PININFARINA GROUP

Interim Report on Operations at September 30, 2010

Pininfarina S.p.A. – Share Capital: 30,166,652 euros, fully paid in. Registered Office: 6 Via Bruno Buozzi, Turin

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

PININFARINA GROUP

Interim Report at September 30, 2010

Approved by the Board of Directors
on November 12, 2010

Honorary Chairman	Sergio	Pininfarina

Board of Directors

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

(1) Member of the Nominating and Compensation Committee.

(2) Member of the Internal Control Committee.

Board of Statutory Auditors

Chairman	Nicola	Treves
Statutory Auditors	Giovanni	Rayneri
	Mario	Montalcini
Alternates	Alberto	Bertagnolio Licio
	Guido	Giovando

Secretary to the Board of Directors — Gianfranco Albertini (§)

§ Corporate Accounting Documents Officer

Independent Auditors — PricewaterhouseCoopers S.p.A.

*** Powers**

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

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Pininfarina Group

Interim Report on Operations at September 30, 2010

Review of Operating and Financial Performance

The negative economic scenario that characterized the first half of 2010, particularly in the automotive industry, which is the market where the Pininfarina Group operates, continued in the third quarter of the year. A comparison with the data for the first nine months of 2009 shows diverging trends for the Group's different businesses, with the German engineering businesses continuing their recovery, the Moroccan operations reporting substantially steady results and the Italian activities performing below expectations. Sales of styling services, which generated better margins in the non-automotive sector that those earned in the same period last year, proceeded consistent with, while automobile production is expected to end later this month.

Compared with September 30, 2009, the data for first nine months of 2010 show a modest reduction in value of production, but EBIT, positive in 2009, were negative by a substantial amount, due mainly to the litigation with Mitsubishi, which had an adverse effect totaling 28.5 million euros on the Group's operating performance, offset in part by reversals, amounting to about 8.5 million euros, of some provisions for risks that had become redundant, following the end of the Ford production order.

At September 30, 2010, the consolidated value of production totaled 168.7 million euros, or 4.5% less than in the first nine of 2009 (176.7 million euros), as an increase in the contribution provided by the manufacturing operations was more than offset by a proportionately larger reduction in the value of production generated by the service activities.

EBITDA (equal to the profit or loss from operations before depreciation, amortization and additions to provisions), positive by 3.2 million euros in the first nine months of 2009, were negative by 25.3 million euros at September 30, 2010, due mainly to the impact of the Mitsubishi arbitration award.

EBIT (equal to the profit or loss from operations) were negative by 37.4 million euros, compared with a negative balance of 24.5 million euros at September 30, 2009. The loss reported in 2010 was incurred even though depreciation/amortization and additions to provisions were down 2.1 million euros and 13.5 million euros, respectively, compared with the first nine months of 2009. The reduction in depreciation and amortization was due mainly to the lower carrying value assigned to some assets, following the impairment test performed at the end of 2009. The decrease in additions to provisions at September 30, 2010, compared with a year earlier, reflects primarily the effect of the reversal of some redundant provisions, net of new additions for the period, and the fact that the data at September 30, 2009 included an addition of 12.8 million euros to the provision for inventory writedowns related to the electric car project.

Financial activities generated net financial income 0.7 million euros, compared with 2.8 million euros a year earlier. Financial expense decreased from 5.4 million euros to 2.7 million euros, due mainly to a reduction in gross borrowings, but financial income fell from 8.2 million euros to 3.4 million euros, due to a reduction in loans receivable from outsiders and affiliated companies, caused by repayments, and to a decrease in income from securities under asset management, resulting from the conservative decision to hold financial investments with lower risk and, consequently, lower returns.

Valuation adjustments were positive by 3.4 million euros (the same amount as at September 30, 2009), as the net result of the following factors:

- a positive contribution of 3.8 million euros (the Group's pro rata interest in net profit) provided by the Pininfarina Sverige A.B. joint venture (5.1 million euros at September 30, 2009);

- a negative contribution of 0.4 million euros (loss of 1.7 million euros a year earlier) attributable to the Véhicules Electriques Pininfarina Bolloré SAS joint venture. The loss reflects primarily operating expenses and interest charges. In 2009, most of the loss was due to the derecognition, upon consolidation, of the pro rata interest in the profit generated by transactions executed by Pininfarina S.p.A., the Group's Parent Company, and the French company in connection with the development of the electric car.

The loss before taxes totaled 33.3 million euros at September 30, 2010 (loss of 18.2 million euros a year earlier).

Income taxes totaled 0.5 million euros, as against a tax benefit of 0.2 million euros at September 30, 2009 that reflected primarily the impact of the reversal of the surplus amount in a provision for taxes recognized by the Group's Parent Company in the financial statements at December 31, 2008.

As a result of the factors described above, the net loss for the first nine months of 2010 totaled 33.8 million euros compared with a net loss of 18.1 million euros at September 30, 2009.

The net financial position was negative by 57.6 million euros, compared with net borrowings of 43.7 million euros at December 31, 2009 (net borrowings of 43.1 million euros at September 30, 2009). The increase of 13.9 million euros in net borrowings compared with the end of 2009 reflects primarily the impact of the Mitsubishi arbitration award, which resulted in the derecognition of loans receivable from outsiders totaling 47.7 million euros (including 5.9 million euros written off as uncollectible), offset by net proceeds of 19.2 million euros (difference between 41.8 million euros owed by Mitsubishi to Pininfarina and 22.6 million euros owed by Pininfarina to Mitsubishi).

In the third quarter of 2010, the Company repaid debt installments owed to financial institutions amounting to 14.7 million euros, bringing to 101.8 million euros the total amount repaid since January 1, 2009 (45.8 million euros in 2009 and 56 million euros in 2010).

Information Required by the Consob Pursuant to Article 114, Section 5 of Legislative Decree No. 58/98

1) The net financial positions of the Pininfarina Group, with current and non-current components listed separately, are shown on page 14 of this document.
2) There were no past-due amounts (financial or related to tax or employee benefit liabilities) owed by the Pininfarina Group. No actions against the Group have been filed by creditors.
3) The transactions with related parties of the Pininfarina Group are shown on page 56 of this document.
4) The plan to restructure the indebtedness of Pininfarina S.p.A. is proceeding in accordance with the agreements reached the Lender Institutions.
5) As for the progress made in implementing the Industrial Plan, there have been no significant new developments other than those concerning the electric car project described in this Interim Report on Operations

The consolidated data for the first nine months of 2010, while not usable for the purpose of determining compliance with the financial covenants, which is determined based on year-end data, show that, currently, the Group is in compliance for 2010 with the financial covenants of the Rescheduling Agreement currently in effect with the Lender Institutions. Pursuant to the abovementioned Agreement, the Company will be required to comply with two financial covenants in 2010: EBITDA must be better than (8,500,000) euros—for clarity's sake, the amount shown in parentheses is a negative amount—and liquidity must be greater than 44,900,000 euros. A detailed explanation of the terms "EBITDA" and "liquidity" is provided in the 2009 Annual Report, in Annex 1 to the Notes to the Financial Statements.

A more detailed review of the data by business segment shows that the **manufacturing operations** generated value of production of 135.7 million euros in the first nine months of 2010, for a year-over-year increase of 8%, accounting for 80.4% of total consolidated value of production (71.1% a year earlier).

Even though sales volumes were up 5.3%, EBIT for the manufacturing operations were negative by 34.4 million euros, double the loss reported at September 30, 2009 (-17.3 million euros), due mainly to the effect of the Mitsubishi arbitration award.

A comparison of the number of cars invoiced in the first nine months of 2010 and 2009 is provided below:

Car models	**9/30/10**	**9/30/09**	**Change**
Alfa Romeo Brera	1,241	1,394	(153)
Alfa Romeo Spider	893	868	25
Ford Focus Coupè Cabriolet	4,345	3,888	457
Total	**6,479**	**6,150**	**329**

In Sweden, Pininfarina Sverige A.B. sold 8,019 Volvo C70 automobiles, an increase of 30.2% compared with the 6,159 units shipped in the first nine months of 2009. An upturn in demand, both in Europe and North America and the successful introduction of a restyled model account for this improvement.

The positive contribution provided by this joint venture to the Group's income statement amounted to 3.8 million euros (25.5% less than a year earlier). A 14% reduction in production volume in the third quarter of 2010 is the main reason for the decrease in profitability.

The **service operations** reported value of production of 33 million euros in the first nine months of 2010, compared with 51 million euros at September 30, 2009 (-35.3%), accounting for 19.6% of the Group's total value of production (28.9% a year earlier).

The service operations reported negative EBIT of 3 million euros, compared with a loss of 7.2 million euros at September 30, 2009. The 2009 loss is after ad addition of 12.8 million euros to the provision for inventory writedowns, recognized in connection with some assets included in the electric car project carried out with the Bolloré Group.

In order to maximize available market opportunities, Pininfarina S.p.A. is preparing to establish in Shanghai a company incorporated pursuant to Chinese law. The reasons for this project are both commercial and economic. As facts show, China is currently one of the few automotive markets that is expected to enjoy strong growth in the coming years. All of the world's leading companies have already established permanent local organizations to benefit as much as possible from the market's expansion, which now requires highly sophisticated technical services and a local presence. China is by far the Company's most important market and the decision to establish a presence in Shanghai (China's premier industrial district) was facilitated by the offer of special siting incentives by the local authorities, which also agreed to provide support in securing new contracts with local customers.

Assessment of the Company's Viability as a Going Concern

With regard to the issue of evaluating problems and risks and assessing the Company's viability as a going concern—as discussed in the Report on Operations of the Board of Directors included in the 2009 Annual Report, which should be consulted for additional information—an update, following the developments described in the press release of August 5, 2010, which is the date when the Board of Directors approved the financial statements at June 30, 2010, is provided below.

The electric car project suffered a decision-making deadlock during the first half of 2010 caused by differences in the strategic objectives (due in part by the different policies announced by the Italian and French governments with regard to incentives for electric cars) pursued by the Pininfarina and Bolloré groups, 50-50 partners in the Véhicules Electriques Pininfarina Bolloré SAS joint venture. In September and October, the parties were actively engaged in negotiations to overcome the abovementioned deadlock, which would have effectively prevented the continuation of their relationship, with significant negative economic and financial consequences for Pininfarina. In October, the negotiations between the two groups resulted in the signing of certain agreements, the main features of which include:

- For Pininfarina, a put option for its entire interest in the joint venture (equal to 50% of the share capital), exercisable from March 1, 2011 (with the right to move this date forward to December 31, 2010 if there is a change of control affecting Pininfarina) to March 15, 2013 at a price of 10 million euros, which is the amount at which Pininfarina carries this asset on its balance sheet. Should Pininfarina fail to exercise its put option and if a deadlock were to develop within the joint venture during the period between March 1, 2011 and December 20, 2022, the Bolloré Group may exercise a call option for entire interest held by Pininfarina in the joint venture at the abovementioned price of 10 million euros, which is the amount at which Pininfarina carries this asset on its balance sheet.

- For Pininfarina, a right to be chosen as a supplier (matching right) for the production of electric cars (except for the cars already allocated to Cecomp for production, up to 4,000 cars), provided it can match the offers of other suppliers in terms of price, expertise and quality, this provision being applicable based on the situation that exists currently or if Bolloré should become a majority shareholder of the joint venture.

- An amendments to the licensing agreement for the Pininfarina trademark, pursuant to which the joint venture will pay to Pininfarina a Licensing Fee for the use of the trademark for each electric car (except for the first 100 prototypes and provided the cars are different from the Bluecar designed by Pininfarina) produced by a third party or by Pininfarina. Since it is foreseeable that the production of electric cars equipped with Bolloré Group batteries will include other models in addition to the Bluecar, this agreement represents prospectively an attractive economic factor.

- A further styling contribution by Pininfarina to the joint venture for other versions of electric cars produced in the future, for which the Company will collect Licensing Fees.

In view of the considerations provided above, while there are still risks concerning the ability of the Group and the Company to continue operating as a going concern, the Directors have confidence in the effectiveness of the activities that are being implemented to restore the financial and industrial health of the Pininfarina Group.

Outlook for 2010 and Significant Events Occurring After September 30, 2010

The 2010 reporting year is expected to end with value of production in line with the amount reported in 2009 (the earlier guidance provided in the Semiannual Financial Report called for the 2010 value of production to decrease by about 10% compared with 2009) and a loss both at the EBITDA and EBIT level. The Group expects to report a larger net loss than in 2009 and the net financial position at December 31, 2010 is expects to show a larger negative balance than at the end of 2009 (the earlier guidance provided in the Semiannual Financial Report projected a negative balance in line with the amount reported in 2009).

Other than the items described above, no significant events occurred after September 30, 2010.

November 12, 2010

Paolo Pininfarina
Chairman
of the Board of Directors

Reclassified Consolidated Income Statement

(in thousands of euros)

	Data at					Data at
	9/30/10	%	**9/30/09**	%	**Change**	**12/31/09**
Net revenues	162,175	96.14	161,830	91.58	345	186,176
Changes in inventory of work in progress and finished goods	5,493	3.26	8,740	4.95	(3,247)	8,992
Other income and revenues	1,023	0.60	5,730	3.24	(4,707)	6,447
Work performed internally and capitalized	0	0.00	406	0.23	(406)	0
Value of production	**168,691**	**100.00**	**176,706**	**100.00**	**(8,015)**	**201,615**
Net gain (loss) on disposal of non-current assets	(140)	(0.08)	54	0.03	(194)	4,658
Raw materials and outside services (*)	(156,807)	(92.95)	(125,601)	(71.08)	(31,206)	(140,138)
Change in inventory of raw materials	958	0.57	(3,416)	(1.93)	4,374	(4,324)
Value added	**12,702**	**7.53**	**47,743**	**27.02**	**(35,041)**	**61,811**
Labor costs (**)	(37,970)	(22.51)	(44,557)	(25.22)	6,587	(58,884)
EBITDA	**(25,268)**	**(14.98)**	**3,186**	**1.80**	**(28,454)**	**2,927**
Depreciation and amortization	(10,848)	(6.43)	(12,965)	(7.34)	2,117	(15,134)
(Additions)/Utiliz. of provis. and (Writedowns)	(1,269)	(0.75)	(14,730)	(8.34)	13,461	(23,664)
EBIT	**(37,385)**	**(22.16)**	**(24,509)**	**(13.88)**	**(12,876)**	**(35,871)**
Net financial income (expense)	685	0.41	2,820	1.60	(2,135)	3,074
Valuation of investments by the equity method	3,447	2.04	3,449	1.95	(2)	2,231
Profit before taxes	**(33,253)**	**(19.71)**	**(18,240)**	**(10.33)**	**(15,013)**	**(30,566)**
Income taxes	(518)	(0.31)	184	0.10	(702)	(180)
Net profit (loss)	**(33,771)**	**(20.02)**	**(18,056)**	**(10.23)**	**(15,715)**	**(30,746)**
Minority interest in net profit (loss)	**0**	**0.00**	**0**	**0.00**	**0**	**0**

(*) **Raw materials and outside services** is shown net of utilizations of the provisions for warranties and the provisions for risks and charges amounting to 2,263,000 euros in 2009 and 2,858,000 euros in 2010.

