PININFARINA GROUP

Quarterly Report at September 30, 2007

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

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

PININFARINA GROUP

Quarterly Report at September 30, 2007

Approved by the Board of Directors
on November 12, 2007

Honorary Chairman

Honorary Chairman	Sergio	Pininfarina

Board of Directors

Chairman and Chief Executive Officer *	Andrea	Pininfarina (3)
Deputy Chairman	Paolo	Pininfarina (2) (3)
Directors	Elisabetta	Carli
	Mario Renzo	Deaglio (2) (3)
	Edoardo	Garrone (1) (3)
	Carlo	Pavesio (2) (3)
	Lorenza	Pininfarina (3)
	Sergio	Pininfarina (1)

(1) Member of the Appointments and Compensation Committee

(2) Member of the Internal Control Committee

(3) Member of the Strategic Committee

Franco Bernabè, who was elected to the Board of Directors at the Shareholders' Meeting of May 12, 2006 as an independent Director, resigned from the Board on September 28, 2007, but will continue to serve on the Strategic Committee.

Board of Statutory Auditors

Chairman	Giacomo	Zunino
Statutory Auditors	Fabrizio	Cavalli
	Piergiorgio	Re

Secretary to the Board of Directors

	Gianfranco	Albertini (*)

(*****) Corporate Accountig Documents Officer

Independent Auditors

PricewaterhouseCoopers S.p.A.

***Powes**

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.

CONTENTS

Pininfarina Group

Review of Operating and Financial Performance

In the first nine months of 2007, consolidated value of production totaled 513.6 million euros at September 30, 2007, or 11.9% more than the 459.1 million euros reported in the first nine months of 2006. This increase reflects the contribution provided by the Ford Focus Coupè Cabriolet order, which is the last car to go into production in a series of five models that the Company launched in just over one year.

EBITDA were positive by 7.3 million euros (negative EBITDA of 6.9 million euros in the first nine months of 2006) showing a significant improvement in the Group's ability to generate operating positive cash flow, which increased by 14.2 million euros compared with a year ago.

Depreciation and amortization expense more than doubled compared with September 30, 2006. As a result, EBIT (equal to the profit or loss from operations) were negative by 23.2 million euros (negative by 22.5 million euros in the first nine months of 2006).

In assessing the data at September 30, 2007, it is important to keep in mind that the Group's performance was adversely affected by a production shutdown of the Bairo Canavese factory for more than two weeks, caused by a tornado that hit that facility, and by the resulting losses incurred to resume production in July. These two factors had a negative impact on value of production, reduced operating efficiency and slashed profit margins. Another development skewing the data comparison is the amount of gains on the sale of non-current assets, which at September 30, 2007 was 9.1 million euros lower than a year earlier. Net of this item, EBIT would actually show an improvement of 8.4 million euros compared with September 30, 2006.

The contribution provided to consolidated EBIT by the service operations reflect the steady improvement of these businesses, which reported a positive performance at the operating level, as against a loss at September 30, 2006. On the other hand, the manufacturing operations were unprofitable at the operating level for the reasons explained above.

The increase in net financial expense, which amounted to 7.2 million euros (net financial income of 2.6 million euros at September 30, 2006), is due to the negative change in the net financial position, which, in turn, was affected by changes in working capital requirements and the repayment of installments of loans received to fund capital investments.

The Pininfarina Sverige AB joint venture contributed 1.9 million euros to the Group's bottom line, marking a sharp improvement over the loss of 0.5 million euros reported at September 30, 2006.

At September 30, 2007, the loss before taxes amounted to 28.5 million euros (loss of 20.4 million euros in 2006).

The net loss for the first nine months of 2007 totaled 39.1 million euros, compared with a loss of 16.3 million euros in the same period last year. A higher tax burden accounts for a significant portion (14.6 million euros) of the 22.8 million euros by which the loss at September 30, 2007 exceeded the amount reported a year earlier. A breakdown of the tax computation for the two periods into current taxes and deferred-tax assets and liabilities shows that, while local taxes (IRAP) decreased, due to legislative changes, both the deferred-tax asset and liability accounts had negative balances (both positive at September 30, 2006).

Deferred-tax assets changed due to the cancellation of temporary differences stemming from lease payments and the loss carryforward, while the change in deferred-tax liabilities reflects primarily a reduction in taxes attributable to non-deductible accelerated depreciation (recognized upon the removal from the financial statements of items recognized exclusively for tax purposes) and the recognition during the period of the tax liability on the curtailment of the provision for termination indemnities.

The net financial position was negative by 145.7 million euros. The deterioration from the negative balance of 120.9 million euros at December 31, 2006 (negative balance of 88.3 million euros at June 30, 2007) is due to the concurrent impact of several factors, including the occurrence of an unusually high level of debt repayment and an unfavorable change in working capital requirements caused by the production stoppage in June and the resulting decrease in billings in July, which were compounded by the effect of the traditional seasonal August shutdown of manufacturing facilities.

Performance of the Group's Business Segments in the First Nine Months of 2007

Manufacturing Operations

The value of production totaled 414.7 million euros in the first nine months of 2007 (355.4 million euros in 2006, +16.7%), accounting for 80.7% of total consolidated value of production (77.4% in the first nine months of 2006). A comparison between the number of vehicles produced in the first nine months of 2007 and 2006 is provided below:

	9/30/07	9/30/06
Alfa Romeo Brera	3,823	7,257
Alfa Romeo Spider	4,144	1,415
Mitsubishi Colt CZC	3,671	7,967
Ford Focus Coupè Cabriolet	10,592	19
TOTAL	**22,230**	**16,658**

In addition, Pininfarina Sverige AB invoiced 14,553 Volvo C70s this year, up from 9,863 cars at September 30, 2006 (+47.6%), demonstrating its ability to achieve full operating efficiency, as it benefits from the commercial success of the Volvo C70 in Europe and the United States.

Service Operations

The service operations, which include the design, industrial design and engineering operations, reported a value of production totaling 98.9 million euros (103.7 million euros at September 30, 2006, -4.6%). The contribution provided to total consolidated value of production was 19.3%, compared with 22.6% at September 30, 2006. The performance of these businesses in the third quarter of 2007 shows that the sharp improvement in profitability that started at the beginning of the year is continuing. EBIT amounted to 3.5 million euros, as against a loss of 0.9 million euros at September 30, 2006. All foreign Group companies improved their performance compared with the first nine months of 2006.

Outlook for the Balance of 2007 and Significant Events Occurring After September 30, 2007

The projections for the full year remain the same as those provided when approving the Semiannual Report: consolidated value of production of about 680 million euros, with positive EBITDA but negative EBIT. The net financial position is expected to worsen compared with the data at September 30, 2007, due to changes in working capital requirements, which tend to increase during the second half of the year, and to repayments of borrowings that were used to fund the Group's capital investments.

The operational and commercial developments that were the root causes for the losses reported in 2006 and are causing those that the Group is facing this year have made it necessary to redefine the Group's overall strategies with regard to its position in the marketplace, the organization of its manufacturing and administrative processes and its financial equilibrium. Consequently, working with the support of Roland Berger and Rothschild, the Company has begun the process of defining and industrial and financial plan. The guidelines for developing the industrial plan, which were approved today by the Board of Directors, are outlined below:

1) Maintain and develop the manufacturing operations with the adoption of a lean manufacturing model designed to provide customers with the world's best quality in automobile manufacturing and, by entering into partnership agreements similar to the successful arrangement with Pininfarina Sverige, offer shareholders a reduction in risk exposure, compared with the level entailed by the current contract vehicle manufacturing system.
2) Foster further growth and development of the activities that provide services to the automotive industry with the goal of maintaining the Company's position as the creativity and innovation leader in the field of design and increase its share of the product and process engineering market.
3) Extract the brand's value, which was identified in market surveys that underpin the new industrial plan as the Company's most important asset. Pursue this goal by exploiting the visibility and notoriety of the brand and by leveraging a history of successful quality and innovation products to generate additional value, given also the extraordinary range of complementary competencies that exist in the Groups' operations in Italy, France, Germany, Sweden, Morocco, the United States and China.

