PININFARINA GROUP

Interim Report on Operations
at March 31, 2009

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

Interim Report at March 31, 2009

Approved by the Board of Directors
on May 14, 2009

Honorary Chairman

Honorary Chairman	Sergio	Pininfarina

Board of Directors

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

(1) Member of the Nominating and Compensation Committee.

(2) Member of the Internal Control Committee.

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.

* Pursuant to Article 22 of the Bylaws, the Chairman is the Company's legal representative vis-à-vis outsiders and before the courts.

CONTENTS

The Pininfarina Group

Review of Operating and Financial Performance

This Quarterly Report at March 31, 2009 was prepared in accordance with international accounting principles, as set forth in IAS 34, and complies with IFRS requirements. The accounting principles applied, which are described starting on page 22 of this Report, are consistent with those applied to prepare annual and interim reports starting with the financial statements at December 31, 2005.

The comparison of the data for the first quarter of 2009 with those for the corresponding period in 2008 is affected by changes in the scope of consolidation. The main changes that occurred during the first three months of this year included the deconsolidation of the French companies D Trois SAS, Plazolles S.a.r.l. and Ceram SAS, and the disposal of the business operations of Matra Automobile Engineering SAS, a sub-holding company, and RHTU A.B., a Swedish company. In addition, the Véhicules Electriques Pininfarina – Bolloré SAS joint venture was established in the first quarter of 2008, but was not yet operational at that time.

The operating and financial results of the Group in the first quarter of 2009 were in line with the guidance provided in the Report on Operations of the 2008 Annual Report with regard to the current year. The performance of the global economy and conditions in the automotive sector in particular produced a drastic reduction in the demand for goods and services. In Pininfarina's case, the challenges posed by these negative developments were magnified by the approaching expiration of the existing manufacturing orders, which are nearing the end of their life cycles.

An overview of the developments that characterized the first quarter of 2009 is provided below:

- The number of cars manufactured in Italy during the first quarter of 2009 decreased by 63% compared with the same period last year, causing a reduction on about 60% in the value of production of the manufacturing operations. On the other hand, the styling and engineering operations, net of the changes in the scope of consolidation, succeeded in holding steady their turnover and significantly increased profit margins.

- The Group continued to implement programs focused on increasing efficiency and cutting costs, which helped mitigate the negative impact of a major shortfall in turnover both on EBITDA and EBIT.

- The financial benefits generated by the Rescheduling Agreement reached with the Lender Institutions had an immediate positive impact on the income statement, causing a drastic reduction in interest expense compared with the first three months of 2008.

In the first quarter of 2009, value of production totaled 65.6 million euros, or 54.9% less than in the same period last year (145.5 million euros). However, it is worth noting that the companies and business operations that are no longer included in the scope of consolidation generated 16.6 million euros in value of production during the first three months of 2008.

EBITDA were negative by 0.2 million euros, as against positive EBITDA of 4.4 million euros in the first quarter of 2008. The operating loss increased by 0.6 million euros, with negative EBIT amounting to 6.4 million euros (loss of 5.8 million euros at March 31, 2008). However, when comparing the 2009 and 2008 operating margins, it is important to keep in mind that EBIT for the first three months of 2008 benefited from 3.3 million euros in non-recurring gains, which were not available in the same period this year.

The reduction in net borrowings and interest expense (about half in nominal interest) that resulted from the signing of the Framework Agreement and Rescheduling Agreement with the Lender Institutions on December 31, 2008 produced a sharp improvement in the Group's financial performance. Specifically, while the Group reported net financial expense of 5.7 million euros for the first quarter of 2008, it earned net financial income of 0.4 million euros in the same period this year.

The Group's interest in the results of the Pininfarina Sverige and Véhicules Electriques Pininfarina – Bolloré joint ventures (not operational at March 31, 2008) was equal to net losses of about 51,000 euros (net profit of 1.4 million euros in the first quarter if 2008) and 2.0 million euros, respectively. The latter of these two joint venture is currently in a startup phase, leading to the production of an electric car available for market distribution.

The loss before taxes amounted to 8.1 million euros (loss before taxes of 10.2 million euros at March 31, 2008), while the net loss (after taxes of 0.3 million euros) totaled 8.4 million euros (net loss of 9.7 million euros in the first quarter of 2008).

The net financial position was negative by 125 million euros, compared with net borrowings of 100.1 million euros at December 31, 2008 and 235 million euros at March 31, 2008. The deterioration of 24.9 million euros in the net financial position reflects primarily the utilization of liquid assets required by changes in working capital that resulted from the downsizing of production activities and a delay in collecting some trade receivables, which customers paid after the end of the quarter.

The Group had 1,891 employees at March 31, 2009, down from 2,650 employee a year earlier (-28.6%). An additional 692 employees worked for the Pininfarina Sverige A.B. joint venture in Sweden (853 employees a year earlier). However, the data at March 31, 2008 included 567 employees of the group of French companies headed by Matra Automobile Engineering, which sold all of its business operations on December 31, 2008.

Performance of the Group's Business Segments in the First Three Months of 2009

Manufacturing Operations

The manufacturing operations generated value of production of 44.6 million euros (59.9% less than the 111.2 million euros reported in the first quarter of 2008). Slumping demand in the automobile market and, compared with 2008, the absence of production for Mitsubishi are the main reason for this sharp year-over-year decrease.

A comparison of the number of cars invoiced in the first three months of 2009 and 2008 is provided below:

Car models	March 31, 2009	March 31, 2008	Change
Alfa Romeo Brera	430	940	(510)
Alfa Romeo Spider	288	737	(449)
Mitsubishi Colt CZC	-	1,063	(1,063)
Ford Focus Coupé Cabriolet	1,504	3,275	(1,771)
Total	**2,222**	**6,015**	**(3,793)**

Pininfarina Sverige AB invoiced 1,604 Volvo C70s during the first three months of 2009, down from 4,531 cars at March 31, 2008. Sales were severely affected by a contraction in demand, which was especially pronounced in the North American market.

The EBIT reported by the manufacturing operations were negative by 9.5 million euros, compared with a loss of 6.9 million euros at March 31, 2008. The reasons for this negative performance are the same as those discussed when reviewing the overall results for the Group.

Service Operations

The service operations, which include design and engineering, reported value of production of 21 million euros, or 38.8% less than in the first quarter of 2008, when it totaled 34.3 million euros. This significant reduction in value of production is due in its entirety to the change in the scope of consolidation. Specifically, starting in last quarter of 2008, the companies in the group headed by Matra Automobile Engineering SAS were gradually sold to buyers outside the Group, as were the business operations of their French parent company. With regard to profitability, EBIT for the first three months of 2009 were positive by 3 million euros, almost triple the amount earned in the same period last year (1.1 million euros). Work performed in Italy on the development of the electric car accounts for most of this increase.

Outlook for the Balance of 2009 and Significant Events Occurring After March 31, 2009

Consistent with the guidance provided in the Report on Operations of the 2008 Annual Report, the Group expects to end 2009 with a net loss, but the amount of the loss should be substantially lower and not comparable with the loss reported in 2008. The consolidated operating results for the first quarter of 2009 were consistent with the projections of the Financial Plan upon which the current Rescheduling Agreement with the Lender Institutions is based.

At the end of 2009, both net financial position and shareholders' equity are expected to show an improvement, compared with December 31, 2008, as a result of transactions executed during the second phase of the Framework Agreement signed with the Lender Institutions, which calls for a reduction in gross indebtedness and an increase in shareholders' equity by 70 million euros, in addition to the 180 million euros booked at December 31, 2008.

No significant events occurred since the Shareholders' Meeting held on April 23, 2009. The disclosures provided on that occasion should be consulted for additional information.

May 14, 2009

Paolo Pininfarina
Chairman
of the Board of Directors

Reclassified Consolidated Income Statement

(in thousands of euros)

	Data at					Data at
	3/31/09	%	**3/31/08**	%	**Change**	**12/31/08**
Net revenues	60,400	92.06	131,893	90.64	(71,493)	527,304
Changes in inventory of work in progress and finished goods	3,719	5.67	11,183	7.69	(7,464)	(1,935)
Other income and revenues	1,094	1.67	1,520	1.04	(426)	10,202
Work performed internally and capitalized	394	0.60	912	0.63	(518)	117
Value of production for the period	**65,607**	**100.00**	**145,508**	**100.00**	**(79,901)**	**535,688**
Net gain on disposal of non-current assets	2	0.00	3,329	2.29	(3,327)	(160)
Raw materials and outside services (*)	(47,489)	(72.38)	(116,651)	(80.17)	69,162	(407,261)
Change in inventory of raw materials	(1,844)	(2.81)	5,663	3.89	(7,507)	(6,608)
Value added	**16,276**	**24.81**	**37,849**	**26.01**	**(21,573)**	**121,659**
Labor costs (**)	(16,460)	(25.09)	(33,480)	(23.01)	17,020	(114,714)
EBITDA	**(184)**	**(0.28)**	**4,369**	**3.00**	**(4,553)**	**6,945**
Depreciation and amortization	(4,669)	(7.12)	(9,233)	(6.34)	4,564	(34,974)
Additions to provisions/Writedowns	(1,588)	(2.42)	(957)	(0.66)	(631)	(149,773)
EBIT	**(6,441)**	**(9.82)**	**(5,821)**	**(4.00)**	**(620)**	**(177,802)**
Net financial income (expense)	391	0.60	(5,728)	(3.94)	6,119	(21,619)
Value adjustments	(2,038)	(3.11)	1,386	0.95	(3,424)	(2,090)
Profit before taxes	**(8,088)**	**(12.33)**	**(10,163)**	**(6.99)**	**2,075**	**(201,511)**
Income taxes	(280)	(0.42)	421	0.29	(701)	(2,615)
Net profit (loss)	**(8,368)**	**(12.75)**	**(9,742)**	**(6.70)**	**1,374**	**(204,126)**
Minority int. in net profit (loss)	**0**	**0.00**	**0**	**0.00**	**0**	**0**

(*) **Raw materials and outside services** is shown net of utilizations of the provisions for warranties and the provisions for risks and charges amounting to 592,000 euros in 2008 and 312,000 euros in 2009.

