Interim Report on Operations
as of 31 March 2015

Disclaimer

This Interim Report on Operations as of 31 March 2015 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.

This report is available on the Internet at:
www.piaggiogroup.com

PIAGGIO & C. s.p.a.

Management and Coordination

IMMSI S.p.A.

Share capital € 207,613,944.37, 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

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Introduction

This unaudited Interim Report on Operations as of 31 March 2015 has been prepared in compliance with Italian Legislative Decree no. 58/1998 as amended, as well as with Consob Regulation on Issuers.

These Interim Financial Statements have been prepared in compliance with International Financial Reporting Standards (« IFRS ») issued by the International Accounting Standards Board (« IASB ») and approved by the European Union and in accordance with IAS 34 – Interim Financial Reporting.

As provided for by Consob communication no. DEM/5073567 of 4 November 2005, the Company opted to indicate fewer details than the information required as of IAS 34 – *Interim Financial Reporting*.

Key operating and financial data

	1st quarter		
	2015	2014	2014[1]
In millions of euros			
Data on earnings			
Net sales revenues	302.0	276.8	1,213.3
Gross industrial margin	88.1	83.2	364.7
Operating income	10.8	11.7	69.7
Profit before tax	2.0	1.8	26.5
Adjusted profit before tax			30.1
Adjusted net profit			18.6
Net profit	1.2	1.1	16.1
. Non-controlling interests	0.0	0.0	0.0
. Owners of the parent	1.2	1.1	16.1
Data on financial performance			
Net capital employed (NCE)	991.8	934.4	905.9
Net debt	(568.4)	(541.0)	(492.8)
Shareholders' equity	423.4	393.4	413.1
Balance sheet figures and financial ratios			
Gross margin as a percentage of net revenues (%)	29.2%	30.1%	30.1%
Adjusted net profit as a percentage of net revenues (%)			1.5%
Net profit as a percentage of net revenues (%)	0.4%	0.4%	1.3%
ROS (Operating income/net revenues)	3.6%	4.2%	5.7%
ROE (Net profit/shareholders' equity)	0.3%	0.3%	3.9%
ROI (Operating income/NCE)	1.1%	1.3%	7.7%
EBITDA	36.3	32.5	159.3
EBITDA/net revenues (%)	12.0%	11.7%	13.1%
Other information			
Sales volumes (unit/000)	121.0	123.9	546.5
Investments in property, plant and equipment and intangible assets	21.3	16.3	94.9
Research and Development[2]	22.2	14.6	46.3
Employees at the end of the period (number)	7,782	7,634	7,510

[1] In order to make 2014 financial statement data comparable with the data of previous years, the Group had calculated "Adjusted profit before tax" and "Adjusted net profit", which did not include the impact of non-recurrent operations".
[2] The item Research and Development includes investments for the period recognised in the statement of financial position and costs recognised in profit and loss.

Results by operating segments

		EMEA and AMERICAS	INDIA	ASIA PACIFIC 2W	**TOTAL**
	1st Quarter 2015	51.0	50.4	19.6	**121.0**
Sales volumes	1st Quarter 2014	52.6	51.5	19.8	**123.9**
(units/000)	Change	(1.5)	(1.2)	(0.2)	**(2.9)**
	Change %	-2.9%	-2.3%	-1.2%	**-2.4%**
	1st Quarter 2015	174.2	84.1	43.7	**302.0**
Turnover	1st Quarter 2014	169.4	70.1	37.3	**276.8**
(million euros)	Change	4.8	14.0	6.4	**25.2**
	Change %	2.9%	20.0%	17.1%	**9.1%**
	As of 31/03/2015	3,978	2,910	894	**7,782**
Staff	As of 31/03/2014	4,066	2,651	917	**7,634**
(no.)	Change	(88)	259	(23)	**148**
	Change %	-2.2%	9.8%	-2.5%	**1.9%**
Investments	1st Quarter 2015	18.1	1.2	2.0	**21.3**
property, plant and equipment and	1st Quarter 2014	14.1	1.3	1.0	**16.3**
intangible assets	Change	4.0	(0.1)	1.1	**5.0**
(million euros)	Change %	28.6%	-5.7%	110.2%	**30.7%**
	1st Quarter 2015	20.3	1.1	0.7	**22.2**
Research and Development[3]	1st Quarter 2014	12.6	1.1	0.9	**14.6**
(million euros)	Change	7.7	0.0	(0.2)	**7.5**
	Change %	61.2%	2.1%	-24.0%	**51.2%**

[3] The item Research and Development includes investments for the period recognised in the statement of financial position and costs recognised in profit and loss.

Company Boards[4]

Board of Directors	
Chairman and Chief Executive Officer	Roberto Colaninno (1)
Deputy Chairman	Matteo Colaninno
Directors	Michele Colaninno
	Giuseppe Tesauro (2), (3), (4), (5), (6)
	Graziano Gianmichele Visentin (3), (4), (5), (6)
	Maria Chiara Carrozza (3)
	Federica Savasi
	Vito Varvaro (4), (5), (6)
	Andrea Formica
Board of Statutory Auditors	
Chairman	Piera Vitali
Statutory Auditors	Giovanni Barbara
	Daniele Girelli
Alternate Auditors	Giovanni Naccarato
	Elena Fornara
Supervisory Body	Antonino Parisi
	Giovanni Barbara
	Ulisse Spada
General Manager Finance	Gabriele Galli
Executive in charge of financial reporting	Alessandra Simonotto
Independent Auditors	PricewaterhouseCoopers S.p.A.

(1) Director in charge of internal audit

(2) *Lead Independent Director*

(3) Member of the Appointment Proposal Committee

(4) Member of the Remuneration Committee

(5) Member of the Internal Control and Risk Management Committee

4 This information refers to the date of approval of the Interim Report on Operations as of 31 March 2015. As of 31 March 2015, the Board of Directors comprised Roberto Colaninno (Chairman and Chief Executive Officer), Matteo Colaninno (Deputy Chairman), Michele Colaninno, Franco Debenedetti, Daniele Discepolo, Mauro Gambaro, Livio Corghi, Luca Paravicini Crespi, Riccardo Varaldo, Vito Varvaro and Andrea Paroli (Directors). The Board of Statutory Auditors comprised Giovanni Barbara (Chairman), Attilio Francesco Arietti and Alessandro Lai (Statutory Auditors) and Mauro Girelli and Elena Fornara (Alternate Auditors).

Significant events in the first quarter of 2015

5 March 2015 Presentation of the Aprilia 2015 sporting season. In 2015, Aprilia will be participating in the MotoGP championships with the riders Alvaro Bautista and Marco Melandri, in the Superbike championships with the riders Leon Haslam and Jordi Torres and in the Superstock championships with the riders Kevin Calia and Lorenzo Savadori. As regards Aprilia's involvement in MotoGP, a first year will be spent entirely on development, above all in race conditions, before a prototype motorbike with a Full Factory configuration makes its début on the track in 2016.

9 March 2015 The Indian subsidiary Piaggio Vehicles Private Ltd. announced the launch of its new commercial vehicle, the Ape Xtra Dlx.

31 March 2015 Piaggio & C. S.p.A. signed a document with ING Bank NV to access 30 million euros relative to a five-year 220 million loan formalised with a pool of banks in July 2014. With this document, of which the amount will be made available in early April 2015, the syndicated loan has reached the maximum amount foreseen of 250 million euros.

Financial position and performance of the Group

Consolidated income statement

	1st Quarter 2015		1st Quarter 2014		Change	
	In millions of euros	*Accounting for a %*	*In millions of euros*	*Accounting for a %*	*In millions of euros*	*%*
Consolidated Income Statement (reclassified)						
Net sales revenues	302.0	100.0%	276.8	100.0%	25.2	9.1%
Cost to sell[5]	213.9	70.8%	193.6	69.9%	20.3	10.5%
Gross industrial margin[5]	**88.1**	**29.2%**	**83.2**	**30.1%**	**4.9**	**5.9%**
Operating expenses	77.3	25.6%	71.5	25.8%	5.8	8.1%
EBITDA[5]	**36.3**	**12.0%**	**32.5**	**11.7%**	**3.9**	**11.9%**
Amortisation	25.5	8.4%	20.7	7.5%	4.8	22.9%
Operating income	**10.8**	**3.6%**	**11.7**	**4.2%**	**(0.9)**	**-7.7%**
Result of financial items	(8.9)	-2.9%	(9.9)	-3.6%	1.1	-10.6%
Profit before tax	**2.0**	**0.6%**	**1.8**	**0.6%**	**0.2**	**8.6%**
Taxation	0.8	0.3%	0.7	0.3%	0.1	8.5%
Net profit	**1.2**	**0.4%**	**1.1**	**0.4%**	**0.1**	**8.7%**

Vehicles sold

	1st Quarter 2015	1st Quarter 2014	Change
In thousands of units			
EMEA and Americas	51.0	52.6	(1.5)
India	50.4	51.5	(1.2)
Asia Pacific 2W	19.6	19.8	(0.2)
TOTAL VEHICLES	**121.0**	**123.9**	**(2.9)**
Two-Wheeler Vehicles	74.2	76.5	(2.3)
Commercial Vehicles	46.8	47.5	(0.7)
TOTAL VEHICLES	**121.0**	**123.9**	**(2.9)**

Net revenues

	1st Quarter 2015	1st Quarter 2014	Change
In millions of euros			
EMEA and Americas	174.2	169.4	4.8
India	84.1	70.1	14.0
Asia Pacific 2W	43.7	37.3	6.4
TOTAL NET REVENUES	**302.0**	**276.8**	**25.2**
Two-Wheeler Vehicles	204.1	195.7	8.4
Commercial Vehicles	97.9	81.1	16.9
TOTAL NET REVENUES	**302.0**	**276.8**	**25.2**

[5] For a definition of the parameter, see the “Economic Glossary”.

During the first quarter of 2015, the Piaggio Group sold 121,000 vehicles worldwide, with a decrease of 2.4% in volume compared to the same period of the previous year where 123,900 units were sold. The number of vehicles sold in EMEA and the Americas (-2.9%), India (-2.3%) and Asia Pacific 2W (- 1.2%) decreased. As regards the type of products sold, the decrease was higher for the two-wheeler segment (-2.9%), and lower for the Commercial Vehicles segment (-1.4%).

Sales of two-wheeler vehicles were affected by the downturn on the scooter market in Europe (-5.6%) mainly concerning Italy and France - the Group's reference markets.

Sales of Commercial Vehicles increased in EMEA and the Americas (+77.8%) and decreased in India (-4.9%).

In terms of consolidated turnover, the Group ended the first quarter of 2015 with net revenues up considerably compared to the same period of 2014 (+ 9.1%). This growth was particularly evident in India (+20.0%) and in Asia Pacific (+17.1%), also driven by the devaluation of the euro compared to Asian currencies. As regards product types, the increase in turnover mainly referred to Commercial Vehicles (+20.8%), and to a lesser extent to two-wheeler vehicles (+4.3%). As a result, the percentage of two-wheeler vehicles accounting for overall turnover went down from 70.7% in the first quarter of 2014 to the current figure of 67.6%; vice versa, the percentage of Commercial Vehicles accounting for overall turnover rose from 29.3% in 2014 to the current figure of 32.4%.

The Group's **gross industrial margin** increased by € 4.9 million compared to the first quarter of the previous year. In relation to net turnover, the gross industrial margin was equal to 29.2% (30.1% in the first quarter of 2014).
Amortisation/depreciation included in the gross industrial margin was equal to € 9.9 million (€ 8.6 million in the first quarter of 2014).

Operating expenses in the first quarter of 2015 amounted to € 77.3 million (€ 71.5 million in the first quarter of 2014).
Operating expenses also include amortisation/depreciation not included in the gross industrial margin, amounting to € 15.6 million (€ 12.1 million in the first quarter of 2014).

This performance resulted in a consolidated **EBITDA** which was higher than the previous year, and equal to € 36.3 million (€ 32.5 million in the first quarter of 2014). In relation to turnover, EBITDA was equal to 12.0% (11.7% in the first quarter of 2014). In terms of Operating Income (**EBIT**), performance was down compared to the first quarter of 2014, with a consolidated EBIT equal to € 10.8 million, decreasing by € 0.9 million compared to the first quarter of 2014; in relation to turnover, EBIT was equal to 3.6%, (4.2% in the first quarter of 2014).

The result of financing activities improved compared to the first quarter of the previous year by € 1.1 million, with Net Charges amounting to € 8.9 million (€ 9.9 million in the first quarter of 2014). The fewer charges are due to the reduction in the cost of debt, due to refinancing operations in 2014 and the positive contribution of currency management, which more than offset the effects of higher average debt for the period.

Income taxes for the period are estimated at € 0.8 million, equivalent to 40% of profit before tax.

Consolidated Statement of Financial Position[6]

	As of 31 March 2015	As of 31 December 2014	Change
In millions of euros			
Statement of financial position			
Net working capital	57.5	(16.1)	73.5
Property, plant and equipment	328.8	319.5	9.2
Intangible assets	674.1	668.4	5.8
Financial assets	9.1	10.0	(0.9)
Provisions	(77.7)	(76.0)	(1.7)
Net capital employed	**991.8**	**905.9**	**85.9**
Net financial debt	568.4	492.8	75.6
Shareholders' equity	423.4	413.1	10.3
Sources of funds	**991.8**	**905.9**	**85.9**
Non-controlling interests	0.9	0.9	0.0

Net working capital as of 31 March 2015 was equal to € 57.5 million, using a cash flow of approximately € 73.5 million during the first quarter of 2015.

Property, plant and equipment, which include investment property, amounted to € 328.8 million as of 31 March 2015, registering an increase of approximately € 9.2 million compared to 31 December 2014. This increase is mainly due to the appreciation of Asian currencies against the Euro. The value adjustment of the balance sheet item to the exchange rate in effect at the end of the reporting period generated an increase in the carrying amount of approximately € 15.2 million. Depreciation exceeded investments for the period by approximately € 6.0 million.

Intangible assets totalled € 674.1 million, up by approximately € 5.8 million compared to 31 December 2014. This increase is due to investments for the period (€ 15.7 million) which exceeded amortisation/depreciation for the period by approximately € 1.8 million, and to the appreciation of Asian currencies over the euro which led to an increase in the carrying amount of approximately € 4.0 million.

