

pininfarina

PININFARINA GROUP

Quarterly Report at September 30, 2006

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 Registered No. 00489110015

PININFARINA GROUP

Quarterly Report at September 30, 2006

Approved by the Board of Directors
on November 10, 2006

Honorary Chairman

Sergio Pininfarina

Board of Directors

Chairman and Chief Executive Officer *

Andrea Pininfarina

Deputy Chairman

Paolo Pininfarina (2)

Directors

Franco Bernabè (1)

Elisabetta Carli

Mario Renzo Deaglio (2)

Edoardo Garrone (1)

Carlo Pavesio (2)

Lorenza Pininfarina

Sergio Pininfarina (1)

(1) Member of the Appointments and Compensation Committee.

(2) Member of the Internal Control Committee.

Board of Statutory Auditors

Chairman

Giacomo Zunino

Statutory Auditors

Fabrizio Cavalli

Piergiorgio Re

Secretary to the Board of Directors

Gianfranco Albertini

Independent Auditors

PricewaterhouseCoopers S.p.A.

***Powers**

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

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The Pininfarina Group

Review of Operating and Financial Performance

The Quarterly Report at September 30, 2006 was prepared in accordance with the international accounting principles set forth in IAS 34 and complies with IFRS guidelines. The accounting principles applied, which are reviewed on page 21 of this Report, are substantially the same as those that were used for the first time in the preparation of the data at June 30, 2005.

In the first nine months of 2006, value of production totaled 459.1 million euros, an increase of 68.5% over the 272.5 million euros reported at September 30, 2005. This improvement reflects the achievement of full production levels on the Alfa Romeo Brera and Mitsubishi Colt CZC orders.

Despite this sharp increase in business volume, EBIT (which represents the profit or loss from operations) were negative by 22.5 million euros, as against positive EBIT of 9.2 million euros in the first nine months of 2005.

Certain developments that had an impact on the data comparison at June 30, 2006 should also be taken into consideration when reviewing the data for the first nine months of the year. Specifically:

- The data at September 30, 2005 benefited from the gains generated by the sale of the investment in the Open Air System joint venture and the liquidation of PF RE SA, a Luxembourg-based subsidiary, which yielded a combined total of 32.5 million euros. The data for the first six months of 2006 include a gain of 13.7 million euros on the sale of non-current assets. When extraordinary items are excluded, the negative change in EBIT amounts to 12.9 million euros.
- The 2006 production orders have smaller margins than those of 2005 due to the burdensome cost structure that is typical of the production startup phase.

Nevertheless, there was a deterioration in operating performance in the third quarter of 2006, due mainly to delays in production startups scheduled for this period. These delays, which impeded the growth of the Group's value of production, resulted in operating inefficiencies, reduced the resources available to cover overhead and are causing temporary staff layoffs.

The contribution of the service operations, which are now close to reaching breakeven at the operating level, was virtually the same as in the same period last year.

Net financial income totaled 2.6 million euros (3.6 million euros at September 30, 2005). Higher lease payments incurred as a result of an increase in capital investments account for this decrease.

The Group's interest in the result of the Pininfarina Sverige AB joint venture, which is consolidated by the equity method, was a loss of 0.5 million euros, an amount substantially smaller than the loss of 3.8 million euros reported at September 30, 2005.

As a result of the items reviewed above, the Group reported a loss before taxes of 20.4 million euros at September 30, 2006 (profit before taxes of 9.1 million euros in 2005).

The net loss amounted to 16.3 million euros, as compared with a net profit of 11.5 million euros in the first nine months of 2005. A tax credit of 4 million euros (tax credit of 2,4 million euros in 2005), equal to the excess of prepaid taxes and deferred-tax assets over the current tax liability, explains why the net loss is smaller than the loss before taxes.

The net financial position, which was negative by 91.5 million euros, showed a significant deterioration from June 30, 2006, when net indebtedness amounted to 3.7 million euros (indebtedness of 6.9 million euros at December 31, 2005). The increase in indebtedness is the result of several factors, including: the gradual completion of the capital investments required for the various production models, the start of repayments of most financing facilities and the changes in working capital caused by the delays in the start of production runs, as mentioned above.

Performance of the Group's Business Segments in the First Nine Months of 2006

Manufacturing Operations

The manufacturing operations generated value of production of 355.4 million euros (more than double the 145.3 million euros reported in 2005), which is equal to 77.4% of total consolidated value of production (53.3% in the same period last year). A comparison between the number of vehicles produced in the first nine months of 2005 and 2006 is provided below:

	9/30/06	9/30/05
Alfa Romeo Brera	7,257	17
Alfa Romeo Spider	1,415	0
Ford Focus Coupè Cabriolet	19	0
Ford Streetka	0	4,386
Mitsubishi Colt CZC	7,967	0
Mitsubishi Pajero Pinin	0	1,591
TOTAL	16,658	5,994

In addition to the cars listed above, Pininfarina Sverige AB shipped 9,863 Volvo C70 during the first nine months of 2006. The Swedish production facility was not in operation at September 30, 2005.

The start of production of the Ford Focus Coupè Cabriolet, the last of five new models launched by the Group in less than one year, will mark the completion of the model lineup for the next few years.

Service Operations

The value of production generated by the Group's service businesses, which include design, industrial design and engineering, amounted to 103.7 million euros (127.2 million euros at September 30, 2005). These operations accounted for 22.6% of total value of production for the Group (46.7% in the first nine months of 2005). In the third quarter of 2006, the service operations continued to improve their profitability, approaching breakeven. The operating loss narrowed to 0.9 million euros, compared with 3.5 million euros at June 30, 2006 (operating loss of 0.7 million euros at September 30, 2005). The restructuring of the German operations has been completed and the manufacturing activities of Pininfarina Deutschland GmbH were sold on October 1, 2006. At the same time, mpx Entwicklung, a Munich-based company that was acquired this past July, has already begun to provide a positive contribution.

Outlook for the Balance of 2006 and Significant Events Occurring After the End of the Quarter

Forecasts for the balance of the year call for consolidated value of production to reach about 540 million euros, or about 40% more than at December 31, 2005. The main reason for this scaled-back projection, as compared with previous forecasts (value of production of about 640 million euros), is a delay in the scheduled startup of production of the new models.

The figure cited above does not include the value of production generated by the Pininfarina Sverige AB joint venture (which is expected to total about 380 million euros) because this affiliate is consolidated by the equity method.

These delays will make it impossible to use the remaining months of the year to reduce the operating loss incurred thus far in 2006.

The net financial position will decrease, compared with September 30 2006, reflecting the completion of investment programs and changes in net working capital. A turnaround is expected in 2007, when all models will achieve full production levels.

November 10, 2006

Andrea Pininfarina
Chairman
of the Board of Directors

A handwritten signature in black ink, reading "Andrea Pininfarina". The signature is written in a cursive style with a large initial 'A' and 'P'. Below the signature is a horizontal line.