(**) **Labor costs** is shown net of utilizations of the provision for restructuring programs amounting to 280,000 euros in 2008 and 182,000 euros in 2009.

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 to provisions/Writedowns** includes Addition to provisions/Writedowns and Addition to provision for inventory risk.
- **Net financial income (expense)** includes Financial income (expense) and dividends.

Consolidated Comprehensive Income Statement

(in thousands of euros)

	3/31/09	3/31/08
Group interest in net profit (loss) (A)	**(8,368)**	**(9,742)**
Gains (Losses) from translation of financial statements of foreign companies	(160)	100
Total other gains (losses), net of tax effect (B)	(160)	100
Total comprehensive net profit (loss) (A)+(B)	**(8,528)**	**(9,642)**
Minority interest in total comprehensive net profit (loss)	-	-
Total comprehensive net profit (loss)	**(8,528)**	**(9,642)**
Shareholders of the controlling company	(4,315)	(4,879)
Minority interest	(4,213)	(4,763)

Reclassified Consolidated Balance Sheet

(in thousands of euros)

	Data at		
	3/31/09	**12/31/08**	**Change**
Net non-current assets (A)			
Net intangible assets	4,307	4,553	(246)
Net property, plant and equipment	112,686	116,948	(4,262)
Equity investments	32,209	34,413	(2,204)
Total A	**149,202**	**155,914**	**(6,712)**
Working capital (B)			
Inventory	18,783	16,873	1,910
Net trade receivables and other receivables	106,672	92,092	14,580
Non-current assets held for sale	0	7,040	(7,040)
Deferred-tax assets	1,388	1,311	77
Trade accounts payable	(84,565)	(92,836)	8,271
Provisions for risks and charges	(27,841)	(27,066)	(775)
Other liabilities (*)	(15,519)	(16,044)	485
Non-current liabilities attributable to assets held for sale	0	(4,950)	4,950
Total B	**(1,082)**	**(23,540)**	**22,458**
Net invested capital (C=A+B)	**148,120**	**132,374**	**15,746**
Provis. for termination indemnities (D)	**21,683**	**22,287**	**(604)**
Net capital requirements (E=C-D)	**126,437**	**110,087**	**16,350**
Shareholders' equity (F)	**1,477**	**10,006**	**(8,529)**
Net financial position (G)			
Long-term debt	75,792	116,681	(40,889)
Net liquid assets (Net borrowings)	49,168	(16,600)	65,768
Total G	**124,960**	**100,081**	**24,879**
Total as in E (H=F+G)	**126,437**	**110,087**	**16,350**

(*) **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		
	3/31/09	**12/31/08**	**Change**
Cash and cash equivalents	50,577	75,230	(24,653)
Current assets held for trading	60,268	54,699	5,569
Current loans receivable and other receivables	34,213	37,541	(3,328)
Available-for-sale current assets	0	0	0
Loans receivable from associates and joint ventures	17,904	17,904	0
Due to banks	(44,331)	(37,928)	(6,403)
Current liabilities under finance leases	(109,929)	(85,060)	(24,869)
Loans payable to associates and joint ventures	0	0	0
Current portion of long-term bank debt	(57,870)	(45,786)	(12,084)
Net liquid assets (Net borrowings)	**(49,168)**	**16,600**	**(65,768)**
Long-term loans and other receiv. from outsiders	87,293	82,846	4,447
Long-term loans and other receivables from associates and joint ventures	45,414	44,760	654
Held-to-maturity non-current assets	768	766	2
Long-term liabilities under finance leases	(118,524)	(142,600)	24,076
Long-term bank debt	(90,743)	(102,453)	11,710
Net long-term debt	**(75,792)**	**(116,681)**	**40,889**
Net financial position	**(124,960)**	**(100,081)**	**(24,879)**

Consolidated Balance Sheet

	Note ref.	3/31/09	12/31/08
Property, plant and equipment		112,686,303	116,948,452
Land and buildings	7	70,947,659	71,479,412
Land		17,142,610	17,142,610
Buildings		43,563,446	44,005,563
Leased property		10,241,602	10,331,239
Plant and machinery	7	38,629,188	42,218,902
Machinery		9,074,337	10,198,101
Plant		28,275,261	30,570,083
Leased machinery and equipment		1,279,590	1,450,718
Furniture, fixtures and other property, plant and equipment	7	2,475,856	2,616,538
Furniture and fixtures		613,855	663,028
Hardware & software		988,996	1,028,049
Other property, plant and equipment (including vehicles)		873,006	925,461
Assets under construction	7	633,600	633,600
Intangible assets		4,306,555	4,552,545
Goodwill	8	1,043,495	1,043,495
Licenses and trademarks	8	2,910,437	3,119,908
Other intangibles	8	352,623	389,142
Equity investments		32,208,934	34,412,502
Associated companies	9	0	0
Joint ventures	9	31,673,253	33,876,821
Other companies	9	535,681	535,681
Deferred-tax assets	24	1,387,978	1,310,914
Non-current financial assets		133,475,110	128,372,549
Held-to-maturity long-term investments		767,750	766,292
Loans and other receivables form:		132,707,360	127,606,257
Outsiders	10	87,293,158	82,845,811
Related parties and joint ventures	10	45,414,202	44,760,446
Available-for-sale non-current financial assets		0	0
Held-for-sale other non-current assets		0	0
TOTAL NON-CURRENT ASSETS		**284,064,880**	**285,596,962**
Inventory		12,238,257	13,510,479
Raw materials	11	7,743,273	9,707,163
Work in process	11	3,112,727	2,802,513
Finished goods	11	1,382,257	1,000,803
Contract work in progress	11	6,544,665	3,362,442
Current financial assets		112,385,000	110,143,580
Current assets held for trading	10	60,267,708	54,698,684
Current loans receivables and other receivables from:		52,117,292	55,444,896
Outsiders	10	34,213,114	37,540,718
Related parties and joint ventures	10	17,904,178	17,904,178
Available-for-sale current financial assets		0	0
Held-to-maturity current investments		0	0
Trade receivables and other receivables		106,672,457	92,091,770
Trade receivables from:		69,951,452	49,632,788
Outsiders		58,768,399	45,417,522
Related parties and joint ventures	12	11,183,053	4,215,266
Other receivables		36,721,006	42,458,982
Cash and cash equivalents		50,576,823	75,229,700
Cash on hand		2,508,760	1,575,468
Short-term bank deposits		48,068,063	73,654,232
TOTAL CURRENT ASSETS		**288,417,203**	**294,337,971**
Held-for-sale non-curret assets	13	**0**	**7,040,001**
TOTAL ASSETS		**572,482,083**	**586,974,934**

Consolidated Balance Sheet

	Note ref.	03/31/09	12/31/08
Common shares	14	9,301,042	9,301,042
Additional paid-in capital		26,843,769	26,843,769
Reserve for treasury stock		175,697	175,697
Statutory reserve		2,231,389	2,231,389
Stock option reserve		0	0
Reserve for currency translations		(5,125,242)	(4,964,781)
Other reserves		187,873,265	187,873,265
Retained earnings		(211,454,706)	(7,328,866)
Profit (Loss) for the year	15	(8,367,923)	(204,125,840)
GROUP INTEREST IN SHAREHOLDERS' EQUITY		**1,477,291**	**10,005,676**
Minority interest in shareholders' equity		**0**	**0**
TOTAL SHAREHOLDERS' EQUITY		**1,477,291**	**10,005,676**
Long-term borrowings		209,266,446	245,053,410
Liabilities under finance leases	17	118,523,601	142,600,125
Other indebtedness owed to:		90,742,845	102,453,285
Outsiders	17	90,742,845	102,453,285
Related parties and joint ventures		0	0
Deferred-tax liabilities	29	9,596	9,451
Provision for termination indemnities		21,682,910	22,287,321
Provision for pensions and severance pay		0	45,132
Provision for termination indemnities		21,682,910	22,242,189
TOTAL NON-CURRENT LIABILITIES		**230,958,952**	**267,350,182**
Current borrowings		212,130,059	168,773,767
Due to banks	17	44,331,399	37,927,769
Liabilities under finance leases	17	109,928,687	85,059,761
Bonds outstanding and other borrowings owed to:		57,869,973	45,786,237
Outsiders	17	57,869,973	45,786,237
Related parties and joint ventures		(0)	0
Other payables		13,372,903	13,092,827
Wages and salaries		7,073,106	4,236,784
Due to social security institutions		1,743,664	3,449,265
Vacation days, sick days and personal days		199,094	154,621
Other liabilities		4,357,039	5,252,157
Trade accounts payable		84,565,480	92,835,124
Accounts payable to outsiders		81,728.281	89,898,357
Account payable to associated companies and joint ventures		70,251	54,914
Advances received for work in progress		2,766,947	2,881,853
Provision for current taxes		1,490,340	1,496,804
Direct taxes		1,031,587	1,098,354
Other taxes		458,447	398,450
Provision for other liabilities and charges		27,840,713	27,066,381
Provision for warranties	18	12,174,454	12,274,502
Provision for restructuring programs	18	2,327,119	1,678,778
Other provisions	18	13,339,140	13,113,101
Other liabilities		646,651	1,404,174
TOTAL CURRENT LIABILITIES		**340,045,840**	**304,669,077**
TOTAL LIABILITIES		**571,004,791**	**572,019,259**
Liabilities attributable to held-for-sale assets	13	**0**	**4,950,000**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**572,482,083**	**586,974,934**

