PIAGGIO GROUP

Half-year Financial Report 2015

Disclaimer

This Half-year Financial Report as of 30 June 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.

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EMPORIO ARMANI

REPORT ON OPERATIONS


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Introduction

This Half-year Financial Report as of 30 June 2015 was drafted in compliance with Italian Legislative Decree no. 58/1998 as amended, as well as the Consob Regulation on Issuers. This Half-year Financial Report has 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.

Mission

The mission of the Piaggio Group is to generate value for its shareholders, clients and employees, by acting as a global player that creates superior quality products, services and solutions for urban and extraurban mobility that respond to evolving needs and lifestyles.

To stand out as a player that contributes to the social and economic growth of the communities in which it operates, considering, in its activities, the need to protect the environment and the collective well-being of the community.

To be an Italian global player in the light mobility segment, standing out for its superior design, creativity and tradition. To become a leading European company with a world class reputation, championing a business model based on the values of quality and tradition, and on the ongoing creation of value.

Key operating and financial data

	1st half		
	2015	2014[1]	2014[1]
In millions of Euros			
Data on earnings			
Net sales revenues	693.9	629.0	1,213.3
Gross industrial margin	204.4	194.4	364.7
Operating income	42.9	51.1	69.7
Adjusted profit before tax	24.6	30.4	30.1
Profit before tax	24.6	27.5	26.5
Adjusted net profit	14.8	18.3	18.6
Net profit	14.8	16.5	16.1
. Non-controlling interests			
. Owners of the parent	*14.8*	*16.5*	*16.1*
Data on financial performance			
Net capital employed (NCE)	945.1	884.0	905.9
Net debt	(535.3)	(472.3)	(492.8)
Shareholders’ equity	409.8	411.7	413.1
Balance sheet figures and financial ratios			
Gross margin as a percentage of net revenues (%)	29.5%	30.9%	30.1%
Adjusted net profit as a percentage of net revenues (%)	2.1%	2.9%	1.5%
Net profit as a percentage of net revenues (%)	2.1%	2.6%	1.3%
ROS (Operating income/net revenues)	6.2%	8.1%	5.7%
ROE (Net profit/shareholders' equity)	3.6%	4.0%	3.9%
ROI (Operating income/NCE)	4.6%	5.8%	7.7%
EBITDA	95.1	94.0	159.3
EBITDA/net revenues (%)	13.7%	15.0%	13.1%
Other information			
Sales volumes (unit/000)	269.6	278.5	546.5
Investments in property, plant and equipment and intangible assets	43.5	38.2	94.9
Research and Development[2]	37.5	33.5	46.3
Employees at the end of the period (number)	7,675	7,734	7,510

1_ In order to compare the figures for the first six months and the financial statements for 2014 with the figures for previous financial years, the Group calculated the “Adjusted profit before tax” and the “Adjusted net profit” which excluded 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
Sales volumes (units/000)	1st half of 2015	128.7	101.4	39.5	**269.6**
	1st half of 2014	131.7	105.7	41.1	**278.5**
	Change	(3.0)	(4.3)	(1.5)	**(8.9)**
	Change %	-2.3%	-4.1%	-3.8%	**-3.2%**
Turnover (million euros)	1st half of 2015	433.5	169.8	90.5	**693.9**
	1st half of 2014	407.6	145.6	75.8	**629.0**
	Change	25.9	24.3	14.7	**64.9**
	Change %	6.4%	16.7%	19.4%	**10.3%**
Average number of staff (n.)	1st half of 2015	3,979	2,911	879	**7,769**
	1st half of 2014	4,069	2,716	908	**7,693**
	Change	(90)	195	(29)	**76**
	Change %	-2.2%	7.2%	-3.2%	**1.0%**
Investments property, plant and equipment intangible assets (million euros)	1st half of 2015	34.9	2.9	5.7	**43.5**
	1st half of 2014	32.7	3.3	2.2	**38.2**
	Change	2.2	(0.4)	3.5	**5.3**
	Change %	6.6%	-11.9%	160.0%	**13.9%**
Research and Development[3] (million euros)	1st half of 2015	33.6	2.3	1.6	**37.5**
	1st half of 2014	29.9	1.8	1.9	**33.5**
	Change	3.7	0.6	(0.3)	**4.0**
	Change %	12.5%	33.2%	-16.0%	**12.0%**

3_ The item Research and Development includes investments for the year recognised in the statement of financial position and costs recognised in profit or loss.


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The Piaggio Group

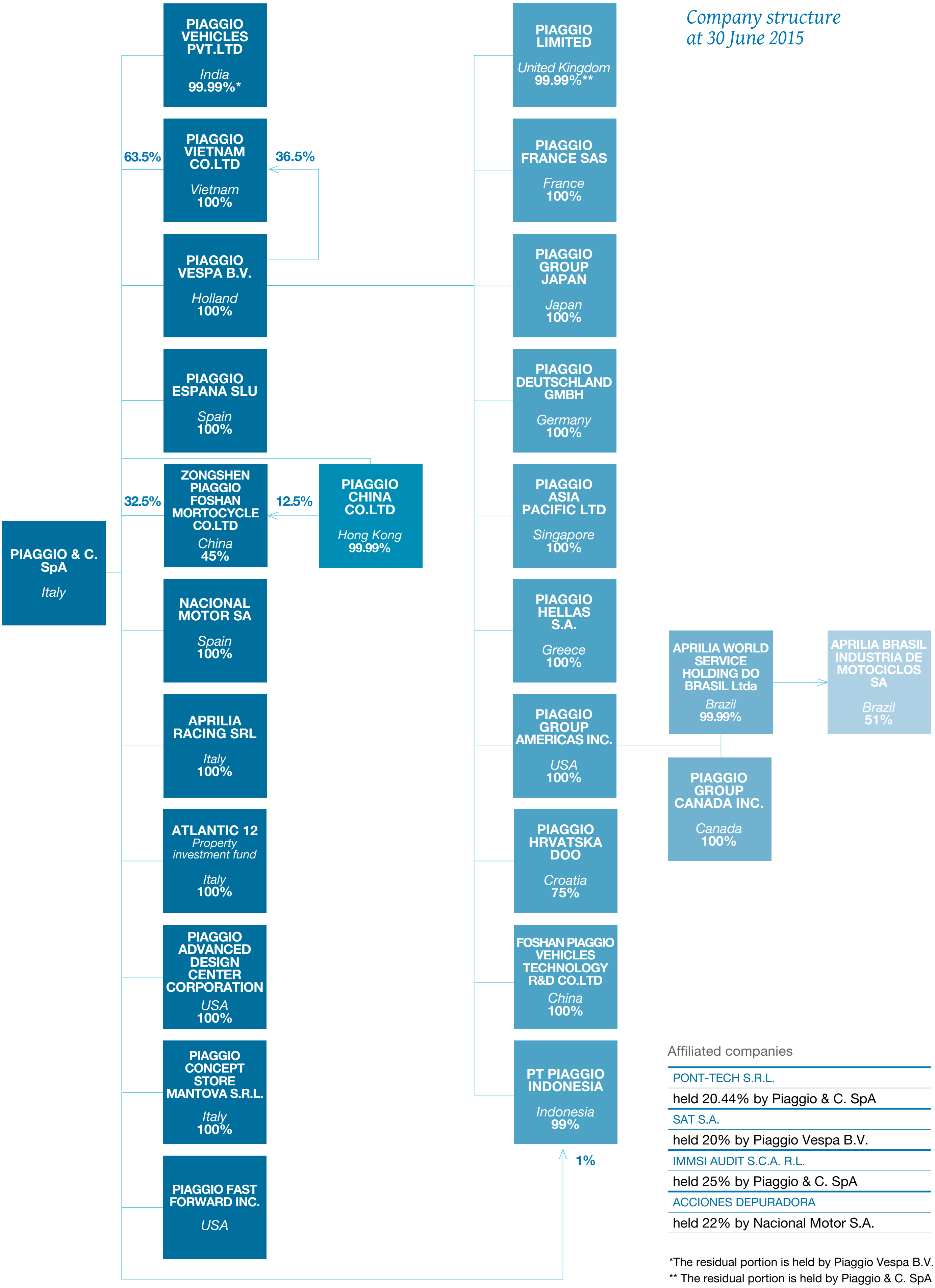
The Piaggio Group is Europe's largest manufacturer of two-wheeler motor vehicles and an international leader in its field. The Group is also a major player worldwide in the commercial vehicles market.

The Piaggio Group product range includes scooters, mopeds and motorcycles from 50cc to 1,400cc marketed under the Piaggio, Vespa, Gilera, Aprilia, Moto Guzzi, Derbi and Scarabeo brands. The Group also operates in the three- and four-wheeler light transport sector with its Ape, Porter and Quargo ranges of commercial vehicles.

The Group, with headquarters in Pontedera (Pisa, Italy), operates at an international level through production sites located in Pontedera, which manufactures two-wheeler vehicles under the Piaggio, Vespa and Gilera brands, vehicles for light transport for the European market and engines for scooters and motorcycles; in Noale and Scorzè (Venice), which produces Aprilia, Scarabeo and Derbi brand two-wheeler vehicles; in Mandello del Lario (Lecco), which manufactures Moto Guzzi vehicles and engines; in Baramati (in the Indian state of Maharashtra), which manufactures three- and four-wheeler light transport vehicles, the Vespa for the Indian market and engines; in Vinh Phuc (Vietnam), which manufactures scooters and engines for the local market and Asean area. The Piaggio Group is also a 45% stakeholder in a joint-venture operation in China (in Foshan, in the Guangdong province) which is therefore consolidated with the equity method in the Group's results.

Motorsports play a vital role for the Group's motorcycle production operations. The Group's brand portfolio includes names that have earned pride of place in the history of international motorcycle racing, which between them have notched up 104 world championships - 54 for Aprilia, 21 for Derbi, 15 for Moto Guzzi and 14 for Gilera - plus over 500 race wins in World Motorcycle Grand Prix and Superbike World Championships.

Company structure at 30 June 2015



Affiliated companies

PONT-TECH S.R.L.
held 20.44% by Piaggio & C. SpA
SAT S.A.
held 20% by Piaggio Vespa B.V.
IMMSI AUDIT S.C.A. R.L.
held 25% by Piaggio & C. SpA
ACCIONES DEPURADORA
held 22% by Nacional Motor S.A.

*The residual portion is held by Piaggio Vespa B.V.
** The residual portion is held by Piaggio & C. SpA

On 15 June 2015, Piaggio Fast Forward Inc. was set up, operating from its headquarters in the state of Massachusetts (USA), in order to carry out research into innovative solutions in the mobility and transport sector. It will commence trading in the second half of the year.

Company Boards

Board of Directors	
Chairman and Chief Executive Officer	Roberto Colaninno [(1),(2)]
Deputy Chairman	Matteo Colaninno
Directors	Michele Colaninno
	Giuseppe Tesauro [(3),(4),(5),(6)]
	Graziano Gianmichele Visentin [(4),(5),(6)]
	Maria Chiara Carrozza [(4)]
	Federica Savasi
	Vito Varvaro [(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 responsible for the internal control system and risk management
(2) Executive Director
(3) Lead Indipendent Director
(4) Member of the Appointment Proposal Committee
(5) Member of the Remuneration Committee
(6) Member of the Internal Control and Risk Management Committee

All the information on the powers reserved for the Board of Directors, the authority granted to the Chairman and CEO, as well as the functions of the various Committees of the Board of Directors, can be found in the Governance section of the Issuer's website www.piaggiogroup.com.

Significant events during first half 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 debut 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 euro loan formalised with a pool of banks in July 2014. With this document, of which the amount is available since early April 2015, the syndicated loan has reached the maximum amount foreseen of 250 million euros.

23 April 2015 The Indian subsidiary Piaggio Vehicles Private Ltd. obtained ISO 14001:2004 certification (environmental management systems) and OHSAS 18001:2007 certification (occupational health and safety management systems) for its Commercial Vehicles and Engines production sites.

21 May 2015 Unveiling of the new Moto Guzzi Audace and Eldorado cruisers.

9 June 2015 Unveiling of the Vespa 946 Emporio Armani, the result of a collaboration between Giorgio Armani and Piaggio to celebrate two world-famous symbols of Italian style and design.

Background

The market

Two-wheeler

Based on the data available, in the first half of 2015, the world market of two-wheeler motor vehicles (scooters and motorcycles) recorded sales of approximately 21.8 million vehicles, a drop of around 6.6% compared to the same period in the previous year.

India, the most important two-wheeler market, reported a slight increase, including in the first six months of 2015, closing with sales of 7.8 million vehicles, a 0.2% increase compared to the first half of 2014.

The People's Republic of China continued to lose volumes also in the first half of 2015, with a 10.1% drop compared to the same period in the previous year and closing with sales of 4.6 million units.

The Asian area, called the Asean 5 area, reported a significant decrease (-14%), closing with sales of just over 6,000,000 units, mainly due to the downturn on the Indonesian market. In fact, Indonesia, the main market in this area, reported a serious setback with a percentage loss of 25% and overall sales of 3.16 million units in the first half of 2015. Conversely, sales in Vietnam have increased (1.33 million units sold; +4% compared to the first half of 2014).

The other countries in the Asian area (Singapore, Hong Kong, South Korea, Japan, Taiwan, New Zealand and Australia) overall recorded a drop compared to the first half of 2014, closing with sales of 660,000 units (-4.8%). In this area, Taiwan reported a slight drop, closing with sales of 330,000 units (-1.2% compared to the first six months of 2014). More striking however, is the downturn in the Japanese market with a loss of 11.8%, reporting sales of 201,000 units.

The North American market, with a 4.8% increase compared to the first half of 2014 (314,000 vehicles sold) has confirmed the growth trend.

Brazil, the most important market in South America, has reported, also in the first half of 2015, an 8% drop, closing with sales of just over 659,000 vehicles.

Europe, the reference area for the activities of the Piaggio Group, has confirmed the positive trend, reporting a 3.4% increase in sales on the two-wheeler market compared to the first half of 2014 (+8.5% for the motorcycle segment and -0.9% for scooters). In the scooter market, the contraction is due to the 50cc market (-7.2%), whilst the over 50cc market continues to grow (+3.7%). In the motorcycle market, the over 50cc segment has grown by 9.1%, whilst the 50cc segment has dropped by 3.9%.

The scooter market

Europe

In the first half of 2015, the European scooter market stood at 346,800 registered vehicles, equal to a 0.9% drop in sales compared to the same period in 2014.
Also in the first part of 2015, over 50cc vehicle registrations showed an imbalance with 209,100 units compared to 137,700 units for the 50cc scooter market. Over 50cc scooters increased by 3.7% compared to the first six months of 2014, whilst 50cc scooters contracted by 7.2%.
In the first six months of 2015, Italy was the most important market with 70,500 units, followed by France with 65,000 and Spain with 49,500. Germany is in fourth place selling 34,200 units, still ahead of Holland in fifth place, with sales of 32,200 units. Finally, Greece reported 17,500 units whilst the United Kingdom closed with 15,700 vehicles registered.
Also in the first half of 2015 the Italian market reported a drop compared to the first half of the previous year (-2.1%). The drop is due to the 50cc segment which fell by 14.7% to 10,750 units. The over 50cc segment

however, reported a 0.6% increase compared to the first six months in 2014 with sales of 59,750 units.
With 65,000 vehicles sold, France reported a 4.8% drop compared to sales of 68,300 vehicles in the same period in the previous year. The drop is due to the 50cc scooter segment (-9.7%) whilst over 50cc scooters continued to grow (+1.4%).
The German market recorded the biggest drop among the most important countries in the European area (-9.6%) with around 34,200 vehicles sold in the first half of 2015 compared to 37,900 in the same period in the previous year. Again, in this market the main slowdown is due to the 50cc scooter segment (-12.5%), but even in the over 50cc scooter segment a significant drop was recorded (-6.3%).
Among the most important markets, Spain is the country with the best growth trend, +20.6% compared to the first half of 2014. In this case, the result is split over both market segments: the over 50cc reports a 21.5% increase whilst the 50cc scooter segment, a 15.4% increase.
However, the trend is different in the United Kingdom where the market grew by 2.4%, thanks to the positive increase in the over 50cc segment (+6.9%) which is only partially offset by the drop in the 50cc scooter segment (-8.6%).

<u>North America</u>
In the first half of 2015, the United States, the main market in the area (90% of the reference area), still showed a drop (-11.1%) with sales of around 15,700 units. This negative trend is equally split between the over 50cc scooter segment, whose sales have dropped by 10.9%, and the 50cc scooter segment, which fell by 11.4%.

<u>Asia</u>
Despite the significant drop, the main scooter market in the Asean 5 area continues to be Indonesia which, with just under 2.8 million units sold, has slumped by 22% compared to the first half of 2014. The manual scooter segment (cub) is the one that has most contributed to the significant drop in the market, closing with a -54% drop compared to the first six months in 2014 (410,000 vehicles sold). However, the automatic scooter segment has shown less of a decline, dropping by -11% compared to the same period in the previous year (2.4 million vehicles).
The second most important market is Vietnam, which, with a 4% growth, has sold 1.33 million units.