Consolidated Financial Highlights

(amounts in thousand of euros)

	Data at		Data at
	9/30/06	9/30/05	12/31/05
Operating Data			
Net revenues	402,460	211,129	461,426
Value of production	459,069	272,547	383,030
EBIT	(22,504)	9,197	(8,281)
Net financial income	2,593	3,585	1,370
Profit (Loss) before taxes	(20,376)	9,072	(9,501)
Profit (Loss) for the period	(16,338)	11,485	(8,103)
Cash flow *	(908)	23,817	8,270
Balance Sheet Data			
Net non-current assets	300,940	204,293	243,933
Net invested capital	295,078	194,330	224,160
Group interest in shareholders' equity	173,209	208,428	188,557
Net financial position	(91,549)	42,099	(6,894)

* Group interest in net profit plus depreciation and amortization

The reclassified financial statements contain unaudited data. They regroup the data presented in the financial statements required under current statutes differently, with the objective of providing a more immediate understanding of the data, without affecting the logic of their presentation. It is important to keep in mind that the data shown for "EBIT" and "Other income (expense)" in the reclassified financial statements have the same meaning as the data shown for "EBIT" and "valuation adjustments" in the IAS/IFRS financial statements.

Reclassified Consolidated Income Statement

(amounts in thousand of euros)

	Data at				Change	Data at
	9/30/06	%	9/30/05	%		12/31/05
Net revenues	402,460	87,67	211,129	77,47	191,331	461,426
Changes in inventory of work in progress and finished goods	50,999	11.11	56,479	20.72	(5,480)	(85,206)
Other income and revenues	4,736	1.03	4,939	1.81	(203)	5,391
Work performed internally and capitalized	874	0.19	0	0.00	874	1,419
Value of production	459,069	100.00	272,547	100.00	186,522	383,030
Net gain on disposal of non-current assets	13,739	2.99	32,521	11.93	(18,782)	32,443
Raw materials and outside services	(403,110)	(87.81)	(200,395)	(73.53)	(202,715)	(296,307)
Change in inventory of raw materials	21,810	4.75	(9,394)	(3.45)	31,204	(5,794)
Value added	91,508	19.93	95,279	34.96	(3,771)	113,372
Labor costs	(98,395)	(21.43)	(73,750)	(27.06)	(24,645)	(102,906)
EBITDA	(6,887)	(1.50)	21,529	7.90	(28,416)	10,466
Depreciation, amortization and writedowns	(15,548)	(3.39)	(12,332)	(4.52)	(3,216)	(16,373)
Additional to provisions and reserves	(69)	(0.01)	0	0.00	(69)	(2,374)
EBIT	(22,504)	(4.90)	9,197	3.37	(31,701)	(8,281)
Net financial income	2,593	0.56	3,585	1.32	(992)	1,370
Other income (expense), net	(465)	(0.10)	(3,710)	(1.36)	3,245	(2,590)
Profit before taxes	(20,376)	(4.44)	9,072	3.33	(29,448)	(9,501)
Income taxes	4,038	0.88	2,413	0.89	1,625	1,398
Profit (Loss) for the period	(16,338)	(3.56)	11,485	4.21	(27,823)	(8,103)

Reclassified Consolidated Income Statement

(amounts in thousand of euros)

	From July 1, to September 30,				Change
	2006	%	2005	%	
Net revenues	135,846	90.65	55,657	83.05	80,189
Changes in inventory of work in progress and finished goods	12,697	8.47	10,150	15.14	2,547
Other income and revenues	1,122	0.75	1,213	1.81	(91)
Work performed internally and capitalized	186	0.13	0	0.00	186
Value of production	149,851	100.00	67,020	100.00	82,831
Net gain on disposal of non-current assets	354	0.24	2,335	3.48	(1,981)
Raw materials and outside services	(125,976)	(84.07)	(50,454)	(75.28)	(75,522)
Change in inventory of raw materials	1,344	0.90	431	0.64	913
Value added	25,573	17.07	19,332	28.84	6,241
Labor costs	(29,394)	(19.62)	(20,996)	(31.33)	(8,398)
EBITDA	(3,821)	(2.55)	(1,664)	(2.49)	(2,157)
Depreciation, amortization and writedowns	(5,130)	(3.42)	(4,117)	(6.14)	(1,013)
Additional to provisions and reserves	(34)	(0.02)	0	0.00	(34)
EBIT	(8,985)	(5.99)	(5,781)	(8.63)	(3,204)
Net financial income	288	0.19	1,600	2.39	(1,312)
Other income (expense), net	(841)	(0.56)	334	0.50	(1,175)
Profit before taxes	(9,538)	(6.35)	(3,847)	(5.74)	(5,691)
Income taxes	2,067	1.38	(351)	0.52	2,418
Profit (Loss) for the period	(7,471)	(4.98)	(4,198)	(6.26)	(3,273)

Reclassified Consolidated Balance Sheet

(amounts in thousand of euros)

	Data at		Change	Data at
	9/30/06	12/31/05		6/30/06
Net non-current assets (A)				
Net intangible assets	7,630	6,284	1,346	6,322
Net property, plant and equipment	257,618	203,057	54,561	241,022
Equity investments	35,692	34,592	1,100	36,629
Total A	300,940	243,933	57,007	283,973
Working capital (B)				
Inventory	83,812	32,358	51,454	75,833
Net trade receivables and other receivables	156,683	122,455	34,228	138,109
Deferred-tax assets	26,081	20,927	5,154	31,814
Trade accounts payable	(209,432)	(129,079)	(80,353)	(238,994)
Provision for risks and charges	(4,118)	(2,728)	(1,390)	(2,908)
Other liabilities	(58,888)	(63,706)	4,818	(74,677)
Total B	(5,862)	(19,773)	13,911	(70,823)
Net invested capital (C=A+B)	295,078	224,160	70,918	213,150
Provision for termination indemnities (D)	30,320	28,709	1,611	29,817
Net capital requirements (E=C-D)	264,758	195,451	69,307	183,333
Shareholders' equity (F)	173,209	188,557	(15,348)	179,627
Net financial position (G)				
Long-term debt	39,361	96,146	(56,785)	102,483
(Net liquid assets)	52,188	(89,252)	141,440	(98,777)
Total G	91,549	6,894	84,655	3,706
Total as in E (H=F+G)	264,758	195,451	69,307	183,333

Consolidated Net Financial Position

(amounts in thousand of euros)