The separate balance sheet required by Consob Resolution No. 15519 of July 27, 2006 is not being provided because transactions with related parties are already disclosed in the regular balance sheet.

Consolidated Income Statement (*)

	Note ref.	03/31/09	03/31/08
Sales and service revenues		60,400,486	131,893,077
Increase in Company-produced non-current assets		393,525	911,822
Change in inventories of finished goods and work in progress		3,718,541	11,183,219
Change in contract work in progress		3,026,873	6,576,516
Change in inventories of work in progress, semifinished and finished goods		691,668	4,606,703
Other income and revenues	19	1,093,982	1,519,577
Total value of production		**65,606,534**	**145,507,695**
Gain on the sales of non-current assets	20	1,875	3,329,422
Amount earned on the sale of equity investments		*0*	*2,638,870*
Raw materials and consumables used		(35,909,186)	(91,425,639)
Raw materials and components		(33,945,296)	(97,088,611)
Change in inventories of raw materials, subsidiary materials and consumables		(1,843,890)	5,662,972
Provision for inventory risk		(120,000)	0
Other variable production costs		(2,066,257)	(2,789,741)
Consumables		(960,721)	(1,414,139)
Utilities		(21,258)	(199,398)
External maintenance costs		(1,084,279)	(1,176,204)
External variable engineering services		(4,543,288)	(6,764,576)
Wages, salaries and employee benefits		(16,460,354)	(33,480,144)
Production staff, office staff and managers		(15,520,802)	(31,445,056)
Independent contractors		0	(1,193,702)
Social security and other post-employment benefits		(939,552)	(841,386)
Curtailment		0	0
Depreciation, amortization and writedowns		(6,137,141)	(10,190,256)
Depreciation of property, plant and equipment	21	(4,409,325)	(8,938,839)
Loss on disposals of property, plant and equipment		(0)	(78)
Amortization of intangibles	22	(259,753)	(294,130)
Additions to provisions/Writedowns		(1,468,063)	(957,209)
Foreign exchange gains (losses)		69,832	45,342
Other expenses		(7,003,464)	(10,053,236)
Profit (Loss) from operations		**(6,441,450)**	**(5,821,134)**
Financial income (expense), net	23	391,480	(5,728,208)
Dividends		0	0
Value adjustments	24	(2,037,655)	1,386,245
Profit (Loss) before taxes		**(8,087,624)**	**(10,163,097)**
Income taxes for the period	25	(280,299)	421,208
Profit (Loss) for the period		**(8,367,923)**	**(9,741,889)**
Minority interest in shareholders' equity		**0**	**0**

	03/31/09	03/31/08
Profit (Loss) for the period	(8,367,923)	(9,741,889)
Number of common shares, net	9,301,042	9,301,042
Basic earnings (loss) per share	(0.90)	(1.05)

Profit (Loss) for the period	**(8,367,923)**	**(9,741,889)**
Shareholders of the controlling company	(4,234,169)	(4,929,396)
Minority interest	(4,133,754)	(4,812,493)

(*) As required by 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.

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

		03/31/09	Amt.with related parties	03/31/08	Amt.with related parties
Sales and service revenues		60,400,486	7,657,254	131,893,077	309,353
Increase in Company-produced non-current assets		393,525		911,822	
Change in inventories of finished goods and work in progress		3,718,541	0	11,183,219	0
Change in contract work in progress		3,026,873		6,576,516	
Change in inventories of work in progress, semifinished and finished goods		691,668		4,606,703	
Other income and revenues	19	1,093,982		1,519,577	
Total value of production		**65,606,534**	**7,657,254**	**145,507,695**	**309,353**
Gain on the sales of non-current assets	20	1,875		3,329,422	
Amount earned on the sale of equity investments		*0*		*2,638,870*	
Raw materials and consumables used		(35,909,186)	0	(91,425,639)	0
Raw materials and components		(33,945,296)		(97,088,611)	
Change in inventories of raw materials, subsidiary materials		(1,843,890)		5,662,972	
Provision for inventory risk		(120,000)		0	
Other variable production costs		(2,066,257)	0	(2,789,741)	0
Consumables		(960,721)		(1,414,139)	
Utilities		(21,258)		(199,398)	
External maintenance costs		(1,084,279)		(1,176,204)	
External variable engineering services		(4,543,288)	(5,093)	(6,764,576)	0
Wages, salaries and employee benefits		(16,460,354)	0	(33,480,144)	0
Production staff, office staff and managers		(15,520,802)		(31,445,056)	
Independent contractors		0		(1,193,702)	
Social security and other post-employment benefits		(939,552)		(841,386)	
Curtailment		0		0	
Depreciation, amortization and writedowns		(6,137,141)	0	(10,190,256)	0
Depreciation of property, plant and equipment	21	(4,409,325)		(8,938,839)	
Loss on disposals of property, plant and equipment		(0)		(78)	
Amortization of intangibles	22	(259,753)		(294,130)	
Writedowns		(1,468,063)		(957,209)	
Foreign exchange gains (losses)		69,832		45,342	
Other expenses		(7,003,464)		(10,053,236)	
Profit (Loss) from operations		**(6,441,450)**	**7,652,161**	**(5,821,134)**	**309,353**
Financial income (expense), net	23	391,480	683,613	(5,728,208)	1,269,175
Dividends		0		0	
Value adjustments	24	(2,037,655)		1,386,245	
Profit (Loss) before taxes		**(8,087,624)**	**8,335,774**	**(10,163,097)**	**1,578,528**
Income taxes for the period	25	(280,299)		421,208	
Profit (Loss) for the period		**(8,367,923)**	**8,335,774**	**(9,741,889)**	**1,578,527**
Minority interest in shareholders' equity		**0**	**0**	**0**	**0**

Statement of Changes in Consolidated Shareholders' Equity

	12/31/07	Total Profit (Loss) for the year	Translation restatements	Dividends	Purchase/ Sales of treasury shares	Reserve for non-refundable shareholder contributions	03/31/08
Common shares	9,301,042		0				9,301,042
Additional paid-in capital	34,652,765		0				34,652,765
Reserve for treasury stock	12,000,000		0				12,000,000
Statutory reserve	2,231,389		0				2,231,389
Stock options reserve	2,232,280		0				2,232,280
Reserve for currency translat.	(133,198)	100,240	0				(32,958)
Fair value reserve	0		0				0
Other reserves	82,251,468		2,923,428				85,174,895
Retained earnings	10,959,948		(117,448,476)				(106,488,528)
Profit (Loss) for the period	(114,525,048)	(9,741,889)	114,525,048				(9,741,889)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	38,970,646	(9,641,649)	0	0	0	0	29,328,997
Minority interest in profit and res.	0						0
TOTAL SHAREHOLDERS' EQUITY	**38,970,646**	**(9,641,649)**	**0**	**0**	**0**	**0**	**29,328,997**

	12/31/07	Total Profit (Loss) for the year	Translation restatements	Dividends	Purchase/ Sales of treasury shares	Reserve for non-refundable shareholder contributions	12/31/08
Common shares	9,301,042						9,301,042
Additional paid-in capital	34,652,765		(7,808,996)				26,843,769
Reserve for treasury stock	12,000,000		(11,824,303)				175,697
Statutory reserve	2,231,389						2,231,389
Stock options reserve	2,232,280		(2,232,280)				0
Reserve for currency translat.	(133,198)	(4,831,584)					(4,964,782)
Fair value reserve	0						
Other reserves	82,251,468		(74,378,203)			180,000,000	187,873,265
Retained earnings	10,959,948		(18,288,814)				(7,328,866)
Profit (Loss) for the period	(114,525,048)	(204,125,840)	114,525,048				(204,125,840)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	38,970,646	(208,957,423)	(7,547)	0	0	180,000,000	10,005,676
Minority interest in profit and res.	0						
TOTAL SHAREHOLDERS' EQUITY	**38,970,646**	**(208,957,423)**	**(7,547)**	**0**	**0**	**180,000,000**	**10,005,676**

