IMMSI Group

Share capital 205,941,272.16 Euros fully paid up
Registered office: Viale R. Piaggio 25, Pontedera (Pisa)
Pisa Register of Companies and Tax Code 04773200011
Pisa Economic and Administrative Index no. 134077

Half-year Financial Report
as of 30 June 2009

CONTENTS

Contents

Piaggio & C S.p.A. – Financial and business position and Financial statements as of 30 June 2009

Contents

Company Boards

Board of Directors	
Chairman and Chief Executive	Roberto Colaninno (1)
Deputy Chairman	Matteo Colaninno
Directors	Michele Colaninno
	Franco Debenedetti (3), (4)
	Daniele Discepolo (2), (5)
	Luciano La Noce (3), (4)
	Giorgio Magnoni
	Gianclaudio Neri
	Luca Paravicini Crespi (3), (5)
	Riccardo Varaldo (4), (5)
	Vito Varvaro (6)
Board of Statutory Auditors	
Chairman	Giovanni Barbara
Standing auditors	Attilio Francesco Arietti
	Alessandro Lai
Substitute Auditors	Mauro Girelli
	Elena Fornara
Supervisory Body	Enrico Ingrillì
	Giovanni Barbara
	Ulisse Spada (6)
General Managers	Daniele Bandiera
	Michele Pallottini
Manager in charge of preparing the Company's corporate accounting documents	Alessandra Simonotto
Independent auditors	Deloitte & Touche S.p.A.

(1) Director in charge of internal audit

(2) *Lead Independent Director*

(3) Member of the Appointments Committee

(4) Member of the Remuneration Committee

(5) Member of the Internal Control Committee

(6) In office since 16 April 2009

Financial Highlights

Amounts in millions of €		1st half 2009	1st half 2008	2008 statutory
Income statement (reclassified)				
Net sales		795.6	900.3	1,570.1
Gross industrial margin		249.4	272.4	468.8
Operating costs		-187.8	-190.6	-374.3
Operating income		61.6	81.8	94.5
Earnings before tax		45.1	63.9	59.6
Net income		25.7	47.3	43.3
Minority interest		0.1	0.4	0.3
Group		25.7	46.9	43.0
Gross margin on net revenues	%	31.3	30.3	29.9
Operating income on net revenues	%	7.7	9.1	6.0
Net income on net revenues	%	3.2	5.3	2.8
Gross operating margin=EBITDA (from operations)		**107.5**	**128.2**	**189.1**
Gross operating margin on net revenues	%	13.5	14.2	12.0
Balance sheet				
Net working capital		-10.6	18.7	-3.7
Net tangible assets		250.8	237.5	250.4
Net intangible assets		648.2	636.0	648.2
Financial assets		0.4	0.9	0.6
Provisions		-137.5	-138.5	-137.5
Net capital employed		**751.3**	**754.5**	**757.9**
Net Financial Debt		348.9	326.9	359.7
Shareholders' equity		402.4	427.7	398.2
Sources of funds		**751.3**	**754.5**	**757.9**
Minority interest capital		1.5	1.4	1.5
Change in net financial position				
Opening net financial position		**-359.7**	**-269.8**	**-269.8**
Cash flow from operations (earnings+amortization)		71.6	93.6	137.9
(Increase)/Decrease in working capital		6.8	-19.1	3.3
(Increase)/Decrease in net investments		-46.1	-33.7	-106.6
Net change in pension reserves and other reserves		0.0	-6.9	-7.9
Change in shareholders' equity		-21.5	-91.0	-116.6
Total Changes		***10.8***	***-57.1***	***-89.9***
Closing net financial position		**-348.9**	**-326.9**	**-359.7**

INCOME STATEMENT BY SECTORS OF OPERATION

		Two-Wheeler Vehicles				Commercial vehicles			
		EUROPE	AMERICA	ASIA PACIFIC	TOTAL	EUROPE	INDIA	TOTAL	TOTAL
Sales volumes (units/000)	1st half of 2009	206.5	13.2	7.4	**227.0**	8.6	78.6	**87.2**	**314.2**
	1st half of 2008	251.9	14.9	14.1	**280.9**	10.5	81.3	**91.8**	**372.7**
	Change	(45.5)	(1.8)	(6.7)	**(53.9)**	(1.9)	(2.6)	**(4.6)**	**(58.5)**
	Change %	-18.0	-11.8	-47.8	**-19.2**	-18.4	-3.2	**-5.0**	**-15.7**
Turnover (ML €)	1st half of 2009	534.8	42.6	18.4	**595.7**	72.2	127.7	**199.9**	**795.6**
	1st half of 2008	629.2	44.7	26.8	**700.7**	77.0	122.6	**199.6**	**900.3**
	Change	(94.4)	(2.1)	(8.4)	**(105.0)**	(4.8)	5.1	**0.3**	**(104.7)**
	Change %	-15.0	-4.7	-31.4	**-15.0**	-6.3	4.2	**0.1**	**-11.6**
Gross industrial margin (ML €)	1st half of 2009	172.5	15.0	5.3	**192.7**	19.3	37.3	**56.6**	**249.4**
	1st half of 2008	208.1	12.5	5.4	**226.0**	22.1	24.3	**46.4**	**272.4**
	Change	(35.6)	2.5	-0.1	**(33.3)**	(2.8)	13.0	**10.2**	**(23.0)**
	Change %	-17.1	20.1	-2.4	**-14.7**	-12.7	53.5	**22.0**	**-8.4**
EBITDA (ML €)	1st half of 2009	62.6	4.8	1.2	**68.6**	4.9	33.9	**38.8**	**107.5**
	1st half of 2008	91.6	4.0	2.2	**97.8**	9.9	20.5	**30.4**	**128.2**
	Change	(29.0)	0.8	(1.0)	**(29.2)**	(5.0)	13.4	**8.4**	**(20.7)**
	Change %	-31.7	21.2	-44.7	**-29.8**	-50.3	65.4	**27.7**	**-16.2**
EBT (ML €)	1st half of 2009								**45.1**
	1st half of 2008								**63.9**
	Change								**(18.7)**
	Change %								**-29.3**
Net income (ML €)	1st half of 2009								**25.7**
	1st half of 2008								**47.3**
	Change								**(21.5)**
	Change %								**-45.6**

KEY FIGURES BY BUSINESS SECTOR AS OF 30 JUNE 2009

Business unit		Two-Wheeler Vehicles	Commercial vehicles	**Total**
	1-1 / 30-6 2009	227.0	87.2	**314.2**
Sales volumes	1-1 / 30-6 2008	280.9	91.8	**372.7**
(units/000)	Change	(53.9)	(4.6)	**(58.5)**
	Change %	-19.2	-5.0	**-15.7**
	1-1 / 30-6 2009	595.7	199.9	**795.6**
Turnover	1-1 / 30-6 2008	700.7	199.6	**900.3**
(ML €)	Change	(105.0)	0.3	**(104.7)**
	Change %	-15.0	0.1	**-11.6**
	At 30 June 2009	5,232	2,107	**7,339**
Employees	At 31 December 2008	4,672	1,536	**6,208**
(n.)	Change	560	571	**1,131**
	Change %	12.0	37.2	**18.2**
Investments				
	1-1 / 30-6 2009	12.4	11.1	**23.4**
- Fixed Assets	1-1 / 30-6 2008	13.4	1.7	**15.1**
(ML €)	Change	-1.1	9.3	**8.3**
	Change %	-7.9		**54.5**
	1-1 / 30-6 2009	16.1	7.3	**23.4**
- R&D Capex	1-1 / 30-6 2008	19.0	3.5	**22.5**
(ML €)	Change	(3.0)	3.8	**0.9**
	Change %	-15.5		**4.0**

It should be noted that data for the first half-year of 2008 - as reported last year - has been reclassified according to current organisational logistics.

KEY FIGURES BY GEOGRAPHICAL AREA AS OF 30 JUNE 2009

		ITALY	REST OF EUROPE	AMERICA	INDIA	ASIA PACIFIC	**TOTAL**
	1-1/30-6 2009	88.5	126.4	13.3	78.6	7.4	**314.2**
Sales volumes	1-1/30-6 2008	100.8	161.5	15.1	81.3	14.1	**372.7**
(units/000)	Change	(12.2)	(35.1)	(1.8)	(2.6)	(6.7)	**(58.5)**
	Change %	-12.1	-21.7	-12.2	-3.2	-47.8	**-15.7**
	1-1/30-6 2009	270.3	336.2	43.0	127.7	18.4	**795.6**
Turnover	1-1/30-6 2008	305.0	400.6	45.3	122.6	26.8	**900.3**
(ML €)	Change	(34.7)	(64.4)	(2.3)	5.1	(8.4)	**(104.7)**
	Change %	-11.4	-16.1	-5.1	4.2	-31.3	**-11.6**
	At 30 June 2009	4,784	576	71	1,694	214	**7,339**
Employees	At 31 December 2008	4,269	561	68	1,205	105	**6,208**
(n.)	Change	515	15	3	489	109	**1,131**
	Change %	12.1	2.7	4.4	40.6	103.8	**18.2**
Investments							
	1-1/30-6 2009	10.3	0.5	0.1	9.5	3.0	**23.4**
- Fixed Assets	1-1/30-6 2008	11.3	1.0	0.1	1.1	1.6	**15.1**
(ML €)	Change	-1.0	-0.5	0.0	8.4	1.4	**8.3**
	Change %	-8.6	-46.2	-12.2	767.2	84.5	**54.5**
	1-1/30-6 2009	17.4	0.9	0.0	5.2		**23.4**
- R&D Capex	1-1/30-6 2008	20.2	0.5	0.1	1.7		**22.5**
(ML €)	Change	(2.8)	0.4	(0.1)	3.5		**0.9**
	Change %	-14.1	70.9	-100.0	205.1		**4.0**

GROUP OPERATING HIGHLIGHTS DURING THE FIRST HALF OF 2009

In the first half of 2009, the Piaggio Group sold 314,200 vehicles in the world, 227,000 of which in the Two-Wheeler business and 87,200 in the Commercial Vehicle business.
With regard to the two-wheeler business, such performance took place within a particularly difficult market context in the Group's main reference areas. In fact demand dropped compared to the same period of the previous year in Italy (- 6.9%), Europe (-17%) as well as in the United States (- 44% globally and - 71% in the scooter segment)
With regards to the Commercial Vehicles sector, the market in India has started to grow and an increase in the sectors of reference of 4.0% was reported.
With respect to the above-mentioned dynamics, **consolidated net sales** for the first half of 2009 reached, as a consequence, 795.6 ML€ (negative 11.6% compared to the same period in 2008).
The decrease in turnover was influenced not only by a decrease in sales in the Two-Wheeler sector, but also by the reduction of the five-year BMW order (- 5.1 ML€ with respect to the same period the previous year) and the revaluation of the Euro against the India Rupee and the British Sterling (with a negative impact on turnover of around 3.8 ML € compared to the corresponding period of 2008).

The **gross industrial margin** for the period is equal to 249.4 ML€ compared to 272.4 ML€ in the first half of 2008. The incidence on net sales starts growing again (31.3% in comparison with 30.3% in the same period of 2008), despite an increase in the cost of raw materials.

Operating expenses fell by 2.8 ML € compared to the first half of 2008 (-1.5%), due to greater efforts to contain costs and as a result of lower business volumes.

Consolidated EBITDA was 107.5 ML€, equal to 13.5% of revenues, on the decline compared to 128.2 ML€, equal to 14.2% of revenues in the first half-year of 2008.

Operating earnings reached 61.6 ML€, compared to 81.8 ML€ in the first half of 2009 (-24.7%), with amortization totalling 45.9 ML€ (-0.4 ML€ compared to the first half of 2008).
In the first half-year of 2009, the Piaggio Group recorded 45.1 ML € in **earnings before tax** (down -29.3% compared to the same period of 2008) and a **net income** of 25.7 ML € (-45.6% compared to the same period of 2008) after income taxes recorded of 19.4 ML €, calculated on the basis of the average expected tax rate for the year as a whole, as required by IAS 34.

The **Consolidated Net Financial Debt** changed from –359.7 ML€ as of 31 December 2008 to –348.9 ML€ as of 30 June 2009. This increase of 10.8 ML € was mainly due to seasonal factors in the Two-Wheeler business which, as is widely known, tends to absorb resources in the first half of the year before generating resources in the second. In the first half of 2008, on the other hand, this change in the net financial position was negative for 57.1 ML € (increasing from 269.8 ML € on 31 December 2007 to 326.9 ML € on 30 June 2008) and was primarily due to the decision to pay the warrants assigned in 2004 by the creditor banks of Aprilia in cash.

SIGNIFICANT EVENTS DURING FIRST HALF OF 2009

During February, the Council of Ministers of Italy approved a law by decree that provided an incentive of 500 Euros for the purchase of motorcycles up to 400 cc, category Euro 3, by simultaneously trading-in (through a scrapping programme) a moped or a small motorbike under category Euro 0 or Euro 1.

18 March 2009 Standard & Poor's confirmed its BB corporate rating of the Parent Company, though downgraded the outlook from "stable" to "negative".

16 April 2009 The new Piaggio Porter, with its radically new design, technical features and internal fittings, was unveiled to the international media. The new Porter has been released with a range of ecological engines, including the Eco-Power model (petrol/LPG bi-fuel), the Green Power (methane gas/petrol) and the Electric Power model (zero-emission electricity).

22 April 2009 The incentives introduced by the Ministry for the Environment became effective for bicycles, mopeds and electric vehicles.

12 May 2009 Moody's confirmed its Ba2 corporate rating of the Parent Company, though downgrading the outlook from "stable" to "negative".

28 May 2009 The new Piaggio MP3 Hybrid was presented: the first hybrid scooter in the world equipped with a thermal and electrical motor which, by operating in synergy, allow for a drastic reduction of both gas consumption as well as CO2 emissions.

10 June 2009 The new Scarabeo product line was launched, including the new Scarabeo 300 Special, Scarabeo 125/200 ei and Scarabeo 50 4 Valves.

23 June 2009 The new Piaggio X7 Evo was presented in the formats 125 ei and 300 ei.

24 June 2009 The sale of the Vespa LX scooter, produced in the Vietnamese plant of Binh Xuyen, was officially initiated in Vietnam. Produced as 125 and 150cc, the Vespa LX is entirely realised within the new Vietnam plant of the Piaggio Group whose manufacturing activities include welding, painting, final assembly, testing and quality control. The Piaggio Vietnam plant - which will employ 250 employees at the end of 2009 - can reach a productive capacity of 100,000 units per year.

Interim Report on Operations

1. PIAGGIO GROUP FINANCIAL AND BUSINESS PERFORMANCE

1.1 Piaggio Group economic results in the first half of 2009

Net revenues

Amounts in ML€	*1st half of 2009*	*1st half of 2008*	*Change*
Two-Wheeler Vehicles	595.7	700.7	(105.0)
Commercial vehicles	199.9	199.6	0.3
TOTAL REVENUES	**795.6**	**900.3**	**(104.7)**

In the first half of 2009, the Piaggio Group sold 314,200 vehicles in the world, 227,000 of which in the Two-Wheeler business and 87,200 in the Commercial Vehicle business.

With regard to the Two-Wheeler business, such performance was realised within a particularly difficult market context in the Group's main reference areas. In fact demand dropped compared to the first half of the previous year in Italy (- 6.9%), Europe (-17%) as well as in the United States (- 44% globally and - 71% in the scooter segment). Given these trends, the results achieved in America were very positive, with sales only decreasing by 1,800 units (-11.8%), which proved the Group's product international success.

Sales within the Italian market also fell (-11.6%) as well as in the European market (– 21.8%).

The Commercial Vehicles division ended the first half-year of 2009 with 87,200 units sold, down 5.0% compared to the corresponding period of 2008. Sales decreased both in India (-3.2%) as well as in Europe and the Rest of the World (-18.4%).

In the first half of 2009, consolidated net sales were equal to 795.6 ML€, an 11.6% decrease compared to the same period in 2008. Analysing the trends in revenues in the sub-segments of reference, the decrease is primarily due to the abovementioned reduction in demand in the Two-Wheeler sector as well as the reduction in the five-year BMW order which reported a decrease of 5.1 ML € compared to the same period of the previous year. With respect to the same period in the previous year, the decrease of the Two-Wheeler segment is mainly due to net sales reduction both in the scooter sector (- 48.5 ML€, - 10.3% compared to June 2008) and in the motorbikes sector (- 37.7 ML€, - 27.6%).

It should also be noted that, on 24 June, the sale of the Vespa LX scooter, produced in the Vietnamese plant of Binh Xuyen, was officially initiated in Vietnam.

The **gross industrial margin,** defined as the difference between "Net sales" and the corresponding "Cost of Sales" for the period, totalled 249.4 ML€, a 8.4% decrease compared to the first half of 2008. On the other hand, the incidence with respect to net revenues continues to grow despite the decrease in sales (31.3% compared to the 30.3% of the same period of 2008) due to strong control activities with respect to production costs. The gross industrial margin includes amortization for 16.9 ML€ compared to 17.1 ML€ in the first half of 2008.

"Cost of Sales" includes: the cost for materials (direct and consumables), accessory purchase costs (transport of incoming material, customs, movements and warehousing), employee costs for direct and indirect manpower and relative expenses, work carried out by third parties, energy costs, depreciation of property, plant, machinery and industrial equipment, external maintenance and cleaning costs net of sundry cost recovery recharged to suppliers.

The **Operating expenses** at 30 June 2009 totalled 187.8 ML€, a decrease of 2.8 ML€ with respect to 190.6 ML€ in the same period of 2008. They consists of employee costs, costs for services and use of third parties assets, and additional operational expenditures net of operating income not included in the gross industrial margin. Operating expenses also include amortization which does not fall within the calculation of the gross industrial margin for 29 ML € (equal to 29.2 ML € in the first half of 2008); these refer to R&D costs which were capitalised and accrued over three years.

The above-reported trend in revenues and costs results in a **consolidated EBITDA** - defined as "Operating income" gross of the amortization of intangible assets and the depreciation of tangible fixed assets arising from the consolidated income statement - on the decline compared to the first half of 2008 (107.5 ML€, 13.5% of Revenues compared to 128.2 ML€, 14.2% of Revenues).

With respect to the above-reported net sales and costs dynamic, **operating income** at 30 June 2009 was positive for 61.6 ML€ and down 20.2 ML€ compared to the 81.8 ML€ of same period in 2008 (-24.7%). Profitability (measured as operating income divided by net sales) also declined, 7.7% against the 9.1% for the same period in 2008.

Net financial charges totalled 16.6 ML€, compared to 18.0 ML€ in the same period of 2008, and they include 6.4 ML€ relating to the debenture loan issued in 2005. The improvement is correlated to the reduction in interest rates which completely mitigated the increased average financial debt.

In the first half of 2009, Piaggio Group recorded **earnings before tax** equal to 45.1 ML€ (-18.7 ML€ compared to the same period in 2008). The decrease is related to lower operating income.

Taxation for the period totalled 19.4 ML€ (16.6 ML€ at 30 June 2008), and they were determined on the basis of the average tax rate expected for the entire financial year.

Net profits at 30 June 2009 totalled 25.7 ML€ (- 21.5 ML€ compared to the same period in 2008).

1.2 Consolidated cash flow statement

The consolidated cash flow statement, prepared in accordance with the schedules envisaged by the IFRS international accounting standards, is presented in the "Consolidated Financial Statements and Explanatory Notes of 30 June 2009"; the following is a comment relating to the summary statement shown in the Highlights.

Cash flow generated in the period was 10.8 ML €.

Cash flow from operations, i.e. net income plus amortization, was 71.6 ML €. The positive impact of this flow on the cash generated in the period, also assisted by the positive impact of the decrease in working capital from -3.7 ML € at 31 December 2008 to -10.6 ML € at 30 June 2009, was partly offset by investment activities for 46.1 ML € as well as by distributed dividends totalling 22.1 ML € and by the purchase of own shares for 1.0 ML €.

1.3 Piaggio Group Balance Sheet at 30 June 2009

The **working capital** – defined as the net sum of: Trade receivables and other current and non-current receivables, Inventories, trade Payables and other long-term Payables and current trade

Payables, other Receivables (short and long-term tax Receivables, deferred Tax Assets) and other Payables (tax Payables and Other short-term payables) – stood at - 10.6 ML €, down compared to both the amount at 31 December 2008 (6.9 ML € the net decrease), as well as compared to the same period the previous year (an actual difference of 29.3 ML €).

Tangible assets consist of properties, plant, machinery and industrial equipment, net of the accumulated depreciation, and assets intended for sale, as set out in more details in the "Explanatory Notes" to the Consolidated Financial Statements, namely in notes 16 and 27. At 30 June 2009, they totalled 250.8 ML €, an increase of 0.4 ML € compared to 31 December 2008 and 13.3 ML € compared to the same period in the year before.

Net intangible assets consist of capitalised research and development costs and the goodwill arising from the merger and acquisitions operations undertaken within the Group since 2000 onwards, as set out in more detail in the Explanatory notes to the consolidated financial statements and in the specific note. As of 30 June 2009, they totalled 648.2 ML€, amount in line compared to 31 December 2008.

Financial assets, defined by the Directors as the total of equity investments and other non-current financial assets (see "Explanatory Notes" 18 and 19), totalled 0.4 ML€, essentially unchanged compared to 31 December 2008 and the same period of the previous year.

Provisions consist of retirement funds and employee benefits (see Explanatory Note 33), other long-term provisions (see Explanatory Note 31), the current portion of other long-term provisions (see Explanatory Note 31), and deferred tax liabilities (see Explanatory Note 32), and totalled 137.5 ML €, unchanged with respect to 31 December 2008.

Net financial debt at 30 June 2009 was 348.9 ML€ compared to 359.7 ML€ on 31 December 2008 and compared to 326.9 ML€ in the same period of 2008. The reduction of 10.8 ML€ compared to 31 December 2008 is primarily due to the positive effect generated from the operational management of ordinary activities. This reduction is net of the distribution of dividends totalling 22.1 ML€ and the purchase of own shares for 1.0 ML€.

The breakdown of the net financial position, which is set out in more detail in the specific table in the "Explanatory notes", may be summarised as follows:

Amounts in ML€	*At 30 June 2009*	*At 31 December 2008*
Cash	146.5	40.0
Financial assets	23.9	5.8
(Medium- and long-term financial payables)	(252.8)	(143.9)
(Debenture loan)	(119.2)	(120.9)
(Short-term financial payables)	(147.3)	(140.7)
Total net financial debt	**(348.9)**	**(359.7)**

Shareholders' equity at 30 June 2009 totalled 402.4 ML €, compared to 398.2 ML € at 31 December 2008.

At 30 June 2009 the fully subscribed and paid-up share capital consists of 396,040,908 ordinary shares with a nominal value of € 0.52 each, totalling € 205,941,272.16.

During the period, following resolutions passed at the Shareholders' Meeting on 24 June 2008, the Parent Company purchased 906,208 own shares.

Therefore, at 30 June 2009 the Parent company holds 27,432,542 own shares, equal to 6.927% of the share capital.

1.4 Employees

Group **employees** at 30 June 2009 totalled 7,339 units compared to 6,208 units at 31 December 2008.

The number of staff is in line with the seasonal nature of the business, where production and sales are concentrated in the months of spring and summer, when staff are hired on term contracts.

	Average number		Number at	
Number of people	*1st half of 2009*	*1st half of 2008*	*30-Jun-09*	*31-Dec-08*
Senior Management	111	110	112	112
Middle Management	428	420	431	430
Clerical staff	2,017	1,933	2,033	1,995
Manual labour	4,436	5,022	4,763	3,671
Total	**6,992**	**7,485**	**7,339**	**6,208**

2. SIGNIFICANT SUBSEQUENT EVENTS AFTER FIRST HALF 2009

3 July 2009: the 2009-2012 Strategic Plan of the Piaggio Group.

The Plan - which covers a time period of four years - focuses on strong growth in the Asian area by strengthening the direct industrial presence and through an expansion of the offer of Two-Wheeled Vehicles (which will also be produced in India) and commercial vehicles as well as through the development of distribution, organisational and human resource structures.

