PININFARINA GROUP

Quarterly Financial Report at September 30, 2008

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

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

PININFARINA GROUP

Quarterly Financial Report at September 30, 2008

Approved by the Board of Directors
on November 12, 2008

Honorary Chairman

Honorary Chairman	Sergio	Pininfarina

Board of Directors

Chairman *	Paolo	Pininfarina (2) (3)
Provisional Deputy Chairperson	Lorenza	Pininfarina (3)
	Gianfranco	Albertini (**)
	Silvio Pietro	Angori (**)
	Elisabetta	Carli
	Mario Renzo	Deaglio (2) (3)
	Edoardo	Garrone (1) (3)
	Carlo	Pavesio (1) (2) (3)

(1) Member of the Appointments and Compensation Committee

(2) Member of the Internal Control Committee

(3) Member of the Strategy Committee

(**) In office since August 12, 2008

Board of Statutory Auditors

Chairman	Giacomo	Zunino
Statutory Auditors (***)	Nicola	Treves
	Pier Vittorio	Vietti

(***) Serving as Statutory Auditors since August 1, 2008.

Secretary to the Board of Directors

Gianfranco Albertini (§)

(§) Corporate Accounting Documents Officer

Independent Auditors

PricewaterhouseCoopers S.p.A.

***Powers**

Under Article 22 of the Bylaws, the Chairman is the Company's legal representative before outsiders and before the courts.

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The Pininfarina Group

Review of Operating and Financial Performance

In the first nine months of 2008, the Pininfarina Group reported a sharp increase in EBITDA, which more than doubled compared with the same period last year, and a substantial reduction in the loss from operations, despite a decrease of about 10% in production value. The positive change in the ratio of EBITDA to value of production, which improved to 5.7% at September 30, 2008 (2.2% a year earlier), shows that the Group continued to be successful in its efforts to generate liquidity, despite a decrease in turnover.

At September 30, 2008, consolidated production value totaled 462 million euros, or 10% less than the 513.6 million euros reported a year earlier. This reduction of 51.6 million euros is attributable mainly to the manufacturing operations, which invoiced 2,862 fewer cars than in the same period last year.

EBITDA (which represent the profit or loss from operations before depreciation, amortization and additions to provisions) were positive by 26.2 million euros (positive by 11.4 million euros in the first nine months of 2007), providing further evidence that the Company's activities are generating a positive operating cash flow, which increased by 14.8 million euros compared with the first nine months of 2007.

After deducting charges for depreciation, amortization and provisions totaling 34.5 million euros (about the same as at September 30, 2007), EBIT (which represent the profit or loss from operations) were negative by 8.3 million euros, but this amount was equal to about one-third of the loss from operations in the first nine months of 2007 (-23.2 million euros).

An analysis of the operating performance of the Group's businesses shows that the contribution provided to consolidated EBIT by the service operations was again positive, albeit smaller than in the same period last year. The manufacturing operations reported a negative result, but the loss was significantly smaller than at September 30, 2007.

Net financial expense rose to 13.1 million euros, or 5.9 million euros more than at September 30, 2007 (net financial expense of 7.2 million euros), due to the fact that, while the interest rates paid on borrowings increased compared with 2007, the Group's gross indebtedness was little changed during the period. A reduction in interest income generated by the industrial operations and mark-to-market adjustments to the securities portfolio also contributed to the increase.

Valuation adjustments, which were positive by 1.9 million euros at September 30, 2007, were negative on balance by 2.1 million euros at September 30, 2008, as the net result of:

- a positive contribution of 4.3 million euros (Group's pro rata interest in net profit) provided by the Pininfarina Sverige A.B. joint venture (1.9 million euros at September 30, 2007);

- a negative contribution of 6.4 million euros (Group's pro rata interest in net loss) attributable to the Véhicules Electriques Pininfarina Bolloré SAS joint venture. This loss is due to the derecognition upon consolidation of the Group's pro rata share of profits generated by transactions between the Group's Parent Company, Pininfarina S.p.A., and the French joint venture in connection with the development of the electric car.

At September 30, 2008, the loss before taxes amounted to 23.5 million euros, or 5 million euros less than the 28.5 million euros lost in the first nine months of 2007.

The income tax liability totaled 1.4 million euros, down from 10.5 million euros at September 30, 2007. The main reason for the improvement of 9.1 million euros was a choice made by the Group's Parent Company, which, when preparing the annual financial statements at December 31, 2007, decided that, in light of the results projected for the medium term and considering the existing loss carryforward, it would not recognize deferred tax items.

The net loss narrowed to 24.9 million euros, compared with 39.1 million euros in the first nine months of 2007, for an improvement of 14.2 million euros.

The net financial position was negative by 215.6 million euros, showing a significant deterioration compared with December 31, 2007, when the balance was negative by 185.5 million euros (-30.1 million euros). At June 30, 2008, the net financial position was negative by 198.1 million euros. Variations in working capital requirements, which usually tend to increase during the third quarter of the year, are the main reason for the negative change.

Performance of the Group's Business Segments in the First Nine Months of 2008

Manufacturing Operations

The production value amounted to 363.1 million euros (414.7 million euros in 2007, -12.4%), accounting for 78.6% of the consolidated total (80.7% a year earlier). EBIT were negative by 11.1 million euros, compared with negative EBIT of 26.8 million euros at September 30, 2007.

A comparison of the number of cars invoiced in the first nine months of 2008 and 2007 is provided below:

Car models	9/30/08	9/30/07	Change
Alfa Romeo Brera	3,247	3,823	(576)
Alfa Romeo Spider	2,377	4,144	(1,767)
Mitsubishi Colt CZC	2,845	3,671	(826)
Ford Focus Coupé Cabriolet	10,899	10,592	307
Total	**19,368**	**22,230**	**(2,862)**

In addition to the cars listed above, Pininfarina Sverige AB invoiced 11,013 Volvo C70s during the first nine months of 2008, compared with 14,553 cars invoiced at September 30, 2007 (-24.3%). Conditions in the U.S. market, where sales were severely penalized by persistent demand weakness and, for European carmakers, by the weakness of the U.S. dollar versus the euro, are exclusively responsible for the shortfall in unit sales.

Service Operations

The service operations, which include design, industrial design and engineering services, reported a production value of 98.9 million euros (about the same as at September 30, 2007), contributing 21.4% of consolidated production value, up from 19.3% a year earlier. EBIT were positive by 2.7 million euros, but lower by 0.8 million euros compared with September 30, 2007 due to a negative performance by the Matra Automobile Engineering Group in France.

Significant Events Occurring After September 30, 2008 and Assessment of the Going Concern

An update of the information provided in the Semiannual Report at June 30, 2008 with regard to the assessment of the Company's going concern is provided below:

- As the Company announced on September 26, 2008, the deterioration of the global macroeconomic environment and of conditions in the automotive market in particular made it necessary to revise the production volume forecasts upon which the Industrial Plan and the attendant Financial Plan were based. Consequently, the signing of the Rescheduling/ Refinancing Agreement by the Company and its lender banks, which was planned for September 30, 2008, was postponed at the Company's request.

- In order to have sufficient time to prepare a new Industrial and Financial Plan, the Company asked the lender banks to extend the duration of the Standstill Agreement, which was due to expire on September 30, 2008.

- The postponement of the signing of the Rescheduling/Refinancing Agreement, which was a prerequisite for the implementation of the capital increase approved by the Extraordinary Shareholders' Meeting on April 29, 2008, in connection with which, on August 1, 2008, the Company retained the services of BNP Paribas, UniCredit Group and Banca IMI (IntesaSanpaolo Group) for the purpose of promoting, as Joint Global Coordinators, the establishment of a placement guarantee consortium, coupled with the current condition of national and international financial markets, made it impossible to proceed with the abovementioned capital increase as originally scheduled.

On October 31, 2008, updated guidelines of the Industrial and Financial Plan prepared by the advisors Roland Berger and Rothschild were provided to the lender banks. The new guidelines differ from those approved by the Board of Directors on March 10, 2008 in that they take into account the impact of changes in the global macroeconomic scenario on the Pininfarina Group. These are:

- A decrease of about 50% in the production volume generated by the existing manufacturing contracts during the 2008-2011 period, with a resulting impact on the full utilization of the Company's current staff and on its cash flow.
- A substantial reduction in demand for engineering services, particularly in France, which the Company has addressed by selling two companies (DTrois SAS and Plazolles SARL), effective as of October 1, 2008, and by planning its exit from this market by the end of 2009.
- The development in the market of a steadily growing interest in electric cars, with a number of carmakers announcing the start of new projects and future launches. These developments confirm the soundness of the strategy pursued by the Group, which is actively engaged, in cooperation with the Bolloré Group, in developing an electric car project. At the beginning of October, a concept version of this car was presented at the Paris International Motor Show, where it was extremely well received. The launch of the first cars under a pilot program is scheduled for late 2009-early 2010, followed by the start of full-scale production in the first half of 2011.

The financial consequences of the changes made to the Industrial Plan are intended to have a two-fold effect:

- Over the short-term, the drastic reduction in car production compared with earlier estimates, both in 2008 and over the remaining lives of the orders, and the rapidly deteriorating performance of the companies of the Matra Automobile Engineering Group in France will make it necessary to write down the carrying values of some assets and loans receivable held by Pininfarina S.p.A., consistent with the outcome of the impairment tests required by the IAS accounting principles. These developments, coupled with an expected collapse in order levels during the last two months of the year, point to a serious deterioration of the main income statement and balance sheet indicators at the Parent Company level and, consequently, for the Group as a whole.

