



pininfarina



PRESS RELEASE

Quarterly Report and Annual Shareholders' Meeting of Pininfarina S.p.A.

Quarterly Report Press Release

Turin, May 11, 2007 – The Board of Directors of Pininfarina S.p.A. met today under the chairmanship of Andrea Pininfarina and approved the report on operations of the Group in the first three months of 2007.

The table below shows the highlights from the consolidated income statement and balance sheet at March 31, 2007 and provides a comparison with those for the first quarter of 2006:

(in millions of euros)	First quarter 2007	First quarter 2006	Balance sheet at 12/31/06	Change in absolute terms*
Value of production	191.8	134.4		+57.4
EBITDA	-2.6	-7.4		+4.8
EBIT	-11.4	-11.4		-
Net profit (loss)	-9.9	-8.1		-1.8
Net financial position	-131.8	26.7	-120.9	-10.9
Shareholders' equity	144.9	184.1	155.1	-10.2

* Changes in absolute terms in the quarterly balance sheet data are computed against the amounts at December 31, 2006.

EBITDA represents the profit or loss from operations before depreciation, amortization and additions to provisions.

EBIT represents the profit or loss from operations.

As anticipated and disclosed when approving the draft 2006 financial statements, the Group reported negative results in the first quarter of 2007. At the operating level, manufacturing results were adversely affected by problems with the Ford Focus Coupé Cabriolet order, with startup costs rising above budget and output failing to reach planned volumes. On the other hand, the contribution of the service activities performed for non-captive customers exceeded expectations. In terms of the result before taxes, Pininfarina Sverige AB operated at a profit, providing a quarterly contribution that was significantly better than expected.



The developments that affected the Group's operating performance in the first quarter of 2007 are reviewed below:

- The performance of the manufacturing operations was again negative, with the operating loss remaining at about the same level as in the first three months of 2006, even though the number of cars produced more than doubled compared with the same period last year. Specifically, in the first quarter of 2006, the Group incurred the extra costs required to launch two new models (Mitsubishi Colt CZC and Alfa Romeo Spider), while the data for the first quarter of 2007 reflect the impact of the startup costs for the Ford Focus Coupé Cabriolet model. Moreover, the Ford model accounted for 42% of the 7,576 cars invoiced during the first three months of 2007.
- The service businesses, taken as a whole, returned to profitability, posting significantly better results than in the first quarter of 2006. In absolute terms, EBIT for the first three months of 2007 were only slightly less than the amount earned in all of 2006. The main reasons for this improvement include an increase in assignments involving styling and engineering projects for items manufactured by customers outside the Group and the positive contribution provided by the German companies following the restructuring launched in the second half of 2006.
- The Pininfarina Sverige A.B. joint venture provided a positive contribution thanks to the success of the Volvo C70 model both in Europe and the United States.

At March 31, 2007, value of production totaled 191.8 million euros, or 42.7% more than the amount at March 31, 2006 (134.4 million euros). EBITDA were negative by 2.6 million euros, but the loss had narrowed significantly compared with the first quarter of 2006, when it totaled 7.4 million euros. EBIT were also negative and the loss of 11.4 million euros was about the same as the amount reported a year earlier. The net result of the different fund flows was a net financial expense of 1.5 million euros (net financial income of 1.1 million euros at March 31, 2006). The Group's interest in the net profit of the Pininfarina Sverige joint venture amounted to 1.1 million euros (loss of 0.2 million euros in the first quarter of 2006). The loss before taxes totaled 11.8 million euros (loss of 10.6 million euros at March 31, 2006) and **the net loss** (after deducting the amount by which deferred-tax assets exceeded current taxes) **amounted to 9.9 million euros (loss of 8.1 million euros last year).**

The net financial position was negative by 131.8 million euros, compared with net indebtedness of 120.9 million euros at December 31, 2006 (positive balance of 26.7 million euros at March 31, 2006). The main developments that occurred in the financial area were a decrease in the cash flow used for operating purposes compared with the previous quarters and a continuation of the repayment of financing received in connection with manufacturing orders.

At March 31, 2007, the Group had 2,856 employees, up from 2,738 employees a year earlier (+4.3%). An additional 794 employees worked for the Pininfarina Sverige A.B. joint venture in Sweden.