Within the domestic European market, the strategies of the Group aim to consolidate the current leadership by developing and innovating the range of products within the scooter sectors by means of the various Group brands, thereby rationalising the range of motorcycles and, at the same time, valorising the different missions of the brands Aprilia, Moto Guzzi and Derbi.

In the Americas, the 2009-2012 Plan aims to develop dedicated R&D activities in order to pursue an industrial strategy focusing on cost competitiveness within all segments of the scooter market. With regards to motorcycles, the Group aims to grow the various brands even through the development of sports motorcycles with mid-range cc engines.

Due to its internal innovation capacity, the Group aims to achieve leadership in the supply of new engines which are characterised by low or zero environmental impact and by reduced fuel consumption: the Group will focus on development and the growing supply of hybrid, electric and bi-fuel vehicles within the Two-Wheeler and the commercial transportation sectors.

Within the motorisation sector, the production of Diesel and turbo diesel engines with 1,000 and 1,200 cc will also be initiated. These engines will serve as the fundamental element in the expansion of the Group's product offer within the commercial vehicles sector - manufactured and marketed both in Europe and Asia - which will allow for the growth and segmentation of the Ape, Quargo and Porter product lines.

The 2009-2012 Plan includes strategies for investing in product development processes as well as the development of the current Sourcing, R&D and IT structures at an international level.

3. OPERATING OUTLOOK: PROSPECTIVE FOR THE CURRENT FINANCIAL YEAR

The first half of 2009 was heavily affected by the difficulties of the economy and in the markets of reference of the Piaggio Group. As of the month of March, the first important signals of recovery and stabilisation were noticeable. Thanks to its portfolio of products in the Two-wheeler and Commercial Vehicle sectors – featuring a broad range of vehicles of low environmental impact and reduced fuel consumption – the Group is also in a position to take full advantage of the eco-incentives introduced by the Italian and Spanish governments.

In forthcoming quarters, special emphasis will be placed - also due to the new high tech products which are currently in the marketing launch phase - on developing the Group’s motorcycle business in Europe and on consolidating the Group’s leadership of the scooter sector in Europe and America, as well as the market launch of the Vespa scooter in Vietnam (officially started at the end of June 2009).

4. DEALINGS WITH RELATED PARTIES

Net sales, costs, payables and receivables at 30 June 2009 involving parent, subsidiaries and affiliated companies relate to the sale of goods or services falling under the normal operations of the Group.

Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.

Information about the dealings with related parties, including those requested by the Consob communication of 28th July 2006, is shown in the Annex E of the Explanatory Notes to the consolidated financial statement.

5. THE MARKET

5.1 THE TWO-WHEELER BUSINESS

In the first half of 2009, the world market for motorised 2-wheelers was slightly below 20 million of vehicles sold, a 5% drop compared to the same period in 2008.

The People's Republic of China still presents itself as the top global market with more than 8 million vehicles sold, an 8% growth with respect to the first six months of 2008.

India was confirmed as the second global market by sales volumes and, after two years, inverted the negative trend: with 4 million sold vehicles, it reported a 10% growth with respect to the January-June period of 2008.

South-east Asia suffered a significant decrease with an overall market of less than 5 million vehicles (-19% compared to the first half of 2008). Of the countries of this area, Indonesia is the most important: with approximately 49% of sales and 2.4 million vehicles, it reported a decrease of 22% compared to the same period of 2008;Vietnam remains the second biggest market of the area with volumes slightly higher than 1 million units, following by Thailand with 716 thousand sold units (-16%).

In the first half of 2009, the Japanese market reported an additional decrease: with respect to the same period of the previous year, the decrease was equal to 21% with volumes of approximately 209 thousand units.

The global crisis which started at the end of 2008 strongly affected the North American market: with volumes slightly over 340 thousand units in the first half of 2009, North America recorded a remarkable decrease compared to the first half of 2008 (-44%). United States kept a relative weight in the area with approximately 90% sales totalling more than 300 thousand units sold.

After years of growth, often with double digit figures, Latin America closed the first half of 2009 with a decrease of 28% compared to the same period in 2008; Brazil, the country of reference with coverage of approximately 90% of the area, reached 732 thousand units sold in the half-year, a 30% decrease with respect to the first half of 2008.

Europe, the main reference area for the Piaggio Group, was negatively affected by the global economic recession and reported a decrease in sales of 17% compared to the first half of 2008, -13% of which from the scooter business and -22% from the motorcycle business. Both sectors over 50cc (-15%) and 50cc (-20%) were down; in particular, within the over 50cc sector, scooters reported a more modest decrease (-6%, mainly due to government incentives introduced in Italy) compare to motorcycles (-22%). Within the 50cc sectors, negative results were recorded both for scooters (-20%) and motorcycles (-25%).

The scooter market

Italy

The Italian market for scooters closed the first half of 2009 with 216 thousand registrations, 1% decrease compared to almost 217 thousand in the same period of 2008.

The significant decrease in the 50cc sector (-24% with 47 thousand units sold) was compensated by the over 50cc sector which - also due to the support of government incentives for scrapping -

reported 169 thousand units with an increase of 8% compared to the first half of the previous year.

Europe

The scooter market in Europe reported a 13% decrease in volumes in the first half of 2009, from 722 thousand units in the first half of 2008 to 629 thousand units in the first half of 2009.

Of all the sectors, the scooter 50cc sector was most penalised and reported a negative trend of 20%, falling from 370 thousand units in the first half of 2008 to 297 thousand units in 2009.

The decrease in the over-50cc scooter sector was less marked with a decrease of 6% and overall totalling 331 thousand units versus the 352 thousand units in the same period of 2008.

Of the primary nations, Italy remains the most important market with 216 thousand units, followed by France with 106 thousand units; with 76 thousand units sold, Germany is the third country of the area, surpassing Spain whose sales fell by 48 thousand units.

The French market decreased by 15% compared to the previous year, from 124 thousand to 106 thousand units. The decrease was significantly unbalanced with respect to the 50cc scooter (-21%), while scooters over 50cc only fell by 7%.

The German market was generally stable with volumes of approximately 75 thousand units in the first half of 2009. The trend was positive due to the 50cc market (+5%) while the trend of the previous years for scooters over 50cc was inverted (-5%).

The Spanish market certainly appears to be the most affected by the global crisis. With almost 48 thousand vehicles, there was a strong decrease (-42%) compared to the same period in 2008 when market volumes were almost 82 thousand. Both sectors reported highly negative trends with the scooter 50cc dropping 54% and the scooter over 50cc decreasing by 33%.

The British market also fell significantly to just above 13 thousand vehicles (-29% compared to the same period in 2008); similarly to Spain, this market's decrease was also more accentuated in the 50cc market which fell by 37% compared to the -22% reported in the over 50cc sector.

North America

The scooter market in North America in the first half of 2009 reported a strong reduction in volumes (-67%) totalling 18 thousand units. In particular, the United States - which represent almost 80% of the reference area - reported a definitively negative trend (-71%), with over 14 thousand units. Both over 50cc (-73%) and 50cc (-69%) sections are negative.

The motorbike market

Italy

In the first half of 2009, the motorbike market (including 50cc motorbikes) in Italy contracted 21%, from 94 thousand units in the first half of 2008 to 74 thousand. The decrease was due to the contraction within the sub-sectors for 50cc motorbikes (which fell from 4 thousand units in the first half of 2008 to 3 thousand units in the first half of 2009, -24%) and 126-750cc motorbikes (which fell from 48 thousand units in the first half of 2008 to 36 thousand units in the second half of 2009, -26%). 51-125cc motorbikes also reported a decrease of 12%. The decrease reported with respect to motorbikes with elevated cc was more perceptible, reaching 31 thousand units, 6 thousand units less than the first half of 2008 (-16%).

Europe

The motorbike market in Europe (including 50cc motorbikes) decreased from 508 thousand units in the first half of 2008 to 394 thousand units in the same period of 2009 (-22%). The most significant loss was reported in the 126-750cc sector which fell from 210 thousand units to 154 thousand units (-27%). This was followed by the 50cc sector which fell from 45 thousand units to 33 thousand units (-25%). The 51-125cc and over 750cc sectors also decreased by 17% and 19%, respectively.

The primary markets are France (82 thousand units) - which in the first half of 2009 exceeded Italy in terms of sales volumes - followed by Germany (67 thousand units), Great Britain (45 thousand units) and Spain (28 thousand units).

In Europe, the main sub-segment is the large-sized engine motorbikes (155 thousand units) where the Group is present with Aprilia and Moto Guzzi brands, followed by the medium-sized engine motorbikes (154 thousand units), where the Group is present with Aprilia, Moto Guzzi and Derbi brands. In the first half of 2009, all primary markets reported contractions, particularly the Spanish (-58%) and German (-15%) markets; the decrease reported in the British (-10%) and French (-8%) markets was, on the other hand, less.

North America

The global crisis, which started in the United States, resulted in a significant decrease in the North American market for motorbikes (-42%).

In the first half of 2009, the motorbike market in the Unites States mirrored the general trend with a decrease of 44% due to the contraction of all engine sectors. The proportionally worst trend was that of average-sized engines, 126cc-750cc, which reported a decrease of 53%; a significant decrease also occurred for large-sized engine whose volumes fell by 38%. These segments cover more than 90% of the entire US market.

5.2 COMMERCIAL VEHICLES Business

During the first six months of 2009, the European market for Light Commercial Vehicles (vehicles whose Total Land Weight is 3.5 tons) reported a decrease with respect to the same period of 2008 of 36.5%, falling from 1,146,106 units to 727,921 units (source: ACEA, EU + EFTA registrations).

Within the Italian domestic market, the decrease in the first half of 2009 was around 30.0% with 85,778 units compared to the 122,469 units of 2008 (source: UNRAE, N1 market registrations).

The Indian Three-Wheeler market - where Piaggio Vehicle Private Limited, a subsidiary of Piaggio & C. S.p.A., operates - increased from 173,819 in the first six months of 2008 to 180,835 in 2009, a 4.0% increase (source: SIAM).

Within this market, the sector for passenger transportation vehicles continues to manifest an expansive trend, reaching 143,801 units with a growth of 16.9% while the Cargo sector reported a decrease of 27.1%, falling from 50,805 to 37,034 units. In addition to the traditional Three-Wheeler market, the market for 4-Wheeler Light Commercial Vehicles for the transportation of goods must also be considered; Piaggio Vehicle Private Limited has been operating in this market since 2007 with the commercial vehicle Apé Truk. The size for the LCV Cargo market, with a Total Land Weight of less than 3.5 tons, was equal to 82,364 units in the first half of 2009, a 2.1% growth compared to the same period in 2008.

6. THE REGULATORY FRAMEWORK

<u>Two wheeler</u>

Italy

In order to upgrade the circulating fleet of two-wheeler vehicles with new vehicles that have a lower environmental impact, the Italian Government introduced two different types of incentives in favour of consumers if a corresponding obsolete vehicle is scrapped:

- Vehicle Scrapping & Disposal - Government incentives (Ministry for Economic Development)

As of February 2009, a discount of 500 Euro is offered for the purchase of a Euro3 motorbike with an engine of up to 400cc or with power not exceeding 60kW; the manufacturer recovers this amount through a tax credit. The incentives campaign will remain effective up until 31 December 2009.

- Vehicle Scrapping - Program Agreement between the Ministry of the Environment and ANCMA (Italian motorcycle manufacturers association)

In the month of April 2009, the Ministry of the Environment allocated a fund of approximately 9 million Euro as contributions for the purchase of bicycles/electrical bicycles (up to 700 Euro), motorbikes (up to 180 Euro if two strokes or 350 Euro if four strokes), electrical vehicles (up to 1300 Euro) and hybrids (up to 950 Euro). This fund was used up in a short amount of time and was almost exclusively utilised for the purchase of bicycles due to the extremely simple procedure for these vehicles.

Given the success of the initiative, the Ministry of the Environment decided to make available other 10 million Euros for the continuation of the incentives campaign.

The new agreement between the Ministry of the Environment and ANCMA provides buyers of motorbikes and electric/hybrid vehicles with an incentive of up to 500 Euro for thermal vehicles and 1300 Euro for electric/hybrid vehicles; this will be financed by means of a special fund of 5 million Euros. The new incentives campaign is expected to begin in the upcoming month of August.

The collaboration between the Motor Vehicles Department, ANCMA and ANFIA (Italian National Automobile Association) for a development of specific national regulations on Tuning resulted in a modification of the contents of Article 75 of the Roadway Code which now allows users of two-wheeler vehicles to "personalise" their vehicle without excessive bureaucratic constraints by replacing original parts - considered important for security purposes and/or emissions - on the condition that the technical and administrative constraints set by the Ministry of Transportation are complied with.

By means of opportune contacts and initiatives in the month of April 2009, Piaggio attained an authorisation from the Ministry of Transportation which ensured that the vehicle MP3 LT, even in its motortricycle version, is authorised to circulate on freeways, highways and bypass roads. The only condition is that the engine size be greater than or equal to 250cc.

Europe

In the period in question, the European Commission continued to implement and analyse in-depth the activities for new technical requirements concerning:

- Polluting emissions (new Euro phases, CO_2 emissions, durability, amount of fuel consumption, a new procedure for measuring exhaust noise levels).
- Elements linked to safety (ABS braking system, limitation of power, anti-rigging regulations, etc..)

The Piaggio Group is carefully monitoring these activities in order to avoid that new and illogical legislative provisions result in increasingly higher retail prices of vehicles.

In addition, the EU Commission is assessing the possibility of extending the mandatory periodical technical servicing to 2 or 3 wheelers; this has already been in effect for automobiles throughout the EU. This measure would result in greater control on real safety conditions and on actual polluting emissions of circulating vehicles.

This periodical servicing has already been effective in Italy for some time, with beneficial effects on the number of roadway accidents.

In **France**, the proposal to modify the national regulations - in order to prevent the driving of the Piaggio MP3 LT vehicle with a B license - was rejected. This was possible due to the fact that currently effective directive on the EC driving license (91/439/EC) allows for driving the MP3 LT with a B license and that the national regulations can not be in conflict with EC regulations.

In **Spain**, the new directive of the EC license 2006/126/EC was incorporated significantly in advance; its entry into effectiveness was in January 2013. This directive sets more stringent conditions for the use of two and three wheel vehicles. ACEM has requested that the EU ensure that Member States comply with the deadlines of the directives, thereby requesting that Spain postpone the implementation of the national directive cited above by a few years.

Non-EU countries

In the **United States**, discussions at the federal level are underway in order to modify the currently effective provisions relative to:

- Evaporative fuel emissions from the power supply system
- new safety measures (ABS requirement, periodical servicing of circulating vehicles, etc..)

At the **ISO** (International Standardisation Organisation) level, activities are underway in relation to electrical and/or hybrid vehicles in order to define and regulate:

- their classification;
- their performance (engine, vehicle, etc..)
- their safety characteristics during usage of the vehicle itself (insulation of electrical components).

7. THE PIAGGIO GROUP

7.1 THE TWO-WHEELER BUSINESS

	1-1 / 30-6 2009		1-1 / 30-6 2008		Change %		Change	
	Volumes Sell-in (units/000)	Turnover (ML €)	Volumes Sell-in (units/000)	Turnover (ML €)	Volumes	Turnover	Volumes	Turnover
Scooters	201.5	420.3	239.3	468.8	-15.8%	-10.3%	(37.9)	(48.5)
Motorcycles	25.5	99.1	39.8	136.7	-35.9%	-27.6%	(14.3)	(37.7)
Spare parts and Accessories		73.9		81.9		-9.7%	0.0	(8.0)
Other		2.5	1.8	13.4		-81.6%	(1.8)	(10.9)
TOTAL	**227.0**	**595.7**	**280.9**	**700.7**	**-19.2%**	**-15.0%**	**(53.9)**	**(105.0)**
Italy	82.7	217.9	93.6	249.6	-11.6%	-12.7%	(10.9)	(31.8)
Europe + MEA	123.8	316.9	158.3	379.5	-21.8%	-16.5%	(34.5)	(62.7)
Asia	7.4	18.4	14.1	26.8	-47.8%	-31.3%	(6.7)	(8.4)
America	13.2	42.6	14.9	44.7	-11.8%	-4.7%	(1.8)	(2.1)
TOTAL	**227.0**	**595.7**	**280.9**	**700.7**	**-19.2%**	**-15.0%**	**(53.9)**	**(105.0)**

In the first half of 2009, the Piaggio Group, taking into consideration the brands under management - Piaggio, Gilera, Vespa, Derbi, Aprilia and Guzzi - sold a total of 227 thousand units (-19.2% compared to the first half of 2008) with net sales of 595.7 ML € (-15%) including spare parts and accessories.

This performance was affected by the general decrease in demand due to the global financial crisis, as more fully illustrated above.

The stability of the scooter sector was better (-10.3%) where the brands of the Group reinforced their leadership within the European market with a quota of 28% (+2% in comparison with the first half of 2008).

The Group managed to limit the loss by exploiting the notoriety of brands and by introducing new versions of important models such as the Beverly, Liberty and MP3 which have allowed for an excellent increase in market share, thereby partially compensating the loss of volumes caused by the market trends.

With regards to the motorbike sector, the sales of the Group were significantly penalised by the significant reduction of the overall European market, particularly in Spain and Italy.

Despite this fact, there was no lack of new products for 2009, the most important of which was certainly the Aprilia RSV4, a motorbike which celebrated the return of Aprilia in the World Superbike Championship.

With regards to geographical areas, the excellent result attained in the US should be noted, where sales only dropped by 11.8% despite a significant reduction in demand (-44%).

The "Other" item essentially includes sales of engines for the first half of 2009. In the first half of 2008, more than 1,800 motorbikes were built on behalf of BMW.

THE 2-WHEELER PRODUCT RANGE

The products of the Piaggio Group are formed by a broad range of products and are entrenched in the leading positions in sales ranking, thereby ensuring excellent coverage of the various market segments. The most sold model in the first half of 2009 was Vespa LX (more than 32 thousand sold units) which, as of 2009, is also produced in the new plant in Vietnam for the local market (more than 2 thousand units sold only in the month of June); Piaggio Liberty was in second place: recently renewed in its lines, it was confirmed as a real icon of the scooter market with more than 22 thousand units sold compared to the 20 thousand of the first half of 2008.

The contribution of Vespa GTS was also considerable with almost 19 thousand sold units, thereby reaching third place and significantly improving the approximately 16 thousand units of the first half of 2008. Beverly was in the fourth spot with volumes of more than 17 thousand units: due to the recently introduced 300cc engine, it maintained substantial volumes even after one year from the significant design renewal.

The performance of the two "entry level" vehicles remained considerable: Fly and Zip overall reported more than 25 thousand sold units; the growth of Zip was particularly important due to the introduction of the double stroke version which attained significant success, particularly in Italy.

The performance of another novelty, launched in the first half of 2009, should be noted: Carnaby Cruiser 300, a scooter with High Wheels and average size, was shown to be a valid alternative within a highly complex market that is strongly controlled by Japanese and Korean brands.

Finally, the efforts of the Group with regards to the upgrading of engines should be noted: as of the first half of 2009, all over 50cc engines, with the exception of the 100cc, have been equipped with electronic injection in order to guarantee a better supply of power, reduced consumption and therefore fewer emissions. The focus of the Piaggio Group on factors linked to environmental protection is further confirmed by the launch of the MP3 Hybrid, a new advanced vehicle which integrates the traditional thermal propulsion with low environmental impact with zero-emissions electrical engine, thereby summing the advantages of the two engines.

As regards scooters, Aprilia fully upgraded its historically most famous model, the Scarabeo: the elegant and sporting version, 300 Special, the new "multi-map" engines from 125 cc to 200cc and the 50cc, 4-Valve version, were all introduced and offer improved performance with reduced consumption and emissions.

The Aprilia motorbike product range introduced - in the first half of 2009 - the most innovative and powerful model ever created by Aprilia, RSV4. By means of this project of very highly advanced technology, Aprilia again returned to racing in the Superbike championship and immediately highlighted its elevated competitive capacities which have always marked the Racing Department of the Noale based mark.

Despite the significant use of resources which this project necessarily requires, the smaller-scale upgrades on other models of Aprilia motorcycles have not been neglected: the semi-faired versions of Shiver and Mana, marked by the GT initials, have been created alongside the main version in order to meet the requirements of urban mobility as well as to provide appropriate protection during medium to long-distance travel.

In the first half of 2009, Moto Guzzi also continued to upgrade its vehicles by presenting the V7 Cafè Classic, an upgraded version of the historical V7 Sport and the new Moto Guzzi Stelvio 1200 4V NTX.

7.3 THE COMMERCIAL VEHICLES BUSINESS

	1-1/30-6 2009		*1-1/30-6 2008*		*Change %*		*Change*	
	Volumes Sell-in (units/000)	Turnover (ML €)	Volumes Sell-in (units/000)	Turnover (ML €)	Volumes	Turnover	Volumes	Turnover
Ape	78.5	123.6	81.7	121.8	-4.0%	1.4%	(3.2)	1.8
Minivan	4.0	42.8	3.8	37.0	5.4%	15.7%	0.2	5.8
Quargo/Apé Truk	4.7	15.1	6.0	21.6	-22.6%	-30.0%	(1.4)	(6.5)
Microcars	0.0	0.2	0.1	0.7	-67.5%	-71.2%	(0.1)	(0.5)
Atv	0.0	0.0	0.1	0.4	-99.1%	-99.7%	(0.1)	(0.4)
Spare parts and Accessories		18.1		18.1		0.2%		0.0
TOTAL	**87.2**	**199.9**	**91.8**	**199.6**	**-5.0%**	**0.1%**	**(4.6)**	**0.3**
Of which India								
Vehicles	78.6	120.2	81.3	115.4	-3.2%	4.2%	(2.6)	4.8
Spare parts and Accessories		7.5		7.2		3.8%		0.3
Total India	**78.6**	**127.7**	**81.3**	**122.6**	**-3.2%**	**4.2%**	**(2.6)**	**5.1**
Of which Europe and the Rest of the World								
Vehicles	*8.6*	*61.5*	*10.5*	*66.1*	-18.4%	-6.9%	*(1.9)*	*(4.6)*
Spare parts and Accessories		*10.7*		*10.9*		-2.2%		*(0.2)*
Total Europe and the Rest of the World	**8.6**	**72.2**	**10.5**	**77.0**	**-18.4%**	**-6.2%**	(1.9)	(4.8)
TOTAL	**87.2**	**199.9**	**91.8**	**199.6**	**-5.0%**	**0.1%**	**(4.6)**	**0.3**

The Commercial Vehicles Division closed the first half of 2009 with 87.2 thousand sold units, a 5.0% decrease with respect to 2008 volumes, while turnover increased from 199.6 million Euros in the first half of 2008 to the 199.9 million Euros in 2009, a change of 0.1%. Net sales generated in Europe reached 72.2 ML € while India recorded 127.7 ML €.

Within the European market, Piaggio Commercial Vehicles reached 8,592 units sold. Turnover decreased by 6.2%, falling from the 77 million Euros reported in the first half of 2008 to 72.2 million Euros in 2009; this decrease was, in any case, contained compared to the fall of sales in the market. Due to the upgrade of the Porter product range and the success of the Eco-solution engines with low environmental impact, the sales dynamics in terms of Porter units was positive, increasing from 3,837 units in the first half of 2008 to 4,046 units in 2009, a 5.4% change which was counter to market trends.

With regards to the range of products in Europe, the first half of 2009 was characterised by the birth of the new Porter. The primary new elements concern the external style as well as the style and comfort of the interior in addition to the introduction of new content, including EPS, first of all, which makes the vehicle driving more comfortable. The upgrade concerned both the regular fuel Porter and the GPL bi-fuel Porter; in the upcoming months, it will also involve the electric traction Porter and the Maxxi Porter.

Within the Indian Three-Wheeler market, Piaggio Vehicles Private Limited continues to be the market player of reference. Sales of Three-Wheelers fell slightly from 74,811 in the first half of 2008 to 73,531 in 2009, a decrease of 2.6%. The market share was consolidated at approximately 40.7%. A more detailed analysis of the market reveals that Piaggio Vehicles consolidated its position as market leader within the Cargo sector for the transportation of goods. Due to the particular success of the Piaggio Ape 501 and its numerous possibilities of customisation, the market share of Piaggio Vehicles Private Limited reached 53.9%. The incidence of the Passenger sector is significant.

