PININFARINA GROUP

Quarterly Report at September 30, 2005

Pininfarina S.p.A. – Share Capital: 9,317,000 euros, fully paid in – Registered Office: 6 Via Bruno Buozzi, Turin

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

PININFARINA GROUP

Quarterly Report at September 30, 2005

Approved by the Board of Directors
on November 11, 2005

Board of Directors

Chairman *	Sergio	Pininfarina (1)
Chief Executive officer *	Andrea	Pininfarina
Directors	Elisabetta	Carli
	Mario Renzo	Deaglio (2)
	Cesare	Ferrero (1) (2)
	Carlo	Pavesio (2)
	Lorenza	Pininfarina
	Paolo	Pininfarina
	Franzo	Grande Stevens (1)

(1) Member of the Appointments and Compensation Committee.

(2) Member of the Internal Control Committee.

Board of Statutory Auditors

Chairman	Giacomo	Zunino
Statutory Auditors	Giorgio	Giorgi
	Piergiorgio	Re

Secretary to the Board of Directors

Gianfranco Albertini

Independent Auditors

PricewaterhouseCoopers S.p.A.

***Powers**

Under Article 22 of the Bylaws, the Chairman and the Chief Executive Officer are the legal representatives of the Company before outsiders and before the courts. Accordingly, they are empowered to carry out all actions that are consistent with the Bylaws and do not conflict with the provisions of Article 2384 of the Italian Civil Code.

INDICES

The Pininfarina Group

Review of Operating and Financial Performance

The quarterly financial statements at September 30, 2005 were prepared in accordance with the international accounting principles set forth in IAS 34 and with IFRS guidelines. In order to permit the comparison of homogeneous data, the financial statements for the first nine months of 2004 and those at December 31, 2004 have been restated in accordance with the same principles. The accounting principles applied are discussed on page 21 of this Report. They are consistent with those that the Group used for the first time to prepare the financial statements at June 30, 2005.

The factors that affected the Group's performance in the third quarter of 2005 are substantially the same as those discussed in the Semiannual Report: the ongoing change in the production mix and the steady growth of the service operations.

In the first nine months of 2005, production value amounted to 272.5 million euros, or 35.5% less than in the same period last year. Despite this decrease, all profitability indicators confirmed the positive trend of the first half of the year, improving both in absolute terms and as a percentage of production value as compared with the first nine months of 2004.

The main reasons for this positive performance are:

- At the profit-before-taxes level, the gains earned on disposals of equity investments (Open Air Systems GmbH and PF RE S.A.) completed during the period, coupled with higher financial income and lower writedowns of equity investments valued by the equity method;

- At the net-profit level, a reversal of the tax impact, which was positive in the first nine months of 2005, as deferred-tax assets exceeded the current tax liability.

The net profit for the period amounted to 11.5 million euros, compared with a loss of 1.9 million euros at September 30, 2004.

The balance of the net financial position, while positive by 42.1 million euros, was lower than the 71.6 million euros reported at December 31, 2004 (74.8 million euros at September 30, 2004).

Performance of the Group's Divisions in the First Nine Months of 2005

Manufacturing Division

The manufacturing operations generated production value totaling 145.3 million euros (53.4% less than in the first nine months of 2004), accounting for 53.3% of total consolidated production value (73.8% last year). As shown in the table on the following page, which provides a breakdown of the number of cars invoiced during the period, the process of gearing up for new orders is the reason for this decrease.

	9/30/05	9/30/04
Alfa Romeo Spider	0	1,011
Alfa Romeo GTV	0	550
Ford Streetka	4,386	7,730
Mitsubishi Pajero Pinin	1,591	6,066
Peugeot 406 coupé	0	3,264
Alfa Romeo Brera	17	0
TOTAL	**5,994**	**18,621**

Production of two important models — the Alfa Romeo Brera, which will be manufactured at Group facilities in Italy, and the Volvo C70, which will be made at a factory in Uddevalla, Sweden — got under way in the past few weeks. Three additional new models will join these two on the production line in the first half of 2006: the Alfa Romeo Spider, the Mitsubishi Colt C.C. and the Ford Focus C.C. The Group will then be producing a full model lineup and will be able to rehire all of the employees who are currently enrolled in the Special Government Layoff Benefits Fund.

Services Division

The Group's service businesses, which include the design, industrial design and engineering operations, generated production value totaling 127.2 million euros, for an increase of 14.9% compared with the data at September 30, 2004. These businesses accounted for 46.7% of total Group production value in the first nine months, up from 26.2% a year ago. During the third quarter of 2005, the Group's foreign companies continued to improve their profitability and moved closer to breaking even, despite, in one case, an extremely rapid rate of expansion (Matra Automobile Engineering Group) and, in the other, an ongoing restructuring program (Pininfarina Deutschland). As a result, the operating loss of these businesses decreased from 1.5 million euros at September 30, 2004 to 0.7 million euros in the first nine months of 2005. These operations are continuing to expand their customer base and recently signed another contract in the all-important Chinese market.

Outlook for the Balance of the Year and Significant Events Occurring Since September 30, 2005

The outlook for the rest of the year continues to call for consolidated production value to be about 30% lower than at December 31, 2004, as the contribution that the Alfa Brera and Volvo C70 are beginning to provide will help reduce the decrease reported at September 30, 2005.

Year-end EBIT should be close to breakeven and the net financial position should show a somewhat lower balance than at September 30, 2005.

No events involving Group companies have occurred to date that would significantly alter the Group's balance sheet or financial position since September 30, 2005.

November 11, 2005

Sergio Pininfarina
Chairman
of the Board of Directors

CONSOLIDATED FINANCIAL HIGHLIGHTS

(in thousands of euros)

	Data at		Data at
	9/30/05	**9/30/04**	**12/31/04**
Operating Data			
Net revenues	211,129	320,003	466,229
Value of production	272,547	422,383	557,772
EBIT	9,197	8,201	8,070
Net financial income	3,585	1,145	1,567
Profit before taxes	9,072	3,320	6,033
Group interest in profit for the year/period	11,485	(1,933)	(2,405)
Self financing	23,817	11,173	15,451
Balance Sheet Data			
Net non-current assets	204,293	152,140	166,920
Net invested capital	194,330	141,855	146,997
Group interest in shareholders' equity	208,428	191,235	192,569
Net financial position	42,099	74,827	71,584
Indices (%)			
ROS (EBIT/Value of production)	3.37	1.94	1.45
ROI (EBIT/Net invested capital)	4.73	5.78	5.49
ROE (Profit/Shareholders' equity)	5.51	(1.01)	(1.25)
Net financial income/Value of production	1.32	0.27	0.28

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(in thousands of euros)

	Data at					Data at
	9/30/05	%	**9/30/04**	%	Change	**12/31/04**
Net revenues	211,129	77.47	320,003	75.76	(108,874)	466,229
Changes in inventory of work in process and finished products	56,479	20.72	80,218	18.99	(23,739)	57,617
Other income and revenues	4,939	1.81	22,162	5.25	(17,223)	33,926
Work performed internally and capitalized	-	-	-	-	-	-
Value of production for the period	**272,547**	**100.00**	**422,383**	**100.00**	**(149,836)**	**557,772**
Net gain on disposal of non-current assets	32,521	11.93	1,050	0.25	31,471	1,066
Raw materials and outside services	(200,395)	(73.53)	(321,646)	(76.15)	121,251	(423,356)
Change in inventory of raw materials	(9,394)	(3.45)	(6,937)	(1.64)	(2,457)	(8,237)
Value added	**95,279**	**34.96**	**94,850**	**22.46**	**429**	**127,246**
Labor costs	(73,750)	(27.06)	(73,542)	(17.41)	(208)	(101,095)
EBITDA	**21,529**	**7.90**	**21,308**	**5.04**	**222**	**26,150**
Depreciation and amortization	(12,332)	(4.52)	(13,106)	(3.10)	774	(17,855)
Additions to provisions and reserves	-	-	-	-	-	(225)
EBIT	**9,197**	**3.37**	**8,201**	**1.94**	**996**	**8,070**
Net financial income	3,585	1.32	1,145	0.27	2,440	1,567
Other income (expense), net	(3,710)	(1.36)	(6,026)	(1.43)	2,316	(3,604)
Profit before taxes	**9,072**	**3.33**	**3,320**	**0.79**	**5,752**	**6,033**
Income taxes for the year/period	2,413	0.89	(5,253)	(1.24)	7,666	(8,438)
Minority interest in profit (loss)	-	-	-	-	-	-
Profit for the year/period	**11,485**	**4.21**	**(1,933)**	**(0.46)**	**13,418**	**(2,405)**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(in thousands of euros)