<u>India</u>
The automatic scooter market increased by 12.7% in 2015, ending the year with over 2.25 million units sold. The over 90cc range is the main product segment, with more than 2.18 million units sold in the first half of 2015 (+14.1% compared to the previous year) and accounting for 97% of the total automatic scooter market. The 50cc scooter segment is not operative in India.

The motorcycle market

<u>Europe</u>
With 326,000 units registered, the motorcycle market closed the first six months of 2015 with an 8.5% increase. With the exception of the 50cc segment, which reported a 3.9% drop closing with 14,500 units sold, all the other cc subsegments increased; 51-125cc motorcycles closed with sales of 43,000 units (+19%) and 126-750cc motorcycles reported sales of just over 95,500 units (+4.6%). Lastly, the over 750cc segment reported the highest growth, +9.6%, with 173,300 motorcycles sold.
The main European market is Germany with 80,000 units, whilst France is in second place (61,500); the United Kingdom with 45,500 vehicles stayed in third place, ahead of Italy which ended the year with 41,800 units sold; Spain ranked fifth with 22,300 vehicles sold.
In the first half of 2015, of all the main countries in the area, only France reported a drop in sales (-1.1%); Sales increased, however, in Germany (+7.6%), Spain (+21.1%), the United Kingdom (+17.1%) and Italy (10.8%).

North America

In the United States (89% of the area), the motorcycle segment showed a 6.3% increase, with sales of 261,500 units compared to 246,000 units in the first half of 2014. Both the 50cc motorcycle segment and the over 50cc segment reported a positive trend, with increases of 3.2% and 6.3%, respectively.

Asia

The most important motorcycle market in Asia is India, which, in the first six months of 2015 reported more than 5.2 million units sold with a percentage drop of 4.1%.

The motorcycle market in the Asean 5 area is far less important than the scooter sector. Sales of motorcycles in Vietnam were not significant. In other countries, the highest sales were in Indonesia which, with nearly 340,000 units sold, showed a significant drop (-42.5%) compared to the first six months of the previous year.

Commercial Vehicles

Europe

In the first six months of 2015, the European market of light commercial vehicles (vehicles with a maximum mass less than or equal to 3.5 tons), in which the Piaggio Group is active, recorded sales of 855,000 units, an 12.3% increase compared to the same period in 2014 (data source ACEA). In detail, the trends of main European reference markets are as follows: Germany (+ 6.6%), France (+0.8%), Italy (+7.7%) and Spain (+35.6%).

India

Sales on the Indian three-wheeler market, where Piaggio Vehicles Private Limited, a subsidiary of Piaggio & C. S.p.A. operates, went down from 236,600 units in the first half of 2014 to 228,800 in the same period of 2015, registering a 3.3% decrease.

Within this market, the light vehicle segment showed a negative trend of 3.7%, closing with 180,800 units. Even the cargo segment showed a drop, albeit small, of 1.9%, falling from 48,900 units in the first six months of 2014 to 47,900 units in the first half of 2015. The traditional three-wheeler market is flanked by the four-wheeler light commercial vehicles (LCV) market (cargo vehicles for goods transport) where Piaggio Vehicles Private Limited operates with the Porter 600 and 1000. The cargo LCV market with a mass below 2 tons, in which the Porter 600 and Porter 1000 compete, accounted for sales of 55,400 units in the first six months of 2015, a 20.1% drop compared to the first half of 2014.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The regulatory framework

European Union

In March, the European Commission launched a public consultation on the **2011 White Paper on Transport**: "Roadmap to a Single European Transport Area: Towards a competitive and resource efficient transport system".
The aim of the 2015 consultation was to assess the level of implementation of the guidelines contained in the White Paper and to identify new topics of interest for transport policy in light of various new technological developments and the changing socio-economic environment in Europe.
Adopted by the European Commission four years ago, the main purpose of the 2011 White Paper on Transport was to provide the EU with a long-term transport strategy, with the overarching aim of organising a competitive system able to encourage mobility, remove the main barriers that exist in key sectors and drive growth and employment in the industry.
The consultation closed on 2 June 2015. ACEM (the Association of European Motorcycle Manufacturers) took part on behalf of its members, including Piaggio.

As provided for in Regulation (EU) No 168/2013 on the approval and market surveillance of two- or three-wheeler vehicles and quadricycles, published in January 2013, the European Commission recently launched an **environmental impact study** to assess air quality and the pollution caused by category L vehicles (mopeds, motorcycles, tricycles and quadricycles). The study will be carried out in the course of this year and into part of next year. In light of the results, the Commission will present a report to the European Parliament and Council by the end of 2016. It will either confirm the requirements already contained in Regulation (EC) No 168/2013 for Euro 5 emissions standards (2020), or else will put forward new suitable legislative proposals, which will have to be approved by the European Parliament and the EU Council.
During the first stage of this environmental impact study, the Joint Research Centre (JRC), on behalf of the European Commission, launched a public consultation on the costs, benefits and technical feasibility of Euro 5. The consultation took place between 31 March and 10 July 2015 and involved European manufacturers who are members of ACEM.

Over the years, the European Union has issued a series of directives on **personal protective equipment (PPE)**. Directive 89/686/EEC, for example, concerns the manufacture and sale of PPE, including products intended for drivers of scooters and motorcycles. It also defines the legal obligations designed to ensure that PPE placed on the European market offers the highest level of protection.
To facilitate a common interpretation and uniform application of the directive, guidelines were adopted some years ago which are currently under review by an EU working group. The working group is made up of representatives from European institutions, Member States and the two-wheeler industry.

In 2014, under the aegis of UNECE Working Party 29 (*World Forum for Harmonization of Vehicle Regulations*) in Geneva, the European Commission unveiled a raft of proposals for **Global Technical Regulations** relating to pollution from two-wheeled vehicles. Discussions of the proposals continued into the first half of 2015. One of the objectives is to negotiate with member countries of Working Party 29 on the transposition, to the fullest extent possible, of the requirements that will come into force from January 2016, making Europe the global leader for this type of regulation. Among the regulations currently under discussion are those relating to exhaust emissions, evaporative emissions, durability of anti-pollution systems and on-board diagnostic systems.

At the June meeting of UNECE Working Party 29, Member States ratified the final version of the 03 series of amendments to UNECE Regulation 51 concerning **noise emissions from motor vehicles**.
With this new series of amendments, the UNECE has adopted the requirements of Regulation (EU) No. 540/2014 on the sound level of motor vehicles, which it will implement according to the same timetable. Phase 1 of the new noise limits applies to new vehicle types from 1 July 2016. Unlike the European regulation, it also introduces exemptions for certain vehicle categories commonly found outside Europe.

For example, until 30 June 2022, less stringent limits will apply to goods vehicles with a gross vehicle weight of ≤ 2.5 tonnes, provided they meet certain specific constraints in terms of engine displacement and conformation.

On 29 April 2015, Regulation (EU) 2015/758 concerning type-approval requirements for the deployment of the **eCall in-vehicle system** was published in the Official Journal of the European Union. This makes it compulsory to fit the eCall (emergency call) system on board in new types of passenger cars and light commercial vehicles (categories M1 and N1), which, in the event of a road accident, must be able to dial the single European emergency number 112 automatically and transmit the vehicle's location.
For this mechanism to be fully operational, the appropriate infrastructure must exist for the eCall system, which must be free to use for all consumers.

In short:
- the regulation will apply to new types of M1 and N1 vehicles (excluding small series vehicles or vehicles with individual approval);
- the date of mandatory application for new type-approvals will be 31 March 2018 for both M1 and N1 vehicles;
- by mid-2016, the Commission will issue the delegated acts necessary for the implementation of the regulation;
- by 31 March 2021, the Commission will present a report to the EU Parliament and the EU Council on the effects of the eCall system, including its penetration rate. In addition, the Commission will investigate whether the eCall requirement should be extended to other categories of vehicles, such as two-wheelers. If appropriate, the Commission will have to present a legislative proposal for consideration by the European Parliament and Council.

Italy

In the second half of 2014, an amendment was tabled before the Italian Parliament in the context of highway code reforms delegated to the Government. Along with other legislative proposals, it sought to allow **access to ring roads and motorways for motorcycles with an engine capacity of ≥ 120 cc** if driven by drivers over the age of 18. However, the amendment, passed by the Chamber of Deputies and referred to the Senate just before the Christmas break, suffered a setback following an objection from the Senate Budget Committee over the presumed lack of funding for some of the proposals put forward.
In June, Confindustria ANCMA (the Italian National Association of Manufacturers of Mopeds, Motorcycles and Accessories), of which Piaggio is a member, attended a hearing organised by the joint finance and manufacturing committees of the Chamber of Deputies to discuss the "Competition" bill. The subject of the hearing was ANCMA proposals to tackle the **high cost of insurance** that has penalised mopeds and motorcycles for years. Based on the results of a study commissioned from the LUISS University in Rome, ANCMA showed how the direct compensation mechanism, introduced in Italy in 2007, has led to higher costs for companies that insure two-wheeled vehicles and, consequently, an increase in insurance premiums for these vehicles.
Towards the end of 2014, the Council of Ministers granted preliminary approval for the bill containing "**Provisions for the fulfilment of the obligations arising from Italy's membership to the European Union**" **(European Law 2014)**. The bill, already ratified by the lower house, was passed to the Senate in June 2015 and referred to the 14th Commission for European Union Policy. The bill in question allows drivers over the age of 16 who hold an AM, A1 or B1 licence to carry a passenger (not currently permitted by the highway code), thus bringing national requirements into line with EU legislation.

France

During the first half of 2015, a package of new measures to improve **road safety** was unveiled and subsequently approved by the French Government. Two changes that will come into force from 1 July for drivers of two-wheeled vehicles are particularly worth mentioning:

› the ban on using headphones or earphones while driving. This measure applies to drivers of cars, HGVs, motorcycles, scooters, mopeds and bicycles;
› the reduction of the legal alcohol limit for new drivers to 0.2 grams per litre.

USA

The Pedestrian Safety Enhancement Act of 2010 delegated the NHTSA (National Highway Traffic Safety Administration) to adopt a regulatory process to establish a regulation that would require electric and hybrid vehicles to have an **acoustic warning system** enabling pedestrians and particularly non-sighted pedestrians to perceive the presence of vehicles that operate below their cross over speed (the speed at which the noise of the tyres, wind resistance or other factors mean that vehicles can be detected even without an alarm system). Motorcycles are also considered. The MIC (Motorcycle Industry Council) presented some technical observations requiring the exclusion of two-wheeler vehicles from these requirements. The Department of Transport currently plans to publish the Final Rule on the subject in November 2015, while the requirements are expected to become mandatory three years after that date.

The AMA (American Motorcyclist Association) is promoting the implementation of requirements that will enable motorcyclists to advance through slow-moving traffic using a manoeuvre commonly known as "***lane splitting***". According to the AMA, this would make motorcyclists less exposed to the frequent acceleration and deceleration of vehicles on congested roads and could help reduce collisions involving these vulnerable road users.

India

In July 2014, the Expert Committee on Auto Fuel Vision & Policy 2025 published a report to help define a roadmap towards **Bharat Stage V** vehicle emission standards. According to information released in early 2015, the timetable for the entry into force of this new stage of environmental requirements seems to be as follows: 1 April 2020 for newly type-approved two-wheeled vehicles, and 1 April 2021 for newly registered two-wheeled vehicles.
On 1 April 2016, Bharat IV is also due to come into force for newly type-approved vehicles.

To encourage the development and production of **hybrid and electric** two-wheeled vehicles, in April 2015 the Ministry of Transport announced a specific type-approval procedure, with less stringent requirements than those existing for conventional internal combustion engine vehicles.

People's Republic of China

The effective date of the anti-pollution legislation known as "**China 4**", equivalent to Euro 4 standards and originally scheduled for January 2016, has been postponed until 1 January 2017.

Japan

Between 2012 and 2014, the Japanese authorities and various stakeholders examined and discussed a proposal for new **emissions** regulations for two-wheeled vehicles. This led to the implementation of several amendments to the original proposal in April 2015. New rules have also been drawn up, which manufacturers will have to follow for the type-approval of their two-wheeled vehicles in the near future. Of these requirements, it is worth mentioning the following:

› emissions values comparable to Euro 4 for the European Union;
› limit values for evaporative emissions;
› new requirements for on-board diagnostic systems.

These requirements are due to enter into force in October 2016. They are not expected to include mopeds.

Financial position and performance of the Group

Consolidated Income Statement

	1st half of 2015		1st half of 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	693.9	100.0%	629.0	100.0%	64.9	10.3%
Cost to sell[4]	489.5	70.5%	434.6	69.1%	54.9	12.6%
Gross industrial margin[4]	**204.4**	**29.5%**	**194.4**	**30.9%**	**10.0**	**5.1%**
Operating expenses	161.5	23.3%	143.3	22.8%	18.2	12.7%
EBITDA[4]	**95.1**	**13.7%**	**94.0**	**15.0%**	**1.0**	**1.1%**
Amortisation/Depreciation	52.1	7.5%	43.0	6.8%	9.2	21.4%
Operating income	**42.9**	**6.2%**	**51.1**	**8.1%**	**(8.2)**	**-16.0%**
Result of financial items	(18.3)	-2.6%	(23.6)	-3.8%	5.3	-22.5%
of which non-recurrent costs			(2.9)	-0.5%	2.9	
Profit before tax	**24.6**	**3.6%**	**27.5**	**4.4%**	**(2.8)**	**-10.4%**
Adjusted profit before tax	**24.6**	**3.6%**	**30.4**	**4.8%**	**(5.8)**	**-19.0%**
Taxes	9.9	1.4%	11.0	1.7%	(1.1)	-10.3%
Net profit	**14.8**	**2.1%**	**16.5**	**2.6%**	**(1.7)**	**-10.3%**
Impact of non-recurrent costs			*1.8*	*0.3%*	*(1.8)*	
Adjusted net profit	**14.8**	**2.1%**	**18.3**	**2.9%**	**(3.5)**	**-19.0%**

4_ For a definition of the parameter, see the "Economic Glossary".

Net revenues

	1st half of 2015	1st half of 2014	Change
In millions of Euros			
EMEA and Americas	433.5	407.6	25.9
India	169.8	145.6	24.3
Asia Pacific 2W	90.5	75.8	14.7
TOTAL NET REVENUES	**693.9**	**629.0**	**64.9**
Two-wheeler	496.3	459.0	37.2
Commercial Vehicles	197.6	169.9	27.7
TOTAL NET REVENUES	**693.9**	**629.0**	**64.9**

In terms of consolidated turnover, the Group closed the first half of 2015 with significantly higher net revenues compared to the same period in 2014 (+10.3%). This growth was particularly evident in India (+16.7%) and in Asia Pacific (+19.4%), also driven by the devaluation of the euro compared to Asian currencies. With regard to the type of product, the increase in turnover is concentrated in Commercial Vehicles (+16.3%), but is also significant for two-wheeler vehicles (+8.1%). Consequently, the impact of two-wheeler vehicles on turnover has dropped from 73% in the first half of 2014 to the current 71.5%; conversely, the impact of Commercial Vehicles has risen from 27% in the first half of 2014 to the current 28.5%.

The **gross industrial margin** of the Group has shown an increase in absolute terms compared to the first half of the previous year (+10 million euro) in relation to the net turnover equal to 29.5% (30.9% in the first half of 2014).
Amortisation/depreciation included in the gross industrial margin was equal to € 19.8 million (€ 17.1 million in the first half of 2014).

The **operating expenses** incurred during the first half of 2015 also increased compared to the same period in the previous year, amounting to € 161.5 million.

The operating expenses include amortisations not covered by the gross industrial margin totalling € 32.3 million (€ 25.6 million in the first half of 2014).

The change in the aforementioned income statement relates to an increased consolidated **EBITDA** of € 95.1 million (€ 94 million in the first half of 2014). In relation to turnover, EBITDA is equal to 13.7% (15% in the first half of 2014). However the Operating Result (**EBIT**) has dropped at € 42.9 million (€ 51.1 million in the first half of 2014); in comparison with the turnover, the EBIT is equal to 6.2% (8.1% in the first half of 2014).

The result of **financing activities** improved compared to the first half of the previous year by € 5.3 million, with Net Charges amounting to € 18.3 million (€ 23.6 million in the first half of 2014). The lower financial charges are due to the fall in the cost of indebtedness on account of the refinancing operations carried out during the course of 2014 and which in the first half of 2014 entailed a non-recurrent cost of € 2.9 million, to an improvement in the result from participations valued by the equity method and the positive contribution of the currency management, which more than compensated for the effects of the higher level of average indebtedness for the period.

Income taxes for the period are estimated at € 9.9 million, equivalent to 40% of profit before tax.