(**) **Labor costs** is shown net of utilizations of the provision for restructuring programs amounting to 1,287,000 euros in 2009 and 1,435,000 euros in 2010. In 2010, it includes the cost of De Tomaso Automobili employees seconded under a subcontracting agreement with the Group's Parent Company.

Pursuant to Consob Resolution No. DEM/6064293 of July 28, 2006, a reconciliation of the data for the period with the those in the reclassified statements is provided below:

- **Raw materials and outside services** includes Raw materials and components, Other variable production costs, Variable external engineering services, Foreign exchange gains (losses) and Sundry expenses.
- **Depreciation and amortization** includes depreciation of property plant and equipment and amortization of intangible assets.
- **(Additions)/Utilizations of provisions and (Writedowns)** includes (Additions)/Utilizations of provisions and (Writedowns) and Addition to provision for inventory risk.
- **Net financial income (expense)** includes Financial income (expense) and dividends.

Reclassified Consolidated Statement of Financial Position

(in thousands of euros)

	Data at			Data at
	9/30/10	**12/31/09**	**Change**	**9/30/09**
Net non-current assets (A)				
Net intangible assets	3,290	3,732	(442)	3,887
Net property, plant and equipment	74,590	84,576	(9,986)	105,310
Equity investments	46,803	38,622	8,181	40,005
Total A	**124,683**	**126,930**	**(2,247)**	**149,202**
Working capital (B)				
Inventory	12,866	7,534	5,332	8,648
Net trade receivables and other receivables	33,138	59,631	(26,493)	73,156
Deferred-tax assets	1,024	1,170	(146)	1,206
Trade accounts payable	(65,026)	(62,574)	(2,452)	(68,619)
Provisions for risks and charges	(8,172)	(18,957)	10,785	(24,340)
Other liabilities (*)	(11,518)	(10,366)	(1,152)	(12,510)
Total B	**(37,687)**	**(23,562)**	**(14,125)**	**(22,459)**
Net invested capital (C=A+B)	**86,996**	**103,368**	**(16,372)**	**126,743**
Provis. for termination indemnities (D)	**9,629**	**10,954**	**(1,325)**	**21,002**
Net capital requirements (E=C-D)	**77,367**	**92,414**	**(15,047)**	**105,741**
Shareholders' equity (F)	**19,719**	**48,740**	**(29,021)**	**62,673**
Net financial position (G)				
Long-term debt	166,009	65,453	100,556	103,786
(Net liquid assets)/Net borrowings	(108,361)	(21,779)	(86,582)	(60,718)
Total G	**57,648**	**43,674**	**13,974**	**43,068**
Total as in E (H=F+G)	**77,367**	**92,414**	**(15,047)**	**105,741**

(*) Other liabilities includes the following balance sheet items: Deferred taxes, Other payables, Provision for current taxes and Sundry liabilities.

Consolidated Net Financial Position

(in thousands of euros)

	Data at			Data at
	9/30/10	12/31/09	Change	9/30/09
Cash and cash equivalents	76,805	75,143	1,662	68,393
Current assets held for trading	51,209	50,902	307	48,631
Current loans receivable and other receivables	12,092	17,688	(5,596)	17,592
Loans receivable from related parties and joint ventures	17,904	17,904	0	17,904
Due to banks for overdraft facilities	(26,000)	(29,662)	3,662	(29,697)
Current liabilities under finance leases	(12,615)	(71,273)	58,658	(38,469)
Current portion of long-term bank debt	(11,034)	(38,923)	27,889	(23,636)
Net liquid assets/(Net borrowings)	**108,361**	**21,779**	**86,582**	**60,718**
Long-term loans and other receiv. from outsiders	11,292	70,012	(58,720)	74,001
Long-term loans and other receivables from related parties and joint ventures	18,104	26,856	(8,752)	36,148
Held-to-maturity non-current assets	257	753	(496)	768
Long-term liabilities under finance leases	(115,743)	(91,793)	(23,950)	(123,950)
Long-term bank debt	(79,919)	(71,281)	(8,638)	(90,753)
Net long-term debt	**(166,009)**	**(65,453)**	**(100,556)**	**(103,786)**
Net financial position	**(57,648)**	**(43,674)**	**(13,974)**	**(43,068)**

Consolidated Net Borrowings

(CESR /05-04b)

(in thousands of euros)

		Data at			Data at
		9/30/10	**12/31/09**	**Change**	**9/30/09**
A.	Cash	(76,805)	(75,143)	1,663	(68,393)
B.	Other liquid assets	0	0	0	0
C.	***Securities held for trading***	***(51,019)***	***(50,902)***	***307***	***(48,631)***
D.	***Total liquid fund (A.)+(B.)+(C.)***	***(128,014)***	***(126,045)***	***1,970***	***(117,024)***
E.	***Current financial receivables***	***(29,996)***	***(35,592)***	***(5,596)***	***(35,497)***
F.	Short-term bank account overdrafs	26,000	29,662	3,662	29,697
	Current portion of secured bank loans	*5,037*	*5,037*	*(0)*	*5,346*
	Current portion of unsecured bank loans	*5,998*	*33,886*	*27,888*	*18,290*
G.	Current portion of non-current debt	11,034	38,923	27,889	23,636
H.	Other current financial payables	12,615	71,273	58,657	38,469
I.	***Current financial debt (F.)+(G.)+(H.)***	***49,649***	***139,858***	***90,208***	***91,802***
J.	***Debt / Net current Financial (Position)***	***(108,361)***	***(21,779)***	***86,582***	***(60,718)***
	Non-current portion of secured bank loans	*25,401*	*27,920*	*2,518*	*31,983*
	Non-current portion of unsecured bank loans	*54,518*	*43,361*	*(11,158)*	*58,769*
K.	Non-current bank account overdrafs	79,919	71,281	(8,638)	90,753
L.	Bonds issued	0	0	0	0
M.	Other non-current financial payables	115,743	91,793	(23,950)	123,950
N.	***Non-current net financial debt (K.)+(L.)+(M.)***	***195,663***	***163,074***	***(32,589)***	***214,703***
O.	***Net financial debt (J+N)***	**87,301**	**141,295**	**53,994**	**153,985**

The “Net Borrowings” schedule provided above is presented in accordance with the format recommended by the Consob in Communication DEM No. 6064293 of July 28, 2006, which implements E.U. Regulation CESR/05-04b. Because the purpose of the abovementioned schedule is to show “Net Borrowings,” assets are shown with a minus sign and liabilities with a plus sign. In the “Net Financial Position” schedule provided on the previous page, assets are shown with a plus sign and liabilities with a minus sign.

The reason for the difference between the amount of the “Net Financial Position” schedule and that of the “Net Borrowings” schedule is that the latter does not include loans receivable, long-term financial receivables and non-current assets held to maturity.

The total amount of those differences is shown below:

- At September 30, 2010: 29,654,000 euros;
- At December 31, 2009: 97,621,000 euros;
- At September 30, 2009: 110,916,000 euros.

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 2010 with value of production of 2.9 million euros (2.8 million euros at September 30, 2009). While the volume of business was the same in the two periods under comparison, the net profit increased to 0.4 million euros, up from 0.1 million euros at September 30, 2009, reflecting the positive impact of a general improvement in market conditions and a reduction in operating expenses. The net financial position was positive by 2.4 million euros, or 1 million euros more than a year earlier. The payroll decreased by 1 employee to a total of 21 employees at September 30, 2010.

Matra Automobile Engineering S.A.S., which is no longer operational following the divestments of its subsidiaries and business operations in the second half of 2008, has been concerned with liquidating its working capital and is the subject of sales negotiations. At September 30, 2010, the company reported value of production of 0.2 million euros and a net profit of 0.4 million euros (value of production of 2 million euros and a net loss of 0.8 million euros at September 30, 2009). The net financial position was positive by 0.7 million euros, compared with a positive balance of 2.4 million euros in 2009. At September 30, 2010, it had only 1 employee, the same as a year earlier.

The **Pininfarina Deutschland GmbH** Group ended the first nine months of 2010 with value of production of 11.8 million euros (8.9 million euros at September 30, 2009) and a net profit of 0.2 million euros (net loss of 0.8 million euros a year earlier). This turnaround, compared with the same period last year, is due primarily to a more favorable environment in the segment of the German market where Pininfarina Deutschland operates, which helped boost new orders and profitability. At 2.9 million euros, net indebtedness was down sharply compared with the 4.2 million euros owed at September 30, 2009. The staff grew to 204 employees at September 30, 2010, compared with 161 employees a year earlier.

In the first nine months of 2010, **Pininfarina Maroc S.A.S.** generated value of production of 1 million euros, earning a net profit of 0.1 million euros (1.3 million euros and 0.2 million euros, respectively, in the same period last year). At September 30, 2010, the net financial position was positive by 0.7 million euros, up from a positive balance of 0.3 million euros a year earlier. This company had 39 employees at September 30, 2010, 5 fewer than in the first nine months of 2009.

Pininfarina Sverige AB reported value of production of 214.1 million euros and a net profit of 6.3 million euros, compared with 165.9 million euros and 8.2 million euros, respectively, at September 30, 2009. The company invoiced a total of 8,019 Volvo C70 cars at September 30, 2010, up from 6,159 cars a year earlier. Net indebtedness decreased from 117.8 million euros in the first nine months of 2009 to 50.4 million euros at September 30, 2010. The company had 597employees in the first nine months of 2010 (687 employees last year).

The **Véhicules Electriques Pininfarina Bolloré SAS** joint venture reported a net loss of 0.7 million euros, due mainly to interest charges and operating expenses (loss of 0.6 million euros at September 30, 2009). This company has no employees.

Pininfarina S.p.A., the Group's Parent Company, reported value of production of 152.9 million euros at September 30, 2010, compared with 161.9 million euros in the first nine months of 2009 (-5.6%). EBITDA were negative by 28.1 million euros (positive EBITDA of 2.5 million euros a year earlier). The net loss totaled 38.5 million euros, as against a net loss of 20.5 million euros at September 30, 2009. The net financial position was negative by 58.5 million euros, compared with a negative balance of 45.8 million euros in 2009. Shareholders' equity decreased from 62.7 million euros at December 31, 2009 to 24.2 million euros at September 30, 2010. To a significant extent, the explanation provided when commenting the consolidated operating data for the first nine months of the year are also applicable to the Group's Parent Company. At September 30, 2010, the Company had 573 employees (1,597 employees at September 30, 2009).

PININFARINA GROUP

Consolidated Financial Statements
at September 30, 2010

Consolidated Statement of Financial Position (*)

	Note ref.	9/30/10	12/31/09
Property, plant and equipment		74,589,616	84,576,075
Land and buildings	7	61,745,974	63,177,154
Land		16,984,045	16,984,045
Buildings		35,058,148	36,220,418
Leased property		9,703,781	9,972,691
Plant and machinery	7	11,200,822	18,789,977
Machinery		547,250	5,833,477
Plant		10,653,572	11,948,166
Leased machinery and equipment		0	1,008,334
Furniture, fixtures and other property, plant and equipment	7	1,642,820	2,080,944
Furniture and fixtures		307,141	399,093
Hardware & software		788,880	925,420
Other property, plant and equipment (including vehicles)		546,799	756,431
Assets under construction	7	0	528,000
Intangible assets		3,289,845	3,732,110
Goodwill	8	1,043,495	1,043,495
Licenses and trademarks	8	1,960,824	2,393,764
Other intangibles	8	285,526	294,851
Equity investments		46,803,395	38,622,053
Joint ventures	9	46,374,482	38,182,341
Other companies	9	428,913	439,712
Deferred-tax assets	34	1,024,186	1,169,977
Non-current financial assets		29,654,017	97,621,842
Held-to-maturity long-term investments	10	257,247	753,247
Loans and other receivables form:		29,396,770	96,868,595
Outsiders	10	11,292,276	70,012,328
Related parties and joint ventures	10	18,104,494	26,856,267
Available-for-sale non-current financial assets		0	0
TOTAL NON-CURRENT ASSETS		**155,361,059**	**225,722,057**
Inventory		11,072,856	6,244,220
Raw materials	11	4,925,493	4,718,772
Work in process	11	2,075,634	740,894
Finished goods	11	4,071,729	784,554
Contract work in progress	11	1,793,575	1,289,831
Current financial assets		81,205,243	86,494,095
Current assets held for trading	10	51,208,787	50,902,010
Current loans receivables and other receivables from:		29,996,456	35,592,085
Outsiders	10	12,092,278	17,687,907
Related parties and joint ventures	10	17,904,178	17,904,178
Trade receivables and other receivables		33,138,398	59,630,771
Trade receivables from:		22,966,272	42,696,078
Outsiders	12	21,120,177	39,839,048
Related parties and joint ventures	12	1,846,095	2,857,030
Other receivables	12	10,172,126	16,934,693
Cash and cash equivalents	13	76,805,414	75,143,337
Cash on hand		1,295,116	1,281,793
Short-term bank deposits		75,510,298	73,861,544
TOTAL CURRENT ASSETS		**204,015,486**	**228,802,254**
Held-for-sale non-curret assets		**0**	**0**
TOTAL ASSETS		**359,376,545**	**454,524,311**

(*) As required by Consob Resolution No. 15519 of July 27, 2006, the impact of transactions with related parties on the Statement of Financial Position of the Pininfarina Group is shown in a separate schedule in the Note entitled "Other Information."