Financial assets which total € 9.1 million, decreased by € 0.9 million compared to figures for the previous year.

Provisions totalled € 77.7 million, increasing compared to 31 December 2014 (€ 76.0 million).

As fully described in the next section on the "Consolidated Statement of Cash Flows", **net financial debt** as of 31 March 2015 was equal to € 568.4 million, compared to € 492.8 million as of 31 December 2014. The increase of approximately € 75.6 million is mainly due to the seasonal nature of the Two-Wheeler market which, as is well-known, uses resources in the first part of the year and generates them

[6] For a definition of individual items, see the "Economic Glossary".

in the second half. In addition to this effect, investments increased in the first quarter of 2015 compared to the same period of 2014.

Shareholders' equity as of 31 March 2015 amounted to € 423.4 million, up by approximately € 10.3 million compared to 31 December 2014.

Consolidated Statement of Cash Flows

The consolidated statement of cash flows prepared in accordance with the models provided by international financial reporting standards (IFRS) is shown in the "Notes to the Consolidated Financial Statements as of 31 March 2015"; the following is a comment relating to the summary statement shown.

	1st quarter		
	2015	**2014**	**Change**
In millions of euros			
Change in consolidated net debt			
Opening consolidated net debt	**(492.8)**	**(475.6)**	**(17.2)**
Cash flow from operating activities	28.4	17.4	11.0
(Increase)/Reduction in Working Capital	(73.5)	(64.1)	(9.4)
(Increase)/Reduction in net investments	(39.6)	(18.9)	(20.7)
Change in shareholders' equity	9.1	0.2	8.9
Total change	**(75.6)**	**(65.3)**	**(10.3)**
Closing consolidated net debt	**(568.4)**	**(541.0)**	**(27.5)**

During the first quarter of 2015, the Piaggio Group used **financial resources** amounting to € 75.6 million.

Cash flow from operating activities, defined as net profit, minus non-monetary costs and income, was equal to € 28.4 million.

Working capital involved a cash flow of € 73.5 million; in detail:

- the collection of trade receivables [7]used financial flows for a total of € 43.9 million;
- stock management absorbed financial flows for a total of approximately € 35.4 million;
- supplier payment trends generated financial flows of approximately € 21.1 million;
- the movement of other non-trade assets and liabilities had a negative impact on financial flows by approximately € 15.4 million.

Investing activities involved a total of € 39.6 million of financial resources. The investments refer to approximately € 14.3 million for capitalised development expenditure, and approximately € 7.1 million for plant, property, plant and equipment and intangible assets.

As a result of the above financial dynamics, which involved a cash flow of € 75.6 million, the **net debt** of the Piaggio Group amounted to € –568.4 million.

[7] Net of customer advances.

Alternative non-GAAP performance measures

In accordance with CESR/05-178b recommendation on alternative performance measures, in addition to IFRS financial measures, Piaggio has included other non-IFRS measures in its Report on Operations.

These are presented in order to measure the trend of the Group's operations to a better extent and should not be considered as an alternative to IFRS measures.

In particular the following alternative performance measures have been used:

- **EBITDA**: defined as operating income before the amortisation/depreciation and impairment costs of intangible assets and property, plant and equipment, as resulting from the consolidated income statement.
- **Gross industrial margin** defined as the difference between net revenues and the cost to sell;
- **Cost to sell**: this includes costs for materials (direct and consumables), accessory purchase costs (transport of incoming material, customs, warehousing), employee costs for direct and indirect manpower and related expenses, work carried out by third parties, energy costs, depreciation of property, plant, machinery and industrial equipment, maintenance and cleaning costs net of sundry cost recovery recharged to suppliers.
- **Consolidated net debt:** gross financial debt, minus cash on hand and other cash and cash equivalents, as well as other current financial receivables. Consolidated net debt does not include other financial assets and liabilities arising from the fair value measurement of financial derivatives used as hedging and otherwise, and the fair value adjustment of related hedged items and relative deferrals. The notes to the Consolidated Financial Statements include a table indicating the statement of financial position items used to determine the measure.

Results by type of product

The Piaggio Group operates by geographical segments - EMEA and the Americas, India and Asia Pacific - and in these areas develops, manufactures and distributes two-wheeler and commercial vehicles.

Each Geographical Segment has production sites and a sales network dedicated to customers in the relative segment. Specifically:

- EMEA and the Americas have production sites and deal with the distribution and sale of two-wheeler and commercial vehicles;
- India has production sites and deals with the distribution and sale of two-wheeler and commercial vehicles;
- Asia Pacific 2W has production sites and deals with the distribution and sale of two-wheeler vehicles.

For details of final results from each operating segment, reference is made to the Notes to the Consolidated Financial Statements.

The volumes and turnover in the three geographical segments, also by product type, are analysed below.

Two-Wheeler Vehicles

Two-Wheeler Vehicles	***1st Quarter 2015***		***1st Quarter 2014***		*Change %*		*Change*	
	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes	Turnover	Volumes	Turnover
EMEA and Americas	47.5	154.7	50.6	154.4	-6.1%	0.2%	(3.1)	0.2
of which EMEA	44.0	139.8	46.3	136.7	-4.9%	2.2%	(2.2)	3.1
(of which Italy)	*8.0*	*28.4*	8.1	26.6	*-1.5%*	*6.8%*	*(0.1)*	*1.8*
of which America	3.5	14.9	4.3	17.7	-19.4%	-15.9%	(0.8)	(2.8)
India	7.1	5.7	6.1	4.0	17.4%	43.2%	1.1	1.7
Asia Pacific 2W	19.6	43.7	19.8	37.3	-1.2%	17.1%	(0.2)	6.4
TOTAL	**74.2**	**204.1**	**76.5**	**195.7**	**-2.9%**	**4.3%**	**(2.3)**	**8.4**
Scooters	66.5	136.8	68.3	130.0	-2.7%	5.3%	(1.8)	6.9
Motorcycles	7.7	37.8	8.1	39.6	-5.2%	-4.6%	(0.4)	(1.8)
Spare parts and Accessories		29.0		25.5		13.5%		3.5
Other		0.5		0.6		-22.2%		(0.1)
TOTAL	**74.2**	**204.1**	**76.5**	**195.7**	**-2.9%**	**4.3%**	**(2.3)**	**8.4**

Two-wheeler vehicles can mainly be grouped into two product segments: scooters and motorcycles, in addition to the related spare parts and accessories business, the sale of engines to third parties, involvement in main two-wheeler sports championships and technical service.

The world two-wheeler market comprises two macro areas, which clearly differ in terms of characteristics and scale of demand: economically advanced countries (Europe, United States, Japan) and emerging nations (Asia Pacific, China, India, Latin America).
In the first macro area, which is a minority segment in terms of volumes, the Piaggio Group has a historical presence, with scooters meeting the need for mobility in urban areas and motorcycles for recreational purposes.
In the second macro area, which in terms of sales, accounts for most of the world market and is the Group's target for continuing to expand operations, two-wheeler vehicles are the primary mode of transport.

Market trends

In Europe, the Piaggio Group's reference area, the two-wheeler market sold 253.2 thousand vehicles, in line with sales for the first quarter of 2014 (+6.1% for the motorcycle segment and -5.6% for the scooter segment). On the European market, France registered the most significant decrease (- 6.2%) mainly due to the downturn in the scooter segment (-9.8%), while the fall in the motorcycle segment was less marked (-2.5%).
In Vietnam, the Asian nation with most Group vehicles, sales went up slightly by 0.2%.
In India, the two-wheeler market registered a downturn of 0.2% in the first three months of 2015 compared to the same period of the previous year. The market decrease is due to a 6.4% fall in the motorcycle segment compared to the first three months of 2014, while the scooter segment registered an 18.2% increase in the same period.

Main results

During the first quarter of 2015, the Piaggio Group sold a total of 74,200 two-wheeler vehicles worldwide, accounting for a net turnover equal to approximately € 204.1 million (+ 4.3%), including spare parts and accessories (€ 29.0 million, +13.5%).
Turnover increased in all geographical segments. This performance, boosted by the devaluation of the euro against Asian currencies, was possible due to a shift in sales towards the Group's premium products.
As regards volumes, sales of two-wheeler vehicles in India went up by 17.4%, while they basically remained steady in Asia Pacific and decreased by 6.1% in EMEA and the Americas.

Market positioning[8]

On the European market, the Piaggio Group achieved a total share of 13.1% in the first quarter of 2015 (15.0% in the first quarter of 2014), maintaining a leadership position in the scooter segment (19.7%). In Italy, the Piaggio Group also maintained its leadership position in the scooter segment, with a 28.1% share, which was down on the figure for 2014.
In Vietnam, Group scooters increased sell-out volumes by 5.2% in the first quarter of 2015, compared to the same period of the previous year.
The Group retained its strong position on the North American scooter market, where it closed the year with a market share of 23.2%, and where it is committed to increasing its profile in the motorcycle segment, through the Aprilia and Moto Guzzi brands.

[8] Market shares for the first quarter of 2014 could differ from figures published last year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

Commercial Vehicles

Commercial Vehicles	1st Quarter 2015		1st Quarter 2014		Change %		Change	
	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes	Turnover	Volumes	Turnover
EMEA and Americas	3.6	19.6	2.0	15.0	77.8%	30.6%	1.6	4.6
of which EMEA	2.2	8.6	1.1	6.0	109.5%	43.0%	1.2	2.6
(of which Italy)	*1.1*	*10.1*	0.9	8.8	*15.0%*	*15.2%*	*0.1*	*1.3*
of which America	0.3	0.8	0.0	0.2	724.3%	352.7%	0.3	0.7
India	43.3	78.4	45.5	66.1	-4.9%	18.6%	(2.2)	12.3
TOTAL	**46.8**	**97.9**	**47.5**	**81.1**	**-1.4%**	**20.8%**	**(0.7)**	**16.9**
Ape	44.4	76.1	45.0	62.6	-1.5%	21.6%	(0.7)	13.5
Porter	0.7	7.3	0.5	5.7	23.2%	27.3%	0.1	1.6
Quargo	0.3	1.6	0.2	1.2	36.9%	30.7%	0.1	0.4
Mini Truk	1.5	3.6	1.7	3.3	-11.7%	9.8%	(0.2)	0.3
Spare parts and Accessories		9.3		8.3		13.3%		1.1
TOTAL	**46.8**	**97.9**	**47.5**	**81.1**	**-1.4%**	**20.8%**	**(0.7)**	**16.9**

The Commercial Vehicles category includes three- and four-wheelers with a maximum mass below 3.5 tons (category N1 in Europe) designed for commercial and private use, and related spare parts and accessories.

Market trends

In Europe, the light commercial vehicles market increased sales by 13.6% compared to the first quarter of 2014. In Italy, the Group's main reference market, sales of light commercial vehicles increased by 6.1% in the first quarter of 2015 (ACEA figures).
In India, the three-wheeler market increased by 0.4% compared to the first quarter of the previous year, due in particular to the 3-wheeler passenger segment, with an increase of 1.1% compared to the first quarter of 2014, while the 3-wheeler cargo segment ended the period with a decrease of 2.2%. Lastly, four-wheeler vehicles with a capacity of less than 2 tons registered a decrease of 18%.

Main results

In the first quarter of 2015, the Commercial Vehicles business generated a turnover of approximately € 97.9 million, including approximately € 9.3 million relative to spare parts and accessories, registering a 20.8% increase over the same period of the previous year. During the period, 46,800 units were sold, down by 1.4% compared to the first quarter of 2014.

On the EMEA and Americas market, the Piaggio Group sold 3,600 units, with sales increasing by 77.8% and a total net turnover of approximately € 19.6 million, including spare parts and accessories for € 4.2 million.

The Indian subsidiary Piaggio Vehicles Private Limited (PVPL) sold 37,262 units on the Indian three-wheeler market (38,228 in the first quarter of 2014) for a net turnover of approximately € 63.0 million (€ 51.8 million in the first quarter of 2014).
The Indian subsidiary also exported 4,381 three-wheeler vehicles (5,481 in the first quarter of 2014); the downturn is mainly due to a slowdown in the sales of some African countries.

On the four-wheeler market, sales of PVPL in the first quarter of 2015 fell by 9.0% compared to the first quarter of 2014, with 1,611 units sold, after a strong downturn in demand (-18%).

In overall terms, the Indian subsidiary PVPL registered a turnover of € 78.4 million during the first quarter of 2015, compared to the figure of € 66.1 million for the same period of the previous year.

Market positioning[9]

The Piaggio Group operates in Europe and India on the light commercial vehicles market, with products designed for short range mobility in urban areas (European urban centres) and suburban areas (the product range for India).

The Group is also present in India, in the passenger vehicle and cargo sub-segments of the three-wheeler market, where it is market leader.
On the Indian three-wheeler market, Piaggio has a market share of 32.2% (33.1% in the first quarter of 2014). Detailed analysis of the market shows that Piaggio has maintained and consolidated its market leader position in the goods transport segment (cargo segment) with a market share of 54.1% (49.7% in the first quarter of 2014). Its market share, although decreasing, remained steady in the Passenger segment, at 25.9% (28.2% in the first quarter of 2014).

Besides the traditional three-wheeler market in India, Piaggio also operates on the four-wheeler light commercial vehicles (LCV) market (cargo vehicles for goods transport) with the Porter 600 and 1000. On this market, its share went up to 5.1% (4.6% in the first quarter of 2014).

[9] Market shares for the first quarter of 2014 could differ from figures published last year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

Significant events after 31 March 2015

13 April 2015 The Shareholders' Meeting of Piaggio & C. S.p.A. appointed as Directors: Roberto Colaninno, Matteo Colaninno, Michele Colaninno, Giuseppe Tesauro (independent director), Graziano Gianmichele Visentin (independent director), Maria Chiara Carrozza (independent director), Federica Savasi, Vito Varvaro (independent director), all elected from the majority list, submitted by IMMSI S.p.A., and Andrea Formica (independent director), elected from the minority list which is not related, even indirectly, with shareholders holding a majority share in the Company. The Meeting of Shareholders also appointed the Board of Statutory Auditors, comprising: Piera Vitali (Chairman), from the minority list; Giovanni Barbara and Daniele Girelli, from the majority list submitted by IMMSI S.p.A., as Statutory Auditors; Elena Fornara, from the majority list submitted by IMMSI S.p.A., and Giovanni Naccarato, from the minority list, as Alternate Auditors.