	12/31/08	Fair value gains (losses)	Translation restatements	Dividends	Purchase/ Sales of treasury shares	Reserve for non-refundable shareholder contributions	03/31/09
Common shares	9,301,042						9,301,042
Additional paid-in capital	26,843,769						26,843,769
Reserve for treasury stock	175,697						175,697
Statutory reserve	2,231,389						2,231,389
Stock options reserve	0						0
Reserve for currency translat.	(4,964,782)	(160,461)					(5,125,243)
Fair value reserve	0						0
Other reserves	187,873,265						187,873,265
Retained earnings	(7,328,866)		(204,125,840)				(211,454,706)
Profit (Loss) for the period	(204,125,840)	(8,367,923)	204,125,840				(8,367,923)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	10,005,676	(8,528,384)	0	0	0	0	1,477,291
Minority interest in profit and res.	0						
TOTAL SHAREHOLDERS' EQUITY	**10,005,676**	**(8,528,384)**	**0**	**0**	**0**	**0**	**1,477,291**

Consolidated Cash Flow Statement (*)

	Data at 03/31/09	03/31/08
Profit (loss) for the period	**(8,367,923)**	**(9,741,889)**
Restatements	***6,891,064***	***6,463,913***
- Income taxes	280,299	(421,208)
- Depreciation of property, plant and equipment	4,409,325	8,938,839
- Amortization of intangibles	259,753	294,130
- Writedowns and additions to provisions	1,468,063	957,209
- Provision for pensions and seniority indemnities	(604,411)	(1,341,980)
- (Gains) Losses on sale of non-current assets	(1,875)	(3,329,343)
- Unrealized (gains) losses on derivatives	0	0
- (Gains) Losses available for sale financial assets	0	(11,777)
- (Financial income)	(2,686,428)	(5,064,751)
- Financial expense	1,743,001	7,787,272
- (Dividends)	0	0
- Value adjustment to shareholders' equity	2,037,655	(1,376,245)
- Other restatements	(14,320)	41,767
Changes in working capital	***(26,000,882)***	***(46,814,835)***
- Inventories	1,272,222	(10,246,889)
- Contract work in progress	(3,182,223)	(7,240,003)
- Trade accounts receivable and other receivables	(7,612,900)	(53,558,533)
- Accounts receivable from joint ventures	(6,967,787)	526,353
- Trade accounts payable	(8,270,660)	23,342,450
- Accounts payable to joint ventures	15,335	(13,980)
- Other changes	(1,254,870)	375,767
Cash flow from operating activities	**(27,477,741)**	**(50,092,811)**
(Financial expense)	(1,743,001)	(7,787,272)
(Income taxes)	(280,299)	0
Net cash flow used in operating activities	**(29,501,041)**	**(57,880,083)**
- Purchases of property, plant and equipment	(160,938)	(1,192,056)
- Proceeds from sale of property, plant and equipment	1,875	1,125,000
- Non-current loans receivable from borrowers outside the Group	(6,690,226)	46,309,328
- Non-current loans receivable from joint ventures	(653,756)	(1,193,245)
- Financial income	2,686,428	5,076,529
- Dividends	0	0
- Other equity investments	165,913	3,198,962
Net cash used in investing activities	**(4,650,703)**	**53,324,517**
- Proceeds from the issuance of shares	0	0
- Purchases of treasury shares	0	0
- Borrowings from lenders outside the Group	1,165,698	(475,961)
- Loans payable to joint ventures	0	0
- Dividends paid	0	0
Net cash used in financing activities	**1,165,698**	**(475,961)**
- Other non-cash items	(160,461)	100,240
- Non-current assets held for sales or belonging to discontinued operations and related liabilities	2,090,001	0
- Cash and cash equivalents from discontinued or discontinuing operations	2,064,766	0
Increase (Decrease) in cash and cash equivalents	**(31,056,506)**	**(4,931,288)**
- Cash and cash equivalents at beginning of the period	37,301,931	39,578,608
- Cash and cash equivalents included in discontinued or discontinuing operations	399,111	627,099
- Cash and cash equivalents from discontinued or discontinuing operations	0	0
Cash and cash equivalents at end of the period	**6,245,424**	**34,647,320**
Cash and cash equivalents	50,576,823	89,150,062
Bank account overdrafts	(44,331,399)	(54,502,742)
Net cash and cash equivalents at end of the period	*6,245,424*	*34,647,320*

(*) Pursuant to Paragraph 7 of IAS 7 – Cash Flow Statements, transactions that did not produce a change in a cash position are not reflected in the statement provided above. As required by 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 and Véhicules Electriques Pininfarina-Bolloré SAS joint ventures, are discussed in Notes 11 and 24 to the financial statements of Pininfarina S.p.A. and Notes 10-12 to the financial statements of the Pininfarina Group.

Companies of the Pininfarina Group at March 31, 2009
(data presented in accordance with the IAS accounting principles)

The **Pininfarina Extra** Group ended the first three months of 2009 with value of production of 0.9 million euros (1.3 million euros at March 31, 2008) and a net loss of 95,000 euros (net profit of 111,000 euros a year earlier). The net financial position was positive by 1.9 million euros, up from a positive balance of 1.8 million euros at December 31, 2008.

At March 31, 2008, the **Matra Automobile Engineering** Group reported value of production of 15.5 million euros and a consolidated net loss of 1.6 million euros. In the first quarter of 2009, as a result of the divestment of its subsidiaries and business operations, Matra Automobile Engineering SAS generated no value of production and incurred net loss of 1.3 million euros, due mainly to divestment related costs. Net indebtedness decreased to 24.3 million euros (26.4 million euros at December 31, 2008).

The **Pininfarina Deutschland** Group reported value of production of 3 million euros (3.7 million euros at March 31, 2008) and a net loss of 0.4 million euros (net profit of 1 million euros a year earlier). The slump in demand for engineering services that began in the German market in the closing quarter of 2008 is the reason for this deterioration in profitability. At 3.7 million euros, net indebtedness was about the same as the end of 2008.

RHTU AB ended the first three months of 2009 with a net profit of 128,000 euros (net loss of 80,000 euros a year earlier), but generated no value of production (value of production of 1.1 million euros at March 31, 2008). The net financial position was positive by 1.1 million euros, up from a positive balance of 0.2 million euros at December 31, 2008. RHTU AB sold it business operations to Pininfarina Sverige A.B., effective as of January 1, 2009, and is currently being liquidated.

Pininfarina Sverige AB reported value of production of 49.5 million euros and a net loss of 100,000 euros in the first quarter of 2009, as against value of production of 118.4 million euros and a net profit of 2.3 million euros at March 31, 2008 (data for 100% of the company). A total of 1,604 cares were produced during the first three months of 2009, down from 4,531 units a year earlier. Net indebtedness amounted to 141.1 million euros, compared with 147 million euros at December 31, 2008.

Véhicules Electriques Pininfarina Bolloré S.A.S.

The net loss of 334,000 euros incurred by the joint venture with the Bolloré Group is the combined result of operating costs and interest expense. This company, which will market the electric car that is currently being developed by Pininfarina S.p.A., will become operational in 2011, when market sales of the electric car are expected to begin. Net indebtedness, owed in its entirety to the Bolloré Group, totaled 14.2 million euros. The company had no employees on its payroll at March 31, 2009.

In the first quarter of 2009, **Pininfarina Maroc SAS** reported a value of production of 0.4 million euros and a net profit of 4,000 euros. The net financial position was positive by 0.4 million euros. This company, which was part of the Matra Automobile Engineering Group at March 31, 2008, became a direct subsidiary of Pininfarina S.p.A. in May 2008.

Pininfarina S.p.A., the Group's Parent Company, reported value of production of 61.2 million euros at March 31, 2009, compared with 123.9 million euros in the first three months of 2008 (-50.6%), and positive EBITDA of 1 million euros (positive EBITDA of 4.1 million euros a year earlier). EBIT were negative by 5.0 million euros (negative EBIT of 5.1 million euros at March 31, 2008). The net loss amounted to 4.8 million euros, less than half the 10.7 million euros lost in the first three months of 2008, and shareholders' equity totaled 21 million euros, compared with 25.8 million euros at December 31, 2008. Net indebtedness increased to 127.9 million euros, up from 99.2 million euros at the end of 2008. The comments provided when reviewing the Group's operating performance in the first three months of 2009 are valid for the most part for the Parent Company as well.

Notes to the Interim Report on Operations

1. General Information

The Pininfarina Group is centered around a core of automotive operations and 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 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, Germany, Sweden and Morocco. Its customers are located mainly in Italy, France, Great Britain and China.

The headquarters of Pininfarina S.p.A., the Group's Parent Company, are located at 6 Via Bruno Buozzi, in Turin. The Company's shares are traded on the Borsa Italiana securities market.

A list of the registered offices and other facilities where the Group companies conduct their business operations is provided on Note 6 to the financial statements.

The consolidated financial statements of the Pininfarina Group are presented in euros, which is the currency used in the main markets in which the Group operates.

