437** | **202,871,437** |
| Share capital and Reserves | 9,559,235 | 9,559,235 |
| Profit (Loss) for the period | 32,531,890 | (12,303,544) |
| **TOTAL SHAREHOLDERS' EQUITY** | **42,091,125** | **(2,744,309)** |
| Long-term borrowings | 118,691,342 | 131,809,576 |
| Deferred-tax liabilities | - | - |
| Provision for termination indemnities | 7,470,497 | 7,470,497 |
| **NON-CURRENT LIABILITIES** | 126,161,839 | 139,280,073 |
| Current borrowings | 5,238,693 | 36,955,893 |
| Other payables | 5,085,223 | 5,085,223 |
| Trade accounts payable | 15,700,068 | 15,700,068 |
| Provision for current taxes | 707,058 | 707,058 |
| Provision for other liabilities and charges | 7,887,431 | 7,887,431 |
| **CURRENT LIABILITIES** | **34,618,473** | **66,335,673** |
| Liabilities attributable to held-for-sale assets | - | - |
| **TOTAL LIABILITIES** | **160,780,312** | **205,615,746** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **202,871,437** | **202,871,437** |

| | Data at | |
|---|---|---|
| **Consolidated Income Statement** | **Statutory financial statements at 9/30/12** | **Statutory financial statements at 9/30/12 net of extraordinary transactions** |
| Net revenues | 44,120,496 | 44,120,496 |
| Change in inventory of finished goods and work in process | 1,228,028 | 1,228,028 |
| Other income and revenues | 5,160,859 | 5,160,859 |
| **VALUE OF PRODUCTION** | **50,509,383** | **50,509,383** |
| Net gain on the sale of non-current assets | 225 | 225 |
| Raw materials and outside services used | (8,044,446) | (8,044,446) |
| Change in inventory of raw materials | (1,287,524) | (1,287,524) |
| External variable engineering services | (5,016,884) | (5,016,884) |
| Labor costs | (32,026,310) | (32,026,310) |
| Depreciation and amortization | (2,303,626) | (2,303,626) |
| Foreign exchange gains and (losses) | (4,049) | (4,049) |
| Other expense | (11,379,923) | (11,379,923) |
| **EBIT** | **(9,553,154)** | **(9,553,154)** |
| Financial income (expense), net | (2,518,546) | (2,518,546) |
| Gain on the cancellation of financial liabilities | 44,835,434 | - |
| Dividend | - | - |
| Valuation of equity investment by the equity method | - | - |
| **PROFIT (LOSS) BEFORE TAX** | **32,763,734** | **(12,071,700)** |
| Income taxes for the period | (231,844) | (231,844) |
| **NET PROFIT (LOSS) FOR THE PERIOD** | **32,531,890** | **(12,303,544)** |

**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 nine months 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.