Consolidated Statement of Financial Position

	Note ref.	9/30/10	12/31/09
Common shares	14	30,150,694	30,150,694
Additional paid-in capital	15	16,077,451	46,442,181
Reserve for treasury stock	16	175,697	175,697
Statutory reserve	17	2,231,389	2,231,389
Reserve for currency translations	18	1,973,770	(2,775,698)
Other reserves	19	7,874,050	7,873,665
Retained earnings		(4,992,913)	(4,610,937)
Profit (Loss) for the period	20	(33,771,223)	(30,746,706)
GROUP INTEREST IN SHAREHOLDERS' EQUITY		**19,718,915**	**48,740,285**
Minority interest in shareholders' equity		**0**	**0**
TOTAL SHAREHOLDERS' EQUITY		**19,718,915**	**48,740,285**
Long-term borrowings	22	195,661,844	163,073,835
Liabilities under finance leases		115,742,605	91,792,791
Other indebtedness owed to:		79,919,239	71,281,044
Outsiders		79,919,239	71,281,044
Deferred-tax liabilities	34	1,593	2,365
Provision for termination indemnities		9,629,847	10,955,068
TOTAL NON-CURRENT LIABILITIES		**205,293,284**	**174,031,268**
Current borrowings	22	49,649,438	139,857,834
Due to banks		26,000,000	29,662,152
Liabilities under finance leases		12,614,958	71,273,148
Bonds outstanding and other borrowings owed to:		11,034,480	38,922,534
Outsiders		11,034,480	38,922,534
Other payables	23	10,215,515	8,814,308
Wages and salaries		4,002,830	2,372,810
Due to social security institutions		1,067,065	879,313
Vacation days, sick days and personal days		185,494	121,455
Other liabilities	23	4,960,136	5,440,730
Trade accounts payable	23	65,026,190	62,574,036
Accounts payable to outsiders	23	64,121,924	61,293,384
Account payable to associated companies and joint ventures	23	110,295	58,658
Advances received for work in progress	23	793,971	1,221,994
Provision for current taxes		735,705	440,513
Direct taxes		38,480	26,431
Other taxes		697,225	414,082
Provision for other liabilities and charges	24	8,171,667	18,957,116
Provision for warranties		675,360	5,281,529
Provision for restructuring programs		1,393,261	2,464,423
Other provisions		6,103,046	11,211,164
Other liabilities		565,831	1,108,951
TOTAL CURRENT LIABILITIES		**134,364,346**	**231,752,758**
TOTAL LIABILITIES		**339,657,630**	**405,784,026**
Liabilities attributable to held-for-sale assets		**0**	**0**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**359,376,545**	**454,524,311**

Consolidated Income Statement (*)

	Note ref.	9/30/10	9/30/09
Sales and service revenues	25	162,174,573	161,830,462
Increase in Company-produced non-current assets		0	405,994
Change in inventories of finished goods and work in progress		5,492,639	8,739,604
Change in contract work in progress		895,278	10,379,115
Change in inventories of work in progress, semifinished and finished goods		4,597,361	(1,639,511)
Other income and revenues	26	1,023,779	5,729,634
Total value of production		**168,690,991**	**176,705,694**
Gain on the sales of non-current assets	27	1,331	66,618
Amount earned on the sale of equity investments		*0*	*63,898*
Raw materials and consumables used		(115,533,067)	(97,756,141)
Raw materials and components		(115,739,788)	(93,592,566)
Change in inventories of raw materials, subsidiary materials and consumables		958,181	(3,415,947)
Provision for inventory risk		(751,460)	(747,628)
Other variable production costs		(2,625,324)	(4,887,316)
Consumables		(1,016,468)	(2,036,821)
Utilities		0	(84,245)
External maintenance costs		(1,608,856)	(2,766,250)
External variable engineering services		(6,104,505)	(10,570,146)
Wages, salaries and employee benefits	28	(37,969,538)	(44,557,406)
Production staff, office staff and managers		(31,667,046)	(41,272,545)
Independent contractors		(4,409,552)	0
Social security and other post-employment benefits		(1,892,940)	(3,284,861)
Depreciation, amortization and writedowns		(11,506,818)	(26,959,520)
Depreciation of property, plant and equipment		(10,251,899)	(12,179,634)
Loss on disposals of property, plant and equipment	27	(141,153)	(12,281)
Amortization of intangibles		(596,220)	(785,627)
Additions to provis./(Utilizations of provis.) and Writedowns	29	(517,546)	(13,981,978)
Foreign exchange gains (losses)		(145,890)	(9,534)
Other expenses	30	(32,193,094)	(16,541,739)
Profit (Loss) from operations		**(37,385,914)**	**(24,509,490)**
Financial income (expense), net	31	587,242	2,708,106
Dividends	32	98,175	111,801
Value adjustments	33	3,446,819	3,449,456
Profit (Loss) before taxes		**(33,253,678)**	**(18,240,127)**
Income taxes for the period	34	(517,545)	184,432
Profit (Loss) for the period		**(33,771,223)**	**(18,055,695)**
Minority interest in shareholders' equity		**0**	**0**

	9/30/10	9/30/09
Profit (Loss) for the period	(33,771,223)	(18,055,695)
Number of common shares, net	30,150,694	30,150,694
Basic earnings (loss) per share	(1.12)	(0.60)

(*) As required by Consob Resolution No. 15519 of July 27, 2006, the impact of transactions with related parties on the income statement of the Pininfarina Group is shown in a separate schedule later in this Report.

Consolidated Statement of Comprehensive Income

(in thousands of euros)

	9/30/10	9/30/09
Group Interest in net profit (loss) (A)	**(33,771)**	**(18,056)**
Gains (Losses) from translation of finanzial statements of foreign companies	4,749	2,225
Total other gains (losses), net of tax effect (B)	4,749	2,225
Total comprehensive net profit (loss) (A)+(B)	**(29,022)**	**(15,801)**
Minority interest in total comprehensive net profit (loss)	**0**	**0**
Total comprehensive net profit (loss)	**(29,022)**	**(15,801)**
Shareholders of the controlling company	(29,022)	(15,801)
Minority interest	0	0

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

	Note ref.	9/30/10	Amt.with related parties	9/30/09	Amt.with related parties
Sales and service revenues	25	162,174,573	793,358	161,830,462	8,229,263
Increase in Company-produced non-current assets		0		405,994	
Change in inventories of finished goods and work in progress		5,492,639	0	8,739,604	0
Change in contract work in progress		895,278		10,379,115	
Change in inventories of work in progress, semifinished and finished goods		4,597,361		(1,639,511)	
Other income and revenues	26	1,023,779		5,729,634	
Total value of production		**168,690,991**	**793,358**	**176,705,694**	**8,229,263**
Gain on the sales of non-current assets	27	1,331		66,618	
Amount earned on the sale of equity investments		*0*		*63,898*	
Raw materials and consumables used		(115,533,067)	0	(97,756,141)	0
Raw materials and components		(115,739,788)		(93,592,566)	
Change in inventories of raw materials, subsidiary materials and consumables		958,181		(3,415,947)	
Provision for inventory risk		(751,460)		(747,628)	
Other variable production costs		(2,625,324)	0	(4,887,316)	0
Consumables		(1,016,468)		(2,036,821)	
External maintenance costs		(1,608,856)		(2,766,250)	
External variable engineering services		(6,104,505)	(58,426)	(10,570,146)	(11,679)
Wages, salaries and employee benefits	28	(37,969,538)	0	(44,557,406)	0
Production staff, office staff and managers		(31,667,046)		(41,272,545)	
Independent contractors		(4,409,552)		0	
Social security and other post-employment benefits		(1,892,940)		(3,284,861)	
Depreciation, amortization and writedowns		(11,506,818)	0	(26,959,520)	0
Depreciation of property, plant and equipment		(10,251,899)		(12,179,634)	
Loss on disposals of property, plant and equipment	27	(141,153)		(12,281)	
Amortization of intangibles		(596,220)		(785,627)	
Additions to provis./(Utilizations of provis.) and Writedowns	29	(517,546)		(13,981,978)	
Foreign exchange gains (losses)		(145,890)		(9,534)	
Other expenses	30	(32,193,094)		(16,541,739)	
Profit (Loss) from operations		**(37,385,914)**	**734,932**	**(24,509,490)**	**8,217,584**
Financial income (expense), net	31	587,242	682,589	2,708,106	1,650,656
Dividends	32	98,175		111,801	
Value adjustments	33	3,446,819		3,449,456	
Profit (Loss) before taxes		**(33,253,678)**	**1,417,521**	**(18,240,127)**	**9,868,240**
Income taxes for the period	34	(517,545)		184,432	
Profit (Loss) for the period		**(33,771,223)**	**1,417,521**	**(18,055,695)**	**9,868,240**
Minority interest in shareholders' equity		**0**	**0**	**0**	**0**

Statement of Changes in Consolidated Shareholders' Equity

	12/31/08	Total Profit (Loss) for the year	Translation restatements	Capital increase	Capital increase expenses	9/30/09
Common shares	9,301,042			20,849,652		30,150,694
Additional paid-in capital	26,843,769		(26,843,769)	48,996,682		47,618,388
Reserve for treasury stock	175,697					175,697
Statutory reserve	2,231,389					2,231,389
Reserve for currency translat.	(4,964,782)	2,254,856				(2,709,926)
Other reserves	187,873,265		(179,999,600)	0		7,873,665
Retained earnings	(7,328,866)		2,717,929			(4,610,937)
Profit (Loss) for the period	(204,125,840)	(18,055,695)	204,125,840			(18,055,695)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	**10,005,676**	**(15,800,839)**	**400**	**69,846,334**	**0**	**62,673,276**
Minority interest in profit and res.	0					0
TOTAL SHAREHOLDERS' EQUITY	**10,005,676**	**(15,800,839)**	**400**	**69,846,334**	**0**	**62,673,276**

	12/31/08	Total Profit (Loss) for the year	Translation restatements	Capital increase	Capital increase expenses	12/31/09
Common shares	9,301,042			20,849,652		30,150,694
Additional paid-in capital	26,843,769		(26,843,769)	48,996,682	(2,554,501)	46,442,181
Reserve for treasury stock	175,697					175,697
Statutory reserve	2,231,389					2,231,389
Reserve for currency translat.	(4,964,781)	2,189,083				(2,775,698)
Other reserves	187,873,265		(179,999,600)			7,873,665
Retained earnings	(7,328,866)		2,717,929			(4,610,937)
Profit (Loss) for the year	(204,125,840)	(30,746,706)	204,125,840	0		(30,746,706)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	**10,005,676**	**(28,557,623)**	**400**	**69,846,334**	**(2,554,501)**	**48,740,285**
Minority interest in profit and res.	0					0
TOTAL SHAREHOLDERS' EQUITY	**10,005,676**	**(28,557,623)**	**400**	**69,846,334**	**(2,554,501)**	**48,740,285**

	12/31/09	Total Profit (Loss) for the year	Translation restatements	Capital increase	Capital increase expenses	9/30/10
Common shares	30,150,694					30,150,694
Additional paid-in capital	46,442,181		(30,364,730)			16,077,451
Reserve for treasury stock	175,697					175,697
Statutory reserve	2,231,389					2,231,389
Reserve for currency translat.	(2,775,698)	4,749,469				1,973,770
Other reserves	7,873,665		385			7,874,050
Retained earnings	(4,610,937)		(381,976)			(4,992,913)
Profit (Loss) for the period	(30,746,706)	(33,771,223)	30,746,706			(33,771,223)
GROUP INTEREST IN SHAREHOLDERS' EQUITY	**48,740,285**	**(29,021,755)**	**385**	**0**	**0**	**19,718,915**
Minority interest in profit and res.	0					0
TOTAL SHAREHOLDERS' EQUITY	**48,740,285**	**(29,021,755)**	**385**	**0**	**0**	**19,718,915**

Consolidated Statement of Cash Flows (*)

	Data at	
	9/30/10	9/30/09
Profit (loss) for the period	**(33,771,223)**	**(18,055,695)**
Restatements	*7,379,722*	*17,758,278*
- Income taxes	517,545	(184,432)
- Depreciation of property, plant and equipment	10,251,899	12,179,634
- Amortization of intangibles	596,220	785,627
- Writedowns and additions to provisions	1,487,546	13,981,978
- Provision for pensions and seniority indemnities	(1,325,221)	(1,284,921)
- (Gains) Losses on sale of non-current assets	(1,072)	(54,337)
- (Gains) Losses available for sale financial assets	0	0
- (Financial income)	(3,316,898)	(8,157,255)
- Financial expense	2,729,657	5,449,149
- (Dividends)	(98,175)	(111,801)
- Value adjustment to shareholders' equity	(3,446,819)	(3,449,456)
- Other restatements	(14,959)	(1,395,908)
Changes in working capital	*18,599,972*	*(17,134,686)*
- Inventories	(4,828,636)	5,803,086
- Contract work in progress	(503,744)	2,422,188
- Trade accounts receivable and other receivables	25,481,440	17,975,833
- Accounts receivable from joint ventures	1,001,935	960,272
- Trade accounts payable	2,415,476	(24,209,204)
- Accounts payable to joint ventures	51,637	10,892
- Other changes	(5,027,136)	(20,097,753)
Cash flow from operating activities	**(7,791,529)**	**(17,432,103)**
(Financial expense)	(2,729,657)	(5,449,149)
(Income taxes)	(517,545)	184,432
Net cash flow used in operating activities	**(11,038,731)**	**(22,696,820)**
- Purchases of property, plant and equipment	(425,557)	(674,079)
- Proceeds from sale of property, plant and equipment	7,233	66,618
- Non-current loans receivable from borrowers outside the Group	58,557,342	34,859,323
- Non-current loans receivable from joint ventures	8,751,773	8,612,770
- Financial income	3,316,898	8,157,255
- Dividends	98,175	111,801
- Other equity investments	(4,734,522)	(2,142,849)
Net cash used in investing activities	**65,571,343**	**48,990,839**
- Proceeds from the issuance of shares	0	8,771,794
- Borrowings from lenders outside the Group	(53,958,237)	(38,017,659)
Net cash used in financial activities	**(53,958,237)**	**(29,245,865)**
- Other non-cash items	4,749,854	2,255,255
Increase (Decrease) in cash and cash equivalents	**5,324,229**	**(696,591)**
- Cash and cash equivalents at beginning of the period	45,481,185	37,510,932
Cash and cash equivalents at end of the period	**50,805,414**	**38,695,341**
Cash and cash equivalents	76,805,414	68,392,631
Bank account overdrafts	(26,000,000)	(29,697,290)
Net cash and cash equivalents at end of the period	***50,805,414***	***38,695,341***

(*) Pursuant to Paragraph 7 of IAS 7 – Statement of Cash Flows, transactions that did not produce a change in a cash position are not reflected in the statement provided above. As required by Consob Resolution No. 15519 of July 27, 2006, the impact of transactions with related parties on the Pininfarina Group, which reflects exclusively transactions with the Pininfarina Sverige AB and Véhicules Electriques Pininfarina-Bolloré SAS joint ventures, is reviewed in Notes 10 and 12 to the financial statements of the Pininfarina Group.