13 April 2015 The Shareholders' Meeting of Piaggio & C. S.p.A. resolved the distribution of a dividend of 7.2 eurocents per ordinary share and the annulment of 2,466,500 portfolio treasury shares.

13 April 2015 The Board of Directors of Piaggio & C. S.p.A., which met after the Shareholders' Meeting, made the following appointments: Chairman and Chief Executive Officer Roberto Colaninno, Deputy Chairman Matteo Colaninno.

The Board of Directors also evaluated the eligibility of the Directors Giuseppe Tesauro, Graziano Gianmichele Visentin, Maria Chiara Carrozza, Vito Varvaro and Andrea Formica as regards the requirements of independence established by article 148, paragraph 3 of the Italian Legislative Decree no. 58/1998, article 3 of the Corporate Governance Code for Listed Companies and article 37 of the Regulation on Markets, and pursuant to this article, also considered the composition of the board, which comprises a majority of independent directors, as appropriate.

The Board of Directors also passed resolutions concerning corporate governance, appointing:

- the independent Director Giuseppe Tesauro as Lead Independent Director;
- the Directors Giuseppe Tesauro (Chairman), Maria Chiara Carrozza and Gianmichele Visentin as members of the Appointment Proposals Committee;
- the Directors Giuseppe Tesauro (Chairman), Vito Varvaro and Gianmichele Visentin as members of the Related Party Transactions Committee;
- the Directors Giuseppe Tesauro (Chairman), Vito Varvaro and Gianmichele Visentin as members of the Remuneration Committee;
- the Directors Gianmichele Visentin (Chairman), Giuseppe Tesauro and Vito Varvaro as members of the Internal Control and Risk Management Committee.

The Board of Directors, following the proposal of the Chairman Roberto Colaninno in a capacity as Internal Control and Risk Management Officer, confirmed, subject to the opinion of the Internal Control and Risk Management Committee and of the Board of Statutory Auditors, Maurizio Strozzi, the Chief Executive Officer of Immsi Audit S.c.a.r.l., as Internal Audit function officer. The Board also confirmed

Antonino Parisi (Chairman), Ulisse Spada and Giovanni Barbara as members of the Supervisory Body pursuant to the Italian Legislative Decree no. 231/2001 for the 2015-2017 period.

15 April 2015 The new Aprilia RSV4 RF and RR and Aprilia Tuono 1100 Factory and RR were unveiled.

21 April 2015 The lines at Piaggio Vietnam's Vinh Phuc site produced the 500,000th scooter since the start of operations - a white Vespa Sprint 125 - marking a new milestone in the operations of the Piaggio Group on South East Asian markets.

23 April 2015 The new composition of share capital of Piaggio & C. S.p.A (fully subscribed and paid up) was registered with the relative Companies Register, following the annulment of 2,466,500 treasury shares without any change to the share capital, resolved by the Extraordinary Shareholders' Meeting of 13 April 2015. Share capital was therefore equal to € 207,613,944.37 and comprises 361,208,380 ordinary shares.

Operating outlook

In a macroeconomic context in which the recovery of the global economy will probably consolidate, but that is still affected by uncertainties over the growth rate in Europe and risks of a slowdown in some emerging countries, the Group is committed, in commercial and industrial terms, to:

- confirming its leadership position on the European two-wheeler market, optimally levering the expected recovery by:
  - further consolidating the product range and targeting a growth in sales and margins in the motorcycle segment, with the restyled Moto Guzzi and Aprilia ranges;
  - entry on the electrical bicycle market, levering technological and design leadership;
  - current positions on the European commercial vehicles market will be maintained;
- continuing the growth strategy in the Asia Pacific area, exploring new opportunities in medium and large sized motorcycle segments, and replicating the premium strategy for Vietnam, throughout the region. During 2015, direct sales activities of the Group will be consolidated in China, with the aim of penetrating the premium two-wheeler market;
- consolidating sales on the Indian scooter market, focussing on an increase in Vespa products and the introduction of new models in the premium scooter and motorcycle segments;
- increasing sales of commercial vehicles in India and in emerging countries, targeting a further development of exports to African and Latin American markets.

In technological terms, the Piaggio Group will continue to develop technologies and platforms that underline the functional aspects and emotional appeal of vehicles with ongoing developments to engines, extended use of vehicle/user digital platforms and the trialling of new product and service configurations.

More in general, the Group is committed - as in the past and for operations in 2015 - to increasing productivity with a strong focus on efficient costs and investments, while complying with its business ethics.

Transactions with related parties

Revenues, costs, receivables and payables as of 31 March 2015 involving parent companies, subsidiaries and affiliated companies refer to the sale of goods or services which are a part of normal operations of the Group.
Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.
Information on related-party transactions, including the information required by Consob communication no. DEM/6664293 of 28 July 2006 is presented in the "Notes to the Consolidated Financial Statements as of 31 March 2015".
The procedure for transactions with related parties, pursuant to article 4 of Consob Regulation no. 17221 of 12 March 2010 as amended, approved by the Board on 30 September 2010, is published on the institutional site of the Issuer www.piaggiogroup.com, under *Governance*.

Relations with Parent Companies

Piaggio & C. S.p.A. is subject to the management and coordination of IMMSI S.p.A. pursuant to article 2497 *et seq.* of the Italian Civil Code, which, during the period, entailed the following:

- as regards mandatory financial disclosure, and in particular the financial statements and reports on operations of the Group, IMMSI has produced a group manual containing the accounting standards adopted and options chosen for implementation, in order to give a consistent and fair view of the consolidated financial statements.

- IMMSI has defined procedures and times for preparing the budget and in general the business plan of Group companies, as well as final management analysis to support management control activities.

- IMMSI has also provided services for the development and management of Company assets, with a view to optimising resources within the Group, and provided property consultancy services and other administrative services.

- IMMSI has provided consultancy services and assistance for the Company and subsidiaries concerning extraordinary financing operations, organisation, strategy and coordination, as well as services intended to optimise the financial structure of the Group.

In 2013, for a further three years, the Parent Company signed up to the National Consolidated Tax Mechanism pursuant to articles 117 - 129 of the Consolidated Income Tax Act (T.U.I.R) of which IMMSI S.p.A. is the consolidating company, and to whom other IMMSI Group companies report to. The

consolidating company determines a single global income equal to the algebraic sum of taxable amounts (income or loss) realised by individual companies that opt for this type of group taxation.
The consolidating company recognises a receivable from the consolidated company which is equal to the corporate tax to be paid on the taxable income transferred by the latter. Whereas, in the case of companies reporting tax losses, the consolidating company recognises a payable related to corporate tax on the portion of loss actually used to determine global overall income. Under the National Consolidated Tax Mechanism, companies may, pursuant to Article 96 of Presidential Decree no. 917/86, allocate the excess of interest payable which is not deductible to one of the companies so that, up to the excess of Gross Operating Income produced in the same tax period by other subjects party to the consolidation (or, in the presence of specific legal requirements, from foreign companies), the amount may be used to reduce the total income of the Group.

Piaggio & C. S.p.A. has undertaken a rental agreement for offices owned by Omniaholding S.p.A.. This agreement, signed in normal market conditions, was previously approved by the Related Parties Transactions Committee, as provided for by the procedure for transactions with related parties adopted by the Company.

Piaggio Concept Store Mantova Srl has a lease contract for its sales premises and workshop with Omniaholding S.p.A.. This agreement was signed in normal market conditions.

Omniaholding S.p.A. has undersigned Piaggio & C. bonds for a value of € 2.9 million on the financial market, and collected related interest.

Transactions with Piaggio Group companies

The main relations with subsidiaries, eliminated in the consolidation process, refer to the following transactions:

Piaggio & C. S.P.A.

- o sells vehicles, spare parts and accessories to sell on respective markets, to:

- Piaggio Hrvatska
- Piaggio Hellas
- Piaggio Group Americas
- Piaggio Vehicles Private Limited
- Piaggio Vietnam
- Piaggio Concept Store Mantova

- o sells components to:

- Piaggio Vehicles Private Limited
- Piaggio Vietnam

- o grants licences for rights to use the brand and technological know how to:

- Piaggio Vehicles Private Limited

- Piaggio Vietnam

  - provides support services for scooter and engine industrialisation to:

- Piaggio Vehicles Private Limited
- Piaggio Vietnam

  - provides support services for staff functions of other Group companies;

  - issues guarantees for the Group's subsidiaries, for medium-term loans.

Piaggio Vietnam sells vehicles, spare parts and accessories, which it has manufactured in some cases, for sale on respective markets, to:

  - Piaggio Indonesia
  - Piaggio Group Japan
  - Piaggio & C. S.p.A.
  - Foshan Piaggio Vehicles Tecnologies R&D

Piaggio Vehicles Private Limited sells vehicles, spare parts and accessories, for sale on respective markets, and components and engines to use in manufacturing, to Piaggio & C. S.p.A..

Piaggio Hrvatska, Piaggio Hellas, Piaggio Group Americas and Piaggio Vietnam

  - distribute vehicles, spare parts and accessories purchased by Piaggio & C. on their respective markets.

Piaggio Indonesia and Piaggio Group Japan

  - provide a vehicle, spare part and accessory distribution service to Piaggio Vietnam for their respective markets.

Piaggio France, Piaggio Deutschland, Piaggio Limited, Piaggio Espana and Piaggio Vespa

  - provide a sales promotion service and after-sales services to Piaggio & C. S.p.A. for their respective markets.

Piaggio Asia Pacific

  - provides a sales promotion service and after-sales services to Piaggio Vietnam in the Asia Pacific region.

Piaggio Group Canada

  - provides a sales promotion service and after-sales services to Piaggio Group Americas in Canada.

Foshan Piaggio Vehicles Technologies R&D provides to:

- Piaggio & C. S.p.A.:

  - with a component and vehicle design/development service;
  - scouting of local suppliers;

- Piaggio Vietnam:

  - scouting of local suppliers;
  - a distribution service for vehicles, spare parts and accessories on its own market.

Piaggio Advanced Design Center:

- provides a vehicle and component research/design/development service to Piaggio & C. S.p.A.

Aprilia Racing:

- provides a racing team management service;
- provides a vehicle design service to Piaggio & C. S.p.A.

Atlantic 12

- rents a property to Piaggio & C. S.p.a.

Relations between Piaggio Group companies and JV Zongshen Piaggio Foshan Motorcycle Co. Ltd.

Main intercompany relations between subsidiaries and JV Zongshen Piaggio Foshan Motorcycle Co. Ltd, refer to the following transactions:

Piaggio & C. S.p.A.

- grants licences for rights to use the brand and technological know how to Zongshen Piaggio Foshan Motorcycle Co. Ltd..

Zongshen Piaggio Foshan Motorcycle Co. Ltd

- sells vehicles, spare parts and accessories, which it has manufactured in some cases, to the following companies for sale on their respective markets:
  - Piaggio Vietnam
  - Piaggio & C. S.p.A.

Investments of members of the board of directors and members of the control committee

Members of the board of directors and members of the control committee of the Issuer do not hold shares in the Issuer.

Economic glossary

Net working capital defined as the net sum of: Current and non-current trade and other receivables, inventories, trade 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, other short term payables and deferred tax liabilities).

Net property, plant and equipment: consist of property, plant, machinery and industrial equipment, net of accumulated depreciation, investment property and assets held for sale.

Net intangible assets: consist of capitalised development costs, costs for patents and know-how and goodwill arising from acquisition/merger operations carried out by the Group.

Financial assets: defined by the Directors as the sum of investments and other non-current financial assets.

Provisions: consist of retirement funds and employee benefits, other long-term provisions and the current portion of other long-term provisions.

Gross industrial margin defined as the difference between "Revenues" and corresponding "Cost to sell" of the period.

Cost to sell: include 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 related expenses, work carried out by third parties, energy costs, depreciation of property, plant, equipment and industrial equipment, external maintenance and cleaning costs net of sundry cost recovery recharged to suppliers.

Operating expenses: consist of employee costs, costs for services, leases and rentals, and additional operational expenditure net of operating income not included in the gross industrial margin. Operating expenses also include amortisation and depreciation not included in the calculation of the gross industrial margin.

Consolidated Ebitda: defined as "Operating income" before the amortisation and impairment costs of intangible assets and depreciation of property, plant and equipment, as resulting from the consolidated income statement.

Net capital employed: determined as the algebraic sum of "Net fixed assets", "Net working capital" and provisions.

In some cases, data could be affected by rounding off defects due to the fact that figures are represented in millions of euros; changes and percentages are calculated from figures in thousands of euros and not from rounded off figures in millions of euros.