The company recorded a **net profit** of €14.8 million (2.1% of turnover); this represents a fall compared with the profit recorded for the same period in the previous financial year of €16.5 million (2.6% of turnover) due to non-recurrent costs relating to refinancing amounting to €1.8 million.

Operating data

Vehicles sold

	1st half of 2015	1st half of 2014	Change
In thousands of units			
EMEA and Americas	128.7	131.7	(3.0)
India	101.4	105.7	(4.3)
Asia Pacific 2W	39.5	41.1	(1.5)
TOTAL VEHICLES	**269.6**	**278.5**	**(8.9)**
Two-wheeler	175.7	181.1	(5.4)
Commercial Vehicles	94.0	97.4	(3.5)
TOTAL VEHICLES	**269.6**	**278.5**	**(8.9)**

In the first half of 2015, the Piaggio Group sold 269,600 vehicles worldwide, with a reduction in volumes totalling around 3.2% compared to the same period of the previous year, when 278,500 vehicles were sold. The number of vehicles sold in EMEA and the Americas (-2.3%), India (-4.1%) and Asia Pacific 2W (-3.8%) decreased. Sales of both commercial vehicles (-3.5%) and two-wheeler vehicles (-3.0%) have fallen.

Sales of two-wheeler vehicles have been affected by the downturn on the scooter market in Europe (-0.9%) mainly concentrated in Italy and France, reference markets for the Group.

Sales of Commercial Vehicles increased in EMEA and the Americas (+52.3%) and decreased in India (- 6.1%).

Staff

In 2015, the Group continued its rationalisation operations and organisational redesign in the EMEA region. As of 30 June 2015, the Group had 7,675 employees, a net increase of 165 compared with 31 December 2014 following expansion in India.

Breakdown of company employees by region	**As of 30 June 2015**	**As of 31 December 2014**	**As of 30 June 2014**
Employee/staff numbers			
EMEA and Americas	3,962	4,008	4,058
of which Italy	*3,718*	*3,734*	*3,785*
India	2,840	2,622	2,783
Asia Pacific 2W	873	880	893
Total	**7,675**	**7,510**	**7,734**

Average number of Company employees by professional category	**1st half of 2015**	**1st half of 2014**	**1st half of 2013**
Employee/staff numbers			
Senior management	92	96	96
Middle management	593	572	573
White collars	2,067	2,126	2,185
Blue collars	5,017	4,899	5,480
Total	**7,769**	**7,693**	**8,334**

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.

Research and Development

In the first half of 2015, the Piaggio Group continued its policy of retaining technological leadership in the sector, allocating total resources of € 37.5 million to research and development, of which € 27.0 million capitalised under intangible assets as development costs.

			1st half of 2015			**1st half of 2014**
	Capitalised	Expenses	**Total**	Capitalised	Expenses	**Total**
In millions of Euros						
Two-wheeler	22.9	8.7	**31.6**	21.7	8.3	**30.0**
Commercial Vehicles	4.1	1.8	**5.9**	2.1	1.4	**3.5**
Total	**27.0**	**10.5**	**37.5**	**23.8**	**9.7**	**33.5**
EMEA and Americas	24.5	9.2	**33.6**	21.5	8.4	**29.9**
India	1.7	0.7	**2.3**	1.1	0.6	**1.8**
Asia Pacific 2W	0.9	0.7	**1.6**	1.2	0.6	**1.9**
Total	**27.0**	**10.5**	**37.5**	**23.8**	**9.7**	**33.5**

Consolidated Statement of Financial Position[5]

Statement of financial position	As of 30 June 2015	As of 31 December 2014	Change
In millions of Euros			
Net working capital	17.7	(16.1)	33.8
Property, plant and equipment	318.0	319.5	(1.6)
Intangible assets	671.8	668.4	3.4
Financial assets	10.6	10.0	0.6
Provisions	(72.9)	(76.0)	3.0
Net capital employed	**945.1**	**905.9**	**39.2**
Net financial debt	535.3	492.8	42.5
Shareholders' equity	409.8	413.1	(3.3)
Sources of funds	**945.1**	**905.9**	**39.2**
Non-controlling interests	0.9	0.9	0.0

5_ For a definition of individual items, see the "Economic Glossary".

As of 30 June 2015, the **net working capital** amounted to € 17.7 million, with a cash absorption of approximately € 33.8 million during the course of the first half of 2015.

Tangible assets, which include investment property, totalled € 318.0 million as of 30 June 2015, down by around € 1.6 million compared to 31 December 2014. This decrease is mainly due to amortisation, which exceeded investments for the period by approximately € 9.7 million, and to the effect of the appreciation of Asian currencies against the euro (around € 8.5 million). The adjustment of the fair value of investment property and the divestments for the period explain the remaining decrease of € 0.4 million.

Intangible assets totalled € 671.8 million, up by approximately € 3.4 million compared to 31 December 2014. This increase is mainly due to the appreciation of Asian currencies against the euro that generated an increase in the book value of around € 2.3 million. Investments for the period (€ 29.5 million) exceeded amortisation for the period by approximately € 1.1 million.

Financial assets totalled € 10.6 million overall, showing a slight increase compared to the figures for the previous year.

Provisions totalled € 72.9 million, decreasing 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 30 June 2015 was equal to € 535.3 million, compared to € 492.8 million as of 31 December 2014. The increase of approximately € 42.5 million is mainly due to the payment of dividends (€ 26 million) and to the investment programme.

The Group **shareholders' equity** as of 30 June 2015 totalled € 409.8 million, down by around € 3.3 million compared to 31 December 2014.

Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows, prepared in accordance with the schedules envisaged by the International Financial Reporting Standards, is presented in the "Consolidated Financial Statements and Notes as of 30 June 2015"; the following is a comment relating to the summary statement shown.

Change in consolidated net debt	1st half of 2015	1st half of 2014	Change
In millions of Euros			
Opening consolidated net debt	**(492.8)**	**(475.6)**	**(17.2)**
Cash flow from operating activities	63.9	57.1	6.8
(Increase)/Reduction in Working Capital	(33.8)	(11.0)	(22.8)
(Increase)/Decrease in net investments	(54.6)	(45.8)	(8.8)
Change in shareholders' equity	(18.1)	3.1	(21.1)
Total Changes	**(42.5)**	**3.3**	**(45.8)**
Closing consolidated net debt	**(535.3)**	**(472.3)**	**(63.0)**

During the first half of 2015 the Piaggio Group used **financial resources** amounting to € 42.5 million.

Cash flow from operating activities, defined as net profit, minus non-monetary costs and income, was equal to € 63.9 million.

Working capital involved a cash flow of € 33.8 million; in detail:
- the collection of trade receivables[6] used financial flows for a total of € 86.6 million;
- stock management absorbed financial flows for a total of approximately € 14.1 million;
- supplier payment trends generated financial flows of approximately € 56.1 million;
- the movement of other non-trade assets and liabilities had a positive impact on financial flows by approximately € 10.9 million.

6_Net of customer advances.

Investing activities involved a total of € 43.5 million of financial resources. The investments refer to approximately € 27.0 million for capitalised development expenditure, and approximately € 16.5 million for property, plant and equipment and intangible assets.

As a result of the above financial dynamics, which involved a cash flow of € 42.5 million, the **net debt** of the Piaggio Group amounted to € 535.3 million.

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 Interim Directors' Report. 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 is comprised of and operates by geographical segments - EMEA and the Americas, India and Asia Pacific - to develop, manufacture and distribute 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

	1st half of 2015		1st half of 2014		Change %		Change	
Two-wheeler	**Volumes Sell-in (units/000)**	**Turnover (million Euros)**	**Volumes Sell-in (units/000)**	**Turnover (million Euros)**	**Volumes**	**Turnover**	**Volumes**	**Turnover**
EMEA and Americas	122.1	394.4	127.4	374.9	-4.2%	5.2%	(5.3)	19.5
of which EMEA	113.6	354.2	117.6	337.9	-3.4%	4.8%	(4.0)	16.4
(of which Italy)	*22.9*	*76.9*	*22.2*	*70.1*	*3.1%*	*9.8%*	*0.7*	*6.9*
of which America	8.5	40.2	9.8	37.0	-13.1%	8.4%	(1.3)	3.1
India	14.1	11.3	12.7	8.3	11.0%	35.9%	1.4	3.0
Asia Pacific 2W	39.5	90.5	41.1	75.8	-3.8%	19.4%	(1.5)	14.7
TOTAL	**175.7**	**496.3**	**181.1**	**459.0**	**-3.0%**	**8.1%**	**(5.4)**	**37.2**
Scooters	156.3	334.8	163.4	321.9	-4.4%	4.0%	(7.2)	12.9
Motorcycles	19.4	95.6	17.7	77.3	9.7%	23.8%	1.7	18.4
Spare parts and Accessories		65.1		58.5		11.3%		6.6
Other		0.7		1.4		-48.6%		(0.7)
TOTAL	**175.7**	**496.3**	**181.1**	**459.0**	**-3.0%**	**8.1%**	**(5.4)**	**37.2**

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 expanding operations, two-wheeler vehicles are the primary mode of transport.

Market trends

In Europe, the Piaggio Group's core region, the two-wheeler market sold 673 thousand vehicles in the first quarter of 2015, an increase of 3.4% compared with the sales figures for the first half of 2014 (+8.5% for the motorcycle segment and -0.9% for the scooter segment). On the European market, amongst the countries with the top sales figures, France registered the most significant decrease (-3%) mainly due to the downturn in the scooter segment (-4.8%), while the fall in the motorcycle segment was less marked (-1.1%). The country which showed the greatest growth, however, was Spain (+20.8%): +21.1% (motorcycle segment) and +20.6% (scooter segment).
In Vietnam, the Asian nation with most Group vehicles, sales went up by 4%, with 1.34 million units sold.
In India, the two-wheeler market registered a slight increase of 0.2% in the first six months of 2015 compared to the same period of the previous year. The motorcycle segment was down 4.1% in the first six months of 2015 compared to the first six months of 2014, while the scooter segment grew in the same period by 12.7%.

Main results

During the first half of 2015, the Piaggio Group sold a total of 175,700 units in the two-wheeler segment worldwide, accounting for a net turnover equal to approximately €496,300 million (+8.1%), including spare parts and accessories (€ 65.1 million, +11.3%).
Turnover increased in all geographical segments. This increase, facilitated by the devaluation of the euro against the Asian currencies, was made possible by the increased impact on total sales of motorcycles (+9.7% compared to the first half of 2014) with respect to scooters (-4.4% compared to the first half of 2014).
In terms of sales volumes, there was an 11% increase in sales of two-wheeler vehicles in India and a 3.8% drop in Asia Pacific and 4.2% drop in the EMEA and Americas, despite growth recorded in Italy (+3.1%).

Market positioning[7]

On the European market, the Piaggio Group achieved a total share of 14.6% in the first half of 2015 (15.5% in the first half of 2014), maintaining a leadership position in the total market for two-wheeler vehicles. In Italy, the Piaggio Group also retained its leadership of the two-wheeler vehicle market, with a 20.8% share.
In Vietnam, Group scooters decreased sell-out volumes by 13.3% in the first half 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 20.3%, and where it is committed to increasing its profile in the motorcycle segment, through the Aprilia and Moto Guzzi brands.

7_ Market shares for the first half 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.

Investments

Investments mainly targeted the following areas:
› developing new products and face lifts for existing products;
› improving and modernising current production capacity.

As regards product investments in particular, considerable resources were allocated to developing new products to market on both European and Asian (Vietnamese and Indian) markets.

Industrial investments were also made, targeting safety, quality and the productivity of production processes.

Commercial Vehicles

Commercial Vehicles	1st half of 2015		1st half of 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	6.6	39.1	4.3	32.7	52.3%	19.6%	2.3	6.4
of which EMEA	6.2	37.9	4.2	32.1	47.6%	18.1%	2.0	5.8
(of which Italy)	*2.2*	*20.4*	*1.9*	*18.6*	*15.7%*	*9.3%*	*0.3*	*1.7*
of which America	0.5	1.2	0.2	0.6	168.2%	101.1%	0.3	0.6
India	87.4	158.5	93.1	137.2	-6.1%	15.5%	(5.7)	21.3
TOTAL	**94.0**	**197.6**	**97.4**	**169.9**	**-3.5%**	**16.3%**	**(3.5)**	**27.7**
Ape	89.4	153.3	92.5	131.1	-3.4%	17.0%	(3.2)	22.2
Porter	1.4	15.5	1.2	13.2	15.2%	17.4%	0.2	2.3
Quargo	0.5	3.1	0.3	2.4	47.2%	28.3%	0.2	0.7
Mini Truk	2.7	6.2	3.3	6.3	-19.7%	-2.2%	(0.6)	(0.1)
Spare parts and Accessories		19.5		16.9		15.5%		2.6
TOTAL	**94.0**	**197.6**	**97.4**	**169.9**	**-3.5%**	**16.3%**	**(3.5)**	**27.7**

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 market for light commercial vehicles registered a 12.3% increase in sales compared to the first half of 2014. In Italy, the Group's main reference market, sales of light commercial vehicles increased by 7.7% in the first half of 2015 (data source ACEA).
In India, the three-wheeler market dropped by 3.3% compared to the first six months in the previous year, due both to the passenger three-wheeler segment, which reported a 3.7% decrease compared to the first half of 2014, and to the cargo three-wheeler segment, which closed with a drop of 1.9%. Lastly, four-wheeler vehicles with a capacity of less than 2 tons registered a decrease of 20.1%.

Main results

During the first half of 2015, the Commercial Vehicles business generated sales of approximately € 197.6 million, including around € 19.5 million relating to spare parts and accessories, a 16.3% increase compared to the same period in the previous year. 94,000 units were sold during the period, a drop of around 3.5% compared to the first half of 2014.
On the EMEA and Americas market, the Piaggio Group sold 6,600 units, with sales increasing by 52.3% and a total net turnover of approximately € 39.1 million, including spare parts and accessories for € 8.2 million.

The Indian subsidiary Piaggio Vehicles Private Limited (PVPL) sold 74,123 three-wheeler vehicles on the Indian market (77,481 in the first half of 2014) achieving net sales of approximately € 125.2 million (€ 106.9 million in the first half of 2014).
The same subsidiary also exported 10,407 three-wheeler vehicles (12,260 in the first half 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 half of 2015, following a significant drop in demand (-20.1%), fell by 15.2% compared to the first half of 2014, amounting to 2,829 units.
In overall terms, the Indian subsidiary PVPL registered a turnover of € 158.5 million during the first half of 2015, compared to the figure of € 137.2 million for the same period of the previous year.

Market positioning[8]

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 32.4% (32.7% in the first half 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 55.4% (52.6% in the first half of 2014). Its market share, although decreasing, remained steady in the Passenger segment, at 26.3% (27.6% in the first half 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% (4.8% in the first half of 2014).

8_ Market shares for the first half 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.

Investments

In 2015, investments concerned the development of the Porter with a Euro 6 engine and consolidation of the Indian three- and four-wheeler range.


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Risks and uncertainties

The Piaggio Group has established policies and procedures to manage risks in areas which are most exposed.

Risks relative to the operating segment

Risks related to the macroeconomic scenario and the sector

To mitigate any negative effects of the macroeconomic scenario, the Piaggio Group continued its strategic vision, expanding operations on markets in Asia where growth rates of economies are still high and consolidating the competitive positioning of its products. To achieve this, the Group focuses on research activities, and in particular on the development of engines with a low consumption and a low or zero environmental impact.

Risks related to a high level of market competition

Over the last few years, the competitiveness of markets in which the Group operates has increased considerably, above all in terms of prices and also due to a declining demand worldwide.
Piaggio has tried to tackle this risk, which could have a negative impact on the financial position and performance of the Group, by manufacturing high quality products that are innovative, cost-effective, reliable and safe, and by consolidating its presence in Asia.

Risks related to higher energy, raw material and component costs

Production costs are exposed to the risk of fluctuating energy, raw material and component. Piaggio has chosen to manage this risk by adopting plans to reduce energy consumption and provide specific training on energy saving. If the Piaggio Group were not able to offset an increase in these costs against sales prices, its financial position and performance would be affected.

Risks related to seasonal fluctuations in operations

The Group's business is extremely seasonal, particularly on western markets where sales of two-wheeler vehicles mainly take place in Spring and Summer. In addition, an extremely wet spring could lead to fewer sales of products with a negative effect on the Group's business and financial performance. Piaggio tackles these risks first and foremost by consolidating its presence on markets, such as India and Asia Pacific, which are not affected by an extremely seasonal nature, and by adopting a flexible production structure that can deal with peak demand through vertical part-time and fixed-term employment contracts, as well as seasonal planning.