Consolidated Income Statement for the Third Quarter

	Third Quarter of 2010	**Third Quarter of 2009**
Sales and service revenues	41,589,003	40,308,288
Increase in Company-produced non-current assets	0	(85,150)
Change in inventories of finished goods and work in progress	(187,854)	(3,509,366)
Change in contract work in progress	(1,683,070)	(3,007,024)
Change in inventories of work in progress, semifinished and finished goods	1,495,216	(502,342)
Other income and revenues	321,011	989,981
Total value of production	**41,722,160**	**37,703,753**
Gain on the sales of non-current assets	100	64,743
Amount earned on the sale of equity investments	*0*	*63,898*
Raw materials and consumables used	(27,010,775)	(18,743,701)
Raw materials and components	(22,005,740)	(16,301,842)
Change in inventories of raw materials, subsidiary materials and consumables	(5,005,035)	(2,119,835)
Provision for inventory risk	0	(322,024)
Other variable production costs	(690,721)	(934,666)
Consumables	(369,871)	(353,285)
Utilities	0	(17,432)
External maintenance costs	(320,850)	(563,949)
External variable engineering services	(2,139,994)	(624,501)
Wages, salaries and employee benefits	(10,033,208)	(11,249,726)
Production staff, office staff and managers	(8,526,201)	(10,056,419)
Independent contractors	(914,374)	0
Social security and other post-employment benefits	(592,633)	(1,193,307)
Depreciation, amortization and writedowns	(3,125,094)	(17,414,085)
Depreciation of property, plant and equipment	(2,331,555)	(3,155,629)
Loss on disposals of property, plant and equipment	(110,710)	0
Amortization of intangibles	(200,197)	(265,187)
Additions to provis./(Utilizations of provis.) and Writedowns	(482,632)	(13,993,269)
Foreign exchange gains (losses)	(72,909)	(63,619)
Other expenses	(3,402,280)	(4,322,466)
Profit (Loss) from operations	**(4,752,721)**	**(15,584,268)**
Financial income (expense), net	(222,657)	1,000,435
Dividends	0	21,125
Value adjustments	477,459	2,111,094
Profit (Loss) before taxes	**(4,052,605)**	**(12,451,614)**
Income taxes for the period	(172,710)	(27,920)
Profit (Loss) for the period	**(4,225,315)**	**(12,479,534)**
Minority interest in shareholders' equity	**0**	**0**

Consolidated Statement of Comprehensive Income for the Third Quarter
(in thousands of euros)

	Third Quarter of 2010	Third Quarter of 2009
Group Interest in net profit (loss) (A)	**(4,225)**	**(12,480)**
Gains (Losses) from translation of finanzial statements of foreign companies	1,758	2,051
Total other gains (losses), net of tax effect (B)	1,758	2,051
Total comprehensive net profit (loss) (A)+(B)	**(2,467)**	**(10,429)**
Minority interest in total comprehensive net profit (loss)	**0**	**0**
Total comprehensive net profit (loss)	**(2,467)**	**(10,429)**
Shareholders of the controlling company	(2,467)	(10,429)
Minority interest	0	0

Notes to the Financial Statements

1. General Information

The Pininfarina Group is centered around a core of automotive operations and based on the establishment of comprehensive collaborative relationships with carmakers. Operating as a global partner, its highly flexible approach enables it to work with customers through the entire product development process—design, planning, development, industrialization and manufacturing—or provide support during any of these phases.

The Group operates production facilities and service centers in Italy, Germany, Sweden and Morocco. Its customers are located mainly in Italy, Germany and China.

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

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

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

Change in the Scope of Consolidation and the Group's Structure

The scope of consolidation did not change during the first nine months of 2010.

2. Accounting Principles

2.1. Presentation Criteria

Principles for the Preparation of the Interim Report on Operations

The Interim Report on Operations at September 30, 2010 of the Pininfarina Group was prepared in accordance with the International Financial Reporting Standards ("IFRS") published by the International Accounting Standards Board ("IASB"), as adopted by the European Union, which are based on the going concern principle.

Information about this issue is provided in the section of the financial report at June 30, 2010 and in the section of this Interim Report on Operations entitled "Assessment of the Company's Viability as a Going Concern."

The accounting principles applied to the preparation of this Interim Report at September 30, 2010, which are consistent with the requirements of IAS 34 – *Interim Financial Reporting,* are the same as those used for the consolidated annual financial statements at December 31, 2009.

For the sake of full disclosure, it must be pointed out that new accounting principles, amendments and interpretations applicable as of 2010 had no impact on the data for the reporting period.

In preparing this Interim Report, management, based on information available as of the date of this Report, was required to make estimates and assumptions that have an impact on the reported amounts of revenues, expenses, assets and liabilities. Should actual circumstances prove to be different from those considered when making estimates and assumptions, the accounting impact of the resulting revisions will be recognized in the reporting period when the changed circumstances occur.

Moreover, as a rule, non-current assets are fully tested for impairment only in connection with the preparation of the annual financial statements, unless there are strong impairment indicators.

Actuarial valuations of employee benefit obligations are also performed only in connection with the preparation of the semiannual and annual financial reports.

The Interim Report on Operations at September 30, 2010 was not audited.

The following amendments, revisions and interpretations, which are effective as of January 1, 2010, concern situations and types of transactions that did not exist within the Group as of the date of this Interim Report on Operations at September 30, 2010, but could affect how future transactions or agreements are accounted for in the future:

- IFRS 1 *revised,* pursuant to which parties that are adopting the IFRSs for the first time must prepare a "First-time Adoption" document;
- Amendment to IFRS 2 concerning the Accounting of share-based payments settled in cash within a group and withdrawal of IFRIC 8 and IFRIC 11;
- IFRS 3 *revised,* which introduces changes on how goodwill generated by a step acquisition of business operations should be valued. Specifically, goodwill must be recognized on the date when control is acquired, with any gain or loss resulting from the measurement at fair value of assets, liabilities and identified contingent liabilities recognized in profit or loss;
- IAS 27 *revised,* pursuant to which minority interest in comprehensive profit or loss must be recognized also in the event of a loss and any residual interest held in a former subsidiary on the date when control is lost must be measured at fair value;
- IFRIC 15 – *Agreements for the Construction of Real Estate;*
- IFRIC 16 – *Hedges of a Net Investment in a Foreign Operation:* This interpretation applies to those cases in which a company wants to hedge the foreign exchange risk entailed by its investment in a foreign operation and treat the transaction as a hedging transaction in accordance with IAS 39;
- IFRIC 17 – *Distribution of Non-cash Assets to Owners:* This interpretation specifies when the dividend should be recognized, how it should be valued and, upon the dividend's distribution, how any differences between the carrying value of the distributed assets and the accounting amount of the dividend payable should be accounted for;
- IFRIC 18 – *Transfer of Assets from Customers:* This interpretation deals with how assets or cash received from customers for connecting them to a distribution network should be accounted for. IFRIC 18 must be applied exclusively by entities that are not required to adopt IFRIC 12;
- Amendments to IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations;*
- Amendment to IAS 39 – *Financial Instruments: Recognition and Measurement;*
- Marginal amendments and other accounting principles and interpretations.

The Company did not opt for early adoption of any accounting principle, amendment or interpretation.

2.2. Financial Statement Schedules

The financial statement schedules used in this Consolidated Interim Report are consistent with those used for the annual consolidated financial statements :

- a consolidated statement of financial position, in which current and non-currents assets and liabilities are classified separately;
- a consolidated income statement and a consolidated statement of comprehensive income, shown as two separate schedules in which operating costs are classified by type;
- a consolidated statement of cash flows, in which the cash flow from operating activities is presented in accordance with the "indirect method," as allowed by IAS 7;
- a statement of changes in consolidated shareholders' equity.

Moreover, as required by Consob Resolution No. DEM/6064293 of July 28, 2006, income and expense that originate from nonrecurring transactions or from events that do not occur frequently in the normal course of business are specifically identified in the income statement with costs classified by type. The impact of the abovementioned transactions or events is shown in a separate schedule in the "Other Information" section of this Report.

Also pursuant to the abovementioned Consob Resolution, in the balance sheet and cash flow statement the amounts attributable to positions or transactions with related parties are listed separately from the other amounts in the corresponding accounts.

2.3 Consolidation

(a) Subsidiaries

These are companies over which the Group exercises control, as defined in IAS 27 – Consolidated Financial Statements and Separate Financial Statements. Control is presumed to exist when the Group controls more than half of the voting rights, either directly or as a result of shareholders' agreements or contingent 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 set forth in IFRS 3– Business Combinations, requires that the acquiree's identifiable assets and liabilities be recognized at their fair value as of the date when control is acquired.

Incidental acquisition costs are charged to income when incurred.

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 an intangible asset, if positive, or charged directly to income, if negative.

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

(b) Associated Companies and Joint Ventures

Associated companies are companies over which the Group exercises a significant influence, but not control. The Group is deemed to exercise significant influence, as defined in IAS 28 – Investments in Associates, when it controls between 20% and 50% of the voting rights at a Shareholders' Meeting.

Joint ventures are companies over which the Group exercises joint control, as defined in IAS 31 – Interests in Joint Ventures.

Investments in associated companies and joint ventures are recognized initially at cost and are then valued by the equity method.

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

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

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

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

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

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

(c) Other Companies

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

Investments in small companies are carried at their current value or fair value, if it can be determined. Dividends received from these companies are recognized under Dividends in the income statement.

2.4 Translation of Items Denominated in Foreign Currencies

(a) Functional Currency and Presentation Currency

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

The presentation currency of the Pininfarina Group is the euro.

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

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

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

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

Non monetary items that are carried at fair value are translated into euros at the exchange rate in force on the date when each item’s fair value was determined. No company of the Pininfarina Group operates in a hyperinflation economy.

(c) Group Companies

The assets and liabilities of Group companies that use a functional currency different from the euro are translated into euros at the exchange rate in force at the end of the period. The income statement is translated at the average exchange rate for the period. Translation differences are recognized directly in equity and 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 adjustments to the fair value of assets and liabilities of foreign companies are translated into euros at the year-end exchange rate.

The table below lists the exchange rates used to translate financial statements denominated in currencies other than the presentation currency:

	At September 30, 2010	Average for the first nine months of 2010	At September 30, 2009	Average for the first nine months of 2009
Euro vs.:				
- U.S. dollar	1.36	1.31	1.46	1.37
- Swedish kronor	9.14	9.65	10.23	10.71
- Moroccan dirham	11.23	11.09	11.38	11.21

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 is acquired can be capitalized only if it is likely that they will produce future economic benefits and if the costs can be measured reliably.

The depreciation of buildings and other general-purpose assets is computed on a straight-line basis, so as to distribute each asset's residual carrying value over its estimated useful life.

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

Extraordinary maintenance costs that have been capitalized and added to the carrying value of an existing asset are depreciated over the residual useful life of the asset or over the period of time until the next scheduled maintenance, 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 over their fair value, determined on the date when control is acquired.

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

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

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

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

(b) Software and Other Licenses

The costs actually incurred to secure software licenses and similar licenses, including the expenses required to put them into use, are capitalized and amortized over the estimated useful lives of the licenses (three to five years).

The costs incurred to maintain software are treated as operating expenses and charged to income in the year they are incurred.

The costs incurred to develop software that can be identified and controlled by the Pininfarina Group and which has a high probability of producing economic benefits greater 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 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 customers under contracts that involve the styling, engineering and manufacture of automobiles or just design and engineering work. These contracts with outsiders, which are covered by the provisions of IAS 11 – Construction Contracts, are handled on an inventory basis and, consequently, do not generate capitalized intangible assets.

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

(d) Other Intangibles

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

After initial recognition, intangibles with a finite useful life are carried at cost less amortization 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. Whenever possible, any resulting changes are applied prospectively.

2.7 Recoverable Amount of Assets

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

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

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

The recoverable amount of the assets is determined by grouping them into basic cash generating units (CGUs).

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

CGUs are identified, consistent with the Company's organizational and business structure, as homogeneous groupings of activities that independently generate cash inflows through the ongoing use of the assets attributable to them, in accordance with the guidelines of IAS 36 – Impairment of Assets, based on the two operating segments identified pursuant to IFRS 8 – Operating segments, which are: 1) Styling and Engineering, and 2) Manufacturing.

Within the Manufacturing segment, Pininfarina S.p.A. identifies basic CGUs, to which it allocates the assets used for automobile manufacturing, which consist of property, plant and equipment and financial receivables recognized in accordance with IFRIC 4 – Determining Whether an Arrangement Contains a Lease (see Note 2.19 – Leases, below).

(b) Impairment Test of Financial Receivables Recognized in Accordance with IFRIC 4

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

Paragraph 59 of IAS 39 states that an asset or a group of assets is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the loss events have an impact on the estimated future cash flows derived from the asset.

(c) Impairment Test of Property, Plant and Equipment

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

2.8 Financial Assets

The Group classifies its investments into four categories: a) financial assets carried at fair value through profit and loss; b) loans and other financial receivables; c) held-to-maturity investments; and d) available-for-sale financial investments.

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

(a) Financial Assets Carried at Fair Value Through Profit and Loss

This category is divided into two classes: 1) financial assets held for trading and 2) assets designated as part of this category from inception. An asset is included in this category if it is acquired mainly to be resold over the short term or if it is placed in this category by the Company's management.

(b) Loans and Other Financial Receivables

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

(c) Held-to-maturity Investments

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

(d) Available-for-sale Financial Investments

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

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

All financial assets, except for financial assets carried at fair value with changes in value recognized in profit or loss, are initially recognized at their fair value, plus transaction costs.

Financial assets are removed from the financial statements when they cease to deliver cash flows, when 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 (with changes in value recognized in profit or loss) 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 (with changes in value recognized in profit or loss) are reflected in the income statement in the year when they are generated.

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

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

At the end of each fiscal year, the Group tests its financial assets for objective indications of the existence of impairment losses. Specifically:

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

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

2.9 Inventory

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

As required by IAS 2 – Inventories, cost is determined by the FIFO ("first-in, first-out") method. The cost of finished goods and semifinished goods includes design, raw materials and direct labor costs, as well as other direct costs and other indirect costs that can be allocated to the manufacturing operations based on a normal level of production capacity. This costing formula does not include borrowing costs.