A review of the data by business segment shows that the manufacturing operations increased their value of production to 159.1 million euros (+63.3% compared with 97.4 million euros in 2006). All of the different production orders contributed to different degrees to this significant increase. EBIT, which were negative by 12.5 million euros (negative EBIT of 12.1 million euros at March 31, 2006), were equal to 7.9% of the value of production, compared with 12.4% in the first three months of 2006. A total of 7,576 cars were invoiced during the period, more than double the 3,316 shipped in the first quarter of 2006. In Sweden, Pininfarina Sverige A.B. sold 5,566 cars in the first three months of 2007, up from 2,144 units the previous year.

The total value of production generated by the styling and engineering operations amounted to 32.7 million euros, or 11.6% less than the 37 million euros reported at March 31, 2006. A decrease in development work for Pininfarina products accounts for this decrease. However, development assignments for products manufactured by non-captive customers increased and, combined with the contribution of the reorganized German operations, ensured a continuation of the improvement in profitability that started in 2006. Specifically, the service businesses generated EBIT of 1.1 million euros, up from EBIT of 0.6 million euros at March 31, 2006.

Forecasts for the balance of the year call for consolidated value of production to amount to about 800 million euros. The increase over the 589 million euros reported in 2006 will be mainly the result of a complete renewal of the Group's product line.

EBIT for all of 2007 are expected to be positive, with projections calling for the Group's regular operations to show a significant increase in profitability during the remainder of the year. The Group should achieve operating breakeven as early as the second quarter of the year.

During the rest of the year, the cash flow from operations, which reflects changes in working capital, will still be insufficient to cover debt services. Consequently, **the net financial position is expected to deteriorate further compared with the first quarter of 2007.**

Ordinary Shareholders' Meeting

The Shareholders' Meeting of Pininfarina S.p.A., which was also held today, at 11:30 AM, under the chairmanship of Andrea Pininfarina, approved the financial statements at December 31, 2006.

The financial statements of the Group's Parent Company at December 31, 2006 were prepared in accordance with the International Accounting Standards (IASs) and comply with the International Financial Reporting Standards (IFRSs). In order to allow the comparison of homogeneous data, the 2005 financial statements have been restated in accordance with the same standards. The consolidated financial statements have been prepared in accordance with the abovementioned standards since 2005.



The table below shows the highlights from the 2006 consolidated income statement and balance sheet and provides a comparison with those at December 31, 2005:

(amounts in millions of euros)	2006	2005	Change in absolute terms
Value of production	588.8	383.0	+205.8
EBITDA	-11.9	10.5	-22.4
EBIT	-43.5	-8.3	-35.2
Net profit (loss)	-21.9	-8.1	-13.8
Net financial position	-120.9	-6.9	-114.0
Shareholders' equity	155.1	188.6	-33.5

EBITDA represents the profit or loss from operations before depreciation, amortization and additions to provisions.

EBIT represents the profit or loss from operations.

In 2006, the Group completely renovated its product line in Italy and consolidated its foreign manufacturing and engineering operations.

At the same time, delays in the startup of some manufacturing orders and the restructuring programs launched in Italy and Germany placed a steadily increasing strain on the Group's cost structure and financial position.

The manufacture of several new models — Mitsubishi Colt CZC, Alfa Romeo Spider and Ford Focus Coupé Cabriolet — got under way in 2006. The concurrent start of production of multiple models and the resulting impossibility to stabilize manufacturing processes, coupled with an absolute commitment to adhere to the highest quality standards, undermined the original plans, causing significant delays that could not be fully made up in 2006.

Outside Italy, the Group's Swedish operations, which include Pininfarina Sverige A.B. (a joint Venture with Volvo Car Corporation) and RHTU Sverige AB (a manufacturer of retractable-roof systems for Volvo), completed their first year of production. In Germany, Pininfarina Deutschland GmbH underwent an in-depth restructuring process that included acquiring MPX Entwicklung GmbH (an engineering company based in Munich) and selling its manufacturing operations. In France, the Matra Automobile Engineering Group grew both in terms of the value of production it generated and the resources it deployed, thereby strengthening the range of services it can offer to French and international customers.

In 2006, the value of production generated by the Pininfarina Group increased to 588.8 million euros, or 53.7% more than the 383 million euros reported at December 31, 2005. A breakdown of the overall value of production shows that the manufacturing operations accounted for 76% of the total (56% in 2005), with the design and engineering operations combined accounting for the remaining 24% (44% in 2005).