The market sales of the Four Wheeler Commercial Vehicle market, on the other hand, fell slightly. Apé Truk fell from 4,686 units in the first half of 2008 to 4,013 units during the course of the first half of 2009.

7.4 RESEARCH AND DEVELOPMENT

Company	1st half of 2009			1st half of 2008		
Amounts in ML€	Capitalised	Costs	Total	Capitalised	Costs	Total
Two-Wheeler Vehicles	16.1	10.7	*26.8*	19.0	11.6	*30.6*
Commercial vehicles	7.3	1.4	*8.7*	3.5	0.7	*4.2*
Total	**23.4**	**12.1**	**35.5**	**22.5**	**12.3**	**34.8**

The Piaggio Group implements R&D activities for new products or technologically advanced solutions that can be applied to its vehicles and engines within the various production facilities.
Even in the first half of 2009, the Piaggio Group continued its policy of maintaining technological leadership in the sector, allocating a total of 35.5 million Euro to R&D, equal to 4.5% of revenues (3.9% in the first half of 2009), of which 23.4 million Euro were capitalised as intangible assets under development costs.
R&D activities particularly concerned new vehicles and new engines, particularly ecological ones.

7. 5 PRODUCTION

Pontedera Plants

Two-Wheeler Facilities

With regards to steel manufacturing, the industrialisation of the new full drive shafts, 750 MG and 1000 RSV4 R, have been completed. New manufacturing areas with REE268 robots and grinding machines on the cam axle line and the REE 267 on the traditional drive shaft line.
The industrialisation of the new engine RSV4 has been completed and its serial production has been started.
The equipment for the serial production of the new IBRIDO engine and the MP3 Hybrid Vehicles is being completed, including new layouts and testing devices.

Commercial Vehicles Plant

The new Porter UPDATE vehicle has been industrialised for serial production.

Scorzè Plant

The equipment for the serial start-up for the RSV4 motorbike has been completed, with approval for the relative processes of assembly and testing.

Mandello Del Lario Plant

The reclamation works of the area relative to the first lot have been completed, in compliance with the multi-year restructuring project: a new electrical network of average voltage has been installed while the old plants for the production of heating steam have been disposed of and replaced and new plants for the production of compressed air have been installed.

Baramati Plant

The internal and external civil works as well as the facilities and structures of the building created for the production of LEADER and DIESEL engines have been completed with new offices and utilities. New machinery with numerical control for the processing of carters and engine blocks has been installed; a new meteorological and pre-setting area has been completed and the realisation of a materials warehouse as well as of assembly lines and testing beds for Leader and Diesel engines are underway.

Hanoi Plant

The industrial process for the serial production for the Vespa LX has been approved.

The productive facilities, including restrooms and utilities, have a capacity of 100,000 Vespa's per year with processes for internal welding, plate cataphoresis, bodywork and plastics painting, laboratories and quality control, warehouses, assembly and testing.

WCM Project

Twenty Word Class Manufacturing workyards have been started up, subdivided as follows: L-Logistic, LM-Lean Manufacturing, PQ-Production Quality, S-Safety. The workyards are located transversally with respect to production facilities and allow for continual improvement on all specified areas and an objectification of all attained results.

Environmental Certification and Safety at the Workplace

In the month of April, a check-up was implemented by the DNV controlling entity on all ISO 14001:2004 environmental certification processes as well as on all OHSAS 18001:1999 workplace safety processes.

Testing activities, including detailed audits of facilities in Pontedera, Noale and Scorzè, had a positive outcome.

8. HUMAN RESOURCES

8.1 Organisational Development

In the first half of 2009, the organisational restructuring of the Group continued in accordance with business requirements and the consolidation of the currently underway internationalisation process; in particular, the most significant operations were as follows:

- The Manufacturing area aims - through the creation of the "Manufacturing" organisational unit - to maximise synergies and the productive efficiency of the various facilities.
- The optimisation of processes and of functional mechanisms within the Commercial Vehicles Division by means of the detailed definition of organisational structures, with particular reference to the EMEA CIS Commercial unit, the Strategic Marketing unit and the Product Engineering and Development unit.
- The EMEA Two-Wheeler Commercial Division was created by establishing the departments of Central Staff ("Marketing and Network Development", “Sales Planning & Support”, “Business Development for Derbi, MG and Off Road”) as well as through the acquisition for the Corporate Business department (from Commercial Vehicles) and the strengthening of control in the various markets.
- The Racing activities of the Group have been consolidated within the newly founded company, Aprilia Racing s.r.l.
- The Two-Wheeler Product Marketing department was created and reports directly to the CEO with an international organisational format and with the objective of contributing towards the worldwide growth of the Group's products in addition to managing and maximising the profitability of the individual initiatives.
- The Asiatic pole of the Two-Wheelers was created through the establishment of an Asia Two-Wheeler organisational Unit for the purposes of developing and proposing a range of products in Asia and which can promote the growth of revenues, profitability and market shares in the markets of Vietnam, China, Asia Pacific and Japan.

The plan for implementing the new IT system, SAP HR, began in 2008 with the objective of aligning the best practices of international companies; it has continued and is operational in both Italy and the foreign offices of the Group with a forecast for completion in the second half of the year in India and Vietnam (for administrative and organisational data).

The training activities involved all clusters of the company's staff and included specific plans for financed training (e.g. newly graduated staff, key people, etc..); in total, approximately 6,400 training hours involving 500 individuals were performed in the first six months and including institutional, specialised and work safety training.

From the perspective of recruiting and new entries - and in accordance with the change in product mix and the needs resulting from the implemented organisational changes - the various functional areas were reinforced, particularly with reference to the staffing of diesel engines and the sales network of Commercial Vehicles.

8.2 Human Resources

On 30 June 2009, the overall employment level of the Group - including not only employees but also resources included within the company with supply contracts - was equal to 7,427 units compared to the 7,702 total in the same period of 2008; of these 4,847 were operating within the Italian facilities compared to 4,997 on 30 June 2008, a decrease of 275 units within the Group - 150 in Italy - which was partly due to a different seasonal nature of employment of labour compared to the previous year.

The efforts of the Group continue to confirm the vision for a constant search for innovation in order to improve the overall efficiency of the organisational model. In particular, the re-engineering of the processes which are underway was also made possible by the IT development which will continue in the second half of 2009 and which has allowed for the diversification of the employment mix, including growth of professional and/or specialised personnel dedicated to developing and innovating new products and processes.

The total number of stable employees of the Group is equal to 6,012 individuals, of which 4,203 work in the Italian facilities. The recorded increase was equal to 232 units within the Group while in Italy there was a slight decrease (37 units) compared to 30 June 2008.

The development of the various entities in the Far East is notable; this will also be a feature of the second half of 2009 following the consolidation of the newly formed Piaggio Vietnam Co. Ltd.:193 units as of 30 June 2009 versus 81 on 31 December 2008. Within this geographical area, the development of the PVPL continued; this organisation is the most consolidated one, reporting an increase of stable employees from 821 individuals on 30 June 2008 to 967 individuals on 30 June 2009, including a significant increase of managers from 115 to 136 units.

8.3 Industrial relations

On 6 March 2009, the new 2nd level supplementary contract was stipulated for the facilities in Pontedera; it had previously expired on 31 December 2007. The long negotiations resulted in an agreement which was initially undersigned by three trade unions (FIM/CISL, UILM/UIL, UGL engineering/UGL) and subsequently, following a positive assessment expressed by employees through a referendum, also signed by FIOM/CGIL.

The agreement, valid for the 2008-2011 period, provides for a new Performance Prize which is measured on the basis of indicators that are closely correlated to both the economic trends of the Group as well as management (efficiency of the productive system and defect levels of products built within the plant of Pontedera).

The new supplementary contract has introduced important innovations for the management of a workforce following the creation of a "territorial and employment element of reference" which valorises the accrued experience of those who have worked with fixed-term contracts in previous years. By 2011, a new form of income supplementation will be activated through the creation of supplementary healthcare insurance with contributions charged to the company.

Within the registered office of Noale/Scorzè, trade union organisations and representatives presented a platform for the renewal of the supplementary contract expired on 31 December 2008. In the past month of May, negotiations were initiated.

In the meantime, the national and international economic and financial situation - heavily weakened by the crisis which affected all markets - resulted in a decrease of production levels with the consequent need to suspend current activities and utilise the Italian Ordinary Wages Guarantee Fund (OWGF).

The facilities in Scorzè (VE) and Mandello del Lario (LC), where the motorbikes with the brands of Aprilia and Moto Guzzi are produced, were most affected by the decrease in volumes, resulting in 93,134 hours of utilisation of the O/EWGF.

From a relationship perspective, there have been numerous meetings between different Company parties - in addition to the undersigning of the trade union agreement in Pontedera - and which included the Company's top management in order to maintain constant informational flows on Company trends during a particularly difficult period.

Work absenteeism as a result of strikes decreased by 10% compared to the first half of 2008.

9. OTHER INFORMATION

9.1 Corporate

During the first half of 2009, the Group's corporate structure changed as a result of the following events:

- On 1 January 2009, the share capital of Aprilia Racing Srl increased from 21,000 Euro to 150,000 Euro due to the transfer - from Piaggio & C. SpA - of its "racing" company branch, resulting the consequent underwriting of a share capital increase of 86%.
- On 21 January 2009, Aprilia Moto UK Limited was cancelled from the local Registry of Companies.
- On 23 January 2009, Aprilia World Service B.V. transferred its shareholding in the company Aprilia World Service Holding do Brasil Ltda to Piaggio Group Americas Inc.
- On 1 June 2009, the merger by incorporation of Piaggio Benelux B.V. into Piaggio Vespa B.V. was implemented with retroactive effectiveness as of 1 January 2009.

9.2 Disputes

Leasys–Savarent S.p.A., summoned to appear before the Court of Monza by Europe Assistance in relation to the rental supply of Piaggio vehicles to the Italian Postal System, has summoned the party to the Court of Pisa as a guarantee. The trial before the Court of Pisa is currently suspended while awaiting the resolution of the dispute pending before the Court of Monza.

In relation to the same dispute, Leasys–Saverent S.p.A. also filed an appeal for an injunction with the Court of Pisa against the Company, requesting the payment of certain invoices relative to costs sustained by Leasys itself for the servicing of the motorbikes rented by the Italian Postal System. The Company appeared before the court in opposition to the abovementioned injunction, requesting a repeal given that the supply contract did not charge the Company with these expenses. The Judge rejected the request for provisional enforcement of the injunction put forth by Leasys and the trial was postponed to the hearing of 2 July 2009 for the specification of the verdict.

By means of the deed notified on 25 May 2006, the company summoned some companies of the Case New Holland Group (Italy, Holland and USA) before the Court of Pisa in order to recover damages under contractual and non-contractual liability relating to the execution of a supply and development contract of a new family of utility vehicles CNH appeared in court requesting the repeal of the claims of Piaggio and objecting to the lack of jurisdiction of the court in question in the preliminary hearing. The Judge postponed the trial to the hearing of 2 December 2009 relative to the specification of the conclusions on the lack of jurisdiction claimed by CNH.

In a writ received on 29 May 2007, Gammamoto S.r.l. in liquidation, a former Aprilia licensee in Rome, brought a case against the Company before the Court of Rome for contractual and non-contractual liability. The Company has opposed the injunction fully disputing the validity of Gammamoto's claims and objecting to the incompetence of the Judge in charge. The Judge, accepting the request formulated by the Company, declared its lack of jurisdiction with regards to the dispute.

Da Lio S.p.A., by means of a writ received on 15 April 2009 - summoned the Company before the Court of Pisa in order to attain compensation for the presumed damages sustained for various reasons as a result of the cancellation for the supply relationships. The Company appeared in court requesting the rejection of all opposing requests. The first hearing has been set for 23 July 2009.
The amounts allocated by the Company for the potential risks deriving from the current dispute appear to be consistent with the predictable outcome of the disputes.

With regards to the tax disputes involving the parent company, Piaggio & C. SpA, there are three current appeals which were put forth against an equivalent number of tax assessments notified to the company for the relative tax periods of 2002 and 2003. The Company has attained a favourable sentence in the first instance for the year 2002.
In this respect, the Company did not deem it necessary to make any allocations in consideration of the positive indications expressed by the professional experts engaged by the defence.

The primary disputes of fiscal nature of the other companies of the Group concerned P&D S.p.A. in Liquidation and Piaggio Vehicles PVT Ltd.
More specifically, and in reference to P&D SpA in Liquidation, a dispute arose in relation to the tax assessments issued by the Internal Revenue Service for tax years 2000, 2001 and 2002. By means of these notices, P&D S.p.A. attained a favourable outcome in the first instance. It should be noted that analogous tax assessments were the subject of disputes for the tax years 1993, 1994 and 1995-1997 and for which the Company attained a positive outcome with the well-known sentences of the Supreme Court no. 1465/2009 of 21 January 2009 (years 1995-1997), no. 3583/2009 (year 1993) and no. 3584/2009 (year 1994), the last two on 13 February 2009.
Taking into account the positive outcomes attained before the Supreme Court (Court of Cassation) for the past years and the favourable assessments on the part of contracted professionals, the Company did not deem it necessary to allocate any amounts for the current disputes.

Finally, as concerns Piaggio Vehicles PVT Ltd, there are currently various disputes regarding different years between 1998 and 2008 regarding both direct taxation and consumer taxes. The Indian company immediately paid the disputed amounts which will be reimbursed when the dispute concludes in its favour. The professionals entrusted with the defence are confident in the positive outcome of the abovementioned disputes.

9.3 Corporate Governance

The following novelties are reported with respect to that published in the 2008 financial statements.

The shareholders' assembly of Piaggio & C. S.p.A. has appointed, on 16 April 2009, a new Board of Directors, which will hold office for the three-year period until the approval of the financial statements of 31 December 2011. The Board is composed of Roberto Colaninno, Matteo Colaninno, Michele Colaninno, Luciano Pietro La Noce, Giorgio Magnoni, Daniele Discepolo, Franco Debenedetti, Riccardo Varaldo, Luca Paravicini Crespi, Vito Varvaro and Gianclaudio Neri. Four members (Daniele Discepolo, Franco Debenedetti, Riccardo Varaldo, Luca Paravicini Crespi) possess the independence requirements pursuant to Article 148, paragraph 3, of Legislative Decree no. 58/1998 and the Self-Regulation Code of Borsa Italiana S.p.A..

The Assembly has also approved the new Board of Statutory Auditors which will also hold office until the approval of the financial statements of 31 December 2011; it is composed as follows: Giovanni Barbara (Chairman), Alessandro Lai and Attilio Francesco Arietti as Statutory Auditors and Mauro Girelli and Elena Fornara as Alternate Auditors.

The Board of Directors of Piaggio met on the same date and assigned the following titles: Chairman and CEO: Roberto Colaninno; Vice Chairman: Matteo Colaninno.

It also appointed Daniele Discepolo as Lead Independent Director and the following members of the Committee for Appointment Proposals: Franco Debenedetti (Chairman), Luca Paravicini Crespi and Luciano Pietro La Noce; the Remuneration Committee is composed of the following Directors: Riccardo Varaldo (Chairman), Luciano Pietro La Noce and Franco Debenedetti; the Internal Control Committee is composed of the following Directors: Daniele Discepolo (Chairman), Luca Paravicini Crespi and Riccardo Varaldo, without prejudice to the functions and competencies of the abovementioned committees.

The Board of Directors of Piaggio has confirmed Mr. Roberto Colaninno as the Director of Internal Control, who in turn appointed Maurizio Strozzi as the Internal Control and Internal Audit Manager.

Finally, the Board of Directors of Piaggio appointed the Supervisory Body, in compliance with Legislative Decree no. 231/2001, for the three year period 2009-20011; it is composed as follows: Enrico Ingrillì (Chairman), Ulisse Spada and Giovanni Barbara (members).

9.4 Stock Option Plan

With regard to the 2007-2009 stock option plan approved by shareholders on 7 May 2007 for the top management of the Company or of its Italian and/or foreign subsidiaries, in compliance with Art. 2359 of the Italian Civil Code, as well as for delegated directors of the above-said subsidiaries ("2007-2009 Plan"), it should be noted that, during the course of the half-year, two new stock options were assigned:

- on 15 January 2009, 390,000 options were assigned at a price of Euro 1.2218. On the date of assignment of the options, the market price of the underlying financial instruments was equal to Euro 1.1569;

- on 11 May 2009, 250,000 options were assigned at a price of Euro 1.2237. On the date of assignment of the options, the market price of the underlying financial instruments was equal to Euro 1.2238.

In the same period, 145,000 options expired. On 30 June 2009, 9,190,000 option rights were therefore assigned for a corresponding number of shares.
Detailed information on the 2007-2009 Scheme is available in the documents published by the Issuer in accordance with article 84-*bis* of the Consob Issuers Regulation. These documents can be viewed on the institutional website of the Issuer at www.piaggiogroup.com, under the Investor Relations section.

Rights	No. options	Average exercise price (Euros)	Market price (Euro)
Rights existing at 31.12.2008	9,415,000		
° of which exercisable in 2008	0		
New rights assigned between 1-1 / 30-6-2009	640,000	1,2225	1,1830
Rights expiring in the half-year	145,000		
Rights existing at 30.6.2009	9,910,000		
° of which exercisable at 30.6.2009	0		

* * *

Milan, 30 July 2009

for the Board of Directors
Chairman and Chief Executive
Roberto Colaninno

Piaggio Group

Abbreviated half-year financial report

Consolidated financial statements and Explanatory Notes as of 30 June 2009

CONSOLIDATED INCOME STATEMENT

Amounts in €/000	Notes	1st half of 2009	1st half of 2008	Change
Net revenues	4	**795,626**	**900,333**	**(104,707)**
of which with related parties			*56*	*(56)*
Cost for materials	5	461,402	532,409	(71,007)
of which with related parties		*23,157*	*23,801*	*(644)*
Costs for services and use of third party assets	6	147,773	161,608	(13,835)
of which with related parties		*1,292*	*718*	*574*
Employees costs	7	129,663	133,740	(4,077)
Depreciation of tangible assets	8	18,995	20,155	(1,160)
Amortization of intangible assets	8	26,917	26,181	736
Other operating income	9	64,088	70,223	(6,135)
of which with related parties		*900*	*0*	*900*
Other operating costs	10	13,388	14,646	(1,258)
of which with related parties			*4*	*(4)*
Operating income		**61,576**	**81,817**	**(20,241)**
Income/(loss) from equity investments		171	47	124
Financial income	11	4,580	9,486	(4,906)
Financial charges	11	(21,189)	(27,472)	6,283
Earnings before tax		**45,138**	**63,878**	**(18,740)**
Taxation for the period	12	**19,409**	**16,609**	**2,800**
Earnings from continuing activities		**25,729**	**47,269**	**(21,540)**
Assets held for disposal:				
Profits or losses arising from assets held for disposal	13			**0**
Consolidated net income		**25,729**	**47,269**	**(21,540)**
Attributable to:				
Shareholders of the Parent Company		**25,655**	**46,896**	**(21,241)**
Minority Shareholders		**74**	**373**	**(299)**
Earnings per share (figures in €)	14	**0.06**	**0.12**	**(0.06)**
Diluted earnings per share (figures in €)	14	**0.06**	**0.12**	**(0.06)**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Amounts in €/000	Notes	1st half of 2009	1st half of 2008	Change
Profit (loss) for the period (A)		**25,729**	**47,269**	**(21,540)**
Effective part of profits (losses) on cash flow hedges	28	514	2,072	(1,558)
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency		65	(5,320)	5,385
Total Other Profits (and losses) for the period (B)		**579**	**(3,248)**	**3,827**
Total Profit (loss) for the period (A + B)		**26,308**	**44,021**	**(17,713)**
Attributable to:				
Shareholders of the Parent Company		**26,258**	**43,633**	**(17,375)**
Minority Shareholders		**50**	**388**	**(338)**

CONSOLIDATED BALANCE SHEET SITUATION

Amounts in €/000	Notes	At 30 June 2009	At 31 December 2008	Change
ASSETS				
Non-current assets				
Intangible assets	15	648,157	648,234	(77)
Property, plant and machinery	16	250,790	250,354	436
Real estate investments	17			0
Equity investments	18	239	239	0
Other financial assets	19	181	359	(178)
Long-term tax receivables	20	11,682	8,166	3,516
Deferred tax assets	21	36,385	36,227	158
Other receivables	23	13,341	12,587	754
of which with related parties		*497*	*799*	*(302)*
Total non-current assets		**960,775**	**956,166**	**4,609**
Assets held for sale	27			**0**
Current assets				
Trade receivables	22	220,325	90,278	130,047
of which with related parties		*358*	*460*	*(102)*
Other receivables	23	18,113	21,380	(3,267)
of which with related parties		*1,963*	*1,961*	*2*
Short-term tax receivables	20	20,590	27,772	(7,182)
Inventories	24	281,212	257,961	23,251
Other financial assets	25	23,915	5,787	18,128
of which with related parties		*45*	*45*	*0*
Cash and cash equivalents	26	146,546	39,985	106,561
Total current assets		**710,701**	**443,163**	**267,538**
TOTAL ASSETS		**1,671,476**	**1,399,329**	**272,147**

Amounts in €/000	Notes	At 30 June 2009	At 31 December 2008	Change
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital and reserves attributable to the shareholders of the Parent Company	28	400,899	396,767	4,132
Share capital and reserves attributable to minority shareholders	28	1,504	1,454	50
Total shareholders' equity		**402,403**	**398,221**	**4,182**
Non-current liabilities				
Financial liabilities falling due beyond one year	29	372,101	264,789	107,312
Retirement funds and employee benefits	33	64,671	64,160	511
Other long-term provisions	31	17,852	21,678	(3,826)
Tax payables	34		166	(166)
Other long-term payables	35	6,110	5,965	145
Deferred tax liabilities	32	30,709	31,795	(1,086)
Total non-current liabilities		**491,443**	**388,553**	**102,890**
Current liabilities				
Financial liabilities falling due within one year	29	147,270	140,691	6,579
Trade payables	30	476,839	362,224	114,615
of which with related parties		*16,140*	*8,712*	*7,428*
Tax payables	34	37,457	19,065	18,392
Other short-term payables	35	91,799	70,677	21,122
of which with related parties		*794*	*600*	*194*
Current portion other long-term provisions	31	24,265	19,898	4,367
Total current liabilities		**777,630**	**612,555**	**165,075**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,671,476**	**1,399,329**	**272,147**

CONSOLIDATED CASH FLOW STATEMENT

This table shows the causes of the changes in liquid assets net of short-term bank overdrafts, in accordance with IAS no. 7.

Amounts in €/000	1st half of 2009	1st half of 2008
Operating activities		
Consolidated net income	25,655	46,896
Minority shareholders	74	373
Taxation for the period	19,409	16,609
Depreciation of property, plant and machinery	18,995	20,155
Amortization of intangible assets	26,917	26,181
Non-monetary costs for stock options	1,015	875
Allocations for risks and retirement funds and employee benefits	13,748	12,824
Write-downs / (Revaluations)	615	1,542
Losses / (Gains) on the disposal of property, plants and machinery	6	(12)
Losses / (Gains) on the disposal of intangible assets		(2,596)
Financial income	(1,828)	(1,632)
Dividend income	(177)	
Financial charges	17,861	18,881
Income from public grants	(4,298)	(4,330)
Portion earnings of associated companies		6
Change in working capital:		
(Increase)/Decrease in trade receivables	(130,047)	(168,242)
(Increase)/Decrease other receivables	3,267	1,322
(Increase)/Decrease in inventories	(23,251)	(56,909)
Increase/(Decrease) in trade payables	114,615	177,078
(Increase)/Decrease other payables	21,121	4,148
Increase/(Decrease) in provisions for risks	(8,124)	(9,093)
Increase/(Decrease) in retirement funds and employee benefits	(4,572)	(5,422)
Other changes	10,904	9,692
Cash generating by operating activities	101,905	88,346
Interest paid	(12,139)	(23,591)
Taxation paid	(9,898)	(5,656)
Cash flow from operating activities (A)	79,868	59,099
Investment activity		
Investment in property, plant and machinery	(20,361)	(13,786)
Sale price, or repayment value, of property, plant and machinery	165	98
Investment in intangible assets	(26,477)	(23,775)
Sale price, or repayment value, of intangible assets	9	2,596
Repayment of loans provided		58
Purchase of financial assets	(18,128)	(11,944)
Sale price of financial assets		12
Collected interests	846	9,543
Cash flow from investment activities (B)	(63,946)	(37,198)
Financing activities		
Purchase of own shares	(1,024)	(2,870)
Outflow for dividends paid	(22,117)	(23,322)
Loans received	172,897	22,877
Outflow for repayment of loans	(49,706)	(36,760)
Repayment of finance leases	(360)	(344)
Cash flow from funding activities (C)	99,690	(40,419)
Increase / (Decrease) in cash (A+B+C)	115,612	(18,518)
Opening balance	25,976	94,862
Exchange differences	65	417
Closing balance	141,653	76,761

The following table shows the details of liquid funds on 30 June 2009 and at 30 June 2008.