Piaggio Group

Condensed Interim Financial Statements, Consolidated Financial Statements and Notes as of 31 March 2015

Consolidated Income Statement

		1st Quarter 2015		1st Quarter 2014	
		Total	*of which related parties*	**Total**	*of which related parties*
In thousands of euros	*Notes*				
Net revenues	4	**302,004**	**102**	**276,786**	**17**
Cost for materials	5	175,988	7,833	160,088	5,979
Cost for services and leases and rentals	6	55,246	997	48,778	902
Employee costs	7	55,331		52,638	
Depreciation and impairment costs of property, plant and equipment	8	11,608		10,239	
Amortisation and impairment costs of intangible assets	8	13,884		10,495	
Other operating income	9	25,153	32	21,168	2,297
Other operating costs	10	4,272	3	3,987	8
Operating income		**10,828**		**11,729**	
Income/(loss) from investments	11				
Financial income	12	145		130	
Borrowing costs	12	9,402	54	9,969	51
Net exchange gains/(losses)	12	380		(94)	
Profit before tax		**1,951**		**1,796**	
Taxes for the period	13	780		719	
Profit from continuing operations		**1,171**		**1,077**	
Assets held for disposal:					
Profits or losses arising from assets held for disposal	14				
Net Profit (Loss) for the period		**1,171**		**1,077**	
Attributable to:					
Owners of the Parent		**1,189**		**1,083**	
Non-controlling interests		**(18)**		**(6)**	
Earnings per share (figures in €)	15	**0.003**		**0.003**	
Diluted earnings per share (figures in €)	15	**0.003**		**0.003**	

Consolidated Statement of Comprehensive Income

In thousands of euros	*Notes*	**1st Quarter 2015**	**1st Quarter 2014**
Net Profit (Loss) for the period (A)		**1,171**	**1,077**
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	31	(1,313)	(959)
Total		**(1,313)**	**(959)**
Items that may be reclassified to profit or loss			
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	31	8,016	1,153
Total profits (losses) on cash flow hedges	31	2,415	(72)
Total		**10,431**	**1,081**
Other Comprehensive Income (Expense) (B)*		**9,118**	**122**
Total Comprehensive Income (Expense) for the period (A + B)		**10,289**	**1,199**

* Other Profits (and losses) take account of relative tax effects

Attributable to:		
Owners of the Parent	**10,279**	**1,222**
Non-controlling interests	**10**	**(23)**

Consolidated Statement of Financial Position

		As of 31 March 2015		As of 31 December 2014	
		Total	*of which related parties*	Total	*of which related parties*
In thousands of euros	*Notes*				
ASSETS					
Non-current assets					
Intangible assets	16	674,144		668,354	
Property, plant and equipment	17	316,792		307,561	
Investment property	18	11,961		11,961	
Investments	19	8,818		8,818	
Other financial assets	20	28,251		19,112	
Long-term tax receivables	21	4,286		3,230	
Deferred tax assets	22	47,970		46,434	
Trade receivables	23	114			
Other receivables	24	14,591	197	13,647	197
Total non-current assets		**1,106,927**		**1,079,117**	
Assets held for sale	28				
Current assets					
Trade receivables	23	117,854	921	74,220	856
Other receivables	24	45,016	9,496	36,749	9,440
Short term tax receivables	21	37,271		35,918	
Inventories	25	267,789		232,398	
Other financial assets	26				
Cash and cash equivalents	27	96,846		98,206	
Total current assets		**564,776**		**477,491**	
TOTAL ASSETS		**1,671,703**		**1,556,608**	

		As of 31 March 2015		As of 31 December 2014	
		Total	*of which related parties*	**Total**	*of which related parties*
In thousands of euros	*Notes*				
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital and reserves attributable to the owners of the Parent	30	422,426		412,147	
Share capital and reserves attributable to non-controlling interests	30	932		922	
Total shareholders' equity		**423,358**		**413,069**	
Non-current liabilities					
Financial liabilities falling due after one year	32	553,994	2,900	506,463	2,900
Trade payables	33				
Other long-term provisions	34	10,575		10,394	
Deferred tax liabilities	35	5,900		5,123	
Retirement funds and employee benefits	36	56,979		55,741	
Tax payables	37				
Other long-term payables	38	5,208		3,645	
Total non-current liabilities		**632,656**		**581,366**	
Current liabilities					
Financial liabilities falling due within one year	32	139,270		102,474	
Trade payables	33	407,288	14,670	386,288	15,580
Tax payables	37	7,070		14,445	
Other short-term payables	38	51,928	8,518	49,148	8,397
Current portion of other long-term provisions	34	10,133		9,818	
Total current liabilities		**615,689**		**562,173**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,671,703**		**1,556,608**	

Consolidated Statement of Cash Flows

This statement shows the factors behind changes in cash and cash equivalents, net of short-term bank overdrafts, as required by IAS 7.

		1st Quarter 2015		1st Quarter 2014	
		Total	of which related parties	Total	of which related parties
In thousands of euros	*Notes*				
Operating activities					
Consolidated net profit		1,189		1,083	
Allocation of profit to non-controlling interests		(18)		(6)	
Taxes for the period	13	780		719	
Depreciation of property, plant and equipment	8	11,608		10,239	
Amortisation of intangible assets	8	13,884		10,495	
Provisions for risks and retirement funds and employee benefits		4,200		3,904	
Write-downs / (Reversals)		121		180	
Losses / (Gains) on the disposal of property, plants and equipment		6		19	
Losses / (Gains) on the disposal of intangible assets		0		0	
Financial income	12	(103)		(106)	
Dividend income		0		0	
Borrowing costs	12	9,038		8,627	
Income from public grants		(505)		(320)	
Portion of earnings of affiliated companies		0		0	
Change in working capital:					
(Increase)/Decrease in trade receivables	23	(43,627)	(65)	(43,973)	(9)
(Increase)/Decrease in other receivables	24	(9,211)	(56)	(2,468)	(3,968)
(Increase)/Decrease in inventories	25	(35,391)		(22,860)	
Increase/(Decrease) in trade payables	33	21,000	(910)	14,787	1,207
Increase/(Decrease) in other payables		4,343	121	(163)	1,619
Increase/(Decrease) in provisions for risks	34	(2,344)		(7,275)	
Increase/(Decrease) in retirement funds and employee benefits	36	(662)		(930)	
Other changes		(13,606)		(11,490)	
Cash generated from operating activities		**(39,298)**		**(39,538)**	
Interest paid		(7,868)		(7,052)	
Taxes paid		(5,139)		(2,279)	
Cash flow from operating activities (A)		**(52,305)**		**(48,869)**	
Investing activities					
Investment in property, plant and equipment	17	(5,615)		(5,497)	
Sale price, or repayment value, of property, plant and equipment		12		247	
Investment in intangible assets	16	(15,718)		(10,820)	
Sale price, or repayment value, of intangible assets		0		34	
Sale price of financial assets		0		838	
Interest collected		61		99	
Cash flow from investing activities (B)		**(21,260)**		**(15,099)**	
Financing activities					
Exercise of stock options	30	0		91	
Loans received	32	74,292		89,493	
Outflow for repayment of loans	32	(14,028)		(13,342)	
Financing received for leases	32	0		263	
Repayment of finance leases	32	(8)		(240)	
Cash flow from financing activities (C)		**60,256**		**76,265**	
Increase / (Decrease) in cash and cash equivalents (A+B+C)		(13,309)		12,297	
Opening balance		**90,125**		**52,816**	
Exchange differences		5,931		538	
Closing balance		**82,747**		**65,651**	

Changes in Consolidated Shareholders' Equity

Movements from 1 January 2015 / 31 March 2015

	Notes	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	Earnings reserve	Consolidated Group shareholders' equity	Share capital and reserves attributable to non-controlling interests	TOTAL SHAREHOLDERS' EQUITY
In thousands of Euros													
As of 1 January 2015		**206,228**	**7,171**	**16,902**	**(830)**	**(5,859)**	**993**	**(18,839)**	**13,384**	**192,997**	**412,147**	**922**	**413,069**
Net Profit (Loss) for the period										1,189	**1,189**	**(18)**	**1,171**
Other Comprehensive Income (expense)	31				2,415			7,988		(1,313)	**9,090**	**28**	**9,118**
Total comprehensive income (expense) for the period		**0**	**0**	**0**	**2,415**	**0**	**0**	**7,988**	**0**	**(124)**	**10,279**	**10**	**10,289**
Allocation of profits	30												
Distribution of dividends	30										**0**		**0**
Purchase of treasury shares	30										**0**		**0**
Sale of treasury shares	30										**0**		**0**
Other changes	30										**0**		**0**
As of 31 March 2015		**206,228**	**7,171**	**16,902**	**1,585**	**(5,859)**	**993**	**(10,851)**	**13,384**	**192,873**	**422,426**	**932**	**423,358**

Movements from 1 January 2014 / 31 March 2014

	Notes	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	Earnings reserve	Consolidated Group shareholders' equity	Share capital and reserves attributable to non-controlling interests	TOTAL SHAREHOLDERS' EQUITY
In thousands of Euros													
As of 1 January 2014		**205,570**	**3,681**	**16,902**	**(1,565)**	**(5,859)**	**993**	**(27,063)**	**13,385**	**185,139**	**391,183**	**932**	**392,115**
Net Profit (Loss) for the period										1,083	**1,083**	**(6)**	**1,077**
Other Comprehensive Income (expense)	31				(72)			1,170		(959)	**139**	**(17)**	**122**
Total comprehensive income (expense) for the period		**0**	**0**	**0**	**(72)**	**0**	**0**	**1,170**	**0**	**124**	**1,222**	**(23)**	**1,199**
Allocation of profits	30												
Distribution of dividends	30												
Exercise of stock options:													
- issue of new shares	30	28	63								**91**		**91**
As of 31 March 2014		**205,598**	**3,744**	**16,902**	**(1,637)**	**(5,859)**	**993**	**(25,893)**	**13,385**	**185,263**	**392,496**	**909**	**393,405**

Notes to the Consolidated Financial Statements as of 31 March 2015

A) GENERAL ASPECTS

Piaggio & C. S.p.A. (the Company) is a joint-stock company established in Italy at the Register of Companies of Pisa. The addresses of the registered office and places where the Group conducts its main business operations are listed in the introduction to the financial statements. The main operations of the Company and its subsidiaries (the Group) are described in the Report on Operations.

The Condensed Interim Financial Statements are expressed in Euros (€) since that is the currency in which most of the Group's transactions take place. Foreign assets are recognised in the Consolidated Financial Statements according to international accounting standards in force.

1. Scope of consolidation

The scope of consolidation changed compared to 31 March 2014, following the establishment on 14 April 2014 of a new company - Piaggio Concept Store Mantova S.r.l. - wholly owned by Piaggio & C S.p.A., that manages the Group's flagship stores, and the completion on 16 December 2014 of the process to liquidate and close down the company Derbi Racing. The scope of consolidation has not changed compared to the Consolidated Financial Statements as of 31 December 2014.

2. Compliance with INTERNATIONAL ACCOUNTING STANDARDS

These Condensed Interim 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 Union, as well as in compliance with the provisions established in Article 9 of Legislative Decree no. 38/2005 (Consob Resolution no. 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 Regulation on 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 Legislative Decree no. 58/98"). The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"), were also taken into account.

During the drafting of these Condensed Consolidated Interim Financial statements, prepared in compliance with IAS 34 - *Interim Financial Reporting*, the same accounting standards adopted in the drafting of the Consolidated Financial Statements as of 31 December 2014 were applied, with the exception of the paragraph "New accounting standards, amendments and interpretations applied as from 1 January 2015".

As provided for by Consob communication no. DEM/5073567 of 4 November 2005, the Company opted to indicate fewer details than the information required as of IAS 34 – *Interim Financial Reporting*.

The information provided in the Interim Report should be read together with the Consolidated Financial Statements as of 31 December 2014, prepared according to IFRS.

The preparation of the interim financial statements requires management to make estimates and assumptions which have an impact on the values of revenues, costs, consolidated balance sheet assets and liabilities and on the information regarding contingent assets and liabilities at the reporting date. If these management estimates and assumptions should, in future, differ from the actual situation, they will be changed as appropriate in the period in which the circumstances change. For a more detailed description of the most significant measurement methods of the Group, reference is made to the section "Use of estimates" of the Consolidated Financial Statements as of 31 December 2014.
It should also be noted that some assessment processes, in particular the most 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 impairment loss.

The Group's activities, especially those regarding two-wheeler products, 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.

2.1 New accounting standards, amendments and interpretations applied as from 1 January 2015

On 21 November 2013, the IASB published some minor amendments to IAS 19 – Employee benefits: Defined Benefit Plans: Employee Contributions. These amendments concern the simplification of the accounting treatment of employees or, in specific cases, third-party contributions, to defined benefit plans. The amendments are applicable in a retrospective manner for years commencing from or after 1 July 2014. Their adoption has not had any significant effects for the Group.

On 12 December 2013, the IASB issued some amendments to IFRS (Annual Improvements to IFRSs - 2010-2012 Cycle and Annual Improvements to IFRSs - 2011-2013 Cycle). The most significant issues addressed in these amendments concern: the definition of accrual conditions in IFRS 2 – Share-Based Payment, disclosure on estimates and opinions used in grouping operating segments in IFRS 8 – Operating Segments, the identification and disclosure of related-party transactions arising when a services company provides a service for the management of key directors that prepare financial statements in IAS 24 – Related party disclosures, the exclusion from the scope of application of IFRS 3 – Business Combinations, of all types of joint arrangements (as defined in IFRS 11 – Joint Arrangements), and some clarifications about exceptions to the scope of IFRS 13 – Fair Value Measurement. The adoption of the new standards has not had any significant effects for the Group.

2.2 Accounting standards amendments and interpretations not yet applicable

At the date of these Financial Statements, competent bodies of the European Union had not completed the approval process necessary for the application of the following accounting standards and amendments:

- On 6 May 2014, the IASB issued some amendments to IFRS 11 – Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations, providing clarifications on the accounting by entities that jointly control an arrangement. The amendments are applicable in a retrospective manner for years commencing from or after 1 January 2016. Early adoption is possible.

- In May 2014, the IASB and FASB jointly published IFRS 15 "Revenue from Contracts with Customers". The purpose of this standard is to improve reporting on revenues and their comparability between different financial statements. The new standard is applicable in a retrospective manner for years commencing from or after 1 January 2017. Early adoption is possible.

- On 12 May 2014, the IASB issued amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation", that consider the adoption of depreciation and amortisation methods based on revenues as unacceptable. As regards intangible assets, this indication is considered as a relative assumption, that may only be overcome in one of the following circumstances: (i) the right to use an intangible asset is related to achieving a pre-established limit of revenues to produce; or (ii) when it may be demonstrated that the realisation of revenues and use of the economic benefits of the asset are strongly related. Amendments are applicable for years commencing on or after 1 January 2016.

- On 24 July 2014, the IASB finalised its project to revise the accounting standard for financial instruments, with the issue of the complete version of IFRS 9 "Financial Instruments". In particular, the new provisions of IFRS 9: (i) amend the model that classifies and measures financial assets; (ii) introduce a new method for writing down financial assets, that takes account of expected credit losses; and (iii) amend hedge accounting provisions. The provisions of IFRS 9 will be applicable for years commencing on or after 1 January 2018.