2. Accounting Principles

2.1. Presentation Criteria

Principles for the Preparation of the Financial Statements

The financial statements at March 31, 2009 of the Pininfarina Group were prepared in accordance with the International Financial Reporting Standards ("IFRS") published by the International Accounting Standards Board ("IASB") and adopted by the European Union, which are based on the going concern principle. Issues related to the going concern principle are discussed in the Annual Report at December 31, 2008, in the section of the Report on Operations entitled "Assessment of the Company's Viability as a Going Concern," which should be consulted for detailed information.

This quarterly report was prepared in accordance with the requirements of IAS 34 – *Interim Financial Reporting.* The accounting principles applied were the same as those used in the consolidated annual financial statements at December 31, 2008, except for the new standards applied as of January 1, 2009 (see below).

As part of the process of preparing these interim financial statements, management was required to make estimates and assumptions that have an impact on the reported amounts of revenues, expenses, assets and liabilities. These estimates and assumptions, which are based on management's best assessments, could prove to be different from actual circumstances. In such instances, they will be appropriately revised in the reporting period when the change in 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 obligations are also performed only in connection with the preparation of the annual financial statements.

Accounting Principles, Amendments and Interpretations Applied as of January 1, 2009

IAS 1 Revised – *Presentation of Financial Statements,* which introduces the requirement to provide a statement of comprehensive income, which includes income and expense items that, pursuant to an express IFRS provision, are recognized directly in equity.

The Pininfarina Group adopted the revised version of IAS 1 as of January 1, 2009, choosing to disclose all changes resulting from transactions executed with non-shareholders in two schedules measuring the Group's operating performance during the period entitled "Reclassified Consolidated Income Statement" and "Consolidated Comprehensive Income Statement."
The Statement of Changes in Shareholders' Equity did not change because it was already compliant with the requirements of IAS 1 Revised.

IFRS 8 – *Operating Segments,* which replaces IAS 14 – *Segment Reporting*, had no impact on the Pininfarina Group because the segments used for IAS 14 purposes coincide exactly with the business areas that management uses to make operating decisions.

IAS 23 – *Borrowing Costs.* Under this new standard, borrowing costs must be capitalized when they are incurred in connection with the purchase, construction or production of assets for which, usually, a substantial period of time is required before they can be ready for use or for sale.
The Group applied this principle as of January 1, 2009, but its adoption did not have a material accounting impact.

2.2 Changes in the Scope of Consolidation and the Group's Structure

A significant change compared with December 31, 2008 resulted from the successful sale of the business operations of the Matra Automobile Engineering SAS subsidiary on March 27, 2009.
The following changes occurred in the Group's structure compared with March 31, 2008:

- The following companies were added to the Group:
  a. MPX Entwicklungs GmbH Leonberg;
- The following companies are no longer part of the Group:
  a. Pasiphae S.a.r.l.;
  b. CERAM SAS;
  c. D3 SAS;
  d. Plazolles Modelage S.a.r.l.;
  e. Numero Design S.a.r.l;

During the first half of 2008, ownership of Matra Automobile Engineering Maroc S.A.S., which changed its name to Pininfarina Maroc SAS in the first quarter of 2009, was transferred by Matra Automobile Engineering S.A.S. to Pininfarina S.p.A. This change of ownership did not alter the scope of consolidation and no gain or loss was recognized in the consolidated financial statements.

In December 2008, the manufacturing operations of RHTU Sverige A.B. were transferred to the Pininfarina Sverige A.B. joint venture.

2.3 Consolidation

(a) Subsidiaries

These 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, 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 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 of acquisition is the sum of the price paid plus any incidental charges.

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 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 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 in 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 charges 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.

Consistent with the provisions of Paragraph 38 of IAS 31 – *Interests in Joint Ventures* and Paragraph 14 of IAS 27 – *Consolidated Financial Statements and Separate Financial Statements,* the 60% interest held in Pininfarina Sverige A.B. is valued by the equity method in the consolidated financial statements.

Véhicules Electriques Pininfarina Bolloré SAS, a 50-50 joint venture established to develop the electric cart is also valued by the equity method.

(c) 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 assets are sold or their value is impaired. At that point, accumulated gains or losses previously recognized in equity are reflected on the income statement for the period. Investments in small companies are carried at their current value or fair value, if it can be determined. Dividends received from these companies are recognized under Dividends in the income statement.

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 at the end of the period. 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.

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

(c) Group Companies

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 at the end of the period. 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 reserve for currency translations. 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.

The table below lists the exchange rates used to translate financial statements denominated in currencies other than the Group's functional currency:

	Mar. 31, 2009	**Avg. 2009**	**Mar. 31, 2008**	**Avg. 2008**
Euro vs currency:				
- U.S. dollar	1.331	1.303	1.581	1.498
- Swedish kronor	10.940	10.941	9.940	9.400
- Moroccan dirham	11.159	11.097	11.500	11.397

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 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.*

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.

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.

In this and subsequent 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.

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 upon the purchase of an interest in a subsidiary or affiliated company is included in the value of the investment in the company in question.

Goodwill is tested for impairment at least once a year and, if an impairment loss is detected, its carrying amount is adjusted accordingly.

Any gain or loss generated by the sale of an equity investment must also take into account the carrying amount of the corresponding goodwill.

An impairment test is performed by comparing the carrying amount of goodwill with the present value of the cash flows that homogeneous groups of assets are expected to generate.

(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 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 costs 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.

The Pininfarina Group carries out development work on behalf of its clients under contracts that involve the styling, engineering and manufacture of automobiles or just design and engineering work. These contracts with outsiders, which are covered by the provisions of IAS 11 – *Construction Contracts,* are handled on an inventory basis and, consequently, do not generate capitalized intangible assets.

Development work performed under styling, engineering and production contracts is included in the amount of financial receivables recognized in accordance with IFRIC 4 – *Determining Whether an Arrangement Contains a Lease* (see Note 2.19 b below) or, if IFRIC 4 is not applicable, in the value of special-purpose assets that are part of property, plant and equipment.

(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.

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

The recoverable amount of intangibles with an indefinite useful life that are not amortized must be tested for impairment 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.

a) Identification of Cash Generating Units (CGUs) and Allocation of Assets

The identification of the CGUs, carried out in accordance with the recommendations of IAS 36 – *Impairment of Assets,* is consistent with the segment information requirements of IFRS 8 – *Operating Segments* (formerly IAS 14), according to which disclosures must be provided for two business segments: 1) Styling and engineering, and 2) Manufacturing.

Within the Manufacturing segment, the Group identifies three minimal CGUs, to which it allocates the assets used in connection with the manufacturing contracts for the Alfa Brera and Spider, the Mitsubishi Colt CZC and the Ford Focus convertible.

The following types of assets are allocated to the minimal CGUs:

- Property, plant and equipment;
- Financial receivables recognized in accordance with IFRIC 4 – *Determining Whether an Arrangement Contains a Lease* (see Note 2.19 – Leases below).

b) Impairment Test of Financial Receivables Recognized in Accordance with IFRIC 4 – *Determining Whether an Arrangement Contains a Lease.*

Financial receivables recognized in accordance with IFRIC 4 – *Determining Whether an Arrangement Contains a Lease* are valued at amortized costs. Consequently, they must be tested for impairment, as required by IAS 39 – *Financial Instruments: Recognition and Measurement,* at each financial statement reference date.

Paragraph 59 of IAS 39 states that an asset or a group of assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that the loss events have an impact on the estimated future cash flows of the asset. As explained in the Report on Operations, the reduction in the production volumes projected contractually over the life cycles of the Alfa Brera and Mitsubishi orders represents an impairment indicator.

c) Impairment Test of Property, Plant and Equipment

A full impairment test of property, plant and equipment is performed in connection with the preparation of annual financial statements.

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 investments.

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.

(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 designated into the category from the inception. 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.

(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 Investments

Available-for-sale financial investments 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, in which case they are reclassified under non-current assets.

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 flows, 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. Specifically:

- in the case of financial assets valued at amortized cost, the required writedown is equal to the difference between their carrying value and the present value of the cash flows expected from the assets, discounted at the original effective interest rate;
- in the case of financial assets valued at cost, the required writedown is equal to the difference between their carrying value and the present value of the cash flows expected from the assets, discounted at the current market rate of return for similar financial assets.

Any impairment of available-for-sale financial assets, which are assets that the Group does not own at this time, must be recognized in accordance with Paragraphs 67 to 70 of IAS 39.

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.

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.

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 income statement.

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 Non-current Assets Held for Sale

Non-current assets held for sale and discontinued operations refer to businesses or assets (or groups of assets) that have been sold or are in the process of being sold, the carrying value of which was or will be recovered mainly through a sale rather than through their ongoing use.

These assets are valued at the lower of their net carrying value or their fair value, less costs to sell. In accordance with Paragraphs 38-40 of IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations,* the amounts applicable to non-current assets or a disposal group classified as held for sale must be shown separately on the balance sheet.

2.13 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, awarded to employees or resold.

The share capital of Pininfarina S.p.A. consists of 9,317,000 common shares, par value 1 euros each. There are no other classes of shares.

2.14 Borrowings

Initially, borrowings are recognized at fair value, net of any incidental charges. Subsequently, as required by 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 is recognized in earnings 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.