# Pininfarina S.p.A

# Financial Statements at September 30, 2012

## Statement of Financial Position

| | 9/30/12 | 12/31/11 |
|---|---|---|
| Land and buildings | 48,545,097 | 49,486,174 |
| Land | 11,176,667 | 11,176,667 |
| Buildings | 28,381,746 | 29,053,912 |
| Leased property | 8,986,684 | 9,255,595 |
| Plant and machinery | 5,375,465 | 5,613,932 |
| Machinery | 271,777 | 312,357 |
| Plant | 5,103,688 | 5,301,575 |
| Leased machinery and equipment | - | - |
| Furniture, fixtures and other property, plant and equipment | 1,142,433 | 1,025,841 |
| Furniture and fixtures | 53,490 | 76,084 |
| Hardware & software | 652,866 | 492,989 |
| Other property, plant and equipment (including vehicles) | 436,077 | 456,768 |
| Assets under construction | - | - |
| **Property, plant and equipment** | **55,062,995** | **56,125,947** |
| Goodwill | - | - |
| Licenses and trademarks | 455,359 | 599,561 |
| Other intangibles | - | - |
| **Intangible assets** | **455,359** | **599,561** |
| Subsidiaries | 23,047,447 | 23,047,447 |
| Affiliated companies | - | - |
| Joint ventures | 29,427,683 | 29,427,683 |
| Other companies | 645 | 645 |
| **Equity investments** | **52,475,775** | **52,475,775** |
| **Deferred-tax assets** | - | - |
| Held-to-maturity long-term investments | - | - |
| Loans and other receivables from: | 4,319,801 | 4,678,042 |
| Outsiders | - | - |
| Related parties and joint ventures | 4,319,801 | 4,678,042 |
| Available-for-sale non-current financial assets | - | - |
| **Non-current financial assets** | **4,319,801** | **4,678,042** |
| **TOTAL NON-CURRENT ASSETS** | **112,313,930** | **113,879,325** |
| Raw materials | 151,798 | 118,149 |
| Work in process | - | - |
| Finished goods | 618,702 | 628,468 |
| **Inventory** | **770,500** | **746,617** |
| **Contract work in progress** | **3,112,178** | **2,465,382** |
| Current assets held for trading | 50,114,704 | 44,654,680 |
| Current loans receivables and other receivables from: | - | 20,244,365 |
| Outsiders | - | 11,292,276 |
| Related parties and joint ventures | - | 8,952,089 |
| Available-for-sale current financial assets | - | - |
| **Current financial assets** | **50,114,704** | **64,899,045** |
| **Financial derivatives** | **-** | **-** |
| Trade receivables from: | 11,515,192 | 8,898,607 |
| Outsiders | 10,976,188 | 8,697,562 |
| Related parties and joint ventures | 539,004 | 201,045 |
| Other receivables | 12,637,599 | 6,474,158 |
| **Trade receivables and other receivables** | **24,152,791** | **15,372,765** |
| Cash on hand | 37,137 | 14,171 |
| Short-term bank deposits | 10,793,611 | 82,459,991 |
| **Cash and cash equivalents** | **10,830,748** | **82,474,162** |
| **TOTAL CURRENT ASSETS** | **88,980,921** | **165,957,971** |
| **Held-for-sale non-current assets** | **-** | **-** |
| **TOTAL ASSETS** | **201,294,851** | **279,837,296** |

## Statement of Financial Position

| | 9/30/12 | 12/31/11 |
|---|---|---|
| Share capital | 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 |
| Other reserves | 2,646,208 | 2,646,208 |
| Retained earnings / (Loss carryforward) | (22,165,315) | - |
| Profit / (Loss) for the period | 33,258,466 | (22,165,315) |
| **SHAREHOLDERS' EQUITY** | **46,297,139** | **13,038,673** |
| Liabilities under finance leases | 63,923,766 | - |
| Other indebtedness owed to: | 54,267,576 | 17,095,713 |
| Outsiders | 54,267,576 | 17,095,713 |
| Related parties and joint ventures | - | - |
| **Long-term borrowings** | **118,191,342** | **17,095,713** |
| **Deferred-tax liabilities** | - | - |
| Provision for termination indemnities | 7,017,946 | 7,178,615 |
| Other provision for pensions | - | - |
| **Provision for termination indemnities** | **7,017,946** | **7,178,615** |
| **TOTAL NON-CURRENT LIABILITIES** | **125,209,288** | **24,274,328** |
| Bank account overdrafts | - | 17,970,163 |
| Liabilities under finance leases | - | 130,728,553 |
| Other borrowings owed to: | 5,253,009 | 69,120,533 |
| Outsiders | 5,036,909 | 68,846,302 |
| Related parties and joint ventures | 216,100 | 274,231 |
| **Current borrowings** | **5,253,009** | **217,819,249** |
| Wages and salaries payable | 1,758,636 | 1,320,659 |
| Due to social security institutions | 348,952 | 1,044,573 |
| Other liabilities | 1,277,843 | 1,749,994 |
| **Other payables** | **3,385,431** | **4,115,226** |
| Accounts payable to outsiders | 12,018,171 | 10,542,092 |
| Account payable to related parties and joint ventures | 217,285 | 32,061 |
| Advances received for work in progress | 2,054,506 | 1,609,415 |
| **Trade accounts payable** | **14,289,962** | **12,183,568** |
| Income taxes | - | - |
| Other taxes | - | 41,527 |
| **Provision for current taxes** | **-** | **41,527** |
| **Financial derivatives** | **-** | **-** |
| Provision for warranties | 61,404 | 267,255 |
| Provision for restructuring programs | 4,510,196 | 4,934,179 |
| Other provisions | 2,288,422 | 3,163,291 |
| **Provisions for risks and charges** | **6,860,022** | **8,364,725** |
| **Other liabilities** | **-** | **-** |
| **TOTAL CURRENT LIABILITIES** | **29,788,424** | **242,524,295** |
| **TOTAL LIABILITIES** | **154,997,712** | **266,798,623** |
| **Liabilities attributable to held-for-sale assets** | **-** | **-** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **201,294,851** | **279,837,296** |