- Over the intermediate/long term, the cash flow generated by the companies of the Group is no longer sufficient to fully comply with the obligations undertaken toward the lender banks, as originally scheduled in the Financial Plan approved on March 10, 2008.

In view of these new circumstances, on the occasion of the presentation of updated guidelines of the Industrial and Financial Plan on October 31, 2008, considering that a request was being made to extend the duration of the Standstill Agreement, the Company submitted certain proposals to the lender banks, with regard to which it provided additional information on November 7 in a memorandum sent to all of the banks. In addition to the rescheduling of medium- and long-term indebtedness, these proposals call for the implementation of transactions designed to recapitalize the Company adequately for the new reference scenario, as outlined in the Plan, which may include the forgiveness by the banks of a portion of the loans owed by Pininfarina and/or the conversion of a portion of these facilities into equity interests in the Company, which may not exceed 30%, and the award of warrants that may be used to acquire Company shares through subscription, the preemptive rights of other shareholders being suspended. The proposal also calls for issuing a limited number of warrants, with the same characteristics as the warrants awarded to the banks, for distribution to the shareholders free of charge.

A confirmation that the moratorium on the principal repayments owed by the Company would be extended until December 31, 2008 was provided today concurrently with the signing of the Standstill Agreement by all lender banks, which also asked in writing for an opportunity to obtain more in-depth information and to provide comments about the proposal submitted to them on November 7, 2008.

Based on the premises provided above and despite the progress made in the abovementioned negotiations with the lender credit institutions, it is still possible that, in the unlikely event that the parties are unable to execute the abovementioned recapitalization and rescheduling agreements, the Company's going concern could be at risk.

November 12, 2008

Paolo Pininfarina
Chairman
of the Board of Directors

Reclassified Consolidated Income Statement

(in thousands of euros)

	Data at					Data at
	9/30/08	%	9/30/07	%	Change	12/31/07
Net revenues	442,258	95.73	513,044	99.90	(70,786)	712,960
Changes in inventories of finished good and work in progress	11,611	2.51	(9,867)	(1.92)	21,478	(60,458)
Other income and revenues	7,285	1.58	10,177	1.98	(2,892)	14,224
Work performed internally and capitalized	845	0.18	212	0.04	633	3,705
Value of production	**461,999**	**100.00**	**513,566**	**100.00**	**(51,567)**	**670,431**
Net gain on disposal of non-current assets	6,984	1.51	4,687	0.91	2,297	4,869
Raw materials and outside services	(351,517)	(76.09)	(399,307)	(77.75)	47,790	(521,186)
Change in inventory of raw materials	760	0.16	(10,663)	(2.08)	11,423	(10,557)
Value added	**118,226**	**25.59**	**108,283**	**21.08**	**9,943**	**143,557**
Labor costs	(92,035)	(19.92)	(96,911)	(18.87)	4,876	(130,734)
EBITDA	**26,191**	**5.67**	**11,372**	**2.21**	**14,819**	**12,823**
Depreciation and amortization	(29,659)	(6.42)	(32,202)	(6.27)	2,543	(42,802)
Additions to provisions/Writedowns	(4,826)	(1.04)	(2,387)	(0.46)	(2,439)	(73,369)
EBIT	**(8,294)**	**(1.80)**	**(23,217)**	**(4.52)**	**14,923**	**(103,348)**
Net financial expense	(13,059)	(2.83)	(7,151)	(1.39)	(5,908)	(10,648)
Value adjustments	(2,117)	(0.46)	1,862	0.36	(3,979)	3,294
Profit before taxes	**(23,470)**	**(5.08)**	**(28,506)**	**(5.55)**	**5,036**	**(110,702)**
Income taxes	(1,428)	(0.31)	(10,549)	(2.05)	9,121	(3,823)
Profit (Loss) for the period	**(24,898)**	**(5.39)**	**(39,055)**	**(7.60)**	**14,157**	**(114,525)**

Note: Some 2007 quarterly data were reclassified to make them more readily comparable with the 2008 data.

A reconciliation with the regular financial statements is being provided for the components of the reclassified income statement listed below:
Raw materials and outside services includes the following: Raw materials and components, Other variable production costs, Variable external engineering services, Foreign exchange gains (losses) and Other expenses.
Depreciation and amortization includes depreciation of property, plant and equipment and amortization of intangibles.
Net financial expenses includes Net financial income (expense) and Dividends.

Reclassified Consolidated Income Statement

(in thousands of euros)

	Third quarter of				
	2008	%	**2007**	%	**Change**
Net revenues	110,458	94.53	145,599	107.67	(35,141)
Changes in inventories of finished good and work in progress	4,970	4.25	(15,135)	(11.19)	20,105
Other income and revenues	1,109	0.95	4,726	3.49	(3,617)
Work performed internally and capitalized	312	0.27	36	0,03	276
Value of production	**116,849**	**100.00**	**135,226**	**100.00**	**(18,377)**
Net gain on disposal of non-current assets	36	0.03	1,571	1.16	(1,535)
Raw materials and outside services	(84,489)	(72,31)	(93,227)	(68.94)	8,738
Change in inventory of raw materials	(1,843)	(1.58)	(13,309)	(9.84)	11,466
Value added	**30,553**	**26.15**	**30,261**	**22.38**	**292**
Labor costs	(23,462)	(20.08)	(27,848)	(20.58)	4,386
EBITDA	**7,091**	**6.07**	**2,413**	**1.78**	**4,678**
Depreciation and amortization	(6,938)	(5.93)	(10,115)	(7.48)	3,177
Additions to provisions/Writedowns	(1,553)	(1.33)	(1,999)	(1.48)	446
EBIT	**(1,400)**	**(1.20)**	**(9,701)**	**(7.17)**	**8,301**
Net financial expense	(4,680)	(4.01)	(2,732)	(2.02)	(1,948)
Value adjustments	(4,274)	(3.66)	354	0,26	(4,628)
Profit before taxes	**(10,354)**	**(8.86)**	**(12,079)**	**(8.93)**	**1,725**
Income taxes	(478)	(0.41)	(5,763)	(4.26)	5,285
Profit (Loss) for the period	**(10,832)**	**(9,27)**	**(17,842)**	**(13.19)**	**7,010**

Note: Some 2007 quarterly data were reclassified to make them more readily comparable with the 2008 data.

A reconciliation with the regular financial statements is being provided for the components of the reclassified income statement listed below:
Raw materials and outside services includes the following: Raw materials and components, Other variable production costs, Variable external engineering services, Foreign exchange gains (losses) and Other expenses.
Depreciation and amortization includes depreciation of property, plant and equipment and amortization of intangibles.
Net financial expenses includes Net financial income (expense) and Dividends.

Reclassified Consolidated Balance Sheet

(in thousands of euros)

	Data at			Data at
	9/30/08	12/31/07	Change	9/30/07
Net non-current assets (A)				
Net intangible assets	6,593	7,098	(505)	7,301
Net property, plant and equipment	236,416	269,855	(33,439)	288,525
Equity investments	34,166	31,965	2,201	36,846
Total A	**277,175**	**308,918**	**(31,743)**	**332,672**
Working capital (B)				
Inventory	35,803	22,717	13,086	29,779
Net trade receivables and other receivables	123,436	114,075	9,361	131,611
Held-for-sale assets	14,863	0	14,863	0
Deferred-tax assets	5,467	5,482	(15)	13,038
Trade accounts payable	(154,165)	(161,555)	7,390	(161,528)
Provision for risks and charges	(12,790)	(6,838)	(5,952)	(6,650)
Other liabilities	(28,645)	(32,758)	4,113	(52,263)
Held-for-sale liabilities	(9,218)	0	(9,218)	0
Total B	**(25,249)**	**(58,877)**	**33,628**	**(46,013)**
Net invested capital (C=A+B)	**251,926**	**250,041**	**1,885**	**286,659**
Provision for termination indeminities (D)	**23,619**	**25,617**	**(1,998)**	**25,141**
Net capital requirements (E=C-D)	**228,307**	**224,424**	**3,883**	**261,518**
Shareholders' equity (F)	**12,689**	**38,971**	**(26,282)**	**115,854**
Net financial position (G)				
Long-term debt	(107,578)	22,420	(129,998)	128,334
Short-term debt	323,196	163,033	160,163	17,330
Total G	**215,618**	**185,453**	**30,165**	**145,664**
Total as in E (H=F+G)	**228,307**	**224,424**	**3,883**	**261,518**

Consolidated Net Financial Position

(in thousands of euros)

	Data at		Change	Data at
	9/30/08	**12/31/07**	**Change**	**9/30/07**
Cash and cash equivalents	115,923	98,008	17,915	28,137
Net liquid assets included in held-for-sale assets	1,563	0	1,563	0
Current assets held for trading	50,972	62,862	(11,890)	62,309
Current loans receivable and other receivables	42,014	40,226	1,788	55,328
Held-for-sale current assets	0	0	0	0
Loans receivable from associates and joint ventures	17,904	17,904	0	17,904
Bank account overdrafts	(30,329)	(58,430)	28,101	(21,112)
Current liabilities under finance leases	(349,658)	(193,356)	(156,302)	(96,595)
Loans payable to associates and joint ventures	0	0	0	0
Current portion of long-term bank debt	(171,585)	(130,247)	(41,338)	(63,301)
Net short-term debt	**(323,196)**	**(163,033)**	**(160,163)**	**(17,330)**
Long-term loans and other receivables from outsider	90,045	143,517	(53,472)	180,816
Long-term loans and other receivables from associates and joint ventures	54,862	62,665	(7,803)	72,867
Held-for-sale non-current assets	0	0	0	0
Long-term liabilities under finance leases	0	(156,290)	156,290	(267,547)
Long-term bank debt	(37,329)	(72,312)	34,983	(114,470)
Long-term debt	**107,578**	**(22,420)**	**129,998**	**(128,334)**
Net financial position	**(215,618)**	**(185,453)**	**(30,165)**	**(145,664)**