2.15 Deferred Taxes

As required by IAS 12 – *Income 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 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-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.

Deferred-tax liabilities on components of shareholders' equity are posted directly to shareholders' equity.

2.16 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.

For the purposes of IAS 19 – *Employee Benefits,* the Provision for termination indemnities attributable to employees of the Pininfarina Group, computed in accordance with Article 2120 of the Italian Civil Code, consists of:

- a defined-benefit pension plan for the benefits that vested prior to the effective date of Legislative Decree No. 252 of December 5, 2005;
- a defined-contribution pension plan for the benefits that vested from 2007 on.

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 and 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 actuarial valuation required to determine the amount of the provision is carried out in connection with the preparation of the semiannual and annual reports.

(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 gives rise to an implied obligation.

(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).

2.17 Provisions for Risks and Charges

Additions are made to the provisions for risks and charges in accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* 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 expects to incur on the balance sheet date to satisfy the obligations.

Provisions established in previous years are reviewed on each reporting date and adjusted to reflect best current estimates.

More detailed information about the provisions for risks is provided in Note 18.

2.18 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 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.

2.19 Leases

(a) When the Pininfarina Group Is the Lessee

Pursuant to IAS 17 – *Leases,* 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 paid is charged to income over the term of the lease.

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 the interpretation 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 – *Determining Whether an Arrangement Contains a Lease* 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 – *Determining Whether an Arrangement Contains a Lease,* 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 – *Determining Whether an Arrangement Contains a Lease* 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 Pininfarina Group recognizes a receivable of an amount equal to the present value of the 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.

2.20 Dividend Distributions

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

2.21 Financial Expense

Consistent with Paragraph 7 of IAS 23 – *Borrowing Costs,* financial expense is charged to income in the year it is incurred.

Effective January 1, 2009, the Company adopted IAS 23R – *Borrowing Costs,* which substantially amended the previous version published in 1993. Under this new standard, borrowing costs 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.

The adoption of this new reporting standard did not have a material effect

2.22 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, 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. 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 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 ad a liability under Advances received for contract work in progress.

2.23 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.

2.24 Valuations That Affect the Financial Statements

(a) Current and Deferred Taxes

The computation of current taxes for the period represents a best estimate of the weighted average of the tax liability that will be reflected in the annual financial statements.

The valuation of deferred-tax assets and liabilities is predicated on the manner in which the Group expects to recover or extinguish the carrying value of its assets and liabilities, based on the probability that it will generate taxable income in the future.

(b) 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 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.

Management adjusts the value of trade receivable consistent with their estimated realizable value.

(c) Impairment

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 beyond the Group's control.

The process of estimating cash flows for the purpose of testing for impairment the assets allocated to the cash generating units is based on production volumes, which, in turn, are estimated based on the production budgets communicated by customers and on conservative estimates of the overall volumes scheduled under the corresponding contracts.

(d) 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 the lessor are affected by changes in the volumes of cars that are manufactured and invoiced. 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.

(e) Design, Engineering and Production Contracts

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 that the cash flows expected from these contracts could change.

(f) 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.

3. 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 are recognized in accordance with IFRIC 4, short-term bank deposits and trade receivables generated from operating activities.

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

The Group did 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 counterparty 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 kroner (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 counterparty 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.

Pininfarina S.p.A. holds financial assets measured at fair value with changes in fair value recognized in earnings that are recognized in the financial statements at a value of 59.7 million euros. The credit risk exposure entailed by these assets is not significant because they consist mainly of government securities and other highly rated securities.

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 counterparties, and financial transactions are executed exclusively with financial institutions the reliability of which is beyond question. 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: On December 31, 2008, Pininfarina S.p.A. entered into a Framework Agreement will all of the Lender Institutions, with the exception of Fortis Bank. As a result of the execution of the Framework Agreement, which includes two phases and is designed to recapitalize the Company for an amount of 250 million euros, the Company and the abovementioned Lender Institutions also signed a Rescheduling Agreement, annexed to the Framework Agreement, the main features of which are:

- a reduction of 250 million euros of the disbursements for principal repayments originally required under lending and financing agreements;
- mandatory early repayments owed by Pininfarina S.p.A. to the Lender Institutions upon the occurrence of certain events involving mainly some asset divestments;
- a deferral to 2012 in the start of the accrual and payment of interest.

The combination of the financial benefits produced by the Rescheduling Agreement, the cash and cash equivalents, government securities and other financial assets held by the Company and the availability of the Layoff Benefits Fund for all of 2009 significantly reduce the exposure to the liquidity risk, at least for a 12-month period.

However, the liquidity risk will be affected by the Group's ability to achieve the objectives of the Industrial and Financial Plan. These objective are described in detail in the Report on Operations provided in the 2008 Annual Report, which should be consulted for additional information.

Interest Risk on Fair Value and Liquidity Flows: The Group receives financing from credit institutions at regular market rates. The Group is exposed to changes in interest rates, but its exposure in terms of interest payable is substantially offset by changes in interest receivable.

4. Accounting for Financial Derivatives

The Group has not executed any 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 at fair value in the financial statements 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 hedges;
- Cash flow hedges;
- Hedging 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 listed in the statement of changes in shareholders' equity.

(a) Fair Value Hedges

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 Hedges

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 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.

5. **Segment Information**

a) Primary Segment

Areas of Business

The Group is organized on a global scale and operates in two main areas of business: vehicle manufacturing and styling/engineering. These areas of business constitute the primary segment for segment reporting purposes.

The results of this segment for the first quarter of 2009 are provided below (in thousands of euros):

	Manufacturing	Styling and engineering	Total for the Group
Value of production	48,039	22,420	70,459
Intra-segment value of production	(3,451)	(1,401)	(4,852)
Value of production	**44,588**	**21,019**	**65,607**
EBIT	(9,486)	3,045	(6,441)
Financial income (expense)			391
Interest in results of associates	(51)	(1,987)	**(2,038)**
Profit (Loss) before taxes			(8,088)
Income taxes			(280)
Profit (Loss) for the period			**(8,368)**

The results of this segment for the first quarter of 2008 are as follows (in thousands of euros):

	Manufacturing	Styling and engineering	Total for the Group
Value of production	112,782	34,913	147,695
Intra-segment value of production	(1,619)	(568)	(2,187)
Value of production	**111,163**	**34,345**	**145,508**
EBIT	(6,890)	1,069	(5,821)
Financial income (expense)			(5,728)
Interest in results of associates	(1,386)	0	**1,386**
Profit (Loss) before taxes			(10,163)
Income taxes			421
Profit (Loss) for the period			**(9,742)**

b) Secondary segment

Geographic Destination of Sales

A breakdown of sales by geographic destination is as follows (in thousands of euros):

	3/31/09	**3/31/08**
ITALY	17,470	40,018
E.U.	38,794	89,083
OUTSIDE THE E.U.	4,136	2,792
Total	**60,400**	**131,893**

6. List of Consolidated Companies

Name	Registered office	Country	Share capital	Currency	% interest held directly or indirectly	Consolidated companies	% capital share
Parent Company							
Parent Company							
Pininfarina S.p.A.	Turin Via Bruno Buozzi 6	IT	9,317,000	EUR	-	-	-

List of companies consolidated line by line

Name	Registered office	Country	Share capital	Currency	% interest held directly or indirectly	Consolidated companies	% capital share
Italian subsidiaries							
Pininfarina Extra S.r.l.	Turin Via Bruno Buozzi 6	IT	388,000	EUR	100	Pininfarina S.p.A.	100
Foreign subsidiaries							
Pininfarina Extra USA Corp.	New York 1, Penn Plaza Suite 3515	USA	10,000	USD	100	Pininfarina Extra S.r.l.	100
Pininfarina Deutschland GmbH	Leonberg Riedwiesenstr. 1	DE	3,100,000	EUR	100	Pininfarina S.p.A.	100
mpx Entwicklung GmbH	München Frankfurter Ring 17	DE	25,000	EUR	100	Pininfarina Deutschland GmbH	100
mpx Entwicklung GmbH	Leonberg Riedwiesenstr. 1	DE	26,000	EUR	100	Pininfarina Deutschland GmbH	100
Matra Automobile Engineering SAS	Trappes - cedex 8, avenue J. D'Alembert	FR	971,200	EUR	100	Pininfarina S.p.A.	100
Pininfarina Maroc SAS	Casablanca - Residence EL HADI "A" 57, Bd Abdelmoumen	MA	8,000,000	MAD	100	Pininfarina S.p.A. Matra Automobile Engineering SAS	99,9 0,1
RHTU Sverige A.B.	Uddevalla Varsvagen 1	SE	100,000	SEK	100	Pininfarina S.p.A.	100

List of companies valued by the equity method in the consolidated financial statements

Name	Registered office	Country	Share capital	Currency	% interest held directly or indirectly	Consolidated companies	% capital share
Pininfarina Sverige A.B.	Uddevalla Varsvagen 1	SE	8,965,000	SEK	60	Pininfarina S.p.A.	60
Véhicules Electriques Pininfarina-Bolloré SAS	Puteaux 31-32 Quai de Dion Bouton	FR	20,040,000	EUR	50	Pininfarina S.p.A.	50
Pininfarina Recchi Buildingdesign S.r.l.	Torino Via Montevecchio 28	IT	100,000	EUR	50	Pininfarina Extra S.r.l.	50

List of Unconsolidated Companies

Name	Registered office	Country	Share capital	Currency	% interest held directly or indirectly	Consolidated companies	% capital share
Italian subsidiaries							
Nord Est Design S.r.l.	Maniago (PN) Via Dante 28	IT	100,000	EUR	-	Pininfarina Extra S.r.l.	40

7. Property, Plant and Equipment

	3/31/09	12/31/08	Change
Land and buildings	70,947,6592	71,479,412	(531,754)
Plant and machinery	38,629,188	42,218,902	(3,589,714)
Furniture, fixture and other prop., plant and equip.	2,475,856	2,616,538	(140,682)
Assets under construction	633,600	633,600	0
Total	**112,686,303**	**116,948,452**	**(4,262,149)**

As allowed under the recognition option provided under Paragraphs 16-19 of IFRS 1, the Group adjusted upward the carrying values of its land and buildings, based on the findings of independent appraisals.