	Data at		Change	Data at
	9/30/06	12/31/05		6/30/06
Cash and cash equivalents	9,397	15,585	(6,188)	41,050
Current assets held for trading	60,824	60,865	(41)	58,473
Current loans receivable and other receivables	60,081	59,348	733	83,039
Available-for-sale current assets	0	0	0	0
Loans receivable from associates and joint ventures	0	0	0	0
Due to banks	(39,766)	(501)	(39,265)	(672)
Current liabilities under finance leases	(91,283)	(46,045)	(45,238)	(83,113)
Loans payable to associates and joint ventures	0	0	0	0
Current portion of long-term bank debt	(51,441)	0	(51,441)	0
Net liquid assets	(52,188)	89,252	(141,440)	98,777
Long-term loans and other receivables from outsiders	178,699	125,095	53,604	126,640
Long-term loans and other receivables from associates and joint ventures	108,634	116,377	(7,743)	107,425
Available-for-sale non current assets	29,028	26,015	3,013	29,365
Long-term liabilities under finance leases	(246,283)	(205,205)	(41,078)	(214,413)
Long-term bank debt	(109,439)	(158,428)	48,989	(151,500)
Net long-term debt	(39,361)	(96,146)	56,785	(102,483)
Net financial position	(91,549)	(6,894)	(84,655)	(3,706)

Consolidated Balance Sheet – Assets

	Note ref.	9/30/06	12/31/05
Property, plant and equipment	7	<u>257,618,041</u>	<u>203,056,932</u>
Land and buildings		97,657,950	99,677,778
Land		22,617,997	22,619,019
Buildings		63,901,981	66,538,277
Leased property		11,137,972	10,520,482
Plant and machinery		151,971,739	91,413,504
Machinery		5,367,818	5,769,909
Plant		42,744,770	34,853,880
Leased machinery and equipment		103,859,151	50,789,715
Furniture, fixtures and other property, plant and equipment		6,612,619	6,339,239
Furniture and fixtures		2,808,089	3,007,970
Hardware & software		2,524,693	2,292,636
Other property, plant and equipment (including vehicles)		1,263,893	1,038,633
Other leased property, plant and equipment		15,944	0
Assets under construction		1,375,733	5,626,411
Intangible assets	8	<u>7,630,245</u>	<u>6,284,212</u>
Goodwill		2,301,012	2,301,012
Licenses and trademarks		4,997,205	3,626,561
Development costs		0	0
Other intangibles		332,028	356,639
Equity investments		<u>35,691,543</u>	<u>34,592,135</u>
Subsidiaries		0	0
Associated companies	9	744,800	744,800
Joint ventures	9	34,414,592	33,373,701
Other companies	9	532,151	473,634
Deferred-tax assets		<u>26,080,944</u>	<u>20,926,810</u>
Non-current financial assets		<u>316,360,574</u>	<u>267,487,405</u>
Held-to-maturity long-term investments		0	0
Loans and other receivables form:		287,332,396	241,472,036
Outsiders	10	178,698,569	125,094,880
Related parties and joint ventures	10	108,633,827	116,377,156
Available-for-sale non-current financial assets	10	29,028,178	26,015,369
Held-for-sale other non-current assets		<u>0</u>	<u>0</u>
TOTAL NON-CURRENT ASSETS		<u>643,381,347</u>	<u>532,347,494</u>
Inventory	11	<u>49,718,742</u>	<u>17,583,386</u>
Raw materials		34,679,462	12,728,743
Work in process		9,682,341	2,475,939
Finished goods		5,356,939	2,378,704
Contract work in progress	11	<u>34,093,729</u>	<u>14,774,330</u>
Current financial assets		<u>120,905,323</u>	<u>120,211,789</u>
Current assets held for trading	10	60,824,432	60,864,391
Current loans receivables and other receivables from:		69,080,891	59,347,398
Outsiders	10	60,080,891	59,347,398
Related parties and joint ventures		0	0
Available-for-sale current financial assets		0	0
Held-to-maturity current investments		0	0
Derivatives		<u>0</u>	<u>0</u>
Trade receivables and other receivables		<u>156,682,800</u>	<u>122,454,878</u>
Trade receivables from:		132,323,717	106,296,621
Outsiders		122,759,969	95,725,186
Related parties and joint ventures	10	9,563,748	10,571,435
Other receivables		24,359,083	16,158,257
Cash and cash equivalents		<u>9,396,974</u>	<u>15,585,498</u>
Cash on hand		274,752	675,260
Short-term bank deposits		9,122,222	14,910,238
TOTAL CURRENT ASSETS		<u>370,797,568</u>	<u>290,609,881</u>
TOTAL ASSETS		<u>1,014,178,915</u>	<u>822,957,375</u>

Consolidated Balance Sheet – Liabilities and Shareholders' Equity

	Note ref.	9/30/06	12/31/05
Common shares	12	9,270,443	9,312,155
Additional paid-in capital		34,283,725	36,215,861
Reserve for treasury stock		12,000,000	12,000,000
Statutory reserve		2,231,389	2,231,389
Revaluation reserve		0	0
Stock option reserve		2,070,733	1,320,733
Derivative hedging reserve		0	0
Reserve for currency translations		258,615	(252,864)
Fair value reserve		14,398,051	12,507,513
Other reserves		103,089,028	110,942,932
Retained earnings		11,945,400	12,382,791
Profit (Loss) for the period	13	(16,338,361)	(8,103,394)
GROUP INTEREST IN SHAREHOLDERS' EQUITY		173,209,023	188,557,116
Minority interest in shareholders' equity		0	0
<u>TOTAL SHAREHOLDERS' EQUITY</u>		<u>173,209,023</u>	<u>188,557,116</u>
Long-term borrowings		355,721,221	363,632,728
Collateralized indebtedness		0	0
Liabilities under finance leases	14	246,282,682	205,204,788
Other indebtedness owed to:		109,438,539	158,427,940
Outsiders	14	109,438,539	158,427,940
Related parties and joint ventures		0	0
Deferred-tax liabilities		29,606,459	28,026,734
Provision for termination indemnities		30,319,872	28,708,951
Provision for pensions and severance pay		800,950	464,732
Provision for termination indemnities		29,518,922	28,244,219
Provision for other liabilities and charges		0	0
Decommissioning costs		0	0
TOTAL NON-CURRENT LIABILITIES		415,647,552	420,368,413
Current borrowings		182,489,580	46,545,406
Due to banks	14	39,766,237	500,816
Collateralized indebtedness		0	0
Liabilities under finance leases	14	91,282,681	46,044,590
Bonds outstanding and other borrowings owed to:		51,440,662	0
Outsiders		51,440,662	0
Related parties and joint ventures		0	0
Other payables		26,061,732	32,134,207
Wages and salaries		14,817,549	9,580,474
Due to social security institutions		4,981,011	5,583,737
Vacation days, sick days and personal days		696,246	292,928
Other liabilities		5,566,926	16,677,068
Trade accounts payable		209,432,379	129,079,429
Accounts payable to outsiders		209,182,193	129,072,214
Account payable to associated companies and joint ventures		107	0
Advances received for work in progress		250,079	7,215
Provision for current taxes		904,751	51,047
Direct taxes		0	0
Other taxes		904,751	51,047
Financial derivatives		0	0
Provision for other liabilities and charges	15	4,117,618	2,727,570
Provision for warranties		0	900,000
Provision for lawsuits		0	0
Provision for restructuring programs		1,700,000	0
Other provisions		2,417,618	1,827,570
Other liabilities		2,316,280	3,494,187
TOTAL CURRENT LIABILITIES		425,322,340	214,031,846
<u>TOTAL LIABILITIES</u>		<u>840,969,892</u>	<u>634,400,259</u>
<u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u>		<u>1,014,178,915</u>	<u>822,957,375</u>