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 Company's Statement of Financial Position.
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 177,918 euros for accrued compensation payable for the period.

## Income Statement

| | 9/30/12 | 9/30/11 |
|---|---|---|
| Sales and service revenues | 22,762,463 | 20,797,286 |
| Increase in Company-produced non-current assets | - | - |
| Change in inventories and contract work in progress | 637,030 | 658,436 |
| Change in contract work in progress | 646,796 | 419,576 |
| Change in inventories of finished goods and work in process | (9,766) | 238,860 |
| Other income and revenues | 4,513,719 | 2,922,740 |
| **Value of production** | **27,913,212** | **24,378,462** |
| **Gain on disposal of property, plant and equip. / equity** | **-** | **62,046** |
| *Amount earned on the sale of equity investments* | - | - |
| Raw materials and components | (8,034,371) | (3,681,273) |
| Change in inventories of raw materials | 33,649 | (90,199) |
| Additions to provision for obsolescent/slow moving inventory items | - | - |
| **Raw materials and consumables used** | **(8,000,722)** | **(3,771,472)** |
| Consumables | (321,902) | (365,248) |
| External maintenance costs | (728,438) | (549,237) |
| **Other variable production costs** | **(1,050,340)** | **(914,485)** |
| **External variable engineering services** | **(2,639,055)** | **(2,117,288)** |
| Production staff, office staff and managers | (15,514,463) | (16,038,837) |
| Independent contractors and temporary workers | - | - |
| Retirement and other post-employment benefits | (1,165,280) | (1,335,563) |
| **Wages, salaries and employee benefits** | **(16,679,743)** | **(17,374,400)** |
| Depreciation of property, plant and equipment | (1,624,631) | (2,762,145) |
| Amortization of intangibles | (187,553) | (263,343) |
| Loss on disposals of property, plant and equipment / equity investments | - | (102) |
| (Additions to), Utilizations of provisions, (Writedowns) | 220,378 | (1,732,604) |
| **Depreciation, amortization and writedowns** | **(1,591,806)** | **(4,758,194)** |
| **Foreign exchange gains (losses)** | **1,737** | **11,254** |
| **Other expenses** | **(8,322,005)** | **(6,702,465)** |
| **Profit / (Loss) from operations** | **(10,368,722)** | **(11,186,542)** |
| **Net financial income / (expense)** | **(2,480,067)** | **(999,840)** |
| **Gain on the cancellation of financial liabilities** | **44,835,434** | **-** |
| **Dividends** | **1,245,559** | **310,400** |
| **Profit (Loss) before taxes** | **33,232,204** | **(11,875,982)** |
| **Income taxes** | **22,262** | **(127,983)** |
| **Profit (Loss) for the period** | **33,258,466** | **(12,003,965)** |

## Reclassified Income Statement

(in thousands of euros)