The value of production contributed was up sharply for the manufacturing operations (448.5 million euros, or 108.8% more than in 2005), but decreased for the service operations (140.3 million euros, or 16.6% less than in 2005) due to a reduction in the development and support



services provided to internal manufacturing programs. However, business with non-captive customers increased.

EBIT were negative by 43.5 million euros (7.4% of value of production), as against negative EBIT of 8.3 million euros in 2005 (2.2% of value of production), reflecting the impact of the loss incurred by the manufacturing operations. On the other hand, the service businesses returned to profitability at the operating level, despite the fact that some operations (Germany and Morocco) were still in the consolidation phase. It is also important to keep in mind that the results at December 31, 2005 benefited from the gains generated by the sale of the investment in Open Air Systems GmbH and the liquidation of the PF RE SA subsidiary, which yielded a combined total of 32.2 million euros. The data for 2006 include a gain of 13.7 million euros on the sale of non-current assets. **When extraordinary items are excluded, the negative change in EBIT amounts to 16.7 million euros instead of 35.2 millions. In addition, EBIT were reduced by the conservative decision to add 12 million euros to the provision for restructuring charges to cover contingent liabilities and other nonrecurring costs.**

Net financial income totaled 20.8 million euros (1.4 million euros in 2005). This amount includes about 23 million euros in gains on the sale of equity securities held as investments.

The net loss for the year amounted to 21.9 million euros (net loss of 8.1 million euros in 2005).

Unavoidably, this negative result and an increase in costs had an impact on the availability of financial resources, particularly during the second half of the year. In addition, the effect of an increase in working capital requirements was magnified by the start of repayments of financing facilities received to fund production programs. **The Group's net financial position was therefore negative by 120.9 million euros, compared with indebtedness amounting to 6.9 million euros at December 31, 2005.**

At December 31, 2006, the Group had 2,768 employees (2,733 employees in 2005). Another 838 employees worked at the Swedish subsidiary Pininfarina Sverige. All of the employees who had been enrolled in the Special Layoff Benefits Fund were rehired in 2006. At the same time, in accordance with an agreement reached with the labor unions on December 11, 2006 about the need to reorganize the Group and reduce overhead, the Group's staff became eligible for the Special Layoff Benefits Fund due to a corporate crisis situation (for a period of 12 months starting on January 2, 2007) and long-term unemployment benefits for up to about 220 employees, starting on January 15, 2007.

The comments made with respect to the consolidated data also apply to Pininfarina S.p.A., the Group's Parent Company. At December 31, 2006, value of production amounted to 518.6 million euros, or 61.7% more than at the end of 2005 (320.7 million euros).

EBIT were negative by 41.8 million euros (negative EBIT of 12.9 million euros in 2005) and the Company reported a net loss of 16.5 million euros (net loss of 13.9 million euros at December 31, 2005).

The net financial position was negative by 91.9 million euros, as against a positive balance of 11.7 million euros at December 31, 2005.



In view of the operating results for 2006 and considering the financial commitments that the Company will continue to face in 2007, the Board of Directors did not propose the distribution of a dividend.

After approving the financial statements of Pininfarina S.p.A. at December 31, 2006, the Shareholders' Meeting passed a resolution authorizing the purchase of up to 400,000 Company common shares for use potentially in share exchanges and in connection with the 2002-2004 and 2005-2007 stock option plans offered to executives of Pininfarina S.p.A. and its Italian subsidiaries. The authorization to purchase these shares, all at once or in installments, will be valid for a period of 18 months from the date of the resolution at a price that may not be lower by more than 15% or higher by more than 15% than the share's closing price on the stock market trading day prior to the date of purchase. Notwithstanding the provisions of Article 132, Section Three, of Legislative Decree No. 58 of February 24, 1998, the shares will be purchased in the open market in the manner set forth in Article 144 *bis*, Section 1, Letter b), of the regulations approved with Consob Resolution No. 11971. The motion submitted to the Shareholders' Meeting also requested permission to sell at any time, all at once or in installments, the treasury shares that the Company already holds and those it may purchase in accordance with the abovementioned motion. The sales price may not be lower by more than 10% than the share's closing price on the stock market trading day prior to the date of sale or, if the shares are used for stock option plans involving up to 250,000 shares, it may not be less than the value of the shares at the time the options were offered, determined in accordance with the provisions of the tax laws. At present, Pininfarina S.p.A. holds 27,798 treasury shares, equal to 0.29% of the total number of shares that comprise the Company's share capital.