The industrial and financial plan should be finalized by the time the Board of Directors meets in February 2008 to review the 2007 preliminary year-end data.

The income statement, balance sheet and financial position data at September 30, 2007 refer to the current business model and do not reflect specifically the potential impact of implementing of the guidelines of the industrial plan outlined above.

November 12, 2007

Andrea Pininfarina
Chairman
of the Board of Directors

Consolidated Financial Highlights

(amounts in thousand of euros)

	Data at		Data at
	9/30/07	9/30/06	12/31/06
Operating Data			
Net revenues	513,044	402,460	526,382
Value of production	513,566	459,069	588,814
EBITDA	7,292	(6,887)	(11,926)
EBIT	(23,217)	(22,504)	(43,475)
Net financial income (Loss) (a)	(7,151)	2,593	20,768
Profit (Loss) before taxes	(28,506)	(20,376)	(23,566)
Profit (Loss) for the period	(39,055)	(16,338)	(21,883)
Cash flow *	(6,853)	(908)	1,224
Balance Sheet Data			
Net non-current assets (b)	332,672	300,940	336,510
Net invested capital (c)	286,659	295,078	306,930
Group interest in shareholders' equity	115,854	173,209	155,078
Net financial position (d)	(145,664)	(91,549)	(120,940)

* Group interest in net profit plus depreciation and amortization.

(a) This item includes the amounts recognized as financial income (expenses) and dividends
(b) This item includes property, plant and equipment, intangibles and non-current financial assets
(c) See the reclassified balance sheet on page 13
(d) See the reclassified balance sheet on page 14

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					Data at
	9/30/07	%	**9/30/06**	%	**Change**	**12/31/06**
Net revenues	513,044	99.90	402,460	87.67	110,584	526,382
Changes in inventories of finished good and work in progress	(9,867)	(1.92)	50,999	11.11	(60,866)	54,348
Other income and revenues	10,177	1.98	4,736	1.03	5,441	6,961
Work performed internally and capitalized	212	0.04	874	0.19	(662)	1,123
Value of production	**513,566**	**100.00**	**459,069**	**100.00**	**54,497**	**588,814**
Net gain on disposal of non-current assets	4,687	0.91	13,739	2.99	(9,052)	11,869
Raw material and outside services	(401,820)	(78.24)	(403,110)	(87.81)	1,290	(502,035)
Changes in inventory of raw materials	(10,663)	(2.08)	21,810	4.75	(32,473)	17,282
Value added	**105,770**	**20.59**	**91,508**	**19.93**	**14,262**	**115,930**
Labor costs	(98,478)	(19.18)	(98,395)	(21.43)	(83)	(127,856)
EBITDA	**7,292**	**1.41**	**(6,887)**	**(1.50)**	**14,179**	**(11,926)**
Depreciations and amortization	(32,202)	(6.26)	(15,548)	(3.39)	(16,654)	(23,107)
Utilizations of (Additions to) provisions	1,693	0.33	(69)	(0.01)	1,762	(8,441)
EBIT	**(23,217)**	**(4.52)**	**(22,504)**	**(4.90)**	**(713)**	**(43,474)**
Financial income (expense), net	(7,151)	(1.39)	2,593	0.56	(9,744)	20,768
Other income (expense), net	1,862	0.36	(465)	(0.10)	2,327	(860)
Profit before taxes	**(28,506)**	**(5.55)**	**(20,376)**	**(4.44)**	**(8,130)**	**(23,566)**
Income taxes	(10,549)	(2.05)	4,038	0.88	(14,587)	1,683
Profit (Loss) for the period	**(39,055)**	**(7.60)**	**(16,338)**	**(3.56)**	**(22,717)**	**(21,883)**

Reclassified Consolidated Income Statement

(amounts in thousand of euros)

	From July 1, to September 30				
	2007	%	**2006**	%	**Change**
Net revenues	145,599	107.67	135,846	90.65	9,753
Changes in inventories of finished good and work in progress	(15,135)	(11.19)	12,697	8.47	(27,832)
Other income and revenues	4,726	3.49	1,122	0.75	3,604
Work performed internally and capitalized	36	0.03	186	0.13	(150)
Value of production	**135,226**	**100.00**	**149,851**	**100.00**	**(14,625)**
Net gain on disposal of non-current assets	1,571	1.16	354	0.24	1,217
Raw material and outside services	(94,995)	(70.25)	(125,976)	(84.07)	30,981
Changes in inventory of raw materials	(13,309)	(9.84)	1,344	0.90	(14,653)
Value added	**28,493**	**21.07**	**25,573**	**17.07**	**2,920**
Labor costs	(28,553)	(21.11)	(29,394)	(19.62)	841
EBITDA	**(60)**	**(0.04)**	**(3,821)**	**(2.55)**	**3,761**
Depreciations and amortization	(10,115)	(7.48)	(5,130)	(3.42)	(4,985)
Utilizations of (Additions to) provisions	474	0.35	(34)	(0.02)	508
EBIT	**(9,701)**	**(7.17)**	**(8,985)**	**(5.99)**	**(716)**
Financial income (expense), net	(2,732)	(2.02)	288	0.19	(3,020)
Other income (expense), net	354	0.26	(841)	(0.56)	1,195
Profit before taxes	**(12,079)**	**(8.93)**	**(9,538)**	**(6.35)**	**(2,541)**
Income taxes	(5,763)	(4.26)	2,067	1.38	(7,830)
Profit (Loss) for the period	**(17,842)**	**(13.19)**	**(7,471)**	**(4.98)**	**(10,371)**

Reclassified Consolidated Balance Sheet

(amounts in thousand of euros)

	Data at			**Data at**
	9/30/07	**12/31/06**	**Change**	**6/30/07**
Net non-current assets (A)				
Net intangible assets	7,301	8,154	(853)	7,623
Net property, plant and equipment	288,525	292,717	(4,192)	294,490
Equity investments	36,846	35,639	1,207	36,302
Total A	**332,672**	**336,510**	**(3,838)**	**338,415**
Working capital (B)				
Inventory	29,779	42,470	(12,691)	42,523
Net trade receivables and other receivables	131,611	132,488	1,077	146,407
Deferred-tax assets	13,038	23,583	5,355	19,402
Trade accounts payable	(161,528)	(167,765)	4,283	(225,153)
Provision for risks and charges	(6,650)	(8,211)	1,561	(7,175)
Other liabilities	(52,263)	(52,145)	(16,018)	(66,940)
Total B	**(46,013)**	**(29,580)**	**(16,433)**	**(90,936)**
Net invested capital (C=A+B)	**286,659**	**306,930**	**(20,271)**	**247,479**
Provision for termination indemnities (D)	**25,141**	**30,912**	**(5,771)**	**25,655**
Net capital requirements (E=C-D)	**261,518**	**276,018**	**(14,500)**	**221,824**
Shareholders' equity (F)	**115,854**	**155,078**	**(39,224)**	**133,567**
Net financial position (G)				
Long-term debt	128,334	125,796	2,538	109,569
(Net liquid assets)	17,330	(4,856)	22,186	(21,312)
Total G	**145,664**	**120,940**	**24,724**	**88,257**
Total as in E (H=F+G)	**261,518**	**276,018**	**(14,500)**	**221,824**

The data shown as “Net liquid assets” and “Long-term debt” at December 31, 2006 have been restated due to the reclassification of short-term amounts. The total “net financial position” is unchanged.