| | Data at | | | | |
|---|---|---|---|---|---|
| | **9/30/12** | % | **9/30/11** | % | **Change** |
| Sales and service revenues | 22,762 | 81.55 | 20,797 | 85.31 | 1,965 |
| Changes in inventory and work in progress | 637 | 2.28 | 658 | 2.70 | (21) |
| Other incom and revenues | 4,514 | 16.17 | 2,923 | 11.99 | 1,591 |
| **Value of production** | **27,913** | **100.00** | **24,378** | **100.00** | **3,535** |
| **Net gain (loss) on disposal of non-current assets** | **-** | **-** | **62** | **0.25** | **(62)** |
| Raw materials and outside services (*) | (20,044) | (71.81) | (13,404) | (54.98) | (6,640) |
| Changes in inventory of raw materials | 34 | 0.11 | (90) | (0.37) | 124 |
| **Value added** | **7,903** | **28.30** | **10,946** | **44.90** | **(3,043)** |
| Labor costs (**) | (16,680) | (59.76) | (17,375) | (71.27) | 695 |
| **EBITDA** | **(8,777)** | **(31.46)** | **(6,429)** | **(26.37)** | **(2,348)** |
| Depreciation and amortization | (1,812) | (6.49) | (3,025) | (12.41) | 1,213 |
| (Additions)/Utiliz.of prov. and (Writedowns) | 220 | 0.79 | (1,733) | (7.11) | 1,953 |
| **EBIT** | **(10,369)** | **(37.16)** | **(11,187)** | **(45.89)** | **818** |
| Net financial income (expense) | (1,234) | (4.42) | (389) | (2.83) | (545) |
| Gain on the cancellation of financial liabilities | 44,835 | 160.62 | - | - | 44,835 |
| **Profit (Loss) before taxes** | **33,232** | **119.04** | **(11,876)** | **(47.72)** | **45,108** |
| Income taxes | 26 | 0.09 | (128) | (0.52) | 154 |
| **Net profit (Loss)** | **33,258** | **119.13** | **(12,004)** | **(49.24)** | **45,262** |

(*) **Raw materials and outside services** is shown net of utilizations of provisions for warranties and provisions for risks amounting to 1,316,000 euros in 2011 and 425,000 euros in 2012.
(**) **Labor costs** is shown net of the utilization of the provision for restructuring programs totaling 900,000 euros in 2011 and 424,000 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 Statement of Financial Position

(in thousands of euros)

| | Data at | | | Data at |
|---|---|---|---|---|
| | 9/30/12 | 12/31/11 | Change | 9/30/11 |
| **Net non-current assets (A)** | | | | |
| Net intangible assets | 455 | 600 | (145) | 667 |
| Net property, plant and equipment | 55,063 | 56,126 | (1,063) | 59,873 |
| Equity investments | 52,476 | 52,476 | - | 53,173 |
| **Total A** | **107,994** | **109,202** | **(1,208)** | **113,713** |
| **Working capital (B)** | | | | |
| Inventory | 3,883 | 3,212 | 671 | 1,674 |
| Net trade receivables and other receivables | 24,153 | 15,373 | 8,780 | 12,945 |
| Trade accounts payable | (14,291) | (12,184) | (2,107) | (10,068) |
| Provisions for risks and charges | (6,860) | (8,365) | 1,505 | (5,755) |
| Other liabilities (*) | (3,385) | (4,156) | 771 | (2,739) |
| **Total B** | **3,500** | **(6,120)** | **9,620** | **(3,943)** |
| **Net invested capital (C=A+B)** | **111,494** | **103,082** | **8,412** | **109,770** |
| **Provision for temination indemnities (D)** | **7,018** | **7,179** | **(161)** | **7,065** |
| **Net capital requirements (E=C-D)** | **104,476** | **95,903** | **8,573** | **102,705** |
| **Shareholders' Equity (F)** | **46,297** | **13,039** | **33,258** | **23,200** |
| **Net financial position (G)** | | | | |
| Long term debt | 113,872 | 12,418 | 101,454 | 188,447 |
| (Net liquid assets) / Net borrowings | (55,693) | 70,446 | (126,139) | (108,942) |
| **Total G** | **58,179** | **82,864** | **(24,685)** | **79,505** |
| **Total as in E (H=F+G)** | **104,476** | **95,903** | **8,573** | **102,705** |