The risk relative to the regulatory reference framework

Numerous national and international laws and regulations on safety, noise levels, consumption and the emission of pollutant gases apply to Piaggio products. Strict regulations on atmospheric emissions, waste disposal, the drainage and disposal of water and other pollutants also apply to the Group's production sites.
The enactment of regulations which are more stringent than those currently in force could lead to products being taken off the market and force manufacturers to make investments to renew product ranges and/or renovate/modernise production sites.
To deal with these risks, the Group has always invested in research and development into innovative products that anticipate any restrictions on current regulations. Moreover, the Group, as one of the sector's leading manufacturers, is often requested to be represented on parliamentary committees appointed to discuss and formulate new laws.
In this framework, government measures in the form of incentives or tax reductions to boost demand must be taken into account. These measures, which are not easy to predict, may affect the financial position and performance of the Group to a considerable extent.

Risks relative to the Piaggio Group

Risks related to changed customer preferences

Piaggio's success depends on its ability to manufacture products that cater for consumer's tastes and can meet their needs for mobility. If the Group's products were not appreciated by customers, lower revenues would be generated, or if more aggressive sales policies were adopted in terms of discounts given, margins would be lower, with a negative impact on financial position and performance.
To tackle this risk, the Piaggio Group has always invested in major research and development projects, to enable it to optimally meet customer needs and anticipate market trends, introducing innovative products with high added value, levering brand identity.

Risks related to the protection of trademark, licence and patent rights

The Piaggio Group legally protects its products and brands throughout the world. In some countries where the Group operates, laws do not offer certain standards of protection for intellectual property rights. This circumstance could render the measures adopted by the Group to protect itself from the unlawful use of these rights by third parties inadequate. Unlawful plagiarism by competitors could have a negative effect on the Group's sales.

Risks related to dependence on suppliers and to a global sourcing policy

In carrying out its operations, the Group sources raw materials, semifinished products and components from a number of suppliers. Group operations are conditioned by the ability of its suppliers to guarantee the quality standards and specifications requested for products, as well as relative delivery times.
The unavailability of supplied products or any supplier deficiencies concerning quality standards, specifications requested and/or delivery times, in the future, could increase supply prices, cause interruptions to and have a negative impact on the Group's operations.

Risks related to the operation of industrial sites

The Group operates through industrial sites located in Italy, India and Vietnam. These sites are subject to operating risks, including for example, plant breakdowns, failure to update to applicable regulations, withdrawal of permits and licences, lack of manpower, natural disasters, sabotage, terrorist attacks or major interruptions to supplies of raw materials or components. Any interruption to production activities could have a negative impact on the operations and financial position and performance of the Group.
The operating risks related to industrial sites in Italy and other countries are managed through specific insurance cover assigned to sites based on their relative importance.

Country risk

The Piaggio Group operates in an international arena and is therefore exposed to risks connected with a high level of internationalisation, such as exposure to local economic conditions and policies, compliance with different tax systems, customs barriers or more in general the introduction of laws or regulations which are more stringent than the current regulatory framework. All these factors may have a negative impact on the financial position and performance of the Group.
In particular, the growing presence of the Group in India and Vietnam has increased its exposure to political instability or negative economic developments in these countries.

Risks related to product liability and risks connected with vehicle defects

The Piaggio Group is exposed to the risk of product liability actions in countries where it operates. Although no claims for compensation which are not covered by insurance have so far been made against the Group, these claims could be made in the future, with particular reference to the United States. Any future payment of compensation exceeding insurance cover for product liability could have negative affects on the operations and financial position and performance of the Group.
The vehicles manufactured by the Piaggio Group, including components supplied by third parties, could have unexpected defects that require repairs under warranty, as well as costly recall campaigns. To prevent these risks, the Piaggio Group adopts an efficient quality control system for supplied components and finished products.

Risks related to litigation and tax litigation

Within the framework of its operations, the Group is involved in legal and tax proceedings. As regards some of the proceedings, the Group could be in a position where it is not able to effectively quantify potential liabilities that could arise. A detailed analysis of the main disputes is provided in the specific paragraph in the Explanatory Notes to the Consolidated Financial Statements.

Risks related to industrial relations

In Europe, the Piaggio Group operates in an industrial context with a strong trade union presence, and is potentially exposed to the risk of strikes and interruptions to production activities.
In the recent past, the Group was not affected by major interruptions to production because of strikes.
To avoid the risk of interruptions to production activities, as far as possible, the Group bases its relations with trade union organisations on dialogue.

Risks related to the publication of the financial disclosure

The Group is exposed to the risk of possible inadequacies in its procedures that are intended to ensure compliance with Italian and relevant foreign regulations applicable to financial disclosure. To deal with this risk, its financial statements are audited by Independent Auditors. The control activities required by Law 262/2005 are also carried out at the most important foreign subsidiaries Piaggio Vehicles Pvt. Ltd, Piaggio Vietnam Co Ltd, Piaggio Hellas S.A. and Piaggio Group Americas Inc.

IT and data and information management risks

The Group is exposed to the risk of company data and information being accessed/used without authorisation, which could have a negative impact on profitability. The Group has established operating policies and technical security measures designed to afford adequate protection for company data and information.

Financial risks

Risks connected to financial debt

At the end of the reporting period, the Group's main sources of financing were as follows:

- debenture loans for a total nominal amount of € 302 million;
- bank loans for a total nominal amount of € 326 million. The type, rates and maturities of these loans are discussed in the notes to the Consolidated Financial Statements.

The Group has also stipulated other minor loan agreements and revocable credit lines. Total nominal debt therefore amounts to € 671 million.
For a further description, reference is made to section 42 of the Notes to the Consolidated Financial Statements.
The above debt situation could have a negative impact on Group operations in the future, limiting its ability to obtain additional financing or to obtain financing in unfavourable conditions.

Liquidity risk (access to the credit market)

This risk is connected with any difficulty the Group could have in obtaining financing on an appropriate timescale for its operations.
The cash flows, financing requirements and liquidity of Group companies are monitored or managed centrally by the Group's Finance Management, with the aim of guaranteeing an effective and efficient management of financial resources.
To provide further hedging for the liquidity risk, the Group's Central Treasury Department has committed credit lines. For a further description, reference is made to section 42 of the Notes to the Consolidated Financial Statements.

Exchange risks

The Piaggio Group undertakes operations in currencies other than the euro and this exposes it to the risk of fluctuating exchange rates of different currencies.
Exposure to the business risk consists of envisaged payables and receivables in foreign currency, taken from the budget for sales and purchases reclassified by currency and accrued on a monthly basis.
The Group's policy is to hedge at least 66% of the exposure of each reference month.
Exposure to the settlement risk consists of receivables and payables in foreign currency acquired in the accounting system at any moment. The hedge must at all times be equal to 100% of the import, export or net settlement exposure for each currency.
In the first half of 2015, the exchange risk was managed in line with Group policy, which aims to neutralise the possible negative effects of exchange rate changes on company cash-flow, by hedging the business risk which concerns changes in company profitability compared to the annual business budget on the basis of a key change (the so-called "budget change") and of the transaction risk, which concerns the differences between the exchange rate recorded in the financial statements for receivables or payables in foreign currency and that recorded in the related receipt or payment.

Interest rate risks

The Group has assets and liabilities which are sensitive to changes in interest rates and are necessary to manage liquidity and financial requirements. These assets and liabilities are subject to an interest rate risk and are hedged by derivatives or by specific fixed-rate loan agreements.
For a further description, reference is made to section 42 of the Notes to the Consolidated Financial Statements.

Credit risk

The Piaggio Group is exposed to the risk of late payments of receivables. To balance this risk, the Parent Company has stipulated agreements with primary factoring companies in Italy and other countries for the sale of trade receivables without recourse.
For a further description, reference is made to section 42 of the Notes to the Consolidated Financial Statements.

Events occurring after the end of the period

8 July 2015 – Aprilia Racing and Marco Melandri reached an agreement for the amicable termination of Melandri's contract with Aprilia Racing. Starting from the German Grand Prix on 12 July 2015, the team will field test rider Michael Laverty as Melandri's replacement.

16 July 2015 - The world's first free-floating scooter-sharing scheme was launched in Milan. The service is offered by the Enjoy company and uses Piaggio Mp3 scooters. For the occasion, the Piaggio Group developed a special version of the Mp3 300LT Business ABS three-wheel scooter combining a full range of new features for localisation via smartphone and use of the vehicle in sharing mode. Under the initiative, an initial fleet of 150 scooters is to be delivered for the Enjoy scheme in Milan.

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;
- a stronger positioning in the Asia Pacific region, by leveraging the premium strategy that has fuelled growth in the region to date, in part through the expansion of the product range. During 2015, direct sales activities of the Group will be consolidated in China, with the aim of penetrating the premium two-wheeler market;
- strengthening 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;
- consolidating 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, payables and receivables as of 30 June 2015 involving parent, 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 Condensed Consolidated Interim Financial Statements as of 30 June 2015”.

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.

Other information

Processing of personal data - Italian Legislative Decree no. 196 of 30 June 2003

With reference to the obligations of the "Consolidated Privacy Act", enacted with Italian Legislative Decree no. 196 of 30 June 2003, – Annex B), Technical Regulations – Piaggio & C. S.p.A., as Data Controller has adopted the security measures listed in the regulations, and updated its Security Policy Document according to law.
The purpose of the Security Policy Document is to:
1. define and describe the security policies adopted concerning the processing of personal data relative to employees, outsourced staff, customers, suppliers and other subjects concerned;
2. define and explain the organisational criteria adopted by the Company to put these measures in place.

Article 36 of the Consob Regulation on Markets (adopted with Consob resolution no. 16191/2007 as amended): conditions for listing companies controlling companies established and governed according to laws of non-EU Member States on the stock exchange

As regards regulatory requirements on conditions for listing companies controlling companies established and governed according to laws of non-EU Member States on the stock exchange and material importance for the purposes of consolidated financial statements, the following is reported:
- as of 30 June 2015, the regulatory requirements of article 36 of the Regulation on Markets apply to the subsidiaries: Piaggio Vehicles Private Limited, Piaggio Vietnam Co Ltd and Piaggio Group Americas Inc;
- adequate procedures for ensuring full compliance with the above regulation have been adopted.

Article 37 of the Consob Regulation on Markets Conditions preventing the listing of shares of subsidiaries subject to the management and coordination of another company

Pursuant to article 2.6.2, section 13 of the Regulation of Stock Markets organised and managed by Borsa Italiana S.p.A., the conditions as of article 37 of Consob regulation no. 16191/2007 exist.

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/depreciation and impairment costs of intangible assets and 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.


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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS OF 30 JUNE 2015

Consolidated Income Statement

		1st half of 2015		1st half of 2014	
		Total	of which related parties	Total	of which related parties
Notes	In thousands of Euros				
4	**Net revenues**	**693,886**	**167**	**628,977**	**58**
5	Cost for materials	409,794	16,549	360,794	12,405
6	Cost for services and leases and rentals	119,029	1,892	109,201	1,811
7	Employee costs	113,920		110,424	
8	Depreciation and impairment costs of property, plant and equipment	23,695		20,909	
8	Amortisation and impairment costs of intangible assets	28,449		22,055	
9	Other operating income	55,418	403	54,770	2,287
10	Other operating costs	11,494	12	9,283	11
	Operating income	**42,923**		**51,081**	
11	Income/(loss) from investments	246	246		
12	Financial income	364		498	
12	Borrowing costs	18,994	90	23,591	215
44	*of which non-recurrent*			2,947	
12	Net exchange gains/(losses)	94		(511)	
	Profit before tax	**24,633**		**27,477**	
13	Taxes for the period	9,853		10,990	
	Profit from continuing operations	**14,780**		**16,487**	
	Assets held for disposal:				
14	Profits or losses arising from assets held for disposal				
	Net Profit (Loss) for the period	**14,780**		**16,487**	
	Attributable to:				
	Owners of the Parent	**14,788**		**16,454**	
	Non-controlling interests	**(8)**		**33**	
15	**Earnings per share (figures in €)**	**0.041**		**0.046**	
15	**Diluted earnings per share (figures in €)**	**0.041**		**0.046**	

Consolidated Statement of Comprehensive Income

Notes	In thousands of Euros	1st half of 2015	1st half of 2014
	Net Profit (Loss) for the period (A)	**14,780**	**16,487**
	Items that will not be reclassified to profit or loss		
31	Remeasurements of defined benefit plans	2,102	(2,191)
	Total	**2,102**	**(2,191)**
	Items that may be reclassified to profit or loss		
31	Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	5,098	1,040
31	Total profits (losses) on cash flow hedges	752	(929)
	Total	**5,850**	**111**
	Other Comprehensive Income (Expense) (B)*	**7,952**	**(2,080)**
	Total Comprehensive Income (Expense) for the period (A + B)	**22,732**	**14,407**
	Attributable to:		
	Owners of the Parent	**22,707**	**14,393**
	Non-controlling interests	**25**	**14**

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

Consolidated Statement of Financial Position

Notes	In thousands of Euros	As of 30 June 2015 Total	of which related parties	As of 31 December 2014 Total	of which related parties
	Assets				
	Non-current assets				
16	Intangible assets	671,766		668,354	
17	Property, plant and equipment	306,143		307,561	
18	Investment property	11,814		11,961	
19	Investments	9,808		8,818	
20	Other financial assets	24,979		19,112	
21	Long-term tax receivables	3,813		3,230	
22	Deferred tax assets	46,467		46,434	
23	Trade receivables				
24	Other receivables	14,085	153	13,647	197
	Total non-current assets	**1,088,875**		**1,079,117**	
28	**Assets held for sale**				
	Current assets				
23	Trade receivables	160,137	872	74,220	856
24	Other receivables	34,409	8,717	36,749	9,440
21	Short term tax receivables	35,133		35,918	
25	Inventories	246,499		232,398	
26	Other financial assets				
27	Cash and cash equivalents	120,683		98,206	
	Total current assets	**596,861**		**477,491**	
	Total assets	**1,685,736**		**1,556,608**	
	Shareholders' equity and liabilities				
	Shareholders' equity				
30	Share capital and reserves attributable to the owners of the Parent	408,847		412,147	
30	Share capital and reserves attributable to non-controlling interests	947		922	
	Total shareholders' equity	**409,794**		**413,069**	
	Non-current liabilities				
32	Financial liabilities falling due after one year	533,092	2,900	506,463	2,900
33	Trade payables				
34	Other long-term provisions	10,810		10,394	
35	Deferred tax liabilities	5,992		5,123	
36	Retirement funds and employee benefits	51,698		55,741	
37	Tax payables				
38	Other long-term payables	4,699		3,645	
	Total non-current liabilities	**606,291**		**581,366**	
	Current liabilities				
32	Financial liabilities falling due within one year	147,126		102,474	
33	Trade payables	441,677	17,039	386,288	15,580
37	Tax payables	12,146		14,445	
38	Other short-term payables	58,305	8,543	49,148	8,397
34	Current portion of other long-term provisions	10,397		9,818	
	Total current liabilities	**669,651**		**562,173**	
	Total shareholders' equity and liabilities	**1,685,736**		**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 half of 2015		1st half of 2014	
		Total	of which related parties	**Total**	of which related parties
Notes	In thousands of Euros				
	Operating activities				
	Consolidated net profit	14,788		16,454	
	Allocation of profit to non-controlling interests	(8)		33	
13	Taxes for the period	9,853		10,990	
8	Depreciation of property, plant and equipment	23,695		20,621	
8	Amortisation of intangible assets	28,449		22,055	
	Provisions for risks and retirement funds and employee benefits	9,777		8,964	
	Write-downs / (Reversals)	969		(4,285)	
	Losses / (Gains) on the disposal of property, plants and equipment	(70)		(833)	
12	Financial income	(239)		(460)	
12	Borrowing costs	18,781		22,092	
	Income from public grants	(1,258)		(861)	
	Portion of earnings of associated companies	(246)			
	Change in working capital:				
23	(Increase)/Decrease in trade receivables	(84,948)	(17)	(51,793)	88
24	(Increase)/Decrease in other receivables	1,902	767	(2,135)	(3,020)
25	(Increase)/Decrease in inventories	(14,101)		(38,833)	
33	Increase/(Decrease) in trade payables	55,389	1,459	73,818	3,733
	Increase/(Decrease) in other payables	10,211	146	9,427	1,967
34	Increase/(Decrease) in provisions for risks	(5,278)		(10,202)	
36	Increase/(Decrease) in retirement funds and employee benefits	(7,878)		(1,175)	
	Other changes	(1,533)		(19,651)	
	Cash generated from operating activities	**58,255**		**54,226**	
	Interest paid	(18,994)		(16,596)	
	Taxes paid	(8,715)		(6,776)	
	Cash flow from operating activities (A)	**30,546**		**30,854**	
	Investing activities				
17	Investment in property, plant and equipment	(13,950)		(12,528)	
	Sale price, or repayment value, of property, plant and equipment	274		1,103	
16	Investment in intangible assets	(29,542)		(25,702)	
	Sale price, or repayment value, of intangible assets	44		44	
	Sale price of financial assets			838	
	Interest collected	203		370	
	Cash flow from investing activities (B)	**(42,971)**		**(35,875)**	
	Financing activities				
30	Exercise of stock options			5,139	
30	Outflow for dividends paid	(26,007)			
32	Loans received	86,439		146,452	
32	Outflow for repayment of loans	(21,357)		(98,309)	
32	Financing received for leases			267	
32	Repayment of finance leases	(16)		(491)	
	Cash flow from financing activities (C)	**39,059**		**53,058**	
	Increase / (Decrease) in cash and cash equivalents (A+B+C)	26,634		48,037	
	Opening balance	**90,125**		**52,816**	
	Exchange differences	3,150		758	
	Closing balance	**119,909**		**101,611**	