Amounts in €/000	At 30 June 2009	At 30 June 2008
Cash and cash equivalents	146,546	81,565
Current account overdrafts	(4,893)	(4,804)
Final balance	**141,653**	**76,761**

NET FINANCIAL POSITION/(NET FINANCIAL DEBT)

In thousands of Euros	Notes	At 30 June 2009	At 31 December 2008	Change
Cash and assets in hand	26	56	42	14
Bank and post office deposits	26	146,490	39,943	106,547
Liquidity		**146,546**	**39,985**	**106,561**
Short-term financial receivables due from third parties	25		4,137	(4,137)
Short-term financial receivables due from affiliated companies	25	45	45	0
Securities	25	23,870	1,605	22,265
Current financial receivables		**23,915**	**5,787**	**18,128**
Payables due to banks	29	(24,031)	(66,378)	42,347
Current portion of bank financing		(85,272)	(57,734)	(27,538)
Amounts due to factoring companies		(34,269)	(13,020)	(21,249)
Amounts due under leases		(742)	(727)	(15)
Current portion of payables due to other financers		(2,693)	(2,569)	(124)
Aprilia Instruments		(263)	(263)	0
Total current financial payables		**(147,270)**	**(140,691)**	**(6,579)**
Net current financial debt		**23,191**	**(94,919)**	**118,110**
Payables due to banks and financing institutions	29	(225,327)	(117,056)	(108,271)
Bonds	29	(119,239)	(120,873)	1,634
Amounts due under leases	29	(8,644)	(9,019)	375
Amounts due to other lenders	29	(9,389)	(8,842)	(547)
Aprilia Instruments	29	(9,502)	(8,999)	(503)
Non-current net financial debt		**(372,101)**	**(264,789)**	**(107,312)**
NET FINANCIAL DEBT		**(348,910)**	**(359,708)**	**10,798**

This table reconciles the movement in the flow of the net financial position and cash equivalents as shown in the cash flow statement.

Amounts in €/000	
Increase/decrease in cash from the cash flow statement	**115,612**
Outflow for repayment of loans	49,706
Repayment of finance leases	360
Loans received	(172,897)
Amortized cost on M-L term financing	(176)
Loans on leases received	0
Repayment of loans provided	0
Purchase of financial assets	18,128
Sale of financial assets	0
Exchange differences	65
Change in net financial position	**10,798**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY 1 January 2009 / 30 June 2009

Amounts in €/000	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group consolidation reserve	Group conversion reserve	Stock option reserve	Performance reserve	***Consolidated Group shareholders' equity***	***Minority interest capital and reserves***	**TOTAL SHAREHOLDERS' EQUITY**
At 1 January 2009	192,147	3,493	7,497	(405)	(5,859)	993	(6,372)	8,556	196,717	396,767	1,454	**398,221**
Charges for the period for stock option plans								1,015		1,015		**1,015**
Allocation of profits			1,499						(1,499)	0		**0**
Distribution of dividends									(22,117)	(22,117)		**(22,117)**
Purchase of own shares	(471)								(553)	(1,024)		**(1,024)**
Total overall Profit (loss)				514			89		25,655	26,258	50	**26,308**
At 30 June 2009	191,676	3,493	8,996	109	(5,859)	993	(6,283)	9,571	198,203	400,899	1,504	**402,403**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY 1 January 2008 / 30 June 2008

Amounts in €/000	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group consolidation reserve	Group conversion reserve	Stock option reserve	Performance reserve	***Consolidated Group shareholders' equity***	***Minority interest capital and reserves***	**TOTAL SHAREHOLDERS' EQUITY**
At 1 January 2008	202,124	3,493	4,273	62,703	(5,859)	993	(293)	6,576	196,387	470,397	1,050	471,447
Reclassification of debt warrants				(62,450)						(62,450)		(62,450)
Charges for the period for stock option plans								875		875		875
Allocation of profits			3,224						(3,224)	0		0
Distribution of dividends									(23,322)	(23,322)		(23,322)
Purchase of own shares	(1,087)								(1,783)	(2,870)		(2,870)
Total overall Profit (loss)				2,072			(5,335)		46,896	43,633	388	44,021
At 30 June 2008	201,037	3,493	7,497	2,325	(5,859)	993	(5,628)	7,451	214,954	426,263	1,438	427,701

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 June 2009

A) GENERAL ASPECTS

Piaggio & C. S.p.A. (the Company) is a corporation established in Italy at the Company Registry Office of Pisa. The addresses of its registered office and the locations where the Group's main activities are conducted are shown in the introduction to the file of the half-year report documents. The main operations of the company and its subsidiaries (the Group) are described in the Report on Operations.

The abbreviated half-year financial Statements are expressed in Euros (€) since that is the currency in which most of the Group's transactions take place. The foreign businesses are included in the abbreviated half-year financial Statements in accordance with the principles indicated in the following notes.

CONSOLIDATION AREA

At 30 June 2009, the structure of the Piaggio Group was that annexed to the Explanatory Notes and is taken as referred to also here.

The consolidation area is changed compared to the consolidated financial statements at 31 December 2008 and at 30 June 2008 following the closing of the liquidation procedure of Aprilia Moto UK Ltd. These somewhat limited changes do not alter the comparability of the balance sheet and income results between the two periods.

1. PRIMARY ACCOUNTING PRINCIPLES

These abbreviated half-year financial Statements have been drafted in compliance with the International Accounting Standards (IAS/IFRS) in force at that date, issued by the International Accounting Standards Board and approved by the European Commission, as well as in compliance with the provisions established in Article 9 of Leg. Decree no. 38/2005 (CONSOB Resolution n°. 15519 dated 27 July 2006 containing the "Provisions for the presentation of financial statements", CONSOB Resolution no. 15520 dated 27 July 2006 containing the "Changes and additions to the Regulations of Issuers adopted by Resolution no. 11971/99", CONSOB communication no. 6064293 dated 28 July 2006 containing the "Corporate reporting required in accordance with Article 114, paragraph 5 of Leg. Decree no. 58/98"). The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called the Standing Interpretations Committee ("SIC"), were also taken into account.

During the drafting of these abbreviated half-year financial statements - in compliance with IAS 34 - *Interim Financial Statements* - the same accounting principles adopted in the drafting of the consolidated financial statements of 31 December 2008 were applied, with the exception of that reported in paragraph 3, "Accounting principles, amendments and interpretations applied as of 1 January 2009".

The preparation of the interim financial statements requires management to make estimates and assumptions which have an impact on the values of revenues, costs, balance sheet assets and liabilities and on the information regarding contingent assets and liabilities at the date of the interim financial statements. If these management estimates and assumptions should, in the future, differ from the actual situation, they will be changed as appropriate in the period in which the circumstances change.

It should also be noted that some assessment processes, in particular the more complex ones such as establishing any impairment of fixed assets, are generally undertaken in full only when preparing the annual financial statements, when all the potentially necessary information is available, except in cases where there are indications of impairment which require an immediate assessment of any loss in value.

The Group’s activities, especially those regarding the Two-Wheeler segment, are subject to significant seasonal changes in sales during the year.

Income tax is recognised on the basis of the best estimate of the average weighted tax rate for the entire financial period.

These abbreviated half-year financial statements have been subject to a limited audit by Deloitte & Touche S.p.A..

It is also pointed out that, in order to permit data to be compared in a clearer manner, the details of the costs of service have been revised with respect to what published in the Half-year Financial Report at 30 June 2008, without altering the total value of the other individual financial statement items.

OTHER INFORMATION

We point out that information regarding significant events after the half-year reporting date and the operating outlook is provided in a specific paragraph of this Report.

2. Form and content of the financial statements

Form of the consolidated financial statements

The Group has chosen to highlight all changes generated by transactions with non-shareholders within two statements reporting trends of the period, respectively named "Consolidated Income Statement" and " Consolidated Comprehensive income statement". The abbreviated half-year financial statements are therefore composed of a consolidated income Statement, a comprehensive consolidated income Statement, a Statement of the Financial Position (balance sheet), a Statement of changes in Shareholders' Equity, a Cashflow Statement and these explanatory notes.

Consolidated income statement

The consolidated income statement is presented with the items classified by their nature. The overall operating earnings are shown, which include all the income and cost items, irrespective of their repetition or fact of falling outside normal operations, except for the items of financial operations included under operating earnings and pre-tax income. In addition, the income and cost items arising from assets that are intended for disposal or sale, including any capital gains or losses net of the tax element, are recorded in a specific balance sheet item which precedes Group net income and minority interest.

Consolidated Comprehensive Income Statement

The consolidated comprehensive income statement is presented in accordance with the provisions of adjusted version of IAS 1. It reports the net Income attributable to shareholders of the parent company and to the minority shareholders.

Consolidated Financial Position

The consolidated balance sheet is presented in opposite sections with separated indication of assets, liabilities, and shareholders' equity.

In turn, assets and liabilities are reported in the consolidated financial statement on the basis of their classification as current and non-current.

Consolidated cash flow statement

The consolidated cash flow statement is divided into cash-flow generating areas. The cash flow statement model adopted by the Piaggio Group has been prepared using the indirect method. The cash and cash equivalents recorded in the cash flow statement include the balance sheet balances for this item at the reference date. Financial flows in foreign currency have been converted at the average exchange rate for the period. Income and costs related to interest, dividends received and income taxes are included in the cash flow generated from operations.

Change in consolidated shareholders' equity

As of 1 January 2009, the statement of changes in consolidated shareholders' equity has been adjusted in accordance with the adjusted version of IAS 1. It includes the overall income statement while separately reporting the amounts attributable to shareholders of the parent company as well as the quota pertaining to third parties, the amounts of operations with shareholders acting in this capacity and potential effects of retroactive application or of the retroactive calculation pursuant to IAS 8. A reconciliation between the starting and ending balance of the period is presented for each item.

3. Accounting principles, amendments and interpretations applied as of 1 January 2009

The following accounting principles, amendments and interpretations have been applied for the first time by the Group as of 1 January 2009.

Adjusted IAS 1 – presentation of the financial statements

The adjusted version of IAS 1 – *Presentation of the financial statements* - applicable as of 1 January 2009 - requires that company drafts a statement of changes of shareholders' equity which includes all changes from transactions with shareholders. All transactions with third parties must be disclosed in a separate statement of comprehensive income or in two statements (the income statement and the statement of comprehensive income). In any case, the changes generated by transactions with minority interest cannot be reported in the schedule of changes to shareholders' equity.

The Group has applied the adjusted version of the principle as of 1 January 2009 and in a retroactive manner, choosing to highlight all changes generated from transactions with non-shareholders in two statements measuring trends of the period and respectively named "Consolidated Income Statement" and " Consolidated Comprehensive income statement". The Group subsequently modified the presentation of the "Statement of changes in shareholders' equity".

In addition, it should be noted that the amendment of the Adjusted IAS 1 has entered into force; this amendment states that assets and liabilities deriving from derivative financial instruments which are not detained for trading purposes be classified within the balance sheet, distinguishing between current and non-current assets and liabilities. With regards to this point, it should be noted that this amendment did not result in any change in the presentation/format of items relative to assets and liabilities from derivative financial instruments.

Amendment to IFRS 2 – Maturity and cancellation conditions

The amendment states that - for the purposes of assessing remuneration instruments based on stock - only service and performance conditions can be considered to be maturity conditions for the plans. Potential other clauses relative to the maturity of the plans must therefore be included within the fair value assessment of the grant dates and must not be considered when determining the number of rights which, on that date and in subsequent valuations, the company expects to mature. The amendment also specifies that the same accounting treatment should be applied, also in case an entity cancels a grant of equity instruments.

The Group has applied the adjusted version of the principle as of 1 January 2009 in a prospective manner: its application, however, has not resulted in accounting effects for the Group.

Improvements for IAS 19 – *Benefits for employees.* The amendment clarifies the definition of cost/income relative to past services rendered by employees and it establishes that in case of reduction of a plan, the effect to be immediately posted to the income statement should only include the reduction of benefits relative to future periods, whereas the effect arising from possible reductions due to past service periods, should be held as a negative cost relative to past services rendered by the employees. The Group has applied the adjusted version of the principle as of 1 January 2009 in a retroactive manner: its application, however, has not resulted in accounting effects for the Group.

Improvements to IAS 23 – *Financial instruments*. In the new version, it was removed the option according to which companies can post immediately to income statement the financial charges incurred due to assets for which usually a determined period of time is required to prepare the said asset ready for use or sale.

Improvements to IAS 28 – *Shareholdings in affiliated companies*. The amendment establishes that in case of equity investment evaluated with the shareholders' equity method, a possible impairment should not be allocated to single assets (and in particular to potential goodwill) that form the equity's book value, but to the value of the equity as a whole. Therefore, in the presence of conditions for a subsequent revaluation, such revaluation should be recognised in full.
In accordance with the provisions of the transition rules of the amendment, the Group has applied - in a prospective manner - the new accounting principle to the value re-instatements applied as of 1 January 2009. However, its application did not result in accounting effects for the Group given that the Group did not - during the half year - book any value-reinstatements of goodwill relative to the book values of shareholdings.
In addition, it should be noted that certain requests for information for shareholdings in affiliated and joint venture companies - which were evaluated at fair value according to IAS 39 - have been modified along with IAS 31 - Shareholdings in joint ventures and the amendment of IFRS 7 - *Financial instruments: disclosures* and IAS 32 - *Financial instruments: presentation* were modified.

Improvements to IAS 38 – *Intangible fixed assets*. The modification provides for the recognition of promotional and advertising costs within the income statement. It also establishes that in case the enterprise incurs charges from which future economic benefits are expected without being recorded as intangible assets, these should be posted to the income statement when the enterprise itself has the right to access the good, if it is the purchase of goods, or when the service is rendered, if it is the purchase of services. Finally, the standard was modified to enable the enterprises to adopt the method of the produced units to determine the amortization of finite life intangible assets.
The Group has applied the adjusted version of the principle as of 1 January 2009 in a retroactive manner: its application, however, has not resulted in accounting effects for the Group.

Amendments and interpretations applied as of 1 January 2009 and not relevant to the Group

The following amendments and interpretations, applicable as of 1 January 2009, regulate cases and case histories which are not present within the Group as of the date of this half-year report:

- IAS 16 – *Property, plant and machinery.* The modification provides for companies - whose characteristic business is renting - to re-classify goods which are no longer leased and are available for sale to the warehouse. Subsequently, gains or losses arising from their disposal should be recorded as net sales. The amounts paid to build or purchase goods to be allocated to others, as well as the amounts collected from the subsequent sale of such goods, form, for the purpose of the cash flow statement, cash flows arising from operating activities (and not from investment activities).

- Improvement to IAS 20 – *Booking and disclosure of public grants*. The amendment, which is to be applied prospectively as of 1 January 2009, establishes that benefits arising from government grants at an interest rate much lower than the market one, should be considered as government assistance and should therefore follow the recognition rules established by IAS 20. The previous version of the principle stated that - in the case of financing with facilitated rates received as public grants - the company did not require to book any benefit. As a result, the financing was booked at the value corresponding to the received collection - and the lower interest derived from the latter - directly within the income statement under the item, "Financial proceeds (charges)".
  In accordance with the provisions of the transition rules of the amendment, the new accounting principle must be applied as of 1 January 2009 to all financing with facilitated rates granted as of that date. For these grants, a financial payable at fair value and deferred income must be booked in connection with the facilitated-rate grants which will be received for an amount equal to the difference between the fair value of the payable and the cash inflow amount. This value must be booked within the income statement when and only when all the conditions required for the recognition of the grant are systematically met in order to correlate the grant with the costs to compensate.

- IAS 29 – *Financial reporting in hyperinflationary economies*. The previous version of the principle did not explain that some assets and liabilities could be recorded in the financial statements according to the current value, rather than according to the historical cost.

- IAS 32 – *Financial instruments*. In particular, the standard requires companies to classify the puttable instruments and financial instruments that impose an obligation on the company to hand over to a minority interest a share of the equity investment in the company's assets as equity instruments.

- IAS 36 – *Impairment of assets*. The amendment provides that additional information be provided in case the company determines the recoverable amount of the cash-generating units by using the discounted cash flow method.

- IAS 39 – *Financial instruments: recognition and valuation*. This amendment clarifies how the new effective interest rate of a financial instrument must be calculated at the end of fair value hedge. Moreover, it clarifies that the prohibition to reclassify as financial instrument with adaptation of the fair value to income statement should not be applied to the derivative financial instruments that can no longer be qualified as hedging instruments or that become hedging instruments.

- IAS 40 – *Investment property.* The modification states that real estate investments which are under construction fall under the realm of application of IAS 40 rather than IAS 16.

- IFRIC 13 – *Customer fidelization programmes.*
- IFRIC 15 – *Agreements for the construction of real estate.*
- IFRIC 16 – Hedging a shareholding in a foreign company

Accounting principles, amendments and interpretations which are not yet applicable and adopted in advance by the Group

On 10th January 2008, IASB issued an updated version of IFRS 3 – *Business combinations.* The main changes to IFRS 3 regard in particular the elimination of the obligation to evaluate the single assets and liabilities of the subsidiary at the fair value in each subsequent acquisition, in case of acquisition by degrees of subsidiaries. In such cases, the goodwill will be determined as the difference between the value of the equity immediately before the acquisition, the equivalent of the transaction, and the value of the acquired net assets. Further, should the company not acquire 100% of the equity, the portion of shareholders' equity pertaining to minority interest, can be evaluated both at the fair value and by using the method already provided by IFRS 3. The revised version of the standard also provides the recording in the income statement of all costs connected to the business combination and the posting at the date of the acquisition of the payments subject the acceptance to condition.

On the same date IAS 27 – *Consolidated and separate financial statements* was also amended establishing that modifications to the share that do not result in loss of control should be accounted for as *equity transaction* and with the item therefore recognised under shareholders' equity. Moreover, it was also established that when a company disposes of the control of its own subsidiary, but continues to retain a portion of capital in the company, this should be accounted for at the fair value and possible gains or losses due to the loss of control should be posted to the income statement. Finally, the amendment to IAS 27 requires that all losses attributable to minority interest should be allocated to the portion of third parties' shareholders' equity, also when these exceed their own share of capital in the subsidiary. The new regulations will be applicable for the future starting as of 1st January 2010.
At the date of issue of these abbreviated half-year Financial Statements, the competent bodies of the European Union had not yet completed the process of approval necessary for the application of this amendment.

On 22 May 2008, the IASB issued a modification of IFRS 5 - *Non current assets available for sale and terminated operational activities* - which states that if a company is involved in a transfer plan involving the loss of control of a shareholding, all assets and liabilities of the subsidiary must be re-classified amongst assets available for sale, even if the company retains a minority shareholding in the subsidiary after the transfer. This modification must be applied as of 1 January 2010 in a prospective manner.

On 31 July 2008, the IASB issued an amendment to IAS 39 - *Financial Instruments - recognition and valuation* - which clarifies the application of the principle in order to define the underlying asset subject to hedging under specific circumstances. This modification must be applied as of 1 January 2010 in a prospective manner.
At the date of issue of these abbreviated half-year financial Statements, the competent bodies of the European Union had not yet completed the process of approval necessary for its application.

On 27 November 2008, IFRIC issued the interpretation, IFRIC 17 - *Distribution of non-liquid assets* - which clarifies that a payable for dividends must be recognised when dividends are appropriately authorised and that this payable must be valuated at the fair value of the net assets which will be utilised for payment. The interpretation is applicable in a prospective manner as of 1 January 2010. At the date of issue of these abbreviated half-year financial Statements, the competent bodies of the European Union had not yet completed the process of approval necessary for its application.

On 29 January 2009, IFRIC issued the interpretation of IFRIC 18 - *Transfer of assets of customers* - which clarifies the booking methods which must be adopted if the company stipulates a contract in which it receives a tangible good from one of its customers and which it must utilise to connect a customer to a network or to provide a specific type of access for the supply of goods and services. The interpretation is applicable in a prospective manner as of 1 January 2010. At the date of issue of these abbreviated half-year financial statements, the competent bodies of the European Union had not yet completed the process of approval necessary for its application.

On 5 March 2009, the IASB issued an amendment to principle IFRS 7 - *Supplementary information on financial instruments* - in order to increase the levels of disclosure in the case of fair value valuations and to strengthen existing principles in relation to informational disclosures on liquidity risks of financial instruments. The amendment is applicable as of 1 January 2009. At the date of issue of these abbreviated half-year financial statements, the competent bodies of the European Union had not yet completed the process of approval necessary for its application.

On 12 March 2009, the IASB issued an amendment to IFRIC 9 - *Redetermination of the value of incorporated derivatives* and to IAS 39 - *Financial Instruments*: *recognition and valuation* which allows certain financial instruments to be re-classified outside of the accounting category which is "booked at fair value and offset in the income statement". These amendments clarify that - during the re-classification of a financial instrument outside of the abovementioned category - all implicit derivatives must be valuated and, if necessary, booked separately in the financial statements. The amendments are applicable as of 31 December 2009. At the date of issue of these abbreviated half-year financial statements, the competent bodies of the European Union had not yet completed the process of approval necessary for its application.

On 16 April 2009, IASB issued a set of amendments to the IFRS; only those involving changes in the presentation, booking and valuation for financial statement items are cited.

- IFRS 2 – *Payments based on shares* - the amendment, applicable as of 1 January 2010, clarified that the transfer of a company branch for the purposes of forming a joint venture or grouping of companies or company branches under joint control do not fall within the realm of applicability of IFRS 2.

- IFRS 5 – *Non-current assets available for sale and discontinued operations*. This amendment, applicable as of 1 January 2010 in a prospective manner, clarified that IFRS 5 and the other IFRS which specifically refer to non-current assets classified as available for sale or as discontinued operations provide all required information for this type of assets or operations.

- IFRS 8 – *Operating sectors:* the amendment, applicable as of 1 January 2010, requires that companies provide the total value of assets for each sector subject to informational disclosure if this value is provided at the highest level of operational decision-making. This information was previously requested even in the absence of this condition. Adoption of the principle in advance is allowed.

- IAS 1 – *Presentation of the financial statements*: the amendment, applicable as of 1 January 2010, requires that a company must classify a liability as current if it does not retain an unconditional right to postpone its settlement for at least 12 months after the closing of the year, even in the presence of an option on the part of the counterparty which could result in a settlement by means of the issue of equity instruments.

- IAS 7 – *Cashflow statement:* the amendment, applicable as of 1 January 2010, clarifies that only cash flows deriving from expenses resulting in the booking of assets within the balance sheet can be classified within the cashflow statement as deriving from investment assets; on the other hand, cash flows deriving from expenses which do not result in the booking of an asset must be classified as derived from operating activities.

- IAS 17 – *Leasing:* the amendment requires that - during the valuation of a leasing contract that includes both land and buildings - the part relative to the land be considered, as customary, to be a finance lease if the land in question has an indefinite useful life given that, in this case, the risks associated with its use for the whole duration of the contract can be considered transferred to the lessee. The amendment is applicable as of 1 January 2010. On the date of adoption, all lands subject to the leasing contract which were previously effective and not yet expired must be separately valuated with the potential retroaction recognition of a new finance lease.

- IAS 36 – Write-down of an asset: this amendment, applicable in a prospective manner as of 1 January 2010, requires that each operational unit or group of operational unit - for which goodwill is allocated for the purposes of impairment tests - be no greater in size than the operational sector defined in paragraph 5 of IFRS 8 and before the grouping allowing by paragraph 12 of the same IFRS on the basis of similar economic conditions or other similar elements.