	From July 1, to September 30,				
	2005	%	**2004**	%	Change
Net revenues	55,657	83.05	101,845	84.10	(46,187)
Changes in inventory of work in process and finished products	10,150	15.14	11,635	9.61	(1,485)
Other income and revenues	1,213	1.81	7,620	6.29	(6,407)
Work performed internally and capitalized	-	-	-	-	-
Value of production for the period	**67,020**	**100.00**	**121,099**	**100.00**	**(54,080)**
Net gain on disposal of non-current assets	2,335	3.48	154	0.13	2,181
Raw materials and outside services	(50,454)	(75.28)	(95,608)	(78.95)	45,154
Change in inventory of raw materials	431	0.64	(4,847)	(4.00)	5,278
Value added	**19,332**	**28.85**	**20,798**	**17.17**	**(1,466)**
Labor costs	(20,997)	(31.33)	(20,873)	(17.24)	(124)
EBITDA	**(1,664)**	**(2.48)**	**(74)**	**(0.06)**	**(1,590)**
Depreciation and amortization	(4,117)	(6.14)	(4,102)	(3.39)	(15)
Additions to provisions and reserves	-	-	-	-	-
EBIT	**(5,781)**	**(8.63)**	**(4,176)**	**(3.45)**	**(1,605)**
Net financial income	1,600	2.39	(49)	(0.04)	1,649
Other income (expense), net	334	0.50	(2,576)	(2.13)	2,910
Profit before taxes	**(3,847)**	**(5.74)**	**(6,801)**	**(5.62)**	**2,954**
Income taxes for the year/period	(352)	(0.52)	1,424	1.18	(1,775)
Minority interest in profit (loss)	-	-	-	-	-
Profit for the year/period	**(4,198)**	**(6.26)**	**(5,377)**	**(4.44)**	**1,179**

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(in thousands of euros)

	Data at			Data at
	9/30/05	**12/31/04**	Change	**9/30/04**
Net non-current assets (A)				
Net intangible assets	5,742	5,744	(2)	4,558
Net property, plant and equipment	195,962	158,159	37,803	145,036
Equity investments	2,589	3,017	(428)	2,546
Total A	**204,293**	**166,920**	**37,373**	**152,140**
Working capital (B)				
Inventory	47,417	45,455	1,962	60,076
Net trade receivables and other receivables	67,187	98,290	(31,103)	103,997
Deferred-tax assets	26,232	25,304	928	25,650
Trade accounts payable	(93,214)	(125,613)	32,399	(135,957)
Provisions for risks and charges	(1,027)	(4,310)	3,283	-
Other liabilities	(56,558)	(59,049)	2,491	(64,051)
Total B	**(9,963)**	**(19,923)**	**9,960**	**(10,285)**
Net invested capital (C=A+B)	**194,330**	**146,997**	**47,333**	**141,855**
Provision for termination indemnities (D)	**28,001**	**26,012**	**1,989**	**25,447**
Net capital requirements (E=C-D)	**166,329**	**120,985**	**45,344**	**116,408**
Shareholders' equity (F)	**208,428**	**192,569**	**15,859**	**191,235**
Net financial position (G)				
Long-term debt	53,207	35,983	17,224	(30,179)
(Net liquid assets)	(95,306)	(107,567)	12,261	(44,648)
Total G	**(42,099)**	**(71,584)**	**29,485**	**(74,827)**
Total as in E (H=F+G)	**166,329**	**120,985**	**45,344**	**116,408**

NET FINANCIAL POSITION

(in thousands of euros)

	9/30/05	12/31/04	Change	9/30/04
Cash and cash equivalents	19,369	26,568	(7,199)	18,621
Current assets held for trading	56,708	88,410	(31,702)	57,161
Current loans receivable and other receivables	19,946	16,109	3,837	8,055
Available-for-sale current assets	29,851	19,256	10,595	19,581
Loans receivable from associates and joint ventures	-	-	-	-
Bank account overdrafts	(696)	(468)	(228)	(452)
Current liabilities under finance leases	(29,872)	(42,308)	12,436	(58,318)
Loans payable to associates and joint ventures	-	-	-	-
Net liquid assets	**95,306**	**107,567**	**(12,261)**	**44,648**
Long-term loans and other receivables from outsiders	131,942	63,800	68,142	50,376
Long-term loans and other receivables from associates and joint ventures	114,866	94,543	20,323	93,506
Long-term liabilities under finance leases	(179,020)	(74,127)	(104,893)	(40,064)
Long-term bank debt	(120,995)	(120,199)	(796)	(73,639)
Long-term debt	**(53,207)**	**(35,983)**	**(17,224)**	**30,179**
Net financial position	**42,099**	**71,584**	**(29,485)**	**74,827**

Consolidated Balance Sheet – Assets

	9/30/05	12/31/04
Property, plant and equipment	195,961,942	158,158,549
Land and buildings	99,799,666	99,387,973
Land	31,709,361	32,080,329
Buildings	57,486,834	56,455,206
Leased property	10,603,471	10,852,438
Plant and machinery	85,993,622	52,463,212
Machinery	5,988,723	6,430,557
Plant	32,365,820	30,147,655
Leased machinery and equipment	47,639,079	15,885,000
Furniture, fixtures and other property, plant and equipment	5,556,076	4,733,056
Furniture and fixtures	2,125,310	2,520,689
Hardware and software	2,345,947	1,181,365
Other property, plant and equipment (incl, vehicles)	1,084,819	1,031,002
Other leased property, plant and equipment	-	-
Assets under construction	4,612,578	1,574,308
Investment in materials	-	-
Intangible assets	5,742,369	5,743,806
Goodwill	1,043,436	2,246,908
Licenses and trademarks	3,142,545	3,118,789
Development costs	-	-
Other intangibles	1,556,388	378,109
Equity investments	2,589,147	3,016,948
Subsidiaries	-	-
Associated companies	744,800	744,800
Joint ventures	1,370,713	1,763,998
Other companies	473,634	508,150
Deferred-tax assets	26,231,818	25,304,441
Non-current financial assets	246,808,030	158,343,537
Non-current investments held to maturity	-	-
Loans and other receivables from	246,808,030	158,343,537
outsiders	131,941,683	63.800.463
associated companies and joint ventures	114,866,347	94,543,074
Available-for-sale non-current assets	-	-
Held-for-sale non-current assets	-	-
TOTAL NON-CURRENT ASSETS	477,333,306	350,567,281
Inventory	17,697,331	21,947,537
Raw materials	8,760,268	17,974,856
Work in process	867,312	1,978,161
Finished goods	8,069,751	1,994,520
Contract work in progress	29,719,866	23,507,914
Current financial assets	106,505,652	123,774,668
Current assets held for trading	56,708,049	88,409,981
Current loans receivable and other receivables from	19,946,328	16,109,178
outsiders	19,946,328	16,109,178
associated companies and joint ventures	-	-
Available-for-sale current assets	29,851,275	19,255,509
Current investments held to maturity	-	-
Derivatives	-	-
Trade receivables and other receivables	67,187,190	98,289,931
Trade receivables from	49,992,439	69,628,146
outsiders	35,218,435	44,276,993
associated companies and joint ventures	14,774,004	25,351,153
Accrued income	897,585	197,051
Other receivables	16,297,166	28,464,734
Cash and cash equivalents	19,369,134	26,568,454
Cash on hand	4,148,191	4,310,526
Short-term bank deposits	15,220,943	22,257,928
TOTAL CURRENT ASSETS	240,479,173	294,088,504
TOTAL ASSETS	717,812,479	644,655,785

Consolidated Balance Sheet – Liabilities and Shareholders' Equity

	9/30/05	12/31/04
Common shares	9,313,311	9,182,502
Additional paid-in capital	36,347,368	33,910,650
Reserve for treasury stock	14,994,867	27,434,512
Statutory reserve	2,231,389	2,231,389
Revaluation reserve	-	-
Stock option reserve	1,055,382	527,691
Reserve for derivative hedges	-	-
Reserve for currency translations	(32,381)	3,726
Fair value reserve	13,097,993	8,265,701
Other reserves	107,552,764	97,522,513
Retained earnings	12,382,791	15,895,428
Profit for the year/period	11,484,687	(2,404,679)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	208,428,171	192,569,433
Minority interest in net profit	-	-
TOTAL SHAREHOLDERS' EQUITY	208,428,171	192,569,433

LIABILITIES	9/30/05	12/31/04
Long-term borrowings	300,014,913	194,326,300
Collateralized borrowings	-	-
Liabilities under finance leases	179,019,947	74,127,286
Other indebtedness to	120,994,966	120,199,014
outsiders	120,994,966	120,199,014
associated companies and joint ventures	-	-
Deferred-tax liabilities	32,940,748	31,969,310
Provision for termination indemnities	28,000,511	26,012,249
Provision for pensions and severance pay	368,568	179,205
Provision for termination indemnities	27,631,943	25,833,044
Provision for other liabilities and charges	-	-
Decommissioning costs	-	-
TOTAL NON-CURRENT LIABILITIES	360,956,172	252,307,859
Current borrowings	30,568,148	42,775,329
Bank account overdrafts	696,209	467,781
Collateralized borrowings	-	-
Liabilities under finance leases	29,871,939	42,307,548
Bonds outstanding and other indebtedness to	-	-
outsiders	-	-
associated companies and joint ventures	-	-
Other payables	16,663,076	26,971,936
Wages and salaries	10,180,280	6,194,266
Due to social security authorities	3,484,655	5,738,852
Vacation days, sick days and personal days	439,130	370,721
Other liabilities	2,559,011	14,668,097
Trade accounts payable	93,214,240	125,613,182
Accounts payable to outsiders	90,321,353	120,600,273
Accounts payable to associated companies and joint ventures	2,892,342	4,917,099
Advances for contract work in process	545	95,810
Provision for current taxes	4,409,521	107,944
Direct taxes	4,186,900	-
Other taxes	222,621	107,944
Derivatives	-	-
Provision for other liabilities and charges	1,027,042	4,310,102
Provision for warranties	-	2,591,298
Provision for legal disputes	-	-
Provision for restructuring costs	-	-
Other provisions	1,027,042	1,718,804
Other liabilities	2,546,109	-
TOTAL CURRENT LIABILITIES	148,428,136	199,778,493
TOTAL LIABILITIES'	509,384,308	452,086,352
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	717,812,479	644,655,785