The Group will adopt these new standards, amendments and interpretations, based on the application date indicated, and will evaluate potential impact, when the standards, amendments and interpretations are endorsed by the European Union.

Other information

A specific paragraph in this Report provides information on any significant events occurring after the end of the period and on the expected operating outlook.
The exchange rates used to translate the financial statements of companies included in the scope of consolidation into euros are shown in the table below.

Currency	**Spot exchange rate 31 March 2015**	**Average exchange rate 1st Quarter 2015**	**Spot exchange rate 31 December 2014**	**Average exchange rate 1st Quarter 2014**
US Dollar	1.0759	1.12614	1.2141	1.36963
Pounds Sterling	0.7273	0.74336	0.7789	0.82780
Indian Rupee	67.2738	70.08667	76.719	84.57944
Singapore Dollars	1.4774	1.52727	1.6058	1.73788
Chinese Renminbi	6.6710	7.02310	7.5358	8.35762
Croatian Kuna	7.6450	7.68109	7.6580	7.64977
Japanese Yen	128.95	134.12063	145.23	140.79778
Vietnamese Dong	23,137.34	23,863.02746	25,834.65	28,690.33143
Canadian Dollars	1.3738	1.39573	1.4063	1.51068
Indonesian Rupiah	14,078.15	14,410.50952	15,103.40	16,226.98
Brazilian Real	3.4958	3.22363	3.2207	3.23995

B) SEGMENT REPORTING

3. Operating segment reporting

The organisational structure of the Group is based on 3 Geographical Segments, involved in the production and sale of vehicles, relative spare parts and assistance in areas under their responsibility: EMEA and the Americas, India and Asia Pacific 2W. Operating segments are identified by management, in line with the management and control model used.

In particular, the structure of disclosure corresponds to the structure of periodic reporting analysed by the Chairman and Chief Executive Officer for business management purposes.

Each Geographical Segment has production sites and a sales network dedicated to customers in the relative segment. Specifically:

- EMEA and the Americas have production sites and deal with the distribution and sale of two-wheeler and commercial vehicles;
- India has production sites and deals with the distribution and sale of two-wheeler and commercial vehicles;
- Asia Pacific 2W has production sites and deals with the distribution and sale of two-wheeler vehicles.

Central structures and development activities currently dealt with by EMEA and the Americas, are handled by individual segments.

INCOME STATEMENT BY OPERATING SEGMENT

		EMEA and Americas	India	Asia Pacific 2W	**Total**
	1st Quarter 2015	51.0	50.4	19.6	**121.0**
	1st Quarter 2014	52.6	51.5	19.8	**123.9**
Sales volumes	Change	(1.5)	(1.2)	(0.2)	**(2.9)**
(unit/000)	Change %	-2.9%	-2.3%	-1.2%	**-2.4%**
	1st Quarter 2015	174.2	84.1	43.7	**302.0**
	1st Quarter 2014	169.4	70.1	37.3	**276.8**
Net turnover	Change	4.8	14.0	6.4	**25.2**
(millions of euros)	Change %	2.9%	20.0%	17.1%	**9.1%**
	1st Quarter 2015	51.7	18.2	18.2	**88.1**
	1st Quarter 2014	55.3	15.1	12.8	**83.2**
Gross margin	Change	(3.5)	3.0	5.4	**4.9**
(millions of euros)	Change %	-6.4%	20.0%	42.2%	**5.9%**
	1st Quarter 2015				**36.3**
	1st Quarter 2014				**32.5**
EBITDA	Change				**3.9**
(millions of euros)	Change %				**11.9%**
	1st Quarter 2015				**10.8**
	1st Quarter 2014				**11.7**
EBIT (millions	Change				**(0.9)**
of euros)	Change %				**-7.7%**
	1st Quarter 2015				**1.2**
	1st Quarter 2014				**1.1**
Net profit	Change				**0.1**
(millions of euros)	Change %				**8.7%**

C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

4. Net revenues €/000 302,004

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

This item does not include transport costs, which are recharged to customers (€/000 5,089) and invoiced advertising cost recoveries (€/000 963), which are posted under other operating income.

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

Revenues by geographical segment

The breakdown of revenues by geographical segment is shown in the following table:

	1st Quarter 2015		1st Quarter 2014		Changes	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
In thousands of Euros						
EMEA and Americas	174,238	57.7	169,410	61.2	4,828	2.8
India	84,096	27.8	70,091	25.3	14,005	20.0
Asia Pacific 2W	43,670	14.5	37,285	13.5	6,385	17.1
Total	**302,004**	**100.0**	**276,786**	**100.0**	**25,218**	**9.1**

In the first quarter of 2015, net sales revenues increased compared to figures for the same period of the previous year (+9.1%). For more detailed analysis of deviations in individual geographic segments, see comments in the Report on Operations.

5. Costs for materials €/000 175,988

This item totalled €/000 175,988, compared to €/000 160,088 for the first quarter of 2014.

The percentage accounting for net sales went up, from 57.8% in the first quarter of 2014 to 58.3% in the current period. The item includes €/000 7,833 (€/000 5,979 in the first quarter of 2014) for purchases of scooters from the Chinese subsidiary Zongshen Piaggio Foshan Motorcycle, that are sold on European and Asian markets.

6. Costs for services and leases and rental costs €/000 55,246

The increase of €/000 6,468 for the period was due in part to the revaluation of Asian currencies and in part to the increase in expenses for quality incidents that were offset by reimbursements recognised under other revenues.

The item costs for services includes €/000 193 for costs for temporary work.

Costs for leases and rentals include lease rentals for business properties of €/000 1,601, as well as lease payments for car hire, computers and photocopiers.

7. Employee costs €/000 55,331

Employee costs include €/000 1,069 relating to costs for mobility plans mainly for the Pontedera and Noale production sites.

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

	Average number		
	1st Quarter 2015	**1st Quarter 2014**	**Change**
Level			
Executives	92	94	(2)
Middle Management	582	573	9
White collars	2,091	2,123	(32)
Blue collars with supervisory	5,040	4,909	131
Total	**7,805**	**7,699**	**106**

	Number as of		
	31 March 2015	**31 December 2014**	**Change**
Level			
Executives	91	95	(4)
Middle Management	602	567	35
White collars	2,071	2,102	(31)
Blue collars with supervisory	5,018	4,746	272
Total	**7,782**	**7,510**	**272**
Geographic segment			
EMEA and Americas	3,978	4,008	(30)
India	2,910	2,622	288
Asia Pacific	894	880	14
Total	**7,782**	**7,510**	**272**

Average employee numbers were affected by seasonal workers in the summer (on fixed-term employment contracts).

In fact the Group uses fixed-term employment contracts to handle typical peaks in demand in the summer months.

8. Amortisation/depreciation and impairment costs **€/000 25,492**

Goodwill is no longer amortised but tested annually for impairment.
The impairment test carried out as of 31 December 2014 confirmed the full recoverability of the amounts recorded in the financial statements.

9. Other operating income **€/000 25,153**

The increase compared to values for the first quarter of 2014 (€/000 +3,985) is mainly due to reimbursements relative to quality incidents.
The item includes €/000 310 for state and EU subsidies for research projects and contributions for exports (€/000 195) received by the Indian subsidiary. The subsidies are recognised in profit or loss, strictly relating to the amortisation and depreciation of capitalised costs for which the subsidies were received.

10. Other operating costs **€/000 4,272**

The increase compared to figures for the first quarter of 2014 (€/000 +285) is due to higher amounts allocated to the provision for future risks.

11. Income/(loss) from investments **€/000 0**

No income or expenses from investments were recorded in the quarter.

12. Net financial income (borrowing costs) **€/000 (8,877)**

The balance of financial income (borrowing costs) in the first quarter of 2015 was negative by €/000 8,877, up on the figure of €/000 9,933 for the same period of the previous year. This decrease is due to refinancing during 2014 which made it possible to reduce the average cost of debt, and to currency management, which more than offset the effects of higher average debt for the period.
During the first quarter of 2015, borrowing costs for €/000 489 were capitalised.
The average rate used during 2015 for the capitalisation of borrowing costs (because of general loans), was equal to 6.83%.

13. Taxation **€/000 780**

Income taxes for the period, calculated in accordance with IAS 34 are estimated as €/000 780, equivalent to 40% of profit before tax, and are equal to the best estimate of the average weighted rate expected for the entire period.

14. Gain/(loss) from assets held for disposal or sale **€/000 0**

At the end of the reporting period, there were no gains or losses from assets held for disposal or sale.

15. Earnings per share

Earnings per share are calculated as follows:

		1st Quarter 2015	1st Quarter 2014
Net profit	€/000	1,171	1,077
Earnings attributable to ordinary shares	€/000	1,171	1,077
Average number of ordinary shares in circulation		361,208,380	360,057,362
Earnings per ordinary share	€	0.003	0.003
Adjusted average number of ordinary shares		361,208,380	360,788,612
Diluted earnings per ordinary share	€	0.003	0.003

The potential effects deriving from stock option plans, which ended in late 2014, were considered when calculating diluted earnings per share for the first quarter of 2014.

D) INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS

16. Intangible assets €/000 674,144

The table below shows the breakdown of intangible assets as of 31 March 2015 and 31 March 2014, as well as movements for the two periods.

In thousands of euros	***Development costs***	***Patent rights***	***Concessions, licences and trademarks***	***Goodwill***	***Other***	***Assets under development and advances***	***Total***
As of 1 January 2014							
Historical cost	125,623	230,024	149,074	557,322	7,010	32,293	1,101,346
Provisions for write-down							0
Accumulated amortisation	(56,513)	(187,933)	(86,385)	(110,382)	(5,605)		(446,818)
Net carrying amount	**69,110**	**42,091**	**62,689**	**446,940**	**1,405**	**32,293**	**654,528**
1st Quarter 2014							
Investments	2,080	262			59	8,419	10,820
Put into operation in the period	1,884	252			182	(2,318)	0
Amortisation	(5,786)	(3,229)	(1,206)		(274)		(10,495)
Disposals	(34)						(34)
Write-downs							0
Exchange differences	794	54			(2)	83	929
Other changes		(52)					(52)
Total movements for the 1st Quarter 2014	**(1,062)**	**(2,713)**	**(1,206)**	**0**	**(35)**	**6,184**	**1,168**
As of 31 March 2014							
Historical cost	130,962	230,688	149,074	557,322	7,248	38,477	1,113,771
Provisions for write-down							0
Accumulated amortisation	(62,914)	(191,310)	(87,591)	(110,382)	(5,878)		(458,075)
Net carrying amount	**68,048**	**39,378**	**61,483**	**446,940**	**1,370**	**38,477**	**655,696**
As of 1 January 2015							
Historical cost	134,222	270,415	149,074	557,322	7,167	32,543	1,150,743
Provisions for write-down							0
Accumulated amortisation	(68,958)	(205,693)	(91,208)	(110,382)	(6,148)		(482,389)
Net carrying amount	**65,264**	**64,722**	**57,866**	**446,940**	**1,019**	**32,543**	**668,354**
1st Quarter 2015							
Investments	1,522	386				13,810	15,718
Put into operation in the period	3,024	188			27	(3,239)	0
Amortisation	(7,978)	(4,475)	(1,206)		(225)		(13,884)
Disposals							0
Write-downs							0
Exchange differences	3,218	214			109	415	3,956
Other changes	52	(52)					0
Total movements for the 1st Quarter 2015	**(162)**	**(3,739)**	**(1,206)**	**0**	**(89)**	**10,986**	**5,790**
As of 31 March 2015							
Historical cost	146,837	272,015	149,074	557,322	8,011	43,529	1,176,788
Provisions for write-down							0
Accumulated amortisation	(81,735)	(211,032)	(92,414)	(110,382)	(7,081)		(502,644)
Net carrying amount	**65,102**	**60,983**	**56,660**	**446,940**	**930**	**43,529**	**674,144**

The breakdown of intangible assets for the previous and under construction is as follows:

	Value as of 31 March 2015			Value as of 31 December 2014			Change		
In thousands of euros	**Put into operation in the period**	**Under development and advances**	**Total**	**Put into operation in the period**	**Under development and advances**	**Total**	**Put into operation in the period**	**Under development and advances**	**Total**
Development costs	65,102	41,703	106,805	65,264	31,631	96,895	(162)	10,072	9,910
Patent rights	60,983	1,793	62,776	64,722	887	65,609	(3,739)	906	(2,833)
Concessions, licences and trademarks	56,660		56,660	57,866	-	57,866	(1,206)	0	(1,206)
Goodwill	446,940		446,940	446,940	-	446,940	0	0	0
Other	930	33	963	1,019	25	1,044	(89)	8	(81)
Total	**630,615**	**43,529**	**674,144**	**635,811**	**32,543**	**668,354**	**(5,196)**	**10,986**	**5,790**

Intangible assets went up overall by €/000 5,790 mainly referring to investments in the year which were only partially balanced by amortisation for the period and the appreciation of Asian currencies over the year.

Increases mainly refer to the capitalisation of development costs for new products and new engines, as well as the purchase of software.

Borrowing costs attributable to intangible assets which require a considerable period of time to be ready for use are capitalised as a part of the cost of the actual assets. During the first quarter of 2015, borrowing costs for €/000 272 were capitalised.

17. Property, plant and equipment €/000 316,792

The table below shows the breakdown of property, plant and equipment as of 31 March 2015 and 31 March 2014, as well as movements for the two periods.