- IAS 38 – Intangible assets. This principle was amended following the adjustment to IFRS 3 in 2008 which established that there is sufficient information to assess the fair value of an intangible asset acquired during the course of company grouping if it is separable or originates from contractual or legal rights. The amendment in question also clarified the valuation techniques which must be utilised to valuate the fair value of intangible assets for which there is no active market of reference. The amendment is applicable in a prospective manner as of 1 January 2010. However, in the case of advance adoption of the adjusted IFRS 3, it must also be applied in advance.

- IAS 39 – *Financial instruments*: *recognition and valuation*: the amendment restricts the exception of non-applicability contained within paragraph 2g of IAS 39 to forward contracts between a buyer and a selling shareholder - for the purposes of the sale of a company in a company grouping on future date of acquisition - if the completion of the company grouping only depends on the elapsing of a suitable amount of time. The amendment decrees that option rights (currently exercisable or not) which allow one of the two parties to retain control over the realisation or non-realisation of future events - and whose exercising involving the control of a company - fall within the realm of applicability of IAS 39. The amendment also clarifies that the implicit penalties for the advance redemption of loans - whose price compensates the lender with the loss of additional interest - must be considered strictly correlated to the financing contract and may therefore not be booked separately. Finally, the amendment provides that net income or losses on one hedged financial instrument must be re-classified from the shareholders' equity to the income statement in the period in which the expected and hedged cash flow has an effect on the income statement. The amendment is applicable in a prospective manner as of 1 January 2010. Adoption of the principle in advance is allowed.

- IFRIC 9 – *Redetermination of the values of implicit derivatives:* The amendment, applicable in a prospective manner as of 1 January 2010, excludes - from the realm of applicability of IFRIC 9 - the implicit derivatives within contracts acquired during the course of company groups at the time of the creation of jointly controlled companies or joint ventures.

At the date of issue of these abbreviated half-year financial Statements, the competent bodies of the European Union had not yet completed the process of approval necessary for the application of the amendments described above.

In the month of June 2009, the IASB issued an amendment to IFRS 2 - Payments based on shares: payments based on shares of the Group in cash. The amendment defines its realm of application and its relationship with other accounting principles. In particular, the amendment clarifies that the company which receives the goods and services as part of the payment plans based on shares must book these goods and services independently of the company of the Group which settles the transaction and independently of the fact that the settlement is in cash or shares. In addition, it states that the term "group" is to be interpreted as in IAS 27 - Consolidated and separate financial statements, including the parent company and its subsidiaries. Finally, the amendment specifies that a company must valuate the goods and services which are received as part of a transaction settled in cash or shares from its own perspective and which could potentially not coincide with that of the group and with the relative amount recognised within the consolidated financial statements. The amendment incorporates the guidelines which were previously included in IFRIC 8 and IFRIC 2; as a result, the latter were removed.
The amendment is applicable as of 1 January 2010.
At the date of issue of these abbreviated half-year financial statements, the competent bodies of the European Union had not yet completed the process of approval necessary for the application of the amendments described above.

B) INFORMATION FOR OPERATIONAL SECTORS

The application of the IFRS 8 - Operational Sectors - is mandatory as of 1 January 2009. This principle requires that operational sectors be identified on the basis of an internal reporting system which top company management utilises to allocate resources and to assess performance.
The previous principle IAS 14 - Sector Information - required, on the other hand, that sectors (primary or secondary) be identified on the basis of risks and benefits which refer to the sectors themselves; the reporting system only represents the starting point for this identification.

The information for operating sectors presented below reflects the internal reporting utilised by management for making strategic decisions.
During the course of 2008, it should be noted that the Piaggio Group adopted a new organisational structure with a view to focusing Group resources by "functional area" and by "geographical area". As a result, internal reporting has been modified to reflect this organisational change; it was therefore based on functional areas subdivided into the following geographical areas.

The "Two-Wheeler" and "Commercial vehicles" divisions represent the two functional areas of the Group and have been identified by considering the typologies of sold products; the results of these functional areas are considered by management in order to assess attained performances.
The business figures and margins are in line with those used in internal reporting.

The functional areas - within the reports provided to management - are further detailed by geographical areas; in particular for the "Two-Wheelers" sectors, the values are presented in reference to "Europe", the "Americas" and "Asia Pacific"; with regards to "Commercial Vehicles" the identified geographical areas are "Europe" and "India".

For the purposes of reporting comparative data, the values of 30 June 2008 - which were previously published - have been re-processed and re-allocated in accordance with that stated above.

The following income statement analysis provides information on the contribution in relation to the consolidated values of the "Two-Wheeler" and "Commercial Vehicles" functional areas.

As previously illustrated within the commentary on the economic and financial performance of the Piaggio Group, the **consolidated EBITDA** was defined as the "Operating Result" gross of amortization of intangible assets and depreciation of tangible assets, as reported within the consolidated income statement.

INCOME STATEMENT/ NET INVESTED CAPITAL BY OPERATING SECTOR

		TWO-WHEELER VEHICLES				COMMERCIAL VEHICLES			
		EUROPE	AMERICA	ASIA PACIFIC	TOTAL	EUROPE	INDIA	TOTAL	TOTAL
	1st half of 2009	206.5	13.2	7.4	**227.0**	8.6	78.6	**87.2**	**314.2**
Sales volumes	1st half of 2008	251.9	14.9	14.1	**280.9**	10.5	81.3	**91.8**	**372.7**
(units/000)	Change	(45.5)	(1.8)	(6.7)	**(53.9)**	(1.9)	(2.6)	**(4.6)**	**(58.5)**
	Change %	-18.0	-11.8	-47.8	**-19.2**	-18.4	-3.2	**-5.0**	**-15.7**
	1st half of 2009	534.8	42.6	18.4	**595.7**	72.2	127.7	**199.9**	**795.6**
Turnover	1st half of 2008	629.2	44.7	26.8	**700.7**	77.0	122.6	**199.6**	**900.3**
(ML €)	Change	(94.4)	(2.1)	(8.4)	**(105.0)**	(4.8)	5.1	**0.3**	**(104.7)**
	Change %	-15.0	-4.7	-31.4	**-15.0**	-6.3	4.2	**0.1**	**-11.6**
	1st half of 2009	172.5	15.0	5.3	**192.7**	19.3	37.3	**56.6**	**249.4**
Gross industrial margin	1st half of 2008	208.1	12.5	5.4	**226.0**	22.1	24.3	**46.4**	**272.4**
(ML €)	Change	(35.6)	2.5	-0.1	**(33.3)**	(2.8)	13.0	**10.2**	**(23.0)**
	Change %	-17.1	20.1	-2.4	**-14.7**	-12.7	53.5	**22.0**	**-8.4**
	1st half of 2009	62.6	4.8	1.2	**68.6**	4.9	33.9	**38.8**	**107.5**
EBITDA	1st half of 2008	91.6	4.0	2.2	**97.8**	9.9	20.5	**30.4**	**128.2**
(ML €)	Change	(29.0)	0.8	(1.0)	**(29.2)**	(5.0)	13.4	**8.4**	**(20.7)**
	Change %	-31.7	21.2	-44.7	**-29.8**	-50.3	65.4	**27.7**	**-16.2**
	1st half of 2009								**45.1**
EBT	1st half of 2008								**63.9**
(ML €)	Change								**(18.7)**
	Change %								**-29.3**
	1st half of 2009								**25.7**
Net income	1st half of 2008								**47.3**
(ML €)	Change								**(21.5)**
	Change %								**-45.6**
Invested capital	30 06 2009	418.6	69.1	51.7	**539.5**	67.6	144.2	**211.9**	**751.3**
net	31 12 2008	437.9	68.4	49.4	**555.6**	69.7	132.6	**202.3**	**757.9**
(ML €)	Change	(19.3)	0.7	2.4	**(16.2)**	(2.1)	11.6	**9.6**	**(6.6)**
	Change %	-4.4	1.0	4.8	**-2.9**	-3.0	8.8	**4.7**	**-0.9**

C) CONTENT AND MAIN CHANGES - INCOME STATEMENT

4. Net sales €/000 795,626

Revenues are shown net of premiums recognised to customers (dealers).

This item does not include transport costs, which are recharged to customers (€/000 18,107) and invoiced advertising cost recoveries (€/000 3,977), which are shown under other operating income.

The revenues for disposals of Group core business assets essentially refer to the marketing of vehicles and spare parts in European and non-European markets.

Revenues by business sector

The breakdown of revenues by business sector is shown in the following table:

Amounts in €/000	*1st half of 2009*		*1st half of 2008*		*Changes*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Two-Wheeler Vehicles	595,742	74.88	700,720	77.83	(104,978)	-14.98
Commercial vehicles	199,884	25.12	199,613	22.17	271	0.14
TOTAL	**795,626**	**100.00**	**900,333**	**100.0**	**(104,707)**	**-11.63**

Revenues by geographic area

The division of revenues by geographic area is shown in the following table:

Amounts in €/000	*1st half of 2009*		*1st half of 2008*		*Changes*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Italy	270,335	33.98	305,033	33.88	(34,698)	-11.38
Rest of Europe	336,166	42.25	400,560	44.49	(64,394)	-16.08
America	43,030	5.41	45,336	5.04	(2,306)	-5.09
India	127,702	16.05	122,613	13.62	5,089	4.15
Asia Pacific	18,393	2.31	26,791	2.98	(8,398)	-31.35
TOTAL	**795,626**	**100.00**	**900,333**	**100.0**	**(104,707)**	**-11.63**

In the first half of 2009, net sales decreased by €/000 104,707, following the contraction of general demand for 2-wheeler vehicles in the European market due to the economic crisis which has hit the whole of the Western world, the reduction of the BMW order by €/000 5,100, as well as the exchange rate effect linked to the Euro revaluation with an impact of around €/000 3,800.

5. Costs for materials **€/000 461,402**

These totalled €/000 461,402, against €/000 532,409 at 30 June 2008. The 13.3% reduction is essentially correlated to the decrease in production and sales volumes as well as efficiency recoveries. As a consequence, the percentage incidence on net sales went down, decreasing from 59.1% in the first half of 2008 to 58.0% in the current period.

The following table details the content of this financial statement heading:

Amounts in €/000	*1st half of 2009*	*1st half of 2008*	*Change*
Purchase of raw materials, consumables and goods	485,997	592,157	(106,160)
Change in inventories of raw materials, consumables and goods	(29,219)	(34,236)	5,017
Change in work in progress of semifinished and finished products	4,624	(25,512)	30,136
Total cost for materials	**461,402**	**532,409**	**(71,007)**

This item includes costs for €/000 23,157 relating to the purchase of scooters and engines from the Chinese subsidiary Zongshen Piaggio Foshan, which are respectively distributed on the European and Asian markets and assembled on scooters built in Italy.

6. Costs for services and use of third party assets **€/000 147,773**

A total of €/000 147,773, in the first half, showing a saving of €/000 13,835 compared to 30 June 2008.

Below is a breakdown of this heading:

Amounts in €/000	*1st half of 2009*	*1st half of 2008*	*Change*
Employee costs	8,838	9,063	(225)
Maintenance and cleaning	3,375	3,641	(266)
Energy, telephone and telex	9,084	9,711	(627)
Postal expenses	383	527	(144)
Commissions paid	1,919	2,038	(119)
Advertising and promotion	21,972	25,207	(3,235)
Technical, legal and tax consultancy and services	15,839	14,482	1,357
Company boards operating costs	1,138	1,214	(76)
Insurance	1,615	1,556	59
Third party work	14,264	21,187	(6,923)
Transport costs and spare parts	26,699	28,900	(2,201)
Sundry commercial expenses	9,839	11,360	(1,521)
Expenses for public relations	2,345	1,183	1,162
Product warranty costs	6,768	8,104	(1,336)
Bank costs and factoring charges	3,079	3,221	(142)
Costs for use of third party assets	6,909	6,109	800
Other	12,731	13,547	(816)
Services from companies of the Group	976	558	418
Total costs for services	**147,773**	**161,608**	**(13,835)**

The costs for use include lease rentals for business properties of €/000 2,451, as well as lease payments for car hire, computers and photocopiers.

Third party work of €/000 14,264 refers to production parts.

The reduction in transportation expenses is linked to the decreased volume of activities.

The heading "Other" includes costs for temporary work of €/000 1,146.

7. Employee cost €/000 129,663

Employee costs for the first half of 2009 totalled €/000 129,663, against €/000 133,740 for the same period the year before.

The attained savings (-3%) are due to the reduction in the average workforce utilised during the half-year.

It should be noted that the employee costs include €/000 1,015 relating to stock option costs, as required by the international accounting standards.

Below is a breakdown of the headcount by actual number and average number:

	Average number		
Level	*1st half of 2009*	*1st half of 2008*	*Change*
Senior Management	111	110	1
Middle Management	428	420	8
Clerical staff	2,017	1,933	84
Manual labour	4,436	5,022	(586)
Total	**6,992**	**7,485**	**(493)**

	Number at		
Level	*30 June 2009*	*31 December 2008*	*Change*
Senior Management	112	112	0
Middle Management	431	430	1
Clerical staff	2,033	1,995	38
Manual labour	4,763	3,671	1,092
Total	**7,339**	**6,208**	**1,131**

8. Amortization, depreciation and impairment costs **€/000 45,912**

Below is a summary of the amortization and depreciation for the first half of 2009, divided into the different categories:

Amounts in €/000	*1st half of 2009*	*1st half of 2008*	*Change*
Property, plant and machinery			
Buildings	1,877	1,811	66
Plant and machinery	6,108	6,491	(383)
Industrial and commercial equipment	9,852	10,585	(733)
Other assets	1,158	1,268	(110)
Total depreciation of tangible fixed assets	**18,995**	**20,155**	**(1,160)**

Amounts in €/000	*1st half of 2009*	*1st half of 2008*	*Change*
Intangible assets:			
Development costs	16,750	15,523	1,227
Industrial patent rights and intellectual property rights	5,150	6,353	(1,203)
Concessions, licences, trademarks and similar rights	4,597	4,152	445
Other	420	153	267
Total amortization of intangible fixed assets	**26,917**	**26,181**	**736**

As set out in more detail in the paragraph on intangible assets, as of 1 January 2004, goodwill is no longer amortised, but is tested annually for *impairment*.

The *impairment test* carried out at 31 December 2008 confirmed the full recoverability of the amounts recorded in the financial statements.

Amortization under the item "Concessions, licences, trademarks and similar rights" includes €/000 2,993 of amortization for the Aprilia brand and €/000 1,523 for the Guzzi brand.

9. Other operating income €/000 64,088

This heading consists of:

Amounts in €/000	*1st half of 2009*	*1st half of 2008*	*Change*
Operating grants	4,298	4,330	(32)
Increases in fixed assets from internal work	20,436	16,729	3,707
Sundry sales and income:			
- Rent receipts	2,976	6,731	(3,755)
- Capital gains on assets	20	19	1
- Sale of miscellaneous materials	180	404	(224)
- Recovery of transport costs	18,107	20,563	(2,456)
- Recovery of advertising costs	3,977	5,427	(1,450)
- Recovery of sundry costs	5,547	7,862	(2,315)
- Compensation	147	85	62
- Contingent assets	38	647	(609)
- Licence rights and know-how	869	755	114
- Sponsorship	2,528	2,596	(68)
- Other income	4,965	4,075	890
Total other operating income	**64,088**	**70,223**	**(6,135)**

Operating grants represent the benefit arising from the Tax Credit for Research and Development activities pursuant to art. 1, par. 280-284 of Law no. 296/2006.

Other operating proceeds reported an overall decrease of €/000 6,135 compared to the first half of 2008. The reduction is linked to the decreased volume of activities.

The rent receipts refer mainly to income for the rent of racing bikes to the teams which compete in the World Motorcycling Championship.

The heading recovery of transport costs refers to costs recharged to customers, the charges for which are classified under "services".

10. Other operating costs **€/000 13,388**

This heading consists of:

Amounts in €/000	*1st half of 2009*	*1st half of 2008*	*Change*
Non-income tax and duties	2,611	2,538	73
Capital losses from disposal of assets	26	7	19
Various subscriptions	436	526	(90)
Write-downs of receivables in working capital	615	1,542	(927)
Allocation of provisions	8,665	8,428	237
Other operating costs	1,035	1,605	(570)
Total	**13,388**	**14,646**	**(1,258)**

Overall, other operating costs decreased by €/000 1,258. This change was primarily due to the decreased need to write down receivables under current assets.

11. Net financial income/(charges) **€/000 (16,609)**

The negative balance of financial income (charges) in the first six months of 2009 was of €/000 16,609, a decrease compared to the €/000 17,986 for the same period the in 2008. The improvement of €/000 1,377 with respect to the cited period is due to the decrease in interest rates which was partly compensated by the growth of average net debt of the period.

12. Taxation **€/000 19,409**

Income tax for the first half of 2009, calculated in accordance with IAS 34, is estimated at €/000 19,409, equivalent to 43% of earnings before taxation, and is equal to the best estimate of the average weighted rate expected for the entire financial period.

13. Gain/(loss) from assets intended for disposal or sale

At the end of the interim financial statements there were no gains or losses from assets held for disposal or disuse.

14. Earnings per share

Earnings per share are calculated as follows:

		1st half of 2009	*1st half of 2008*
Net income	€/000	25,729	47,269
Earnings attributable to ordinary shares	€/000	25,729	47,269
Number of ordinary shares in circulation at 1/1		396,040,908	396,040,908
Number of shares issued in the period		-	-
Average number of ordinary shares in circulation during the period		396,040,908	396,040,908
Earnings per ordinary share	€	0.06	0.12
Adjusted average number of ordinary shares		396,193,549	396,040,908
Diluted earnings per ordinary share	€	0.06	0.12

In calculating the diluted earnings per share, account is taken of the potential effects arising from the stock option plans and from the measurement of financial instruments associated with the acquisition of Aprilia.

D) CONTENT AND MAIN CHANGES - CONSOLIDATED BALANCE SHEET - ASSETS

15. Intangible assets €/000 648,157

The table below details the breakdown of intangible assets at 30 June 2009 and at 31 December 2008, as well as the changes for the period.

Amounts in €/000	Book value at 31 December 2008	Increases	Amortization	Disposals	Reclassi fications	Exchange differences	Book value at 30 June 2009
R&D costs	81,820	23,395	(16,750)	(3)	(90)	(180)	88,192
Patent rights	18,095	1,824	(5,150)	(6)	255		15,018
Concessions, licences and trademarks	99,606		(4,597)				95,009
Goodwill	446,940	503					447,443
Other	1,773	1,258	(420)			(116)	2,495
Total	**648,234**	**26,980**	**(26,917)**	**(9)**	**165**	**(296)**	**648,157**

The increases for the period recorded under development costs and patent rights, respectively, relate to the capitalisation of costs incurred to develop new products and new engines, and for the purchase of software. The increase in goodwill is connected with the revaluation of the financial instruments issued upon acquiring Aprilia.

Development costs €/000 88,192

Development costs include costs for products and engines in projects for which there is an expectation, for the period of the useful life of the asset, to see net sales at such a level in order to allow

the recovery of the costs incurred. It also includes assets under construction for €/000 39,670 which represent costs for which the conditions for capitalisation exist, but in relation to products that will go into production in future years.

With regards to development expenses, the new projects capitalised during the course of the first half of 2009 primarily refer to the new models Aprilia RSV4, MP3 Hybrid, the new Beverly, and Vespa LX/GTS with electronic injection.

Development costs included under this item are amortised on a straight-line basis over 3 years, in consideration of their residual usefulness.

During the first half of 2009, development costs of approximately 12.1 million euro were charged directly to the income statement.

Industrial patents and intellectual property rights €/000 15,018

This heading mainly comprises software and patents and know-how (€/000 10,622 and €/000 4,391, respectively) mostly relating to Vespa, MP3, and GP800. It includes assets under construction for €/000 3,025.

Increases of the period in relation to software primarily refer to the implementation of the SAP application within the Indian subsidiary.

Industrial patent rights and intellectual property right costs are amortised over three years.

Concessions, licences and trademarks €/000 95,009

The heading *Concessions, licences and trademarks* equal to €/000 94,020, consists of:

Amounts in €/000	*Net Value at 30 June 2009*	*Net Value at 31 December 2008*
Guzzi brand	31,992	33,515
Aprilia brand	62,863	65,856
Laverda brand	77	155
Minor brands	77	80
Total Trademarks	**95,009**	**99,606**

The gross value of the Aprilia brand is €/000 89,803, while that of Guzzi is €/000 36,559.

The values of the Aprilia and Moto Guzzi trademarks are based on an assessment report of an independent third party which was specifically drafted during the course of 2005. The abovementioned trademarks are amortized over a period of 15 years.

Goodwill €/000 447,443

Following the re-organisation by business unit during the course of 2008, goodwill has, as of 31 December 2008, been attributed to the cash-generating units.

Amounts in €/000	*At 30 June 2009*	*At 31 December 2008*
Two-Wheeler Vehicles	272,603	272,100
Commercial vehicles	174,840	174,840
Total	**447,443**	**446,940**

The increase reported in the half year and equal to €/000 503 is due to the valuation of financial instruments linked to the acquisition of the Aprilia Group.

As specified in setting out the accounting principles, from 1 January 2004 goodwill is no longer amortised, but is tested annually or more frequently for impairment if specific events or changed circumstances indicate the possibility of it having been impaired, in accordance with the provisions of IAS 36 *Reduction in assets values (impairment test)*.

The possibility of re-instating booked values is verified by comparing the net book value of individual *cash generating units* with the recoverable value (usage value). This recoverable value is represented by the present value of future cash flows which, it is estimated, will be derived from the continual use of goods referring to *cash generating units* and by the final value attributable to these goods.
The recoverability of goodwill is verified at least once per year (as of 31 December), even in the absence of indicators of value losses.
As of 30 June 2009, there were no indications of value losses for this asset.

Given that the recoverable value was estimated, the Group can not ensure that there will be no value losses of goodwill in future financial periods.
Given the current market crisis, the various factors utilised in the estimates could require revision; the Piaggio Group will constantly monitor these factors as well as the existence of value losses.

Goodwill derives from the greater value paid compared to the corresponding share of the investee companies' shareholders' equity at the time of the purchase, less the related accumulated amortization until 31 December 2003. During first-time adoption of the IFRS, the Group opted not to retroactively apply IFRS 3 - *Business Combinations* to acquisitions of companies that took place before 1st January 2004; as a result, the goodwill generated on the acquisition before the date of transition to the IFRS was maintained at the previous value, determined in accordance with Italian accounting principles following the assessment and booking of potential value losses.
For all the transactions listed below, the difference between the book value of the equity investment and the net book value has been attributed to goodwill.
The transactions which gave rise to this heading are:

- the acquisition by MOD S.p.A. of the Piaggio & C. Group, completed during 1999 and 2000 (net value at 1st January 2004: €/000 330,590);
- the acquisition, completed in 2001, on the part of Piaggio & C. S.p.A. of 49% of the company Piaggio Vehicles Pvt. Ltd from the shareholder Greaves Ltd (book value as of 1 January 2004: €/000 5,192). To this may be added the subsequent acquisition by Simest S.p.A. of a 14.66% stake in the share capital of Piaggio Vehicles Pvt. Ltd;
- the acquisition, on the part of Piaggio & C. S.p.A., of 100% of Nacional Motor S.A. in October 2003, at a price of €/000 35,040 with goodwill net of amortization of €/000 31,237 at 1 January 2004.
- the acquisition, on the part of Piaggio & C. S.p.A. of 100% of Aprilia S.p.A. in December 2004.

As part of the agreements for the acquisition of Aprilia, the company issued warrants and financial instruments in favour of Banks acting as creditors with respect to Aprilia and the selling shareholders; these could be exercised in periods determined by the respective regulations as of the date of approval of the consolidated financial statements of 31 December 2007.

It should be noted that, in April 2009, the residual 41 warrants were exercised on the basis of an expert assessment on the part of an independent valuator, resulting in cash liquidations totalling € 199,960.28 in July 2009.

The initial purchase cost adjustment relating to the payment of Warrants and EMH Financial Instruments equal to €/000 70,706 was entered as goodwill. Moreover, the initial purchase cost adjustment relating to Aprilia Shareholder Instruments, estimated as €/000 9,502 was also entered as goodwill, as it was considered probable in the light of final results and 2008-2010 Plan forecasts.