Consolidated Income Statement

	Data at	
	9/30/05	**9/30/04**
Sales and service revenues	211,129,173	320,003,183
Increase in Company-produced additions to non-current assets	-	-
Change in inventory of finished goods and work in progress	56,479,202	80,217,707
Change in contract work in process	51,216,779	79,668,196
Change in inventory of work in progress, semifinished goods and finished goods	5,262,423	549,511
Other income and revenues	4,939,084	22,162,341
TOTAL VALUE OF PRODUCTION	272,547,459	422,383,230
Gain on the sale of non-current assets	32,628,527	1,050,239
Amount earned on the sale of equity investments	*32,504,654*	
Raw materials and consumables used	(108,380,274)	(233,099,723)
Raw materials and components	(98,985,960)	(226,162,403)
Change in inventory of raw materials, subsidiary materials and consumables	(9,394,314)	(6,937,320)
Provision for inventory risk	-	-
Other variable production costs	(7,468,806)	(5,885,623)
Consumables	(2,562,611)	(3,038,955)
Utilities	(1,920,174)	-
External maintenance costs	(2,986,021)	(2,846,668)
Variable external engineering services	(61,779,185)	(60,943,176)
Wages, salaries and employee benefits	(73,749,934)	(73,542,296)
Production staff, office staff and managers	(69,833,269)	(70,426,823)
Independent contractors	(417,760)	(58,619)
Social security and other post-employment benefits	(3,498,905)	(3,056,854)
Profit-sharing costs		
Depreciation, amortization and writedowns	(12,439,320)	(13,106,131)
Depreciation of property, plant and equipment	(11,050,487)	(11,821,754)
Loss on disposal of property, plant and equipment	(107,191)	-
Amortization of intangibles	(1,281,642)	(1,284,377)
Writedowns		
Utilization of negative goodwill		
Foreign exchange gains (losses)	240,146	(483,935)
Other expenses	(32,401,385)	(28,171,167)
PROFIT (LOSS) FROM OPERATIONS	9,197,228	8,201,420
Finance costs, net	2,730,964	517,327
Dividends	853,947	627.787
Value adjustments	(3,756,859)	(6,021,592)
Extraordinary income (expense)	46,636	(4,833)
PROFIT (LOSS) BEFORE TAXES	9,071,916	3,320,109
Income taxes for the year/period	2,412,771	(5,252,926)
PROFIT (LOSS) FOR THE YEAR/PERIOD	**11,484,687**	**(1,932,817)**

Statement of Changes in Consolidated Shareholders' Equity

	12/31/004	Fair value gains (losses)	Cash flow hedges	Translation restatements	**Net gains (losses) recognized directly in equity**	Profit for the period	**Total result for the period**	Employee stock option plan	Changes to reserves	Dividends	Issue of share capital	Purchases/Sales of treasury shares	**9/30/05**
Common shares	9,182,502											130,809	9,313,311
Additional paid-in capital	33,910,650											2,436,718	36,347,368
Reserve for treasury stock	27,434,512								(12,439,645)				14,994,867
Statutory reserve	2,231,389												2,231,389
Revaluation reserve													
Stock option reserve	527,691							527,691					1,055,382
Coverage reserve													
Translation reserve	3,726								(36,107)				(32,381)
Fair value reserve	8,265,701	4,832,292			**4,832,292**		**4,832,292**						13,097,993
Other reserves	97,522,513								13,152,302	(3,122,051)			107,552,764
Retained earnings	15,895,428								(3,512,637)				12,382,791
Profit for the period	(2,404,679)					11,484,687	**11,484,687**		2,404,679				11,484,687
GROUP INT. IN SHAREHOLD. EQ.	192,569,433												208,428,171
Minority interest													-
TOTAL SHAREHOLDERS' EQUITY	192,569,433	4,832,292			**4,832,292**	11,484,687	**16,316,979**	527,691	(431,408)	(3,122,051)		2,567,527	208,428,171

Consolidated Cash Flow Statement

	Data at	
	9/30/05	9/30/04
Profit for the period	**11,484,687**	**(1,932,817)**
Restatements	**(17,457,488)**	**22,251,730**
- Income taxes	(2,412,771)	5,252,926
- Depreciation of property, plant and equipment	11,050,487	11,821,754
- Amortization of intangibles	1,281,642	1,284,377
- Writedowns	3,039,592	-
- Provision for pensions and seniority indemnities	1,988,262	674,674
- (Gains) Losses on sale of non-current assets	(32,521,336)	(1,050,239)
- (Gains) Losses unrealized on derivatives	-	-
- (Gains) Losses on available-for-sale financial assets	-	-
- (Financial income)	(8,456,714)	(4,407,253)
- Financial expense	5,725,750	3,285,868
- (Dividends)	(853,947)	(627,787)
- Value adjustment to shareholders' equity	3,756,859	6,021,592
- Unrealized (gains) losses on foreign exchange transactions	(55,312)	(4,181)
- Other adjustments		
Changes in working capital	**(12,317,671)**	**(466,584)**
- Inventories	4,250,206	6,786,390
- Contract work in progress	(6,211,952)	28,397,988
- Trade accounts receivable	31,102,741	(5,844,784)
- Trade accounts payable	(32,343,630)	(6,498,440)
- Other changes	(9.115.036)	(23,307,738)
Cash flow from operating activities	**(18,290,472)**	**19,852,329**
(Financial expense)	(5,725,750)	(3,285,868)
(Income taxes)	2,412,771	(5,252,926)
Net cash from operating activities	**(21,603,451)**	**11,313,535**
- Acquisition of a subsidiary, net of cash acquired		
- Purchases of property, plant and equipment	(49,718,626)	(14,986,645)
- Proceeds from sale of property, plant and equipment	32,105,877	2,036,165
- Non-current financial assets	(66,363,185)	(89,523,743)
- Financial income	8,456,714	4,407,253
- Dividends received	853,947	627,787
- Other equity investments	(3,953,787)	(719,786)
Net cash used in investing activities	**(100,222,511)**	**(86,845,434)**
- Proceeds from issue of share capital		
- Purchases of treasury shares	2,567,527	(112,046)
- Borrowings from lenders outside the Group	93,481,432	70,890,850
- Dividends paid	(3,122,051)	(3,124,779)
Net cash used in financing activities	**(7,295,603)**	**(19,191,409)**
- Other non-monetary items	96,283	(1,079,992)
Increase (Decrease) in cash and cash equivalents	**(7,199,320)**	**(20,271,400)**
- Cash and cash equivalents at beginning of period	26,568,454	38,892,006
Cash and cash equivalents at end of period	**19,369,134**	**18,620,606**

Companies of the Pininfarina Group
(data presented in accordance with the new IAS accounting principles)

At September 30, 2005, the **Matra Automobile Engineering Group** reported value of production of 37.6 million euros and a consolidated loss of 3.0 million euros, compared with 32.4 million euros and 3.4 million euros, respectively, in the first nine months of 2004. The increase in value of production (+16%) and an improvement in operating efficiency are the reason for the lower loss incurred during the first nine months of 2005. These operations, which are now in their second year of activity, continue to enjoy rapid revenue growth and should be in the black as early as 2006.

Pininfarina Extra S.r.l. ended the first nine months of 2005 with value of production of 4.1 million euros, or 46.4% more than in the same period last year (2.8 million euros). The net profit for the period amounted to 412,000 euros, compared with 362,000 euros in the first nine months of 2004.

Pininfarina Deutschland GmbH booked value of production of 5.4 million euros in the first nine months of 2005 (6.4 million euros at September 30, 2004) and a loss of 1.2 million euros (2.0 million euros last year). The company's ability to steadily shrink its loss despite a lower value of production attests to the effectiveness of the reorganization and repositioning programs that are being implemented. Expectations are for a return to profitability in 2006.

Pininfarina Sverige AB became fully operational in November, when production of the C70, Volvo's new convertible, got under way. The investment in Pininfarina Sverige, which is accounted with the equity method, was written down by 3.8 million euros, due mainly to unrealized foreign exchange translation losses. This joint venture with Volvo is expected to be in the profitable by the end of this year.

RHTU AB had value of production of 1.1 million euros and broke even in the first nine months of 2005. A comparison with the corresponding data for 2004 is not meaningful (the company was established in June of that year) because it had not generated any value of production and reported a loss of 16,000 euros. This company manufactures the retractable hard tops that are being installed in the Volvo C70 produced by Pininfarina Sverige A.B.