Concurrently with the approval of the abovementioned resolution, the Shareholder's Meeting revoked a resolution that had been approved on May 12, 2006. A total of 167,148 shares (average price 25.40) were bought and 193,070 shares (average price 22.02) were sold pursuant to last year's resolution. These purchases and sales were made in connection with the 2002-2004 and 2005-2007 stock option plans.

For additional information contact:

Pininfarina S.p.A.:

Francesco Fiordelisi, Corporate Communications Manager, tel. +39-011.9438105/335.7262530

Gianfranco Albertini, Investor Relations, tel. +39-011.7091400

Studio Mailander: *Carolina Mailander, tel. +39-011.5527311/335.6555651*

Pininfarina Group – With a history that dates back to 1930, Pininfarina is today a leading supplier of automotive services, offering carmakers creative solutions that combine proprietary knowhow and flexibility at every step of **design, product and process engineering and of niche vehicle production**, acting either as a partner in a complete turnkey cycle or as the supplier of specific services. The Company has more than **3,000 employees** and offices in **Italy, France, Germany, Sweden, Morocco and China**. The current production line includes five new models: **Volvo C70, Alfa Romeo Brera, Alfa Romeo Spider, Ford Focus CC and Mitsubishi Colt CZC**. The Group's portfolio of **customers** includes, among many others, Ferrari, Maserati, Peugeot-Citroën, Renault, Jaguar, Honda, Daewoo, Hyundai, AviChina, Brilliance, Chery, Changfeng and JAC. **Pininfarina Extra**, a Group company that has been in business for 20 years, specializes in **interior and product design** for such high-profile customers as Motorola, Jacuzzi, Gancia, Lavazza, Snaidero and 3M.



RECLASSIFIED FINANCIAL STATEMENTS

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



Consolidated Financial Statements of the Pininfarina Group at 12/31/06
Reclassified Consolidated Income Statement
(in thousands of euros)

	Data at				Change
	12/31/06	%	12/31/05	%	
Net revenues	526,382	89.40	461,426	120.47	64,956
Changes in inventory of work in progress and finished goods	54,348	9.23	(85,206)	(22.25)	139,554
Other income and revenues	6,961	1.18	5,391	1.41	1,570
Work performed internally and capitalized	1,123	0.19	1,419	0.37	(296)
Value of production	588,814	100.00	383,030	100.00	205,784
Net gain on disposal of non-current assets	11,869	2.02	32,443	8.47	(20,574)
Raw materials and outside services	(502,035)	(85.26)	(296,307)	(77.36)	(205,728)
Change in inventory of raw materials	17,282	2.94	(5,794)	(1.51)	23,076
Value added	115,930	19.69	113,372	29.60	2,558
Labor costs	(127,856)	(21.71)	(102,906)	(26.87)	(24,950)
EBITDA	(11,926)	(2.03)	10,466	2.73	(22,392)
Depreciation, amortization and writedowns	(23,107)	(3.92)	(16,373)	(4.27)	(6,734)
Additions to provisions and reserves	(8,441)	(1.43)	(2,374)	(0.62)	(6,067)
EBIT	(43,474)	(7.38)	(8,281)	(2.16)	(35,193)
Net financial income	20,768	3.53	1,370	0.36	19,398
Other income (expense), net	(860)	(0.15)	(2,590)	(0.68)	1,730
Profit before taxes	(23,566)	(4.00)	(9,501)	(2.48)	(14,065)
Income taxes	1,683	0.29	1,398	0.36	285
Profit (Loss) for the year	(21,883)	(3.72)	(8,103)	(2.12)	(13,780)

Consolidated Financial Statements of the Pininfarina Group at 12/31/06
Reclassified Consolidated Balance Sheet
(in thousands of euros)