2.10 Trade Receivables and Other Receivables

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

2.11 Cash and Cash Equivalents

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

2.12 Non-current Assets Held for Sale

Non-current assets held for sale and discontinued operations refer to businesses or assets (or groups of assets) that have been sold or are in the process of being sold, the carrying value of which was or will be recovered mainly through a sale rather than through their ongoing use. These assets are valued at the lower of their net carrying value or their fair value, less costs to sell. In accordance with Paragraphs 38-40 of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the amounts applicable to non-current assets or a disposal group classified as held for sale must be shown separately on the balance sheet.

2.13 Share Capital

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

Incidental expenses incurred to issue share capital or options are recognized under shareholders' equity.

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

The share capital of Pininfarina S.p.A. consists of 30,166,652 common shares, par value 1 euros each. There are no other classes of shares.

2.14 Liabilities for Borrowings and Leases

Initially, liabilities for borrowings and leases are recognized at fair value, net of any incidental charges. Subsequently, as required by IAS 39 – Financial Instruments: Recognition and Measurement, they are valued by the amortized cost method. Any difference between the collection amount, net of any incidental charges, and the redemption amount is recognized in earnings on an accrual basis, in accordance with the effective interest rate method.

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

2.15 Deferred Taxes

As required by IAS 12 – Income Taxes, deferred taxes are computed on all temporary differences between the carrying amount of assets and liabilities and the amount attributed to those assets and liabilities for tax purposes. Temporary differences are not computed on:

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

Deferred-tax liabilities are computed using the tax rates in force in the business environments in which the companies of the Group operate and in accordance with the tax laws that have been enacted, or which can be deemed to have been virtually enacted, as of the balance sheet date and which are expected to apply when the temporary differences that required the recognition of a deferred-tax liability are reversed.

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

Deferred-tax assets are reviewed at each balance sheet date and are adjusted to reflect changes in the expectation that the Company will earn sufficient taxable income in the future to utilize all or part of the deferred-tax assets.

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

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

2.16 Employee Benefits

(a) Pension Plans

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

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

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

Defined-benefit plans are pension plans in which the amount of the pension benefit that an employee will receive at the end of the employment relationship is defined based on such factors as age, years of services and salary earned.
Defined-contribution plans are plans under which the Group pays a fixed contribution and has no further statutory or implied obligations to pay additional sums, should the plan's assets prove to be inadequate to pay benefits for current or past service.

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

The portion of the cumulative amount of the actuarial gains and losses generated by changes in estimates that exceeds by more than 10% the defined-benefit plan's liability is recognized in the income statement on an accrual basis over the average expected remaining working life of the employees who are enrolled in the plan.
If the liability decreases, the Company recognizes the resulting gains or losses when the decrease occurs.

(b) Incentives, Bonuses and Profit Sharing Plans

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

(c) Employee Benefits Paid in Shares of Stock

The Group does not provide employee benefits paid in shares of stock (stock option plans).

2.17 Provisions for Risks and Charges

Additions to the provisions for risks and charges are made in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets when:

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

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

Provisions established in previous years are reviewed on each reporting date and adjusted to reflect best current estimates. More detailed information about the provisions for risks is provided in Note 24.

2.18 Revenue Recognition

As required by IAS 18 – Revenues, revenues reflect the fair value of the goods and services sold, net of VAT, returns, discounts and intra-Group transactions. Revenues are recognized as follows:

(a) Sale of Goods

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

(b) Provision of Services
Service revenues are recognized based on the progress made in delivering the services in question during the year in which they are being provided.

(c) Interest
Interest income is recognized on an accrual basis at amortized cost computed by the effective interest rate method. The effective interest rate is the rate used to accurately discount the cash flows that a financial instrument is expected to generate over its life.

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

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

2.19 Leases

(a) When the Pininfarina Group Is the Lessee

Pursuant to IAS 17 – Leases, leases covering property, plant and equipment are deemed to be finance leases when the Pininfarina Group assumes substantially all of the risks and rewards incidental to the ownership of an asset.

An asset acquired under a finance lease is recognized as a component of Property, plant and equipment and depreciated over the life of the asset or the term of the lease, whichever is shorter. Leased assets are capitalized at the start of the lease at the fair value of the leased asset or at the present value of the lease payments, whichever is lower. Lease payments are broken down into principal repayment and interest, which is determined by applying a constant interest rate to the outstanding balance.

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

The interest paid is charged to income over the term of the lease.

Leases in which the lessor (third party) retains substantially all of the risks and rewards incidental to ownership are recognized as operating leases. Payments, net of any incentives received from the lessor, are recognized in the income statement on an accrual basis over the term of the lease.

(b) When the Pininfarina Group Is the Lessor

The Pininfarina Group applies IFRIC 4 – Determining Whether an Arrangement Contains a Lease to investments in plant and machinery acquired for special purposes under some contracts for the design, engineering and production of automobiles.

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

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

In other words, IFRIC 4 – Determining Whether an Arrangement Contains a Lease can be used to identify a lease, separate it from the 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 their 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.

2.20 Dividend Distributions

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

2.21 Financial Expense

The Pininfarina Group applies IAS 23R – Borrowing Costs, pursuant to which borrowing costs directly attributable to the purchase, construction or production of an assets for which a substantial period of time will be required before it can be ready for use or for sale must be capitalized.

2.22 Construction Contracts

The Group accounts for styling and engineering contracts in accordance with IAS 11 – Construction Contracts.

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

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

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 (i.e., total contract costs exceed contract revenues), the entire loss should be recognized in the year in which the Company's management becomes aware of the loss.

The Pininfarina Group allocates contract costs and revenues to each fiscal year by the percentage of completion method, as required by Paragraph 25 of IAS 11 – Construction Contracts. The percentage of completion is the ratio of total costs incurred through the reporting date and the overall estimated costs needed to complete the contract. Costs incurred in a given fiscal year in connection with activities that have not yet been performed are excluded from the percentage of completion computation. Instead, they are recognized as inventory, advances or other assets, depending on their nature.

Progress billings on account are included in Contract work in progress up to the amount of the costs incurred. If the amount of the advances is larger than that of the costs incurred, the difference is recognized ad a liability under Advances received for contract work in progress.

2.23 Government Grants

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

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

In accordance with the provisions of Paragraph 17 of IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance, government grants for 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 Events Occurring After September 30, 2010

For additional information, please consult the relevant section of the Board of Directors' Report.

3. Financial Risk Factors

The Group's financial instruments include the following:

- Cash and cash equivalents;
- Current assets held for trading, which consist mainly of government securities and other traded financial assets with a low risk profile;
- Loans and other receivables owed by outsiders and Group companies;
- Medium- and long-term loans payable;
- Liabilities under leases;
- Trade receivables and payables.

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

Financial risks, as identified in IFRS 7, 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 cash flows from a financial instrument could fluctuate due to changes in market interest rates (interest risk on cash flows).

Currency Risk: The Group borrows in its functional currency, which is the euro. Because it operates in an international environment, it has a limited exposure to fluctuations in the exchange rates of the following currencies versus the euro: Swedish kroner (SEK), U.S. dollar (USD) and Moroccan dirham (MAD).

The loan that Pininfarina S.p.A. provided to the Pininfarina Sverige AB joint venture is in euros and, consequently, entails no currency risk exposure. The currency risk arises only in connection with purchases of certain car components in U.S. dollars. However, due to the low transaction volume and because fluctuation ceilings are provided for in the underlying contracts with the customer, the risk is limited.

Risk of Changes in Fair Value: The Group carries on its financial statements some "Current assets held for trading," which it measures at fair value. At September 30, 2010, the fair value of these assets, which consisted mainly of government securities and other highly rated listed securities, amounted to 50.5 million euros.

Price Risk: The Group's exposure to price risk is minimal because, by contract, the price at which it sells cars must be sufficient to cover any increases in the cost of purchased components.

Credit Risk: The Group does business with a limited number of customers, who are deemed to be reliable counterparts. Financial transactions are executed exclusively with financial institutions the reliability of which is beyond question.

The IFRIC 4 receivable owed by Fiat, which totaled 23.3 million euros at September 30, 2010, including both short and long-term amounts, is not exposed to a significant credit risk, in light of the new agreements executed with this customer in the first quarter of 2010, pursuant to which the full amount will be paid by the first quarter of 2012.

Liquidity Risk: As a result of the Framework Agreement executed on December 31, 2008 by Pininfarina S.p.A. with all of the Lender Institutions, with the exception of Fortis Bank, which was implemented in two phases, the Group was recapitalized by the amount of 250 million euros. In addition, the Group and the abovementioned Lender Institutions signed a Rescheduling Agreement, annexed to the Framework Agreement, the main features of which are:

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

The combination of the financial benefits produced by the Rescheduling Agreement, the cash and cash equivalents, government securities and other financial assets held by the Company, and the availability of the conventional safety-net programs for another five-year period, under the applicable regulation, significantly reduces the exposure to the liquidity risk, at least for a 12-month period.

The sale of business operations by Pininfarina S.p.A. to De Tomaso Automobili S.p.A. on December 31, 2009 resulted in a significant reduction of the Group's staff, with a resulting strong positive impact on cash flows related to personnel costs.

A quantitative analysis of the liquidity risk exposure is provided below:

- The Rescheduling Agreement calls for the following mandatory repayments in 2010: 33.8 million euros, already paid on March 2, 2010 with resources drawn from liquid assets, 4.3 million euros paid on April 30, 2010 and 0.6 million euros paid on October 13, 2010. In addition, the amount of 2.5 million euros had been repaid under the agreement signed with Fortis at June 30, 2010.
- The maximum amount of the operating credit lines, which were renewed for 2010, is 49.8 million euros.
- On September 15, 2010, in addition to the mandatory debt repayments scheduled for 2010, the Company paid 14.7 million euros, corresponding to the amount collected as a result of the Mitsubishi arbitration award, less incidental expenses, as required by the Rescheduling Agreement.

In view of the considerations provided above and given the amount of the Group's net liquid assets (46 million euros) and current assets held for trading (about 50.5 million euros), the liquidity risk appears to be limited for the next 12 months.

However, the liquidity risk will be affected by the Group's ability to achieve the objectives of the Industrial and Financial Plan, which are described in detail in the Report on Operations.

Risk of Default and Debt Covenants: This risk refers to the possibility that loan agreements executed by the Group may contain provisions pursuant to which, upon the occurrence of certain events, the counterparties may demand the immediate repayment of the loaned amounts, thereby creating a liquidity risk. At December 31, 2009, the Group was in compliance with the debt covenants. Additional information is provided in the section of the Report on Operations entitled "Assessment of the Company's Viability as a Going Concern and Business Outlook."

Interest Risk: The Group receives financing from credit institutions at regular market rates. The Rescheduling Agreement signed with the Lender Institutions on December 31, 2008 did not change the interest rates charged. However, it postponed to January 1, 2012 the start of the accrual and payment of interest. The Group is exposed to fluctuations in the following interest rates:

- Medium- and long-term loans: six-month Euribor plus a spread of 1.1%;
- Finance leases with Release S.p.A.: three-month Euribor plus a spread of 0.9%;
- Finance leases with Unicredit Leasing, BNP Paribas Lease Group and UBI Leasing: three-month Euribor plus a spread of 1.3%;
- Finance leases with Leasint, MPS Leasing & Factoring and Selmabipiemme Leasing: fixed rate of 5.7%;
- Building leases with Unicredit Leasing: three-month Euribor plus a spread of 0.83%.

Interest on short-term credit lines (operating lines) is computed at the six-month Euribor plus a spread of 1%, with regular accrual and payment due at the end of each utilization period.

The table below, which completes the disclosures required by IFRS 7, lists the types of financial instruments included in the consolidated financial statements, showing the valuation criteria applied and, for financial instruments measured at fair value, where they are shown (income statement or shareholders' equity).

Types of financial instruments	Criteria applied to measure financial instruments in financial statements							
	Financial instruments measured at fair value with fv difference recognized in:		Financial instruments valued at amortized cost	Investments in unlisted companies valued at cost	Carrying amount at 9/30/10	Fair value at 9/30/10	Carrying amount at 12/31/09	Fair value at 12/31/09
	Income statement	Shareholder's equity						
Assets								
Investments in other companies	0	0	0	428,913	428,913	428,913	439,712	439,712
Non-current financial assets (1)	0	0	29,654,017	0	29,654,017	29,654,017	97,621,842	97,621,842
Current assets held for trading	51,208,787	0	0	0	51,208,787	51,208,787	50,902,010	50,902,010
Current financial assets (2)	0	0	29,996,456	0	29,996,456	29,996,456	35,592,085	35,592,085
Trade receivables	0	0	22,966,272	0	22,966,272	22,966,272	42,696,078	42,696,078
Other receivables	0	0	10,172,127	0	10,172,127	10,172,127	16,934,693	16,934,693
Cash and cash equivalents	0	0	76,805,414	0	76,805,414	76,805,414	75,143,337	75,143,337
Liabilities								
Long-term borrowings	0	0	195,661,844	0	195,661,844	195,661,844	163,073,835	163,073,835
Current borrowing	0	0	49,649,438	0	49,649,438	49,649,438	139,857,834	139,857,834
Trade accounts payable	0	0	65,026,190	0	65,026,190	65,026,190	62,574,036	62,574,036
Other payables and Other liabilities	0	0	4,960,136	0	4,960,136	4,960,136	5,440,730	5,440,730
Other liabilities	0	0	565,831	0	565,831	565,831	1,108,951	1,108,951

(1) Includes 11,292,276 euros representing the long-term portion of IFRIC 4 receivables.
(2) Includes 12,092,278 euros representing the long-term portion of IFRIC 4 receivables.

4. Accounting for Financial Derivatives

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

Derivatives are recognized at fair value in the financial statements when the contracts are signed. Valuations made subsequent to the purchase of the financial instruments are made at fair value, but the accounting treatment of gains and losses differs pending on whether or not a financial instrument is classified as a hedge.

There are three types of hedges:

- Fair value hedges;
- Cash flow hedges;
- Transactions hedging a net investment in foreign operations.

Before entering into a hedging contract, the Group documents the relationship between the hedge and the instrument that is being hedged, as well as the Group's risk management strategies and objectives. The Group also assesses whether the derivative meets and will continue to meet over its life the effectiveness requirements needed to qualify for hedge accounting. Changes in the fair value of hedging instruments are recognized in the fair value reserve in the consolidated statement of comprehensive income.