Since this payment is deferred, the cost is represented by its present value, determined in accordance with the following parameters:

		At 30 June 2009			At 31 December 2008	Change (A-B)
Amounts in €/000	Value	Present value (A)	Time	Discount rate	Present value (B)	
Warrants	64,206	64,206			64,206	0
EMH instrument	6,500	6,500			6,500	0
Aprilia shareholder instrument	10,000	9,502	1.1	4.73%	8,999	503
Total	**80,706**	**80,208**			**79,705**	**503**

The counter entry for the adjustment to the purchase cost, following the resolution Piaggio's Board of Directors dated 11 June 2008, was recorded to financial payables.

Other intangible assets €/000 2,495

These overall totalled €/000 2,495 and are primarily composed of charges sustained by Piaggio Vietnam.

16. Property, plant and machinery **€/000 250,790**

The table below details the breakdown of tangible fixed assets at 30 June 2009 and at 31 December 2008, as well as the changes for the period.

Amounts in €/000	*Value at 31 December 2008*	*Increases*	*Depreciation*	*Disposals*	*Reclassi fications*	*Exchange differences*	*Value at 30 June 2009*
Land	32,150						32,150
Buildings	91,426	972	(1,877)	(1)		(203)	90,317
Plants and machinery	69,267	10,944	(6,108)	(96)	161	(557)	73,611
Equipment	48,983	7,467	(9,852)	(8)	625	(3)	47,212
Other	8,528	978	(1,158)	(66)	(787)	5	7,500
Total	**250,354**	**20,361**	**(18,995)**	**(171)**	**(1)**	**(758)**	**250,790**

The increases mainly related to the construction of moulds for the new vehicles launched during the period.

Land €/000 32,150

Land refers to Group production facilities in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Barcelona (Spain).
Land is not depreciated.

Buildings €/000 90,317

The *Buildings* heading, net of accumulated depreciation, comprises:

Amounts in €/000	*At 30 June 2009*	*At 31 December 2008*	*Change*
Industrial buildings	84,723	86,120	(1,397)
Ancillary buildings	829	759	70
Lightweight constructions	378	414	(36)
Assets under construction	4,387	4,133	254
Total	**90,317**	**91,426**	**(1,109)**

Industrial buildings refer to Group production facilities in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Barcelona (Spain), Baramati (India), and Hanoi (Vietnam).
As of 30 June 2009, the net values of assets held under leases were as follows:

Amounts in €/000	*At 30 June 2009*
Mandello del Lario facility (land and building)	13,738
EDP systems (other intangible assets)	8
Total	13,746

Future lease rental commitments are detailed in note 29.

Buildings are depreciated on a straight-line basis using rates considered suitable to represent their useful life.
Production buildings are depreciated on the basis of rates between 3% and 5%, while lightweight constructions are depreciated using rates between 7% and 10%.

Plant and machinery €/000 73,611

Plant and machinery, net of the accumulated depreciation, consists of:

Amounts in €/000	*At 30 June 2009*	*At 31 December 2008*	*Change*
Non-specific plants	32,348	33,399	(1,051)
Automatic machinery	6,717	7,364	(647)
Ovens and sundry equipment	690	736	(46)
Other	12,704	13,498	(794)
Assets under construction	21,152	14,270	6,882
Total	**73,611**	**69,267**	**4,344**

Plants and machinery refer to Group production facilities in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Barcelona (Spain), Baramati (India), and Hanoi (Vietnam).
The “Other” item mainly includes non-automatic machinery and robotic centres.
Plant and machinery are depreciated using the following rates:
- non-specific plants: 10%;
- specific plant and non-automatic machinery: 10%;
- specific plant and automatic machinery: 17.5%;
- electrolytic cells: 20%;
- ovens and sundry equipment: 15%;
- robotic work centres: 22%.

Industrial and commercial equipment €/000 47,212

The value of the item "*Industrial and Commercial Equipment*" is essentially composed of the productive equipment of Piaggio & C. S.p.A., Nacional Motor S.A., Piaggio Vietnam Co Ltd and Piaggio Vehicles Pvt. Ltd. and includes assets under construction totalling €/000 10,066.
The main investment in equipment concerned moulds for the new vehicles launched during the half year or for which launch is planned in the second half of the year, moulds for new engines and specific equipment for the assembly lines.
Industrial and commercial equipment is depreciated using rates considered appropriate by the Group companies to represent its useful life and in particular:
- testing and monitoring equipment: 30%;
- miscellaneous equipment: 25%.

Other tangible assets €/000 7,500

Other tangible assets, net of accumulated depreciation, consist of:

Amounts in €/000	At 30 June 2009	*At 31 December 2008*	*Change*
EDP systems	2,123	2,569	(446)
Office furniture and equipment	2,329	2,246	83
Vehicles	1,123	1,198	(75)
Other	680	765	(85)
Assets under construction	1,245	1,750	(505)
Total	**7,500**	**8,528**	**(1,028)**

Guarantees

As of 30 June 2009, the Group had land and buildings encumbered by mortgage liens or privileges in favour of Interbanca to secure a €/000 983 loan provided in accordance with Law 346/88 regarding subsidies for applied research received in previous years.

17. Real estate investments €/000 0

At the close of the interim financial statements, no real estate investments were held.

18. Equity investments €/000 239

The Equity investments heading comprises:

Amounts in €/000	*At 30 June 2009*	*At 31 December 2008*	*Change*
Equity investments in subsidiaries			
Equity investments in joint ventures			
Equity investments in affiliated companies	239	239	0
Total	**239**	**239**	**0**

19. Other non-current financial assets **€/000 181**

Amounts in €/000	At 30 June 2009	At 31 December 2008	Change
Financial receivables due from affiliated companies	9	-	9
Financial receivables due from third parties	7	194	(187)
Equity investments in other companies	165	165	0
Total	**181**	**359**	**(178)**

20. Current and non-current tax receivables **€/000 32,272**

Tax receivables of €/000 32,272 consist of:

Amounts in €/000	At 30 June 2009	At 31 December 2008	Change
VAT receivables	19,756	27,281	(7,525)
Income tax receivables	2,011	1,932	79
Other receivables due from the public authorities	10,505	6,725	3,780
Total tax receivables	**32,272**	**35,938**	**(3,666)**

Tax receivables included under non-current assets totalled €/000 11,682, compared to €/000 8,166 as of 31 December 2008, while tax receivables included under current assets totalled €/000 20,590 compared to €/000 27,772 as of 31 December 2008.

21. Deferred tax assets **€/000 36,385**

These totalled €/000 36,385 compared to €/000 36,227 at 31 December 2008. The item "deferred tax assets" primarily includes prepaid tax, largely referring to the cancellation of unrealised intercompany capital gains with third parties, deferred tax assets on the tax losses of the Parent Company and Nacional Motor S.A. as well as prepaid taxes on temporary differences of the Parent.

22. Current and non-current trade receivables **€/000 220,325**

At 30 June 2009 and at December 2008, there were no long-term trade receivables.
Trade receivables included in current activities total €/000 220,325 compared to €/000 90,278 at 31 December 2008. They consist of:

Amounts in €/000	At 30 June 2009	At 31 December 2008	Change
Current trade receivables:			
- due from customers	219,967	89,818	130,149
- due from Group companies valued at equity	292	394	(102)
- due from affiliated companies	66	66	0
Total	**220,325**	**90,278**	**130,047**

The €/000 130,047 increase is linked to the seasonal nature of the sales, which are concentrated in the spring and summer months.

Trade receivables due from Group companies valued at equity are amounts due from Zongshen Piaggio Foshan relating to the sale of raw and semi-finished materials.

Trade receivables due from affiliated companies are amounts due from the Fondazione Piaggio.

The trade receivables item comprises the receivables, referring to normal sale transactions, recorded net of the allowance for doubtful accounts of €/000 23,343.

The Piaggio Group sells a large part of its trade receivables with and without recourse. The Piaggio Group has signed contracts with some of the most important Italian and foreign factoring companies as a move to optimise the monitoring and the management of its trade receivables, besides offering its clients an instrument for funding their own inventories. At 30 June 2009, the trade receivables sold without recourse totalled €/000 175,530, of which the Group received payment prior to the natural maturity of the receivables for €/000 116,208. As of 30 June 2009, receivables sold with recourse totalled €/000 34,269, with a counter entry in the current liabilities.

23. Other current and non-current receivables €/000 31,454

Other receivables recorded under non-current assets totalled €/000 13,341, compared to €/000 12,587 at 31 December 2008, while other receivables recorded under current assets amounted to €/000 18,113, against €/000 21,380 at 31 December 2008. They comprise the following:

Amounts in €/000	At 30 June 2009	At 31 December 2008	Change
Other non-current receivables:			
- due from Group companies valued at equity	138	440	(302)
- due from affiliated companies	359	359	0
- due from others	12,844	11,788	1,056
Total non-current portion	**13,341**	**12,587**	**754**

Receivables due from Group companies valued at equity comprise amounts due from AWS do Brasil.

Receivables due from affiliated companies regard amounts due from the Fondazione Piaggio.

Amounts in €/000	At 30 June 2009	At 31 December 2008	Change
Other current receivables:			
Receivables due from Parent Company	1,775	1,784	(9)
Receivables due from Group Companies valued at Equity	9	5	4
Receivables due from affiliated companies	179	172	7
Receivables due from others	16,150	19,419	(3,269)
Total current portion	**18,113**	**21,380**	**(3,267)**

Receivables due from the Parent Company regard the assignment of tax receivables that took place within the group consolidated tax regime. Receivables due from Group companies valued at equity comprise amounts due from Zongshen Piaggio Foshan. Receivables due from affiliated companies are amounts due from the Fondazione Piaggio and Immsi Audit.

24. Inventories €/000 281,212

At 30 June 2009, this item totalled €/000 281,212, compared to €/000 257,961 at the end of 2008, and comprised:

Amounts in €/000	*At 30 June 2009*	*At 31 December 2008*	*Change*
Raw materials and consumables	128,375	103,314	25,061
Provisions for write-downs	(10,046)	(8,687)	(1,359)
	118,329	*94,627*	23,702
Work in progress	17,819	23,733	(5,914)
Provisions for write-downs	(852)	(852)	0
	16,967	*22,881*	(5,914)
Finished products and goods	168,768	161,766	7,002
Provisions for write-downs	(23,092)	(21,417)	(1,675)
	145,676	*140,349*	5,327
Advances	*240*	*104*	136
Total	**281,212**	**257,961**	**23,251**

The overall growth of €/000 23,251 was related to the seasonal nature of the production cycle.

25. Other current financial assets **€/000 23,915**

This item comprises:

Amounts in €/000	*At 30 June 2009*	*At 31 December 2008*	*Change*
Financial receivables due from affiliated companies	45	45	0
Securities	23,870	1,605	22,265
Other	-	4,137	(4,137)
Total	**23,915**	**5,787**	**18,128**

The item refers to certificates of deposit issued by an Indian public social security body and purchased by the subsidiary Piaggio Vehicles Private Ltd. in order to make efficient use of temporary liquidity.
The financial receivables due from affiliated companies include the current portion of the loan granted to the Fondazione Piaggio.

26. Cash and cash equivalents **€/000 146,546**

Cash and cash equivalents totalled €/000 146,546 against €/000 39,985 at 31 December 2008, as detailed below:

Amounts in €/000	*At 30 June 2009*	*At 31 December 2008*	*Change*
Bank and post office deposits	146,490	39,943	106,547
Cash and assets in hand	56	42	14
Total	**146,546**	**39,985**	**106,561**

This item mainly includes short-term and on demand bank deposits.

27. Assets intended for sale **€/000 0**

As of 30 June 2009, there were no assets intended for sale.

CONTENT AND MAIN CHANGES - CONSOLIDATED BALANCE SHEET - LIABILITIES

28. Share capital and reserves €/000 402,403

Share capital €/000 191,676

The change in share capital during the period was as follows:

Amounts in €/000	
Subscribed and paid up capital	205,941
Own shares purchased at 31 December 2008	(13,794)
Share capital at 1 January 2009	192,147
Own shares purchased in the period 1-1 / 30-6 2009	(471)
Share capital as of 30 June 2009	191,676

At 30 June 2009 the fully subscribed and paid-up share capital consists of 396,040,908 ordinary shares with a nominal value of € 0.52 each, totalling € 205,941,272.16.
During the period, following the resolution passed at the Shareholders' Meeting on 24 June 2008, the Parent Company purchased 906,208 own shares.
Therefore, at 30 June 2009 the Parent company holds 27,432,542 own shares, equal to 6.927% of the share capital.

As of 30 June 2009 and on the basis of that reported within the registry of shareholders and available information, there are no shareholders with more than 2% of share capital other than Omniaholding S.p.A. (with 0.025% of share capital and, through Immsi S.p.A., 53.588% of the share capital, for a total of 53.613%), Diego Della Valle e C. S.a.p.a. (with 5.010 of share capital), Giorgio Girondi (with 2.431% of share capital), the State of New Jersey Common Fund D (with 2.063% of share capital) and Piaggio & C S.p.A. itself (with 6.927% of share capital)".

Declarant	Direct shareholder		% of ordinary share capital	% of voting share capital
	Name	Title		
Omniaholding S.p.A.	IMMSI S.p.A.	Ownership	53.588	53.588
	Omniaholding S.p.A.	Ownership	0.025	0.025
		Total	**53.613**	**53.613**
Piaggio & C. S.p.A.	Piaggio & C. S.p.A.	Ownership	6.927*	6.927*
		Total	**6.927**	**6.927**
Diego della Valle	Diego della Valle & C. S.a.p.a.	Ownership	5.01	5.01
		Total	**5.01**	**5.01**
Girondi Giorgio	G.G.G. S.p.a.	Ownership	2.103	2.103
	Doutdes S.p.a.	Ownership	0.328	0.328
		Total	**2.431**	**2.431**
State of New Jersey Common Pension Fund D	State of New Jersey Common Pension Fund D	Ownership	2.063**	2.063**
		Total	**2.063**	**2.063**

(*) non-voting shares as per article 2357-ter (2) of the Italian Civil Code.
(**) as notified in accordance with Article 120 of Legislative Decree No. Lgs. 58/1998

Share premium reserve €/000 3,493

The share premium reserve as of 30 June 2009 stood at €/000 3,493.

Legal reserve €/000 8,996

The legal reserve increased by €/000 1,499 as a result of the allocation of the earnings for the last period.

OTHER RESERVES €/000 (1,469)

This item consists of:

Amounts in €/000	*At 30 June 2009*	*At 31 December 2008*	*Change*
Conversion reserve	(6,283)	(6,372)	89
Stock option reserve	9,571	8,556	1,015
Financial instruments' fair value reserve	109	(405)	514
IFRS transition reserve	(5,859)	(5,859)	0
Total other reserves	*(2,462)*	*(4,080)*	*1,618*
Consolidation reserve	993	993	0
Total	**(1,469)**	**(3,087)**	**1,618**

The financial instruments' *fair value* reserve includes €/000 109 relating to the effect of recording the *cash flow hedge*.

The consolidation reserve was generated after the acquisition - in the month of January 2003 - of the shareholding in Daihatsu Motor Co. Ltd in P&D S.p.A., equal to 49% of the share capital, on the part of Piaggio & C. S.p.A.

Distributed dividends €/000 22,117

The unit dividend per share distributed on the basis of the net income of the year was equal to € 0.06 for the years 2007 and 2008. During the month of May 2009, dividends totalling €/000 22,117 were paid. During the month of May 2008, dividends totalling €/000 23,322 were paid.

Performance reserve €/000 198,203

Minority interest capital and reserves €/000 1,504

The end of period amount refers to the minority shareholders in Piaggio Hrvatska Doo and Piaggio Vietnam.

Other net income (losses) €/000 514

The value of Other net income (losses) is composed as follows

Amounts in €/000	*1st half of 2009*	*1st half of 2008*	*Change*
The effective part of net income (losses) on cash flow hedging instruments generated in the period	311	1,416	(1,105)
The effective part of net income (losses) on cash flow hedging instruments re-classified in the period	203	656	(453)
Effective part of profits (losses) on cash flow hedges	**514**	**2,072**	**(1,558)**

29. Current and non-current financial liabilities €/000 519,371

In the first half of 2009, the Group's overall debt reported an increase of €/000 113,891, rising from €/000 405,480 to €/000 519,371. This increase is due to the disbursement, in February 2009, of the medium-term financing of €/000 150,000 provided by the European Investment Bank in December 2008. The Group's net debt fell to €/000 348,910 at 30 June 2009 from €/ 000 359,708 at 31 December 2008, as can be seen in the table on net financial position included in the financial statements.

Financial payables included in non-current liabilities totalled €/000 372,101 against €/000 264,789 at 31 December 2008, whereas other payables included in current liabilities totalled €/000 147,270 compared to €/000 140,691 at 31 December 2008.

The attached tables summarise the breakdown of financial debt as of 30 June 2009 and at 31 December 2008, as well as the changes for the period.

Amounts in €/000	At 31 December 2008	Repayments	New issues	Reclassifications to current portion	Other changes	At 30 June 2009
Non-current portion:						
Medium-/long-term loans	117,056		150,000	(41,905)	176	225,327
Bonds falling due over 12 months	120,873	(2,000)			366	119,239
Other medium-/long-term loans:						
- *of which leasing*	9,019			(375)		8,644
- of which due to other lenders	8,842		1,145	(598)		9,389
- *of which Aprilia instruments*	8,999				503	9,502
Total other loans beyond 12 months	*26,860*	*0*	*1,145*	*(973)*	*503*	*27,535*
Total	**264,789**	**(2,000)**	**151,145**	**(42,878)**	**1,045**	**372,101**

Amounts in €/000	At 31 December 2008	Repayments	New issues	Reclass. from noncurrent portion	Other changes	At 30 June 2009
Current portion:						
Current account overdrafts	14,009	(9,116)				4,893
Current account payables	52,369	(33,231)				19,138
Payables due to factoring companies	13,020		21,249			34,269
Current portion of medium-/long-term loans:						
- of which leases	727	(360)		375		742
- due to banks	57,734	(14,367)		41,905		85,272
- due to others	2,569	(474)		598		2,693
of which Aprilia instruments	263					263
Total current portion of medium-/long-term loans	*61,293*	*(15,201)*	*0*	*42,878*	*0*	*88,970*
Total	**140,691**	**(57,548)**	**21,249**	**42,878**	**0**	**147,270**

The breakdown of the debt is as follows:

Amounts in €/000	*Book value at 30.06.2009*	*Book value at 31.12.2008*	*Nominal value at 30.06.2009*	*Nominal value at 31.12.2008*
Bank financing	334,630	241,168	335,281	241,995
Bonds	119,239	120,873	121,960	123,960
Other medium-/long-term loans:				
of which leasing	9,386	9,746	9,386	9,746
of which amounts due to other lenders	46,351	24,431	46,351	24,431
of which Aprilia instruments	9,765	9,262	10,263	10,263
Total other loans	65,502	43,439	66,000	44,440
Total	**519,371**	**405,480**	**523,241**	**410,395**

The table below shows the debt servicing schedule at 30 June 2009:

Amounts in €/000	*Nominal value at 30.06.2009*	*Amounts falling due within 12 months*	*Amounts falling due beyond 12 months*	*Amounts falling due in 2nd half of 2010*	*2011*	*2012*	*2013*	*Beyond*
Bank financing	335,281	109,303	225,978	27,691	58,074	57,182	28,560	54,471
- including opening of credit lines and bank overdrafts	*24,031*	*24,031*	*0*	*0*	*0*	*0*	*0*	*0*
of which medium/long-term bank loans	*311,250*	*85,272*	*225,978*	*27,691*	*58,074*	*57,182*	*28,560*	*54,471*
Bonds	121,960	0	121,960	0	0	121,960	0	0
Other medium-/long-term loans:								
of which leasing	9,386	742	8,644	382	791	827	866	5,778
of which amounts due to other lenders	46,351	36,962	9,389	2,024	2,499	2,390	448	2,028
of which Aprilia instruments	10,263	263	10,000	10,000	0	0	0	0
Total other loans	66,000	37,967	28,033	12,406	3,290	3,217	1,314	7,806
Total	**523,241**	**147,270**	**375,971**	**40,097**	**61,364**	**182,359**	**29,874**	**62,277**

The following table analyses financial debt by currency and interest rate.

Amounts in €/000	*Book value at 31.12.2008*	*Book value at 30.06.2009*	*Notional value at 30.06.2009*	*Applicable interest rate at 30.06.2009*
Euro	385,147	497,232	504,103	4.70%
Indian Rupee	9,705	2,962	-	0.00%
US Dollar	5,350	19,177	19,138	1.06%
Dong Vietnam	5,278	-	-	
Total currencies other than Euro	*20,333*	*22,139*	*19,138*	1.06%
Total	**405,480**	**519,371**	**523,241**	**4.56%**

Medium-term bank debt amounts to €/000 310,599 (of which €/000 225,327 non-current and €/000 85,272 current) and consists of the following loans:

- a €/000 150,000 medium-term loan from the European Investment Bank to finance research & development investments planned for the period 2009-2012. The amortization schedule of the seven-year loan consists of 14 six-monthly instalments to be repaid at a variable rate equal to the six-month Euribor rate plus a spread of 1.323%. The contractual terms envisage loan covenants but exclude guarantees. It should be noted that, in reference to the 2008 period, these parameters were comfortably met;
- a €/95,349 loan (nominal value €/000 96,000) to the Parent Company from Mediobanca and Banca Intesa San Paolo. In April 2006, this loan was syndicated to a restricted pool of banks and it is part of a more articulated loan package. The loan package consists of a first *tranche* of €/000 150,000 (nominal value) which has been fully drawn on (at 30 June 2009 €/000 96,000 was still due) and a second *tranche* of €/000 100,000 to be used as a credit line (at 30 June 2009 still non-utilised). The structure envisages a 7-year term, with a grace period of 18 months and 11 six-monthly instalments with the last maturity on 23rd December 2012 for the loan *tranche*, a variable interest rate linked to the 6 month Euribor rate to which a variable spread between a maximum of 2.10% and a minimum of 0.65% is added depending on the Net Financial Debt/EBITDA ratio. For the *tranche* relating to the credit line there is a commitment fee of 0.25%. The agreement does not envisage the issue of guarantees, while, in line with market practice, it does require meeting some financial parameters. It should be noted that, in reference to the 2008 period, these parameters were comfortably met;
- a €/000 29,000 loan granted to the Parent Company by a pool of 14 banks at the time of the Aprilia acquisition for the purchase of an amount of 34 million Euros in non self-liquidating financial receivables claimed by the same lenders from Aprilia S.p.A.. the economic terms provide for a fixed interest rate of 3.69% annually compounded and repayment of principal and interest in a sole instalment on final maturity at 31 December 2009 aligned with the exercise date of Piaggio 2004-2009 warrants underwritten by the same lenders during the Aprilia closing;
- a €/000 25,000 five-year unsecured loan from Interbanca entered into in September 2008;
- a €/000 983 loan from Interbanca in accordance with Law 346/88 regarding subsidies for applied research, secured by a mortgage lien on property;
- €/000 2,691 as a non-interest bearing loan originally granted by Banca Antonveneta to a subsidiary of the Aprilia Group following the acquisition charged to the Parent Company; the lump sum due date is in 2011. The conditions envisage a market interest rate over the last two years based on the performance of the Piaggio 2004-2009 warrants;
- a €/000 515 subsidised loan provided by Efibanca, maturing on 28 December 2009;
- a €/000 2,061 subsidised loan from Banca Intesa San Paolo under Law 346/88 regarding applied research;
- €/000 3,500 of payables due to Interbanca in its capacity of provider of the EMH instruments;
- a €/000 1,500 eight-year subsidised loan from ICCREA in December 2008 granted under Law 100/90 and linked to the SIMEST equity investment in the Vietnamese company.