Changes in Consolidated Shareholders' Equity

Movements from 1 January 2015 / 30 June 2015

Notes	In thousands of Euros	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve
	As of 1 January 2015	**206,228**	**7,171**	**16,902**	**(830)**	**(5,859)**
	Profit for the period					
	Other Comprehensive Income (expense)				752	
	Total comprehensive income (expense) for the period	**0**	**0**	**0**	**752**	**0**
30	Allocation of profits			741		
30	Distribution of dividends					
30	Annulment of treasury shares	1,386				
30	Purchase of treasury shares					
30	Sale of treasury shares					
30	Other changes					
	As of 30 June 2015	**207,614**	**7,171**	**17,643**	**(78)**	**(5,859)**

Movements from 1 January 2014 / 30 June 2014

Notes	In thousands of Euros	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve
	As of 1 January 2014	**205,570**	**3,681**	**16,902**	**(1,565)**	**(5,859)**
	Profit for the period					
	Other Comprehensive Income (expense)				(929)	
	Total comprehensive income (expense) for the period	**0**	**0**	**0**	**(929)**	**0**
30	Allocation of profits					
30	Distribution of dividends					
30	Exercise of stock options	1,644	3,364			
30	Purchase of treasury shares					
30	Other changes					
	As of 30 June 2014	**207,214**	**7,045**	**16,902**	**(2,494)**	**(5,859)**

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
993	(18,839)	13,384	192,997	412,147	922	413,069
			14,788	14,788	(8)	14,780
	5,065		2,102	7,919	33	7,952
0	5,065	0	16,890	22,707	25	22,732
			(741)	0		0
			(26,007)	(26,007)		(26,007)
			(1,386)	0		0
				0		0
				0		0
				0		0
993	(13,774)	13,384	181,753	408,847	947	409,794

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
993	(27,063)	13,385	185,139	391,183	932	392,115
			16,454	16,454	33	16,487
	1,059		(2,191)	(2,061)	(19)	(2,080)
0	1,059	0	14,263	14,393	14	14,407
				0		0
				0		0
			131	5,139		5,139
				0		0
				0		0
993	(26,004)	13,385	199,533	410,715	946	411,661

Notes to the Consolidated Financial Statements

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.
These Financial Statements are expressed in euros (€) since this is the currency in which most of the Group's transactions take place. Foreign operations are included in the consolidated financial statements according to the standards indicated in the notes below.

Scope of consolidation

As of 30 June 2015, the structure of the Piaggio Group was as indicated in the Report on Operations and is the structure referred to herein.
The scope of consolidation has changed since the consolidated financial statements as of 31 December 2014, following the creation, on 15 June 2015, of Piaggio Fast Forward Inc., a company set up in the United States for the research and development of new mobility and transportation systems.

1. Compliance with international accounting standards

These Condensed Consolidated 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 Commission, 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 Leg. 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 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 paragraph "New accounting standards, amendments and interpretations applied as from 1 January 2015".
The information provided in the Half-Year 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.

These Condensed Consolidated Interim Financial Statements have been subject to a review by PricewaterhouseCoopers S.p.A..

2. Form and content of the financial statements

Form of the consolidated financial statements

The Group has chosen to highlight all changes generated by transactions with non-shareholders within two statements reporting trends of the period, respectively named the "Consolidated Income Statement" and "Consolidated Statement of Comprehensive Income". The Financial Statements are therefore composed of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Statement of Changes in Consolidated Shareholders' Equity and these notes.

Consolidated Income Statement
The Consolidated Income Statement is presented with the items classified by nature. The overall Operating Income is shown, which includes all income and cost items, irrespective of their repetition or fact of falling outside normal operations, except for the items of financial operations included under Operating Income and Profit before tax. In addition, the income and cost items arising from assets that are held for disposal or sale, including any capital gains or losses net of the tax element, are recorded in a specific item preceding profit attributable to the owners of the parent and to non-controlling interests.

Consolidated Statement of Comprehensive Income
The Consolidated Statement of Comprehensive Income is presented in accordance with the provisions of IAS 1 amended. Items presented in "Other comprehensive income(losses)" are grouped based on whether they are potentially reclassifiable to profit or loss.

Consolidated Statement of Financial Position
The Consolidated Statement of Financial Position is presented in opposite sections with separate indication of assets, liabilities and shareholders' equity.
In turn, assets and liabilities are reported in the Consolidated Financial Statements on the basis of their classification as current and non-current.

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

Statement of Changes in Consolidated Shareholders' Equity
The Statement of Changes in Consolidated Shareholders' Equity is presented as provided for in IAS 1 revised.
It includes the total statement of comprehensive income while separately reporting the amounts attributable to owners of the Parent company as well as the quota pertaining to non-controlling interests, the amounts of operations with shareholders acting in this capacity and potential effects of retrospective application or of the retroactive calculation pursuant to IAS 8. Reconciliation between the opening and closing balance of each item for the period is presented.

Contents of the Consolidated Financial Statements

The Consolidated Financial Statements of the Group Piaggio & C. include the Financial Statements of the Parent Company Piaggio & C. S.p.A. and Italian and foreign companies in which it has direct or indirect control, which are listed in the attachments.

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

With effect from 1 January 2015, several changes introduced by international accounting standards and interpretations were applied, none of which had a significant impact on the Group's financial statements. The main changes are outlined below:

- Revised IAS 19 "Employee Benefits": following the amendments made to IAS 19 on 21 November 2013, if the amount of the contributions is independent of the number of years of service, the entity is permitted (but not required) to recognise such contributions as a reduction of the current service cost in the period in which the contributions are made, rather than over the period in which the service is rendered. These contributions must meet the following conditions: (i) they are set out in the formal terms of the plan; (ii) they are linked to the service provided by the employee; (iii) they are independent of the number of years of service of the employee (e.g. the contributions are a fixed percentage of the employee's salary, a fixed amount throughout the service period or dependent on the employee's age);
- On 12 December 2013, the IASB proposed a series of amendments to several accounting standards, summarised below:
  - *a.* IFRS 2 "Share-based Payment": the amendment clarifies the definition of "vesting condition" and separately defines the "performance conditions" and "service conditions";
  - *b.* IFRS 3 "Business Combinations": the amendment clarifies that an obligation to pay a consideration in a business combination that meets the definition of financial instrument should be classified as a financial liability in accordance with IAS 32 "Financial Instruments: Presentation". It also clarified that the principle in question does not apply to joint ventures and joint arrangements covered by IFRS 11;
  - *c.* IFRS 8 "Operating segments": the standard has been amended in terms of the reporting requirements that apply in cases where different operating segments with the same economic characteristics are aggregated;
  - *d.* IFRS 13 "Fair Value Measurement": the amendments clarify that the exemption allowing an entity to measure at fair value groups of assets and liabilities applies to all contracts, including non-financial contracts, and that the possibility also remains of recognising current trade receivables and payables without recording discounting effects, if these effects are not material;
  - *e.* IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets": both standards have been amended to clarify how recoverable value and useful life are treated in case of revaluation by the entity;
  - *f.* IAS 24 "Related Party Disclosures": the standard was amended to include, as a related party, an entity that provides key personnel management services;
  - *g.* IAS 40 "Investment Property": the amendment to the standard concerns the interaction between the provisions of IFRS 3 "Business Combinations" and those of this standard in cases where the acquisition of a property is identifiable as a business combination.

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 the realisation of a predefined threshhold for revenues to be produced; 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.

› On 12 August 2014, the IASB issued an amendment to the revised IAS 27 "Separate Financial Statements": this amendment, applicable from 1 January 2016, allows an entity to use the shareholders' equity method to recognise investments in subsidiaries, joint ventures and associates in the separate financial statements.

› In September 2014, the IASB amended IAS 28 "Investments in Associates and Joint Ventures" and IFRS 10 "Consolidated Financial Statements" with a view to resolving an inconsistency in the treatment of the sale or transfer of assets between an investor and its associate or joint venture. The gain or loss is now fully recognised when the transaction relates to a business. These changes were to apply with effect from 1 January 2016, however in January 2015, it was decided that the effective date would be postponed until certain inconsistencies with IAS 28 had been resolved.

› Annual amendments to IFRS 2012-2014: on 25 September 2014, the IASB published a series of amendments to certain international accounting standards, applicable with effect from 1 January 2016. The amendments concern:
(i) IFRS 5 "Non-current assets held for sale and discontinued operations";
(ii) IFRS 7 "Financial Instruments: disclosures";
(iii) IAS 19 "Employee Benefits";
(iv) IAS 34 "Interim Financial Reporting".
With regard to the first point, the amendment clarifies that the financial statements need not be restated if an asset or group of assets available for sale was reclassified as "held for distribution", or vice versa.
With reference to IFRS 7, the amendment states that if an entity transfers a financial asset on terms that allow the de-recognition of the asset, information must be disclosed concerning the entity's involvement in the transferred asset.
The proposed amendment to IAS 19 makes it clear that, in determining the discount rate of the obligation arising following the termination of the employment relationship, it is the currency in which the obligations are denominated that counts, rather than the country in which they arise.
The proposed amendment to IAS 34 requires cross-references between information reported in the interim financial statements and the related disclosure.

- On 18 December 2014, the IASB issued the amendment to IAS 1 “Presentation of Financial Statements”. The amendment to the standard concerned, applicable from 1 January 2016, seeks to provide clarification regarding the aggregation or disaggregation of items if their amount is relevant or “material”. In particular, the amended standard requires there to be no aggregation of items with different characteristics or disaggregation that hampers disclosure or interpretation of the financial statements. In addition, with regard to the statement of financial position of an entity, the amendment clarifies the need to disaggregate certain items required by paragraphs 54 (statement of financial position) and 82 (Income statement) of IAS 1.

- On 18 December 2014, the IASB amended IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures”. Regarding the first point, the amendment clarifies that the exemption of the presentation of consolidated financial statements applies to a parent company that is controlled by an investment company, when the latter measures all its subsidiaries at fair value.
  For IFRS 12, the amendment clarifies that this standard does not apply to investment companies that prepare their financial statements by measuring all subsidiaries at fair value.
  The amendment to IAS 28 permits a company that is not an investment company and that holds a stake in associates or joint ventures that are “investment entities”, accounted for using the equity method, to measure them at the fair value applied by the investment entity to its own investments in subsidiaries.
  These amendments apply from 1 January 2016.

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 30 June 2015	Average exchange rate 1st half of 2015	Spot exchange rate 31 December 2014	Average exchange rate 1st half
US Dollar	1.1189	1.11579	1.2141	1.37047
Pounds Sterling	0.7114	0.73233	0.7789	0.82133
Indian Rupee	71.1873	70.12440	76.719	83.29125
Singapore Dollars	1.5068	1.50608	1.6058	1.72795
Chinese Renminbi	6.9366	6.94081	7.5358	8.45128
Croatian Kuna	7.5948	7.62773	7.6580	7.62467
Japanese Yen	137.01	134.20424	145.23	140.41206
Vietnamese Dong	24,258.84	23,858.57440	25,834.65	28,746.65381
Canadian Dollars	1.3839	1.37736	1.4063	1.50306
Indonesian Rupiah	14,900.39	14,468.81304	15,103.40	16,015.90159
Brazilian Real	3.4699	3.31015	3.2207	3.14951

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
Sales volumes (unit/000)	1st half of 2015	128.7	101.4	39.5	**269.6**
	1st half of 2014	131.7	105.7	41.1	**278.5**
	Change	(3.0)	(4.3)	(1.5)	**(8.9)**
	Change %	-2.3%	-4.1%	-3.8%	**-3.2%**
Net turnover (millions of euros)	1st half of 2015	433.5	169.8	90.5	**693.9**
	1st half of 2014	407.6	145.6	75.8	**629.0**
	Change	25.9	24.3	14.7	**64.9**
	Change %	6.4%	16.7%	19.4%	**10.3%**
Gross margin (millions of euros)	1st half of 2015	133.5	36.1	34.7	**204.4**
	1st half of 2014	138.4	30.9	25.1	**194.4**
	Change	(4.9)	5.2	9.7	**10.0**
	Change %	-3.5%	16.9%	38.7%	**5.1%**
EBITDA (millions of euros)	1st half of 2015				**95.1**
	1st half of 2014				**94.0**
	Change				**1.0**
	Change %				**1.1%**
EBIT (millions of euros)	1st half of 2015				**42.9**
	1st half of 2014				**51.1**
	Change				**(8.2)**
	Change %				**-16.0%**
Net profit (millions of euros)	1st half of 2015				**14.8**
	1st half of 2014				**16.5**
	Change				**(1.7)**
	Change %				**-10.4%**

C) Information on the consolidated income statement

4. Net revenues *€/000 693,886*

Revenues are shown net of premiums recognised to customers (dealers).
This item does not include transport costs, which are recharged to customers (€/000 12,932) and invoiced advertising cost recoveries (€/000 2,863), 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 half of 2015		1st half of 2014		Changes	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
In thousands of Euros						
EMEA and Americas	433,517	62.5	407,616	64.8	25,901	6.4
India	169,845	24.5	145,567	23.1	24,278	16.7
Asia Pacific 2W	90,524	13.0	75,794	12.1	14,730	19.4
Total	**693,886**	**100.0**	**628,977**	**100.0**	**64,909**	**10.3**

In the first half of 2015 net sales revenues showed a 10.3% increase compared to the same period in the previous year. For more detailed analysis of deviations in individual geographic segments, see comments in the Report on Operations.

5. Costs for materials *€/000 409,794*

The percentage of costs accounting for net sales went up, from 57.4% in the first half of 2014 to 59.1% in the current period. The item includes €/000 16,549 (€/000 12,405 in the first half of 2014) for purchases of scooters from the Chinese subsidiary Zongshen Piaggio Foshan, that are sold on European and Asian markets.

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

	1st half of 2015	**1st half of 2014**	**Change**
In thousands of Euros			
Raw, ancillary materials, consumables and goods	419,529	398,280	21,249
Change in inventories of raw, ancillary materials, consumables and goods	(10,793)	(21,505)	10,712
Change in work in progress of semifinished and finished products	1,058	(15,981)	17,039
Total costs for purchases	**409,794**	**360,794**	**49,000**

6. Costs for services and leases and rental costs *€/000 119,029*

Below is a breakdown of this item:

	1st half 2015	1st half of 2014	Change
In thousands of Euros			
Employee costs	8,970	8,076	894
External maintenance and cleaning costs	4,018	3,850	168
Energy, telephone and telex costs	9,130	9,306	(176)
Postal expenses	433	482	(49)
Commissions payable	480	687	(207)
Advertising and promotion	14,948	11,863	3,085
Technical, legal and tax consultancy and services	8,937	6,573	2,364
Company boards operating costs	1,295	1,288	7
Insurance	1,977	2,127	(150)
Third party work	8,437	8,304	133
Outsourced services	7,092	6,803	289
Transport costs (vehicles and spare parts)	17,876	17,702	174
Internal shuttle services	278	360	(82)
Sundry commercial expenses	6,006	5,449	557
Expenses for public relations	2,129	2,313	(184)
Product warranty costs	3,629	4,299	(670)
Costs for quality-related events	4,799	1,515	3,284
Bank costs and factoring charges	2,777	2,777	0
Misc services provided in the business year	4,116	4,141	(25)
Other services	2,591	2,788	(197)
Insurance from related parties	25	24	1
Services from related parties	1,112	1,091	21
Lease and rental costs	7,219	6,687	532
Costs for leases and rentals of related parties	755	696	59
Costs for services and leases and rental costs	**119,029**	**109,201**	**9,828**

For greater clarity and an adequate comparison of information under the item "Costs for services, lease and rentals" in the Condensed Consolidated Interim Financial Statements as of 30 June 2014, some changes have been made to this item, adding further details and consequently reclassifying information presented for comparative purposes. The Group does not consider these changes, when compared to first half of 2014 figures, as significant.

The increase recorded was partly due to higher fees for consultancy, advertising and promotion, and partly to costs incurred in the year for quality incidents. The latter are partially offset in the specific item in the breakdown of "Other operating income".
Costs for leases and rentals include lease rentals for business properties of €/000 3,525, as well as lease payments for car hire, computers and photocopiers.
The item "Other" includes costs for temporary work of €/000 603.

7. Employee costs *€/000 113,920*

Employee costs include €/000 2,053 relating to costs for redundancy plans mainly for the Pontedera and Noale production sites.