Consolidated Net Financial Position

(amounts in thousand of euros)

	Data at			Data at
	9/30/07	**12/31/06**	**Change**	**6/30/07**
Cash and cash equivalents	28,137	16,933	11,204	89,327
Current assets held for trading	62,309	61,864	445	62,913
Current loans reveivable and other receivables	55,328	66,912	(11,584)	43,873
Available-for-sale current assets	0	0	0	0
Loans receivable from associates and joint ventures	17,904	17,904	0	17,904
Due to banks	(21,112)	(31,331)	10,219	(26,112)
Current liabilities under finance leases	(96,595)	(74,001)	(22,594)	(94,813)
Loans payable to associates and joint ventures	0	0	0	0
Loans payable to banks	(63,301)	(53,425)	(9,876)	(71,780)
Net liquid assets	**(17,330)**	**4,856**	**(22,186)**	**21,312**
Long-term loans and other receivables from outside	180,816	185,806	(4,990)	196,192
associates and joint ventures	72,867	80,569	(7,702)	71,617
Available-for-sale non current assets	0	0	0	0
Long-term liabilities under finance leases	(267,547)	(282,274)	14,727	(253,036)
Long-term bank debt	(114,470)	(109,897)	(4,573)	(124,342)
Net long-term debt	**(128,334)**	**(125,796)**	**(2,538)**	**(109,569)**
Net financial position	**(145,664)**	**(120,940)**	**(24,724)**	**(88,257)**

The data shown as “Net liquid assets” and “Long-term debt” at December 31, 2006 have been restated due to the reclassification of short-term amounts. The total “net financial position” is unchanged.

Consolidated Balance Sheet – Assets

	Note ref.	9/30/07	12/31/06
Property, plant and equipment		288,524,817	292,717,136
Land and buildings	7	95,092,681	97,262,193
Land		22,076,436	25,778,147
Buildings		62,236,821	60,435,711
Leased property		10,779,424	11,048,335
Plant and machinery	7	187,267,171	187,852,130
Machinery		37,391,005	27,261,570
Plant		39,240,260	42,168,914
Leased machinery and equipment		110,635,906	118,421,646
Furniture, fixtures and other property, plant and equipment	7	5,016,812	6,046,720
Furniture and fixtures		2,031,512	2,252,706
Hardware & software		2,086,688	2,537,988
Other property, plant and equipment (including vehicles)		898,612	1,256,026
Assets under construction	7	1,148,153	1,556,093
Intangible assets		7,300,826	8,153,782
Goodwill	8	2,301,012	2,301,012
Licenses and trademarks	8	4,525,831	5,327,799
Other intangibles	8	473,983	524,971
Equity investments		36,846,374	35,638,952
Subsidiaries		0	0
Associated companies	9	744,800	744,800
Joint ventures	9	35,529,893	34,362,000
Other companies	9	571,681	532,152
Deferred-tax assets		13,038,059	23,583,203
Non-current financial assets		253,682,895	266,374,805
Held-to-maturity long-term investments		0	0
Loans and other receivables form:		253,682,895	266,374,805
Outsiders	10	180,816,382	185,806,003
Related parties and joint ventures	10	72,866,513	80,568,802
Available-for-sale non-current financial assets		0	0
Held-for-sale other non-current assets		0	0
TOTAL NON-CURRENT ASSETS		**599,392,971**	**626,467,878**
Inventory	11	28,690,693	42,067,352
Raw materials		18,245,777	28,603,622
Work in process		8,011,710	9,263,584
Finished goods		2,433,206	4,200,146
Contract work in progress	11	1,088,451	403,014
Current financial assets		135,541,387	146,679,580
Current assets held for trading	10	62,309,267	61,863,888
Current loans receivables and other receivables from:		73,232,120	84,815,692
Outsiders	10	55,327,942	66,911,514
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
Derivatives		0	0
Trade receivables and other receivables		131,610,919	132,487,751
Trade receivables from:		112,878,827	110,224,618
Outsiders		106,014,653	101,472,545
Related parties and joint ventures		6,864,174	8,752,073
Other receivables		18,732,092	22,263,133
Cash and cash equivalents		28,136,592	16,933,218
Cash on hand		922,043	271,608
Short-term bank deposits		27,214,549	16,661,610
TOTAL CURRENT ASSETS		**325,068,042**	**338,570,915**
TOTAL ASSETS		**924,461,013**	**965,038,793**

Consolidated Balance Sheet – Liabilities and Shareholders' Equity

	Note ref	9/30/07	12/31/06
Common shares	12	9,301,042	9,288,847
Additional paid-in capital		34,652,765	34,604,184
Reserve for treasury stock		12,000,000	12,000,000
Statutory reserve		2,231,389	2,231,389
Stock option reserve		2,726,400	2,232,280
Reserve for currency translations		763,357	1,506,737
Other reserves		82,274,212	103,152,036
Retained earnings (Loss)		10,959,948	11,945,400
Profit (Loss) for the period	13	(39,054,926)	(21,883,216)
GROUP INTEREST IN SHAREHOLDERS' EQUITY		**115,854,187**	**155,077,657**
Long-term borrowings		382,017,383	392,170,705
Collateralized indebtedness		0	0
Liabilities under finance leases	14	267,546,940	282,273,753
Other indebtedness owed to:		104,470,443	109,896,952
Outsiders	14	104,470,443	109,896,952
Related parties and joint ventures		0	0
Deferred-tax liabilities		18,014,845	18,083,673
Provision for termination indemnities		25,141,404,	30,912,023
Provision for pensions and severance pay		948,862	933,938
Provision for termination indemnities		24,192,542	29,978,085
Provision for other liabilities and charges		**0**	**0**
TOTAL NON-CURRENT LIABILITIES		**425,173,632**	**441,166,401**
Current borrowings		181,007,735	158,756,819
Due to banks	14	21,112,484	31,331,116
Collateralized indebtedness		0	0
Liabilities under finance leases	14	96,594,685	74,000,953
Bonds outstanding and other borrowings owed to:		63,300,566	53,424,750
Outsiders	14	63,300,566	53,424,750
Related parties and joint ventures		0	0
Other payables		27,493,139	24,955,282
Wages and salaries		16,863,054	11,091,264
Due to social security institutions		3,761,707	6,407,532
Vacation days, sick days and personal days		586,387	411,827
Other liabilities		6,281,991	7,044,659
Trade accounts payable		161,528,349	167,764,794
Accounts payable to outsiders		156,678,569	165,282,937
Account payable to associated companies and joint ventures		3,154,425	1,973,083
Advances received for work in progress		1,695,355	508,774
Provision for current taxes		418,066	1,674,522
Direct taxes		169,745	253,755
Other taxes		248,321	1,420,767
Financial derivatives		0	0
Provision for other liabilities and charges		6,650,250	8,211,041
Provision for warranties	15	1,523,400	1,021,850
Provision for restructuring programs	15	2,897,284	4,464,000
Other provisions	15	2,229,566	2,725,191
Other liabilities		6,335,655	7,432,277
TOTAL CURRENT LIABILITIES		**383,433,194**	**368,794,735**
TOTAL LIABILITIES		**808,606,826**	**809,961,136**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**924,461,013**	**965,038,793**