Consolidated Income Statement

	Note ref.	9/30/06	9/30/05
Sales and service revenues		402,459,550	211,129,173
Increase in Company-produced non-current assets		874,090	0
Change in inventories of finished goods and work in progress		50,999,301	56,479,202
Change in contract work in progress		41,261,093	51,216,779
Change in inventories of work in progress, semifinished and finished goods		9,738,208	5,262,423
Other income and revenues	16	4,736,406	4,939,084
Total value of production		459,069,347	272,547,459
Gain on the sales of non-current assets	17	13,742,761	32,628,527
<i>Amount earned on the sale of equity investments</i>		0	32,504,654
Raw materials and consumables used		(305,701,574)	(108,380,274)
Raw materials and components		(327,511,213)	(98,985,960)
Change in inventories of raw materials, subsidiary materials and consumables		21,809,639	(9,394,314)
Provision for inventory risk		0	0
Other variable production costs		(8,090,002)	(7,468,806)
Consumables		(3,924,454)	(2,562,611)
Utilities		(516,047)	(1,920,174)
External maintenance costs		(3,649,501)	(2,986,021)
External variable engineering services		(38,790,957)	(61,779,185)
Wages, salaries and employee benefits		(98,394,589)	(73,749,934)
Production staff, office staff and managers		(89,986,068)	(69,833,269)
Independent contractors		(4,178,762)	(417,760)
Social security and other post-employment benefits		(4,229,759)	(3,498,905)
Cost of profit sharing compensation		0	0
Depreciation, amortization and writedowns		(15,552,110)	(12,439,320)
Depreciation of property, plant and equipment	18	(13,937,557)	(11,050,487)
Loss on disposals of property, plant and equipment		(4,301)	(107,191)
Amortization of intangibles	19	(1,492,528)	(1,281,642)
Writedowns		(117,724)	0
Utilization of negative goodwill		0	0
Foreign exchange gains (losses)		4,840	240,146
Other expenses		(28,791,837)	(32,401,385)
Profit (Loss) from operations		(22,504,121)	9,197,228
Financial income (expense), net	20	1,588,945	2,730,964
Dividends	21	1,003,736	853,947
Value adjustments	22	(457,451)	(3,756,859)
Non-recurring income (expense)		(7,211)	46,636
Profit (Loss) before taxes		(20,376,102)	9,071,916
Income taxes for the period	23	4,037,741	2,412,771
Profit (Loss) for the period		(16,338,361)	11,484,687
		9/30/06	9/30/05
Profit (Loss) for the period		(16,338,361)	11,484,687
Number of common shares, net		9,317,000	9,317,000
Basic earnings (loss) per share		(1.75)	1.23

Statement of Changes in Consolidated Shareholders' Equity

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

	1/1/05	Fair value gains (losses)	Cash flow hedges	Translation restatements	Net gains (losses) recognized directly in equity	Profit (Loss) for the year	Total result for the year	Employee stock option plan	Changes to reserves	Dividends	Issue of share capital	Purchases / Sales of treasury shares	12/31/05
Common shares	9,182,502											129,653	9,312,155
Additional paid-in capital	33,910,650											2,305,211	36,215,861
Reserve for treasury stock	27,434,512								(15,434,512)				12,000,000
Statutory reserve	2,231,389												2,231,389
Revaluation reserve	-												
Stock options reserve	527,691							793,042					1,320,733
Derivative hedging reserve	-												
Reserve for currency translat.	3,726			(256,590)	(256,590)		(256,590)						(252,864)
Fair value reserve	8,265,701	4,241,812			4,241,812		4,241,812						12,507,513
Other reserves	97,522,513								16,542,470	(3,122,051)			110,942,932
Retained earnings	15,895,428								(3,512,637)				12,382,791
Profit (Loss) for the period	(2,404,679)					(8,103,394)	(8,103,394)		2,404,679				(8,103,394)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	192,569,433												188,557,116
Minority interest in profit and res.	-												
TOTAL SHAREHOLDERS' EQUITY	192,569,433	4,241,812		(256,590)	3,985,222	(8,103,394)	(4,118,172)	793,042	0	(3,122,051)	0	2,434,864	188,557,116

	1/1/06	Fair value gains (losses)	Cash flow hedges	Translation restatements	Net gains (losses) recognized directly in equity	Profit (Loss) for the period	Total result for the period	Employee stock option plan	Changes to reserves	Dividends	Issue of share capital	Purchases / Sales of treasury shares	9/30/06
Common shares	9,312,155											(41,712)	9,270,443
Additional paid-in capital	36,215,861											(1,932,136)	34,283,725
Reserve for treasury stock	12,000,000												12,000,000
Statutory reserve	2,231,389												2,231,389
Stock options reserve	1,320,733							750,000					2,070,733
Reserve for currency translat.	(252,864)			511,479	511,479		511,479						258,615
Fair value reserve	12,507,513	1,890,538			1,890,538		1,890,538						14,398,051
Other reserves	110,942,932								(7,853,904)				103,089,028
Retained earnings	12,382,791								(437,391)				11,945,400
Profit (Loss) for the period	(8,103,394)					(16,338,361)	(16,338,361)		8,103,394				(16,338,361)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	188,557,116												173,209,023
Minority interest in profit and res.	-												
TOTAL SHAREHOLDERS' EQUITY	188,557,116	1,890,538		511,479	2,402,017	(16,338,361)	(13,936,344)	750,000	(187,901)	0		(1,973,848)	179,209,023