Consolidated Balance Sheet – Assets

	Note ref.	9/30/08	12/31/07
Property, plant and equipment		236,415,864	269,854,859
Land and buildings	7	87,509,939	94,446,177
Land		20,722,610	21,315,991
Buildings		56,366,453	62,440,399
Leased property		10,420,876	10,689,787
Plant and machinery	7	145,050,826	169,227,259
Machinery		25,344,753	31,260,592
Plant		31,565,288	35,788,733
Leased machinery and equipment		88,140,785	102,177,934
Furniture, fixtures and other property, plant and equipment	7	3,216,504	5,354,622
Furniture and fixtures		736,525	1,980,761
Hardware & software		1,484,356	1,997,293
Other property, plant and equipment (including vehicles)		995,623	1,376,568
Assets under construction	7	638,595	826,801
Intangible assets		6,593,028	7,097,751
Goodwill	8	2,301,012	2,301,012
Licenses and trademarks	8	3,852,925	4,331,596
Other intangibles	8	439,091	465,143
Equity investments		34,166,111	31,965,176
Subsidiaries		0	0
Associated companies	9	0	744,800
Joint ventures	9	33,654,430	30,648,695
Other companies	9	511,681	571,681
Deferred-tax assets		5,466,754	5,481,850
Non-current financial assets		144,906,621	206,182,052
Held-to-maturity long-term investments		0	0
Loans and other receivables form:		144,906,621	206,182,052
Outsiders	10	90,045,083	143,517,428
Related parties and joint ventures	10	54,861,538	62,664,624
Available-for-sale non-current financial assets		0	0
Held-for-sale other non-current assets		0	0
TOTAL NON-CURRENT ASSETS		**427,548,378**	**520,581,688**
Inventory	11	24,214,076	21,380,099
Raw materials		17,518,098	16,757,639
Work in process		4,904,128	3,253,524
Finished goods		1,791,850	1,368,936
Contract work in progress	11	11,588,667	1,336,869
Current financial assets		110,890,138	120,992,876
Current assets held for trading	10	50,971,652	62,862,293
Current loans receivables and other receivables from:		59,918,486	58,130,583
Outsiders	10	42,014,308	40,226,405
Related parties and joint ventures	10	17,904,178	17,904,178
Available-for-sale current financial assets		0	0
Held-to-maturity current investments		0	0
Trade receivables and other receivables		123,435,522	114,075,418
Trade receivables from:		67,646,228	86,284,005
Outsiders		62,770,030	80,252,005
Related parties and joint ventures		4,876,198	6,032,000
Other receivables	12	55,789,294	27,791,413
Cash and cash equivalents		115,922,659	98,008,444
Cash on hand		1,721,646	1,082,203
Short-term bank deposits		114,201,013	96,926,241
Held-for-sale assets	13	16,494,396	0
TOTAL CURRENT ASSETS		**402,545,458**	**355,793,706**
TOTAL ASSETS		**830,093,836**	**876,375,394**

Consolidated Balance Sheet – Liabilities and Shareholders' Equity

	Note ref.	9/30/08	12/31/07
Common shares	14	9,301,042	9,301,042
Additional paid-in capital		26,843,769	34,652,765
Reserve for treasury stock		175,698	12,000,000
Statutory reserve		2,231,389	2,231,389
Stock option reserve		0	2,232,280
Reserve for currency translations		(1,516,466)	(133,198)
Other reserves		7,873,265	82,251,468
Retained earnings		(7,321,866)	10,959,948
Profit (Loss) for the year	15	(24,898,134)	(114,525,048)
GROUP INTEREST IN SHAREHOLDERS' EQUITY		**12,688,697**	**38,970,646**
Minority interest in shareholders' equity		**0**	**0**
TOTAL SHAREHOLDERS' EQUITY		**12,688,697**	**38,970,646**
Long-term borrowings		37,329,443	228,602,431
Liabilities under finance leases	16	0	156,290,028
Other indebtedness owed to:		37,329,443	72,312,403
Outsiders	16	37,329,443	72,312,403
Related parties and joint ventures		0	0
Deferred-tax liabilities		2,512,103	3,255,954
Provision for termination indemnities		23,618,960	25,616,906
Provision for pensions and severance pay		701,029	1,107,423
Provision for termination indemnities		22,917,931	24,509,483
TOTAL NON-CURRENT LIABILITIES		**63,460,506**	**257,475,291**
Current borrowings		551,571,672	382,032,482
Due to banks	16	30,328,707	58,429,837
Liabilities under finance leases	16	349,657,950	193,355,300
Bonds outstanding and other borrowings owed to:		171,585,015	130,247,345
Outsiders	16	171,585,015	130,247,345
Related parties and joint ventures		0	0
Other payables		22,010,297	21,573,456
Wages and salaries		15,966,759	10,863,652
Due to social security institutions		3,288,926	6,175,947
Vacation days, sick days and personal days		386,977	362,893
Other liabilities		2,367,635	4,170,964
Trade accounts payable		154,165,205	161,554,656
Accounts payable to outsiders		144,315,936	155,591,365
Account payable to associated companies and joint ventures		241,888	434,732
Advances received for work in progress		9,067,381	5,528,559
Provision for current taxes		2,157,046	1,197,751
Direct taxes		1,073,694	481,399
Other taxes		1,083,352	716,352
Provision for other liabilities and charges		12,789,541	6,838,667
Provision for warranties	17	3,105,465	1,546,961
Provision for restructuring programs	17	1,431,274	2,025,047
Other provisions	17	8,252,802	3,266,659
Other liabilities		1,964,771	6,732,444
Liabilities attributable to held-for-sale assets	13	9,286,101	0
TOTAL CURRENT LIABILITIES		**753,944,633**	**579,929,456**
TOTAL LIABILITIES		**817,405,139**	**837,404,748**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**830,093,836**	**876,375,394**

Consolidated Income Statement (*)

	Note ref.	9/30/08	9/30/07
Sales and service revenues		442,258,328	513,044,146
Increase in Company-produced non-current assets		844,731	211,681
Change in inventories of finished goods and work in progress		11,610,650	(9,866,644)
Change in contract work in progress		9,506,132	(7,601,608)
Change in inventories of work in progress, semifinished and finished goods		2,104,518	(2,265,036)
Other income and revenues	18	7,285,492	10,176,928
Total value of production		**461,999,201**	**513,566,111**
Gain on the sales of non-current assets	19	7,011,012	4,821,396
Amount earned on the sale of equity investments		*2,638,870*	*0*
Raw materials and consumables used		(289,477,830)	(346,244,125)
Raw materials and components		(290,237,539)	(335,581,271)
Change in inventories of raw materials, subsidiary materials and consumables		759,709	(10,662,854)
Other variable production costs		(7,664,552)	(7,400,621)
Consumables		(3,696,013)	(3,954,787)
Utilities		(374,221)	(368,520)
External maintenance costs		(3,594,318)	(3,077,314)
External variable engineering services		(19,322,212)	(26,877,848)
Wages, salaries and employee benefits		(92,034,623)	(96,910,974)
Production staff, office staff and managers		(84,996,563)	(88,452,684)
Independent contractors		(3,860,660)	(8,119,420)
Social security and other post-employment benefits		(3,177,400)	(5,124,381)
Curtailment		0	4,785,511
Depreciation, amortization and writedowns		(34,511,726)	(34,723,513)
Depreciation of property, plant and equipment		(28,536,287)	(30,732,134)
Loss on disposals of property, plant and equipment		(26,676)	(134,186)
Amortization of intangibles		(1,122,704)	(1,470,008)
Additions to provisions/Writedowns		(4,826,059)	(2,387,185)
Utilization of negative goodwill		0	0
Foreign exchange gains (losses)		25,663	56,641
Other expenses		(34,318,910)	(29,504,235)
Profit (Loss) from operations		**(8,293,977)**	**(23,217,168)**
Financial income (expense), net	20	(13,225,731)	(7,333,429)
Dividends	21	166,205	182,812
Value adjustments	22	(2,116,827)	1,862,116
Profit (Loss) before taxes		**(23,470,330)**	**(28,505,669)**
Income taxes for the period	23	(1,427,804)	(10,549,257)
Profit (Loss) for the period		**(24,898,804)**	**(39,054,926)**

	9/30/08	9/30/07
Profit (Loss) for the period	(24,898,134)	(39,054,926)
Number of common shares, net	9,301,042	9,301,042
Basic earnings (loss) per share	(2.68)	(4.20)

(*) In order to make the data for 2007 and 2008 more readily comparable, the amounts for the first nine months of 2007 for "Additions to provisions/ Writedowns" and "Other expenses" have been restated, with no impact on "Profit (Loss) from operations."