## Net Financial Position

(in thousands of euros)

| | Data at | | | Data at |
|---|---|---|---|---|
| | 9/30/12 | 12/31/11 | Change | 9/30/11 |
| Cash and cash equivalents | 10,831 | 82,474 | (71,643) | 78,899 |
| Current assets held for trading | 50,115 | 44,655 | 5,460 | 49,992 |
| Current loans receivable and other receivables | - | 11,292 | (11,292) | 11,292 |
| Loans receivable from related parties and joint ventures | - | 8,952 | (8,952) | 18,038 |
| Due to banks | - | (17,970) | 17,970 | (26,000) |
| Current liabilities under finance leases | - | (130,729) | 130,729 | (12,200) |
| Loans payable to related parties and joint ventures | (216) | (274) | 58 | (243) |
| Current portion of long-term bank debt | (5,037) | (68,846) | 63,809 | (10,837) |
| **Net liquid assets / (Net borrowings)** | **55,693** | **(70,446)** | **126,139** | **108,942** |
| Long-term loans and other receivables from outsiders | - | - | - | - |
| Long-term loans and other receivables from associates and joint ventures | 4,320 | 4,678 | (358) | 3,709 |
| Held-to-maturity non-current assets | - | - | - | - |
| Long term liabilities under finance leases | (63,924) | - | (63,924) | (117,469) |
| Long-term bank debt | (54,768) | (17,096) | (37,172) | (74,687) |
| **Net long-term debt** | **(113,872)** | **(12,418)** | **(101,454)** | **(188,447)** |
| **NET FINANCIAL POSITION** | **(58,179)** | **(82,864)** | **24,685** | **(79,505)** |

## Statement of Changes in Shareholders' Equity

| | 12/31/10 | Profit (Loss) for the period | Translation restatements | 9/30/11 |
|---|---|---|---|---|
| Shares capital | 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 |
| Other reserves | 7,874,050 | - | (5,227,842) | 2,646,208 |
| Retained earnings / (Loss carryforward) | 6,225,851 | - | (6,225,851) | - |
| Profit / (Loss) for the period | (27,531,144) | 12,003,965) | 27,531,144 | (12,003,965) |
| **SHAREHOLDERS' EQUITY** | **35,203,988** | **(12,003,965)** | **-** | **23,200,023** |

| | 12/31/10 | Profit (Loss) for the year | Translation restatements | 12/31/11 |
|---|---|---|---|---|
| Shares capital | 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 |
| Other reserves | 7,874,050 | - | (5,227,842) | 2,646,208 |
| Retained earnings / (Loss carryforward) | 6,225,851 | - | (6,225,851) | - |
| Profit / (Loss) for the year | (27,531,144) | (22,165,315) | 27,531,144 | (22,165,315) |
| **SHAREHOLDERS' EQUITY** | **35,203,988** | **(22,165,315)** | **-** | **13,038,673** |

| | 12/31/11 | Profit (Loss) for the period | Translation restatements | 9/30/12 |
|---|---|---|---|---|
| Shares capital | 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 |
| Other reserves | 2,646,208 | - | - | 2,646,208 |
| Retained earnings / (Loss carryforward) | - | - | (22,165,315) | (22,165,315) |
| Profit / (Loss) for the period | (22,165,315) | 33,258,466 | 22,165,315 | 33,258,466 |
| **SHAREHOLDERS' EQUITY** | **13,038,673** | **33,258,466** | **-** | **46,297,139** |