	1st half 2015	1st half 2014	Change
In thousands of Euros			
Salaries and wages	84,415	80,804	3,611
Social security contributions	23,179	23,101	78
Termination benefits	3,835	3,790	45
Other costs	2,491	2,729	(238)
Total	**113,920**	**110,424**	**3,496**

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

Level	Average number	1st half of 2015	1st half of 2014	Change
Senior management		92	96	(4)
Middle management		593	572	21
White collars		2,067	2,126	(59)
Blue collars with supervisory duties/blue collars		5,017	4,899	118
Total		**7,769**	**7,693**	**76**

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.

Level	Number as of	30 June 2015	31 December 2014	Change
Senior management		92	95	(3)
Middle management		600	567	33
White collars		2,024	2,102	(78)
Blue collars with supervisory duties/blue collars		4,959	4,746	213
Total		**7,675**	**7,510**	**165**
EMEA and Americas		3,962	4,008	(46)
India		2,840	2,622	218
Asia Pacific 2W		873	880	(7)
Total		**7,675**	**7,510**	**165**

Changes in employee numbers in the two periods are compared below:

Level	As of 31.12.14	Incoming	Leavers	Relocations	As of 30.06.15
Senior management	95	1	(6)	2	92
Middle management	567	23	(25)	35	600
White collars	2,102	98	(139)	(37)	2,024
Blue collars	4,746	1,806	(1,593)		4,959
Total (*)	**7,510**	**1,928**	**(1,763)**	**0**	**7,675**
(*) of which fixed-term contracts	1,162	1,753	(1,495)	(22)	1,398

8. Amortisation/depreciation and impairment costs *€/000 52,144*

Amortisation and depreciation for the period, divided by category, is shown below:

Property, plant and equipment	1st half of 2015	1st half of 2014	Change
In thousands of Euros			
Buildings	2,593	2,428	165
Plant and machinery	11,378	9,677	1,701
Industrial and commercial equipment	8,203	7,600	603
Other assets	1,521	916	605
Total depreciation of property, plant and equipment	**23,695**	**20,621**	**3,074**
Write-down of property, plant and equipment		288	(288)
Total depreciation of property, plant and equipment and impairment costs	**23,695**	**20,909**	**2,786**

Intangible assets	1st half of 2015	1st half of 2014	Change
In thousands of Euros			
Development costs	16,206	12,632	3,574
Industrial Patent and Intellectual Property Rights	9,407	6,526	2,881
Concessions, licences, trademarks and similar rights	2,412	2,411	1
Other	424	486	(62)
Total amortisation of intangible fixed assets	**28,449**	**22,055**	**6,394**
Write-down of intangible assets			
Total amortisation of intangible assets and impairment costs	**28,449**	**22,055**	**6,394**

9. Other operating income *€/000 55,418*

This item consists of:

	1st half of 2015	1st half of 2014	Change
In thousands of Euros			
Operating grants	1,258	861	397
Increases in fixed assets from internal work	20,688	19,829	859
Other revenue and income:			
- Rent receipts	1,816	245	1,571
- Capital gains on assets and investments	72	871	(799)
- Sale of miscellaneous materials	544	932	(388)
- Recovery of transport costs	12,932	12,726	206
- Recovery of advertising costs	2,863	2,547	316
- Recovery of sundry costs	1,557	1,758	(201)
- Compensation	255	746	(491)
- Compensation for quality-related events	2,791	152	2,639
- Contingent assets	547	196	351
- Licence rights and know-how	1,616	2,283	(667)
- Sponsorship	2,415	1,424	991
- Profit from changes in the fair value of investment property	0	4,795	(4,795)
- Other income	6,064	5,405	659
Total other operating income	**55,418**	**54,770**	**648**

The item "Operating grants" includes the amount of €/000 765 for government and Community grants for research projects and export subsidies (€/000 493) received relative to 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.
The item "Compensation for quality-related events" relates to the relevant costs item noted in the context of the costs for services.
Profit from changes in the fair value of investment property relates in the previous half year to the expert appraisal of the Spanish site of Martorelles.

10. Other operating costs *€/000 11,494*

This item consists of:

In thousands of Euros	1st half of 2015	1st half of 2014	Change
Provision for future risks	276	149	127
Provisions for product warranties	5,666	4,985	681
Duties and taxes not on income	2,373	1,990	383
Various subscriptions	642	550	92
Capital losses from disposal of assets	2	38	(36)
Losses from changes in the fair value of investment property	147		147
Losses on receivables	1,419	1,349	70
Total sundry operating costs	**4,583**	**3,927**	**656**
Write-down of current receivables	969	222	747
Total	**11,494**	**9,283**	**2,211**

The increase is due partly to the increase for provisions for product warranties and partly to the higher writedown of current receivables.
The item Losses from changes in the fair value of investment property relates to the depreciation noted in the expert appraisal of the Spanish site of Martorelles. For more details on how fair value is determined, reference is made to note 42.

11. Income/(loss) from investments *€/000 246*

Income from investments amounted to €/000 246 in the first half and relates to the Group's share of the profits of the joint venture Zongshen Piaggio Foshan, taken to equity.

12. Net financial income (borrowing costs) *€/000 (18,536)*

Financial expenses for the first half of 2015 totalled €/000 18,536, down compared with €/000 23,604 for the same period of the previous year. This increase 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 half of 2015, borrowing costs for €/000 1,233 were capitalised.
The average rate used during 2015 for the capitalisation of borrowing costs (because of general loans), was equal to 6.64%.

13. Taxation *€/000 9,853*

Income tax for the period, determined based on IAS 34, is estimated by applying a rate of 40% to profit before tax, equivalent to the best estimate of the weighted average rate predicted for the financial year.

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 half 2015	1st half of 2014
Net profit	€/000	14,780	16,487
Earnings attributable to ordinary shares	€/000	14,780	16,487
Average number of ordinary shares in circulation		361,208,380	360,916,239
Earnings per ordinary share	€	0.041	0.046
Adjusted average number of ordinary shares		361,208,380	361,498,965
Diluted earnings per ordinary share	€	0.041	0.046

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

D) Information on the consolidated statement of financial position - assets

16. Intangible assets — *€/000 671,766*

The table below shows the breakdown of intangible assets as of 30 June 2015 and 30 June 2014, as well as changes during the period.

	Development costs	Patent rights	Concessions, licences and trademarks	Goodwill	Other	Assets under development and advances	Total
In thousands of Euros							
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 half of 2014							
Investments	10,474	1,187			68	13,973	25,702
Put into operation in the period	9,023	5,037			181	(14,241)	0
Amortisation	(12,632)	(6,526)	(2,411)		(486)		(22,055)
Disposals	(44)						(44)
Write-downs							
Exchange differences	901	69			(1)	83	1,052
Other changes	(431)	522			(42)		49
Total movements for the 1st half 2014	**7,291**	**289**	**(2,411)**	**0**	**(280)**	**(185)**	**4,704**
As of 30 June 2014							
Historical cost	146,219	237,915	149,074	557,322	6,307	32,108	1,128,945
Provisions for write-down							0
Accumulated depreciation	(69,818)	(195,535)	(88,796)	(110,382)	(5,182)		(469,713)
Net carrying amount	**76,401**	**42,380**	**60,278**	**446,940**	**1,125**	**32,108**	**659,232**
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 depreciation	(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 half of 2015							
Investments	6,317	1,041			2	22,182	29,542
Put into operation in the period	6,292	402			27	(6,721)	0
Depreciation	(16,206)	(9,407)	(2,412)		(424)		(28,449)
Disposals	(1)	(44)					(45)
Write-downs							0
Exchange differences	1,934	128			71	231	2,364
Other changes							0
Total movements for the 1st half 2015	**(1,664)**	**(7,880)**	**(2,412)**	**0**	**(324)**	**15,692**	**3,412**
As of 30 June 2015							
Historical cost	151,255	272,410	149,074	557,322	7,674	48,235	1,185,970
Provisions for write-down							0
Accumulated amortisation	(87,655)	(215,568)	(93,620)	(110,382)	(6,979)		(514,204)
Net carrying amount	**63,600**	**56,842**	**55,454**	**446,940**	**695**	**48,235**	**671,766**

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

	Value as of 30 June 2015			Value as of 31 December 2014			Change		
	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
In thousands of Euros									
Development costs	63,600	46,264	109,864	65,264	31,631	96,895	(1,664)	14,633	12,969
Patent rights	56,842	1,918	58,760	64,722	887	65,609	(7,880)	1,031	(6,849)
Concessions, licences and trademarks	55,454		55,454	57,866		57,866	(2,412)	0	(2,412)
Goodwill	446,940		446,940	446,940		446,940	0	0	0
Other	695	53	748	1,019	25	1,044	(324)	28	(296)
Total	**623,531**	**48,235**	**671,766**	**635,811**	**32,543**	**668,354**	**(12,280)**	**15,692**	**3,412**

Intangible assets went up overall by €/000 3,412 referring to value adjustments in Asian subsidiaries following the weakening of the euro and investments in the period which were only partially balanced by amortisation for the period.
Increases mainly refer to the capitalisation of development costs for new products and new engines, as well as the purchase of software.
During the first half of 2015, borrowing costs for €/000 666 were capitalised.

Development costs include costs for products and engines referable to projects for which, as regards the period of the useful life of the asset, revenues are expected that allow for at least the costs incurred to be recovered. This item also includes assets under development for €/000 46,264 that represent costs for which the conditions for capitalisation exist, but in relation to products that will go into production in future years.
Borrowing costs attributable to the development of products which require a considerable period of time to be realised are capitalised as a part of the cost of the actual assets. Development costs included under this item are amortised on a straight line basis over a period of 3 to 5 years, in consideration of their remaining useful life.
In the first half of 2015, development costs amounting to €/000 10,507 are carried as expenses directly in the income statement.

The item Industrial patents and intellectual property rights comprises software for €/000 14,836 and patents and know-how. It includes assets under development for €/000 1,918.
Patents and know-how mainly refer to the Vespa, GP 800, MP3, RSV4, MP3 hybrid and 1,200 cc engine. Increases for the period mainly refer to new calculation, design and production techniques and methodologies developed by the Group, referring to main new products in the 2014-2016 range.
Industrial patent and intellectual property rights costs are amortised over three years.

The item Concessions, Licences, Trademarks and similar rights, is broken down as follows:

	As of 30 June 2015	As of 31 December 2014	Change
In thousands of Euros			
Guzzi trademark	18,687	19,500	(813)
Aprilia trademark	36,719	38,316	(1,597)
Minor trademarks	48	50	(2)
Total Trademark	**55,454**	**57,866**	**(2,412)**

The Aprilia and Guzzi trademarks are amortised over a period of 15 years, expiring in 2026.

Goodwill derives from the greater value paid compared to the corresponding portion of the subsidiaries shareholders' equity at the time of purchase, less the related accumulated amortisation until 31 December 2003.
Goodwill was attributed to cash generating units.

	EMEA and AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
In thousands of Euros				
30 06 2015	305,311	109,695	31,934	**446,940**
31 12 2014	305,311	109,695	31,934	**446,940**

The organisational structure of the Group is based on 3 Geographic Segments (CGUs), 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. Each Geographical Segment has production sites and a sales network dedicated to customers in the relative segment. Central structures and development activities currently dealt with by EMEA and the Americas, are handled by individual CGUs.
Goodwill cannot be amortised, but is tested for impairment annually or frequently, if specific events take place or changed circumstances indicate that the asset may have been affected by impairment, to identify impairment as provided for by IAS 36 - Impairment of Assets.
The possibility of reinstating booked values is verified by comparing the net book value of individual cash generating units with the recoverable value (value in use). This recoverable value is represented by the present value of future cash flows which, it is estimated, will be derived from the continual use of goods referring to cash generating units and by the final value attributable to these goods.
The recoverability of goodwill is verified at least once per year (as of 31 December), even in the absence of indicators of impairment losses.
As of 30 June 2015, the Group made a comparison between final developments and those estimated in the industrial plan approved by the Board of Directors on 9 February 2015. This analysis did not highlight any indicators such as to call for the need to update the impairment test carried out for the purposes of the financial statements as of 31 December 2014.

Given that the recoverable value was estimated, the Group cannot ensure that there will be no impairment losses of goodwill in future financial periods.

The item "Other intangible assets" mainly refers to costs incurred by Piaggio Vietnam.

17. Property, plant and equipment *€/000 306,143*

The table below shows the breakdown of property, plant and equipment as of 30 June 2015 and 30 June 2014, as well as movements during the period.

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 half of 2014							
Investments		459	1,413	2,863	1,125	6,668	12,528
Put into operation in the period		681	8,253	8,406	300	(17,640)	0
Depreciation		(2,428)	(9,677)	(7,600)	(916)		(20,621)
Disposals			(75)	(146)	(50)		(271)
Write-downs			(167)	(103)	(18)		(288)
Exchange differences		502	1,763		88	166	2,519
Other changes		2	105	(358)	27		(224)
Total movements for the 1st half 2014	**0**	**(784)**	**1,615**	**3,062**	**556**	**(10,806)**	**(6,357)**
As of 30 June 2014							
Historical cost	28,040	157,397	410,926	501,134	44,706	16,834	1,159,037
Provisions for write-down			(507)	(1,518)	(64)		(2,089)
Accumulated depreciation		(56,152)	(298,330)	(467,671)	(38,385)		(860,538)
Net carrying amount	**28,040**	**101,245**	**112,089**	**31,945**	**6,257**	**16,834**	**296,410**
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 amortisation		(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 half of 2015							
Investments		344	726	1,589	1,713	9,578	13,950
Put into operation in the period		1,195	6,039	2,097	189	(9,520)	0
Depreciation		(2,593)	(11,378)	(8,203)	(1,521)		(23,695)
Disposals	0	(10)	(55)	0	(129)	(11)	(205)
Write-downs			0	0	0		0
Exchange differences		1,864	5,841	5	210	613	8,533
Other changes	0	5	0	0	(6)	0	(1)
Total movements for the 1st half 2015	**0**	**805**	**1,173**	**(4,512)**	**456**	**660**	**(1,418)**
As of 30 June 2015							
Historical cost	28,083	165,506	441,868	510,713	47,648	25,759	1,219,577
Provisions for write-down			(483)	(1,521)	(64)		(2,068)
Accumulated amortisation		(62,279)	(325,398)	(482,934)	(40,755)		(911,366)
Net carrying amount	**28,083**	**103,227**	**115,987**	**26,258**	**6,829**	**25,759**	**306,143**

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

	Value as of 30 June 2015			Value as of 31 December 2014			Change		
	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
In thousands of Euros									
Land	28,083		28,083	28,083		28,083	0	0	0
Buildings	103,227	3,510	106,737	102,422	3,652	106,074	805	(142)	663
Plant and machinery	115,987	15,278	131,265	114,814	13,692	128,506	1,173	1,586	2,759
Equipment	26,258	6,733	32,991	30,770	7,584	38,354	(4,512)	(851)	(5,363)
Other assets	6,829	238	7,067	6,373	171	6,544	456	67	523
Total	**280,384**	**25,759**	**306,143**	**282,462**	**25,099**	**307,561**	**(2,078)**	**660**	**(1,418)**

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 products 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 half of 2015, borrowing costs for €/000 567 were capitalised.

As of 30 June 2015, the net value of assets held through lease agreements was equal to €/000 197, referring to vehicles used by the Aprilia Racing Team.
Future lease rental commitments are detailed in note 32.

18. Investment Property *€/000 11,814*

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

In thousands of Euros	
Opening balance as of 1 January 2015	11,961
Fair value adjustment	(147)
Balance as of 30 June 2015	**11,814**

The net book value as of 30 June 2015 was determined by a specific appraisal conducted by an independent expert who measured the "Fair Value less cost of disposal" based on a market approach (as provided for in IFRS 13). This analysis identified the total value of the investment as €/000 11,814. In this regard, the valuation took account of the current status of the property, the project to convert the area, for the development of a retail centre prepared by the Group, together with comparable transactions. Following the site redevelopment project, an agency management contract was given to a Spanish property company, to seek investors interested in the property.
The Group uses the "fair value model" as provided for in IAS 40, thus the measurement updated during 2015 resulted in profit adjusted to fair value, equal to €/000 147 being recognised under other costs in the income statement for the period.

19. Investments *€/000 9,808*

The Investments heading comprises:

	As of 30 June 2015	As of 31 December 2014	Change
In thousands of Euros			
Interests in joint ventures	9,600	8,610	990
Investments in affiliated companies	208	208	0
Total	**9,808**	**8,818**	**990**

The value of investments in joint ventures refers to the valuation of the portion of shareholders' equity in the Zongshen Piaggio Foshan joint venture held by the Group, adjusted to take account of the measurement criteria adopted by the Group, as well as the recoverable value determined during impairment testing carried out by the Parent Company.