Consolidated Cash Flow Statement

	Data at	
	9/30/06	9/30/05
Profit for the period	(16,338,361)	11,484,687
Restatements	749,582	(17,457,488)
- Income taxes	(4,037,741)	(2,412,771)
- Depreciation of property, plant and equipment	13,937,557	11,050,487
- Amortization of intangibles	1,492,528	1,281,642
- Writedowns	434,040	3,039,592
- Provision for pensions and seniority indemnities	1,610,921	1,988,262
- (Gains) Losses on sale of non-current assets	(13,738,460)	(32,521,336)
- (Financial income)	13,576,646	(8,456,714)
- Financial expense	(11,987,701)	5,725,750
- (Dividends)	(1,003,736)	(853,947)
- Value adjustment to shareholders' equity	457,451	3,756,859
- Unrealized (gains) losses on foreing exchange transactions	8,077	(55,312)
Changes in working capital	14,352,883	(12,317,671)
- Inventories	(32,135,356)	4,250,206
- Contract work in progress	(19,319,399)	(6,211,952)
- Trade accounts receivable	(34,227,922)	31,102,741
- Trade accounts payable	80,344,873	(32,343,630)
- Other changes	(9,015,079)	(9,115,036)
Cash flow from operating activities	(29,941,662)	(18,290,472)
(Financial expense)	11,987,701	(5,725,750)
(Income taxes)	4,037,741	2,412,771
Net cash from operating activities	(13,916,220)	(21,603,451)
- Acquisition of a subsidiary, net of cash acquired	(73,966,818)	(49,718,626)
- Purchases of property, plant and equipment	16,368,050	32,105,877
- Non-current financial assets	(47,676,164)	(66,363,185)
- Financial income	(13,576,646)	8,456,714
- Dividend received	1,003,736	853,947
- Other equity investments	(1,556,859)	(3,953,787)
Net cash used in investing activities	(133,320,921)	(100,222,511)
- Purchases of treasury shares	(1,973,849)	2,567,527
- Long-term borrowings from lenders outside the Group	128,032,667	93,481,432
- Dividends paid	0	(3,122,051)
Net cash used in financing activities	(7,262,103)	(7,295,603)
- Other non-cash items	1,073,579	96,283
Increase (Decrease) in cash and cash equivalents	(6,188,524)	(7,199,320)
- Cash and cash equivalents at beginning of the period	15,585,498	26,568,454
Cash and cash equivalents at the end of the period	9,396,974	19,369,134

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

At September 30, 2006, the **Matra Automobile Engineering Group** reported value of production of 42.3 million euros and a consolidated loss of 2.4 million euros, compared with 37.6 million euros and 3 million euros, respectively, in the same period last year. The increase in value of production (+12.5%) and an improvement in operating efficiency enabled the group reduce its loss during the first nine months of 2006. Having completed its startup phase, the group is continuing to enjoy substantial revenue growth and should report positive earnings in 2007.

Pininfarina Extra S.r.l. ended the first nine months of 2006 with value of production of 3.4 million euros (including the contribution of Pininfarina Extra USA Corp., a wholly owned subsidiary established in the first half of 2006), compared with 4.1 million euros in the same period last year. The net profit for the period amounted to 0.7 million euros, compared with 0.4 million euros at September 30, 2005.

Pininfarina Deutschland GmbH booked value of production of 4.9 million euros in the first nine months of 2006 (5.4 million euros at September 30, 2005) and a net loss of 3.2 million euros (1.2 million euros a year earlier). The loss reflects the impact of provisions totaling 1.7 million euros, which the company recognized in connection with the restructuring of its operations. On October 1, 2006, as part of this process, the company sold its manufacturing operations to focus on its engineering business.

mpx Entwicklung GmbH, a company that became operational this past August in Munich, reported value of production of 1.9 million euros and a net profit of 0.3 million euros. This subsidiary of Pininfarina Deutschland GmbH, which specializes in the provision of automotive engineering services, has 115 employees.

Pininfarina Sverige AB, which became operational at the end of 2005, when it began manufacturing the Volvo C70, reported value of production of 262.5 million euros and a net loss of 1 million euros. The performance level achieved by this company, which is consolidated by the equity method, shows that it is well on its way to attaining its qualitative and financial objectives. As of September 30, 2006, it had invoiced 9,863 cars and the total is expected to exceed the 14,500-car mark by the end of the year.

RHTU AB had value of production of 2.9 million euros and a net loss of 0.7 million euros in the first nine months of 2006, compared with value of production of 1.1 million euros and breakeven earnings in the same period last year. This company manufactures the retractable hard tops that are being installed in the Volvo C70 produced by Pininfarina Sverige AB.

Pininfarina S.p.A., the Group's Parent Company, reported value of production of 412.8 million euros at September 30, 2006, compared with 227.4 million euros in the first nine months of 2005 (+81.5%). The net loss for the period came to 11.5 million euros, compared with a net profit of 11 million euros at September 30, 2005. The net financial position showed a negative balance of 62.3 million euros, as against a positive balance of 11.4 million euros at December 31, 2005 (positive balance of 58.6 million euros at September 30, 2005). The remarks made in the review of the consolidated results for the first nine months of 2006 apply to the Parent Company as well.

Notes to the Quarterly Consolidated Financial Statements

1. General Information

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

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

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

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

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

The consolidated quarterly report was approved by the Board of Directors on November 10, 2006.

2. Accounting Principles

Pursuant to:

- Legislative Decree No. 38 of February 28, 2002;
- European Regulation No. 1606 of July 19, 2002;
- Article 82 of Issuers' Regulation No. 11971, as amended by CONSOB Resolution No. 14990 of April 14, 2005;

the Pininfarina Group prepared its Quarterly Report at September 30, 2006 in accordance with the IFRSs.

As required by Paragraph 8 of IAS 34 "Interim Financial Reporting," the Quarterly Report includes the following minimum components:

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

No changes in accounting principles significant enough to require a restatement of the opening balances have occurred. There have been no changes in the estimating methods.

The accounting principles applied in the preparation of the consolidated financial statements at September 30, 2006 are consistent with those used for the annual consolidated financial statements.

3. Managing Financial Risk

3.1 Financial Risk Factors

The financial instruments that the Group uses to finance its operations include bank borrowings, leases in which it is the lessee, leases in which it is the lessor and which are recognized in accordance with IFRIC 4, and short-term bank deposits.

The Group uses other financial instruments, such as trade payables and receivables, for operating purposes. The Group's cash resources are managed centrally by Pininfarina S.p.A.

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

The financial risks that affect the Group are summarized below:

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

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

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

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

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

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

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

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

3.2 Accounting for Derivatives

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

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

There are three types of hedges:

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

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

(a) Fair Value Hedge

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

(b) Cash Flow Hedge

The portion of the gain or loss on a hedging instrument that can be classified as effective is recognized directly in equity. The non-effective portion is reflected in earnings when incurred.

The amounts accumulated in a shareholders' equity account are transferred to the income statement in the year or years in which the planned transaction covered by the hedge has an impact on the income statement (for example, when a planned sale is executed).

When a financial instrument matures and/or is sold, or when it no longer meets the requirements for classification as a hedge, the gains and/or losses accumulated in a shareholders' equity account are held in that account until the planned transaction covered by the hedge has an impact on the income statement. If, instead, the Group no longer believes that the planned transactions will be executed, the gains and/or losses accumulated in a shareholders' equity account are transferred to the income statement.