(a) Fair Value Hedges

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

(b) Cash Flow Hedges

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

The amounts accumulated in the statement of comprehensive income 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 hedging 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 the corresponding account of the statement of comprehensive income 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 the statement of comprehensive income are transferred to the income statement.

(c) Transactions Hedging a Net Investment in Foreign Operations

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

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

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

5. Operating Segments

The tables that follow provide the required segment information for the first nine months of 2010 and show a comparison with the same period last year (amounts in thousands of euros):

	Production	**Styling & Engineering**	**Total for the Group**
Value of production	142,605	35,886	178,491
Intra-segment value of production	(6,901)	(2,899)	(9,800)
Value of production	**135,704**	**32,987**	**168,691**
EBIT	(34,382)	(3,003)	(37,385)
Financial income (expense)			685
Interest in results of associates	3,791	(344)	**3,447**
Profit (Loss) before taxes			(33,253)
Income taxes			(518)
Profit (Loss) for the period			**(33,771)**

The results by segment at September 30, 2009 are provided below (amounts in thousands of euros):

	Production	**Styling & Engineering**	**Total for the Group**
Value of production	134,287	53,743	188,030
Intra-segment value of production	(8,624)	(2,700)	(11,324)
Value of production	**125,663**	**51,043**	**176,706**
EBIT	(17,331)	(7,178)	(24,509)
Financial income (expense)			2,820
Interest in results of associates	5,125	(1,676)	**3,449**
Profit (Loss) before taxes			(18,240)
Income taxes			184
Profit (Loss) for the period			**(18,056)**

6. Scope of Consolidation at September 30, 2010

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	30,166,652	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.	Florida-Fort Lauderdale 1710 West Cypress Creed Road	USA	10,000	USD	100	Pininfarina Extra S.r.l.	100
Pininfarina Deutschland GmbH	Leonberg Riedwiesenstr. 1	DE	3,100,000	EUR	100	Pininfarina S.p.A.	100
mpx Entwicklung GmbH	München Frankfurter Ring 17	DE	25,000	EUR	100	Pininfarina Deutschland GmbH	100
mpx Entwicklung GmbH	Leonberg Riedwiesenstr. 1	DE	26,000	EUR	100	Pininfarina Deutschland GmbH	100
Matra Automobile Engineering SAS	Paris, 68 rue du Faubourg Saint-Honoré	FR	971,200	EUR	100	Pininfarina S.p.A.	100
Pininfarina Maroc SAS	Casablanca - 57, Bd Abdelmoumen, Residence EL HADI "A", BP 20360	MA	8,000,000	MAD	100	Pininfarina S.p.A. Matra Automobile Engineering SAS	99,9 0,1
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	20,040,000	EUR	50	Pininfarina S.p.A.	50
Pininfarina Recchi Buildingdesign S.r.l.	Torino Via Montevecchio 28	IT	100,000	EUR	50	Pininfarina Extra S.r.l.	50
List of Unconsolidated Companies							
Italian subsidiaries							
Nord Est Design S.r.l.	Maniago (PN) Viale Venezia 24	IT	100,000	EUR	0	Pininfarina Extra S.r.l.	10,8

7. Property, Plant and Equipment

Land and buildings

	Land	Buildings	Leased property	Total
Net value at December 31, 2009	**16,984,045**	**36,220,418**	**9,972,691**	**63,177,154**
Additions	0	327	0	327
Retiremens	0	0	0	0
Depreciation	0	(1,162,598)	(268,910)	(1,431,508)
Net value at September 30, 2010	**16,984,045**	**35,058,148**	**9,703,781**	**61,745,974**

The amount in the "Lease property" column refers to the Cambiano real estate complex, which is held under a finance lease and accounted for in accordance with IAS 17 – Leases.

The buildings and land that Pininfarina S.p.A. owns in Cambiano, San Giorgio and Bairo Canavese are encumbered by a mortgage provided to Banca Nazionale del Lavoro – BNP Paribas Group (formerly Fortis Bank) to secure the remaining debt of 29.7 million euros at September 30, 2010. Those owned by Pininfarina Deutschland in Germany are encumbered by a mortgage that secures a loan amounting to 750,000 euros.

Plant and machinery

	Machinery	Plant	Leased plant machinery	Total
Net value at December 31, 2009	**5,833,477**	**11,948,166**	**1,008,334**	**18,789,977**
Additions	0	712,111	0	712,111
Retiremens	0	0	0	0
Depreciation	(5,286,227)	(2,006,705)	(1,008,334)	(8,301,266)
Net value at September 30, 2010	**547,250**	**10,653,572**	**0**	**11,200,822**

The increase shown for the first nine months of 2010 reflects investments in equipment for the Wind Tunnel by the Group's Parent Company (about 0.6 million euros) and investments in fast prototyping equipment purchased by Pininfarina Extra.

Furniture, fixtures and other property, plant and equipment

	Furniture and fixtures	Hardware & software	Other prop., plant and equipment	Total
Net value at December 31, 2009	**399,093**	**925,420**	**756,431**	**2,080,944**
Additions	41,994	145,854	41,654	229,502
Retiremens	(117)	(587)	(147,796)	(148,500)
Depreciation	(133,829)	(281,807)	(103,490)	(519,126)
Net value at September 30, 2010	**307,141**	**788,880**	**546,799**	**1,642,820**

Retirements of "Other property, plant and equipment" refers to disposals of cars owned by the Group's Parent Company that were held for company use.

Assets under construction

	Assets under construction
Net value at December 31, 2009	**528,000**
Additions	0
Impaiment	(528,000)
Net value at September 30, 2010	**0**

The writedown reflects adjustments to the carrying values of cars that could no longer be registered, having been used for technical testing purposes.

8. Intangible Assets

	Goodwill	Licenses and trademarks	Other intangibles	Total
Net value at December 31, 2009	**1,043,495**	**2,393,764**	**294,851**	**3,732,110**
Additions	0	99,741	54,213	153,955
Retiremens	0	0	0	0
Depreciation	0	(532,682)	(63,538)	(596,220)
Net value at September 30, 2010	**1,043,495**	**1,960,824**	**285,526**	**3,289,845**

9. Equity Investments

Investments in joint ventures

	12/31/09	Purchases	Interest in result	Sales	Other changes	9/30/10
Pininfarina Sverige A.B.	36,255,726	0	3,198,556	0	4,745,321	44,791,661
Véhicules Electriques Pininfarina-Bolloré SAS	1,876,615	0	(343,794)	0	0	1,532,821
Pininfarina Recchi Buildingdesign S.r.l.	50,000	0	0	0	0	50,000
Total	**38,182,341**	**0**	**3,446,819**	**0**	**4,745,321**	**46,374,482**

The interest in the net profit of Pininfarina Sverige AB, amounting to 3,790,614 euros, is equal to 60% of the net profit earned by this joint venture in the first nine months of 2010. Other changes includes the changes in translation reserve.

The interest in the loss of Véhicules Electriques Pininfarina-Bolloré SAS, amounting to 343,794 euros, is equal to 50% of the net loss incurred by the joint venture in the first nine months of 2010.

Investments in other companies

	9/30/10	12/31/09	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	171,072	171,072	0
Numero Design Sarl	0	10,799	(10,799)
Total	**428,913**	**439,712**	**(10,799)**

The interest held in Banca Passadore was unchanged compared with the previous period (1.07%). The interests held in Idroenergia and Unionfidi are equal to less than 0.01%.

The writeoff of the investment in Nord Est Design S.r.l. (investment held by Pininfarina Extra S.r.l.) reflects a change in the expected outcome of its liquidation, as foreseeable at this time.

10. Financial Assets

Held-to-maturity non-current financial assets

The amount of 257,247 euros represents the guarantee provided by Matra Automobile Engineering SAS to the buyers of its Ceram SAS subsidiary as protection from any liability that may arise subsequent to the sale. This amount is held in an escrow account at the Rothschild bank until December 31, 2010.

The original amount of 496,000 euros was released in February 2010. The payment of bank fees accounts for the difference.

Loans and other receivables from outsiders

	12/31/09	Reclassif.	Increases	Collections	Writedowns	9/30/10
Non-current loans and other receiv.	70,012,328	(58,720,052)	0	0	0	11,292,276
Current loans and other receivables	17,687,907	58,720,052	0	(58,368,119)	(5,947,562)	12,092,278
Total	**87,700,235**	**0**	**0**	**(58,368,119)**	**(5,947,562)**	**23,384,554**

The receivables listed above are financial assets, valued at their amortized cost, that were recognized due to the adoption of IFRIC 4 – Determining Whether an Arrangement Contains a Lease.

The balance of the non-current amount refers to a receivable owed by the Fiat Group as reimbursement for the costs incurred by Pininfarina S.p.A. for investments made in connection with the Alfa Brera and Spider production orders, which is scheduled for collection in the first quarter of 2012.

On January 18, 2010, the parties executed an agreement for early termination of the production contract, which is now scheduled to end on December 31, 2010. The agreement also sets forth the guaranteed production volumes and the amounts owed as reimbursement for the investments made and financed by Pininfarina S.p.A. to develop car models and set up assembly lines.

The current portion of this receivable includes 12,092,278 euros due for collection in the first quarter of 2011.

The amount collected in the first nine months of 2010 include a receivable of 16,583,857 euros owed by the Fiat Group and a receivable of 41,784,262 euros owed by Mitsubishi Motor Europe BV. This payment reflects the effects of the award handed down and notified to the Company in July 2010 in the arbitration proceedings involving the Company and Mitsubishi Motor Europe BV, pursuant to which Pininfarina became entitled to collect the abovementioned amount, less 22,575,610 euros owed by Pininfarina to Mitsubishi, for net proceeds of 19,208,652 euros.

Based on the abovementioned arbitration award, the carrying amount of the receivable in the Condensed Semiannual Financial Statements was restated to its recoverable value by means of a writedown of 5,947,562 euros, shown on the income statement under "(Additions to provisions)/Utilizations of provisions and (Writedowns)."

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

Loans and other receivables from associated companies and joint ventures

	9/30/10	12/31/09	Change
Non-current loans owed by Pininfarina Sverige AB	18,104,494	26,856,267	(8,751,773)
Current loans owed by Pininfarina Sverige AB	17,904,178	17,904,178	0
Total	**36,008,672**	**44,760,445**	**(8,751,773)**

Loans receivable from joint ventures accrue interest at market rates.

The decrease in receivables owed by Pininfarina Sverige AB reflects amounts repaid in the first nine months of 2010.

Even though Pininfarina S.p.A. owns 60% of Pininfarina Sverige AB, this company is valued by the equity method, as required by Paragraph 38 of IAS 31 – Interests in Joint Ventures and Paragraph 14 of IAS 27 – Consolidated and Separate Financial Statements.

The loan owed by Pininfarina Sverige AB, which was intended to provide this subsidiary with a portion of the financial resources needed to develop the Volvo C70 Convertible and set up the production lines at a plant in Uddevalla, Sweden, will be repaid in full by the end of the first half of 2012.

Current assets held for trading

	Equity securities	Fixed income securities	Mutual funds	Total
Value at December 31, 2009	**1,724,694**	**43,376,635**	**5,800,680**	**50,902,010**
Fair value adjustment recognized in earnings	(210,985)	111,283	39,204	(60,498)
Purchases	0	25,005,377	665,906	25,671,283
Sales	(289,081)	(22,483,231)	(2,531,695)	(25,304,007)
Value at September 30, 2010	**1,224,628**	**46,010,064**	**3,974,095**	**51,208,787**

This category includes financial assets held for trading, which do not present a significant credit risk exposure because they consist mainly of government securities and other highly rated instruments.

Management of the investment portfolio is outsourced to top flight counterparties with a market reputation of high reliability. These assets are measured at fair value, based on their market prices.

The balance at September 30, 2010 included a restricted investment of 2,299,999 euros. Of this amount, 2,000,000 euros secure a surety provided to De Tomaso Automobili S.p.A. to cover compensation payment obligations, as is customary in transactions involving the sale of business operations, with a maximum guaranteed liability equal to the sales price. The surety will be in effect until January 30, 2015.

11. Inventory and Contract Work in Progress

Inventory

	9/30/10	12/31/09	Change
Raw materials	8,131,108	7,444,772	686,336
Work in process	2,075,634	740,894	1,334,740
Finished goods	4,071,729	784,554	3,287,175
Inventory obsolescence	(3,205,615)	(2,726,000)	(479,615)
Total	**11,072,856**	**6,244,220**	**4,828,636**

The table below shows the changes that occurred in the first nine months of 2010 in the allowance for inventory obsolescence:

	12/31/09	Additions	Utilizations	9/30/10
Inventory obsolescence	2,726,000	751,460	(271,845)	3,205,615
Total	**2,726,000**	**751,460**	**(271,845)**	**3,205,615**

The addition for the period, amounting to 751,460 euros, reflects primarily writedowns of manufacturing components no longer used in the production process due to technical obsolescence or changes requested by the contracting customer, and based on the production schedules available on the date of this Report.

Ancillary production materials that are no longer used in the normal course of the Company's activities were also written down.

Utilizations of the allowance for inventory obsolescence reflect production materials that were scrapped during the first nine months of the year.

Contract work in progress

	9/30/10	12/31/09	Change
Contract work in progress	14,554,243	14,050,499	503,744
Allowance	(12,760,668)	(12,760,668)	0
Total	**1,793,575**	**1,289,831**	**503,744**

As required by IAS 11 – Construction Contracts, contract work in progress is shown net of advances received.

12. Trade Receivables and Other Receivables

Trade receivables from outsiders

	9/30/10	12/31/09	Change
Receivables from customers	23,419,417	42,080,183	(18,660,766)
Allowance for doubtful accounts	(2,229,240)	(2,241,135)	(58,105)
Total	**21,120,177**	**39,839,048**	**(18,718,871)**

The net carrying value of trade receivables is deemed to be substantially the same as their fair value.

The allowance for doubtful accounts was computed based on the assessment of the risk presented by some minor receivables.

	12/31/09	Additions	Utilizations	9/30/10
Allowance for doubtful accounts	2,241,135	165,112	(107,007)	2,299,240
Total	**2,241,135**	**165,112**	**(107,007)**	**2,299,240**

Other receivables

	9/30/10	12/31/09	Change
Overpayments to social security institutions	188,089	198,748	(10,659)
Receivable from employees	14,492	5,928	8,564
VAT overpayments	3,480,510	8,480,232	(4,999,721)
Current taxes	2,262,437	2,291,711	(29,273)
Receivable from Equitalia	90,089	1,174,571	(1,084,482)
Advances to suppliers	1,120,795	921,188	199,608
Accrued income and prepaid expense	955,439	1,274,535	(319,096)
Sundry receivables	2,060,275	2,587,783	(527,508)
Total	**10,172,126**	**16,934,693**	**(6,762,567)**

The main changes include the following:

- A reduction in VAT overpayments by the Group's Parent Company.