The table below summarises main financial data of the joint ventures:

Zongshen Piaggio Foshan Motorcycle Co.		**Financial Statements as of 30 June 2015**
In thousands of Euros		45%*
Working capital	17,464	7,859
Total assets	12,273	5,523
NET CAPITAL EMPLOYED	**29,737**	**13,382**
Provisions	142	64
Consolidated debt	8,263	3,718
Shareholders' equity	21,333	9,600
TOTAL SOURCES OF FINANCING	**29,737**	**13,382**

** Group ownership*

20. Other non-current financial assets *€/000 24,979*

	As of 30 June 2015	As of 31 December 2014	Change
In thousands of Euros			
Fair value of derivatives	24,893	19,026	5,867
Investments in other companies	86	86	0
Total	**24,979**	**19,112**	**5,867**

The item Fair value of hedging derivatives refers to €/000 18,571 from the fair value of the cross currency swap related to a private debenture loan, to €/000 5,970 from the fair value of the cross currency swap related to a medium-term loan of the Indian subsidiary and to €/000 352 from the cross currency swap relative to a medium-term loan of the Vietnamese subsidiary. For further details, see section 42 "Information on financial instruments" of the Notes.

21. Current and non-current tax receivables *€/000 38,946*

Receivables due from tax authorities consist of:

	As of 30 June 2015	As of 31 December 2014	Change
In thousands of Euros			
VAT receivables	34,768	34,982	(214)
Income tax receivables	3,429	2,743	686
Other tax receivables	749	1,423	(674)
Total tax receivables	**38,946**	**39,148**	**(202)**

Non-current tax receivables totalled €/000 3,813, compared to €/000 3,230 as of 31 December 2014, while current tax receivables totalled €/000 35,133 compared to €/000 35,918 as of 31 December 2014.

22. Deferred tax assets — *€/000 46,467*

Deferred tax assets and liabilities are recognised at their net value when they may be offset in the same tax jurisdiction.
These totalled €/000 46,467 compared to €/000 46,434 as of 31 December 2014.

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 — *€/000 160,137*

As of 30 June 2015 and 31 December 2014, there are no trade receivables in non-current assets. Those included in current assets amount to €/000 160,137 compared to €/000 74,220 as of 31 December 2014.

Their breakdown was as follows:

	As of 30 June 2015	As of 31 December 2014	Change
In thousands of Euros			
Trade receivables due from customers	159,265	73,364	85,901
Trade receivables due from JV	850	836	14
Trade receivables due from parent companies	-	9	(9)
Trade receivables due from affiliated companies	22	11	11
Total	**160,137**	**74,220**	**85,917**

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 27,722.

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 30 June 2015, trade receivables still due sold without recourse totalled €/000 124,015.
Of these amounts, Piaggio received payment prior to natural expiry, of €/000 114,157.

As of 30 June 2015, advance payments received from factoring companies and banks, for trade receivables sold with recourse totalled €/000 41,265 with a counter entry recorded in current liabilities.

24. Other current and non-current receivables *€/000 48,494*

Other non-current receivables totalled €/000 14,085 against €/000 13,647 as of 31 December 2014, whereas other current receivables totalled €/000 34,409 compared to €/000 36,749 as of 31 December 2014. They consist of:

Other non-current receivables:	As of 30 June 2015	As of 31 December 2014	Change
In thousands of Euros			
Sundry receivables due from affiliated companies	153	197	(44)
Prepaid expenses	10,858	10,102	756
Advances to employees	61	61	0
Security deposits	926	596	330
Receivables due from others	2,087	2,691	(604)
Total non-current portion	**14,085**	**13,647**	**438**

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

Other current receivables:	As of 30 June 2015	As of 31 December 2014	Change
In thousands of Euros			
Sundry receivables due from the Parent Company	6,859	6,882	(23)
Sundry receivables due from JV	1,804	2,541	(737)
Sundry receivables due from affiliated companies	54	17	37
Accrued income	1,318	528	790
Prepaid expenses	4,238	3,834	404
Advance payments to suppliers	1,971	1,836	135
Advances to employees	406	2,030	(1,624)
Fair value of derivatives	1,578	696	882
Security deposits	255	293	(38)
Receivables due from others	15,926	18,092	(2,166)
Total current portion	**34,409**	**36,749**	**(2,340)**

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.
Receivables due from affiliated companies are amounts due from the Fondazione Piaggio and 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 1,578 current portion).

25. Inventories — *€/000 246,499*

This item comprises:

	As of 30 June 2015	As of 31 December 2014	Change
In thousands of Euros			
Raw materials and consumables	122,487	107,219	15,268
Provision for write-down	(15,176)	(14,228)	(948)
Net value	*107,311*	*92,991*	*14,320*
Work in progress and semifinished products	19,734	19,040	694
Provision for write-down	(852)	(852)	0
Net value	*18,882*	*18,188*	*694*
Finished products and goods	143,235	142,573	662
Provision for write-down	(23,045)	(21,479)	(1,566)
Net value	*120,190*	*121,094*	*(904)*
Advances	116	125	(9)
Total	**246,499**	**232,398**	**14,101**

As of 30 June 2015, inventories had increased by €/000 14,101, in line with the trend expected for production volumes and sales in the future.

26. Other current financial assets — *€/000 0*

As of 30 June 2015, no values relative to current financial assets were recognised.

27. Cash and cash equivalents — *€/000 120,683*

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

	As of 30 June 2015	As of 31 December 2014	Change
In thousands of Euros			
Bank and postal deposits	118,499	92,211	26,288
Cheques	15	7	8
Cash on hand	57	54	3
Securities	2,112	5,934	(3,822)
Total	**120,683**	**98,206**	**22,477**

The item Securities refers to deposit agreements entered into by the Indian subsidiary to effectively use temporary liquidity.

28. Assets held for sale — *€/000 0*

As of 30 June 2015, there were no assets held for sale.

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

As of 30 June 2015, there were no receivables due after 5 years.

Information on the consolidated statement of financial position - liabilities

30. Share capital and reserves *€/000 409,794*

Share capital €/000 207,614

In the first half of 2015 the nominal share capital of Piaggio & C. did not change.
On 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.
Therefore, as of 30 June 2015, the nominal share capital of Piaggio & C., fully subscribed and paid up, was equal to € 207,613,944.37 divided into 361,208,380 ordinary shares.

Its composition and movements in the period are as follows:

In thousands of Euros	
Subscribed and paid up capital as of 31 December 2014	207,614
Treasury shares purchased as of 31 December 2014	(1,386)
Share capital as of 1 January 2014	206,228
Cancellation of treasury shares	1,386
Share capital as of 30 June 2014	**207,614**

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	(2,466,500)	
Purchase of treasury shares		1,826,831
Sale of treasury shares to exercise stock options		(200,000)
Situation as of 30 June 2015 and 31 December 2014		
Shares issued	361,208,380	363,674,880
Treasury shares in portfolio	0	2,466,500
Shares in circulation	361,208,380	361,208,380

Share premium reserve €/000 7,171

The share premium reserve as of 30 June 2015 was unchanged compared to 31 December 2014.

Legal reserve €/000 17,643

The legal reserve increased by €/000 741 as a result of the allocation of earnings for the last period.

Other reserves €/000 (5,334)

This item consists of:

	As of 30 June 2015	As of 31 December 2014	Change
In thousands of Euros			
Translation reserve	(13,774)	(18,839)	5,065
Stock option reserve	13,384	13,384	0
Financial instruments' fair value reserve	(78)	(830)	752
IFRS transition reserve	(5,859)	(5,859)	0
Total other reserves	*(6,327)*	*(12,144)*	*5,817*
Consolidation reserve	993	993	0
Total	**(5,334)**	**(11,151)**	**5,817**

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. These transactions are described in full in the note on financial instruments.

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 €/000	2014 €/000	2015 €	2014 €
Authorised and paid	26,007	-	0.072	-

Earnings reserve €/000 181,753

Capital and reserves of non-controlling interest €/000 947

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 7,952*

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 30 June 2015						
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit plans			2,102	2,102		2,102
Total	**0**	**0**	**2,102**	**2,102**	**0**	**2,102**
Items that may be reclassified to profit or loss						
Total translation gains (losses)			5,065	5,065	33	5,098
Total profits (losses) on cash flow hedges	752			752		752
Total	**752**	**0**	**5,065**	**5,817**	**33**	**5,850**
Other Comprehensive Income (Expense)	**752**	**0**	**7,167**	**7,919**	**33**	**7,952**
As of 30 June 2014						
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit plans			(2,191)	(2,191)		(2,191)
Total	**0**	**0**	**(2,191)**	**(2,191)**	**0**	**(2,191)**
Items that may be reclassified to profit or loss						
Total translation gains (losses)		1,059		1,059	(19)	1,040
Total profits (losses) on cash flow hedges	(929)			(929)		(929)
Total	**(929)**	**1,059**	**0**	**130**	**(19)**	**111**
Other Comprehensive Income (Expense)	**(929)**	**1,059**	**(2,191)**	**(2,061)**	**(19)**	**(2,080)**

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

	As of 30 June 2015			As of 30 June 2014		
	Gross value	Tax (expense) / benefit	Net value	Gross value	Tax (expense) / benefit	Net value
In thousands of Euros						
Remeasurements of defined benefit plans	2,931	(829)	2,102	(3,023)	832	(2,191)
Total translation gains (losses)	5,098		5,098	1,040		1,040
Total profits (losses) on cash flow hedges	860	(108)	752	(761)	(168)	(929)
Other Comprehensive Income (Expense)	**8,889**	**(937)**	**7,952**	**(2,744)**	**664**	**(2,080)**

32. Current and non-current financial liabilities *€/000 680,218*

During the first half of 2015, the Group's total debt increased by €/000 71,281. Net of the fair value measurement of financial derivatives to hedge the exchange risk and interest rate risk, and the adjustment of relative hedged items, as of 30 June 2015 total financial debt of the Group increased by €/000 65,001.

	Financial liabilities as of 30 June 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	147,126	508,890	656,016	102,474	488,541	591,015	44,652	20,349	65,001
Fair value adjustment		24,202	24,202		17,922	17,922		6,280	6,280
Total	**147,126**	**533,092**	**680,218**	**102,474**	**506,463**	**608,937**	**44,652**	**26,629**	**71,281**

This increase is linked to new medium-term loans and to greater use of existing short-term credit lines. Net financial debt of the Group amounted to €/000 535,333 as of 30 June 2015 compared to €/000 492,809 as of 31 December 2014.

	As of 30 June 2015	As of 31 December 2014	Change
In thousands of Euros			
Liquidity	**120,683**	**98,206**	**22,477**
Securities			0
Current financial receivables	**0**	**0**	**0**
Payables due to banks	(61,644)	(38,262)	(23,382)
Current portion of bank borrowings	(43,875)	(42,313)	(1,562)
Amounts due to factoring companies	(41,265)	(20,744)	(20,521)
Amounts due under leases	(30)	(30)	0
Current portion of payables due to other lenders	(312)	(1,125)	813
Current financial debt	**(147,126)**	**(102,474)**	**(44,652)**
Net current financial debt	**(26,443)**	**(4,268)**	**(22,175)**
Payables due to banks and lenders	(218,543)	(198,699)	(19,844)
Debenture loan	(289,201)	(288,369)	(832)
Amounts due under leases	(195)	(211)	16
Amounts due to other lenders	(951)	(1,262)	311
Non-current financial debt	**(508,890)**	**(488,541)**	**(20,349)**
NET FINANCIAL DEBT*	**(535,333)**	**(492,809)**	**(42,524)**

** 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 24,202 and relative accruals.*

Non-current financial liabilities totalled €/000 508,890 against €/000 488,541 as of 31 December 2014, whereas current financial liabilities totalled €/000 147,126 compared to €/000 102,474 as of 31 December 2014.
The attached tables summarise the breakdown of financial debt as of 30 June 2015 and as of 31 December 2014, as well as the changes for the period.

Non-current portion:	Accounting balance as of 31.12.2014	Repayments	New issues	Reclassification to the current portion	Exchange delta	Other changes	Accounting balance as of 30.06.2015
In thousands of Euros							
Bank borrowings	198,699		39,000	(21,152)	1,727	269	218,543
Bonds	288,369					832	289,201
Other medium-/long-term loans:							
of which leases	*211*			*(16)*			*195*
of which amounts due to other lenders	*1,262*			*(311)*			*951*
Total other loans	1,473	0	0	(327)	0	0	1,146
Total	**488,541**	**0**	**39,000**	**(21,479)**	**1,727**	**1,101**	**508,890**

Current portion:	Accounting balance as of 31.12.2014	Repayments	New issues	Reclassification from the non-current portion	Exchange delta	Other changes	Accounting balance as of 30.06.2015
In thousands of Euros							
Current account overdrafts	8,081	(7,363)	-		56	-	774
Current account payables	30,181		26,918		3,771	-	60,870
Bonds	-						-
Payables due to factoring companies	20,744		20,521				41,265
Current portion of medium-/long-term loans:							
of which leases	*30*	*(16)*	*-*	*16*			*30*
of which due to banks	*42,313*	*(20,233)*		*21,152*	*643*		*43,875*
of which amounts due to other lenders	*1,125*	*(1,124)*		*311*			*312*
Total other loans	43,468	(21,373)	0	21,479	643	0	44,217
Total	**102,474**	**(28,736)**	**47,439**	**21,479**	**4,470**	**0**	**147,126**

The breakdown of the debt is as follows:

	Accounting balance As of 30.06.2015	Accounting balance As of 31.12.2014	Nominal value As of 30.06.2015	Nominal value As of 31.12.2014
In thousands of Euros				
Bank borrowings	324,062	279,274	326,120	281,601
Bonds	289,201	288,369	301,799	301,799
Other medium-/long-term loans:				
of which leases	*225*	*241*	*225*	*241*
of which amounts due to other lenders	*42,528*	*23,131*	*42,528*	*23,131*
Total other loans	42,753	23,372	42,753	23,372
Total	**656,016**	**591,015**	**670,672**	**606,772**

The table below shows the debt servicing schedule as of 30 June 2015:

	Nominal value as of 30.06.2015	Amounts falling due within 12 months	Amounts falling due after 12 months	Amounts falling due in				
				2nd half of 2016	2017	2018	2019	Beyond
In thousands of Euros								
Bank borrowings	326,120	105,519	220,601	14,925	54,553	107,739	43,243	141
- of which opening of credit lines and bank overdrafts	*61,644*	*61,644*						
- of which medium/long-term bank loans	*264,476*	*43,875*	*220,601*	*14,925*	*54,553*	*107,739*	*43,243*	*141*
Bonds	301,799	0	301,799		9,669	9,669	10,359	272,102
Other medium-/long-term loans:								
- of which leases	*225*	*30*	*195*	*15*	*33*	*35*	*37*	*75*
- of which amounts due to other lenders	*42,528*	*41,577*	*951*	*0*	*315*	*317*	*319*	
Total other loans	42,753	41,607	1,146	15	348	352	356	75
Total	**670,672**	**147,126**	**523,546**	**14,940**	**64,570**	**117,760**	**53,958**	**272,318**

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

	Accounting balance As of 31.12.2014	As of 30.06.2015		
		Accounting balance	Nominal value	Applicable interest rate
In thousands of Euros				
Euro	519,023	559,825	574,481	3.56%
Indian Rupee	21,385	22,070	22,070	10.54%
Indonesian Rupiah	3,112	5,168	5,168	10.13%
US Dollar	11,148	12,512	12,512	2.44%
Vietnamese Dong	31,596	51,478	51,478	8.78%
Japanese Yen	4,751	4,963	4,963	2.44%
Total currencies other than the euro	*71,992*	*96,191*	*96,191*	
Total	**591,015**	**656,016**	**670,672**	**4.23%**

Medium and long-term bank debt amounts to €/000 262,418 (of which €/000 218,543 non-current and €/000 43,875 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 49,091 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);
- €/000 128,002 (of the nominal value of €/000 130,000) syndicated loan agreement signed in July 2014 for €/000 220,000 and increased in April 2015 by €/000 30,000. This overall loan of €/000 250,000 comprises a €/000 175,000 four-year tranche as a revolving credit line of which a nominal value of €/000 55,000 had been used as of 30 June 2015 and a tranche as a five-year loan with amortisation of €/000 75,000 which has been wholly disbursed. Contract terms require covenants (described below);
- €/000 24,939 (of the nominal value of €/000 25,000) medium-term loan granted by Banca Popolare Emilia Romagna in June 2015. The loan matures on 5 June 2019 and will be repaid with an amortisation plan with six-monthly instalments as from 31 December 2016;
- an €/000 7,916 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 13,812 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 13,250 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 €/000 916 loan from Banca Intesa granted pursuant to Italian Law no. 297/99 on subsidised applied research;
- a €/000 450 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 €/000 289,201 (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 30 June 2015 the fair value measurement of the debenture loan was equal to €/000 69,521 (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.
- €/000 237,641 (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 B+ rating with a stable outlook and a Ba3 rating with a negative 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 principal 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 1,488 of which €/000 1,146 due after the year and €/000 342 as the current portion, are detailed as follows:

- a financial lease for €/000 225 granted by VFS Servizi Finanziari for the use of vehicles;
- subsidised loans for a total of €/000 1,263 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 41,265.