In thousands of euros	***Land***	***Buildings***	***Plant and machinery***	***Equipment***	***Other assets***	***Assets under construction and advances***	***Total***
As of 1 January 2014							
Historical cost	28,040	153,593	398,588	492,649	44,842	27,640	1,145,352
Provisions for write-down			(362)	(1,409)	(46)		(1,817)
Accumulated depreciation		(51,564)	(287,752)	(462,357)	(39,095)		(840,768)
Net carrying amount	**28,040**	**102,029**	**110,474**	**28,883**	**5,701**	**27,640**	**302,767**
1st Quarter 2014							
Investments		186	156	843	640	3,672	5,497
Put into operation in the period		544	5,207	6,392	204	(12,347)	0
Depreciation		(1,209)	(4,873)	(3,705)	(452)		(10,239)
Disposals			(22)	(179)	(65)		(266)
Write-downs				(8)			(8)
Exchange differences		461	1,600	(1)	78	89	2,227
Other changes		2	317	(319)			0
Total movements for the 1st Quarter 2014	**0**	**(16)**	**2,385**	**3,023**	**405**	**(8,586)**	**(2,789)**
As of 31 March 2014							
Historical cost	28,040	156,919	406,593	497,865	45,478	19,054	1,153,949
Provisions for write-down			(339)	(1,419)	(46)		(1,804)
Accumulated depreciation		(54,906)	(293,395)	(464,540)	(39,326)		(852,167)
Net carrying amount	**28,040**	**102,013**	**112,859**	**31,906**	**6,106**	**19,054**	**299,978**
As of 1 January 2015							
Historical cost	28,083	161,628	425,865	507,011	45,918	25,099	1,193,604
Provisions for write-down			(483)	(1,515)	(64)		(2,062)
Accumulated depreciation		(59,206)	(310,568)	(474,726)	(39,481)		(883,981)
Net carrying amount	**28,083**	**102,422**	**114,814**	**30,770**	**6,373**	**25,099**	**307,561**
1st Quarter 2015							
Investments		176	192	305	917	4,025	5,615
Put into operation in the period		619	2,173	1,122	93	(4,007)	0
Depreciation		(1,291)	(5,639)	(4,039)	(639)		(11,608)
Disposals					(10)	(8)	(18)
Write-downs							0
Exchange differences		3,352	10,415	5	370	1,100	15,242
Other changes							0
Total movements for the 1st Quarter 2015	**0**	**2,856**	**7,141**	**(2,607)**	**731**	**1,110**	**9,231**
As of 31 March 2015							
Historical cost	28,083	166,671	445,239	508,465	47,815	26,209	1,222,482
Provisions for write-down			(483)	(1,528)	(64)		(2,075)
Accumulated depreciation		(61,393)	(322,801)	(478,774)	(40,647)		(903,615)
Net carrying amount	**28,083**	**105,278**	**121,955**	**28,163**	**7,104**	**26,209**	**316,792**

The breakdown of property, plant and equipment put into operation for the period and under construction is as follows:

	Value as of 31 March 2015			Value as of 31 December 2014			Change		
In thousands of euros	**Put into operation in the period**	**Under construction and advances**	**Total**	**Put into operation in the period**	**Under construction and advances**	**Total**	**Put into operation in the period**	**Under construction and advances**	**Total**
Land	28,083		28,083	28,083		28,083	0	0	0
Buildings	105,278	3,670	108,948	102,422	3,652	106,074	2,856	18	2,874
Plant and machinery	121,955	15,229	137,184	114,814	13,692	128,506	7,141	1,537	8,678
Equipment	28,163	7,188	35,351	30,770	7,584	38,354	(2,607)	(396)	(3,003)
Other assets	7,104	122	7,226	6,373	171	6,544	731	(49)	682
Total	**290,583**	**26,209**	**316,792**	**282,462**	**25,099**	**307,561**	**8,121**	**1,110**	**9,231**

Property, plant and equipment mainly refer to Group production facilities in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Baramati (India) and Vinh Phuc (Vietnam).

The increases mainly refer to moulds for new vehicles launched during the period, as well as the new painting plant for two-wheeler products at Pontedera.

Borrowing costs attributable to the construction of assets which require a considerable period of time to be ready for use are capitalised as a part of the cost of the actual assets. During 2015, borrowing costs for €/000 217 were capitalised.

<u>Warranties</u>

As of 31 March 2015 the Group had no buildings with mortgages.

18. Investment Property — €/000 11,961

Investment property refers to the Spanish site of Martorelles, where production was stopped in March 2013 and relocated to Italian sites.

	As of 31 March 2015	*As of 31 December 2014*	*Change*
In thousands of Euros			
Martorelles	11,961	11,961	0
Total	**11,961**	**11,961**	**0**

During the quarter, no indicators of changes in fair value were identified, and therefore the carrying amount determined for the 2014 Financial Statements, with the assistance of a specific appraisal by an independent expert, was confirmed. The expert evaluated the "Fair value less cost of disposal" using a market approach (as provided for by IFRS 13). This analysis identified the total value of the investment as €/000 11,961. The Group uses the "fair value model" as provided for by IAS 40.

19. Investments — €/000 8,818

The Investments heading comprises:

	As of 31 March 2015	As of 31 December 2014	Change
In thousands of Euros			
Interests in joint ventures	8,610	8,610	0
Investments in affiliated companies	208	208	0
Total	**8,818**	**8,818**	**0**

The items in question did not changed compared to 31 December 2014.

20. Other non-current financial assets — €/000 28,251

	As of 31 March 2015	As of 31 December 2014	Change
In thousands of Euros			
Fair value of derivatives	28,165	19,026	9,139
Investments in other companies	86	86	0
Total	**28,251**	**19,112**	**9,139**

The item Fair value of hedging derivatives refers to €/000 22,211 from the fair value of the cross currency swap related to a private debenture loan, to €/000 5,736 from the fair value of the cross currency swap related to a medium-term loan of the Indian subsidiary and to €/000 218 from the cross currency swap relative to a medium-term loan of the Vietnamese subsidiary.

21. Current and non-current tax receivables €/000 41,557

Receivables due from tax authorities consist of:

	As of 31 March 2015	As of 31 December 2014	Change
In thousands of Euros			
VAT receivables	37,015	34,982	2,033
Income tax receivables	2,764	2,743	21
Other tax receivables	1,778	1,423	355
Total tax receivables	**41,557**	**39,148**	**2,409**

Non-current tax receivables totalled €/000 4,286, compared to €/000 3,230 as of 31 December 2014, while current tax receivables totalled €/000 37,271 compared to €/000 35,918 as of 31 December 2014. The increase is mainly due to higher VAT receivables of the Parent Company.

22. Deferred tax assets €/000 47,970

Deferred tax assets and liabilities are recognised at their net value when they may be offset in the same tax jurisdiction.
The item totalled €/000 47,970, up on the figure of €/000 46,434 as of 31 December 2014. The increase is mainly due to the recognition of deferred assets from temporary deductible changes.

As part of measurements to define deferred tax assets, the Group mainly considered the following:

1. tax regulations of countries where it operates, the impact of regulations in terms of temporary differences and any tax benefits arising from the use of previous tax losses;
2. taxable income expected in the medium term for each single company and the economic and tax impact. In this framework, the plans from the reprocessing of the Group plan were used as a reference.

In view of these considerations, and with a prudential approach, it was decided to not wholly recognise the tax benefits arising from losses that can be carried over and from temporary differences.

23. Current and non-current trade receivables €/000 117,968

As of 31 March 2015 current trade receivables amounted to €/000 117,854 compared to €/000 74,220 as of 31 December 2014. At the same date, non-current trade receivables amounted to €/000 114.

Their breakdown was as follows:

	As of 31 March 2015	As of 31 December 2014	Change
In thousands of Euros			
Trade receivables due from customers	117,047	73,364	43,683
Trade receivables due from JV	902	836	66
Trade receivables due from parent companies	-	9	(9)
Trade receivables due from affiliated companies	19	11	8
Total	**117,968**	**74,220**	**43,748**

Receivables due from Group companies valued at equity comprise amounts due from Zongshen Piaggio Foshan Motorcycles.

Receivables due from affiliated companies regard amounts due from Immsi Audit.

The item Trade receivables comprises receivables referring to normal sale transactions, recorded net of bad debt of €/000 26,895.

The Group sells, on a rotating basis, a large part of its trade receivables with and without recourse. Piaggio 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 customers an instrument for funding their own inventories, for factoring classified as without the substantial transfer of risks and benefits. On the contrary, for factoring without recourse, contracts have been formalised for the substantial transfer of risks and benefits.

As of 31 March 2015, trade receivables still due sold without recourse totalled €/000 107,075.

Of these amounts, Piaggio received payment prior to natural expiry, of €/000 98,794.

As of 31 March 2015, advance payments received from factoring companies and banks, for trade receivables sold with recourse totalled €/000 23,085 with a counter entry recorded in current liabilities.

24. Other current and non-current receivables — €/000 59,607

Other non-current receivables totalled €/000 14,591 against €/000 13,647 as of 31 December 2014, whereas other current receivables totalled €/000 45,016 compared to €/000 36,749 as of 31 December 2014. They consist of:

	As of 31 March 2015	As of 31 December 2014	Change
In thousands of Euros			
Other non-current receivables:			
Sundry receivables due from affiliated companies	197	197	0
Prepaid expenses	11,170	10,102	1,068
Advances to employees	61	61	0
Security deposits	656	596	60
Receivables due from others	2,507	2,691	(184)
Total non-current portion	**14,591**	**13,647**	**944**

Receivables due from affiliated companies regard amounts due from the Fondazione Piaggio (Foundation).

	As of 31 March 2015	As of 31 December 2014	Change
In thousands of Euros			
Other current receivables:			
Sundry receivables due from parent companies	6,862	6,882	(20)
Sundry receivables due from JV	2,615	2,541	74
Sundry receivables due from affiliated companies	19	17	2
Accrued income	2,796	528	2,268
Prepaid expenses	6,733	3,834	2,899
Advance payments to suppliers	2,283	1,836	447
Advances to employees	395	2,030	(1,635)
Fair value of derivatives	3,583	696	2,887
Security deposits	293	293	0
Receivables due from others	19,437	18,092	1,345
Total current portion	**45,016**	**36,749**	**8,267**

Receivables due from the Parent Company refer to the recognition of accounting effects relating to the transfer of taxable bases pursuant to the Group Consolidated Tax Convention.

Receivables due from Group companies valued at equity comprise amounts due from Zongshen Piaggio Foshan Motorcycle.

Receivables due from affiliated companies regard amounts due from Immsi Audit.

The item Fair Value of hedging derivatives comprises the fair value of hedging transactions on the exchange risk on forecast transactions recognised on a cash flow hedge basis (€/000 3,583 current portion).

25. Inventories €/000 267,789

This item comprises:

	As of 31 March 2015	As of 31 December 2014	Change
In thousands of Euros			
Raw materials and consumables	132,238	107,219	25,019
Provisions for write-down	(14,793)	(14,228)	(565)
Net value	*117,445*	*92,991*	24,454
Work in progress and semifinished products	20,968	19,040	1,928
Provisions for write-down	(852)	(852)	0
Net value	*20,116*	*18,188*	1,928
Finished products and goods	152,881	142,573	10,308
Provisions for write-down	(22,763)	(21,479)	(1,284)
Net value	*130,118*	*121,094*	9,024
Advances	110	125	(15)
Total	**267,789**	**232,398**	**35,391**

As of 31 March 2015, inventories had increased by €/000 35,391, in line with seasonal sales trends.

26. Other current financial assets €/000 0

As of 31 March 2015 and 31 December 2014, no values relative to current financial assets were recognised.

27. Cash and cash equivalents €/000 96,846

The item, which mainly includes short-term and on demand bank deposits, is broken down as follows:

	As of 31 March 2015	As of 31 December 2014	Change
In thousands of Euros			
Bank and postal deposits	96,762	92,211	4,551
Cheques	29	7	22
Cash on hand	55	54	1
Securities	0	5,934	(5,934)
Total	**96,846**	**98,206**	**(1,360)**

The item Securities as of 31 December 2014 refers to deposit agreements entered into by the Indian subsidiary to effectively use temporary liquidity.

28. Assets held for sale **€/000 0**

As of 31 March 2015, there were no assets held for sale.

29. Receivables due after 5 years **€/000 0**

As of 31 March 2015, there were no receivables due after 5 years.

INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION - LIABILITIES

30. Share capital and reserves €/000 423,358

Share capital €/000 206,228

During the first quarter of 2015, share capital did not change. This is broken down as follows:

In thousands of Euros	
Subscribed and paid up capital	207,614
Treasury shares purchased as of 31 March 2015	(1,386)
Share capital as of 31 March 2015	**206,228**

As of 31 March 2015, the nominal share capital of Piaggio & C., fully subscribed and paid up, was equal to € 207,613,944.37 divided into 363,674,880 ordinary shares.

Shares in circulation and treasury shares

no. of shares	2015	2014
Situation as of 1 January		
Shares issued	363,674,880	360,894,880
Treasury shares in portfolio	2,466,500	839,669
Shares in circulation	361,208,380	360,055,211
Movements for the period		
Exercise of stock options		2,780,000
Cancellation of treasury shares		
Purchase of treasury shares		1,826,831
Sale of treasury shares to exercise stock options		(200,000)
Situation as of 31 March 2015 and 31 December 2014		
Shares issued	363,674,880	363,674,880
Treasury shares in portfolio	2,466,500	2,466,500
Shares in circulation	361,208,380	361,208,380

Share premium reserve €/000 7,171

The share premium reserve as of 31 March 2015 was unchanged compared to 31 December 2014.

Legal reserve €/000 16,902

The legal reserve as of 31 March 2015 was unchanged compared to 31 December 2014.

Other reserves €/000 (748)

This item consists of:

In thousands of euros	**As of 31 March 2015**	**As of 31 December 2014**	**Change**
Translation reserve	(10,851)	(18,839)	7,988
Stock option reserve	13,384	13,384	0
Financial instruments' fair value reserve	1,585	(830)	2,415
IFRS transition reserve	(5,859)	(5,859)	0
Total other reserves	*(1,741)*	*(12,144)*	*10,403*
Consolidation reserve	993	993	0
Total	**(748)**	**(11,151)**	**10,403**

The financial instruments fair value reserve is negative and refers to the effects of cash flow hedge accounting in foreign currencies, interest and specific business transactions.

Dividends paid and proposed €/000 26,007

The Shareholders Meeting of Piaggio & C. S.p.A. of 13 April 2015 resolved to distribute a dividend of 7.2 eurocents per ordinary share. During 2014, dividends were not distributed.

	Total amount		**Dividend per share**	
	2015	**2014**	**2015**	**2014**
	€/000	€/000	€	€
Resolved	26,007	-	0.072	-

Earnings reserve €/000 192,873

Capital and reserves of non-controlling interest €/000 932

The end of period figures refer to non-controlling interests in Piaggio Hrvatska Doo and Aprilia Brasil Industria de Motociclos S.A.