Bonds falling due over 12 months (€/000 119,239 net carrying amount) refer to a *high-yield* debenture loan issued on 27 April 2005 by the subsidiary Piaggio Finance S.A. (Luxembourg), for a nominal amount of €/000 150,000, maturing on 30 April 2012 and with a half-yearly coupon bearing a fixed annual nominal rate of 10%. The bond issue is guaranteed by the Parent Company. In March 2009, Standard & Poor's confirmed its BB rating on the bonds, downgrading its outlook from stable to negative. In May 2009, Moody's confirmed its Ba2 corporate *rating* of the Parent Company, though it downgraded the outlook from "stable" to "negative".
The crisis that impacted financial markets in the latter part of 2008 has been reflected in bond market prices that in these circumstances have been trading under par. The Group took advantage of this situation by rounding off the buy backs of bonds previously implemented in the fourth quarter of 2008. As of 30 June 2009, the re-purchased bonds totalled €/000 28,040. Following the decision not to cancel bonds held in portfolio, repurchased bonds were booked in the balance sheet as a reduction to the initial debt, in accordance with accounting standards.
Medium-/long-term payables due to other lenders amount to €/000 65,502 (of which €/000 27,535 falling due beyond twelve months; (€/000 37,967 is the current portion of other loans). These break down as follows:

- €/000 9,386 in finance leases for the incorporated Moto Guzzi S.p.A., €/000 9,382 of which provided by Locat S.p.A. and €/000 4 by Italease Factoring S.p.A.;
- Piaggio 2004-2009 warrants for €/000 263;
- Aprilia ex-shareholders' financial instruments for €/000 9,502;
- subsidised loans for a total of €/000 12,082 provided by Simest and by the Ministry of Economic Development using regulations to encourage exports and investment in research and development (non-current portion of €/000 9,389);
- advances from factoring operations with recourse €/000 34,269.

<u>Financial instruments</u>

Exchange rate risk

In the first half-year of 2009, exchange rate risk was managed in line with the *policy* introduced in 2006, which aims to neutralise the possible negative effects of exchange rate changes on company *cash-flow*, by hedging the business risk which concerns the changes in company profitability compared to the annual business budget on the basis of a key change (the so-called "budget change") and of the settlement risk, which concerns the differences between the exchange rate recorded in the financial statements for receivables or payables in foreign currency and that recorded in the related receipt or payment.

The exposure to business risk consists of the envisaged payables and receivables in foreign currency, taken from the budget for sales and purchases reclassified by currency and accrued on a monthly basis.

The exposure to settlement risk consists of receivables and payables in foreign currency acquired in the accounting system at any moment. The hedge must at all times be equal to 100% of the import, export or net settlement exposure for each currency.

As regards contracts in place to hedge exchange rate risk on forecast transactions (business risk), as of 30 June 2009 Piaggio & C. S.p.A. had in place: forward sales contracts:

- for a value of CAD/000 3,420 equal to €/000 2,131 (valued at the forward exchange rate);
- for a value of CHF/000 8,620 equal to €/000 5,712 (valued at the forward exchange rate);
- for a value of DKK/000 7,595 equal to €/000 1,019 (valued at the forward exchange rate);
- for a value of GBP/000 8,225 equal to €/000 9,415 (valued at the forward exchange rate);
- for a value of JPY/000,000 230 equal to €/000 1,723 (valued at the forward exchange rate);
- for a value of SGD/000 680 corresponding to €/000 333 (valued at the forward exchange rate);
- for a value of USD/000 37,430 equal to €/000 27,078 (valued at the forward exchange rate);

and forward purchase contracts:

- for a value of CAD/000 495 equal to €/000 306 (valued at the forward exchange rate);
- for a value of CHF/000 2,770 equal to €/000 1,811 (valued at the forward exchange rate);
- for a value of JPY/000,000 877 equal to €/000 6,583 (valued at the forward exchange rate);
- for a value of SEK/000 1,635 equal to €/000 150 (valued at the forward exchange rate);
- for a value of SGD/000 640 corresponding to €/000 316 (valued at the forward exchange rate);
- for a value of USD/000 16,660 equal to €/000 11,896 (valued at the forward exchange rate).

As regards contracts in place to hedge exchange rate risk on *forecast transactions* (business risk), at 30 June 2009 the Parent Company had in place:

- forward purchase contracts for a value of JPY/000,000 1,116 and CNY/000,000 213, corresponding to €/000 8,751 and €/000 21,805 respectively;

- forward sales contracts for a value of CHF/000 8,950 corresponding to €/000 5,969 (valued at the forward exchange rate), CAD/000 3,450 corresponding to €/000 2,127 (valued at the forward exchange rate), and GBP/000 11,400, corresponding to €/000 12,481 (valued at the forward exchange rate).

As for other Group companies, at 30 June 2009, Piaggio Group Americas had forward sale contracts in place for USD/000 11,300, corresponding to €/000 8,663 (valued at the forward exchange rate).

30. Current and non-current trade payables **€/000 476,839**

As of 30 June 2009 and as of 31 December 2008 no trade payables were recorded under non-current liabilities.
At 30 June 2009 current trade payables totalled €/000 476,839 against €/000 362,224 at 31 December 2008.

Amounts in €/000	*At 30 June 2009*	*At 31 December 2008*	*Change*
Current liabilities:			
Amounts due to suppliers	460,699	353,512	107,187
Trade payables due to companies valued at equity	15,758	8,209	7,549
Amounts due to affiliated companies	132	159	(27)
Amounts due to parent companies	250	344	(94)
Total current portion	**476,839**	**362,224**	**114,615**

The overall increase in trade payables of €/000 114,615 is linked to the previously mentioned seasonal nature of the production cycle.

31. Reserves (current and non-current portion) **€/000 42,117**

The breakdown and changes in provisions for risks during the period were as follows:

Amounts in €/000	Balance at 31 December 2008	Allocations	Applications	Reclassi fication	Exchange differences	Balance at 30 June 2009
Product warranty reserve	18,537	7,224	(7,455)		6	18,312
Risk provisions on equity investments	5,782		(302)			5,480
Provisions for contractual risks	8,481	1,174				9,655
Other provisions for risks and charges	8,776	1,481	(2,583)	1,104	(108)	8,670
Total	**41,576**	**9,879**	**(10,340)**	**1,104**	**(102)**	**42,117**

The breakdown between current and non-current portion of long-term provisions is as follows:

Amounts in €/000	*At 30 June 2009*	*At 31 December 2008*	*Change*
Non-current portion:			
Product warranty reserve	3,337	2,945	392
Risk provisions on equity investments	5,480	5,480	0
Reserve for contractual risks	4,217	8,481	(4,264)
Other provisions for risks and charges	4,818	4,772	46
Total non-current portion	**17,852**	**21,678**	**(3,826)**

Amounts in €/000	*At 30 June 2009*	*At 31 December 2008*	*Change*
Current portion:			
Product warranty reserve	14,975	15,592	(617)
Risk provisions on equity investments		302	(302)
Provisions for contractual risks	5,438		5,438
Other provisions for risks and charges	3,852	4,004	(152)
Total current portion	**24,265**	**19,898**	**4,367**

The product warranty reserve relates to allocations for technical assistance on products with customer service which are estimated to be provided over the contractually envisaged warranty period. This period varies according to the type of goods sold and the sales market, and is also determined by customer take-up to commit to a scheduled maintenance plan.

The reserve for contractual risks increased during the period by €/000 7,224 and was used for €/000 7,455 in relation to charges incurred during the period.

Provisions for risks on equity investments includes the portion of negative shareholders' equity held in the subsidiary Piaggio China Co Ltd, as well as the charges that may arise from liquidations/mergers involving some foreign Group companies.

The provision of contractual risks refers mainly to charges which may arise from the ongoing negotiation of a supply contract.
"Other provisions" include provisions for legal risks for an amount of €/000 6,018.

32. Deferred tax liabilities — €/000 30,709

Deferred tax liabilities totalled €/000 30,709, compared to €/000 31,795 at 31 December 2008. This change is primarily due to the re-absorption of timing differences.

33. Reserves for pension and employee benefits — €/000 64,671

Amounts in €/000	*At 30 June 2009*	*At 31 December 2008*	*Change*
Retirement funds	2,571	2,562	9
Termination indemnities	62,100	61,598	502
Total	**64,671**	**64,160**	**511**

Retirement funds comprise provisions for employees allocated by foreign companies and additional customer indemnity provisions, which represent the compensation due to agents in the case of the agency contract being terminated for reasons beyond their control.

34. Current and non-current tax payables — €/000 37,457

At 30 June 2009, there were no tax payables included within long-term trade receivables, which totalled €/000 166 at 31 December 2008.
"Tax payables" included in current liabilities totalled €/000 37,457, against €/000 19,065 at 31 December 2008.
Their breakdown was as follows:

Amounts in €/000	*At 30 June 2009*	*At 31 December 2008*	*Change*
Due for income tax	10,628	1,344	9,284
Due for non-income tax			0
Tax payables for:			
- VAT	13,006	3,962	9,044
- tax withholdings made	4,680	6,026	(1,346)
- other	9,143	7,733	1,410
Total	26,829	17,721	9,108
Total	**37,457**	**19,065**	**18,392**

The item includes tax payables recorded in the financial statements of the individual consolidated companies, set aside in relation to tax charges for the individual companies on the basis of the applicable national laws.

Payables for income taxes include the allocation of taxes implemented in the half-year for the adjustment of the fiscal charges of the Group, utilising the forecasted tax rate for the year.

Payables for tax withholdings made refer mainly to withholdings on employees' earnings, on employment termination payments and on self-employed earnings.

35. Other payables (current and non-current) €/000 97,909

Amounts in €/000	*At 30 June 2009*	*At 31 December 2008*	*Change*
Non-current portion:			
Amounts due to employees	48		48
Amounts due to social security institutions	1,003	1,003	0
Other payables	5,059	4,962	97
Total non-current portion	**6,110**	**5,965**	**145**

Amounts in €/000	*At 30 June 2009*	*At 31 December 2008*	*Change*
Current portion:			
Amounts due to employees	37,766	24,563	13,203
Amounts due to social security institutions	7,126	9,205	(2,079)
Sundry payables due to affiliated companies	218	226	(8)
Sundry payables due to parent companies	576	374	202
Other	46,113	36,309	9,804
Total current portion	**91,799**	**70,677**	**21,122**

Other payables included in non-current liabilities totalled €/000 6,110 against €/000 5,965 at 31 December 2008, whereas other payables included in current liabilities total €/000 91,799 compared to €/000 70,677 at 31 December 2008.

Amounts due to employees include the amount for holidays accrued but not taken of €/000 16,508 and other payments to be made for €/000 21,306.

Payables due to affiliated companies refer to various amounts due to the Fondazione Piaggio.

Milan, 30 July 2009

for the Board of Directors
Chairman and Chief Executive
Roberto Colaninno

E) <u>DEALINGS WITH RELATED PARTIES</u>

The main business and financial relations that Group companies had with related parties have already been described in the specific paragraph in the Directors' Report to which reference is made here. To supplement this information, the following table provides an indication by company of the outstanding items at 30 June 2009, as well as their contribution to the respective headings.

		Amounts in €/000	% of accounting item
Relations with affiliated companies			
Fondazione Piaggio	other current receivables	172	0.95%
	other current financial assets	45	0.19%
	other non-current receivables	359	2.69%
	current trade receivables	66	0.03%
	current trade payables	19	0.00%
	other current payables	218	0.24%
Piaggio China	current trade payables	6	0.00%
AWS do Brasil	other non-current receivables	138	1.03%
Zongshen Piaggio Foshan	other current receivables	9	0.05%
	costs for materials	23,157	5.02%
	other operating income	825	1.29%
	current trade receivables	292	0.13%
	current trade payables	15,752	3.30%
	costs for services and use of third party assets	49	0.03%
IMMSI Audit	other current receivables	7	0.04%
	current trade payables	113	0.02%
	costs for services and use of third party assets	419	0.28%
	other operating income	7	0.01%
Cantieri Navali Rodriguez	other operating income	33	0.05%
Relations with parent companies			
IMMSI	costs for services and use of third party assets	824	0.5%
	other operating income	35	0.05%
	other current receivables	1,775	9.80%
	current trade payables	250	0.05%
	other current payables	576	0.63%

F) INFORMATION ON FINANCIAL INSTRUMENTS

This attachment provides information about financial instruments, their risks, as well as the sensitivity analysis in accordance with the requirements of IFRS 7, effective as of 1 January 2008. At 30 June 2009 and at 31 December 2008 the financial instruments in force were allocated as follows within the Piaggio Group's consolidated balance sheet.

Amounts in €/000	Notes	At 30 June 2009	At 31 December 2008	Change
ASSETS				
Current assets				
Other financial assets	25	**23,915**	**5,787**	**18,128**
of which securities		*23,870*	*1,605*	*22,265*
of which financial receivables		*45*	*4,182*	*(4,137)*
LIABILITIES				
Non-current liabilities				
Financial liabilities falling due beyond one year	29	**(372,101)**	**(264,789)**	**(107,312)**
of which Bonds		*(119,239)*	*(120,873)*	*1,634*
of which medium/long-term bank financing		*(225,327)*	*(117,056)*	*(108,271)*
of which amounts due under leases		*(8,644)*	*(9,019)*	*375*
of which amounts due to other lenders		*(9,389)*	*(8,842)*	*(547)*
of which Aprilia instruments		*(9,502)*	*(8,999)*	*(503)*
Current liabilities				
Financial liabilities falling due within one year	29	**(147,270)**	**(140,691)**	**(6,579)**
of which current account overdrafts		*(4,893)*	*(14,009)*	*9,116*
of which current account payables		*(19,138)*	*(52,369)*	*33,231*
of which amounts due to factoring companies		*(34,269)*	*(13,020)*	*(21,249)*
of which bank financing		*(85,272)*	*(57,734)*	*(27,538)*
of which amounts due under leases		*(742)*	*(727)*	*(15)*
of which amounts due to other lenders		*(2,693)*	*(2,569)*	*(124)*
of which Aprilia instruments		*(263)*	*(263)*	*0*

Securities

Securities refer to the underwriting of certificates of deposit issued by an Indian public social security body carried out by the Indian subsidiary in order to make efficient use of temporary liquidity. These securities - which are intended to be held to maturity - are recorded at amortized cost using the effective interest rate method.

Current and non-current financial liabilities

Current and non-current liabilities are thoroughly covered in the paragraph on financial liabilities of the explanatory notes. In this section liabilities are divided by type and detailed by expiry date.

Credit lines

At 30 June 2009 the most important credit lines irrevocable until maturity are as follows:

- a €/000 196,000 credit line maturing on December 2012, consisting of a loan with amortization and credit opening completely refundable at maturity;
- a framework agreement with a pool of banks for the granting of credit lines for a total amount of €/000 70,300 maturing on December 2011, usable for opening a credit up to 80% and as advance on credits up to 60%;
- a loan of €/000 29,000 maturing on 31 December 2009;
- a loan of €/150,000 maturing in February 2016;
- a loan of €/25,000 maturing in September 2013.

All the above mentioned credit lines have been granted to the parent company.

Warrants and Financial Instruments

As part of the agreements signed in December 2004 upon the acquisition of Aprilia, the company issued warrants in favour of Aprilia's creditor banks and financial instruments in favour of selling shareholders; this is amply covered in the paragraph on intangible assets in the explanatory notes.

Management of Financial Risks

Cash management functions regulation and financial risks management is centralised. Cash management operations are performed within formalised policies and guidelines, valid for all Group's companies.

Capitals management and liquidity risk

Cash flows and the Group's credit line needs are monitored or managed centrally under the control of the Group's Cash management in order to guarantee an effective and efficient management of the financial resources as well as optimising the debt's maturity standpoint.

The Parent Company finances the temporary liquidity requirements of the companies of the Group.

To better hedge against liquidity risk, at 30 June 2009, the Group's Treasury had available €/000 162,990 of undrawn irrevocable credit lines and €/000 135,961 of revocable credit lines, as detailed below:

In thousands of Euros	*At 30 June 2009*	*At 31 December 2008*
Variable rate with maturity within one year - irrevocable until maturity	0	1,908
Variable rate with maturity beyond one year - irrevocable until maturity	162,990	294,474
Variable rate with maturity within one year - cash revocable	98,761	89,993
Variable rate with maturity within one year - with revocation for self-liquidating typologies	37,200	34,200
Total undrawn credit lines	**298,951**	**420,575**

Exchange rate risk management

The Group operates in an international context where transactions are conducted in currencies different from Euro. This exposes the Group to risks arising from exchange rates fluctuations. In 2005, the Group adopted an exchange rate risk management policy which aims to neutralise the possible negative effects of the changes in exchange rates on company *cash-flows*. The policy envisages hedging the business risk - which concerns the changes in company profitability compared to the annual business budget on the basis of a key change (the so-called "budget change") - for at least 66% of the exposure by recourse to derivative contracts. The policy also provides the integral hedging of settlement risk, which concerns the differences between the exchange rate recorded in the financial statements for receivables or payables in foreign currency and that recorded in the related receipt or payment (net between sales and purchases in the same foreign currency) by resorting to the natural offsetting of the exposure, to the underwriting of derivatives sales or purchase contract in foreign currency, besides advances of receivables in foreign currency. The Group is also exposed to the transfer risk, arising from the conversion into Euros of balance sheets of subsidiaries drawn up in currencies different from Euros performed during the consolidation process. The policy adopted by the Group does not impose the hedging of such exposure also in relation to its modest entity. Shown below is the net balance of the cash flows in the main currencies, whereas for derivatives contracts based on exchange rates applicable at 30 June 2009, please refer to the list in the explanatory notes, in the paragraph about financial liabilities.

	Amounts in ML €	
	Cash Flow 1st Half of 2009	Cash Flow 1st Half of 2008
Pound Sterling	5.6	7.4
Indian Rupee	19.8	10.8
Croatian Kuna	6.3	7.5
US Dollar	8.3	10.5
Canadian Dollar	3.4	1.0
Swiss Franc	3.7	4.0
Chinese Yuan*	(25.4)	(21.8)
Japanese Yen	(15.8)	(11.9)
Total cash flow in foreign currency	5.9	7.5

* cash flow in Euro

Considering the aforementioned, on the assumption of a 3% increase of the Euro average exchange rate on the portion not hedged of the economic exposure on the main currencies observed in the first half of 2009, the consolidated operative income will increase by approximately €/000 86.

Management of the interest rate risk

The exposure to interest rate risk arises from the necessity to fund operating activities, both industrial and financial, besides to use the available cash. Changes in interest rates may affect the costs and the returns of investment and financing operations. The Group regularly measures and controls its exposure to interest rates changes and manages such risks also resorting to derivative instruments, mainly Forward Rate Agreement and Interest Rate Swap, according to what established by its own management policies. At 30 June 2009 variable rate debt, net of financial assets, was equal to €/000 129,629. As a consequence, a 1% increase or decrease of the Euribor above such net exposure would have generated higher or lower interests of €/000 1,296 per year.

Credit risk

The Group considers that its exposure to credit risk is as follows:

In thousands of Euros	*At 30 June 2009*	*At 31 December 2008*
Liquid assets	146,490	39,943
Securities	23,870	1,605
Financial receivables	45	4,182
Trade receivables	220,325	90,278
Total	**390,730**	**136,050**

The Group monitors or manages credit centrally by using established policies and guidelines. The portfolio of trade receivables shows no signs of concentrated credit risk in light of the broad distribution of our licensee or distributor network. In addition, most trade receivables are short-term. In order to optimise credit management, the Company has established *revolving* programmes with some primary factoring companies for selling its trade receivables without recourse in Europe and the United States.

G) SUBSEQUENT EVENTS

To date, no events have occurred after 30 June 2009 that make additional notes or adjustments to these interim financial statements necessary.

In this regard, refer to the Report on Operations for significant events after 30 June 2009.

H) SUBSIDIARIES

36. Piaggio Group companies

In accordance with CONSOB communication no. 11971 dated 14 May 1999, and subsequent amendments (article 126 of the Regulation), the list of the Group's companies and major equity investments is provided below. The list presents the companies divided by type of control and method of consolidation.

The following are also shown for each company: the company name, the registered office, the country of origin and the share capital in the original currency. In addition, the shareholding owned by Piaggio & C. S.p.A. or other subsidiaries is also reported.

In a separate column there is an indication of the percentage of voting rights at the ordinary shareholders' meeting should it be different from the equity investment percentage in the share capital.

List of companies included in the consolidation area on a line-by-line basis at 30 June 2009.

Company name	Registered office	Country	Share Capital at 30 June 2009	Currency	% Group ownership	Held by	%	% votes
Parent company								
Piaggio & C. S.p.A.	Pontedera (Pisa)	Italy	205,941,272.16	euro				
Subsidiaries								
Aprilia Racing S.r.l.	Pontedera (Pisa)	Italy	150,000.00	euro	100%	Piaggio & C. S.p.A.	86%	
						Nacional Motor S.A.	14%	
Aprilia World Service B.V.	Amsterdam	Holland	30,000,000 auth. capital (6,657,500 subscribed and paid up)	euro	100%	Piaggio & C. S.p.A.	100%	
Derbi Racing S.L.	Barcelona	Spain	1,263,000.00	euro	100%	Nacional Motor S.A.	100%	
Moto Laverda S.r.l. *	Noale (Venice)	Italy	80,000.00	euro	100%	Piaggio & C. S.p.A.	100%	
Nacional Motor S.A.	Barcelona	Spain	9,368,904.00	euro	100%	Piaggio & C. S.p.A.	98%	
						Aprilia World Service B.V.	2%	
P & D S.p.A. *	Pontedera (Pisa)	Italy	416,000.00	euro	100%	Piaggio & C. S.p.A.	100%	
Piaggio Asia Pacific PTE Ltd.		Singapore	100,000.00	sin$	100%	Piaggio Vespa B.V.	100%	
Piaggio Deutschland Gmbh	Kerpen	Germany	5,113,500.00	euro	100%	Piaggio Vespa B.V.	100%	
Piaggio Finance S.A.	Luxembourg	Luxembourg	31,000.00	euro	99.99%	Piaggio & C. S.p.A.	99.99%	
Piaggio France S.A.S.	Clichy Cedex	France	1,209,900.00	euro	100%	Piaggio Vespa B.V.	100%	
Piaggio Group Americas Inc	New York	USA	561,000.00	USD	100%	Piaggio Vespa B.V.	100%	
Piaggio Group Japan	Yokohama	Japan	3,000,000.00	yen	100%	Piaggio Vespa B.V	100%	

Company name	Registered office	Country	Share Capital at 30 June 2009	Currency	% Group ownership	Held by	%	% votes
Piaggio Hellas S.A.	Athens	Greece	2,704,040.00	euro	100%	Piaggio Vespa B.V.	100%	
Piaggio Hrvatska D.o.o.	Split	Croatia	400,000.00	kuna	75%	Piaggio Vespa B.V.	75%	
Piaggio Limited	Bromley Kent	United Kingdom	250,000.00	gbp	100%	Piaggio Vespa B.V.	99.9996%	
						Piaggio & C. S.p.A.	0.0004%	
Piaggio Portugal Limitada *	Lisbon	Portugal	5,000.00	euro	100%	Piaggio Vespa B.V.	100%	
Piaggio Vehicles Private Limited	Maharashtra	India	340,000,000.00	rupie	100%	Piaggio & C. S.p.A.	99.999997%	
						Piaggio Vespa B.V.	0.000003%	
Piaggio Vespa B.V.	Amsterdam	Holland	91,000.00	euro	100%	Piaggio & C. S.p.A.	100%	
Piaggio Vietnam Co Ltd	Hanoi	Vietnam	64,751,000,000.00	Dong	87.5%	Piaggio & C. S.p.A.	51%	
						Piaggio Vespa B.V.	36.5%	

* Company in liquidation

List of companies included in the consolidation area with the equity method as 30 June 2009

Company name	Registered office	Country	Share Capital at 30 June 2009	Currency	% Group ownership	Held by	%	% votes
Aprilia Brasil S.A.	Manaus	Brazil	2,020,000.00	reais	51%	Aprilia World Service Holding do Brasil Ltda	51%	
Aprilia World Service Holding do Brasil Ltda.	São Paulo	Brazil	2,028,780.00	reais	99.99995%	Piaggio Group Americas Inc	99.99995%	
Piaggio China Co. LTD	Hong Kong	China	12,500,000 auth. capital (12,100,000 subscribed and paid up)	USD	99.99999%	Piaggio & C. S.p.A.	99.99999%	
Zongshen Piaggio Foshan Motorcycle Co. LTD.	Foshan City	China	29,800,000.00	USD	45%	Piaggio & C. S.p.A.	32.5%	
						Piaggio China Co. LTD	12.5%	

List of other significant shareholdings as of 30 June 2009, valuated at cost

Company name	Registered office	Country	Share Capital at 30 June 2009	Currency	% Group ownership	Held by	%	% votes
Acciones Depuradora Soc. Coop. Catalana Limitada	Barcelona	Spain	60,101.21	euro	22%	Nacional Motor S.A.	22%	
Immsi Audit S.c.a.r.l.	Mantova	Italy	40,000.00	euro	25%	Piaggio & C. S.p.A.	25%	
Mitsuba Italia S.p.A.	Pontedera (PI)	Italy	1,000,000.00	euro	10%	Piaggio & C. S.p.A.	10%	
Pont - Tech, Pontedera & Tecnologia S.c.r.l.	Pontedera (PI)	Italy	884,160.00	euro	20.44%	Piaggio & C. S.p.A.	20.44%	
S.A.T. Societé d'Automobiles et Triporteurs S.A.	Tunis	Tunisia	210,000.00	TND	20%	Piaggio Vespa B.V.	20%	

* Company in liquidation

I) <u>Certification of the abbreviated half-year financial statement pursuant to Art. 154 bis of Legislative Decree 58/98</u>

1. The undersigned, Mr. Roberto Colaninno, acting in the capacity of Chairman and CEO, and Ms. Alessandra Simonotto, acting in the capacity of Entrusted Manager for the drafting of the accounting documents of Piaggio & C. S.p.A., hereby certify the following, even by taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the appropriateness with regard to the company's characteristics and
- the effective application

of the administrative and accounting procedures for the preparation of the abbreviated half-year financial statement in the course of the first half of 2009.