Pininfarina S.p.A., the Group's Parent Company, reported value of production of 227.4 million euros at September 30, 2005, compared with 384.3 million euros in the first nine months of 2004 (-40.8%). Profit for the period came to 11.0 million euros, compared with 8.1 million euros at September 30, 2004 (+35.8%). The net financial position was positive by 58.6 million euros, but decreased from the positive balance of 81.8 million euros reported at December 31, 2004 (86.1 million euros at September 30, 2004). Most of the remarks made in the review of the Group's performance in the first nine months of 2005 apply to the Parent Company as well.

Notes to the Quaterly Consolidated Financial Statements

1. General Information

The Pininfarina Group is an industrial enterprise that is centered around a core of automotive operations and based on the establishment of comprehensive collaborative relationships with carmakers.

Pininfarina operates as a global partner. Its highly flexible approach enables it to work with customers through the entire product development process — design, planning, development, industrialization and manufacturing — or to provide support during any one of these phases.

The Group has production and development facilities in Italy, France, Germany, Sweden and Morocco. Its customers are located mainly in Italy, France, Great Britain and China.

Pininfarina is a corporation that has its registered office at 6 via Bruno Buozzi, in Turin.

The Company's shares are traded on the Borsa Italiana securities market.

This Quaterly Consolidated Financial Statements Report was approved by the Board of Directors on November 11, 2005.

2. Accounting Principles

2.1 Presentation Criteria

Pursuant to European Regulation No. 1606 of July 19, 2002, the Pininfarina Group prepared its Quaterly Report at September 30, 2005 in accordance with the IFRSs.

Consistent with the requirements of Paragraph 8 of IAS 34 Interim Financial Reporting, the Quarterly Report comprises the following minimum components:

a) Condensed balance sheet;
b) Condensed income statements;
c) Condensed statement of changes in shareholders' equity;
d) Condensed cash flow statement;
e) Selected explanatory notes required by Paragraph 16 of IAS 34.

The accounting principles did not undergo changes that would require a restatement of the opening balances. The estimation criteria applied have not changed.

2.2 Principles of Consolidation

(a) Subsidiaries

Subsidiaries are those companies, including vehicle companies, over which the Pininfarina Group has authority to direct their financial and operating decisions.

Generally, control is deemed to exist when the Group holds more than half of the voting rights, either directly or through shareholder agreements or contingent voting rights. Subsidiaries are consolidated from the moment the Group is able to exercise control and are deconsolidated the moment it ceases to exercise control.

The Group accounts for the acquisition of controlling interests by the purchase method. This method, which is provided in IFRS 3, Business Combinations, requires that the acquiree's identifiable assets and liabilities be recognized at their fair value as of the acquisition date. The cost for the acquisition is the sum of the consideration paid any cost directly attributable to the business combination.

Any difference between the cost paid and the Group's pro rata interest in the fair value of the net assets it acquired is capitalized and recognized as goodwill, if positive, or charged directly to income, if negative.

Revenues and expenses and receivables and payables that arise from transactions between Group companies are eliminated in the Consolidation process. When necessary, the accounting principles of subsidiaries are amended to make them consistent with those of the Group's Parent Company.

(b) 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 a significant influence when it controls between 20% and 50% of the voting rights. Investments in associated companies and joint ventures are recognized initially at cost and are then valued by the equity method.

The Group's investments in associated companies and joint ventures include any goodwill that was recognized at the time of acquisition, less accumulated impairment losses.

The Group's income statement 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 changes in shareholders' equity.
The Group's pro rata interest in losses incurred by an associated company or a joint venture is recognized on the Group's financial statements until the value of the corresponding equity investment is written off. Any additional loss is posted to the provisions for risks and losses only to the extent that the Group has undertaken obligations or made payments on behalf of the associated company or joint venture.

Gains generated through transactions with an associated company or a joint venture are eliminated against the value of the investment. The same is done for losses, unless the losses stem from an impairment of the assets subject of the transaction. When necessary, the accounting principles of associated companies and joint ventures are amended to make them consistent with those of the Group's Parent Company.

2.3 Segment Reporting

A business segment is a group of activities or operations that is engaged in providing products or services and that is subject to risks and returns that are different from those of other business segments. The Pininfarina Group identifies two primary reporting segments: the operations that engage in design and development activities (Design and Engineering) and those that produce motor vehicles on an industrial scale on behalf of customers (Manufacturing).

A geographical segment is a distinguishable component of an entity because it is engaged in providing products or services that are subject to risks and returns that are different from those of other geographical segments. The Pininfarina Group operates mainly in Europe (Italy, France, Germany and Sweden). China is its largest market outside the European Union.

2.4 Translation of Items Denominated in Foreign Currencies

(a) Functional Currency and Presentation Currency

The financial statements of subsidiaries, associated companies and joint ventures are presented in the corresponding functional currency, which is the currency used in their primary business environment. The presentation currency of the Pininfarina Group is the euro.

(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.

Monetary assets and liabilities denominated in currencies other than the euro are converted into euros at the exchange rate in force on the balance sheet date. All translation differences are recognized in the income statement, except for differences stemming from loans in foreign currencies that hedge investments in foreign subsidiaries. These differences, and the corresponding tax consequences, are recognized directly in equity until the equity investment is sold, at which point the translation differences are recognized in the income statement.

Non-monetary 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-monetary 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.

(c) Group Companies

No company of the Pininfarina Group operates in a high-inflation economic environment.

The assets and liabilities of Group companies that use a functional currency different from the euro are translated into euros at the exchange rate in force on the balance sheet date. The income statement is translated at the average exchange rate for the reporting period. Translation differences are recognized directly in equity and are shown separately in the Translation reserve. When an investee company is sold, the corresponding portion of this reserve is reflected in the income statement.

Goodwill and fair value adjustments to the assets and liabilities of foreign companies are translated into euros at the year-end exchange rate.

2.5 Property, Plant and Equipment

All classes of property, plant and equipment are carried at their historical cost, less accumulated depreciation and impairment losses, except for land, which is carried at its historical cost less impairment losses. Cost includes all expenses directly attributable to the purchase.

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.

The depreciation of property, plant and equipment is computed on a straight-line basis, so as to distribute each asset's residual carrying value over its remaining useful life.

Extraordinary maintenance costs that have been capitalized and added to the carrying value of an existing asset are depreciated over the residual useful life of the asset or over the period of time until the next maintenance overhaul, whichever is shorter.

The residual values and useful lives of property, plant and equipment are reviewed, and changed if necessary, on the balance sheet date.

Impairment: The carrying amount of an item of property, plant and equipment is immediately written down to its recoverable value whenever the former is greater than the latter.

Gains and losses on the sale of property, plant and equipment are recognized in the income statement. They represent the difference between an item's carrying amount and its sales price.

Borrowing costs incurred to construct an item of property, plant and equipment are charged to income in accordance with the treatment suggested by IAS 23.

2.6 Intangible Assets

(a) Goodwill

Goodwill represents the excess of the price paid for net identifiable assets at the time of their acquisition over their fair value.
Goodwill generated by the acquisition of an interest in a subsidiary is recognized as an intangible asset.
Goodwill generated by the acquisition of an interest in an associated company is recognized as an addition to the value of the underlying equity investment.
Goodwill is recognized in the financial statements at the value determined on the date control is acquired and is thereafter adjusted for any impairment loss, based on a test performed at least once a year.
The calculation of a gain or loss on the sale of an equity investment must take into account the carrying amount of the applicable goodwill.

An impairment test is made by comparing the carrying amount of goodwill against the present value of the future cash flow that a basic cash-generating unit is expected to produce.

(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 develop and maintain software are treated as operating expenses and charged to income in the year they are incurred.
Costs incurred to develop software that can be identified and controlled by the Pininfarina Group and which has a high probability of producing greater economic benefits than the cost incurred during a single year 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 are charged to income in the year they are incurred.

Development costs, other than those referred to in the paragraph below, 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, both in terms of technical feasibility and commercial acceptance. Development costs that do not meet these characteristics are treated as operating expenses.
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 with a finite useful life are amortized from the date the resulting product was brought to market over the length of time during which they are expected to produce economic benefits, but not more than five years.

Development costs incurred in the performance of automobile design, engineering or development contracts are included among the aggregate costs financed by the Company through arrangements that can be identified as leases in accordance with IFRIC 4 (for additional information see Paragraph 5.2.a.4.)

(d) Other Intangibles

Other intangibles acquired separately are capitalized at cost. Those acquired through business combinations are capitalized at their fair value as of the date of acquisition.

After initial recognition, intangibles with a finite useful life are carried at cost less depreciation and impairment losses. Intangibles with an undefined useful life are carried at cost less impairment losses.

With the exception of research and development costs, internally produced intangibles cannot be capitalized. These costs are charged to income in the year they are incurred.

Other intangibles are tested once a year for impairment. Such testing can be carried out for individual intangible assets or for entire cash generating units.

The useful lives of other intangibles are reviewed once a year. Any resulting changes are applied from that point on.

2.7 Recoverable Amount of Assets (Impairment)

The recoverable amount of intangibles with an indefinite useful life that are not amortized should be tested for impairment whenever there is an indication that their carrying amount may not be recoverable, or at least once a year.