The entry offsetting the amount of these upward adjustments, net of deferred taxes, was posted to shareholders' equity.

The depreciation for the period is the main reason for the decrease that occurred in this account during the first quarter of 2009.

8. Intangible Assets

	3/31/09	12/31/08	Change
Goodwill	1,043,495	1,043,495	0
Licenses and trademarks	2,910,437	3,119,908	(209,471)
Other intangibles	352,623	389,142	(36,519)
Total	**4,306,555**	**4,552,545**	**(245,990)**

The decrease in this account reflects the amortization for the period.

9. Equity Investments

Investments in joint ventures

	12/31/08	Purchases	Interest in result	Sales	Other changes	3/31/09
Pininfarina Sverige A.B.	30,208,498	0	(51,017)	0	(165,913)	29,991,567
Véhicules Electriques Pininfarina-Bolloré SAS	3,618,324	0	(167,000)	0	(1,819,638)	1,631,686
Pininfarina Recchi Buildingdesign S.r.l.	50,000	0	0	0	0	50,000
Total	**33,876,821**	**0**	**(218,017)**	**0**	**(1,985,551)**	**31,673,253**

The interest in the net loss of Pininfarina Sverige AB, amounting to 51,017 euros, is equal to 60% of the joint venture's net loss in the first quarter of 2009. Other changes includes a change in the reserve for currency translations.

The interest in the net loss of 167,000 euros is equal to 50% of the total net loss incurred in the first three months of 2009 by the Véhicules Electriques Pininfarina-Bolloré SAS joint venture. The amount shown for other changes refers to the elimination upon consolidation of 50% of the margin earned by Pininfarina S.p.A. for services provided to the joint venture for the development of the electric car.

Investments in other companies

	3/31/09	12/31/08	Change
Banca Passadore S.p.A.	257,196	257,196	0
Idroenergia Soc. Cons. a.r.l	516	516	0
Unionfidi S.c.r.lp.A. Torino	129	129	0
Midi Ltd	213,840	213,840	0
Nord Est Design S.r.l.	64,000	64,000	0
Total	**535,681**	**535,681**	**0**

10. Financial Assets

Loans and other receivables from outsiders

	12/31/08	Increases	Writedowns	Repayments	3/31/09
Loans receivable	120,386,529	1,119,743	0	0	121,506,272
Total loans receivable	**120,386,529**	**1,119,743**	**0**	**0**	**121,506,272**

The increase in loans receivable is due to the capitalization of interest receivable in connection with the Alfa Spider and Alfa Brera production orders.

The table below shows separately the current and non-current portions of these receivables:

	3/31/09	12/31/08	Change
Non-current loans and other receiv.	87,293,158	82,845,811	4,447,347
Current loans and other receivables	34,213,114	37,540,718	(3,327,604)
Total	**121,506,272**	**120,386,529**	**1,119,743**

None of the non-current receivables is due in more than five years.

Loans and other receivables from affiliated companies and joint ventures

	3/31/09	12/31/08	Change
Non-current loans owed by Pininfarina Sverige AE	45,414,202	44,760,446	653,756
Current loans owed by Pininfarina Sverige AB	17,904,178	17,904,178	0
Total	**63,318,380**	**62,664,624**	**653,756**

Loans receivable from joint ventures accrue interest at market rates.

The increase in this account reflects the accrual of the interest for the period owed to Pininfarina S.p.A. by Pininfarina Sverige AB.

Even though Pininfarina S.p.A. owns 60% of Pininfarina Sverige AB, this company is valued by the equity method, as required by Paragraph 38 of IAS 31 and Paragraph 14 of IAS 27.

Held-for-sale current assets

	Equity securities	Fixed income securities	Mutual funds	Total
Value at December 31, 2008	2,183,965	45,692,117	6,822,601	54,698,684
Fair value adjustment recognized in earnings	(222,547)	172,141	(2,020)	(52,426)
Purchases	4,809,805	36,335,593	9,361,319	50,506,716
Sales	(4,357,927)	(35,780,697)	(4,746,642)	(44,885,266)
Value at March 31, 2009	**2,413,296**	**46,419,154**	**11,435,258**	**60,267,708**

11. Inventory and Contract Work in Progress

	3/31/09	12/31/08	Change
Raw materials	7,743,273	9,707,163	(1,963,890)
Work in process	3,112,727	2,802,513	310,214
Finished goods	1,382,257	1,000,803	381,454
Total	**12,238,257**	**13,510,479**	**(1,272,222)**

	3/31/09	12/31/08	Change
Contract work in progress	6,544,665	3,362,442	3,182,223
Total	**6,544,665**	**3,362,442**	**3,182,223**

12. Trade Receivables Owed by Related Parties and Joint Ventures

The receivables outstanding at March 31, 2009 arise from transactions with the Swedish joint venture (3,803,053 euros) and the Véhicules Electriques Pininfarina- Bolloré SAS joint venture (7,380,000 euros).

The receivables outstanding at March 31, 2008 referred exclusively to transactions with the Swedish joint venture.

13. Non-current Assets/Liabilities Held for Sale

During the first quarter of 2009, the Pininfarina Group sold the business operations of its Matra Automobile Engineering SAS subsidiary for a net amount of 2,090,001 euros. In the 2008 financial statements, these operations were carried as non-current assets/liabilities held for sale.

The sales proceeds, net of cost to sell, amounted to 1,486,368 euros.

14. Share Capital

	No. of shares	Common shares	Treasury shares	Total
Balance at December 31, 2007	9,317,000	9,317,000	15,958	9,301,042
Balance at March 31, 2008	9,317,000	9,317,000	15,958	9,301,042
Balance at December 31, 2008	9,317,000	9,317,000	15,958	9,301,042
Balance at March 31, 2009	9,317,000	9,317,000	15,958	9,301,042

The Company's total authorized share capital was comprised of 9,317,000 common shares, par value of 1 euro each.
All issued shares have been fully paid-in.
At March 31, 2009, the Company held 15,958 of its own shares, valued at 45,121 euros. Following the adoption of IAS 32 and IAS 39 in January 2005, this amount is deducted from shareholders' equity.
These shares are held as treasury shares.

15. Earnings per Share

a) Basic profit (loss) per share

The loss per share was computed by dividing the net loss for the period by the number of common shares outstanding at March 31, 2009 (excluding treasury shares).

	3/31/09	12/31/08	3/31/08
Net profit (loss)	(8,367,923)	(204,125,840)	(9,741,889)
Number of common shares, net	9,301,042	9,301,042	9,301,042
Basic earnings (loss) per share	(0.90)	(21.95)	(1.05)

b) Diluted profit (loss) per share

The diluted loss per share is the same as the basic loss per share.

16. Stock Options

The Group does not have a stock option plan or any other arrangement involving stock options.

17. Borrowings

	3/31/09	12/31/08	Change
Non-current	**209,266,446**	**245,053,410**	**(35,786,964)**
Liabilities under finance leases	118,523,601	142,600,125	(24,076,524)
Bonds outstanding and other borrowings	90,742,845	102,453,285	(11,710,440)
Current	**212,130,059**	**168,773,767**	**43,356,292**
Due to banks	44,331,399	37,927,769	6,403,630
Liabilities under finance leases	109,928,687	85,059,761	24,868,926
Bonds outstanding and other borrowings	57,869,973	45,786,237	12,083,736
Total	**421,396,505**	**413,827,177**	**7,569,328**

The changes in liabilities under finance leases and other borrowings reflects the recognition of the "figurative" interest payable, computed based on the effective interest rate, as redetermined following the change in the terms of the liability that occurred at December 31, 2008.
As required by Paragraph 40 of IAS 39, the Group's Parent Company verified whether or not a substantial change had occurred in the terms of the liability and concluded that the renegotiated liability did not constitute a new liability.

The change in liabilities for bank overdraft facilities reflects an increased utilization of credit lines.

At March 31, 2009, a total of 43.1 million euros had been drawn from credit lines usable up to about 50 million euros.

The table on the following page provides a breakdown of liabilities under finance leases and other borrowings. However, it does not include 39,252,443 euros owed to Fortis Bank, with whom the Company entered into a settlement agreement based on a multi-year amortization plan that ends on December 31, 2015.