Consolidated Income Statement

	Note ref.	9/30/07	9/30/06
Sales and service revenues		513,044,146	402,459,550
Increase in Company-produced non-current assets		211,681	874,090
Change in inventories of finished goods and work in progress		(9,866,644)	50,999,301
Change in contract work in progress		(7,601,608)	42,261,093
Change in inventories of work in progress, semifinished and finished goods		(2,265,036)	9,738,208
Other income and revenues	16	10,176,928	4,736,406
Total value of production		**513,566,111**	**459,069,347**
Gain on the sales of non-current assets	17	4,821,396	13,742,761
Amount earned on the sale of equity investments		*0*	*0*
Raw materials and consumables used		(348,569,721)	(305,701,574)
Raw materials and components		(337,906,867)	(327,511,213)
Change in inventories of raw materials, subsidiary materials and consumables		(10,662,854)	21,809,639
Other variable production costs		(7,400,621)	(8,090,002)
Consumables		(3,954,787)	(3,924,454)
Utilities		(368,520)	(516,047)
External maintenance costs		(3,077,314)	(3,649,501)
External variable engineering services		(26,877,848)	(38,790,957)
Wages, salaries and employee benefits		(98,477,690)	(98,394,589)
Production staff, office staff and managers		(90,019,400)	(89,986,068)
Independent contractors		(8,119,420)	(4,178,762)
Social security and other post-employment benefits		(5,124,381)	(4,229,759)
Curtailment		4,785,511	0
Depreciation, amortization and writedowns		(32,336,328)	(15,552,110)
Depreciation of property, plant and equipment	18	(30,732,134)	(13,937,557)
Loss on disposals of property, plant and equipment		(134,186)	(4,301)
Amortization of intangibles	19	(1,470,008)	(1,492,528)
Writedowns		0	(117,724)
Utilization of negative goodwill		0	0
Foreign exchange gains (losses)		56,641	4,840
Other expenses		(27,999,108)	(28,791,837)
Profit (Loss) from operations		**(23,217,168)**	**(22,504,121)**
Financial income (expense), net	20	(7,333,429)	1,588,945
Dividends	21	182,812	1,003,736
Value adjustments	22	1,862,116	(457,451)
Non-recurring income (expense)		0	(7,211)
Profit (Loss) before taxes		**(28,505,669)**	**(20,376,102)**
Income taxes for the period	23	(10,549,257)	4,037,741
Profit (Loss) for the period		**(39,054,926)**	**(16,338,361)**

	9/30/07	9/30/06
Profit (Loss) for the period	(39,054,926)	(16,338,361)
Number of common share, net	9,301,042	9,270,443
Basic earnings (loss) per share	(4.20)	(1.75)

Statement of Changes in Consolidated Shareholders' Equity

	12/31/05	Fair value gains (losses)	Translation restatements	Profit (Loss) for the period	Employee stock option plan	Changes to reserves	Dividends	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						258,615
Fair value reserve	12,507,513	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)		8,103,394			(16,338,361)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	188,557,116	1,890,538	511,479	(16,338,361)	750,000	(187,901)		(1,973,848)	173,209,023
Minority interest in profit and res.									
TOTAL SHAREHOLDERS' EQUITY	**188,557,116**	**1,890,538**	**511,479**	**(16,338,361)**	**750,000**	**(187,901)**		**(1,973,848)**	**173,209,023**

	12/31/05	Fair value gains (losses)	Translation restatements	Profit (Loss) for the year	Employee stock option plan	Changes to reserves	Dividends	Purchases / Sales of treasury shares	12/31/06
Common shares	9,312,155							(23,308)	9,288,847
Additional paid-in capital	36,215,861							(1,611,677)	34,604,184
Reserve for treasury stock	12,000,000								12,000,000
Statutory reserve	2,231,389								2,231,389
Stock options reserve	1,320,733				911,547				2,232,280
Reserve for currency translat.	(252,864)		1,759,601						1,506,737
Fair value reserve	12,507,513	(12,507,513)							0
Other reserves	110,942,932					(7,790,896)			103,152,036
Retained earnings	12,382,791					(437,391)			11,945,400
Profit (Loss) for the period	(8,103,394)			(21,883,216)		8,103,394			(21,883,216)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	188,557,116	(12,507,513)	1,759,601	(21,883,216)	911,547	(124,893)		(1,634,985)	155,077,657
Minority interest in profit and res.									
TOTAL SHAREHOLDERS' EQUITY	**188,557,116**	**(12,507,513)**	**1,759,601**	**(21,883,216)**	**911,547**	**(124,893)**		**(1,634,985)**	**155,077,657**

	12/31/06	Fair value gains (losses)	Translation restatements	Profit (Loss) for the period	Employee stock option plan	Changes to reserves	Dividends	Purchases / Sales of treasury shares	9/30/07
Common shares	9,288,847							12,195	9,301,042
Additional paid-in capital	34,604,184							48,581	34,652,765
Reserve for treasury stock	12,000,000								12,000,000
Statutory reserve	2,231,389								2,231,389
Stock options reserve	2,232,280				494,120				2,726,400
Reserve for currency translat.	1,506,737		(743,380)						763,357
Fair value reserve	0								0
Other reserves	103,152,036					(20,877,824)			82,274,212
Retained earnings	11,945,400					(985,452)			10,959,948
Profit (Loss) for the period	(21,883,216)			(39,054,926)		21,883,216			(39,054,926)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	155,077,657		(743,380)	(39,054,926)	494,120	19,940		60,776	115,854,187
Minority interest in profit and res.									
TOTAL SHAREHOLDERS' EQUITY	**155,077,657**		**(743,380)**	**(39,054,926)**	**494,120**	**19,940**		**60,776**	**115,854,187**

Consolidated Cash Flow Statement

	Data at 9/30/07	Data at 9/30/06
Profit (Loss) for the period	**(39,054,926)**	**(16,338,361)**
Restatements	*36,079,308*	*(2,428,308)*
- Income taxes	10,549,257	(4,037,741)
- Depreciation of property, plant and equipment	30,732,134	13,937,557
- Amortization of intangibles	1,470,008	1,492,528
- Writedowns	(1,505,127)	434,040
- Provision for pensions and seniority indemnities	(5,770,618)	1,610,921
- (Gains) Losses on sale of non-current assets	(4,687,210)	(13,738,460)
- (Gains) Losses available for sale on disposal financial assets	(19,969)	0
- (Financial income)	(13,790,627)	(13,576,646)
- Financial expense	21,133,179	11,987,701
- (Dividends)	(182,812)	(1,003,736)
- Value adjustment to shareholders' equity	(1,862,116)	457,451
- Other	13,209	8,077
Changes in working capital	*17,923,832*	*(14,352,883)*
- Inventories	13,376,659	(32,135,356)
- Contract work in progress	(685,437)	(19,319,399)
- Trade accounts receivable	(1,011,066)	(35,235,609)
- Account receivable from joint ventures	1,887,899	1,007,687
- Trade accounts payable	(7,430,996)	80,344,766
- Account payable to joint ventures	1,181,342	107
- Other changes	10,605,431	(9,015,079)
Cash flow from operating activities	**14,948,214**	**(33,119,552)**
(Financial expense)	(21,133,179)	(11,987,701)
(Income taxes)	(10,549,257)	4,037,741
Net cash from operating activities	**(16,734,222)**	**(41,069,512)**
- Acquisition of a subsidiary, net of cash acquired	(25,837,639)	(73,966,818)
- Purchases of property, plant and equipment	3,367,982	16,368,050
- Non-current financial assets	16,127,814	(55,419,494)
- Non-current financial assets from associated companies	7,702,287	7,743,330
- Financial income	13,810,596	13,576,646
- Dividend received	182,812	1,003,736
- Other equity investments	654,694	(1,556,859)
Net cash used in investing activities	**16,008,546**	**(92,251,409)**
- Purchases of treasury shares	60,776	(1,973,849)
- Long-term borrowings from lenders outside the Group	22,316,226	127,161,292
- Long-term borrowings from associated companies	0	0
- Dividends paids	0	0
Net cash used in financing activities	**22,377,002**	**125,187,443**
- Other non-cash items	(229,320)	1,073,579
Increase (Decrease) in cash and cash equivalents	**21,422,006**	**(7,059,899)**
- Cash and cash equivalents at beginning of the period	(14,397,898)	15,084,682
Cash and cash equivalents at the end of the period	**7,024,108**	**8,024,783**
Cash and cash equivalents	28,136,592	9,396,974
Due to banks	(21,112,484)	(1,372,191)
Cash and cash equivalents at the end of the period	*7,024,108*	*8,024,783*