Assets that are amortized are tested for impairment only when there is an indication that their carrying amount may not be recoverable.

The amount of the impairment writedown should be equal to the difference between an assets' carrying amount and its recoverable amount, computed as the greater of the asset's sales price (net of transaction costs) and its value in use.
The recoverable amount of the assets is determined by grouping basic cash generating units.

2.8 Financial Assets

The Group divides its investments into four categories: a) financial assets carried at fair value, through profit and loss; b) loans and other financial receivables; c) held-to-maturity investments; and d) available-for-sale financial assets.
The basis for this classification is the reasoning behind an asset's acquisition. Management allocates financial assets to the appropriate category at the time of purchase and reviews this allocation at the end of each year.

(a) Financial Assets Carried at Fair Value, through profit and loss

This category is divided into two classes: 1) financial assets held for trading and 2) assets held as negotiable assets from the time of acquisition. An asset is included in this category if it was acquired mainly to be resold over the short term or if it was placed in this category by the Company's management.
Any derivatives that do not qualify as hedges are included in the held-for-trading class.
Financial assets that fall into these two classes are listed as current assets when they are held for trading or are expected to be sold within 12 months from the balance sheet date.

(b) *Loans and Other Financial Receivables*

Loans and other financial receivables are non-derivative financial assets that entail fixed or determinable payments, are not traded on a regulated market and are not held for trading. They are listed as current assets, except for the portion due after one year, which is classified under non-current assets.

(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.

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

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale and those non-derivative financial assets that do not fall into any of the previous categories. These assets are listed as current assets, unless management decides not to sell them within 12 months from the balance sheet date.

Purchases and sales of financial assets are recognized on the transaction date, which is the date when the Group agrees to buy or sell an asset.

All financial assets (except for financial assets carried at fair value) whose changes in value are recognized in earnings, are initially recognized at their fair value, plus transaction costs.

Financial assets are removed from the financial statements when they cease to deliver cash flow, or the right to receive such cash flow is transferred, or when the Group effectively transfers all of the risks and benefits inherent in ownership to a third party.

Following their purchase, assets that are categorized either as Available-for-sale financial assets or as Financial assets carried at fair value (whose changes in value are recognized in earnings) are valued at fair value. The assets included in the other two categories (Loans and other financial receivables and Held-to-maturity investments) are valued at their amortized cost, computed by the effective interest method.

Realized and unrealized gains and losses from changes in the fair value of financial assets categorized as Financial assets carried at fair value (whose changes in value are recognized in earnings) are reflected in the income statement in the year when they are generated.

Unrealized gains and losses from changes in the fair value of non-monetary securities categorized as Available-for-sale assets are recognized in equity. When securities categorized as Available-for-sale assets are sold or their value is impaired, adjustments to their fair value that have accumulated in a separate shareholders' equity reserve are recognized in earnings as a gain or loss on the sale.

The fair value of investments in listed securities is based on current bid prices. If an active market is not available for these financial assets or they are unlisted equity securities, fair value is determined by the Group using such valuation techniques as making reference to market transactions involving similar instruments or discounting future cash flows, adjusted as necessary to reflect the specific characteristics of the issuers.

At the end of each fiscal year, the Group tests its financial assets for objective indications of the existence of impairment losses. In the case of financial assets that represent equity investments categorized as Available-for-sale assets, a significant and prolonged decline in their fair value, as compared to their cost, is one of the elements that should be considered in determining a loss of value. If this type of evidence exists for a financial asset categorized as an Available-for-sale assets, the accumulated loss, calculated as the difference between the asset's cost and its current fair value (net of previous writedowns), is reversed out of shareholders' equity and posted to the income statement. Writedowns that have been recognized in earnings cannot be reversed.

2.9 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 necessary to make the sale.
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.

2.10 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. Writedowns of receivables are accounted for as if there was objective evidence that the Group will be unable to collect the full amounts that customers have agreed to pay on the dates due. 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 the statement of income.

2.11 Cash and Cash Equivalents

The Cash and cash equivalents account includes cash on hand, readily available bank deposits, overdraft facilities and liquid investments due within three months. Overdraft utilizations are recognized as current liabilities.

2.12 Share Capital

The Company's common share capital is listed in the shareholders' equity section of the balance sheet.

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 the applicable statutes), the price paid, net of any directly attributable incidental charges, is deducted from shareholders' equity until the shares are canceled, reissued, distributed to employees or sold.

2.13 Borrowings

Initially, borrowings are recognized at fair value, net of any incidental charges. Subsequently, they are valued by the amortized cost method. Any difference between the collection amount, net of any incidental charges, and the redemption amount is recognized in profit and loss on an accrual basis, computed by the effective interest rate method.

The portion of borrowings 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.

2.14 Deferred Taxes

Deferred taxes are computed on all temporary differences between the carrying amount of assets and liabilities and the amount attributed to those assets and liabilities for tax purposes. Temporary differences are not computed on:

- Goodwill generated by a business combination;
- Initial recognition of assets and liabilities 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 computed 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 balance sheet date and which are expected to apply when the temporary differences that required the recognition of a deferred-tax liability are reversed.

Deferred-tax assets are recognized only if it is likely that the Company will have earned sufficient taxable income to offset them when the temporary differences that required their recognition are reversed.

Deferred-tax assets are reviewed at each balance sheet date and are written down to reflect any reduction 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-tax liabilities are computed on temporary differences generated in connection with equity investments in subsidiaries, associated companies and joint ventures, except in those cases where the reversal of the temporary differences can be controlled by the Group and it is unlikely to occur in the near future.

Temporary differences on components of shareholders' equity are posted directly to shareholders' equity.

2.15 Employee Benefits

(a) Pension Plans

The employees of the Pininfarina Group have access to defined-contribution and defined-benefit plans. None of these plans has dedicated plan assets.

Based on IFRS guidelines (IAS 19), the Provision for termination indemnities attributable to employees of the Pininfarina Group, computed in accordance with Article 2120 of the Italian Civil Code, is a defined-benefit pension plan.

Defined-benefit plans are pension plans in which the pension benefit that an employee will receive at the end of the employment relationship is defined based on such factors as age, years of services and salary earned.

Defined-contribution plans are plans under which the Group pays a fixed contribution to a separate entity. The Group has no further statutory or implied obligations to pay additional sums, should the plan's assets prove to be inadequate to pay benefits for current or past service.

The liability recognized in the financial statements for defined-benefit plans is the present value of the obligation on the balance sheet date, adjusted for actuarial gains and losses and for the cost of benefits paid for past service. This liability is determined annually by an independent actuary, who must be a member of the relevant national board, using the Projected Unit Credit Method. The present value of the liability is determined by discounting future outlays at the exchange rate of government securities that are denominated in the same currency as that in which the benefits will be paid and have a maturity that approximates the due date of the underlying pension liability.

The portion of the cumulative amount of the actuarial gains and losses generated by changes in estimates that is larger than 10% of the fair value of plan assets or 10% of the plan's liabilities, whichever is greater, is recognized in the income statement on a pro rata basis over the average remaining working life of the employees who are enrolled in the plan.

Benefit costs for past service are recognized immediately in the income statement, except in those cases where changes in benefits are not predicated on the length of service of employees (vesting period). In such cases, benefit costs for past service are amortized on a straight line over the vesting period.

Under defined-contribution plans, the Group makes contributions to public and private pension funds on a statutory, contractual or voluntary basis. Once the Group has made these contributions, it incurs no further obligation. Contributions are reflected in the income statement as part of labor costs when they become due. Contributions made in advance are recognized as a prepaid expense only if the Group expects to receive a refund or a reduction in future payments.

(b) Incentives, Bonuses and Profit Sharing Plans

The Group recognizes the costs and liabilities that arise from profit sharing plans in accordance with a formula that is based on the profit attributable to shareholders, with appropriate adjustments. The Group sets aside a provision only if it is contractually obligated to do so or if established practice is to establish such a provision.

(c) Employee Benefits Paid in Shares of Stock

The Group's management, at its sole discretion and from time to time, awards bonuses to key employees in the form of options to buy Company shares. The right to exercise the options vests after one year of service, if certain personal objectives are reached. The fair value of the options is a labor cost of the fiscal year and is added to a special equity reserve for the duration of the option vesting period. When the options are exercised, the amount collected, net of any transaction costs, is added to share capital (the portion corresponding to the par value of the shares) and to additional paid-in capital (the amount paid in excess of par value).

2.16 Provisions for Risks and Charges

Additions are made to the provisions for risks and charges when:

- The Group incurs a statutory or implied obligation as a result of past events;
- It is likely that resources will have to be expended to satisfy this obligation;
- The amount of the obligation can be determined reliably.

Additions to these provisions are based on the present value of the best estimates made by the Company's management of the costs that the Pininfarina Group will incur on the balance sheet date to satisfy the obligations.

The provisions for risks and charges reflect primarily the best available estimates of the Group's liability for future warranty costs on the pool of cars in circulation that the Group has manufactured. The warranty commitment stems from contractual obligations to customers.