Analysis of Consolidated Shareholders' Equity

	12/31/06	Fair value gains (losses)	Translation restatements	Profit (Loss) for the year	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
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	0	60,776	115,854,187
Minority interest in profit and res.	0								
TOTAL SHAREHOLDERS' EQUITY	**155,077,657**		**(743,380)**	**(39,054,926)**	**494,120**	**19,940**	**0**	**60,776**	**115,854,187**

	12/31/06	Fair value gains (losses)	Translation restatements	Profit (Loss) for the year	Employee stock option plan	Changes to reserves	Dividends	Purchases / Sales of treasury shares	**12/31/07**
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								2,232,280
Reserve for currency translat.	1,506,737		1,639,935						(133,198)
Other reserves	103,152,036					(20,900,568)			82,251,468
Retained earnings	11,945,400					(985,452)			10,959,948
Profit (Loss) for the period	(21,883,216)			(114,525,048)		21,883,216			(114,525,048)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	155,077,657		1,639,935	(114,525,048)		(2,804)		60,776	38,970,646
Minority interest in profit and res.	0								
TOTAL SHAREHOLDERS' EQUITY	**155,077,657**		**1,639,935**	**(114,525,048)**		**(2,804)**		**60,776**	**38,970,646**

	12/31/07	Fair value gains (losses)	Translation restatements	Profit (Loss) for the year	Employee stock option plan	Changes to reserves	Dividends	Purchases / Sales of treasury shares	**9/30/08**
Common shares	9,301,042								9,301,042
Additional paid-in capital	34,652,765					(7,808,996)			26,843,769
Reserve for treasury stock	12,000,000					(11,824,302)			175,698
Statutory reserve	2,231,389								2,231,389
Stock options reserve	2,232,280					(2,232,280)			0
Reserve for currency translat.	(133,198)		(1,383,268)						(1,516,466)
Other reserves	82,251,468					(74,378,203)			7,873,265
Retained earnings	10,959,948					(18,281,814)			(7,321,866)
Profit (Loss) for the period	(114,525,048)			(24,898,134)		114,525,048			(24,898,134)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	38,970,646		(1,383,268)	(24,898,134)		(547)			12,688,697
Minority interest in profit and res.									
TOTAL SHAREHOLDERS' EQUITY	**38,970,646**		**(1,383,268)**	**(24,898,134)**		**(547)**			**12,688,697**

Consolidated Cash Flow Statement

	Data at 9/30/08	Data at 9/30/07
Profit (loss) for the period	**(24,898,134)**	**(39,054,926)**
Restatements	*36,353,383*	*36,079,308*
- Income taxes	1,427,804	10,549,257
- Depreciation of property, plant and equipment	28,536,287	30,732,134
- Amortization of intangibles	1,122,704	1,470,008
- Writedowns and additions to provisions	4,826,059	(1,505,127)
- Provision for pensions and seniority indemnities	(1,468,652)	(5,770,618)
- (Gains) Losses on sale of non-current assets	(6,984,335)	(4,687,210)
- Unrealized (gains) losses on derivatives	0	0
- (Gains) Losses available for sale financial assets	(22,662)	(19,969)
- (Financial income)	(15,810,417)	(13,790,627)
- Financial expense	22,777,119	21,133,179
- (Dividends)	(166,205)	(182,812)
- Value adjustment to shareholders' equity	2,116,827	(1,862,116)
- Other restatements	(1,147)	13,209
Changes in working capital	*(32,335,001)*	*17,923,832*
- Inventories	(2,997,875)	13,376,659
- Contract work in progress	(10,251,798)	(685,437)
- Trade accounts receivable and other receivables	(18,483,026)	(1,011,066)
- Accounts receivable from joint ventures	1,155,802	1,887,899
- Trade accounts payable	(3,424,226)	(7,430,996)
- Accounts payable to joint ventures	(192,843)	1,181,342
- Other changes	1,858,965	10,605,431
Cash flow from operating activities	**(20,879,752)**	**14,948,214**
(Financial expense)	(22,777,119)	(21,133,179)
(Income taxes)	(1,427,804)	(10,549,257)
Net cash flow used in operating activities	**(45,084,675)**	**(16,734,222)**
- Purchases of property, plant and equipment	(1,762,421)	(8,837,639)
- Proceeds from sale of property, plant and equipment	6,442,553	3,367,982
- Non-current loans receivable from borrowers outside the Group	62,696,079	16,127,814
- Non-current loans receivable from joint ventures	7,803,084	7,702,287
- Financial income	15,833,079	13,810,596
- Dividends	166,205	182,812
- Other equity investments	(4,377,762)	654,694
Net cash used in investing activities	**86,800,816**	**33,008,546**
- Proceeds from the issuance of shares	0	0
- Purchases of treasury shares	0	60,776
- Borrowings from lenders outside the Group	6,430,305	5,316,226
- Loans payable to joint ventures	0	0
- Dividends paid	0	0
Net cash used in financing activities	**6,430,305**	**5,377,002**
- Other non-cash items	(1,383,810)	(229,320)
Increase (Decrease) in cash and cash equivalents	**46,762,637**	**21,422,006**
- Cash and cash equivalents at beginning of the period	39,578,608	(14,397,898)
- Cash attributable to available-for-sale assets	(747,292)	0
Cash and cash equivalents at end of the period	**85,593,953**	**7,024,108**
Cash and cash equivalents	115,922,659	28,136,592
Bank account overdrafts	(30,328,707)	(21,112,484)
Net cash and cash equivalents at end of the period	*85,593,953*	*7,024,108*

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

The **Pininfarina Extra** Group (which includes the data of the Pininfarina Extra USA Corp. subsidiary) ended the first nine months of 2008 with value of production of 5.7 million euros, or 67.6% more than the 3.4 million euros booked in the same period last year. The net profit totaled 1 million euros, up from 0.6 million euros at September 30, 2007 (+66.7%), and the net financial position was positive by 1.7 million euros, about the same as a year earlier.

At September 30, 2008, the **Matra Automobile Engineering** Group reported value of production of 41.8 million euros (50 million euros a year ago; -16.4%).
The decrease in value of production reflects the challenging conditions that developed in France following a drop in demand for engineering services caused by a market crisis, a suspension of most new projects and/or the decision by carmakers to perform most design activities internally. The operating loss widened from 1.6 million euros at September 30, 2007 to 3.4 million euros in the same period last year. The net loss for the first nine months of 2008 amounted to 5.2 million euros, compared with 2.6 million euros a year ago.
Net indebtedness decreased to 23.2 million euros, down from 24.2 million euros at September 30, 2007.

The **Pininfarina Deutschland** Group (which includes the data of the Munich and Stuttgart mpx GmbH subsidiaries) booked value of production of 11.4 million euros (11.1 million euros at September 30, 2007) and a net profit of 1.2 million euros (0.7 million euros last year). Net indebtedness totaled 4.4 million euros (5.7 million euros at September 30, 2007).

Pininfarina Sverige AB reported value of production of 300 million euros and a net profit of 7.2 million euros (375.9 million euros and 2.7 million euros, respectively, at September 30, 2007). The operating performance of this company, which is consolidated by the equity method, demonstrates its ability to maintain a good level of operating efficiency despite a reduction in the number of Volvo C70 cars it invoices (11,013 cars at September 30, 2008, compared with 14,553 units a year earlier) caused by difficult conditions in the U.S. market. The company's debt exposure decreased from 195.8 million euros in 2007 to 156.2 million euros at September 30, 2008.

RHTU AB, which manufactures the retractable hardtops installed on the Volvo C70 model currently being produced by Pininfarina Sverige A.B., ended the first nine months of 2008 with value of production of 2.8 million euros and a virtually breakeven bottom line (value of production of 3 million euros and a net loss of 0.4 million euros in 2007). The net financial position was positive by 545,000 euros (positive by 281,000 euros at September 30, 2007).

Véhicules Electriques Pininfarina Bolloré SAS, a joint venture established in February 2008, reported a net loss of 0.2 million euros, before consolidation adjustments, attributable to interest charges and startup costs. The net financial position was negative by 22.2 million euros.

Matra Automobile Engineering Maroc, which Matra Automobile Engineering sold to Pininfarina S.p.A. in the second quarter of 2008, reported a value of production of 1.8 million euros and a net profit of 0.4 million euros. No comparison data for the same period last year are available for this company, because at that point they were included in the consolidated data of its French parent company. The net financial position is negative by 329,000 euros.

Pininfarina S.p.A., the Group's Parent Company, reported value of production of 404.7 million euros at September 30, 2008, compared with 446 million euros in the first nine months of 2007 (-9.26%). EBITDA were positive by 23.7 million euros (+9 million euros a year earlier). The net loss amounted to 19.3 million euros, compared with a net loss of 38.5 million euros at September 30, 2007. The net financial position was negative by 190 million euros, compared with a smaller negative balance of 157.4 million euros at December 31, 2007 (-117.7 million euros at September 30, 2007). The factors that affected the Group's operating and financial performance in the first nine months of 2008 are valid for the most part for the Parent Company as well.

Notes to the Financial Statements

1. General Information

Pininfarina is an industrial Group historically centered around a core of automotive business and based on the establishment of comprehensive collaborative relationships with carmakers. In this capacity, 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. Consistent with this approach, the Group has established production and development facilities in Italy, France, Germany, Morocco and Sweden. Its customers are located mainly in Italy, France, Great Britain, Japan, China and India.
Alongside the established business-to-business activities that are at the core of its operations, the Group is seeking to establish itself as a major player in the market for electric vehicles by introducing, with a business-to-consumer approach, the first upscale "city car," which will be marketed under the Pininfarina brand and manufactured by a joint venture with the Bolloré Group. In addition, the Company has a significant untapped growth potential, which it is gradually bringing to fruition, in areas outside the automobile industry such as architecture, product design, interior design and transportation systems.

Pininfarina S.p.A. is a corporation with registered office at 6 via Bruno Buozzi, in Turin.

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

This consolidated quarterly report was approved by the Board of Directors on November 12, 2008.