- The fact that, as a result of the decision handed down on February 17, 2010 by the Regional Tax Commission, which was favorable to the Company, almost the entire amount of the receivable owed by Equitalia for the installments paid by the Company until January 2010 for the tax liability entered into the tax rolls in connection with a dispute with the Revenue Administration was repaid by Equitalia, net of any tax payments owed by the Company in connection with some minor issues.

Receivables owed by related parties and joint ventures

Trade receivables owed by joint ventures reflect invoices issued for services provided by Pininfarina S.p.A. pursuant to its agreements with Volvo in connection with the production of the Volvo C70 Convertible by the Pininfarina Sverige AB joint venture at a factory in Uddevalla, Sweden.

13. Cash and Cash Equivalents

The full amount of a deposit of 612,531 euros previously held in escrow at Banca Intermobiliare was released on October 7, 2010. This escrow account was established as part of the transaction with De Tomaso Automobili S.p.A. in connection with a surety provided by Pininfarina S.p.A. in December 2009 to guarantee full payment of the liabilities owed to suppliers of services and utilities for the Grugliasco plant. Originally amounting to 5,000,594 euros, the balance was reduced in April 2010 and, pursuant to the contract, the account was closed out in October 2010.

14. Share Capital

	No. of shares	Common shares	Treasury shares	Total
Balance at January 1, 2009	9,317,000	9,317,000	15,958	9,301,042
Balance at September 30, 2009	30,166,652	30,166,652	15,958	30,150,694
Balance at January 1, 2010	30,166,652	30,166,652	15,958	30,150,694
Balance at September 30, 2010	30,166,652	30,166,652	15,958	30,150,694

At September 30, 2010, the Company held 15,958 treasury shares, valued at 56,315 euros.

It is worth mentioning that the shares held by Pincar Srl are encumbered by a senior lien for the benefit of the creditor banks.

15. Additional Paid-in Capital

A total of 30,364,730 euros was drawn from this reserve to replenish the 2009 net loss attributable to the Group's Parent Company.

16. Reserve for Treasury Stock

This reserve was unchanged compared with December 31, 2009.

17. Statutory Reserve

This reserve was unchanged compared with December 31, 2009.

18. Reserve for Currency Translations

The change in this reserve, compared with December 31, 2009, reflects the impact of translating into the consolidation currency financial statements denominated in foreign currencies.

19. Other Reserves

The increase of 385 euros refers to 2004 uncollected dividends attributable to the Group's Parent Company.

20. Earnings per Share

Basic profit (loss) per share

The basic profit (loss) per share was computed by dividing the net profit (loss) for the period by the number of common shares outstanding at the end of the period (excluding treasury shares).

	9/30/10	12/31/09	9/30/09
Net profit (loss)	(33,771,223)	(30,746,706)	(18,055,695)
Number of common shares, net	30,150,694	30,150,694	30,150,694
Basic earnings (loss) per share	(1.12)	(1.02)	(0.60)

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

21. Stock Options

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

22. Borrowings

	9/30/10	12/31/09	Change
Non-current	**195,661,844**	**163,073,835**	**32,588,009**
Liabilities under finance leases	115,742,605	91,792,791	23,949,814
Bonds outstanding and other borrowings	79,919,239	71,281,044	8,638,195
Current	**49,649,438**	**139,857,834**	**(90,208,396)**
Due to banks	26,000,000	29,662,152	(3,662,152)
Liabilities under finance leases	12,614,958	71,273,148	(58,658,190)
Bonds outstanding and other borrowings	11,034,480	38,922,534	(27,888,054)
Total	**245,311,282**	**302,931,669**	**(57,620,388)**

The decrease of 34,708,376 euros in current and non-current liabilities under finance leases is the net result of the following transactions:

- Reduction of 22,880,584 euros for the repayment made to the creditor banks on March 2, 2010;
- Reduction of 2,973,681 euros for the repayment made to the creditor banks on April 30, 2010;
- Reduction of 9,987,753 euros for the repayment made to the creditor banks on September 15, 2010;
- Addition of 1,133,642 euros for accrued interest payable.

The decrease of 19,249,859 euros in other indebtedness, which includes medium- and long-term debt, is the net result of the following transactions:

- Reduction of 10,878,192 euros for the repayment made to the creditor banks on March 2, 2010;
- Reduction of 1,413,786 euros for the repayment made to the creditor banks on April 30, 2010;
- Payment of 2,518,455 euros made to Banca Nazionale del Lavoro – BNP Paribas Group (formerly Fortis Bank, the only bank that did not sign the Framework Agreement) on June 30, 2010;
- Reduction of 4,748,510 euros for the repayment made to the creditor banks on September 15, 2010;
- Addition of 309,084 euros for accrued interest payable.

A pro rated breakdown of the financial liabilities eliminated by the Framework Agreement is provided below:

	Remaining indebtedness at 12/31/2009	Repayments at 3/02/2010	Repayments at 4/30/2010	Repayments at 9/15/2010	Figurative charges at 9/30/2010	Remaining indebtedness at 9/30/2010
Banca Intesa Sanpaolo Spa	27,880,522	3,926,223	510,273	1,713,861	110,981	21,841,146
Banca Italease Spa	2,090,878	294,467	38,270	128,540	8,359	1,637,960
Unicredit Corporate Banking Spa	13,428,441	1,891,007	245,765	825,456	53,408	10,519,621
Unicredit Corporate Banking Spa (ex B.Roma)	9,293,507	1,308,741	170,091	571,287	38,528	7,281,916
Banca Nazionale del Lavoro	4,224,406	594,882	77,314	259,676	16,797	3,309,331
Banca Regionale Europea	4,646,370	654,371	85,045	285,643	18,580	3,639,892
Banca Regionale Europea (ex B.Pop.Bergamo)	6,970,269	981,556	127,568	428,465	27,768	5,460,448
Banca Popolare di Novara	8,712,740	1,226,945	159,460	535,582	34,665	6,825,418
Leasint (Leasing Alfa)	36,372,772	5,070,511	658,990	2,213,362	424,068	28,853,977
MPS Leasing (Leasing Alfa)	18,186,387	2,535,256	329,495	1,106,681	212,034	14,426,989
Selmabipiemme (Leasing Alfa)	18,186,387	2,535,256	329,495	1,106,681	212,034	14,426,989
Release Spa (ex B.Italease - Leasing Ford)	48,276,963	6,814,682	885,672	2,974,721	132,277	37,734,165
BNP Paribas Lease Group Spa (Leasing Mitsubishi)	15,451,070	2,177,026	282,938	950,308	37,550	12,098,348
UBI Leasing (Leasing Mitsubishi)	7,725,534	1,088,513	141,469	475,154	28,775	6,049,174
Unicredit Leasing Spa (ex Locat - Leasing Mitsubishi)	15,451,070	2,177,026	282,938	950,308	57,550	12,098,348
Unicredit Leasing Spa (ex Locat - Leasing Cambiano)	3,415,757	482,314	62,684	210,538	9,354	2,669,575
Total	**240,313,073**	**33,758,776**	**4,387,467**	**14,736,263**	**1,442,729**	**188,873,296**
BANKS	77,247,133	10,878,192	1,413,786	4,748,510	309,084	60,515,731
LEASING	163,065,940	22,880,584	2,973,681	9,987,753	1,133,642	128,357,565
Total	**240,313,073**	**33,758,776**	**4,387,467**	**14,736,263**	**1,442,726**	**188,873,296**

The schedule above does not include the remaining indebtedness for bank overdraft facilities (26,000,000 euros) and the amount of 29,687,988 euros owed to Banca Nazionale del Lavoro-BNP Paribas Group (formerly Fortis Bank), with whom Pininfarina S.p.A. executed a settlement agreement based on a multi-year amortization plan, the last payment of which is due on December 31, 2015. The balance of 750,000 euros refers to other bank indebtedness of the Pininfarina Deutschland subsidiary.
At September 30, 2010, a total of 26 million euros had been drawn against available credit lines of up to about 50 million euros (29.7 million euros in 2009 against 50 million euros in usable credit lines). The 50-million-euro ceiling was set in the Rescheduling Agreement.

As required by IAS 1 – Presentation of Financial Statements (Paragraphs 60 and following), the Company reclassified its borrowings in accordance with the new maturities set forth in the Framework Agreement, which, basically, call for the repayment of obligations under leases and medium- and long-term facilities to begin in 2012 and sets the final maturity at 2014 for the former and at 2015 for the latter and the indebtedness owed to Banca Nazionale del Lavoro – BNP Paribas Group (formerly Fortis).

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

	9/30/10	12/31/09
due within 1 year	49,649,438	139,857,834
due between 1 and 5 years	182,696,102	147,246,632
due after 5 years	12,965,742	15,827,204
Total	**245,311,282**	**302,931,669**

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

Borrowings (in thousands of euros)	**Amount at 12/31/09**	**Amount at 9/30/10**	**Amount due within 1 year**	**Amt. due from 1 to 5 years**	**Amount due after 5 years**
Total loans and other facilities	(110,203)	(90,954)	(11,034)	(66,953)	(12,966)
Total obligations under finance leases	(163,067)	(128,358)	(12,615)	(115,743)	0
Total liabilities for short-term credit lines	(29,662)	(26,000)	(26,000)	0	0
Total	**(302,932)**	**(245,311)**	**(49,649)**	**(182,696)**	**(12,966)**

There are no borrowings in currencies different from the euro. The Company is exposed to interest rate fluctuations on some facilities that are tied to the Euribor. Additional information about interest rates paid on indebtedness is provided earlier in this Report in Note 3 "Financial Risk Factors." 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. In addition, the Rescheduling Agreement includes financial covenants based on the consolidated data, with which the Group was in compliance at December 31, 2009.

By virtue of the court injunctions served on Pininfarina S.p.A. on March 28, 2008 and April 19, 2008, Fortis Bank S.A. was granted court ordered mortgages on all of the buildings owned by the Company, which secure loans currently totaling about 29.7 million euros.

Pininfarina S.p.A. is the guarantor of obligations under finance leases executed by Pininfarina Sverige AB with a Lender Institution that was not included in the debt restructuring process. At September 30, 2010, the outstanding balance of these leases was about 49.6 million euros.

23. Trade Accounts Payable and Other Payables

Accounts payable to outsiders

	9/30/10	12/31/09	Change
Accounts payable to suppliers	64,121,924	61,293,384	2,828,539
Advances received for work in progress	793,971	1,221,994	(428,023)
Total	**64,915,895**	**62,515,378**	**2,400,517**

The increase in trade accounts payable is consistent with the trend in business activity.

Accounts payable to associated companies and joint ventures

	9/30/10	12/31/09	Change
Pininfarina Sverige AB	110,295	58,658	51,637
Total	**110,295**	**58,658**	**51,637**

Other liabilities

	9/30/10	12/31/09	Change
Income tax withheld from employees	544,293	1,222,700	(678,407)
Amounts owed to employees	214,310	692,668	(478,358)
Miscellaneous payables	4,201,533	3,525,362	676,171
Total	**4,960,136**	**5,440,730**	**(480,594)**

24. Provisions for Risks and Charges and Contingent Liabilities

	12/31/09	Additions	Utilizations	Reduction	9/30/10
Provision for warranties	5,281,529	286,900	(339,648)	(4,553,421)	675,360
Provision for restructuring	2,464,423	363,635	(1,434,797)	0	1,393,261
Other provisions	11,211,164	1,388,495	(2,519,030)	(3,977,583)	6,103,046
Total	**18,957,116**	**2,039,030**	**(4,293,475)**	**(8,531,004)**	**8,171,667**

The Provision for warranties covers the best estimate of the Company's contractual and statutory obligations with regard to costs entailed by warranties provided on certain components of the vehicles it manufactured for a specific period, starting from the sale of the vehicles to end customers. The abovementioned estimate was determined based on the Company's experience, specific contractual terms and product specification, and defect incidence data generated by the statistical survey systems of the Company's customers.

In May 2010, the Company and Ford Werke GmbH signed a Mutual Termination Agreement, effective as of January 1, 2010, by which the parties agreed to move forward, from April 30, 2011 to July 31, 2010, the production ending date and determined the production volumes remaining to complete the order. The

Agreement further stipulates that, on the production order ending date, Ford Werke GmbH will absolve Pininfarina from its liability for all warranties provided pursuant to the production agreement, with the exception of any product recall campaigns. Lastly, the Agreement states that on the date of execution there were no indications of events of this type.

The revision of the estimate applied to the Provision for warranties at June 30, 2010 reflects the impact of the abovementioned agreement (3,855,709 euros) and the effect of a revised estimate of warranty obligations for Mitsubishi cars (697,712 euros), which proved to be less prone to product defects than originally estimated.

The Provision for restructuring charges reflects a best estimate of the liability for restructuring programs and its utilization covers the costs incurred for retirement incentives and the use of a long-term unemployment benefit program by the Group's Parent Company in the first nine months of 2010.

The revision of the estimate applied to Other provisions is also due to the successful negotiation of the Mutual Termination Agreement with Ford Werke GmbH. The balance in this account at June 30, 2010 reflects a better estimate of liabilities resulting from a renegotiation of some issues related to the Volvo contract and the cost of dismantling the existing production lines at the Grugliasco plant, as required by the contract signed with De Tomaso Automobili S.p.A. on December 31, 2009.

25. Revenues

	9/30/10	9/30/09	Change
Sales revenues - Italy	46,229,779	47,395,977	(1,166,198)
Sales revenues - UE	80,792,979	74,409,442	6,383,537
Sales revenues - Non UE countries	267,264	71,394	195,870
Services revenues - Italy	7,450,127	7,137,796	312,331
Services revenues - UE	16,794,995	22,022,454	(5,227,459)
Services revenues - Non UE countries	10,639,429	10,793,398	(153,969)
Total	**162,174,573**	**161,830,462**	**344,111**

Service revenues in Italy includes 2 million euros invoiced by Pininfarina S.p.A. to Open Air System Italia S.r.l. (supplier of retractable roof systems) in accordance with a settlement reached by the two companies in March 2010 to finalize the respective commercial positions related to the Ford and Alfa production programs.