2. With regard to this, no relevant aspects are to be reported.
3. Moreover, it is stated that

3.1 the abbreviated half-year financial report

- is drafted in compliance with applicable international accounting principles recognised by the European Communities in accordance with (EC) regulations no. 1606/2002 of the European Parliament and Council, dated 19 July 2002;
- corresponds to the documentary results, the books and the accounting entries;
- it is appropriate to provide a true representation of the balance sheet, income, and financial situation of the issuer and of the totality of companies included in the consolidation;

3.2 the Interim Directors' Report contains references to the important events that took place in the first six months of the financial year and to their incidence on the abbreviated half-year financial statement, together with a description of the main risks and uncertainties for the remaining six months of the financial year, as well as information on relevant operations with related parties.

Milan, 30 July 2009

for the Board of Directors
Chairman and Chief Executive
Roberto Colaninno

Manager in charge
Alessandra Simonotto

Deloitte.

Deloitte & Touche S.p.A.
Corso Italia, 17
50123 Firenze
Italia

Tel: +39 055 2671011
Fax: +39 055 282147
www.deloitte.it

AUDITORS' REVIEW REPORT ON THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
PIAGGIO & C. S.p.A.

1. We have reviewed the half-yearly condensed consolidated financial statements of PIAGGIO & C. S.p.A. and subsidiaries (the "PIAGGIO Group"), which comprise the consolidated balance sheet as of June 30, 2009, and the consolidated income statement, the consolidated comprehensive income statement, the statement of changes in consolidated equity and the consolidated cash flow statement for the six-month period then ended, and the related selected explanatory notes. The Company's Directors are responsible for the preparation and presentation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue a report on these half-yearly condensed consolidated financial statements based on our review.

2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly interim financial statements under Resolution n. 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the underlying consolidated financial data, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-yearly condensed consolidated financial statements.

3. As far as comparative figures related to the year ended December 31, 2008 and the six-month period ended June 30, 2009 are concerned, reclassified to take into consideration the effects on financial statement presentation introduced by IAS 1 (2007) and what disclosed in the explanatory notes, reference should be made to our auditors' report issued on March 5, 2009 and our auditors' review report issued on August 4, 2008, respectively.

4. Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of PIAGGIO & C. Group as of June 30,

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Perugia
Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano - Capitale Sociale: Euro 10.328.220,00 i.v.
Partita IVA/Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239

Member of
Deloitte Touche Tohmatsu

2009 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.
Signed by
Paolo Guglielmetti
Partner

Florence, Italy
July 31, 2009

This report has been translated into the English language solely for the convenience of international readers.

Piaggio & C. S.p.A.

Financial and business position
and Explanatory Notes as 30 June 2009

FINANCIAL AND ECONOMIC POSITION AND FINANCIAL STATEMENTS AS OF 30 JUNE 2009

The accounting statements as of 30 June 2009 of the Parent Company Piaggio & C. S.p.A. - reported in the subsequent pages - have been drafted in compliance with the provisions of Consob Regulations no. 11971 of 14 May 1999 and its subsequent amendments.
Following the entry into force of European Regulation no. 1606/2002 and the national regulations enforcing these regulations, Piaggio & C. S.p.A. has, as of 1 January 2006, adopted the International Accounting Principles (IFRS) relative to the drafting of financial statements of the year. In particular, the accounting principles and criteria adopted to prepare the financial statements are the same as those which will be adopted for drafting the financial statements of 31 December 2009, given that they are compatible.

Shown below are the financial statements of 30 June 2009 of the Parent Company in summarised format and with commentary.

PIAGGIO & C. - FINANCIAL HIGHLIGHTS

Amounts in ML€		1st half 2009	1st half 2008	2008 statutory
Income statement (reclassified)				
Net sales		655.3	719.1	1,276.3
Operating income		31.2	62.7	48.6
Earnings before tax		16.8	46.4	30.2
Net income		12.8	41.3	30.0
Operating income on net revenues	%	4.8	8.7	3.8
Net income on net revenues	%	2.0	5.7	2.3
Gross operating margin=EBITDA (from operations)		72.6	99.6	135.4
Gross operating margin on Net Sales	%	11.1	13.9	10.6
Balance sheet				
Net working capital		-20.0	11.6	-10.1
Net tangible assets		187.0	175.0	195.1
Net intangible assets		516.4	485.6	523.3
Financial assets		90.4	124.3	89.0
Provisions		-127.7	-120.8	-128.7
Net capital employed		**646.2**	**675.7**	**668.6**
Net Financial Debt		348.6	332.7	361.5
Shareholders' equity		297.6	343.0	307.1
Sources of funds		**646.2**	**675.7**	**668.6**
Change in net financial position				
Opening net financial position		**-361.5**	**268.2**	**-268.2**
Initial Net Financial Position of Inc. Moto Guzzi				**-37.5**
Cash flow from operations (Earnings+Amortization)		54.2	78.2	116.8
(Increase)/Decrease in Working Capital		9.9	-16.9	25.6
(Increase)/Decrease in net investments		-28.0	-33.6	-72.8
Net change in pension reserves and other reserves		-1.0	-4.4	-13.0
Change in shareholders' equity		-22.2	-87.8	-112.4
Total change		**12.9**	**-64.5**	**-55.8**
Closing net financial position		**-348.6**	**332.7**	**-361.5**

INCOME STATEMENT

The income statement at 30 June 2009 shows a profit of 12.8 ML€, a decrease of 28.5 ML € compared to the same period the year before.

Net revenues

The net Revenues of Piaggio & C. S.p.A. in the first half of 2009 stood at 655.3 ML €, recording a decrease (-8.8%) compared to the same period in 2008; this was mainly due to the decrease in the demand of the 2-wheeler business.

The **Ebitda of Piaggio & C. S.p.A. -** defined in the consolidated income statement as "Operating earnings" gross of amortization of intangible assets and depreciation of property, plant and machinery, and as reported in the Income statement – was 72.6 ML €, an increase of 27.1% compared to the 99.6 ML € in the same period the year before. In percentage terms compared to revenues, the EBITDA of the first half of 2009 reached 11.1% compared to the 13.9% of the same period 2008.

Operating earnings for the first half of 2009 were equal to 31.2 ML€, a decrease of 31.5 ML€ compared to the 62.7 ML€ of same period in 2008 (- 50.2%), while profitability (the ratio between operating profit and net sales) decreased from 8.7% to 4.8%

Net financial charges totalled 14.4 ML€, compared to the 16.2 ML€ of the first half of 2008.

In the first half of 2009, the Parent Company recorded **pre-tax earnings** of 16.8 ML€ (-63.7% compared to the same period in 2008) and **net income** of 12.8 ML€ (-69.0% compared to the same period in 2009). Taxation for the period, calculated on the basis of IAS 34 and IAS 12 by applying an average tax rate for 2009, totalled 4 ML€ (5.1 ML€ at 30 June 2008).

CASH FLOW STATEMENT

The consolidated cash flow statement - drafted in accordance with the models provided by the international accounting standards of the IFRS - is shown in the following pages: comments are provided below making reference to the summary in the Highlights on the previous pages.

Cash flow generated in the period was 12.9 ML €.

Cash flow from operations, i.e. net income plus amortization and depreciation, was 54.2 ML €.

The positive impact of such flow was due to the growth of working capital - which increased from -10.1 ML€ on 31 December 2008 to -20.0 ML€ on 30 June 2008 - as well as the investment activities equal to 28.0 ML€, the net change in funds for 1.0 ML€, the distributed dividends equal to 22.1 ML€, the acquisition of own shares for 1.0 ML€, and the net change in IAS reserves for 0.9 ML€.

BALANCE SHEET

The **working capital** – defined as the net sum of: Current and non-current trade receivables and other receivables, Inventories, long-term Trade Payables and other payables and current Trade Payables, Other Receivables (Short- and long-term tax Receivables, Deferred tax assets) and

Other Payables (Tax payables and Other short-term Payables) – were negative for 20.0 ML€, down 9.9 ML€ compared to 31 December 2008, as a result of the seasonal nature of the business.

Net tangible assets, consist of property, plant, machinery and industrial equipment, net of cumulative depreciation, as well as assets intended for sale. As of 30 June 2009 these overall totalled 187.0 ML€, a decrease of 8.1 ML€ compared to 31 December 2008 and an increase of 12.0 ML€ compared to the same period of the previous year.

Net intangible assets consist of capitalised research and development costs, patent and know-how costs, and the goodwill arising from the merger and acquisitions operations undertaken by the parent company. As of 30 June 2009, they total 516.4 ML€, 6.9 ML€ down compared to 31 December 2008.

Financial fixed assets, defined by the Directors as the sum of Shareholdings and Other non-current financial assets, totalled 90.4 ML €, an increase of 1.4 ML € compared to 31 December 2008 and a decrease of 33.9 ML € compared to the results on 30 June 2008.

Reserves consist of the retirement Funds and employee benefits, other long-term reserves, the current Portion of other long-term reserves and deferred tax Liabilities, totalling 127.7 ML €, down 1.0 ML € compared to 31 December 2008.

The **net financial position** (net financial debt) as of 30 June 2009 stood at 348.6 ML €, compared to 361.5 ML € at 31 December 2008. The decrease of 12.9 ML€ compared to 31 December 2008 is a result of the positive trend in operating cash flows and working capital, as illustrated above, and was partially compensated by the resources absorbed by investments activities, movements in funds, the distribution of dividends, the acquisition of own shares and movements in IAS reserves.

The composition of the net financial position (net financial debt) is summarised in the following table:

Amounts in ML€	*At 30 June 2009*	*At 31 December 2008*	*Change*
Liquidity	134.0	11.3	122.7
Current financial assets	30.4	39.1	(8.7)
(Current trade payables)	(141.3)	(121.4)	(19.9)
(Non-current trade payables)	(253.1)	(144.2)	(108.9)
(Non-current financial payables due to the subsidiary Piaggio Finance)	(118.6)	(146.3)	27.7
Total net financial debt	**(348.6)**	**(361.5)**	**12.9**

Shareholders' equity as of 30 June 2009 totalled 297.6 ML €, compared to 307.1 ML € at 31 December 2008. Following the implementation of the shareholders' resolution of 16 April 2009, in the month of May, dividends for a total of 22.1 ML€ were paid out.

At 30 June 2009 the fully subscribed and paid-up share capital consists of 396,040,908 ordinary shares with a nominal value of € 0.52 each, totalling € 205,941,272.16.

During the half-year and on the basis of the resolution passed at the Shareholders' Meeting of 24 June 2008, the Parent Company purchased 906,208 own shares.

Therefore, at 30 June 2009 the Parent company holds 27,432,542 own shares, equal to 6.927% of the share capital.

EMPLOYEES

The **employees** of Piaggio & C. S.p.A., as of 30 June 2009, were equal to 4,685 units compared to the total of 4,667 on 30 June 2008.

	Average number		Number at	
Level	*1st Half of 2009*	*1st Half of 2008*	*30-Jun-09*	*30-Jun-08*
Senior Management	92	87	94	87
Middle management and clerical	1,292	1,262	1,277	1,280
Manual labour	3,080	3,261	3,314	3,300
Total	**4,464**	**4,610**	**4,685**	**4,667**

INCOME STATEMENT

Amounts in €/000		1st half of 2009	1st half of 2008	Change
Net revenues		**655,295**	**719,050**	**(63,755)**
	of which with related parties	*73,123*	*91,420*	*(18,297)*
				0
Cost for materials		365,212	397,281	(32,069)
	of which with related parties	*31,956*	*40,989*	*(9,033)*
Costs for services and use of third party assets		144,723	150,035	(5,312)
	of which with related parties	*25,282*	*17,154*	*8,128*
Employees costs		104,124	104,795	(671)
Depreciation of tangible assets		15,963	15,767	196
Amortization of intangible assets		25,418	21,181	4,237
Other operating income		41,843	44,734	(2,891)
	of which with related parties	*12,825*	*7,488*	*5,337*
Other operating costs		10,504	12,067	(1,563)
	of which with related parties		*16*	*(16)*
Operating income		**31,194**	**62,658**	**(31,464)**
Income/(loss) from equity investments		178	(3)	181
Financial income		15,964	9,773	6,191
	of which with related parties	*512*	*1,151*	*(639)*
Financial charges		(30,517)	(26,021)	(4,496)
	of which with related parties	*(8,063)*	*(8,027)*	*(36)*
Earnings before tax		**16,819**	**46,407**	**(29,588)**
Taxation for the period		4,036	5,105	(1,069)
Earnings from continuing activities		**12,783**	**41,302**	**(28,519)**
Assets held for disposal:				
Profits or losses arising from assets held for disposal		0	0	0
Net result		**12,783**	**41,302**	**(28,519)**
Earnings per share (figures in €)		**0.03**	**0.10**	**(0.07)**
Diluted earnings per share (figures in €)		**0.03**	**0.10**	**(0.07)**

COMPREHENSIVE INCOME STATEMENT

Amounts in €/000	Notes	1st half of 2009	1st half of 2008	Change
Profit (loss) for the period (A)		**12,783**	**41,302**	**(28,519)**
Effective part of profits (losses) on cash flow hedges		(110)	3	(113)
Total Other Profits (and losses) for the period (B)		**(110)**	**3**	**(113)**
Total Profit (loss) for the period (A + B)		**12,673**	**41,305**	**(28,632)**

BALANCE SHEET SITUATION

Amounts in €/000	Notes	At 30 June 2009	At 31 December 2008	Change
ASSETS				
Non-current assets				
Intangible assets		516,426	523,287	(6,861)
Property, plant and machinery		187,079	195,060	(7,981)
Real estate investments		0	0	0
Equity investments		66,084	64,673	1,411
Other financial assets		24,351	24,359	(8)
of which with related parties		*24,222*	*24,239*	*(17)*
Long-term tax receivables		1,199	1,234	(35)
Deferred tax assets		18,445	22,493	(4,048)
Trade receivables and other receivables		5,909	4,899	1,010
of which with related parties		*359*	*398*	*(39)*
Total non-current assets		**819,493**	**836,005**	**(16,512)**
Assets held for sale		**0**	**0**	
Current assets				
Trade receivables and other receivables		261,343	138,873	122,470
of which with related parties		*85,156*	*64,145*	*21,011*
Short-term tax receivables		11,378	20,694	(9,316)
Inventories		217,602	211,452	6,150
Other financial assets		30,393	39,120	(8,727)
of which with related parties		*30,349*	*34,937*	*(4,588)*
Cash and cash equivalents		134,031	11,312	122,719
Total current assets		**654,747**	**421,451**	**233,296**
				0
TOTAL ASSETS		**1,474,240**	**1,257,456**	**216,784**

Amounts in €/000	At 30 June 2009	At 31 December 2008	Change
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	191,676	192,148	(472)
Share premium reserve	3,493	3,493	0
Legal reserve	8,996	7,497	1,499
Other reserves	20,488	19,583	905
Retained (losses) earnings	60,177	54,361	5,816
Earnings (losses) for the period	12,783	29,984	(17,201)
Total shareholders' equity	**297,613**	**307,066**	**(9,453)**
Non-current liabilities			
Financial liabilities falling due beyond one year	371,762	290,505	81,257
of which with related parties	*121,960*	*146,257*	*(24,297)*
Other long-term payables	6,024	5,884	140
Retirement funds and employee benefits	61,108	61,974	(866)
Other long-term provisions	23,080	27,084	(4,004)
Deferred tax liabilities	26,359	27,432	(1,073)
Total non-current liabilities	**488,333**	**412,879**	**75,454**
Current liabilities			
Financial liabilities falling due within one year	141,305	121,410	19,895
of which with related parties	*3,946*	*247*	*3,699*
Trade payables	437,202	325,346	111,856
of which with related parties	*43,697*	*27,478*	*16,219*
Tax payables	19,898	15,664	4,234
Other short-term payables	72,738	62,840	9,898
of which with related parties	*9,683*	*8,643*	*1,040*
Current portion other long-term provisions	17,151	12,251	4,900
Total current liabilities	**688,294**	**537,511**	**150,783**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,474,240**	**1,257,456**	**216,784**

CASH FLOW STATEMENT

Amounts in €/000	1st half of 2009	1st half of 2008
Operating activities		
Net Income (Loss) for the period	12,783	41,302
Taxes for the period	4,036	5,105
Depreciation of property, plant and equipment (including real estate property)	15,963	15,767
Amortization of intangible fixed assets	25,417	21,182
Non-monetary costs for stock options	1,015	875
Allocations for risks and retirement funds and employee benefits	12,774	10,778
Write-downs / (Revaluations)	(31)	883
Losses / (Gains) on the disposal of property, plants and machinery	(1,001)	(4)
Losses / (Gains) on the disposal of shareholdings	0	(1)
Financial income	(15,964)	(9,773)
Dividend income	(178)	(4)
Financial charges	30,517	26,022
Change in working capital:		
(Increase)/Decrease in trade receivables	(105,429)	(132,488)
(Increase)/Decrease other receivables	(18,082)	(12,460)
(Increase)/Decrease in inventories	(6,150)	(52,626)
Increase/(Decrease) in trade payables	93,237	168,542
(Increase)/Decrease other payables	28,656	(792)
Increase/(Decrease) in the current portion of reserves for risks	4,900	(513)
Increase/(Decrease) in the non-current portion of reserves for risks	(10,784)	(6,123)
Increase/(Decrease) in reserves for risks and pensions, and employee benefits reserves	(6,860)	(4,541)
Other changes	9,150	2,285
Cash generating by operating activities	**73,969**	**73,416**
Interest paid	(19,051)	(23,161)
Taxation paid	(995)	(775)
Cash flow from operating activities	**53,923**	**49,480**
Investment activity		
Investment in property, plant and machinery	(8,635)	(11,448)
Realisable or repayment values of property, plant and equipment	1,654	6
Investments in intangible fixed assets	(19,936)	(19,926)
Realisable or repayment value of intangible assets	1,884	
Investment in financial assets	(1,410)	(54)
Loans provided	(10)	(8,319)
Repayment of loans	8,753	0
Realisable value of financial assets	0	12
Collected interests	8,898	8,277
Dividends from equity investments	89	4
Cash flow from investing activities	**(8,713)**	**(31,448)**
Financing activities		
Purchase of own shares	(1,024)	(2,870)
Loans received	189,815	11,492
Outflow for repayment of loans	(49,079)	(14,827)
Repayment of finance leases	(360)	(1)
Outflow for dividends paid to shareholders	(22,116)	(23,322)
Cash flow from funding activities	**117,236**	**(29,528)**
Increase / (Decrease) in cash	**162,446**	**(11,496)**
Opening balance	**(29,285)**	**77,125**
Final balance	**133,161**	**65,629**

NET FINANCIAL POSITION/(NET FINANCIAL DEBT)

Amounts in €/000	At 30 June 2009	At 31 December 2008	Change
Cash and assets in hand	26	18	8
Bank and post office deposits	134,004	11,294	122,710
Securities	0	0	0
Liquidity	**134,030**	**11,312**	**122,718**
Short-term financial receivables due from third parties	0	4,137	-4,137
Short-term financial receivables due from subsidiary companies	30,349	34,937	-4,588
Short-term financial receivables due from affiliated companies	45	45	0
Current financial receivables	**30,394**	**39,119**	**-8,725**
Payables due to banks	-14,347	-47,183	32,836
Current portion of bank financing	-84,978	-57,402	-27,576
Due to subsidiaries	-4,013	-247	-3,766
Amounts due to factoring companies	-34,269	-13,020	-21,249
Amounts due under leases	-743	-727	-16
Current portion of payables due to other financers	-2,692	-2,568	-124
Aprilia Instruments	-263	-263	0
Total current financial payables	**-141,305**	**-121,410**	**-19,895**
Net current financial debt	**23,119**	**-70,979**	**94,098**
Payables due to banks and financing institutions	-225,621	-117,389	-108,232
Payables due to the subsidiary Piaggio Finance	-118,606	-146,257	27,651
Amounts due under leases	-8,643	-9,019	376
Amounts due to other lenders	-9,389	-8,841	-548
Aprilia Instruments	-9,503	-8,999	-504
Non-current net financial debt	**-371,762**	**-290,505**	**-81,257**
NET FINANCIAL DEBT	**-348,643**	**-361,484**	**12,841**

STATEMENT OF CHANGES IN EQUITY AT 1 JANUARY 2009/ 30 JUNE 2009

Amounts in €/000	Share capital	Share premium reserve	Legal reserve	IAS transition reserve	Stock option reserve	Financial instruments' fair value reserve	Performance reserve	**TOTAL SHAREHOLDERS' EQUITY**
At 1 January 2009	192,148	3,493	7,497	11,435	8,557	(409)	84,345	**307,066**
Shareholders Resolution dated 16/04/2009:								
Allocation of 2008 profit:								
- To the shareholders							(22,116)	**(22,116)**
- To shareholders' equity			1,499				(1,499)	**0**
Purchase of own shares	(471)						(553)	**(1,024)**
Charges for the period for stock option plans					1,015			**1,015**
Total overall Profit (loss)						(110)	12,782	**12,672**
At 30 June 2009	191,677	3,493	8,996	11,435	9,572	(519)	72,959	**297,613**

STATEMENT OF CHANGES IN EQUITY AT 1 JANUARY 2008/ 30 JUNE 2008

Amounts in €/000	Share capital	Share premium reserve	Legal reserve	IAS transition reserve	Stock option reserve	Financial instruments' fair value reserve	Performance reserve	**TOTAL SHAREHOLDERS' EQUITY**
At 1 January 2008	202,124	3,493	4,273	11,435	6,576	64,536	97,032	**389,469**
Shareholders Resolution dated 07/05/2008:								
Allocation of 2007 profit:								
- To the shareholders							(23,322)	**(23,322)**
- To shareholders' equity			3,224				(3,224)	**0**
Purchase of own shares	(1,087)						(1,783)	**(2,870)**
Reclassification of debt warrants						(62,450)		**(62,450)**
Charges for the period for stock option plans					875			**875**
Total overall Profit (loss)						3	41,302	**41,305**
At 30 June 2008	201,037	3,493	7,497	11,435	7,451	2,089	110,005	**343,007**

The Manager entrusted with drafting the accounting and corporate documents, Ms. Alessandra Simonotto, declares - in compliance with paragraph 2, Article 154 bis of the Consolidated Financial Act - that the information disclosed within the "Economic & Financial Report and in the Accounting Statements of 30 June 2009 of Piaggio & C. S.p.A.” is consistent with ledger entries and accounting items.