## Statement of Cash Flows

| | 9/30/12 | 9/30/11 |
|---|---|---|
| **Profit (loss) for the period** | **33,258,466** | **(12,003,965)** |
| ***Restatements*** | | |
| - Income taxes | (26,262) | 129,750 |
| - Depreciation of property, plant and equipment | 1,624,631 | 2,762,145 |
| - Amortization of intangibles | 187,554 | 263,343 |
| - Writedowns and additions to provisions | (2,048,848) | (1,688,082) |
| - (Gains) Losses on sale of non-current assets | - | (61,944) |
| - Financial expense | 5,398,051 | 3,126,815 |
| - (Financial income) | (4,277,788) | (2,530,426) |
| - (Dividends) | (1,245,559) | (310,400) |
| - Other restatements | (43,758,289) | (189,990) |
| **Total Restatements** | **(44,146,510)** | **1,501,211** |
| ***Changes in working capital*** | | |
| - (Increase) / decrease inventories | 11,863 | (54,143) |
| - (Increase) / decrease contract work in progress | (646,796) | (419,576) |
| - (Increase) / decrease trade accounts receivable and other receivables | (8,094,336) | 6,774,864 |
| - (Increase) / decrease accounts receivable from joint ventures | (337,959) | 974,991 |
| - Increase / (decrease) trade accounts payable | 746,284 | (23,996,668) |
| - increase / (decrease) accounts payable to joint ventures | 185,224 | (65,530) |
| - Other changes | 445,091 | (217,363) |
| **Total changes in working capital** | **(7,690,629)** | **(17,057,425)** |
| **Cash flow from operating activities** | **(18,578,673)** | **(27,560,179)** |
| (Financial expense) | (507,106) | (878,682) |
| (Income taxes) | (15,265) | (262,568) |
| **Net cash flow used in operating activities** | **(19,101,044)** | **(28,701,429)** |
| - Purchases of property, plant and equipment | (605,031) | (697,301) |
| - Proceeds from sale of property, plant and equipment | - | 10,048,451 |
| - Non-current loans receivable from borrowers outside the Group | 11,292,276 | 10,988,228 |
| - Non-current loans receivable from joint ventures | 9,255,848 | 9,780,239 |
| - Financial income | 2,414,140 | 1,736,248 |
| - Dividends | 1,245,559 | 310,400 |
| - Other equity investments | (5,460,025) | (2,674,980) |
| **Net cash used in investing activities** | **18,142,767** | **29,491,285** |
| - Proceeds from the issuance of shares | - | - |
| - (Borrowings from lenders outside the Group) | (70,952,483) | (2,518,455) |
| - (Loans payable to joint ventures) | 237,509 | - |
| - Dividends paid | - | - |
| - Other non-cash items (*) | 18,000,000 | - |
| **Net cash used in financing activities** | **(52,714,974)** | **(2,518,455)** |
| **Increase (Decrease) in cash and cash equivalents** | **(53,673,251)** | **(1,728,598)** |
| - Cash and cash equivalents at beginning of the period | 64,503,999 | 54,627,984 |
| **Net cash and cash equivalents at end of the period** | **10,830,748** | **52,899,386** |
| *Composed by:* | | |
| Cash and cash equivalents | 10,830,748 | 78,899,386 |
| Bank account overdrafts | - | (26,000,000) |

(*) Other changes refers to the reclassification of the operating lines carried out by the Group's Parent Company pursuant to the new Rescheduling Agreement.

## OTHER INFORMATION

### 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 | Income | Expense | Income | Expense |
| Pininfarina Extra S.r.l. | 71,100 | 4,928 | - | 216,100 | 272,511 | 59,873 | 601,400 | - |
| Pininfarina Deutschland GmbH | - | - | 550,868 | - | 198 | - | 14,160 | - |
| mxp Entwicklung GmbH Monaco | 47,700 | 189,291 | 2,500,000 | - | 296,063 | 190,091 | 54,857 | - |
| mxp Entwicklung GmbH Leonberg | 49,790 | - | - | - | 65,944 | - | - | - |
| Pininfarina Sverige AB | - | - | - | - | 494,505 | 20,877 | 125,590 | - |
| Pininfarina Automotive Engineering (Shangai) Co Ltd | 369,995 | 17,266 | 1,268,933 | - | 369,995 | 21,518 | 46,551 | |
| Pininfarina Maroc SAS | 419 | 5,800 | - | - | 884 | 24,865 | 644,159 | - |
| **Total** | **539,004** | **217,285** | **4,319,801** | **216,100** | **1,500,100** | **317,224** | **1,486,717** | **-** |

Please note that the financial receivable owed by Pininfarina Extra S.r.l. arises from the contract for the filing of a national consolidated tax return.

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 165,123 euros, and commercial consulting services provided by Pantheon Italia S.r.l., related to the Director Roberto Testore, for a total amount of 85,000 euros.

### Compensation of Directors, Statutory Auditors and Executives with Strategic Responsibilities

The table below lists the compensation earned by Directors and Statutory Auditors of Pininfarina S.p.A. for their services:

| (in thousands of euros) | 9/30/12 | 9/30/11 |
|---|---|---|
| Directors | 449 | 536 |
| Statutory Auditors | 73 | 71 |
| **Total Compensation** | **522** | **607** |

The total cost incurred in the first nine months of 2012 for the compensation of executives of Pininfarina S.p.A. with strategic responsibilities amounted to about 0.9 million euros.