(c) Hedging of a Net Investment in Foreign Operations

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

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

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

4. Key Financial Statement Estimates and Valuations

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

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

(a) Measurement of the Impairment of Goodwill

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

(b) Income taxes

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

(c) Provision for Termination Indemnities

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

(d) Stock Options

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

The model incorporates the following assumptions:

1. Volatility

Expected volatility has been annualized and set at 18.32%. The estimate was made based on the historical price volatility of the shares. The time horizon used for estimate purposes was the same as the expected expiration of the option.

2. Risk-free Rate

The rate used for the purpose of this valuation was 2.79175%, which was the same as the gross yield on the benchmark five-year Italian government bond on July 15, 2005, as determined by the Bank of Italy.

3. Dividends

Consistent with the Group's accounting principles, the amount of expected dividends was the same as the amounts paid between 2002 and 2005.

4. Early Expiration

Based on the technical characteristics of the options and an analysis of other stock option plans, this phenomenon appeared to be nonexistent.

5. Segment Information

a) Primary Segment

Business Segment

Segment information at September, 2006 shows that the Group is organized on a global scale and operates in two main business segments: vehicle production and styling/engineering.

The results at September 30, 2006 are as follows:

			€/000
	Production	Styling & Engineering	Total for the Group
Value of production	384,976	109,009	493,985
Intra-segment value of production	(29,612)	(5,304)	(34,916)
Value of production	355,364	103,705	459,069
EBIT	(21,641)	(863)	(22,504)
Financial income (expense)			2,585
Interest in results of associates	(457)	0	(457)
Profit (Loss) before taxes			(20,376)
Income taxes			4,038
Profit (Loss) for the period			(16,338)

The results at September 30, 2005 were as follows:

			€/000
	Production	Styling & Engineering	Total for the Group
Value of production	208,448	132,109	340,557
Intra-segment value of production	(63,109)	(4,901)	(68,010)
Value of production	145,339	127,208	272,547
EBIT	9,894	(697)	9,197
Financial income (expense)			3,631
Interest in results of associates	(3,756)	0	(3,756)
Profit (Loss) before taxes			9,072
Income taxes			2,413
Profit (Loss) for the period			11,485

b) Secondary Segment

Geographic Destination of Sales

A breakdown of sales by geographic destination is as follows:

	9/30/06	9/30/05
ITALY	168,340	80,251
REST OF E.U.	210,202	124,121
OUTSIDE E.U.	23,918	6,757
Total	402,460	211,129

6. List of Consolidated Companies

6.1 List of Companies Consolidated Line by Line

Name	Registered office	Share capital	% interest held directly or indirectly in 2006	% interest held directly or indirectly in 2005
Parent Company				
Pininfarina S.p.A.	Via Bruno Buozzi 6 – Turin - I	9,317,000 EUR		
Italian subsidiaries				
Pininfarina Extra S.r.l.	Via Bruno Buozzi 6 – Turin – I	388,000 EUR	100	100
Foreign subsidiaries				
Pininfarina Extra USA Corp.	1, Penn Plaza Suite 3515- New York- NY	10,000 US \$	100	
Pininfarina Deutschland GmbH	Industriestrasse 10 – Renningen - D	3,100,000 EUR	100	100
mpx Entwicklung GmbH	Bavariaring 29 –Munich—D	25.000 EUR	100	
Matra Automobile Engineering. SAS	8, avenue J. D’Alembert – Trappes cedex - F	971,200 EUR	100	100
CERAM S.A.S.	Mortefontaine – F	1,000,000 EUR	100	100
D3 S.A.S.	11, rue Paul Bert – Courbevoie - F	306,000 EUR	100	100
Plazolles Modelage S.a.r.l.	ZAC de l’Argentine – 9, rue J. Anquetil Garges Les Gonesses – F	8,000 EUR	100	100
Matra Automobile Engineering Maroc S.A.S.	Km 12, Autoroute de Rabat - Sidi Bernoussi – Zenata Casablanca – MA	8,000,000 MAD	100	100
Matra Developpement S.A.S.	8, avenue J.D’Alembert – Parc d’Activites Pissaloup - Trappes – F	37,000 EUR	100	100
RHTU Sverige AB	Varvsvagen 1 - Uddevalla -S	100.000 SEK	100	100

6.2 List of Companies Consolidated by the Equity Method

Name	Registered office	Share capital	% interest held directly or indirectly in 2006	% interest held directly or indirectly in 2005
Pasiphae S.a.r.l.	4, Boulevard Royal - L	5,000,000 EUR	20	20
Pininfarina Sverige AB	Varvsvagen 1 - Uddevalla - S	8,965,000 SEK	60	60

6.3 Change in scope of Consolidation

Compared with December 31, 2005, the scope of consolidation has changed due the inclusion of Pininfarina Extra USA Corp. and mpx Entwicklung GmbH.

7. Property, Plant and Equipment

	<u>9/30/06</u>	<u>12/31/05</u>	<u>Change</u>
Land and buildings	97,657,950	99,677,778	(2,019,828)
Plant and machinery	151,971,739	91,413,504	60,558,235
Furniture, fixtures and other property, plant and equipment	6,612,619	6,339,239	273,380
Assets under construction	1,375,733	5,626,411	(4,250,678)
Total	<u>257,618,041</u>	<u>203,056,932</u>	<u>54,561,109</u>

On January 1, 2004, as allowed under the recognition options provided in IFRS 1, Paragraph 16-19, land and buildings owned by the Group were revalued based on reports by independent appraisers.

The revaluations, net of deferred taxes, were recognized with offsetting entries posted to shareholders' equity.

The decrease in the value of Land and buildings reflects primarily the sale of the "Area Centro 28" development in June. The impact of this sale was offset in part by additions to buildings in Bairo Canavese and Torre Canavese.

The increase in Plant and machinery is due mainly to the recognition in accordance with IAS 17 of equipment leased for new production contracts.

8. Intangible Assets

	<u>9/30/06</u>	<u>12/31/05</u>	<u>Change</u>
Goodwill	2,301,012	2,301,012	0
Licenses and trademarks	4,997,205	3,626,561	1,370,644
Development costs	0	0	0
Other intangibles	332,028	356,639	(24,611)
Total	<u>7,630,245</u>	<u>6,284,212</u>	<u>1,346,033</u>

9. Equity Investments

Investments in associated companies

	<u>9/30/06</u>	<u>12/31/05</u>	<u>Change</u>
Pasiphae S.a.r.l	744,800	744,800	0
Total	<u>744,800</u>	<u>744,800</u>	<u>0</u>

There was no change in the value of the investment in Pasiphae Sarl.

Investments in joint ventures

	<u>9/30/06</u>	<u>12/31/05</u>	<u>Change</u>
Pininfarina Sverige AB	34,414,592	33,373,701	1,040,891
Total	<u>34,414,592</u>	<u>33,373,701</u>	<u>1,040,891</u>

Pininfarina Sverige was consolidated by the equity method.