31. Other Comprehensive Income (Expense) €/000 9,118

The figure is broken down as follows:

In thousands of Euros	*Reserve for measurement of financial instruments*	*Group conversion reserve*	*Earnings reserve*	*Group total*	*Share capital and reserves attributable to non-controlling interests*	*Total other comprehensive income (expense)*
As of 31 March 2015						
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit plans			(1,313)	(1,313)		(1,313)
Total	0	0	(1,313)	(1,313)	0	(1,313)
Items that may be reclassified to profit or loss						
Total translation gains (losses)		7,988		7,988	28	8,016
Total profits (losses) on cash flow hedges	2,415			2,415		2,415
Total	2,415	7,988	0	10,403	28	10,431
Other Comprehensive Income (Expense)	**2,415**	**7,988**	**(1,313)**	**9,090**	**28**	**9,118**
As of 31 March 2014						
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit plans			(959)	(959)		(959)
Total	0	0	(959)	(959)	0	(959)
Items that may be reclassified to profit or loss						
Total translation gains (losses)		1,170		1,170	(17)	1,153
Total profits (losses) on cash flow hedges	(72)			(72)		(72)
Total	(72)	1,170	0	1,098	(17)	1,081
Other Comprehensive Income (Expense)	**(72)**	**1,170**	**(959)**	**139**	**(17)**	**122**

The tax effect relative to other components of the Statement of Comprehensive Income is broken down as follows:

	As of 31 March 2015			**As of 31 March 2014**		
In thousands of Euros	*Gross value*	*Tax (expense) / benefit*	*Net value*	*Gross value*	*Tax (expense) / benefit*	*Net value*
Remeasurements of defined benefit plans	(1,797)	484	(1,313)	(1,324)	365	(959)
Total translation gains (losses)	8,016		8,016	1,153		1,153
Total profits (losses) on cash flow hedges	2,473	(58)	2,415	14	(86)	(72)
Other Comprehensive Income (Expense)	**8,692**	**426**	**9,118**	**(157)**	**279**	**122**

32. Current and non-current financial liabilities €/000 693,264

During the first quarter of 2015, the Group's total debt increased by €/000 84,327. Total financial debt of the Group, net of the fair value measurement of financial derivatives to hedge foreign exchange risk and interest rate risk and adjustment of relative hedged items, as of 31 March 2015, increased by €/000 74,248.

	Financial liabilities as of 31 March 2015			**Financial liabilities as of 31 December 2014**			**Change**		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
In thousands of Euros									
Gross financial debt	139,270	525,993	665,263	102,474	488,541	591,015	36,796	37,452	74,248
Fair value adjustment		28,001	28,001		17,922	17,922		10,079	10,079
Total	**139,270**	**553,994**	**693,264**	**102,474**	**506,463**	**608,937**	**36,796**	**47,531**	**84,327**

This increase is attributable to a greater use of available medium-term credit lines.

Net financial debt of the Group amounted to €/000 568,417 as of 31 March 2015 compared to €/000 492,809 as of 31 December 2014.

	As of 31 March 2015	**As of 31 December 2014**	**Change**
In thousands of Euros			
Liquidity	**96,846**	**98,206**	**(1,360)**
Securities			
Current financial receivables	**-**	**-**	**-**
Payables due to banks	(69,727)	(38,262)	(31,465)
Current portion of bank borrowings	(45,305)	(42,313)	(2,992)
Amounts due to factoring companies	(23,085)	(20,744)	(2,341)
Amounts due under leases	(30)	(30)	0
Current portion of payables due to other lenders	(1,123)	(1,125)	2
Current financial debt	**(139,270)**	**(102,474)**	**(36,796)**
Net current financial debt	**(42,424)**	**(4,268)**	**(38,156)**
Payables due to banks and lenders	(236,434)	(198,699)	(37,735)
Debenture loan	(288,405)	(288,369)	(36)
Amounts due under leases	(203)	(211)	8
Amounts due to other lenders	(951)	(1,262)	311
Non-current financial debt	**(525,993)**	**(488,541)**	**(37,452)**
NET FINANCIAL DEBT*	**(568,417)**	**(492,809)**	**(75,608)**

***** Pursuant to Consob Communication of 28 July 2006 and in compliance with the recommendation of the CESR of 10 February 2005 "Recommendation for the consistent implementation of the European Commission's Regulation on Prospectuses". The indicator does not include financial assets and liabilities arising from the fair value measurement, derivative financial instruments used as hedging and not used as such, the fair value adjustment of relative hedged items equal to €/000 28,001 and relative accruals.

Non-current financial liabilities totalled €/000 525,993 against €/000 488,541 as of 31 December 2014, whereas current financial liabilities totalled €/000 139,270 compared to €/000 102,474 as of 31 December 2014.

The attached tables summarise the breakdown of financial debt as of 31 March 2015 and as of 31 December 2014, as well as changes for the period.

In thousands of Euros	*Accounting balance as of 31/12/2014*	*Repayments*	*New issues*	*Reclassification to the current portion*	*Exchange delta*	*Other changes*	*Accounting balance as of 31/03/2015*
Non-current portion:							
Bank borrowings	198,699		50,000	(15,548)	3,122	161	236,434
Bonds	288,369					36	288,405
Other medium-/long-term loans:							
of which leases	211			(8)			203
of which amounts due to other lenders	1,262			(311)			951
Total other loans	*1,473*	*0*	*0*	*(319)*	*0*	*0*	*1,154*
Total	**488,541**	**0**	**50,000**	**(15,867)**	**3,122**	**197**	**525,993**

In thousands of Euros	*Accounting balance as of 31/12/2014*	*Repayments*	*New issues*	*Reclassification from the non-current portion*	*Exchange delta*	*Other changes*	*Accounting balance as of 31/03/2015*
Current portion:							
Current account overdrafts	8,081		5,221		797		14,099
Current account payables	30,181		21,951		3,496		55,628
Bonds							
Payables due to factoring companies	20,744		2,341				23,085
Current portion of medium-/long-term loans:							
of which leases	30	(8)		8			30
of which due to banks	42,313	(13,715)		15,548	1,159		45,305
of which amounts due to other lenders	1,125	(313)		311			1,123
Total other loans	*43,468*	*(14,036)*	*0*	*15,867*	*1,159*	*0*	*46,458*
Total	**102,474**	**(14,036)**	**29,513**	**15,867**	**5,452**	**0**	**139,270**

Medium and long-term bank debt amounts to €/000 281,739 (of which €/000 236,434 non-current and €/000 45,305 current) and consists of the following loans:

- a €/000 21,429 medium-term loan from the European Investment Bank to finance Research & Development investments planned for the 2009-2012 period. The loan will fall due in February 2016 and has an initial amortisation quota of 14 six-monthly instalments to be repaid at a variable rate equal to the six-month Euribor plus a spread of 1.323%. Contract terms require covenants (described below). An Interest Rate Swap has been taken out on this loan to hedge the interest rate risk;

- a €/000 54,545 medium-term loan from the European Investment Bank to finance Research & Development investments planned for the 2013-2015 period. The loan will fall due in December 2019 and has an amortisation quota of 11 six-monthly instalments at a fixed rate of 2.723%. Contract terms require covenants (described below);
- a €/000 163,838 (nominal value of €/000 166,000) syndicate loan undersigned in July 2014 following the refinancing with a limited pool of banks of a revolving credit line of a nominal value of €/000 200,000 maturing in December 2015. This overall loan of €/000 220,000 comprises a €/000 154,000 four-year tranche as a revolving credit line of which a nominal value of €/000 100,000 had been used at 31 March 2015 and a tranche as a five-year loan with amortisation of €/000 66,000 which has been wholly disbursed. Contract terms require covenants (described below);
- an €/000 8,377 medium-term loan for USD/000 12,654 granted by International Finance Corporation (a World Bank member) to the subsidiary Piaggio Vehicles Private Limited with interest accruing at a variable rate. The loan will fall due on 15 January 2018 and has an amortisation quota of six-monthly instalments as from January 2014. Contract terms include a guarantee of the Parent Company and some covenants (described below). Cross currency swaps have been taken out on this loan to hedge the exchange risk and interest rate risk;
- a €/000 14,615 medium-term loan for USD/000 17,850 granted by International Finance Corporation to the subsidiary Piaggio Vehicles Private Limited with interest accruing at a variable rate. The loan will fall due on 15 July 2019 and has an amortisation quota of six-monthly instalments from July 2015. Contract terms include a guarantee of the Parent Company and some covenants (described below). Cross currency swaps have been taken out on this loan to hedge the exchange risk and interest rate risk;
- a €/000 13,893 medium-term loan for USD/000 15,291 granted by International Finance Corporation to the subsidiary Piaggio Vietnam with interest accruing at a variable rate. The loan will fall due on 15 July 2018 and has an amortisation quota of six-monthly instalments from July 2014. Contract terms include a guarantee of the Parent Company and some covenants (described below). Cross currency swaps have been taken out on this loan to hedge the exchange risk and interest rate risk;
- €/000 2,613 of loans from various banks pursuant to Italian Law no. 346/88 on subsidised applied research;
- a €/000 1,829 loan from Banca Intesa granted pursuant to Italian Law no. 297/99 on subsidised applied research;
- a €/000 600 eight-year subsidised loan from ICCREA in December 2008 granted under Italian Law 100/90.

All the above financial liabilities are unsecured.

The item Bonds for €/000 288,405 (nominal value of €/000 301,799) refers to:

- €/000 51,560 (nominal value of €/000 51,799) related to a private debenture loan (US Private Placement) issued on 25 July 2011 for $/000 75,000 wholly subscribed by an American institutional investor, payable in 5 annual portions from July 2017, with a semi-annual coupon with fixed annual nominal rate of 6.50%. As of 31 March 2015 the fair value measurement of the debenture loan was equal to €/000 73,242 (the fair value is determined based on IFRS relative to fair value hedging). A Cross Currency Swap has been taken out on this debenture loan to hedge the exchange risk and interest rate risk.
- €/000 236,845 (nominal value of €/000 250,000) related to a high-yield debenture loan issued on 24 April 2014 for a nominal amount of €/000 250,000, falling due on 30 April 2021 and with a semi-annual coupon with fixed annual nominal rate of 4.625%. Standard & Poor's and Moody's assigned a BB- rating with a negative outlook and a Ba3 rating with a stable outlook respectively.

The company may pay back the amount of the High Yield debenture loan issued on 24 April 2014, early, in full or in part, under the conditions indicated in the indenture. The value of prepayment options was not deducted from the original contract, as these are considered as being closely related to the host instrument, as provided for by IAS 39 AG30 g).

The items Medium-/long-term bank debt and Bonds include loans which, in accounting terms, have been recognised on an amortised cost basis (revolving loan, high-yield debenture loan and private debenture loan). According to this criterion, the nominal amount of the liability is decreased by the amount of relative costs of issue and/or stipulation, in addition to any costs relating to refinancing of previous liabilities. The amortisation of these costs is determined on an effective interest rate basis, and namely the rate which discounts the future flows of interest payable and reimbursements of capital at the net carrying amount of the financial liability. Some liabilities were recognised at fair value, with relative effects recognised in profit or loss.

Medium-/long-term payables due to other lenders equal to €/000 2,307 of which €/000 1,153 due after the year and €/000 1,154 as the current portion, are detailed as follows:

- a financial lease for €/000 233 granted by VFS Servizi Finanziari for the use of vehicles;
- subsidised loans for a total of €/000 2,074 provided by the Italian Ministry of Economic Development and Italian Ministry of Education, University and Research using regulations to encourage exports and investments in research and development (non-current portion of €/000 951).

Financial advances received from factoring companies and banks, on the sale of trade receivables with recourse, totalled €/000 23,085.

Covenants

In line with market practices for borrowers with a similar credit rating, main loan contracts require compliance with:

1) financial covenants, on the basis of which the company undertakes to comply with certain levels of contractually defined financial indices, with the most significant comprising the ratio of net financial debt/gross operating margin (EBITDA), measured on the consolidated perimeter of the Group, according to definitions agreed on with lenders;
2) negative pledges according to which the company may not establish collaterals or other constraints on company assets;
3) "*pari passu*" clauses, on the basis of which the loans will have the same repayment priority as other financial liabilities, and change of control clauses, which are effective if the majority shareholder loses control of the company;
4) limitations on the extraordinary transactions the company may carry out.

The measurement of financial covenants and other contract commitments is monitored by the Group on an ongoing basis. According to results as of 31 December 2014, all covenants had been fully met.

The high-yield debenture loan issued by the company in April 2014 requires compliance with typical covenants of international high-yield market practices. In particular, the company must observe the EBITDA/Net borrowing costs index, based on the threshold established in the Prospectus, to increase financial debt defined during issue. In addition, the Prospectus includes some obligations for the issuer, which limit, *inter alia*, the capacity to:

1) pay dividends or distribute capital;
2) make some payments;
3) grant collaterals for loans;
4) merge with or establish some companies;
5) sell or transfer own assets.

Failure to comply with the covenants and other contract commitments of the loan and debenture loan, if not remedied in agreed times, may give rise to an obligation for the early repayment of the outstanding amount of the loan.

Exchange Risk

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. The Company has 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.

This policy analyses:

- **the exchange risk**: the policy wholly covers this risk which arises from differences between the recognition exchange rate of receivables or payables in foreign currency in the financial statements and the recognition exchange rate of actual collection or payment. To cover this type of exchange risk, the exposure is naturally offset in the first place (netting between sales and purchases in the same currency) and if necessary, by signing currency future derivatives, as well as advances of receivables denominated in currency.