Companies of the Pininfarina Group

(data presented in accordance with the IAS accounting principles)

At September 30, 2007, the **Matra Automobile Engineering Group** reported value of production of 50 million euros, compared with 42.3 million euros in the same period last year (+18.2%). The increase in value of production and an improvement in operating efficiency enabled the Group to reduce its operating loss, which fell from 2.6 million euros at September 30, 2006 to 1.6 million euros this year. The net loss for the first nine months of 2007 amounted to 2.6 million euros, compared with 2.4 million euros in the same period last year. A different tax position (a benefit of 0.8 million euros in 2006 as against a tax liability of 0.1 million euros at September 30, 2007) accounts for the increase.

Pininfarina Extra S.r.l. ended the first nine months of 2007 with value of production of 3.4 million euros (including the contribution of Pininfarina Extra USA Corp.), about the same as in 2006. The net profit for the period amounted to 0.6 million euros, compared with 0.7 million euros at September 30, 2006.

The **Pininfarina Deutschland GmbH Group** (which includes the data of the mpx GmbH subsidiary) booked value of production of 11.1 million euros in the first nine months of 2007 (6.8 million euros at September 30, 2006) and a net profit 0.7 million euros (net loss of 2.9 million euros last year). When comparing the performance during the first nine months of 2006 and 2007, please note that last year's data were affected to a very significant extent by the restructuring of the manufacturing operations of Pininfarina Deutschland, which were later sold to a buyer outside the Group, and the acquisition of mpx GmbH, a company specialized in the provisions of engineering design services.

Pininfarina Sverige AB ended the first nine months of 2007 with value of production of 375.9 million euros and a net profit of 2.7 million euros (262.5 million euros and a net loss of 1 million euros at September 30, 2006). The performance level achieved by this company, which is consolidated by the equity method, shows that it has achieved full operating efficiency in the second year in which the Volvo C70 is in production (as of September 30, 2007, it had invoiced 14,553 cars, compared with 9,863 a year earlier), owing to the commercial success of this model in Europe and the United States.

RHTU AB had value of production of 3 million euros and a net loss of 0.4 million euros in the first nine months of 2007, compared with value of production of 2.9 million euros and a net loss of 0.7 million euros 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 446 million euros at September 30, 2007, compared with 412.8 million euros in the first nine months of 2006 (+8%). The net loss for the period came to 38.5 million euros, compared with a net loss of 11.5 million euros at September 30, 2006. The net financial position showed a negative balance of 117.7 million euros, compared with a negative balance of 91.9 million euros at December 31, 2006 (negative balance of 62.3 million euros at September 30, 2006). The remarks made in the review of the consolidated results for the first nine months of 2007 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 12, 2007.

2. Accounting Principles

The Quarterly Report and the consolidated financial statements at September 30, 2007 were prepared in accordance with the provisions of Consob Regulation No. 11971 of May 14, 1999, as amended, and the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005.

This Quarterly Report is consistent with the requirements of the International Financial Reporting Standards ("IFRS") and relevant interpretations issued by the International Accounting Standards Board ("IASB") and adopted by the European Union.

The accounting principles applied to the preparation of this Quarterly Report are the same as those used for the consolidated annual financial statements at December 31, 2006.
No changes in accounting principles that would have required a restatement of the comparable balances reported in previous periods occurred during the first six months of 2007.
The methods used to compute estimates also did not change appreciably.

In its latest Semiannual Report, the Pininfarina Group already recognized the accounting impact on Pininfarina S.p.A. of the changes made to the rules that govern the Provision for termination indemnities by Law No. 296 of December 27, 2006 (2007 Budget Law) and subsequent Decrees and Regulations enacted early in 2007. Specifically, the Group recomputed the present value of vested benefits at December 31, 2006 and the resulting curtailment, recognized in accordance with Paragraph 109 of IAS 19 "Employee Benefits." This restatement reduced the operating loss by 4.8 million euros.

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

- Balance sheet;
- Income statement;
- Statement of changes in shareholders' equity;
- Cash flow statement;
- Specific accompanying notes required by Paragraph 16 of IAS 34.

2.1 Consolidation

(a) Change in the Scope of Consolidation

There was no change in the scope of consolidation.

(b) 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.

(c) Associated Companies and Joint Ventures

Associated companies are companies over which the Group exercises a significant influence, but not control.

The Group is deemed to exercise a significant influence when it controls between 20% and 50% of the voting rights. Investments in associated companies and joint ventures are recognized initially at cost and are then valued by the equity method.

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

The Group's income statement reflects the Group's pro rata interest in the result of associated companies and joint ventures. If an associated company or a joint venture recognizes an adjustment that entails a direct charge to shareholders' equity, the Group recognizes its pro rata share of the charge and shows it in its statement of changes in shareholders' equity.

The Group's pro rata interest in losses incurred by an associated company or a joint venture is recognized 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.

(d) Other Companies

Investments in other companies that constitute available-for-sale financial assets are valued at fair value, if available, and any resulting gains or losses are recognized in equity until the 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 for which a fair value may not be available are carried at cost, adjusted for any impairment losses. Dividends received from these companies are recognized as Other income (expense) generated from equity investment transactions.

2.2 Translation of Items Denominated in Foreign Currencies

(a) Functional Currency and Presentation Currency

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

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

Transactions executed in currencies other than the euro are recognized initially at the exchange rate in force on the date of the transaction.

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

Non monetary items that are carried at historical cost are translated into euros at the exchange rate in force when the underlying transaction was first recognized.

Non monetary items that are carried at fair value are translated into euros at the exchange rate in force on the date when each item's fair value was determined.

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 on the balance sheet date. The income statement is translated at the average exchange rate for the reporting period. Translation differences are recognized directly in equity and are shown separately in the 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.

2.3 Property, Plant and Equipment

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

Costs incurred after an asset has been acquired can be capitalized only if it is likely that they will produce future economic benefits and if the costs can be measured reliably.

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

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

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

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.

2.4 Intangible Assets

(a) Goodwill

Goodwill represents the excess of the price paid for net identifiable assets at the time of their acquisition over their fair value.

Goodwill generated by the purchase of an interest in a subsidiary or affiliated company is recognized as an increase 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 develop and maintain software are treated as operating expenses and charged to income in the year they are incurred.
Costs incurred to develop software that can be identified and controlled by the Pininfarina Group and which has a high probability of producing greater economic benefits than the 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, 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. Styling activities carried out for internal use are deemed to be the same as research activities and the resulting costs are charged to income when incurred.

(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.

2.5 Recoverable Amount of Assets

The recoverable amount of any intangibles with an indefinite useful life held by the Group that are not amortized should 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.

2.6 Financial Assets

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

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

This category is divided into two classes: 1) financial assets held for trading and 2) assets 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.

Any derivatives that do not qualify as hedges are included in the held-for-trading class.

Financial assets that fall into these two classes are listed as current assets when they are held for trading or are expected to be sold within 12 months from the balance sheet date.

(b) Loans and Other Financial Receivables

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

(c) Held-to-maturity Investments

These are non-derivative financial assets that entail fixed or determinable payments and have a fixed maturity and which the Group plans and has the financial ability to hold to maturity.