The provisions for risks and charges also includes amounts set aside to cover the Group's pro rata share in losses of associated companies and joint ventures, in those cases where Pininfarina is contractually obligated to cover those losses.

2.17 Revenue Recognition

Revenues should 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) Sales of Goods

Revenues are recognized when the Company has transferred all significant risks and benefits inherent in ownership, and the revenue amount can be estimated reliably.

(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.

(c) *Interest*

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 used to accurately discount the cash flows that a financial instrument is expected to generate over its life.

(d) *Royalties*

Royalty income is recognized on an accrual basis, taking into account the terms of the underlying contracts.

(e) *Dividends*

Dividends are recognized in the year in which the shareholders acquire the right to receive payment.

2.18 Leases

(a) *When the Pininfarina Group Is the Lessee*

Leases covering property, plant and equipment are deemed to be finance leases when the Pininfarina Group assumes substantially all of the risks and rewards incidental to the ownership of an asset.

An asset acquired under a finance lease is recognized as a component of Property, plant and equipment and depreciated over the life of the asset or the term 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 smaller. Lease payments are broken down into principal repayment and interest, which is determined by applying a constant interest rate to the outstanding balance.

The current portion of the indebtedness to the lessor is recognized as a current liability and the portion due after one year is booked as a non-current liability.

The interest cost is accounted in profit and loss over the life of the contract.

Leases in which the lessor (third party) retains substantially all of the risks and rewards incidental to ownership are recognized as operating leases. 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.

(b) *When the Pininfarina Group Is the Lessor*

The Pininfarina Group applies IFRIC 4 (Determining Whether an Arrangement Contains a Lease) to qualifying automobile design, engineering and production contracts.

IFRIC 4 applies to those arrangements that, while not having the legal formalities of a lease, convey to one of the parties the right to use certain assets in exchange for a series of payments.

According to IFRIC 4, an arrangement contains a lease if the following conditions are met:

- 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 asset subject of the arrangement;
- 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 exists, the Pininfarina Group recognizes a receivable of an amount equal to the present value of minimum lease payments. The difference between the gross amount of the receivable and its present value, which represents the interest income component, is reflected in the income statement over the term of the lease at a constant periodic interest rate.

The Group does not own assets leased to third parties under operating leases.

2.19 Dividend distributions

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

2.20 Construction Contracts

Costs incurred in connection with construction contracts are recognized when incurred.

When the outcome of a construction contract cannot be estimated reliably, revenue is 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 should be recognized in the year in which the Company's management becomes aware of the loss.

The Pininfarina Group allocates contract costs and revenues to each fiscal year by the percentage of completion method. 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. Costs incurred in a given fiscal year in connection with activities that have not yet been performed are excluded from the percentage of completion computation. Instead, they are recognized as inventory, advances or other assets, depending on their nature.

Progress billings on account are included in Contract work in progress.

2.21 Government grants

Government grants are recognized in the financial statements at fair value only when there is a 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.

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.

2.22 Valuations That Affect the Financial Statements

(a) Seasonal Factors

The operations of the Pininfarina Group are not affected by seasonal factors. On the other hand, the Pininfarina Group is affected by the cycles of orders placed with its manufacturing operations to design, engineer and, most importantly, produce automobiles.

(b) Current and Deferred taxes

The computation of current taxes made by management in the interim financial statements represents a best estimate of the weighted average of the tax liability that will be reflected in the annual financial statements.

Estimates of deferred taxes are made based on the tax rates in force in the countries in which the Group operates at the time the estimates are made. As a result, these estimates are subject to change.

(c) Costs

Costs that arise in a non-uniform way over the course of the year are recognized or deferred in interim financial statements in the same way as they are in the annual financial statements.

(d) Estimate of Fair Value

The fair value of financial instruments that are traded on an active market is based on their market value on the balance sheet date. The reference market price for financial assets held by the Pininfarina Group is their current sales price (purchase price for financial liabilities).

The Group does not hold financial instruments that are not traded on an active market. Consequently, it does not use valuation techniques or make assumptions about the market conditions on the balance sheet date.

The fair value of receivables is assumed to approximate their face value, net of valuation adjustments made to reflect collectibility.

The fair value of financial liabilities is determined for reporting purposes by discounting the contractual cash flows at an interest rate that approximates the market rate at which the Group borrows.

(e) Impairment of Goodwill

An estimate of the impairment of goodwill is made by discounting the cash flows anticipated in the business plan prepared by the Group's management. Actual results can vary from the estimates in the business plan due to a variety of factors that are outside the control of the Group.

(f) Financial Plans of Leases in Which the Group Is Either the Lessor or the Lessee

Financial plans prepared to account for leases in which the Group is either the lessor or the lessee are by their very nature affected by the trend of future cash flows. In any event, leases in which the Group is either the lessor or the lessee are accounted for in compliance with the terms of the leases. Contracts covering design, engineering and production orders are subject to change while they are being performed (e.g., engineering change requests) and these changes are anticipated and provided for in the contracts. As a result, it is possible for the cash flows expected from these contracts to change.

(g) Accounting for the Provision for Termination Indemnities

The provision for termination indemnities is akin to a defined-benefit plan (a defined-benefit plan is one in which the pension benefit payable to employees at the end of the employment relationship is predefined based on such factors as age, years of service and salary). Estimates of these factors, while made conservatively based on historical Company data, are subject to change.

(h) Stock Option Plans

The fair value of the benefits awarded to beneficiaries of stock option plans is incorporated in the value of the options the beneficiaries are entitled to receive. The value of options, estimated in accordance with the binomial lattice model, is affected by the following:

- Expected volatility, which is based on the historical price volatility of Pininfarina S.p.A. shares;
- The free risk rate, which is based on the gross yield on five-year Italian government bonds as determined by the Bank of Italy;
- An estimate of expected dividend distributions, based on dividend expectations for the years 2002 to 2005;
- The possibility of early expiration, which, based on the actual results of previous plans, is deemed to be nil.

3 Managing Financial Risk

3.1 Financial Risk Factors

The financial instruments that the Group uses to finance its operations include bank borrowings, leases in which it is the lessee, leases in which it is the lessor and recognizes in accordance with IFRIC 4 and short-term bank deposits.
The Group uses other financial instruments, such as trade payables and receivables, for operating purposes.

The Group's cash resources are managed centrally by Pininfarina S.p.A.

The Group does not execute transactions involving derivatives such as interest rate swaps and forward currency contracts, either for speculative purposes or as cash flow hedges or to hedge changes in fair value.

The financial risks that affect the Group are summarized below:

- The risk that the value of a financial instrument could fluctuate as a result of changes in foreign exchange rates (*currency risk*);
- The risk that the fair value of a financial instrument could change as a result of changes in market interest rates (*interest rate risk on fair value*);
- The risk that the value of a financial instrument could fluctuate due to changes in market prices (*price risk*);
- The risk that the counterpart could fail to perform its obligations (*credit risk*);
- The risk of facing difficulties in securing the financial resources needed to meet commitments arising from financial instruments (*liquidity risk*);
- The risk that future financial flows of a financial instrument could fluctuate due to changes in market interest rates (*interest risk on financing instruments*).

Currency Risk: The Group borrows in euros. It operates in an international environment and is exposed to fluctuations in currency translation rates, particularly with regard to the value of the Swedish krona (SEK) and U.S. dollar (USD) versus the euro. The currency risk arises from the following commercial transactions:

- Sales of automobiles to Volvo through the Swedish joint venture Pininfarina Sverige AB. In this case, the currency risk is assumed by the counterpart pursuant to the terms of the underlying contracts.
- Purchases of automobile components in U.S. dollars. In this case, the currency risk is minimal because the underlying contract sets maximum variability thresholds.

Risk of Changes in Fair Value: The investment portfolio of Pininfarina S.p.A. consists of securities of top-rated companies. These assets are subject to significant changes in fair value caused by changes in stock market prices.

Price Risk: The Group's exposure to price risk is minimal because the price at which it sells cars is defined contractually.

Credit Risk: The Group does business with a limited number of customers. In all cases, the Group's customers are deemed to be reliable counterparts, and financial transactions are executed exclusively with financial institutions the reliability of which is beyond question. The high credit standing that the Group enjoys with financial institutions is demonstrated by the fact that none of its assets have been used to collateralize loans and these loans are not subject to restrictive covenants. Receivables recognized upon the accounting of leases in which the Group is the lessor identified in accordance with IFRIC 4 are booked under the assumption that the Group will continue to operate as a going concern and that such receivables will be collected upon the payment of the price of its cars and not based on a right held by the Group, even in the event of liquidation or other composition with creditors proceedings.

Liquidity Risk: The Group has entered into finance leases as lessee to finance capital investments. All or part of these capital investments will be reimbursed by the Group's customers when they pay for their cars. The Group also holds a very substantial amount of highly liquid, unrestricted assets. As a result, viewing the Group as a going concern, the liquidity risk is deemed to be low.

Interest Risk on Fair Value and Financing Instruments: The Group receives financing from credit institutions at regular market rates. The Group is exposed to changes in interest rates, but its exposure on the liability side is offset by equivalent rates on the asset side.