	Data at		Change
	12/31/06	12/31/05	
Net non-current assets (A)			
Net intangible assets	8,154	6,284	1,870
Net property, plant and equipment	292,717	203,057	89,660
Equity investments	35,639	34,592	1,047
Total A	336,510	243,933	92,577
Working capital (B)			
Inventory	42,470	32,358	10,112
Net trade receivables and other receivables	132,488	122,455	10,033
Deferred-tax assets	23,583	20,927	2,656
Trade accounts payable	(167,765)	(129,079)	(38,686)
Provision for risks and charges	(8,211)	(2,728)	(5,483)
Other liabilities	(52,145)	(63,706)	11,561
Total B	(29,580)	(19,773)	(9,807)
Net invested capital (C=A+B)	306,930	224,160	82,770
Provision for termination indemnities (D)	30,912	28,709	2,203
Net capital requirements (E=C-D)	276,018	195,451	80,567
Shareholders' equity (F)	155,078	188,557	(33,479)
Net financial position (G)			
Long-term debt	107,892	66,326	41,566
(Net liquid assets)	13,048	(59,432)	72,480
Total G	120,940	6,894	114,046
Total as in E (H=F+G)	276.018	195.451	80.567



Consolidated Financial Statements of the Pininfarina Group at 12/31/06

Cash Flow Statement

	Data at	
	12/31/06	12/31/05
Profit for the period	(21,883,216)	(8,103,394)
<i>Restatements</i>	<i>(669,971)</i>	<i>(13,102,221)</i>
- Income taxes	(1,683,187)	(1,397,604)
- Depreciation of property, plant and equipment	20,684,550	15,026,620
- Amortization of intangibles	2,422,521	1,345,925
- Writedowns and additions to provisions	7,557,502	481,955
- Provision for pensions and seniority indemnities	2,203,072	2,696,702
- (Gains) Losses on sale of non-current assets	(11,869,353)	(32,442,882)
- Unrealized (gains) losses on derivatives	0	0
- (Gains) Losses on available-for-sale financial assets	(22,815,809)	-
- (Financial income)	(20,074,711)	(11,026,783)
- Financial expense	23,136,476	10,572,826
- (Dividends)	(1,014,495)	(916,542)
- Value adjustment to shareholders' equity	804,000	2,620,233
- Other restatements	(20,537)	(62,671)
Changes in working capital	2,269,533	56,564
- Inventories	(24,483,966)	4,364,151
- Contract work in progress	14,371,316	8,733,584
- Trade accounts receivable	(10,032,874)	(24,164,947)
- Trade accounts payable	38,705,902	3,528,918
- Other changes	(16,290,845)	7,594,858
Cash flow from operating activities	(20,283,654)	(21,149,051)
(Financial expense)	(23,136,476)	(10,572,826)
(Income taxes)	1,683,187	1,397,604
Net cash flow used in operating activities	(41,736,943)	(30,324,273)
- Purchases of property, plant and equipment	(119,531,349)	(64,924,329)
- Proceeds from sale of property, plant and equipment	16,763,857	35,555,877
- Non-current loans receivable from borrowers outside the Group	(55,766,880)	(79,505,095)
- Non-current loans receivable from Group companies	17,904,177	(21,834,082)
- Financial income and gains from available-for-sale financial assets	42,890,520	11,026,783
- Dividends received	1,014,495	916,542
- Other equity investments	(1,850,817)	(34,820,149)
Net cash used in investing activities	(140,312,940)	(183,908,726)
- Proceeds from the issuance of shares	0	0
- Purchases of treasury shares	1,634,985	2,434,864
- Borrowings from lenders outside the Group	109,919,090	172,575,689
- Loans payable to affiliates, subsidiaries and joint ventures	0	0
- Dividends paid	0	(3,122,051)
Net cash used in financing activities	(32,028,835)	(12,020,224)
- Other non-cash items	2,546,255	536,452
Increase (Decrease) in cash and cash equivalents	(29,482,580)	(11,483,772)
- Cash and cash equivalents at beginning of period	15,084,682	26,568,454
Net cash and cash equivalents at end of period	14,397,898	15,084,682
Cash and cash equivalents	16,933,218	15,585,498
Bank account overdrafts	(31,331,116)	(500,816)
<i>Net cash and cash equivalents at end of period</i>	<i>14,397,898</i>	<i>15,084,682</i>

Consolidated Financial Statements of the Pininfarina Group at 12/31/06

Net Financial Position

(in thousands of euros)