(d) Available-for-sale Financial Assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale and those non-derivative financial assets that do not fall into any of the previous categories. These assets are listed as current assets, unless management plans to sell them after one year from the balance sheet date.
Purchases and sales of financial assets are recognized on the transaction date, which is the date when the Group agrees to buy or sell an asset.
All financial assets (except for financial assets carried at fair value) whose changes in value are recognized in earnings, are initially recognized at their fair value, plus transaction costs.
Financial assets are removed from the financial statements when they cease to deliver cash flow, or the right to receive such cash flow is transferred, or when the Group effectively transfers all of the risks and benefits inherent in ownership to a third party.
Following their purchase, assets that are categorized either as Available-for-sale financial assets or as Financial assets carried at fair value (whose changes in value are recognized in earnings) are valued at fair value. The assets included in the other two categories (Loans and other financial receivables and Held-to-maturity investments) are valued at their amortized cost, computed by the effective interest method.
Realized and unrealized gains and losses from changes in the fair value of financial assets categorized as Financial assets carried at fair value (whose changes in value are recognized in earnings) are reflected in the income statement in the year when they are generated.

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

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

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

2.7 Inventory

Inventory is carried at cost or estimated net realizable value, whichever is smaller. Net realizable value is the selling price in the ordinary course of business, less the variable costs necessary to make the sale.

Cost is determined by the FIFO ("first-in, first-out") method. The cost of finished goods and semifinished goods includes design, raw materials and direct labor costs, as well as other direct costs and other indirect costs that can be allocated to the manufacturing operations based on a normal level of production capacity. This costing formula does not include borrowing costs.

2.8 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.

2.9 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.

2.10 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 sold.

2.11 Borrowings

Initially, borrowings are recognized at fair value, net of any incidental charges. Subsequently, they are valued by the amortized cost method. Any difference between the collected loan proceeds, 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.

2.12 Deferred Taxes

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

- Goodwill generated by a business combination;
- Initial recognition of assets and liabilities upon the execution of a transaction that is not a business combination and has no impact on reported results for the period or on taxable income.

Deferred-tax liabilities are computed using the tax rates in force in the business environments in which the companies of the Group operate and in accordance with the tax laws that have been enacted, or which can be deemed to have been virtually enacted, as of the balance sheet date and which are expected to apply when the temporary differences that required the recognition of a deferred-tax liability are reversed.
Deferred-tax assets are recognized only if it is likely that the Company will have earned sufficient taxable income to offset them when the temporary differences that required their recognition are reversed.
Deferred-tax assets are reviewed at each balance sheet date and are 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.

Provisions to cover taxes that could result from the distribution of retained earnings of subsidiaries are recognized only if the Group is specifically planning to transfer those earnings.
Deferred taxes arising from items that are offset directly against entries posted to shareholders' equity are also posted to shareholders' equity.

2.13 Employee Benefits

(a) Pension Plans

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

Based on IFRS guidelines (IAS 19), the Provision for termination indemnities attributable to employees of the Pininfarina Group, computed in accordance with Article 2120 of the Italian Civil Code, can be classified as follows:

- A defined-benefit pension plan for the benefits vested before the date when Legislative Decree No. 252 of December 5, 2005 went into effect;
- A defined-contribution pension plan for the benefits that vested starting in 2007.

The impact of recomputing the present value of vested benefits at December 31, 2006 and the resulting curtailment, recognized in accordance with Paragraph 109 of IAS 19 "Employee Benefits," are discussed in detail in the Notes to the financial statements.

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

Under defined-contribution plans, the Group makes contributions to public and private pension funds on a statutory, contractual or voluntary basis and incurs no further obligation. Contributions are reflected in the income statement as part of labor costs when they become due. Contributions made in advance are recognized as a prepaid expense, in accordance with the accrual principle.

(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 essentially on the profit attributable to shareholders. The Group recognizes a provision only if it is contractually obligated to do so or if established practice is sufficient to create an implied obligation.

(c) Employee Benefits Paid in Shares of Stock

Executives of Pininfarina S.p.A. and Pininfarina Extra S.r.l. are awarded Company stock options based on their responsibilities and the achievement of predetermined objectives. 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).

2.14 Provisions for Risks and Charges

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

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

Additions to these provisions are based on the best estimates made by the Company's Directors of the costs that the Pininfarina Group will incur to satisfy these obligations.
The provisions for risks and charges reflect primarily the best available estimates of the Group's liability for future warranty costs on the pool of cars in circulation that the Group has manufactured. The warranty commitment stems from contractual obligations to customers.
The provisions for risks and charges also include amounts set aside to cover the Group's pro rata share in losses of associated companies and joint ventures, in those cases where Pininfarina is contractually obligated to cover those losses.

2.15 Revenue Recognition

Revenues should reflect the fair value of the goods and services sold, net of VAT, returns, discounts and intra-Group transactions. Revenues are recognized as follows:

(a) 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.

(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.

2.16 Leasing

(a) When the Pininfarina Group Is the Lessee

Leases covering property, plant and equipment are deemed to be finance leases when the Pininfarina Group assumes substantially all of the risks and rewards incidental to the ownership of an asset.
An asset acquired under a finance lease is recognized as a component of Property, plant and equipment and depreciated over the life of the asset. 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 IFRIC 4 "Determining Whether an Arrangement Contains a Lease" to eligible contracts for the design, engineering and production of automobiles.
IFRIC 4 applies to those arrangements that, while not having the legal formalities of a lease, convey to one of the parties the right to use certain assets in exchange for a series of payments.

According to IFRIC 4, an arrangement contains a lease if the following conditions are met:
- Fulfillment of the arrangement is dependent on the use of a specific asset;
- The arrangement conveys to the buyer the right to control the use of the asset subject of the arrangement;
- The determination that the arrangement contains a lease is made at the inception of the arrangement;
- It is possible to separate lease-related payments from other payments required under the arrangement.

In other words, IFRIC 4 can be used to identify a lease and separate it from an underlying arrangement between the parties and measure the lease in accordance with IAS 17 (Leases).

When a finance lease exists, the Pininfarina Group recognizes a receivable of an amount equal to the present value of 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.

2.17 Dividend distributions

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

2.18 Financial Expense

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

2.19 Construction Contracts

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

When the outcome of a construction contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred and presumed recoverable.

When the outcome of a construction contract can be estimated reliably and it is likely that the contract will be profitable, revenues are recognized on an accrual basis over the life of the contract.

Conversely, if it is likely that the contract will produce a loss (that is, total contract costs exceed contract revenues), the entire loss should be recognized in the year in which the Company's management becomes aware of the loss.

The Pininfarina Group allocates contract costs and revenues to each fiscal year by the percentage of completion method. The percentage of completion is the ratio of total costs incurred through the reporting date and the overall estimated costs needed to complete the contract. Costs incurred in a given fiscal year in connection with activities that have not yet been performed are excluded from the percentage of completion computation. Instead, they are recognized as inventory, advances or other assets, depending on their nature. Progress billings on account are included in Contract work in progress.

2.20 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.
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.

2.21 Valuations That Affect the Financial Statements

(a) Seasonal Factors

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

(b) Current and Deferred Taxes

The computation of current taxes made in the financial statements represents a best estimate of the weighted average of the tax liability that will be reflected in the annual financial statements.
Estimates of deferred taxes are made based on the tax rates in force in the countries in which the Group operates. These estimates do not take into account future changes in tax rates.

(c) Estimate of Fair Value

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

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

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

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

(d) Impairment of Goodwill

An estimate of the impairment of goodwill is made by discounting the cash flows anticipated in the business plan prepared by the Group's management.

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

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

(f) Accounting for the Provision for Termination Indemnities (PTI)

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.