For information about the assessment of the Company's going concern, please consult the update on this topic provided in the corresponding section on pages 9 and 10 of the Report on Operations.

2. Accounting Principles

2.1 Basis for Preparation

The consolidated financial report at September 30, 2008 of the Pininfarina Group, which was prepared on a going concern basis, is consistent with the International Financial Reporting Standards ("IFRS") published by the International Accounting Standards Board ("IASB") and adopted by the European Union.

This abbreviated quarterly report was drawn up in accordance with the requirements of Annex 3D of the Issuers' Regulations, which requires the performance of an impairment test only in connection with the preparation of annual financial statements. The accounting principles applied were the same as those used for the consolidated annual financial statements at December 31, 2007.

The quarterly financial statements include the following components:

- <u>a consolidated balance sheet</u>, in which current and non-currents assets and liabilities are classified separately and, as required by IFRS 5, "Held-for-sale assets" and "Held-for-sale liabilities" are shown as two separate line items;
- <u>a consolidated income statement</u>, in which operating costs are classified by type;
- <u>a consolidated cash flow statement</u>, in which the cash flow from operating activities is presented in accordance with the "indirect method," as allowed by IAS 7, and the total cash flow from "Held-for-sale assets" is shown separately, as required by IFRS 5;
- <u>a statement of changes in consolidated shareholders' equity</u>.

2.2 Changes in the Group's Structure

The changes in the Group's structure that occurred in the first nine months of 2008 are listed below:

– Companies added to the Group:
    a. MPX Entwicklungs GmbH Leonberg;
    b. Véhicules Electriques Pininfarina-Bolloré SAS (50-50 joint venture with the Bolloré Group);
    c. Pininfarina Recchi Buildingdesign S.r.l. (50-50 joint venture with Recchi Ingegneria e Partecipazioni S.p.A).

– Companies removed from the Group:
    a. Pasiphae S.a.r.l.

During the first nine month of 2008, ownership of Matra Automobile Engineering Maroc SAS was transferred from Matra Automobile Engineering SAS to Pininfarina S.p.A. This change of ownership had no impact on the scope of consolidation and did not generate neither a gain nor a loss in the abbreviated semiannual consolidated financial statements.

As required by IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations," the assets and liabilities of Ceram, Plazolles and D3 are listed in the balance sheet under the following two line items: "Held-for-sale assets" and "Liabilities attributable to held-for-sale assets."

2.3 Consolidation

Please consult the schedule provided in Section 6 below, which lists all of the consolidated companies.

(a) Subsidiaries

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

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

The cost of acquisition is the sum of the price paid plus any incidental charges.

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

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

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

(b) Associated Companies and Joint Ventures

Associated companies are companies over which the Group exercises a significant influence, but not control. The Group is deemed to exercise significant influence 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.

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

Group's income statement reflects its 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.

Group's pro rata interest in losses incurred by an associated company or a joint venture is recognized in 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 if 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, both the 60% interest held in Pininfarina Sverige A.B. and the 50% interest held in Véhicules Electriques Pininfarina - Bolloré SAS are valued by the equity method in the consolidated financial statements.

(c) Other Companies

Investments in other companies that constitute available-for-sale financial assets are valued at fair value, if available, and any resulting gains or losses are recognized in equity until the assets are sold or their value is impaired. At that point, accumulated gains or losses previously recognized in equity are reflected on the income statement for the period. Investments in small companies 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 under "Dividends" in the income statement.

2.4 Translation of Items Denominated in Foreign Currencies

(a) Functional Currency and Presentation Currency

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

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

Transactions executed in currencies other than the euro are recognized initially at the exchange rate in force on the date of the transaction.
Monetary assets and liabilities denominated in currencies other than the euro are converted into euros at the exchange rate in force 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, net of the corresponding tax effect, are recognized directly in equity until the equity investment is sold, at which point the translation differences are recognized in the income statement.
Non-cash items that are carried at historical cost are translated into euros at the exchange rate in force when the underlying transaction was first recognized.
Non-cash items that are carried at fair value are translated into euros at the exchange rate in force on the date when each item's fair value was determined.

No company of the Pininfarina Group operates in a 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 exchange rate in effect at the end of the period.

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

	At September 30, 2008	Average for the first nine months of 2008	At September 30, 2007	Average for the first nine months of 2007
Euro vs. currency				
- U.S. dollar	1.43	1.52	1.42	1.34
- Swedish kronor	9.79	9.41	9.12	9.24
- Moroccan dirham	11.35	11.42	11.30	11.18

2.5 Property, Plant and Equipment

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

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

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 estimated useful life.

Special-purpose assets used to produce specific cars under contract manufacturing agreements are depreciated by the units of production method, in accordance with Paragraphs 50 and 60 of IAS 16.

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

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

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

In this and subsequent sections of these notes, the term "impairment" shall mean the adjustment made to the carrying amount of a non-current asset to make it consistent with the asset's recoverable value.

2.6 Intangible Assets

(a) Goodwill

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

Goodwill generated upon the purchase of an interest in a subsidiary or affiliated company is recognized as an addition to 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.

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

(d) Other Intangibles

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

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

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

2.7 Recoverable Amount of Assets

The recoverable amount of any intangibles with an indefinite useful life 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.

2.8 Financial Assets

The Group divides its investments into four categories: a) Financial assets carried at fair value through profit and loss; b) Loans and other financial receivables; c) Held-to-maturity investments; and d) Available-for-sale financial assets.

The basis for this classification is the reasoning behind an asset's acquisition. Management allocates financial assets to the appropriate category at the time of purchase.

(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 decides not to sell them within 12 months from the balance sheet date, in which case they are reclassified under non-current assets.

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

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

Financial assets are removed from the financial statements when they cease to deliver cash 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, their 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 parameters that should be used in determining if an impairment loss has occurred. 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.

2.9 Inventory

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

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

2.10 Trade Receivables and Other Receivables

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

2.11 Cash and Cash Equivalents

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

2.12 Held-for-sale Non-current Assets and Assets of Discontinued Operations

Held-for-sale non-current assets and assets of discontinued operations refer to those business operations and assets (or groups of assets) that were divested or are in the process of being divested, the carrying value of which was or will be recovered through a sale rather than through their continuous use. These assets are valued at the lesser of their net carrying value or their fair value less costs to sell. As required by IFRS 5, Paragraphs 38-40, the data attributable to a non-current asset or a disposal group classified as held for sale are reclassified to separate balance sheet accounts.

2.13 Share Capital

The Company's common share capital is listed in the shareholders' equity section of the balance sheet. Incidental expenses incurred to issue share capital or options are recognized under shareholders' equity.

If a Group company buys shares of Pininfarina S.p.A. or Pininfarina S.p.A. purchases treasury shares (within the constraints of the applicable statutes), the price paid, net of any directly attributable incidental charges, is deducted from shareholders' equity until the shares are retired, reissued, awarded to employees or sold.

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

2.14 Borrowings

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

The portion of borrowings that is due within one year is listed among current liabilities. The portion due after one year is recognized as a non-current liability only if the Group has an unconditional contractual right to defer repayment.

2.15 Deferred Taxes

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 based on expectations that the Company will earn sufficient taxable income in the future to utilize all or part of the deferred-tax assets.

Deferred-tax liabilities are computed on temporary differences generated in connection with equity investments in subsidiaries, associated companies and joint ventures, except in those cases where the reversal of the temporary differences can be controlled by the Group and it is unlikely to occur in the near future.

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

2.16 Employee Benefits

(a) Pension Plans

The employees of the Pininfarina Group have access to defined-contribution and defined-benefit plans. None of these plans has dedicated plan assets.
For IFRS purposes (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, consists of:

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

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

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

The liability recognized in the financial statements for defined-benefit plans is the present value of the obligation on the balance sheet date, adjusted for actuarial gains and losses and for the cost of benefits paid for past service.

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 expected 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 only if the Group expects to receive a refund or a reduction in future payments.

(b) Incentives, Bonuses and Profit Sharing Plans

The Group recognizes the costs and liabilities that arise from profit sharing plans in accordance with a formula based mainly on the Group's interest in net profit. The Group sets aside a provision only if it is contractually obligated to do so or if established practice is to create such a provision.

(c) Employee Benefits Paid in Shares of Stock

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

2.17 Provisions for Risks and Charges

Additions to the provisions for risks and charges are recognized 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 recognized based on the present value of the best estimates made by the Company's management of the costs that the Pininfarina Group will incur to satisfy the obligations.

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

The provisions for risks and charges also 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.

2.18 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. The effective interest rate is the rate used to accurately discount the cash flows that a financial instrument is expected to generate over its life.

(d) Royalties

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

(e) Dividends

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

2.19 Leases

(a) When the Pininfarina Group Is the Lessee

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 asset's useful life. 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 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 investments in plant and machinery acquired for special purposes under some contracts for the design, engineering and production of automobiles.
IFRIC 4 applies to those arrangements that, while not having the legal formalities of a lease, convey to 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 does exist, the Pininfarina Group recognizes a receivable of an amount equal to the present value of the lease payments. The difference between the gross amount of the receivable and its present value, which represents the interest income component, is reflected in the income statement over the term of the lease at a constant periodic interest rate.

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

2.20 Dividend Distributions

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

2.21 Financial Expense

Consistent with IAS 23, Paragraph 7, financial expense is charged to income in the year it is incurred. On January 1, 2009, the Group will adopt the revised version of IAS 23 *"Borrowing Costs,"* in which this option has been removed. This change in accounting principles is not expected to have a material impact.