	Data at		Change
	12/31/06	12/31/05	
Cash and cash equivalents	16,933	15,585	1,348
Current assets held for trading	61,864	60,865	999
Current loans receivable and other receivables	66,912	59,348	7,564
Available-for-sale current assets	0	0	0
Loans receivable from associates and joint ventures	0	0	0
Bank account overdrafts	(31,331)	(501)	(30,830)
Current liabilities under finance leases	(74,001)	(46,045)	(27,956)
Loans payable to associates and joint ventures	0	0	0
Current portion of long-term bank debt	(53,425)	(29,820)	(23,605)
Net liquid assets	(13,048)	59,432	(72,480)
Long-term loans and other receivables from outsiders	185,806	125,095	60,711
Long-term loans and other receivables from associates and joint ventures	98,473	116,377	(17,904)
Available-for-sale non-current assets	0	26,015	(26,015)
Long-term liabilities under finance leases	(282,274)	(205,205)	(77,069)
Long-term bank debt	(109,897)	(128,608)	18,711
Net long-term debt	(107,892)	(66,326)	(41,566)
Net financial position	(120,940)	(6,894)	(114,046)

Pininfarina S.p.A. - Financial Statements at 12/31/06

Reclassified Income Statement

(in thousands of euros)

	Data		at		Change
	12/31/06	%	12/31/05	%	
Net revenues	457,393	88.20	400,463	124.87	56,930
Changes in inventory of work in progress and finished goods	55,030	10.61	(85,557)	(26.68)	140,587
Other income and revenues	5,022	0.97	4,373	1.36	649
Work performed internally and capitalized	1,122	0.22	1,419	0.44	(297)
Value of production	518,567	100.00	320,698	100.00	197,869
Net gain on disposal of non-current assets	13,877	2.68	24,400	7.61	(10,523)
Raw materials and outside services	(477,962)	(92.17)	(266,617)	(83.14)	(211,345)
Change in inventory of raw materials	17,282	3.33	(5,813)	(1.81)	23,095
Value added	71,764	13.84	72,668	22.66	(904)
Labor costs	(86,748)	(16.73)	(70,217)	(21.90)	(16,531)
EBITDA	(14,984)	(2.89)	2,451	0.76	(17,435)
Depreciation, amortization and writedowns	(18,448)	(3.56)	(12,966)	(4.04)	(5,482)
Additions to provisions and reserves	(8,320)	(1.60)	(2,367)	(0.74)	(5,953)
EBIT	(41,752)	(8.05)	(12,882)	(4.02)	(28,870)
Net financial income	23,210	4.48	2,245	0.70	20,965
Other income (expense), net	0	0.00	(6,333)	(1.97)	6,333
Profit before taxes	(18,542)	(3.58)	(16,970)	(5.29)	(1,572)
Income taxes	2,002	0.39	3,062	0.95	(1,060)
Profit (Loss) for the year	(16,540)	(3.19)	(13,908)	(4.34)	(2,632)

Pininfarina S.p.A. - Financial Statements at 12/31/06

Reclassified Balance Sheet

(in thousands of euros)

	Data at		Change
	12/31/06	12/31/05	
Net non-current assets (A)			
Net intangible assets	1,982	2,348	(366)
Net property, plant and equipment	254,136	161,551	92,585
Equity investments	78,762	75,585	3,177
Total A	334,880	239,484	95,396
Working capital (B)			
Inventory	44,873	34,664	10,209
Net trade receivables and other receivables	96,471	99,004	(2,533)
Deferred-tax assets	17,761	15,262	2,499
Trade accounts payable	(157,833)	(119,311)	(38,522)
Provision for risks and charges	(7,849)	(2,013)	(5,836)
Other liabilities	(33,180)	(47,520)	14,340
Total B	(39,757)	(19,914)	(19,843)
Net invested capital (C=A+B)	295,123	219,570	75,553
Provision for termination indemnities (D)	29,771	28,016	1,755
Net capital requirements (E=C-D)	265,352	191,554	73,798
Shareholders' equity (F)	173,487	203,258	(29,771)
Net financial position (G)			
Long-term debt	74,083	40,580	33,503
(Net liquid assets)	17,782	(52,284)	70,066
Total G	91,865	(11,704)	103,569
Total as in E (H=F+G)	265,352	191,554	73,798