(g) Stock Option Plans

The fair value of the benefits awarded to beneficiaries of stock option plans is incorporated in the value of the options the beneficiaries are entitled to receive.

3. Managing Financial Risk

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 accounts receivable generated by its operations.
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).

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 computation result depends on the assumptions used for option price volatility, risk-free tax rate and expected dividends.
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 kronor (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.
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.

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

(b) Cash Flow Hedge

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

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

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

(c) Hedging of a Net Investment in Foreign Operations

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

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

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

5. **Segment Information**

a) Primary Segment

Business Segment
Segment information at September, 2007 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, 2007 are as follows:

			€/000
	Production	**Styling & Engineering**	**Total for the Group**
Value of production	439,424	103,870	543,294
Intra-segment value of production	(24,764)	(4,964)	(29,728)
Value of production	**414,660**	**98,906**	**513,566**
EBIT	(26,750)	3,533	(23,217)
Financial income (expense)			(7,151)
Interest in results of associates	1,862	0	1,862
Profit (Loss) before taxes			**(28,506)**
Income taxes			(10,549)
Profit (Loss) for the period			**(39,055)**

The results at September 30, 2006 were 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)			2,593
Interest in results of associates	(465)	0	(465)
Profit (Loss) before taxes			**(20,376)**
Income taxes			4,038
Profit (Loss) for the period			**(16,338)**

b) Secondary Segment

Geographic Destination of Sales
A breakdown of sales by geographic destination is as follows:

	9/30/07	**9/30/06**
ITALY	210,355	168,340
REST OF E.U.	297,127	210,202
OUTSIDE E.U.	5,562	23,918
Total	**513,044**	**402,460**

6. List of Consolidated Companies

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							
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	Munich Frankfurter Ring 17	DE	25,000	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
CERAM SAS	Mortefontaine	FR	1,000,000	EUR	100	Matra Automobile Engineering SAS	100
D3 SAS	Courbevoie 11, rue Paul Bert	FR	306,000	EUR	100	Matra Automobile Engineering SAS	100
Plazolles Modelage S.a.r.l.	Garges Les Gonesses Zac de l'Argentine - 9, rue J. Anquetil	FR	8,000	EUR	100	D3 SAS Matra Automobile Engineering SAS	70 30
Matra Automobile Engineering Maroc SAS	Zenata Casablanca - Sidi Bernoussi Km 12, Autoroute de Rabat	MA	8,000,000	MAD	100	Matra Automobile Engineering SAS CERAM SAS	99,9 0,1
RHTU Sverige A.B.	Uddevalla Varsvagen 1	SV	100,000	SEK	100	Pininfarina S.p.A.	100
List of companies valued by the equity method in the consolidated financial statements							
Pininfarina Sverige A.B.	Uddevalla Varsvagen 1	SV	8,965,000	SEK	60	Pininfarina S.p.A.	60
Pasiphae S.a.r.l.	Luxembourg 4, Boulevard Royal	LU	5,000,000	EUR	20	Pininfarina S.p.A.	20

All equity investments listed above are owned outright.

On June 1, 2007, Matra Automobile Engineering SAS absorbed its Matra Developpement SAS subsidiary.

The scope of consolidation did not change compared with December 31, 2006.

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
Foreign subsidiaries							
Numero Design S.a.r.l.	Sceaux Sentier des Torque, 4 Chemin du rue d'Aulnay	FR	8,000	EUR	-	D3 SAS	40

7. Property, Plant and Equipment

	9/30/07	12/31/06	Change
Land and buildings	95,092,681	97,262,193	(2,169,512)
Plant and machinery	187,267,171	187,852,130	(584,959)
Furniture, fixtures and other property, plant and equipment	5,016,812	6,046,720	(1,029,908)
Assets under construction	1,148,153	1,556,093	(407,940)
Total	**288,524,817**	**292,717,136**	**(4,192,319)**

On January 1, 2004, as allowed under the recognition options provided in IFRS 1, Paragraphs 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 is due to the depreciation for the period.

8. Intangible Assets

	9/30/07	12/31/06	Change
Goodwill	2,301,012	2,301,012	0
Licenses and trademarks	4,525,831	5,327,799	(801,968)
Other intangibles	473,983	524,971	(50,988)
Total	**7,300,826**	**8,153,782**	**(852,956)**

The decrease in intangible assets is due to the amortization for the period.

9. Equity Investments

Investments in associated companies

	9/30/07	12/31/06	Change
Pasiphae S.a.r.l	744,800	744,800	0
Total	**744,800**	**744,800**	0

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

This investment is carried at cost.

Investments in joint ventures

	9/30/07	12/31/06	Change
Pininfarina Sverige AB	35,529,893	34,362,000	1,167,893
Total	**35,529,893**	**34,362,000**	**1,167,893**

The change reflects the adjustment made to the investment's carrying amount to reflect the Group's pro rata interest in the underlying shareholders' equity and the net difference between the amount reflected in the income statement to recognize the Group's interest in net profit and the corresponding change in the reserve for currency translations.

Investments in other companies

	9/30/07	12/31/06	Change
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	213,840	214,311	(471)
Numero Design Sarl	60,000	60,000	0
Nord Est Design S.r.l.	40,000	0	40,000
Total	**571,681**	**532,152**	**39,529**

In July 2007, Pininfarina Extra S.r.l. acquired a 40% interest in Nord Est Design S.r.l., a company with an equity capital of 100,000 euros.

10. Financial Assets

Loans and other receivables from outsiders

	9/30/07	12/31/06	Change
Non current loans and other receivables	180,816,382	185,806,003	(4,989,621)
Current loans and other receivables	55,327,942	66,911,514	(11,583,572)
Total	**236,144,324**	**252,717,517**	**(16,573,193)**

Loans and other receivables from outsiders, which increased by a total of 16,573,193 euros, refer to loans receivable under leases in which the Group's Parent Company is the lessor that were identified as such in accordance with IFRIC 4.

Loans and other receivables from related parties and joint ventures

	9/30/07	12/31/06	Change
Pininfarina Sverige AB			
-non-current	72,866,513	80,568,802	(7,702,289)
-current	17,904,178	17,904,178	0
Total	**90,770,691**	**98,472,980**	**(7,702,289)**

The decrease reflects the repayment of loans provided to 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 IAS 31, Paragraph 38, and IAS 27, Paragraph 14.

Held-for-sale current assets

	Equity securities	Fixed income securities	Mutual funds	Total
Value at December 31, 2006	6,076,382	42,625,109	13,162,397	61,863,888
Fair value adjustment posted to the income statement	10,194	125,875	(1,058,507)	(922,438)
Purchases	17,808,460	34,871,189	8,636,605	61,316,254
Sales	(20,735,818)	(29,856,338)	(9,356,281)	(59,948,437)
Impairment losses/ Writedowns	0	0	0	0
Value at September 30, 2007	**3,159,218**	**47,765,835**	**11,384,214**	**62,309,267**

11. Inventory and Contract Work in Progress

	9/30/07	12/31/06	Change
Raw materials	18,245,777	28,603,622	(10,357,845)
Work in process	8,011,710	9,263,584	(1,251,874)
Finished goods	2,433,206	4,200,146	(1,766,940)
Total	**28,690,693**	**42,067,352**	**(13,376,659)**

The value of raw materials is shown net of an allowance for inventory obsolescence of 1,193,000 euros (at December 31, 2006, the balance was 1,381,000 euros).