2.22 Construction Contracts

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

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

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

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

The Pininfarina Group allocates contract costs and revenues to each fiscal year by the percentage of completion method. 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.

2.23 Government Grants

Government grants are recognized in the financial statements at fair value only when there is reasonable certainty that the Group has satisfied all of the requirements set forth in the terms of the grants.

Government grant revenues are reflected in the income statement in proportion to the costs incurred.

Government grants toward the purchase of property, plant and equipment are recognized as deferred income and credited to the income statement in proportion to the depreciation of the assets for which they were awarded.

2.24 Valuations That Affect the Financial Statements

(a) Current and Deferred Taxes

The computation of current taxes 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.

In these financial statements, in view of the results that the Group is expected to report over the intermediate term and of the tax loss carryforward, Pininfarina S.p.A. chose not to recognize any new deferred-tax assets or liabilities.

Deferred-tax assets recognized by Group companies in accordance with IAS 12 *"Income Taxes"* were retained.

(b) Estimate of Fair Value

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

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

The fair value of 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.

(c) Impairment

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

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

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

By their own nature, financial plans prepared to account for leases in which the Group is either the lessor or the lessee are affected by changes in expected future cash flows. Leases in which the Group is either the lessor or the lessee are accounted for in compliance with the terms of the leases.

(e) Design, Engineering and Production Contracts

Contracts covering design, engineering and production orders are subject to change while they are being performed (e.g., engineering change requests) and these changes are anticipated and provided for in the contracts. As a result, the cash flows expected from these contracts can also change.

(f) Accounting for the Provision for Termination Indemnities

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

(g) Stock Option Plans

In view of the prices at which the Company's shares have traded in recent months and short-term price expectations and taking into account overall market conditions, the Company did not recognize any cost with regard to the 2008 batch of options awarded to eligible beneficiaries. On July 22, 2008, the Stock Option Plan was amended to allow executives who had been awarded 2006 and 2007 stock options that were not yet exercisable to exercise them starting in July 2008. Subsequent to this amendment, the Company and the eligible executives entered into an agreement pursuant to which all options that are still exercisable will be cancelled.

3. Managing Financial Risk

The financial instruments utilized by the Group include bank borrowings, leases in which it is the lessee, leases in which it is the lessor that are recognized in accordance with IFRIC 4 and short-term bank deposits, which it uses to finance its operations, as well as trade payables and receivables, which are generated as part of its operating activities.
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 financial flows).

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

- Sales of automobiles to Volvo through the Swedish joint venture Pininfarina Sverige AB. In this case, the currency risk is assumed by the 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 Group's reputation as a reliable borrower among financial institutions is demonstrated by the fact that no assets have been pledged as collateral and no financial covenants are included in the corresponding loan agreements. 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: Pininfarina S.p.A. entered into finance leases as lessee to finance capital investments needed to manufacture the Alfa Brera, Alfa Spider, Ford Focus CC and Mitsubishi Colt CZC models. Originally, the repayment plan was structured so that the cash outflows for principal and interest would coincide with the cash inflows from car sales. Delays incurred in connection with the ramping up of production, concurrently with a reduction in orders under the Alfa Brera and Spider and Mitsubishi Colt CZC orders, created an unfavorable misalignment of the abovementioned cash flows, which resulted in the signing of a Standstill Agreement providing for a moratorium in principal repayments, the purpose of which is to facilitate the execution of an agreement to refinance/reschedule the existing debt. While this agreement expired on September 30, 2008, in practice, the moratorium is currently still in effect.
In addition, in order to provide the Pininfarina Sverige AB joint venture with the financial resources needed to develop and manufacture the Volvo C70 convertible, Pininfarina S.p.A. signed loan agreements for medium- and long-term financing facilities with Italian banks and guaranteed the finance leases executed by the Swedish joint venture with the same banks.

No corporate assets have been pledged to secure the abovementioned financing facilities and leases and no financial compliance covenants are included in the loan agreements. Some leases and loan agreements contains clauses that can cause the borrower to forfeit the right to repayment in installments.

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

4. Accounting for 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 (in thousands of euros)

Business Segment

The Group is organized on a global scale and operates in two main business segments: ″Production″ and ″Styling and Engineering.″ These two businesses are the primary reporting segments.

The results for the third quarter of 2008 are as follows:

	Production	Styling & Engineering	Total for the Group
Value of production	359,270	106,285	465,555
Intra-segment value of production	3,860	(7,416)	(3,556)
Value of production	**363,130**	**98,869**	**461,999**
EBIT	**(11,013)**	**2,719**	**(8,294)**
Financial income (expense)			(13,059)
Interest in results of associates	4,317	(6,434)	(2,117)
Profit (Loss) before taxes			**(23,470)**
Income taxes			(1,428)
Profit (Loss) for the period			**(24,898)**

The results for the third quarter of 2007 are as follows:

	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)**

b) Secondary Segment (in thousands of euros)

Geographic Destination of Sales

A breakdown of sales by geographic destination is as follows:

	9/30/08	9/30/07
ITALY	132,707	210,355
REST OF E.U.	303,202	297,127
OUTSIDE E.U.	6,349	5,562
Total	**442,258**	**513,044**

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
mpx Entwicklung GmbH	Leonberg Riedwiesenstr. 1	DE	26,000	EUR	100	Pininfarina Deutschland GmbH	100
Matra Automobile Engineering SAS	Trappes - cedex 8, avenue J. D'Alembert	FR	971,200	EUR	100	Pininfarina S.p.A.	100
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	70
						Matra Automobile Engineering SAS	30
Matra Automobile Engineering Maroc SAS	Casablanca - Residence EL HADI "A" 57, Bd Abdelmoumen	MA	8,000,000	MAD	100	Pininfarina S.p.A.	99,9
						Matra Automobile Engineering SAS	0,1
RHTU Sverige A.B.	Uddevalla Varsvagen 1	SE	100,000	SEK	100	Pininfarina S.p.A.	100
List of companies valued by the equity method in the consolidated financial statements							
Pininfarina Sverige A.B.	Uddevalla Varsvagen 1	SE	8,965,000	SEK	60	Pininfarina S.p.A.	60
Véhicules Electriques Pininfarina-Bolloré SAS	Puteaux 31-32 Quai de Dion Bouton	FR	40,000	EUR	50	Pininfarina S.p.A.	50
Pininfarina Recchi Buildingdesign S.r.l.	Torino Via Montevecchio 28	IT	100,000	EUR	50	Pininfarina Extra S.r.l.	50

List of Unconsolidated Companies

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

	Land	Buildings	Leased property	Total
Net value at December 31, 2007	**21,315,991**	**62,440,399**	**10,689,787**	**94,446,177**
Additions	0	399,007	0	399,007
Retirements	(593,381)	(1,133,317)	0	(1,726,698)
Depreciation	0	(2,126,458)	(268,911)	(2,395,369)
Reclassifications/Allocation to the relevant asset categories	0	431,029	0	431,029
Held-for-sale assets	0	(3,644,207)	0	(3,644,207)
Net value at September 30, 2008	**20,722,610**	**56,366,453**	**10,420,876**	**87,509,939**

The decrease in "Land and Buildings" reflects primarily the sale in June and July of the "Technical Center" building complex in Grugliasco by the Parent Company. The sale produced a gain of 3,576,288 euros.

	Machinery	Plant	Leased plant machinery	Total
Net value at December 31, 2007	**31,260,592**	**35,788,733**	**102,177,934**	**169,227,259**
Additions	565,741	2,200,683	0	2,766,424
Retirements	(22,212)	(16,157)	0	(38,369)
Depreciation	(4,564,320)	(6,385,066)	(14,037,149)	(24,986,535)
Reclassifications/Allocation to the relevant asset categories	0	0	0	0
Held-for-sale assets	(1,895,048)	(22,905)	0	(1,917,953)
Net value at September 30, 2008	**(25,344,753)**	**31,565,288**	**88,140,785**	**145,050,826**

	Furniture and fixtures	Hardware & software	Other prop., plant and equipment	Total
Net value at December 31, 2007	**1,980,761**	**1,997,293**	**1,376,568**	**5,354,622**
Additions	159,671	446,963	52,707	659,341
Retirements	(456,118)	(155,097)	(296,000)	(907,215)
Depreciation	(337,700)	(650,473)	(166,212)	(1,154,385)
Reclassifications/Allocation to the relevant asset categories	(431,029)	0	105,600	(325,429)
Held-for-sale assets	(179,060)	(154,330)	(77,040)	(410,430)
Net value at September 30, 2008	**736,525**	**1,484,356**	**995,623**	**3,216,504**

	Assets under construction
Net value at December 31, 2007	**826,801**
Additions	16,671
Retirements	(75,008)
Depreciation	0
Reclassifications/Allocation to the relevant asset categories	(105,600)
Held-for-sale assets	(24,269)
Net value at September 30, 2008	**638,595**

8. Intangible Assets

	Goodwill	Licenses and trademarks	Other intangibles	Total
Net value at December 31, 2007	**2,301,012**	**4,331,596**	**465,143**	**7,097,751**
Additions	0	779,510	152,547	932,057
Retirements	0	(128,639)	(56,023)	(184,662)
Amortization	0	(1,000,128)	(122,576)	(1,122,704)
Reclassifications/ Allocation to the relevant asset categories	0	0	0	0
Held-for-sale assets	0	(129,414)	0	(129,414)
Net value at September 30, 2008	**2,301,012**	**3,852,925**	**439,091**	**6,593,028**

9. Equity Investments

Investments in associated companies

	9/30/08	12/31/07	Change
Pasiphae S.a.r.l.	0	744,800	(744,800)
Total	**0**	**744,800**	**(744,800)**

During the first quarter of 2008, Pininfarina S.p.A. sold its investment in Pasiphae S.a.r.l. to buyers outside the Group, earning a gain of 2,638,870 euros.