**Material Extraordinary Transactions**

As required by the Consob Communication No. DEM/6064293 of July 28, 2006, the effects of events or transactions that do not occur on a recurring basis or of transactions or facts that are not repeated frequently in the normal course of business are listed in the table provided below.

The following transaction was identified as being a material extraordinary transaction:

- Rescheduling Agreement: gain on extinguishment of financial liabilities.

| | Data at | |
|---|---|---|
| | **Statutory financial statements at 9/30/12** | **Statutory financial statements at 9/30/12 net of extraordinary transactions** |
| Net property, plant and equipment | 55,062,995 | 55,062,995 |
| Net intangible assets | 455,359 | 455,359 |
| Equity investments | 52,475,775 | 52,475,775 |
| Non-current financial assets | 4,319,801 | 4,319,801 |
| **NON-CURRENT ASSET** | **112,313,930** | **112,313,930** |
| Inventory | 770,500 | 770,500 |
| Contract work in progress | 3,112,178 | 3,112,178 |
| Current financial assets | 50,114,704 | 50,114,704 |
| Net trade receivables and other receivables | 24,152,791 | 24,152,791 |
| Cash and cash equivalents | 10,830,748 | 10,830,748 |
| **CURRENT ASSETS** | **88,980,921** | **88,980,921** |
| **TOTAL ASSETS** | **201,294,851** | **201,294,851** |
| Share capital and Reserves | 13,038,673 | 13,038,673 |
| Profit (Loss) for the period | 33,258,466 | (11,576,968) |
| **TOTAL SHAREHOLDERS' EQUITY** | **46,297,139** | **1,461,705** |
| Long-term borrowings | 118,191,342 | 131,309,576 |
| Provision for termination indemnities | 7,017,946 | 7,017,946 |
| **NON-CURRENT LIABILITIES** | **125,209,288** | **138,327,522** |
| Current borrowings | 5,253,009 | 36,970,209 |
| Other payables | 3,385,431 | 3,385,431 |
| Trade accounts payable | 14,289,962 | 14,289,962 |
| Provision for current taxes | - | - |
| Provision for other liabilities and charges | 6,860,022 | 6,860,022 |
| **CURRENT LIABILITIES** | **29,788,424** | **61,505,624** |
| **TOTAL LIABILITIES** | **154,997,712** | **199,833,146** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **201,294,851** | **201,294,851** |

| | Data at | |
|---|---|---|
| | Statutory financial statements at 9/30/12 | Statutory financial statements at 9/30/12 net of extraordinary transactions |
| Net revenues | 22,762,463 | 22,762,463 |
| Change in inventory of finished goods and work in process | 637,030 | 637,030 |
| Other income and revenues | 4,513,719 | 4,513,719 |
| **VALUE OF PRODUCTION** | **27,913,212** | **27,913,212** |
| Net gain on the sale of non-current assets | - | - |
| Raw materials and outside services used | (8,000,722) | (8,000,722) |
| Change in inventory of raw materials | (1,050,340) | (1,050,340) |
| External variable engineering services | (2,639,055) | (2,639,055) |
| Labor costs | (16,679,743) | (16,679,743) |
| Depreciation and amortization | (1,591,806) | (1,591,806) |
| Foreign exchange gains and (losses) | 1,737 | 1,737 |
| Other expense | (8,322,005) | (8,322,005) |
| **EBIT** | **(10,368,722)** | **(10,368,722)** |
| Financial income (expense), net | (2,480,067) | (2,480,067) |
| Gain on the cancellation of financial liabilities | 44,835,434 | - |
| Dividend | 1,245,559 | 1,245,559 |
| **PROFIT (LOSS) BEFORE TAX** | **33,232,204** | **(11,603,230)** |
| Income taxes for the period | 26,262 | 26,262 |
| **NET PROFIT (LOSS) FOR THE PERIOD** | **33,258,466** | **(11,576,968)** |

**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 nine months 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.