3.2 Accounting for Derivatives

The Group has not executed transactions involving derivatives, either for hedging or speculative purposes. The paragraphs that follow are not applicable to the Group at this point. They are provided solely for information purposes.

Derivatives are recognized in the financial statements at fair value when the contracts are signed. Valuations made subsequent to the purchase of the financial instruments are made at fair value, but the accounting treatment of gains and losses differs according to whether a financial instrument is classified as a hedge.

There are three types of hedges:

- Fair value hedge;
- Cash flow hedge;
- Hedging of a net investment in foreign operations.

Before entering into a hedging contract, the Group documents the relationship between the hedge and the instrument that is being hedged and the Group's risk management strategies and objectives. The Group also assesses whether the derivative possesses and will continue to possess over its life the effectiveness requirements needed to qualify it for recognition as a hedge. Changes in the fair value of hedging instruments are recorded in the fair value reserve in the shareholders' equity section of the balance sheet.

(a) Fair Value Hedge

Changes in the fair values of fair value hedges are reflected in the income statement together with the changes in fair value of the hedged assets or liabilities.

(b) Cash Flow Hedge

The portion of the gain or loss on a hedging instrument that can be classified as effective is recognized directly in equity. The non-effective portion is reflected in earnings when incurred.
The amounts accumulated in a shareholders' equity account are transferred to the income statement in the year or years in which the planned transaction covered by the hedge has an impact on the income statement (for example when a planned sale is executed).
When a financial instrument matures and/or is sold, or when it no longer meets the requirements for classification as a hedge, the gains and/or losses accumulated in a shareholders' equity account are held in that account until the planned transaction covered by the hedge has an impact on the income statement. If, instead, the Group no longer believes that the planned transactions will be executed, the gains and/or losses accumulated in a shareholders' equity account are transferred to the income statement.

(c) Hedging of a Net Investment in Foreign Operations

Instruments that hedge a net investment in foreign operations are accounted for in the same manner as cash flow hedges.

(d) Financial Instruments That Do Not Meet the Requirements to Be Classified as Hedges

Financial instruments that do not meet the requirements to be classified as hedges are classified among financial assets or liabilities carried at fair value, with changes of value recognized in earnings.

4. Key Financial Statement Estimates and Valuations

Estimates and disclosures presented in the financial statements are evaluated on an ongoing basis. They are based on historical data and such other factors as expectations about future events the occurrence of which is reasonable to expect.

The Group makes assessments and valuations regarding future events. By definition, the resulting restatements rarely coincide with the final outcome. The assessments and valuations that entail a high risk that the valuation of assets and liabilities will be restated the following year are reviewed below.

(a) *Valuation of the Impairment of Goodwill*

Consistent with its accounting policies, the Group tests goodwill annually for impairment. The recoverable amount of cash generating units is determined by a computation of their value in use. These computations require the use of valuations.

(b) *Income taxes*

The Group is taxed in a number of different jurisdictions. A significant judgment call is necessary to determine the amount of the reserve for taxes. There are numerous transactions and computations that can make the determination of the ultimate tax liability uncertain in the normal course of business.

(c) *Provision for Termination Indemnities*

The actuarial valuation of the amount that should be added to the provision for termination indemnities is determined by the Projected Unit Credit Method (IAS 19). This method uses actuarial assumptions to determine the probability that payment will occur at a given moment in the future and to associate with this event the amount that will have to be paid. The probable cash outflows are then harmonized by means of an appropriate discounting mechanism so as to determine the present value on the date when the value of the termination indemnities is being determined.

(d) *Stock Options*

The valuation of options available for award was made in accordance with the binomial lattice model, which is based on the original approach developed by Cox, Ross and Rubinstein.

The model incorporates the following assumptions:

1. Volatility
   Expected volatility has been annualized and set at 21.90%. The estimate was made based on the historical price volatility of the shares. The time horizon used for estimate purposes was the same as the expected expiration of the option.
2. Free Risk Rate
   The rate used for the purpose of this valuation was 3.67916%, which was the same as the gross yield on the benchmark five-year Italian government bond on July 1, 2004, as determined by the Bank of Italy.
3. Dividends
   Consistent with the Group's accounting principles, the amount of expected dividends was the same as the amounts paid between 2002 and 2005.
4. Early Expiration
   Based on the technical characteristics of the options and an analysis of other stock option plans, this phenomenon appeared to be nonexistent.

5. Segment Information

a) Primary Segment

Business Segment

Segment information at September 30, 2005 shows that the Group is organized on a global scale and operates in two main business segments: vehicle production and styling/engineering.

The results for the first nine months of 2005 are as follows:

	Production	Styling & Engineering	Total for the Group €/000
Value of production	**145,339**	**127,208**	**272,547**
EBIT	9,894	-697	9,197
Financial income/expense			3,631
Interest in profit of associates	-3,756	0	-3,756
Profit before taxes			9,072
Income taxes			2,413
Profit for the period			11,485

The results for the first nine months of 2004 are as follows:

	Production	Styling & Engineering	Total for the Group €/000
Value of production	**311,682**	**110,691**	**422,373**
EBIT	9,626	-1,471	8,155
Financial income/expense			1,186
Interest in profit of associates	-6,021		-6,021
Profit before taxes			3,320
Income taxes			-5,253
Profit for the period			-1,933

A breakdown of assets and liabilities at September 30, 2005 by business segment is as follows:

€/000

	Production	Styling & Engineering	Not allocated	Total for the Group
Assets	423,478	102,019	192,315	**717,812**
Liabilities	252,284	98,133	158,968	**509,384**

The assets of the segments consist mainly of property, plant and equipment, intangible assets, inventory and receivables. The above figures do not include deferred-tax assets, equity investments and financial assets.

The liabilities of the segments consist of operating liabilities. The above figures do not include such items as income tax liabilities and borrowings.

b) Secondary segment

Geographic Destination of Sales

A breakdown of sales by geographic destination is as follows:

€/000

	9/30/05	9/30/04
ITALY	80,251	55,668
REST OF EU	124,121	253,078
OUTSIDE THE EU	6,756	11,257
Total	**211,129**	**320,004**

6. List of Companies Consolidated Line by Line

Name	*Registered Office*	*Equity capital (euros)*	*% of direct or indirect control*	*% interest held*
Group Parent Company				
Pininfarina S.p.A	*Via Bruno Buozzi 6 - Turin - I*	*9,317,000*		
Italian Subsidiaries				
Pininfarina Extra S.r.l.	*Via Bruno Buozzi 6 - Turin - I*	*388,000*	*100*	*100*
Foreign Subsidiaries				
Pininfarina Deutschland GmbH	*Industriestrasse 10 - Renningen - D*	*3,100,000*	*100*	*100*
Matra Automobile Engineering SAS	*8, avenue J. D'Alembert Trappes - Cedex - F*	*971,200*	*100*	*100*
CERAM S.A.S.	*Mortefontaine - F*	*1,000,000*	*100*	*0*
D3 S.A.S.	*11, rue Paul Bert - Courbevoie - F*	*306,000*	*100*	*0*
Plazolles Modelage S.a.r.l.	*ZAC de l'Argentine - 9, rue J.Anquetil Garges Les Gonesses - F*	*8,000*	*100*	*0*
Matra Automobile Engineering Maroc S.A.S.	*Km 12, Autoroute de Rabat - Sidi Bernoussi - Zenata Casablanca - MA*	*MAD 8,000,000*	*100*	*0*
Matra Developpement S.A.S.	*8, avenue J.D'Alembert - Parc d'Activites Pissaloup - Trappes - F*	*37,000*	*100*	*0*
RHTU Sverige AB	*Varvsvagen 1 - Uddevalla - S*	*SEK 100,000*	*100*	*100*

6.1 Companies Valued by the Equity Method

The investment in the Pininfarina Sverige AB joint venture is being valued by the equity method.

6.2 Change in the Scope of Consolidation

Compared with September 30, 2004 and December 31, 2004, the scope of consolidation changed due to:

- The sale of the 50% investment in the Open Air Systems GmbH joint venture (previously valued by the equity method) on January 1, 2005;

- The liquidation of PF Services (a company controlled indirectly through PF RE SA) on June 27, 2005;

- The liquidation of PF RE SA on September 30, 2005.

7. Major Asset Accounts

Property, Plant and Equipment

	9/30/05	12/31/04	Change
Land and buildings	99,799,666	99,387,973	411,693
Plant and machinery	85,993,622	52,463,212	33,530,410
Furniture, fixtures and other prop., plant & equip.	5,556,076	4,733,056	823,020
Assets under construction	4,612,578	1,574,308	3,038,270
Investment in materials	**195,961,942**	**158,158,549**	**37,803,393**

The increase in property, plant and equipment reflects the recognition equipment acquired under leases to fulfill new production contracts.

Equity Investments in Associated Companies

	9/30/05	12/31/04	Change
Pasiphae S.a.r.l	744,800	744,800	-
Total	**744,800**	**744,800**	-

The investment in Pasiphae Sarl did not change.