Pininfarina S.p.A. - Financial Statements at 12/31/06

Cash Flow Statement

	Data at	
	<u>12/31/06</u>	<u>12/31/07</u>
Profit for the period	(16,540,173)	(13,908,024)
Restatements	(11,749,336)	(5,728,567)
- Income taxes	(2,001,617)	(3,061,712)
- Depreciation of property, plant and equipment	17,261,348	11,712,166
- Amortization of intangibles	1,186,403	1,253,381
- Writedowns and additions to provisions	7,163,333	2,367,185
- Provision for pensions and seniority indemnities	1,754,791	2,369,259
- (Gains) Losses on sale of non-current assets	(13,876,665)	(24,399,612)
- (Gains) Losses on available-for-sale financial assets	(22,771,347)	0
- (Financial income)	(21,052,843)	(11,598,892)
- Financial expense	21,920,214	10,522,261
- (Dividends)	(1,305,495)	(1,168,742)
- Writedowns of equity investments	0	6,333,045
- Other adjustments	(27,458)	(56,906)
Changes in working capital	12,706,195	(715,501)
- Inventories	(24,724,216)	4,228,111
- Contract work in progress	14,515,190	9,201,701
- Trade accounts receivable	2,532,752	(20,659,538)
- Trade accounts payable	38,549,150	1,108,499
- Other changes	(18,166,681)	5,405,726
Cash flow from operating activities	(15,583,314)	(20,352,092)
(Financial expense)	(21,920,214)	(10,522,261)
(Income taxes)	2,001,617	3,061,712
Net cash used in operating activities	(35,501,911)	(27,812,641)
- Purchases of property, plant and equipment	(113,554,232)	(34,944,416)
- Proceeds from sale of property, plant and equipment	16,763,857	1,670,183
- Non-current loans receivable from borrowers outside the Group	(58,973,860)	(79,730,284)
- Non-current loans receivable from Group companies	9,472,119	(26,348,711)
- Financial income	43,824,190	11,598,892
- Dividends received	1,305,495	1,168,742
- Other equity investments	(3,177,600)	(26,120,495)
Net cash used in investing activities	(139,841,942)	(180,518,730)
- Proceeds from the issuance of shares	0	0
- Purchases of treasury shares	(1,634,985)	2,434,864
- Borrowings from lenders outside the Group	110,392,058	173,099,079
- Loans payable to affiliates, subsidiaries and joint ventures	1,111,100	0
- Dividends paid	0	(3,167,780)
Net cash used in financing activities	(29,973,769)	(8,152,567)
- Other non-cash items	911,555	838,768
Increase (Decrease) in cash and cash equivalents	(29,062,214)	(7,313,799)
- Cash and cash equivalents at beginning of period	11,834,620	19,148,419
Net cash and cash equivalents at end of period	(17,227,594)	11,834,620
Cash and cash equivalents	13,815,373	11,834,620
Bank account overdrafts	(31,042,967)	-
<i>Net cash and cash equivalents at end of period</i>	<i>(17,227,594)</i>	<i>11,834,620</i>

Pininfarina S.p.A. - Financial Statements at 12/31/06

Net Financial Position

(in thousands of euros)

	Data at		Change
	12/31/06	12/31/05	
Cash and cash equivalents	13,815	11,835	1,980
Current assets held for trading	60,905	56,967	3,938
Current loans receivable and other receivables	66,912	59,347	7,565
Available-for-sale current assets	0	0	0
Loans receivable from associates and joint ventures	0	0	0
Due to banks	(31,043)	0	(31,043)
Current liabilities under finance leases	(74,001)	(46,045)	(27,956)
Loans payable to associates and joint ventures	(1,111)	0	(1,111)
Current portion of long-term bank debt	(53,259)	(29,820)	(23,439)
Net liquid assets	(17,782)	52,284	(70,066)
Long-term loans and other receivables from outsiders	185,806	124,827	60,979
Long-term loans and other receivables from associates and joint ventures	130,980	140,452	(9,472)
Available-for-sale non-current assets	0	26,015	(26,015)
Long-term liabilities under finance leases	(282,262)	(205,205)	(77,057)
Long-term bank debt	(108,607)	(126,669)	18,062
Net long-term debt	(74,083)	(40,580)	(33,503)
Net long-term debt	(91,865)	11,704	(103,569)