Investments in joint ventures

	12/31/07	Purchases	Interest in result	Sales	Other changes	9/30/08
Pininfarina Sverige A.B.	30,648,695	0	4,317,403	0	(1,361,668)	33,604,430
Véhicules Electriques Pininfarina-Bolloré SAS	0	20,000	(93,827)	0	73,827	0
Pininfarina Recchi Buildingdesign S.r.l.	0	50,000	0	0	0	50,000
Total	**30,648,695**	**70,000**	**4,223,576**	**0**	**(1,287,841)**	**33,654,430**

The interest in the result of Pininfarina Sverige AB, amounting to 4,317,406 euros, is equal to 60% of the net profit earned by the joint venture in the third quarter of 2008. Other changes includes a change in the reserve for currency translations.

In February 2008, Pininfarina S.p.A. and Bolloré SA established a 50-50 joint venture for the purpose of marketing an electric car manufactured by Pininfarina S.p.A.. The interest in the result of this joint venture (-93,827 euros) is equal to 50% of the net loss for the first nine months of 2008, net of consolidation adjustments for the reversal of the intra-Group margin.

In March 2008, Pininfarina Extra S.r.l. and Recchi Ingegneria e Partecipazioni S.p.A. established a 50-50 joint venture called Pininfarina Recchi Buildingdesign S.r.l. The new company will offer integrated design and engineering services in the real estate area.

Investments in other companies

	9/30/08	12/31/07	Change
Banca Passadore S.p.A.	257,196	257,196	0
Idroenergia Soc. Cons. a.r.l	516	516	0
Unionfidi S.c.r.lp.A. Torino	129	129	0
Midi Ltd	213,840	213,840	0
Numero Design Sarl	0	60,000	(60,000)
Nord Est Design S.r.l.	40,000	40,000	0
Total	**511,681**	**571,681**	**(60,000)**

The decrease in the investment in Numero Design Sarl is due to the reclassification of the non-current portion of D3, Ceram and Plazolles to "Held-for-sale assets non-current assets."

10. Financial Assets

Loans and other receivables from outsiders

	12/31/07	Increases	Writedowns	Repayments	9/30/08
Loans receivable	183,743,833	0	0	(51,684,442)	132,059,391
Total loans receivable	**183,743,833**	**0**	**0**	**(51,684,442)**	**132,059,391**

The decrease in loans receivable reflects primarily the collection of receivables arising from the 2005-2007 guaranteed volumes, which the Group's Parent Company invoiced early in 2008.

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

	9/30/08	12/31/07	Change
Non-current loans and other receiv.	90,045,083	143,517,428	(53,472,345)
Current loans and other receivables	42,014,308	40,226,405	1,787,903
Total	**132,059,391**	**183,743,833**	**(51,684,442)**

Loans and other receivables from associated companies and joint ventures

	9/30/08	12/31/07	Change
Non-current loans owed by Pininfarina Sverige AB	54,861,538	62,664,624	(7,803,086)
Current loans owed by Pininfarina Sverige AB	17,904,178	17,904,178	0
Total	**72,765,716**	**80,568,802**	**(7,803,086)**

Loans receivable from joint ventures accrue interest at market rates.

Held-for-sale current assets

	Equity securities	Fixed income securities	Mutual funds	Total
Value at December 31, 2007	5,841,453	40,590,225	16,430,615	62,862,293
Fair value adjustment recognized in earnings	(1,583,377)	(695,993)	(755,746)	(3,035,116)
Purchases	16,419,617	19,987,195	15,023,340	51,430,152
Sales	(19,379,208)	(17,878,198)	(23,028,272)	(60,285,678)
Value at September 30, 2008	**1,298,485**	**42,003,230**	**7,669,937**	**50,971,651**

11. Inventory and Contract Work in Progress

	9/30/08	12/31/07	Change
Raw materials	17,518,098	16,757,639	760,459
Work in process	4,904,128	3,253,524	1,650,604
Finished goods	1,791,850	1,368,936	422,914
Total	**24,214,076**	**21,380,099**	**2,833,977**

The amount shown for the inventory of raw materials is net of an allowance for inventory obsolescence amounting to 2,593,000 euros.

	9/30/08	12/31/07	Change
Contract work in progress	11,588,667	1,336,869	10,251,798
Total	**11,588,667**	**1,336,869**	**10,251,798**

As required by IAS 11, contract work in progress is shown net of advances received (3,240,838 euros).

12. Other Receivables

	9/30/08	12/31/07	Change
Overpayments to social security institutions	186,396	671,608	(485,212)
VAT overpayments	29,581,541	11,147,322	18,434,219
Current taxes	558,462	410,980	147,482
Advances to suppliers	2,785,599	1,481,804	1,303,795
Accrued income and prepaid expense	4,944,931	4,681,347	263,584
Sundry receivables	17,732,365	9,398,352	8,334,013
Total	**55,789,294**	**27,791,413**	**27,997,881**

The VAT overpayment attributable to the Group's Parent Company increased due to a change in the billing method used for the main domestic customer of the Group's manufacturing operations.

Sundry receivables of 17,732,365 euros includes 6,618,890 euros for a government grant awarded to the Matra Group to cover research costs.

13. Held-for-sale Non-current Assets and Liabilities

In the balance sheet at September 30, 2008, the item "Held-for-sale non current assets" includes the interests held by Matra Automobile Engineering SAS in D3 SAS, Ceram SAS and Plazolles Modelage S.a.r.l., due to the decision to sell these equity investments.

A breakdown of held-for-sale non-current assets and liabilities is provided below:

	9/30/08
Held-for-sale assets	
Financial assets	1,631,602
Non-financial assets	14,862,794
Total	**16,494,396**

Liabilities directly attributable to held-for-sale assets	9/30/08
Financial liabilities	68,277
Non-financial liabilities	9,217,824
Total	**9,286,101**

A breakdown of non-financial assets is as follows:

	9/30/08
D3 SAS	4,138,730
Ceram SAS	10,085,140
Plazolles Modelage S.a.r.l.	638,924
Total	**14,862,794**

A breakdown of financial assets is as follows:

	9/30/08
D3 SAS	659,813
Ceram SAS	881,031
Plazolles Modelage S.a.r.l.	90,758
Total	**1,631,602**

A breakdown of non-financial liabilities is as follows:

	9/30/08
D3 SAS	4,834,288
Ceram SAS	4,030,907
Plazolles Modelage S.a.r.l.	352,629
Total	**9,217,824**

A breakdown of financial liabilities is as follows:

	9/30/08
D3 SAS	10,248
Ceram SAS	41,817
Plazolles Modelage S.a.r.l.	16,212
Total	**68,277**

The table below lists the components of the income statement attributable to the held-for-sale non-current assets:

	9/30/08
Net revenues	15,430,683
Change in inventory of finished goods and contract work in progress	11,199
Other income and revenues	146,527
Value of production	**15,588,409**
Net gain (loss) on disposal of non-current assets	(18,257)
Raw materials and outside services	(10,469,853)
Value added	**5,100,299**
Labor costs	(6,649,369)
EBITDA	**(1,549,070)**
Depreciation and amortization	(839,437)
(Additions to provisions/Writedowns)/Utilizations	(293,719)
EBIT	**(2,682,226)**
Net financial income (loss)	(35,590)
Other income and (loss) net	0
Profit before taxes	**(2,717,816)**
Income taxes	(628,312)
Profit (Loss) for the period	**(3,346,128)**

The impact of "Held-for-sale non-current assets" are attributable to the following items:

	9/30/08
D3 SAS	(3,089,207)
Ceram SAS	92,207
Plazolles Modelage S.a.r.l.	(349,128)
Total	**(3,346,128)**

The table below shows the net cash flow from operating activities, investing activities and financing activities attributable to held-for-sale non-current assets, as presented in the cash flow statement:

	9/30/08
Cash and cash equivalent at beginning of period	**32,317**
Cash flow from operating activities	(81,143)
Cash flow from investing activities	543,601
Cash flow from financing activities	252,517
Cash and cash equivalent at end of period	**747,292**

More specifically:

Cash flow from operating activities

	9/30/08
D3 SAS	(235,309)
Ceram SAS	418,250
Plazolles Modelage S.a.r.l.	(264,084)
Total	**(81,143)**

Cash flow from investing activities

	9/30/08
D3 SAS	490,412
Ceram SAS	(116,074)
Plazolles Modelage S.a.r.l.	169,263
Total	**543,601**

Cash flow from financing activities

	9/30/08
D3 SAS	252.517
Ceram SAS	0
Plazolles Modelage S.a.r.l.	0
Total	**252.517**

14. Share Capital

	No. of shares	Common shares	Treasury shares	Total
Balance at December 31, 2007	9,317,000	9,317,000	15,958	9,301,042
Balance at March 30, 2008	9,317,000	9,317,000	15,958	9,301,042
Balance at June 30, 2008	9,317,000	9,317,000	15,958	9,301,042
Balance at September 30, 2008	9,317,000	9,317,000	15,958	9,301,042

The total authorized share capital is comprised of 9,317,000 common shares, par value of 1 euro each.
All issued shares have been fully paid in. At September 30, 2008, the Company held 15,958 of its own shares, valued at 94,343 euros. As a result of the adoption of IAS 32 and IAS 39, this amount was deducted from shareholders' equity. These shares are held as treasury shares.