26. Other Income and Revenues

	9/30/10	9/30/09	Change
Amounts rebilled	418,440	505,996	(87,556)
Out-of-period income	319,189	2,065,114	(1,745,925)
Insurance settlements	79,210	138,856	(59,646)
Royalties	0	208,333	(208,333)
Rebilling	76,690	536,058	(459,368)
Operating and Research grants	31,957	1,589,514	(1,557,557)
Sundry items	98,293	685,763	(587,470)
Total	**1,023,779**	**5,729,634**	**(4,705,855)**

The amount shown for Out-of-period income in the first nine months of 2010 referred primarily to revenues attributable to previous years recognized by the Group's Parent Company.

In 2009, Research grants referred mainly to the income recognized by the Matra Automobile Engineering Sas subsidiary in connection with research projects subsidized by the French government, the full amount of which was collected in 2009.

27. Gains (Losses) on the Sale of Non-current Assets and Equity Investments

	9/30/10	9/30/09	Change
Gain on the sale of equity investments	0	63,898	(63,898)
Gain on the sale of other assets	1,331	2,720	(1,389)
Total	**1,331**	**66,618**	**(65,287)**

	9/30/10	9/30/09	Change
Loss on the sale of equity investments	0	0	0
Loss on the sale of other assets	(141,153)	(12,281)	(128,872)
Total	**(141,153)**	**(12,281)**	**(128,872)**

The loss shown in the first nine months of 2010 refers primarily to the disposal of cars owned by the Group's Parent Company.

28. Personnel Expense

	9/30/10	9/30/09	Change
Wages and salaries	26,968,263	34,167,500	(7,199,237)
Employee benefits	6,133,583	8,391,820	(2,258,238)
Independent contractors	4,409,552	0	4,409,552
Addition to Provision for termination indemnities	1,892,938	3,284,861	(1,391,923)
Utiliz.Prov.restruct.charges	(1,434,797)	(1,286,775)	(148,022)
Total	**37,969,538**	**44,557,406**	**(6,587,868)**

Wages, salaries and employee benefits decreased due to the downsizing of the Parent Company's staff, implemented through the sale of business operations at the end of 2009, which included 900 employees, and through individual agreements signed during the first half of 2010.

The amount shown for Contractors reflects the costs billed to Pininfarina S.p.A. by De Tomaso Automobili S.p.A., for employees transferred with the divested business operations but seconded to plants operated by Pininfarina S.p.A. in San Giorgio and Bairo Canavese.

A breakdown of the Pininfarina Group's payroll at September 30, 2010 is provided below:

	9/30/10	9/30/09	Change
Executives	29	33	(4)
Office staff	700	753	(53)
Production staff	109	1,039	(930)
Total	**838**	**1,825**	**(987)**

29. Additions to Provisions/(Utilizations of Provisions) and Writedowns

	9/30/10	9/30/09	Change
Additions to allowance for doubtful accounts	340,147	36,650	303,497
Additions to provisions for risks and restructuring program	2,039,030	17,553,939	(15,514,909)
Utilization of provision for risks	(3,977,583)	(3,804,833)	(172,750)
Utilization of provision for warranties	(4,553,421)	0	(4,553,421)
Writedowns of property, plant and equipment	528,000	105,400	422,600
Writedowns of receivables	183,012	37,621	145,391
Writedowns of financial Mitsubishi receivables	5,947,562	0	5,947,562
Writedowns of investments	10,799	53,201	(42,402)
Total	**517,546**	**13,981,978**	**(13,464,432)**

Comments concerning Additions to provisions for risks and restructuring, Utilization of the provision for risks and Utilization of the provision for warranties are provided in Note 24 Provisions for risks and charges.

In 2009, Additions to provisions for risks and restructuring programs included and addition of 12,760,668 euros recognized by the Group's Parent Company to write off the costs incurred in the first nine months of the year for the engineering development of the electric car.

Writedowns of property, plant and equipment reflects the adjustment to market value of the carrying amount of unregistered cars included in Assets under construction.

Writedowns of financial receivables refers to an adjustment made to the carrying amount of an IFRIC 4 receivable owed by Mitsubishi to reflect its realizable value (see Note 10 Financial assets for additional information).

30. Other Expenses

	9/30/10	9/30/09	Change
Travel expenses	1,051,146	1,274,424	(223,278)
Rentals	1,985,580	2,497,524	(511,944)
Fees paid to Directors and Statutory Auditors	786,098	687,384	98,714
Consulting and other services	2,011,410	6,383,008	(4,371,598)
Other personnel costs	657,533	722,282	(64,749)
Telegraph and postage	313,403	348,032	(34,629)
Cleaning and waste disposal services	502,096	1,159,483	(657,387)
Advertising	173,753	251,363	(77,611)
Taxes	516,740	473,995	42,745
Insurance	463,116	608,794	(145,678)
Membership dues	70,307	148,908	(78,601)
Out-of-period charges	66,132	345,842	(279,710)
General services	31,619	278,344	(246,725)
Penalty for Mitsubishi dispute	22,616,897	0	22,616,897
Sundry expenses	947,265	1,362,355	(415,090)
Total	**32,193,094**	**16,541,739**	**15,651,355**

Penalty for Mitsubishi disputes reflects the impact of the arbitration award mentioned earlier in this Report.

The decrease in Consulting and other services is attributable to the Matra Automobiles Engineering SAS subsidiary, which in 2009 incurred costs related to the sale of its operating activities and to file an application for tax credits for research programs in 2006, 2007 and 2008, and to the costs incurred last year by the Group's Parent Company for services used to implement the two phases of the Framework Agreement.

31. Financial Income (Expense), Net

	9/30/10	9/30/09	Change
Financial expense paid to banks	(824,646)	(941,019)	116,373
Financial expense paid under leases	(1,133,643)	(2,422,826)	1,289,183
Financial exp. on medium- and long-term borrowings	(771,367)	(2,085,305)	1,313,938
Total financial expense	**(2,729,656)**	**(5,449,150)**	**2,719,494**
Bank interest earned	300,683	516,913	(216,230)
Realized gains from marking securities to market	464,980	2,579,203	(2,114,223)
Interest earned on long-term loans to outsiders	1,868,646	3,384,450	(1,515,804)
Interest earned on long-term loans to joint ventures	682,589	1,676,690	(994,101)
Total financial income	**3,316,898**	**8,157,256**	**(4,840,358)**
Net financial income (expense)	**587,242**	**2,708,106**	**(2,120,864)**

Financial expense paid to banks, amounting to 824,646 euros, refers primarily to the interest charges accrued and paid for the utilization of credit lines. Bank interest earned, amounting to 300,683 euros, reflects interest earned on credit balances in checking accounts.
Financial expense paid under leases, amounting to 1,133,643 euros, was recognized as a result of the valuation of liabilities by the amortized cost method. Pursuant to the Rescheduling Agreement executed with the Lender Institutions on December 31, 2008, interest charges will be payable starting in 2012. Their amount decreased compared with the first nine months of 2009 due to the reduction of the debt owed.

Financial expense on medium- and long-term borrowings, amounting to 771,367 euros, originates from the valuation of liabilities by the amortized cost method. Also in the case of medium- and long-term borrowings, interest charges will be payable starting in 2012, except for the interest accrued on the debt owed to Banca Nazionale del Lavoro – BNP Paribas Group (formerly Fortis Bank), the balance of which amounted to 453,335 euros. The decrease compared with the same period last years reflects a reduction in the debt amount and the impact of lower interest rates.

Interest earned on long-term loans to outsiders originates from the valuation of the receivable owed by the Fiat Group by the amortized cost method. The decrease compared with 2009 reflects a reduction in the number of cars produced in the first nine months of 2010.

32. Dividends

	9/30/10	9/30/09	Change
Banca Passadore	53,571	53,571	0
Italian securities under asset management	44,604	58,230	(13,626)
Total	**98,175**	**111,801**	**(13,626)**

33. Valuation of Equity Investments by the Equity Method

	9/30/10	9/30/09	Change
Pininfarina Sverige AB	3,790,614	5,124,664	(1,334,050)
Véhicules Electriques Pininfarina-Bolloré SAS	(343,794)	(1,675,208)	1,331,414
Total	**3,446,819**	**3,449,456**	**(2,637)**

See Note 9 for detailed information.

34. Income Taxes for the Period

Income taxes for the period

	9/30/10	9/30/09	Change
Current taxes	(400,989)	(159,335)	(241,654)
Reduction in previous year's addition to prov.	28,463	449,195	(420,732)
Prepaid taxes	(136,700)	(104,994)	(31,706)
Deferred taxes	(8,319)	(434)	(7,885)
Total	**(517,545)**	**184,432**	**(701,977)**

The increase in current taxes reflects primarily the reduced impact of labor costs on the IRAP taxable base.

Prepaid and deferred taxes

Consolidation entries are the main reason for the changes in prepaid and deferred taxes.

Other Information

Disclosure Required Pursuant to Consob Communication No. DEM/6064293 of July 28, 2006

Transactions with Related Parties of the Pininfarina Group at September 30, 2010

Transactions with related parties and intra-Group transactions were neither atypical nor unusual and were conducted in the normal course of business by the companies of the Group.
These transactions were carried out on market terms, consistent with the nature of the goods exchanged and the services provided.

(in thousands of euros)	Trade Receivables	Trade Liabilities	Financial Receivables	Financial Liabilities	Revenues	Costs	Financial Income	Financial Expense
Pininfarina Sverige AB	1,840	110	36,009	0	787	58	683	0
Véhicules Electriques Pininfarina Bolloré S.A.S.	0	0	0	0	7	0	0	0
Total	**1,840**	**110**	**36,009**	**0**	**793**	**58**	**683**	**0**

The table below shows the maximum exposure for the loan owed by Pininfarina Sverige in 2010:

(in thousands of euros)	Amount at 9/30/10	Maximum amount at September 30, 2010
Pininfarina Sverige AB	36,009	45,162

All transactions with Group companies accrue interest at market rates.

Compensation of Directors, Statutory Auditors and Executives with Strategic Responsibilities of Pininfarina S.p.A.

The table below lists the compensation payable to Directors and Statutory Auditors for their services:

(in thousands of euros)	9/30/10	9/30/09
Directors	489	414
Statutory Auditors	71	61
Total compensation	**560**	**475**

The total cost incurred in the first nine months of 2010 for the compensation of executives with strategic responsibilities amounted to about 2.6 million euros.

Other Related Parties

Transactions with other related parties requiring disclosure include legal consulting services provided to Pininfarina S.p.A. by Studio Professionale Pavesio e Associati, related to the Director Carlo Pavesio, for a total amount of about 203,000 euros.

Material Extraordinary Events and Transactions

As required by the Consob Communication of July 28, 2006, the schedules that follow show the impact of extraordinary events or transactions and transactions and events that occur only infrequently in the normal course of business.

The statement of financial position and income statement amounts presented below have been restated to eliminate the impact of the following extraordinary transactions:

i. Settlement between Pininfarina S.p.A and Open Air System Italia S.r.l.;
ii. Writedown of assets under construction;
iii. Mutual Termination Agreement between Pininfarina S.p.A and Ford Werke GmbH;
iv. Mitsubishi Motor Europe B.V. arbitration award.

Consolidated Balance Sheet	**Statutory financial statements at 9/30/10**	**Statutory financial statements at 9/30/10 net of extraordinary transactions**
Net intangible assets	3,289,845	3,289,845
Net property, plant and equipment	74,589,616	74,589,616
Non-current financial assets	29,654,017	30,182,017
Equity investments	46,803,395	46,803,395
Inventory	12,866,431	12,866,431
Current financial assets	81,205,243	128,937,067
Net trade receivables and other receivables	33,138,398	33,138,398
Deferred-tax assets	1,024,186	1,024,187
Cash and cash equivalents	76,805,414	55,893,035
Held-for-sale assets	0	0
TOTAL ASSETS	**359,376,545**	**386,723,990**
Reserves	53,490,138	53,490,138
Profit (Loss) for the period	(33,771,223)	(13,714,487)
TOTAL SHAREHOLDERS' EQUITY	**19,718,915**	**39,775,652**
Long-term borrowings	195,661,844	195,661,844
Deferred-tax liabilities	1,593	1,593
Provision for termination indemnities	9,629,847	9,629,847
Current borrowings	49,649,438	49,649,438
Other payables	10,215,515	10,215,515
Trade accounts payable	65,026,190	65,026,190
Provision for current taxes	735,705	735,705
Provision for other liabilities and charges	8,737,498	16,028,207
Liabilities attributable to held-for-sale assets	0	0
TOTAL LIABILITIES	**339,657,630**	**346,948,337**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**359,379,545**	**386,723,989**

Consolidated Income Statement	Statutory financial statements at 9/30/10	Statutory financial statements at 9/30/10 net of extraordinary transactions
Net revenues	162,174,573	160,174,573
Change in inventory of finished goods and work in process	5,492,639	5,788,912
Other income and revenues	1,022,779	1,022,779
Company-produced non-current assets	0	0
Value of production	**168,689,991**	**166,986,264**
Net gain on the sale of non-current assets	(139,822)	(139,822)
Raw materials and outside services used	(156,807,602)	(134,231,991)
Change in inventory of raw materials	958,181	958,181
Value added	**12,700,749**	**33,572,632**
Labor costs	(37,969,538)	(37,969,538)
EBITDA	**(25,268,789)**	**(4,396,906)**
Depreciation and amortization	(10,848,119)	(10,848,119)
(Additions to provisions/Writedowns) / Utilizations	(1,269,006)	(2,084,153)
EBIT	**(37,385,914)**	**(17,329,177)**
Financial income (expense), net	685,417	685,417
Fair-value	3,446,819	3,446,819
Profit before taxes	**(33,253,678)**	**(13,196,942)**
Income taxes for the year	(517,545)	(517,545)
Net profit (loss) for the year	**(33,771,223)**	**(13,714,487)**

Positions or Transactions Arising from Atypical and/or Unusual Dealings

As required by the Consob Communication of July 28, 2006, the Pininfarina Group discloses that in 2010 it was not a party to transactions arising from atypical or unusual dealings, as defined in the abovementioned Communication, according to which atypical and/or unusual dealings are dealings that, because of their significance/material amount, nature of the counterpart, subject of the transaction, method used to determine the sales price and timing of the event, could create doubts as to: the fairness and/or completeness of the information provided in the financial statements, the existence of a conflict of interest, the safety of the corporate assets and the protection of minority shareholders.