	Remaining indebtedness at 12/31/08	Figurative charges	Remaining indebtedness at 03/31/09
Banca Intesa	39,065,588	134,892	39,200,480
Banca Italease	2,929,919	10,015	2,939,934
Unicredit Banca	18,815,357	65,091	18,880,448
Banca di Roma	13,021,862	44,964	13,066,826
Banca Nazionale del Lavoro	5,919,028	20,510	5,939,538
Banca Regionale Europea	6,510,931	22,255	6,533,186
Banca Popolare di Bergamo	9,766,397	33,841	9,800,238
Banca Popolare di Novara	12,207,995	41,728	12,249,723
Leasint (Leasing Alfa)	50,451,162	209,324	50,660,486
MPS Leasing (Leasing Alfa)	25,225,581	104,662	25,330,243
Selmabipiemme (Leasing Alfa)	25,225,581	104,662	25,330,243
Banca Italease (Leasing Ford)	67,805,510	191,718	67,997,228
BNP Paribas (Leasing Mitsubishi)	21,661,229	67,484	21,728,713
UBI Leasing (Leasing Mitsubishi)	10,830,614	33,742	10,864,356
Locat (Leasing Mitsubishi)	21,661,229	67,484	21,728,713
Locat (Leasing Cambiano)	4,798980	13,326	4,812,306
Total	**335,896,963**	**1,165,698**	**337,062,661**

As requires by IAS 1 – *Presentation of Financial Statements* (Paragraphs 60 and following), the Pininfarina Group reclassified its borrowings in accordance with the new maturities set forth in the Framework Agreement, which, basically, call for the repayment of obligations under leases and medium- and long-term facilities to begin in 2012 and sets 2014 and 2015, respectively, as the final maturity for obligations under leases and medium- and long-term facilities, and in the settlement agreement executed with Fortis Bank.

A breakdown of long-term borrowings by maturity is as follows:

	3/31/09
due within 1 year	212,130,059
due between 1 and 5 years	209,266,446
due after 5 years	0
Total	**421,396,505**

The table below provides a breakdown of medium- and long-term borrowings by type and maturity:

Borrowings (in thousands of euros)	Amount at 12/31/08	Amount at 03/31/09	Amount due within 1 year	Amt. due from 1 to 5 years	Amount due after 5 years
Total loans and other facilities	(148,239)	(148,613)	(57,870)	(90,743)	0
Total obligations under finance leases	(227,660)	(228,452)	(109,929)	(118,524)	0
Total liabilities for short-term credit lines	(37,928)	(44,331)	(44,331)	0	0
Total	**(413,827)**	**(421,397)**	**(221,130)**	**(209,266)**	**0**

There are no borrowings in currencies different from the euro. The Group is exposed to interest rate fluctuations on some facilities that are tied to the Euribor. The carrying amount of these facilities approximates their fair value.

Some loan agreements and finance leases contain express cancellation clauses which, if exercised, cause the borrower to lose the benefit of repayment in installments and can result in the lender demanding repayment in a lump sum.
Information about the cancellation clauses of the Rescheduling Agreement is provided in the Report on Operations included in the 2008 Annual Report.

By virtue of the court injunctions served on Pininfarina S.p.A. on March 28, 2008 and April 19, 2008, Fortis Bank S.A. was granted court ordered mortgages on all of the buildings owned by the Company, which secure loans currently totaling about 39.2 million euros.

Pininfarina S.p.A. is the guarantor of obligations under finance leases executed by Pininfarina Sverige AB with the same credit institutions. At March 31, 2009, the outstanding balance of these leases was 90 million euros.

A building owned by Pininfarina Deutschland in Renningen is encumbered by a mortgage securing a loan of 750,000 euros.

18. Provisions for Risks and Charges

	3/31/09	12/31/08	Change
Provision for warranties	12,174,454	12,274,502	(100,048)
Provision for restructuring	2,327,119	1,678,778	648,341
Other provisions	13,339,140	13,113,101	226,039
Total	**27,840,713**	**27,066,381**	**774,332**

The Provision for warranties covers the best estimate of the Parent 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 addition for the period brought the value of the provision in line with the best estimate of future warranty costs for the fleet of cars currently in circulation.

The utilization for the period reflects charges for repairs under warranty provided to Mitsubishi customers.

The provision for restructuring charges reflects an estimate of the costs that Pininfarina S.p.A. expects to incur in connection with the adoption of the long-term unemployment benefit program established under an agreement signed in November 2008 with the labor unions (FIM, FIOM and UILM) and the Unified Labor Organizations for the Bairo Canavese, Cambiano, Grugliasco and San Giorgio Canavese plants and covering up to 180 employees.

The change in "Other provisions" reflects primarily an addition recognized by Pininfarina S.p.A. to bring the provision to a level consistent with the best estimate of the liability that could arise from the renegotiation of some aspects of the contract with Ford.

The disclosure required by Paragraph 86 of IAS 37 with regard to continent liabilities is provided in the Annual Report at December 31, 2008, in the section of the Report on Operations entitled "Assessment of the Company's Viability as a Going Concern and Business Outlook," which specifically discusses issues related to litigation with the revenue administration and Mitsubishi.

19. Other Income and Revenues

	3/31/09	12/31/08	Change
Amounts rebilled	156,605	176,691	(20,086)
Out-of-period income	166,739	896,727	(729,988)
Insurance settlements	130,966	7,600	123,366
Royalties	125,000	125,000	0
Rebilling	11,218	38,959	(27,741)
Capital grants	24,817	58,517	(33,700)
Training grants	451,402	0	451,402
Sundry items	27,235	216,083	(188,848)
Total	**1,093,982**	**1,519,577**	**(425,595)**

20. Gains on the Sale of Non-current Assets

	3/31/09	3/31/08	Change
Gain on the sale of equity investments	0	2,638,870	(2,638,870)
Gain on the sale of other assets	1,875	690,552	(688,677)
Total	**1,875**	**3,329,422**	**(3,327,547)**

The gain on the sale of equity investments shown at March 31, 2008 refers to the sale of the investment in Pasiphae S.a.r.l.

The gain on the sale of other assets generated in the first quarter of 2008 reflects the sale of some vintage cars by the Group's Parent Company.

21. Depreciation of Property, Plant and Equipment

	3/31/09	3/31/08	Change
Land and buildings	532,128	802,355	(270,227)
Plant and machinery	3,651,011	7,835,353	(4,184,342)
Furniture, fixture and other prop., plant and equip.	226,186	301,131	(74,945)
Total	**4,409,325**	**8,938,839**	**(4,529,515)**

22. Amortization of Intangible Assets

	3/31/09	3/31/08	Change
Licences and trademarks	67,624	87,483	(19,859)
Other intangibles	192,13	206,647	(14,517)
Total	**259,753**	**294,130**	**(34,376)**

23. Financial Income (Expense), Net

	3/31/09	3/31/08	Change
Financial expense paid to banks	(460,645)	(945,803)	485,158
Financial expense paid under leases	0	(5,272,380)	5,272,380
Figurative interest charges on lease obligations	(792,402)	0	(792,402)
Financial exp. on medium- and long-term borrowings	(385,000)	(3,077,821)	2,692,821
Figurative interest charges on long-term debt	(380,927)	0	(380,927)
Realized losses from marking securities to market	(275,973)	(1,508,732)	1,232,759
Total financial expense	**(2,294,948)**	**(10,804,736)**	**8,509,789**
Bank interest earned	145,720	238,280	(92,560)
Realized gains from marking securities to market	732,807	545,705	187,102
Interest earned on long-term loans to outsiders	1,124,288	3,011,591	(1,887,303)
Interest earned on long-term loans to joint ventures	683,613	1,269,175	(585,562)
Gains on trading securities	0	11,777	(11,777)
Total financial income	**2,686,428**	**5,076,529**	**(2,390,101)**
Net financial income (expense)	**391,480**	**(5,728,208)**	**(6,119,688)**

24. Value Adjustments

	3/31/09	3/31/08	Change
Pininfarina Sverige AB	(51,017)	1,386,245	(1,437,262)
Véhicules Electriques Pininfarina-Bolloré SAS	(1,986,638)	0	(1,986,638)
Total	**(2,037,655)**	**1,386,245**	**(3,423,900)**

25. Income Taxes for the Period

	3/31/09	3/31/08	Change
Current taxes	(357,218)	(423,490)	66,272
Prepaid taxes	104,263	921,939	(817,676)
Deferred taxes	(27,343)	(77,240)	49,897
Total	**(280,299)**	**421,208**	**(701,507)**

In 2008, prepaid taxes of 921,939 euros included the recognition of a credit of 880,000 euro for the tax loss carryforward of the companies included in the Pininfarina Deutschland Group, which also account for the entire amount shown at March 31, 2009. The abovementioned amounts were determined following an assessment of their actual future recoverability, based on updated strategic plans and the corresponding tax plans.

Other Information

Material Extraordinary Events and Transactions

No material extraordinary transactions that would require disclosure pursuant to Consob Communication No. DEM/6064293 of July 29, 2006 occurred during the first quarter of 2009.

Printed internally by Pininfarina S.p.A.