	9/30/07	12/31/06	Change
Contract work in progress	1,088,451	403,014	685,437
Total	**1,088,451**	**403,014**	**685,437**

12. Share Capital

	Number of shares	Common shares	Treasury shares	Total
Balance at December 31, 2006	9,317,000	9,317,000	28,153	9,288,847
Balance at March 31, 2007	9,317,000	9,317,000	16,453	9,300,547
Balance at June 30, 2007	9,317,000	9,317,000	16,055	9,300,945
Balance at September 30, 2007	9,317,000	9,317,000	15,958	9,301,042

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, 2007, the Company held a total of 15,958 of its own shares, the net value of which (226,189 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 (loss) 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 the end of the period, less treasury shares:

	9/30/07	12/31/06	9/30/06
Net profit (loss) for the period	(39,054,926)	(21,883,216)	(16,338,361)
Number of common shares, net	9,301,042	9,288,847	9,270,443
Basic earnings (loss) per share	(4.20)	(2.36)	(1.75)

b) Diluted earnings (loss) per share

The diluted earnings (loss) per share are the same as the basic earnings per share.

14. Borrowings

	9/30/07	12/31/06	Change
Non-current	**382,017,383**	**392,170,705**	**(10,153,322)**
Liabilities under finance leases	267,546,940	282,273,753	(14,726,813)
Bonds outstanding and other borrowings	114,470,443	109,896,952	4,573,491
Current	**181,007,735**	**158,756,819**	**22,250,916**
Due to banks	21,112,484	31,331,116	(10,218,632)
Liabilities under finance leases	96,594,685	74,000,953	22,593,732
Bonds outstanding and other borrowings	63,300,566	53,424,750	9,875,816
Total	**563,025,118**	**550,927,524**	**12,097,594**

No Group assets have been pledged as collateral.

The increase of 12,097,594 euros is the net result of a reduction of 91,691,862 euros for repayment of finance lease obligations and bank borrowings and an addition of 103,789,456 euros caused by new medium- and long-term bank borrowings and the recognition of finance lease obligations in accordance with IAS 17.

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

	9/30/07
due within 12 months	181,007,735
due between 1 and 5 years	378,653,084
due after 5 years	3,364,299
Total	**563,025,118**

15. Provision for Other Liabilities and Charges

	9/30/07	12/31/06	Change
Provision for warranties	1,523,400	1,021,850	501,550
Provision for restructuring programs	2,897,284	4,464,000	(1,566,716)
Other provisions	2,229,566	2,725,191	(495,625)
	6,650,250	**8,211,041**	**(1,560,791)**

During the first nine months of 2007, the provision for warranties increased due to additions made by the Group's Parent Company to cover warranty costs associated with production orders.
The decrease in the provision for restructuring programs reflects the utilization for the period.
The reduction in other provisions is due mainly to the utilizations for the period.

16. Other Income and Revenues

	9/30/07	9/30/06	Change
Rental income	509,037	52,011	457,026
Out-of –period income	1,678,634	722,885	955,749
Insurance settlements	3,901,149	22,525	3,878,624
Royalties	375,000	375,000	0
Amounts rebilled	577,157	181,902	395,255
Operating grants	1,020,367	2,040,733	(1,020,366)
Capital grants	181,900	197,805	(15,905)
Sundry items	1,933,684	1,143,545	790,139
Total	**10,176,928**	**4,736,406**	**5,440,522**

The increase in insurance settlements reflects the insurance settlement received in connection with the tornado that hit the Bairo Canavese plant in June.

17. Gain on the Sale of Non-current Assets

	9/30/07	9/30/06	Change
Gain on the sale of equity investments	0	0	0
Gain on the sale of other assets	4,821,396	13,742,761	(8,921,365)
Total	**4,821,396**	**13,742,761**	**(8,921,365)**

The gain earned in the first nine months of 2007 was generated by the sale of vintage automobiles owned by the Group's Parent Company.

The gain earned in the same period last year was chiefly the result of the sale of the "Area Centro 28" real estate complex, located in Grugliasco, on June 29, 2006.

18. Depreciation of Property, Plant and Equipment

	9/30/07	9/30/06	Change
Land and buildings	2,495,452	2,416,183	79,269
Plant and machinery	27,581,251	10,702,026	16,879,225
Furniture, fixture and other property, plant and equipment	655,431	819,348	(163,917)
Total	**30,732,134**	**13,937,557**	**16,794,577**

The main reason for the increase is the depreciation attributable to the assets used for production orders that were recognized as Group assets in accordance with IAS 17.

19. Amortization of intangibles

	9/30/07	9/30/06	Change
Licenses and trademarks	1,274,127	1,427,052	(152,925)
Other intangibles	195,881	65,476	130,405
Total	**1,470,008**	**1,492,528**	**(22,520)**

20. Financial Income (Expense), Net

	9/30/07	9/30/06	Change
Financial expense paid to banks	(1,836,319)	(566,026)	(1,270,293)
Financial expense paid under leases	(12,633,583)	(7,044,062)	(5,589,521)
Financial expense on medium and long-term borrowings	(6,663,277)	(4,377,613)	(2,285,664)
Total financial expense	**(21,133,179)**	**(11,987,701)**	**(9,145,478)**
Interest earned	51,106	72,495	(21,389)
Gains from marking securities to market	1,630,264	524,881	1,105,383
Interest earned on long-term loans to outsiders	7,982,432	9,511,620	(1,529,188)
Interest earned on long-term loans to associated cos.	4,115,979	3,432,215	683,764
Gains on trading securities	19,969	35,435	(15,466)
Total financial income	**13,799,750**	**13,576,646**	**223,104**
Net financial income (expense)	**(7,333,429)**	**1,588,945**	**(8,922,374)**

The increase in financial expense is mainly the result of the full repayment of obligations under finance leases used to finance the purchase of production assets and a corresponding increase in medium- and long-term bank borrowings.

21. Dividends

	9/30/07	9/30/06	Change
Banca Passadore	48,214	41,250	6,964
San Paolo IMI	0	20,007	(20,007)
Banca Intermobiliare	0	849,420	(849,420)
Italian securities under asset management	130,598	92,217	38,381
Other securities	4,000	842	3,158
Total	**182,812**	**1,003,736**	**(820,924)**

The decrease in dividends reflects the sale of Banca Intermobiliare and San Paolo IMI shares in the fourth quarter of 2006.

22. Value Adjustments

	9/30/07	9/30/06	Change
Revaluation (Writedown) of investment in Pininfarina Sverige AB	1,862,116	(457,451)	2,319,567
Total	**1,862,116**	**(457,451)**	**2,319,567**

This item reflects the pro rata share of the net profit reported by Pininfarina Sverige A.B. that was recognized in the Group's consolidated financial statements.

23. Income Taxes for the Period

	9/30/07	9/30/06	Change
Current taxes	(878,091)	(3,122,932)	2,244,841
Prepaid taxes	(9,462,787)	5,187,584	(14,650,371)
Deferred taxes	(208,379)	1,973,089	(2,181,468)
Total	**(10,549,257)**	**4,037,741**	**(14,586,998)**

Current taxes decreased due mainly to a reduction in the amount subject to local taxes (IRAP) caused by changes in the applicable regulations.

The change in prepaid and deferred taxes reflects the cancellation of temporary differences on lease obligations and the tax loss carryforward.

The change in deferred-tax liabilities reflects primarily a reduction in taxes attributable to non-deductible accelerated depreciation (recognized upon the removal from the financial statements of items recognized exclusively for tax purposes) and the recognition during the period of the tax liability on the curtailment of the provision for termination indemnities.

24. Guarantees Provided

Pininfarina S.p.A. provided a surety in the amount of 174,326,360 euros to a credit institution with which Pininfarina Sverige A.B. signed a finance lease agreement.

Pursuant to of Article 154 *bis*, Section 2, of the Uniform Finance Law, Gianfranco Albertini, in his capacity as Corporate Accounting Documents Officer, declares that the accounting information provided in this Report is consistent with the information in the supporting documents and in the Company's other documents and accounting records.

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