Equity Investments in Joint Ventures

	9/30/05	12/31/04	Change
PF Sverige	1,370,713	-	1,370,713
Oasys	-	1,763,998	(1,763,998)
Total	**1,370,713**	**1,763,998**	**(393,285)**

The investment in Oasys was sold in 2005, generating a gain of 30,232,310 euros. Pininfarina Sverige is valued by the equity method. The investment was written down by 5,006,795 euros to reflect the Group's pro rata interest in its loss.

Equity Investments in Other Companies

	9/30/05	12/31/04	Change
Banca Passadore S.p.a.	257,196	257,196	-
Unionfidi S.c.r.l.p.A. Torino	129	129	-
Midi Ltd	215,793	217,257	(1,464)
Idroenergia Soc. cons. a r.l.	516	516	-
Other investments in managed portfolios	0	33,052	(33,052)
Total	**473,634**	**508,150**	**(34,516)**

Financial Assets Receivable from Outsiders

	9/30/05	12/31/04	Change
Non-current financial assets			
Loans and other receivables from outsiders	131,941,683	63,800,463	68,141,220
Current financial assets			
Loans and other receivables from outsiders	19,946,328	16,109,178	3,837,150
Total	**151,888,011**	**79,909,641**	**71,978,370**

Loans and other receivables from outsiders increased by 71,978,370 euros due to the recognition of loans receivable under leases given, which were identified in accordance with IFRIC 4.

Contract Work in Progress

	9/30/05	12/31/04	Change
Contract Work in Progress	29,719,866	23,507,914	**6,211,952**

The gain in contract work in progress reflects the progress made in carrying out development programs.

8. Share Capital

	Number of shares (thousands)	Common shares	Treasury shares	Total
At January 1, 2004	9,317,000	9,317,000	124,819	9,192,181
At June 30, 2004	9,317,000	9,317,000	134,498	9,182,502
At December 31, 2004	9,317,000	9,317,000	134,498	9,182,502
At January 1, 2005	9,317,000	9,317,000	134,498	9,182,502
At June 30, 2005	9,317,000	9,317,000	3,689	9,313,311
At September 30, 2005	9,317,000	9,317,000	3,689	9,313,311

A total of 9,317,000 shares, par value 1 euro each, has been authorized.

All of the issued shares have been paid in.

At September 30, 2005, the Company held a total of 3,689 treasury shares, with a net value of 91,635 euros. This amount was deducted from shareholders' equity upon the adoption of IAS 32 and IAS 39 in January 2005.
These shares are held as treasury shares.

9. Earnings per Share

a) Basic Earnings per Share

Basic earnings per share are computed by dividing the profit for the period by the number of common shares outstanding at September 30, 2005.

	9/30/05	9/30/04
Profit for the period	11,484,687	(1,932,817)
Number of common shares, net	9,317,000	9,317,000
Basic earnings (loss) per share	1.23	(0.21)

b) Diluted Earnings per Share

Diluted earnings per share are the same as basic earnings per share.

10. Major Liability Accounts

Borrowings

	9/30/05	12/31/04	Change
Long-term borrowings			
Liabilities under finance leases	179,019,947	74,127,286	104,892,661
Bonds and other borrowings	120,994,966	120,199,014	795,952
Current borrowings			
Due to banks	696,209	467,781	228,428
Liabilities under finance leases	29,871,939	42,307,548	(12,435,609)
Total indebtedness	**330,583,061**	**237,101,629**	**93,481,432**

No corporate asset has been pledged as collateral.
The Group's Parent Company has guaranteed a loan provided by banks to Pininfarina Sverige A.B.
The increase in indebtedness, amounting to 93,481,432 euros, is due mainly to the recognition of lease obligations (accounted for in accordance with IAS 17) incurred to finance new development and production orders.
The maturity of the Group's long-term indebtedness is as follows:

	9/30/05
Due within one year	30,568,148
Due between one and five years	272,776,080
Due after five years	27,238,833
Total	**330,583,061**

All of the Group's indebtedness is denominated in euros.

11. Contingent Commitments and Liabilities

At September 30, 2005, the Group's contingent liabilities for guarantees provided on behalf of outsiders amounted to 619,291 euros, compared with 3,391,968 euros at December 31, 2004.

The companies of the Group are parties to certain legal disputes. In the opinion of management and based on the advice of counsel, the outcome of these disputes will not produce significant losses.

Capital Investment Commitments

Capital expenditures in connection with orders for property, plant and equipment that have not yet been reflected in the financial statements amounted to 2,451,618 euros at September 30, 2005, compared with 13,104,242 euros at December 31, 2004.

12. Major Income Statement Accounts

Gains on disposals of equity investments	9/30/05
Gain on the sale of Open Air Systems GmbH and PF Services SA	30,247,496
Gain on the liquidation of PF RE SA	2,257,158
Total	**32,504,654**

Depreciation of Property, Plant and Equipment

	9/30/05	9/30/04	Change
Buildings	2,519,777	1,962,977	556,801
Plant and machinery	7,449,081	9,183,043	(1,733,962)
Furniture, fixtures and other property, plant and equipment	1,081,629	675,735	405,894
Total	**11,050,487**	**11,821,754**	**(771,267)**

Amortization of Intangible Assets

	9/30/05	9/30/04	Change
Licenses and trademarks	1,213,571	1,482,615	(269,044)
Other intangibles	68,071	-198,239	266,310
Total	**1,281,642**	**1,284,377**	**(2,735)**

Finance Costs, Net

	9/30/05	9/30/04	Change
- Interest on bank loans	(201,599)	(724,224)	522,625
- Interest on lease installments	(2,922,145)	(2,552,129)	(370,017)
- Interest on bonds and other borrowings	(2,602,006)	(613,574)	(1,988,433)
- Financial income - Cash and cash equivalents	97,335	54,854	42,481
- Interest income from outsiders	3,145,926	1,559,092	1,586,834
- Interest income from associates and joint ventures	2,446,327	1,385,973	1,060,354
- Financial income from held-for-sale current assets	2,767,126	1,407,334	1,359,792
Total	**2,730,964**	**517,327**	**2,213,637**

The rise in interest on other borrowings (+1,988,433 euros) is due to an increase in medium- and long-term bank borrowings.
The gain in interest from outsiders (+1,586,834 euros) reflects an increase in loans to customers.
The increase in interest income from associates and joint ventures is due to an expansion of the loans provided to Pininfarina Sverige.

Value Adjustments

	9/30/05	9/30/04	Change
Associates and joint ventures	(3,756,859)	(6,021,592)	2,264,733
Total	**(3,756,859)**	**(6,021,592)**	**2,264,733**

The above amounts reflect writedowns of the investments in Open Air Systems and Pininfarina Sverige. The writedown at September 30, 2004 includes 5,392,518 euros attributable to Open Air Systems and 629,074 euros attributable to Pininfarina Sverige. The writedown at September 30, 2005 of 3,756,859 euros is attributable entirely to Pininfarina Sverige.

Income Taxes for the Period

Income Taxes for the Period

	9/30/05	9/30/04	Change
Current taxes	(1,662,973)	(7,688,645)	6,025,672
Deferred taxes	4,075,744	2,435,720	1,640,025
Total	**2,412,771**	**(5,252,926)**	**7,665,697**

A breakdown of current taxes at September 30, 2005 is as follows:
Local taxes (IRAP) owed by Pininfarina S.p.A. of 1,380,847 euros, local taxes (IRAP) owed by Pininfarina Extra or 201,163 euros and corporate income taxes (IRES) owed by Pininfarina Extra of 80,963 euros.

Deferred taxes at September 30, 2005 include 4,520,037 euros attributable to Pininfarina S.p.A.
A breakdown of deferred-tax assets and deferred-tax liabilities of Pininfarina S.p.A. is as follows:

	9/30/05	12/31/04	Change
Deferred-tax assets	14,876,760	10,043,959	4,832,801
Provision for deferred taxes	9,077,476	8,764,712	312,764
Net balance	**5,799,284**	**1,279,247**	**4,520,037**

13. Other Information

As required by Article 126 of Consob Resolution No. 11971/99, the table below provides a list of the equity investments held directly and indirectly by Pininfarina S.p.A. at September 30, 2005:

Name	***Total % interest***	***% direct interest***	***% indirect interest***	
			Matra Automobile Engineering	D3 sas
Pininfarina Extra S.r.l.	*100*	*100*		
Pininfarina Deutschland GmbH	*100*	*100*		
Matra Automobile Engineering SAS	*100*	*100*		
CERAM S.A.S.	*100*	*0*	*100*	
D3 S.A.S.	*100*	*0*	*100*	
Plazolles Modelage S.a.r.l.	*100*	*0*	*30*	*70*
Matra Automobile Engineering Maroc S.A.S.	*100*	*0*	*100*	
Matra Developpement S.A.S.	*100*	*0*	*100*	
RHTU Sverige AB	*100*	*100*		
Pininfarina Sverige AB	*60*	*60*		
Pasiphae S.à.r.l.	*20*	*20*		

The equity investment in Open Air Systems GmbH, a 50-50 joint venture, was sold on January 1, 2005; PF Services, a wholly-owned subsidiary, was liquidated on June 27, 2005; and PF RE SA was liquidated on September 30, 2005.

The equity investments listed above are owned outright.

Printed internally by Pininfarina S.p.A.