Investments in other companies

	<u>9/30/06</u>	<u>12/31/05</u>	<u>Change</u>
Banca Passadore S.p.a.	257,196	257,196	0
Idroenergia Soc. cons. a r.l.	516	516	0
Unionfidi S.c.r.l.p.A. Torino	129	129	0
Midi Ltd	214,310	215,793	(1,483)
Other	60,000	0	60,000
Total	<u>532,151</u>	<u>473,634</u>	<u>58,517</u>

During the first half of 2006, D3 SAS, a Matra Group company, acquired a 40% interest in Numero Design Sarl at a cost of 60,000 euros.

10. Financial Assets

Loans and receivables from outsiders

	<u>9/30/06</u>	<u>12/31/05</u>	<u>Change</u>
Non current loans and other receivables	178,698,569	125,094,880	53,603,689
Current loans and other receivables	60,080,891	59,347,398	733,493
Total	<u>238,779,460</u>	<u>184,442,278</u>	<u>54,337,182</u>

Loans and other receivables from outsiders, which increased by 54,337,182 euros, refer to loans receivable under leases in which the Group is the lessor that were identified as such in accordance with IFRIC 4.

Loans and other receivables from related parties and joint ventures

	<u>9/30/06</u>	<u>12/31/05</u>	<u>Change</u>
<i>Pininfarina Sverige AB</i>	118,197,575	126,948,591	(8,751,016)
-non-current	108,633,827	116,377,156	(7,743,329)
-current	9,563,748	10,571,435	(1,007,687)
Total	<u>118,197,575</u>	<u>126,948,591</u>	<u>(8,751,016)</u>

The decrease in receivables owed by Pininfarina Sverige AB reflect the collection of regular amortization payments. The receivables refer to amounts owed for services provided for the development of the P15 project, the collection of which has been deferred to provide this company with the necessary financing.

Held-for-sale non-current-assets

	<u>San Paolo IMI SpA</u>	<u>Banca Interbobiliare SpA</u>	<u>Beni stabili SpA</u>	<u>Total</u>
Value at December 31, 2005	463,355	25,523,372	28,642	26,015,369
Fair value adjustment posted to shareholders' equity	122,850	2,888,029	1,930	3,012,809
Purchases	0	0	0	0
Sales	0	0	0	0
Impairment losses/Writedowns	0	0	0	0
Value at September 30, 2006	<u>586,205</u>	<u>28,411,401</u>	<u>30,572</u>	<u>29,028,178</u>

The fair value adjustment required by IAS 39 was posted, net of deferred taxes, as an increase to the fair value reserve. These adjustments will be reflected in the income statement only upon the sale of the corresponding financial assets. At September 30, 2006, the adjustment posted to the reserve amounted to 14,398,051 euros.

Held-for-sale current assets

	<u>Equity securities</u>	<u>Fixed income securities</u>	<u>Mutual funds</u>	<u>Total</u>
Value at December 31, 2005	6,039,092	30,165,528	24,659,771	60,864,391
Fair value adjustment posted to the income statement	43,757	424,443	41,091	509,291
Purchases	22,044,889	27,867,749	14,125,987	64,038,625
Sales	(22,308,996)	(18,367,869)	(23,911,010)	(64,587,875)
Impairment losses/Writedowns	0	0	0	0
Value at September 30, 2006	5,818,742	40,089,851	14,915,839	60,824,432

11. Inventory and Contract Work in Progress

	<u>9/30/06</u>	<u>12/31/05</u>	<u>Change</u>
Raw materials	34,679,462	12,728,743	21,950,719
Work in process	9,682,341	2,475,939	7,206,402
Finished goods	5,356,939	2,378,704	2,978,235
Total	49,718,742	17,583,386	32,135,356

The value of raw materials is shown net of an allowance for inventory obsolescence, which totaled 225,000 euros, unchanged compared with December 31, 2005.

	<u>9/30/06</u>	<u>12/31/05</u>	<u>Change</u>
Contract work in progress	34,093,729	14,774,330	19,319,399
Total	34,093,729	14,774,330	19,319,399

Contract work in progress increased by 19,319,399 euros, reflecting additional work performed on production orders.

12. Share Capital

	<u>Number of shares</u>	<u>Common shares</u>	<u>Treasury shares</u>	<u>Total</u>
Balance at December 31, 2004	9,317,000	9,317,000	134,498	9,182,502
Balance at December 31, 2005	9,317,000	9,317,000	4,845	9,312,155
Balance at March 31, 2006	9,317,000	9,317,000	720	9,316,280
Balance at June 30, 2006	9,317,000	9,317,000	98,019	9,218,981
Balance at September 30, 2006	9,317,000	9,317,000	46,557	9,270,443

The total number of authorized shares was 9,317,000, each with a par value of 1 euro. All issued shares have been fully paid-in.

At September 30, 2006, the Company held a total of 46,557 of its own shares, the net value of which (1,138,785 euros) was deducted from shareholders' equity as required by the adoption of IAS 32 and IAS 39. These shares are held as treasury shares.

13. Earnings per Share

a) Basic earnings (loss) per share

Basic earnings per share are computed by dividing the profit for the year by the number of common shares outstanding at September 30, 2006.

	<u>9/30/06</u>	<u>12/31/05</u>	<u>9/30/05</u>
Net profit (loss) for the period	(16,338,361)	(8,103,394)	11,484,687
Number of common shares, net	9,317,000	9,317,000	9,317,000
Basic earnings (loss) per share	(1.75)	(0.87)	1.23

b) Diluted earnings (loss) per share

The diluted earnings per share are the same as the basic earnings per share.

14. Borrowings

	<u>9/30/06</u>	<u>12/31/05</u>	<u>Change</u>
Non-current	355,721,221	363,632,728	(7,911,507)
Liabilities under finance leases	246,282,682	205,204,788	41,077,894
Bonds outstanding and other borrowings	109,438,539	158,427,940	(48,989,401)
Current	182,489,580	46,545,406	135,944,174
Due to banks	39,766,237	500,816	39,265,421
Liabilities under finance leases	91,282,681	46,044,590	45,238,091
Other financial liabilities	51,440,662	0	51,440,662
Total	538,210,801	410,178,134	128,032,667

No Group assets have been pledged as collateral.

The increase in current and non-current Liabilities under finance leases (86,315,985 euros) refers to lease obligations (recognized in accordance with IAS 17) incurred to finance new development and production orders.