15. Earnings (Loss) per Share

a) Basic earnings (loss) per share

Basic earnings (loss) per share are computed by dividing the profit (loss) for the period by the number of common shares outstanding at the end of the period (excluding treasury shares).

	9/30/08	12/31/07	9/30/07
Net profit (loss)	(24,898,134)	(114,525,048)	(39,054,926)
Number of common shares, net	9,301,042	9,301,042	9,301,042
Basic earnings (loss) per share	(2.68)	(12.31)	(4,20)

b) Diluted earnings (loss) per share

There was no difference between diluted earnings (loss) per share and basic earnings (loss) per share.

16. Borrowings

	9/30/08	12/31/07	Change
Non-current	**37,329,443**	**228,602,431**	**(191,272,988)**
Liabilities under finance leases	0	156,290,028	(156,290,028)
Bonds outstanding and other borrowings	37,329,443	72,312,403	(34,982,960)
Current	**551,571,672**	**382,032,482**	**169,539,190**
Due to banks	30,328,707	58,429,837	(28,101,130)
Liabilities under finance leases	349,657,950	193,355,300	156,302,650
Bonds outstanding and other borrowings	171,585,015	130,247,345	41,337,670
Total	**588,901,115**	**610,634,913**	**(21,733,798)**

No Group assets have been pledged as collateral with the exception of assets held under finance leases and a mortgage on a building owned by Pininfarina Deutschland GmbH in Renningen, Germany.

Pursuant to the injunctions served on Pininfarina S.p.A. on March 28 and April 19, 2008, Banca Fortis succeeded in encumbering all of the Company's buildings with court ordered mortgages to secure a receivable amounting to about 42 million euros.

Because of the moratorium currently in effect with the majority of the lending institutions, both the liabilities under finance leases and the borrowings owed by the Group's Parent Company were unchanged compared with the end of 2007, except for a repayment of 3,000,000 euros in principal amount provided to Banca Fortis on September 30, 2008 pursuant to an agreement executed on June 25, 2008. As required by IAS 1.65, all remaining balances of borrowings with regard to which the right to repayment in installments was contractually forfeited due to the failure to make payments due by September 30, 2008 were reclassified as current. Consequently, all of the liabilities under finance leases and virtually all of the bonds outstanding and other borrowings were reclassified as current liabilities.

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

	9/30/08
due within 1 year	551,571,672
due between 1 and 5 years	22,134,000
due after 5 years	15,195,443
Total	**588,901,115**

Borrowings (in thousands of euros)	**Amount at 12/31/07**	**Amount at 9/30/08**	**Amount due within 1 year**	**Amt. due from 1 to 5 years**	**Amount due after 5 years**
Total loans and other facilities	(202,560)	(208,914)	(171,585)	(22,134)	(15,195)
Total obligations under finance leases	(349,645)	(349,658)	(349,658)	0	0
Total liabilities for short-term credit lines	(58,430)	(30,329)	(30,329)	0	0
Total	**(610,635)**	**(588,901)**	**(551,572)**	**(22,134)**	**(15,195)**

At September 30, 2008, a total of 29.7 million euros had been drawn down from available credit lines totaling about 50.5 million euros.
At September 30, 2008, past due indebtedness amounted to 145.9 million euros.

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

Some loan agreements and finance leases contain express cancellation clauses which, if exercised, cause the borrower to lose the benefit of repayment in installments and can result in the lender demanding repayment in a lump sum.

Since December 1, 2007, under a moratorium currently in effect, which has been agreed to by most of the lender banks, the Company has not been making principal repayments on its medium/long-term debt.

17. Provision for Other Liabilities

	9/30/08	**12/31/07**	**Change**
Provision for warranties	3,105,465	1,546,961	1,558,504
Provision for restructuring	1,431,274	2,025,047	(593,773)
Other provisions	8,252,802	3,266,659	4,986,143
Total	**12,789,541**	**6,838,667**	**5,950,874**

The provision for warranties increased due to warranties provided in connection with production orders.
The provision for restructuring reflects the amounts set aside to cover staff downsizing costs that the Group expects to incur in connection with the restructuring of its operations.
Other provisions include a provision established in connection with the elimination of the unrealized margin from activities carried out for the Véhicules Electriques Pininfarina Bolloré SAS joint venture in connection with the electric car project in the amount of 6,414,230 euros.
Pininfarina S.p.A., the Group's Parent Company, is currently a party to a dispute with the Turin Internal Revenue Agency concerning alleged irregularities in the method used, between 2001 and 2003, by Industrie Pininfarina S.p.A. (merged into Pininfarina S.p.A. in 2004) to issue invoices to Gefco Italia S.p.A., which acted as the tax representative in Italy of the customer Peugeot Citroen Automobiles. On December 14, 2007, the Turin Internal Revenue Agency served on the Company two notices of assessment for unpaid VAT owed for 2002, amounting to 17,655,017 euros, and for 2003, amounting to 11,747,076 euros.
On February 12, 2008, the Company challenged the notices of assessment in a motion filed with the Turin Provincial Tax Commission. On May 14, 2008, the Company filed explanatory briefs underscoring the injury that could be caused by a provisional recognition of the corresponding liability and asking that all collection activities be held in abeyance. On June 17, 2008, the Turin Provincial Tax Commission granted the abeyance motions and scheduled a merit hearing for September 30, 2008. Upon the merit hearing being held, in view of the complexity of the issues at hand, which warranted a more detailed analysis, the Commission scheduled an additional hearing, which was held on November 11, 2008.

Based on the available technical and legal information, the Company did not deem it necessary to establish a separate provision in connection with this dispute.

18. Other Income and Revenues

	9/30/08	9/30/07	Change
Amounts rebilled	466,800	509,037	(42,237)
Out-of-period income	1,972,484	1,678,634	293,850
Insurance settlements	8,580	3,901,149	(3,892,569)
Royalties	375,000	375,000	0
Rebilling of lease payments	150,293	577,157	(426,864)
Operating grants	3,038,399	2,228,744	809,655
Sundry items	1,273,936	907,207	366,729
Total	**7,285,492**	**10,176,928**	**(2,891,436)**

Out-of-period income, which concerns mainly the Group's Parent Company, refers to price adjustments attributable to previous years. The increase in operating grants refers to a tax credit for research projects held by the Matra Group.

19. Gain on the Sale of Non-current Assets

	9/30/08	9/30/07	Change
Gain on the sale of equity investments	2,638,870	0	2,638,870
Gain on the sale of other assets	4,372,142	4,821,396	(449,254)
Total	**7,011,012**	**4,821,396**	**2,189,616**

The gain on the sale of equity investments refers to the divestiture of the interest held in Pasiphae in the first quarter of 2008.

The disposal of the "Technical Center" building complex in Grugliasco in June for a price of 3,576,288 euros and the sale of some vintage automobiles account for most of the gain on the sale of other assets.

20. Financial Income (Expense), Net

	9/30/08	9/30/07	Change
Financial expense paid to banks	(2,431,370)	(1,836,319)	(595,051)
Financial expense paid under leases	(15,151,312)	(12,633,583)	(2,517,729)
Financial exp. on medium- and long-term borrowings	(8,335,283)	(6,663,277)	(1,672,006)
Realized losses from marking securities to market	(3,140,845)	0	(3,140,845)
Total financial expense	**(29,058,810)**	**(21,133,179)**	**(7,925,631)**
Bank interest earned	1,603,376	51,106	1,552,270
Realized gains from marking securities to market	1,685,159	1,630,264	54,895
Interest earned on long-term loans to outsiders	8,712,477	7,982,432	730,045
Interest earned on long-term loans to joint ventures	3,809,405	4,115,979	(306,574)
Gains on trading securities	22,662	19,969	2,693
Total financial income	**15,833,079**	**13,799,750**	**2,033,329**
Net financial income (expense)	**(13,225,731)**	**(7,333,429)**	**(5,892,302)**

21. Dividends

	9/30/08	9/30/07	Change
Banca Passadore	53,571	48,214	5,357
Italian securities under asset management	112,634	130,598	(17,964)
Other investments	0	4,000	(4,000)
Total	**166,205**	**182,812**	**(16,607)**

22. Value Adjustments

	9/30/08	9/30/07	Change
Pininfarina Sverige AB	4,317,403	1,862,116	2,455,287
Véhicules Electriques Pininfarina-Bolloré SAS	(6,434,230)	0	(6,434,230)
Total	**2,116,827**	**1,862,116**	**(3,978,943)**

23. Income Taxes

	9/30/08	9/30/07	Change
Current taxes	(1,620,659)	(878,091)	(742,568)
Prepaid taxes	67,867	(9,462,787)	9,530,654
Deferred taxes	124,988	(208,379)	333,367
Total	**(1,427,804)**	**(10,549,257)**	**9,121,453**

The change in current taxes compared with the first nine months of 2007 reflects the impact of newly enacted tax laws.

Deferred-tax assets and liabilities at September 30, 2008 refer to foreign Group companies and reflect other consolidation effects because the Group's Parent Company, in light of the results it expects to report over the intermediate term, chose not to recognize any deferred-tax assets or liabilities. The deferred-tax asset amount includes the tax loss carryforward of the Pininfarina Deutschland Group (832,733 euros), which is recognized to the extent that it is probable that the Pininfarina Deutschland Group will generate sufficient taxable income in the future to recover the abovementioned tax loss carryforward, and reflects the writeoff of the deferred-tax assets attributable to D3 SAS (577,240 euros).

24. Guarantees Provided

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

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.

Printed internally by Pininfarina S.p.A.