As of 31 March 2015, futures operations (recognised based on the settlement date) were ongoing:

Company	Operation	Currency	Amount in currency	Value in local currency (forward exchange rate)	Average maturity
			In thousands	*In thousands*	
Piaggio & C.	Purchase	CNY	69,200	10,230	18/04/2015
Piaggio & C.	Purchase	JPY	270,000	2,096	18/04/2015
Piaggio & C.	Purchase	USD	15,500	14,473	19/04/2015
Piaggio & C.	Sale	CAD	1,045	742	02/06/2015
Piaggio & C.	Sale	CNY	10,900	1,630	14/04/2015
Piaggio & C.	Sale	GBP	2,100	2,877	29/06/2015
Piaggio & C.	Sale	SEK	12,400	1,330	12/06/2015
Piaggio & C.	Sale	USD	14,450	12,172	08/05/2015
Piaggio Group Americas	Purchase	CAD	600	480	14/05/2015
Piaggio Group Americas	Sale	€	500	542	28/05/2015
Piaggio Indonesia	Sale	€	750	11,313,750	09/04/2015
Piaggio Indonesia	Purchase	€	5,347	78,423,331	17/05/2015
Piaggio Vehicles Private Limited	Sale	€	2,600	182,695	02/06/2015
Piaggio Vehicles Private Limited	Sale	USD	2,909	246,135	05/05/2015
Piaggio Vespa BV	Sale	USD	9,700	8,214	15/06/2015

- **the settlement exchange risk**: arises from the conversion into euro of the financial statements of subsidiaries prepared in currencies other than the euro during consolidation. The policy adopted by the Group does not require this type of exposure to be covered;

- **the exchange risk**: arises from changes in company profitability in relation to annual figures planned in the economic budget on the basis of a reference change (the "budget change") and is covered by derivatives. The items of these hedging operations are therefore represented by foreign costs and revenues forecast by the sales and purchases budget. The total of forecast costs and revenues is processed monthly and relative hedging is positioned exactly on the average weighted date of the economic event, recalculated based on historical criteria. The economic occurrence of future receivables and payables will occur during the budget year.

As of 31 March 2015, the Group had the following transactions to hedge the exchange risk:

Company	Operation	Currency	Amount in currency	Value in local currency (forward exchange rate)	Average maturity
			In thousands	*In thousands*	
Piaggio & C.	Purchase	CNY	182,700	23,140	21/07/2015
Piaggio & C.	Sale	GBP	7,015	8,884	28/07/2015

To hedge the economic exchange risk alone, cash flow hedging is adopted with the effective portion of profits and losses recognised in a specific shareholders' equity reserve. Fair value is determined based on market quotations provided by main traders.
As of 31 March 2015 the total fair value of instruments to hedge the exchange risk accounted for on a cash flow hedge basis was equal to €/000 2,879.

Interest rate risk
This risk arises from fluctuating interest rates and the impact this may have on future cash flows arising from financial assets and liabilities. The Group regularly measures and controls its exposure to interest rates changes and manages such risks also resorting to derivative instruments, mainly Interest Rate Swaps and Cross Currency Swaps, as established by its own management policies.
As of 31 March 2015, the following hedging derivatives were in use:

- an interest rate swap to cover a variable rate loan for a nominal amount of €/000 117,857 (as of 31 March 2015 for €/000 21,429) granted by the European Investment Bank. The structure has fixed step-up rates, in order to stabilise financial flows associated with the loan; in accounting terms, the instrument is recognised on a cash flow hedge basis, with profits/losses arising from the fair value measurement allocated to a specific reserve in shareholders' equity; as of 31 March 2015 the fair value of the instrument was negative, equal to €/000 481;
- a Cross Currency Swap to hedge the private debenture loan issued by the Parent Company for a nominal amount of $/000 75,000. The purpose of the instrument is to hedge both the exchange risk and interest rate risk, turning the loan from US dollars to euro, and from a fixed rate to a variable rate; the instrument is accounted for on a fair value hedge basis, with effects arising from the measurement recognised in profit or loss. As of 31 March 2015, the fair value of the instrument was equal to €/000 22,211. The net economic effect arising from the recognition of the instrument and underlying private debenture loan is equal to €/000 767;
- a Cross Currency Swap to hedge a loan relative to the Indian subsidiary for $/000 12,654 granted by International Finance Corporation. The purpose of the instrument is to hedge the exchange risk and interest rate risk, turning the loan from US dollars to Indian Rupees, and approximately half of the nominal value from a variable rate to a fixed rate. As of 31 March 2015 the fair value of the instrument was equal to €/000 3,505.

- a Cross Currency Swap to hedge the loan related to the Indian subsidiary for $/000 17,850 granted by International Finance Corporation. The purpose of the instrument is to hedge the exchange risk and interest rate risk, turning the loan from US dollars to Indian Rupees, without changing the variable nature of the interest rate. As of 31 March 2015 the fair value of the instrument was equal to €/000 2,231.
- a cross currency swap to hedge a loan relative to the Vietnamese subsidiary for $/000 15,291 granted by International Finance Corporation. The purpose of the instrument is to hedge the exchange risk and partially hedge the interest rate risk, turning the loan from US dollars at a variable rate into Vietnamese Dong at a fixed rate, except for a minor portion (24%) at a variable rate. As of 31 March 2015, the fair value of the instrument was positive by €/000 218.

	FAIR VALUE
Piaggio & C. S.p.A.	
Interest Rate Swap	(481)
Cross Currency Swap	22,211
Piaggio Vehicles Private Limited	
Cross Currency Swap	5,736
Piaggio Vietnam	
Cross Currency Swap	218

33. Current and non-current trade payables €/000 407,288

As of 31 March 2015 and as of 31 December 2014 no trade payables were recorded under non-current liabilities. Those included in current liabilities totalled €/000 407,288, against €/000 386,288 as of 31 December 2014.

	As of 31 March 2015	As of 31 December 2014	Change
In thousands of Euros			
Amounts due to suppliers	392,618	370,708	21,910
Trade payables to JV	14,110	14,874	(764)
Trade payables due to other related parties	58	80	(22)
Amounts due to parent companies	502	626	(124)
Total	**407,288**	**386,288**	**21,000**

Payables to joint venture companies refer to the supply of vehicles from the Chinese subsidiary Zongshen Piaggio Foshan Motorcycle.

34. Reserves (current and non-current portion) €/000 20,708

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

	Balance as of 31 December 2014	Allocations	Applications	Reclassifications	Delta exchange rate	Balance as of 31 March 2015
In thousands of Euros						
Provision for product warranties	11,782	2,139	(1,951)	0	333	12,303
Provision for contractual risks	3,905	148	(145)	716	34	4,658
Risk provision for legal disputes	2,346	0	0	0	100	2,446
Provisions for risk on guarantees given	58	0	0	0	0	58
Provision for tax risks	186	0	(186)	0	0	0
Other provisions for risks	1,935	13	(61)	(717)	73	1,243
Total	**20,212**	**2,300**	**(2,343)**	**(1)**	**540**	**20,708**

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

	As of 31 March 2015	As of 31 December 2014	Change
In thousands of Euros			
Non-current portion:			
Provision for product warranties	4,052	3,850	202
Provision for contractual risks	3,908	3,905	3
Risk provision for legal disputes	1,516	1,516	0
Other provisions for risks and charges	1,099	1,123	(24)
Total non-current portion	**10,575**	**10,394**	**181**

	As of 31 March 2015	As of 31 December 2014	Change
In thousands of Euros			
Current portion:			
Provision for product warranties	8,251	7,932	319
Provision for contractual risks	750		750
Risk provision for legal disputes	930	830	100
Provisions for risk on guarantees given	58	58	0
Provision for tax risks	-	186	(186)
Other provisions for risks and charges	144	812	(668)
Total current portion	**10,133**	**9,818**	**315**

The product warranty provision relates to allocations for technical assistance on products covered by 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 provision increased during the quarter by €/000 2,139 and was used for €/000 1,951 in relation to charges incurred during the period.

The provision of contractual risks refers mainly to charges which may arise from the ongoing negotiation of a supply contract.

The provision for litigation concerns labour litigation and other legal proceedings.

35. Deferred tax liabilities €/000 5,900

Deferred tax liabilities amount to €/000 5,900 compared to €/000 5,123 as of 31 December 2014.

36. Retirement funds and employee benefits **€/000 56,979**

	As of 31 March 2015	As of 31 December 2014	Change
In thousands of Euros			
Retirement funds	858	858	0
Termination benefits provision	56,121	54,883	1,238
Total	**56,979**	**55,741**	**1,238**

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. Uses refer to the payment of benefits already accrued in previous years, while allocations refer to benefits accrued in the period.
The item "Termination benefits provision", comprising severance pay of employees of Italian companies, includes termination benefits indicated in defined benefit plans.
The economic/technical assumptions used by Group companies operating in Italy to discount the value are shown in the table below:

• Technical annual discount rate	1.14%
• Annual rate of inflation	0.6% for 2015 1.2% for 2016 1.5% for 2017 and 2018 2.0% from 2019 onwards
• Annual rate of increase in termination benefits	1.950% for 2015 2.400% for 2016 2.625% for 2017 and 2018 3.000% from 2019 onwards

As regards the discount rate, in view of continuing low interest rates, the Group used the iBoxx Corporates AA rating with a 10+ duration as the reference for evaluating this parameter.

If instead an iBoxx Corporates A rating with a 10+ duration had been used, the value of actuarial losses and the provision as of 31 March 2015 would have been lower by € 1,491 thousand.
The table below shows the effects, in absolute terms, as of 31 March 2015, which would have occurred following changes in reasonably possible actuarial assumptions:

	Provision for post-employment benefits
In thousands of Euros	
Turnover rate +2%	55,113
Turnover rate -2%	57,337
Inflation rate + 0.25%	56,969
Inflation rate - 0.25%	55,228
Discount rate + 0.50%	53,379
Discount rate - 0.50%	59,030

The average financial duration of the bond ranges from 11 to 32 years.

Estimated future amounts are equal to:

Year	Future amounts
In thousands of Euros	
1	3,209
2	2,876
3	3,231
4	1,355
5	5,536

The subsidiaries operating in Germany and Indonesia have provisions for employees identified as defined benefit plans. As of 31 March 2015, these provisions amounted to €/000 140 and €/000 18 respectively.

37. Current and non-current tax payables €/000 7,070

"Tax payables" included in current liabilities amounted to €/000 7,070, against €/000 14,445 as of 31 December 2014. As of 31 March 2015 and as of 31 December 2014 no tax payables were recorded under non-current liabilities.
Their breakdown was as follows:

	As of 31 March 2015	**As of 31 December 2014**	**Change**
In thousands of Euros			
Due for income tax	2,582	8,343	(5,761)
Due for non-income tax	31	40	(9)
Tax payables for:			
- VAT	1,184	970	214
- Tax withheld at source	2,403	4,656	(2,253)
- other	870	436	434
Total	4,457	6,062	(1,605)
Total	**7,070**	**14,445**	**(7,375)**

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

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

38. Other payables (current and non-current) €/000 57,136

	As of 31 March 2015	As of 31 December 2014	Change
In thousands of Euros			
Non-current portion:			
Guarantee deposits	2,229	1,973	256
Deferred income	2,779	1,241	1,538
Fair value of derivatives		231	(231)
Other payables	200	200	0
Total non-current portion	**5,208**	**3,645**	**1,563**

	As of 31 March 2015	As of 31 December 2014	Change
In thousands of Euros			
Current portion:			
Payables to employees	20,712	16,686	4,026
Guarantee deposits	1	2	(1)
Accrued expenses	8,490	6,818	1,672
Deferred income	770	430	340
Amounts due to social security institutions	5,100	8,726	(3,626)
Fair value of derivatives	1,185	502	683
Miscellaneous payables to JV	1,778	1,758	20
Sundry payables due to affiliated companies	59	39	20
Sundry payables due to parent companies	6,681	6,600	81
Other payables	7,152	7,587	(435)
Total	**51,928**	**49,148**	**2,780**

Other payables included in non-current liabilities totalled €/000 5,208 against €/000 3,645 as of 31 December 2014, whereas other payables included in current liabilities totalled €/000 51,928 compared to €/000 49,148 as of 31 December 2014.

Amounts due to employees include the amount for holidays accrued but not taken of €/000 10,291 and other payments to be made for €/000 10,421.

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

Payables to parent companies consist of payables to Immsi referring to expenses relative to the consolidated tax convention.

The item Fair value of hedging derivatives refers to the fair value (€/non-current portion and €/000 481 current portion) of an interest rate swap for hedging, recognised on a cash flow hedge basis as provided for in IAS 39 and the fair value of derivatives to hedge the foreign exchange risk of forecast transactions recognised on a cash flow hedge basis (€/000 704 current portion).
The item Accrued liabilities includes €/000 1,541 for interest on hedging derivatives and relative hedged items measured at fair value.

39. Information on related parties

The main business and financial relations of Group companies with related parties have already been described in the specific paragraph in the Report on Operations to which reference is made here. To supplement this information, the following table provides an indication by company of outstanding items as of 31 March 2015, as well as their contribution to the respective headings.

In thousands of euros	Fondazione Piaggio	Zongshen Piaggio Foshan Motorcycle	IMMSI Audit	Is Molas	Studio D'Urso	Omniaholding	IMMSI	**Total**	**% incidence on accounting item**
Income statement									
revenues from sales		102						**102**	**0.03%**
costs for materials		7,833						**7,833**	**4.45%**
costs for services			220	39	19		314	**592**	**1.17%**
insurance							18	**18**	**1.83%**
leases and rentals						52	335	**387**	**10.31%**
other operating income		12	7				13	**32**	**0.13%**
other operating costs							3	**3**	**0.07%**
borrowing costs		20				34		**54**	**0.57%**
Assets									
other non-current receivables	197							**197**	**1.35%**
current trade receivables		902	19					**921**	**0.78%**
other current receivables		2,615	19				6,862	**9,496**	**21.09%**
Liabilities									
financial liabilities falling due after one year						2,900		**2,900**	**0.52%**
current trade payables		14,110		39	19	20	482	**14,670**	**3.60%**
other current payables	39	1,778	20				6,681	**8,518**	**16.40%**

40. Events occurring after the end of the period

To date, no events have occurred after 31 March 2015 that make additional notes or adjustments to these Financial Statements necessary.

In this regard, reference is made to the Report on Operations for significant events after 31 March 2015.

41. Authorisation for publication

This document was published on 15 May 2015 and authorised by the Chairman and Chief Executive Officer.

Mantova, 8 May 2015

for the Board of Directors
Chairman and Chief Executive Officer
Roberto Colaninno