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

	<u>9/30/06</u>
due within 12 months	182,489,580
due between 1 and 5 years	349,054,547
due after 5 years	6,666,674
Total	538,210,801

15. Provisions for Other Liabilities and Charges

	<u>9/30/06</u>	<u>12/31/05</u>	<u>Change</u>
Provision for warranties	0	900,000	(900,000)
Provision for restructuring programs	1,700,000	0	1,700,000
Other provisions	2,417,618	1,827,570	590,048
	4,117,618	2,727,570	1,390,048

The decrease in the Provision for warranties reflects the utilization of the Mitsubishi provision. The addition of 1,700,000 euros to the Provision for restructuring programs was recognized in anticipation of the restructuring of Pininfarina Deutschland GmbH.

The main component of Other provisions is a provision for risks of potential out-of-period charges related to the receivership proceedings involving the Rover Group.

16. Other Income and Revenues

	<u>9/30/06</u>	<u>9/30/05</u>	<u>Change</u>
Rental income	52,011	19,011	33,000
Out-of -period income	722,885	1,419,721	(696,836)
Insurance settlements	22,525	13,327	9,198
Royalties	375,000	375,000	0
Amounts rebilled	181,902	2,054,651	(1,872,749)
Operating grants	2,040,733	3,928	2,036,805
Capital grants	197,805	303,244	(105,439)
Sundry items	1,143,545	750,202	393,343
Total	<u>4,736,406</u>	<u>4,939,084</u>	<u>(202,678)</u>

17. Gain on the Sale of Non-current Assets

	<u>9/30/06</u>	<u>9/30/05</u>	<u>Change</u>
Gain on the sale of equity investments	0	32,504,654	(32,504,654)
Gain on the sale of other assets	13,742,761	123,873	13,618,888
Total	<u>13,742,761</u>	<u>32,628,527</u>	<u>(18,885,766)</u>

Most of the gain shown at September 30, 2006 was generated by the sale of the "Area Centro28" real estate complex in Grugliasco on June 29, 2006.

The gain of 32,504,654 euros shown as of September, 2005 reflects the divestiture of the investment in Oasys GmbH on January 20, 2005.

18. Depreciation of property, plant and equipment

	<u>9/30/06</u>	<u>9/30/05</u>	<u>Change</u>
Land and buildings	2,416,183	2,519,777	(103,594)
Plant and machinery	10,702,026	7,449,081	3,252,945
Furniture, fixture and other property, plant and equipment	819,348	1,081,629	(262,281)
Total	<u>13,937,557</u>	<u>11,050,487</u>	<u>2,887,070</u>

19. Amortization of intangibles

	<u>9/30/06</u>	<u>9/30/05</u>	<u>Change</u>
Licenses and trademarks	1,427,052	1,213,571	213,481
Other intangibles	65,476	68,071	(2,595)
Total	<u>1,492,528</u>	<u>1,281,642</u>	<u>210,886</u>

20. Financial Income (Expense), Net

	<u>9/30/06</u>	<u>9/30/05</u>	<u>Change</u>
Financial expense paid to banks	(566,026)	(201,599)	(364,427)
Financial expense paid under leases	(7,044,062)	(2,979,089)	(4,064,973)
Financial expense on medium and long-term borrowings	<u>(4,377,613)</u>	<u>(2,602,006)</u>	<u>(1,775,607)</u>
Total financial expense	<u>(11,987,701)</u>	<u>(5,782,694)</u>	<u>(6,205,007)</u>
Interest earned	72,495	97,335	(24,840)
Gains from marking securities to market	524,881	2,767,126	(2,242,245)
Interest earned on long-term loans to outsiders	9,511,620	3,145,926	6,365,694
Interest earned on long-term loans to associated cos.	3,432,215	2,446,327	985,888
Gains on trading securities	<u>35,435</u>	<u>56,944</u>	<u>(21,509)</u>
Total financial income	<u>13,576,646</u>	<u>8,513,658</u>	<u>5,062,988</u>
Net financial income	<u>1,588,945</u>	<u>2,730,964</u>	<u>(1,142,019)</u>

21. Dividends

	<u>9/30/06</u>	<u>9/30/05</u>	<u>Change</u>
Banca Passadore	41,250	37,500	3,750
San Paolo IMI	20,007	16,497	3,510
Banca Intermobiliare	849,420	594,594	254,826
Italian securities under asset management	92,217	199,629	(107,412)
Other securities	<u>842</u>	<u>5,727</u>	<u>(4,885)</u>
Total	<u>1,003,736</u>	<u>853,947</u>	<u>149,789</u>

22. Value adjustments

	<u>9/30/06</u>	<u>9/30/05</u>	<u>Change</u>
Revaluation (Writedown) of investment in Pininfarina Sverige AB	<u>(457,451)</u>	<u>(3,756,859)</u>	<u>3,299,408</u>
Total	<u>(457,451)</u>	<u>(3,756,859)</u>	<u>3,299,408</u>

23. Income taxes for the period

	<u>9/30/06</u>	<u>9/30/05</u>	<u>Change</u>
Current taxes	(3,122,932)	(1,662,973)	(1,459,959)
Prepaid taxes	5,187,584	6,128,865	(941,281)
Deferred taxes	<u>1,973,089</u>	<u>(2,053,121)</u>	<u>4,026,210</u>
Total	<u>4,037,741</u>	<u>2,412,771</u>	<u>1,624,970</u>

Other Information

As required by Article 126 of Consob Resolution No. 11971/99, the table below provides a breakdown of the equity investments held directly and indirectly by Pininfarina S.p.A. at September 30, 2006:

<i>Name</i>	<i>% interest held</i>	<i>direct % interest</i>	<i>indirect % interest</i>		
			Matra Automobile Engineering	D3 SAS	Pininfarina Extra Srl
<i>Pininfarina Extra S.r.l.</i>	<i>100</i>	<i>100</i>			
<i>Pininfarina Deutschland GmbH</i>	<i>100</i>	<i>100</i>			
<i>mpx Entwicklung GmbH</i>	<i>100</i>	<i>100</i>			
<i>Matra Automobile Engineering SAS</i>	<i>100</i>	<i>100</i>			
<i>CERAM S.A.S.</i>	<i>100</i>	<i>0</i>	<i>100</i>		
<i>D3 S.A.S.</i>	<i>100</i>	<i>0</i>	<i>100</i>		
<i>Plazolles Modelage S.à.r.l.</i>	<i>100</i>	<i>0</i>	<i>30</i>	<i>70</i>	
<i>Matra Automobile Engineering Maroc S.A.S.</i>	<i>100</i>	<i>0</i>	<i>100</i>		
<i>Matra Developpement S.A.S.</i>	<i>100</i>	<i>0</i>	<i>100</i>		
<i>Numero Design S.à.r.l.</i>	<i>40</i>	<i>0</i>		<i>40</i>	
<i>RHTU Sverige AB</i>	<i>100</i>	<i>100</i>			
<i>Pininfarina Extra USA Corp.</i>	<i>100</i>	<i>0</i>			<i>100</i>
<i>Pininfarina Sverige AB</i>	<i>60</i>	<i>60</i>			