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 30 June 2015, all covenants had been fully met.
The high yield debenture loan issued by the company in April 2014 provide for compliance with covenants which are typical of international practice on the high yield market. 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.

33. Current and non-current trade payables *€/000 441,677*

As of 30 June 2015 and as of 31 December 2014 no trade payables were recorded under non-current liabilities. Those included in current liabilities totalled €/000 441,677, against €/000 386,288 as of 31 December 2014.

	As of 30 June 2015	As of 31 December 2014	Change
In thousands of Euros			
Amounts due to suppliers	424,638	370,708	53,930
Trade payables to JV	16,320	14,874	1,446
Trade payables due to other related parties		80	(80)
Amounts due to parent companies	719	626	93
Total	**441,677**	**386,288**	**55,389**
of which reverse factoring	177,328	168,431	8,897

To facilitate credit conditions for its suppliers, the Group has used factoring agreements since 2012, mainly supply chain financing and reverse factoring agreements. These operations did not change the primary obligation, nor substantially changed payment terms, so their nature is the same and they are still classified as trade liabilities.
As of 30 June 2015, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €/000 177,328 (€/000 168,431 as of 31 December 2014).

34. Provisions (current and non-current portion) — *€/000 21,207*

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

In thousands of Euros	Balance as of 31 December 2014	Allocations	Applications	Reclassifications	Delta exchange rate	Balance as of 30 June 2015
Provision for product warranties	11,782	5,666	(4,648)		194	12,994
Provision for contractual risks	3,905	263	(348)	723	(1)	4,542
Risk provision for legal disputes	2,346				66	2,412
Provisions for guarantee risks	58					58
Provision for tax risks	186		(186)			0
Other provisions for risks	1,935	13	(96)	(723)	72	1,201
Total	**20,212**	**5,942**	**(5,278)**	**0**	**331**	**21,207**

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

Non-current portion: In thousands of Euros	As of 30 June 2015	As of 31 December 2014	Change
Provision for product warranties	4,283	3,850	433
Provision for contractual risks	3,910	3,905	5
Risk provision for legal disputes	1,516	1,516	0
Other provisions for risks and charges	1,101	1,123	(22)
Total non-current portion	**10,810**	**10,394**	**416**

Current portion: In thousands of Euros	As of 30 June 2015	As of 31 December 2014	Change
Provision for product warranties	8,711	7,932	779
Provision for contractual risks	632		632
Risk provision for legal disputes	896	830	66
Provisions for guarantee risks	58	58	0
Provision for tax risks	-	186	(186)
Other provisions for risks and charges	100	812	(712)
Total current portion	**10,397**	**9,818**	**579**

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 period by €/000 5,666 and was used for €/000 4,648 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 5,992*

Deferred tax liabilities amount to €/000 5,992 compared to €/000 5,123 as of 31 December 2014.

36. Retirement funds and employee benefits *€/000 51,698*

	As of 30 June 2015	As of 31 December 2014	Change
In thousands of Euros			
Retirement funds	813	858	(45)
Termination benefits provision	50,885	54,883	(3,998)
Total	**51,698**	**55,741**	**(4,043)**

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	1.49%
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, the Group has decided to use the iBoxx Corporates AA rating with a 10+ duration as the valuation reference.

If instead an iBoxx Corporates A rating with a 10+ duration had been used, the value of actuarial losses and the provision as of 30 June 2015 would have been lower by € 1,491 thousand.
The table below shows the effects, in absolute terms, as of 30 June 2015, which would have occurred following changes in reasonably possible actuarial assumptions:

	Provision for post-employment benefits
In thousands of Euros	
Turnover rate +2%	50,605
Turnover rate -2%	51,185
Inflation rate + 0.25%	51,605
Inflation rate - 0.25%	50,129
Discount rate + 0.50%	48,580
Discount rate - 0.50%	53,324

The average financial duration of the bond ranges from 10 to 30 years.

Estimated future amounts are equal to:

Year	Future amounts
In thousands of Euros	
1	3,472
2	2,901
3	3,765
4	1,407
5	5,089

37. Current and non-current tax payables *€/000 12,146*

"Tax payables" included in current liabilities totalled €/000 12,146, against €/000 14,445 as of 31 December 2014. As of 30 June 2015 and as of 31 December 2014 no tax payables were recorded under non-current liabilities.
Their breakdown was as follows:

	As of 30 June 2015	As of 31 December 2014	Change
In thousands of Euros			
Due for income taxes	7,467	8,343	(876)
Due for non-income tax	31	40	(9)
Tax payables for:			
- VAT	1,273	970	303
- Tax withheld at source	2,542	4,656	(2,114)
- other	833	436	397
Total	4,648	6,062	(1,414)
Total	**12,146**	**14,445**	**(2,299)**

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 63,004*

This item comprises:

Non-current portion:	As of 30 June 2015	As of 31 December 2014	Change
In thousands of Euros			
Guarantee deposits	2,370	1,973	397
Deferred income	2,129	1,241	888
Fair value of derivatives		231	(231)
Other payables	200	200	0
Total non-current portion	**4,699**	**3,645**	**1,054**

Current portion:	As of 30 June 2015	As of 31 December 2014	Change
In thousands of Euros			
Payables to employees	26,401	16,686	9,715
Guarantee deposits		2	(2)
Accrued expenses	7,083	6,818	265
Deferred income	703	430	273
Amounts due to social security institutions	5,237	8,726	(3,489)
Fair value of derivatives	833	502	331
Miscellaneous payables to JV	1,714	1,758	(44)
Sundry payables due to affiliated companies	39	39	0
Sundry payables due to parent companies	6,790	6,600	190
Other payables	9,505	7,587	1,918
Total	**58,305**	**49,148**	**9,157**

Amounts due to employees include the amount for holidays accrued but not taken of €/000 12,814 and other payments to be made for €/000 13,587.
Payables due to affiliated companies refer to various amounts due to the Fondazione Piaggio (Foundation).
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 (€/000 300 current portion) of an interest rate swap for hedging, recognised on a cash flow hedge basis as provided for in IAS 39 (see par. 44) and the fair value of derivatives to hedge the foreign exchange risk of forecast transactions recognised on a cash flow hedge basis (€/000 533 current portion).
The item Accrued liabilities includes €/000 3,421 for interest on hedging derivatives and relative hedged items measured at fair value.

39. Breakdown of liabilities by geographic segment

As regards the breakdown of liabilities by geographic segment, reference is made to the section on segment reporting.

40. Payables due after 5 years

The Group has loans due after 5 years, which are referred to in detail in Note 32 Financial Liabilities.
With the exception of the above payables, no other long-term payables due after five years exist.

41. Information on related parties

Revenues, costs, payables and receivables as of 30 June 2015 involving parent, 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.
The information on transactions with related parties, including information required by Consob in its communication of 28 July 2006 n. DEM/6664293, is reported in the notes of these Financial Statements.
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. During the period, this management and coordination concerned the following activities:

- 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.

Pursuant to article 2.6.2, section 13 of the Regulation of Stock Markets organised and managed by Borsa Italiana S.p.A., the conditions as of article 37 of Consob regulation no. 16191/2007 exist.

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.
› sells vehicles, spare parts and accessories to sell on respective markets, to:
  - Piaggio Hrtvaska
  - Piaggio Hellas
  - Piaggio Group Americas
  - Piaggio Vehicles Private Limited
  - Piaggio Vietnam
  - Piaggio Concept Store Mantova

› sells components to:
  - Piaggio Vehicles Private Limited
  - Piaggio Vietnam

› 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 to 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 Hrtvaska, 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.

Piaggio China
- charges its management costs 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.

The table below summarises relations described above and financial relations with parent companies, subsidiaries and affiliated companies as of 30 June 2015 and relations during the year, as well as their overall impact on financial statement items.

In thousands of Euros	Fondazione Piaggio	Zongshen Piaggio Foshan	IMMSI Audit	Is Molas	Omniaholding	IMMSI	**Total**	**% incidence on accounting item**
Income statement								
revenues from sales		167					**167**	**0.02%**
costs for materials		16,549					**16,549**	**4.04%**
costs for services			440	37		635	**1,112**	**1.02%**
insurance						25	**25**	**1.25%**
leases and rentals					85	670	**755**	**9.47%**
other operating income		357	20		1	25	**403**	**0.73%**
other operating costs		6				6	**12**	**0.10%**
Write-down/Impairment of investments		246					**246**	**100.00%**
borrowing costs		23			67		**90**	**0.47%**
Assets								
other non-current receivables	153						**153**	**1.09%**
current trade receivables		850	22				**872**	**0.54%**
other current receivables	44	1,804	10			6,859	**8,717**	**25.33%**
Liabilities								
financial liabilities falling due after one year					2,900		**2,900**	**0.54%**
current trade payables		16,320			39	680	**17,039**	**3.86%**
other current payables	39	1,714				6,790	**8,543**	**14.65%**

42. Information about financial instruments

This section provides information about financial instruments, their risks, as well as sensitivity analysis in accordance with the requirements of IFRS 7.

Current and non-current financial liabilities

Current and non-current financial liabilities are covered in detail in the section on financial liabilities of the notes, divided by type and detailed by expiry date.

Fair Value Measurement

IFRS 13 – Fair Value Measurement defines fair value on the basis of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of an active market or market that does not operate regularly, fair value is measured by valuation techniques. The standard defines a fair value hierarchy:

- level 1 – quoted prices in active markets for assets or liabilities measured;
- level 2 – inputs other than quoted prices included within Level 1 that are observable directly (prices) or indirectly (derived from prices) on the market;
- level 3 – inputs not based on observable market data.

The valuation techniques referred to levels 2 and 3 must take into account adjustment factors that measure the risk of insolvency of both parties. To this end, the standard introduces the concepts of Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA): CVA makes it possible to include the counterparty credit risk in the fair value measurement; DVA reflects the risk of insolvency of the Group.

IFRS 7 also requires the fair value of debts recognised on a amortised cost basis to be measured, for disclosure purposes only.
The table below indicates these values as of 30 June 2015:

	Nominal value	Carrying amount	Fair Value *
In thousands of Euros			
High yield debenture loan	250,000	237,641	258,663
Private debenture loan	51,799	51,560	72,636
EIB (R&D loan 2009-2012)	21,429	21,429	21,457
EIB (R&D loan 2013-2015)	49,091	49,091	47,568
BPER [Banca Popolare dell'Emilia Romagna] credit line	25,000	24,939	23,668
Revolving syndicated loan	55,000	53,677	51,710
Syndicated loan maturing in July 2019	75,000	74,325	72,276

**The value deducts DVA related to the issuer, i.e. it includes the risk of insolvency of Piaggio.*

For liabilities due within 18 months, the carrying amount is basically considered the same as the fair value.

Fair value hierarchy

The table below shows the assets and liabilities measured and recognised at fair value as of 30 June 2015, by hierarchical level of fair value measurement.

	Level 1	Level 2	Level 3
In thousands of Euros			
Assets measured at fair value			
Investment property			11,814
Financial derivatives:			
- of which financial assets		24,541	352
- of which other receivables		1,578	
Investments in other companies			86
Total assets		**26,119**	**12,252**
Liabilities measured at fair value			
Financial derivatives:			
- of which financial liabilities		(956)	
- of which other payables		(833)	
Financial liabilities at fair value recognised through profit or loss		(110,023)	
Total liabilities		**(111,812)**	
General total		**(85,693)**	**12,252**

Investment property relative to the Martorelles site was measured as hierarchical level 3. This value was confirmed by a specific valuation of an independent expert, who measured the "fair value less cost of disposal" based on a market approach (as provided for by IFRS 13). The valuation took account of comparable transactions on the local market, and the project to convert the area (from an industrial to a commercial site, as approved by the local authorities on 18 February 2014), referring however the value of the investment to its current status. Consequently, an accompanying 10% increase or decrease in all the variables based on the valuation would have generated a higher or lower investment value of around €/000 3,800 and €/000 2,900, respectively, with a corresponding impact on the income statement for the period.

The valuation of the cross currency swap relative to the Vietnamese subsidiary was also assigned the same hierarchy level. This classification reflects the illiquidity of the local market, which does now allow for a valuation based on conventional criteria. If valuation techniques typical of liquid markets had been adopted, which is not the case for the Vietnamese financial market, derivatives would have had a negative fair value totalling €/000 1,324, rather than €/000 352 (included under financial hedging instruments - level 3) and accrued expenses on financial derivatives equal to €/000 860.

The following tables show the changes in Level 2 and Level 3 in the period under review:

	Level 2
In thousands of Euros	
Balance as of 31 December 2014	(86,422)
Gain (loss) recognised in profit or loss	729
Increases/(Decreases)	0
Balance as of 30 June 2015	**(85,693)**

	Level 3
In thousands of Euros	
Balance as of 31 December 2014	12,131
Gain (loss) recognised in profit or loss	121
Increases/(Decreases)	0
Balance as of 30 June 2015	**12,252**

The net profit of €/000 121 includes profit on hedging derivatives amounting to €/000 268 and the loss from the adjustment to the fair value of the property investments amounting to €/000 147.

Financial risks

The financial risks the Group is exposed to are liquidity risk, exchange risk, interest rate risk and credit risk.
The management of these risks, in order to reduce management costs and dedicated resources, is centralised and treasury operations take place in accordance with formal policies and guidelines which are applicable to all Group companies.

Liquidity risk and capital management

The liquidity risk arises from the possibility that available financial resources are not sufficient to cover, in due times and procedures, future payments arising from financial and/or commercial obligations. To deal with these risks, cash flows and the Group's credit line needs are monitored or managed centrally under the control of the Group's Treasury in order to guarantee an effective and efficient management of the financial resources as well as optimise the debt's maturity standpoint.
In addition, the Parent Company finances the temporary cash requirements of Group companies by providing direct short-term loans regulated in market conditions or guarantees. A cash pooling zero balance system is used between the Parent Company and European companies to reset the receivable and payable balances of subsidiaries on a daily basis, for a more effective and efficient management of liquidity in the Eurozone.
As of 30 June 2015 the most important credit lines irrevocable until maturity granted to the Parent Company were as follows:

- a debenture loan of €/000 250,000 maturing in April 2021;
- a debenture loan of $/000 75,000 maturing in July 2021;
- a credit line of €/000 250,000 comprising a Revolving Credit Facility of €/000 175,000 maturing in July 2018 and a loan of €/000 75,000 maturing in July 2019;
- a loan of €/000 21,429 maturing in February 2016;
- a loan of €/000 49,091 maturing in December 2019.

Other Group companies also have the following irrevocable loans:
- a loan of €/000 13,250 maturing in July 2018;
- a loan of €/000 7,916 maturing in January 2018;
- a loan of €/000 13,812 maturing in July 2019.

As of 30 June 2015, the Group had a liquidity of €/000 120,683, undrawn irrevocable credit lines of €/000 120,000 and revocable credit lines of €/000 115,225, as detailed below:

	As of 30 June 2015	As of 31 December 2014
In thousands of Euros		
Variable rate with maturity within one year - irrevocable until maturity	0	20,000
Variable rate with maturity beyond one year - irrevocable until maturity	120,000	104,000
Variable rate with maturity within one year - cash revocable	96,225	99,037
Variable rate with maturity within one year - with revocation for self-liquidating typologies	19,000	19,000
Total undrawn credit lines	**235,225**	**242,037**

Exchange Risk

The Group operates in an international context where transactions are conducted in currencies different from the euro. This exposes the Group to risks arising from exchange rates fluctuations. For this purpose, the Group has 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 transaction 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;

- **the translation 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 economic 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.

Cash flow hedging

As of 30 June 2015, the Group had undertaken the following futures operations (recognised based on the settlement date), relative to payables and receivables already recognised to hedge the transaction 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	77,300	11,073	13/07/2015
Piaggio & C.	Purchase	JPY	320,000	2,346	06/07/2015
Piaggio & C.	Purchase	SEK	5,000	541	31/07/2015
Piaggio & C.	Purchase	USD	14,650	12,973	14/07/2015
Piaggio & C.	Sale	CAD	2,230	1,630	13/08/2015
Piaggio & C.	Sale	CNY	3,500	503	15/07/2015
Piaggio & C.	Sale	GBP	1,310	1,838	29/09/2015
Piaggio & C.	Sale	INR	74,000	1,032	31/07/2015
Piaggio & C.	Sale	SEK	16,000	1,726	24/08/2015
Piaggio & C.	Sale	USD	13,050	11,664	25/07/2015
Piaggio Group Americas	Purchase	CAD	1,600	1,311	27/07/2015
Piaggio Group Americas	Sale	CAD	790	634	02/08/2015
Piaggio Group Americas	Sale	€	340	370	07/08/2015
Piaggio Vietnam	Purchase	USD	1,800	39,236,400	07/07/2015
Piaggio Vietnam	Purchase	€	1,200	29,109,600	06/07/2015
Piaggio Indonesia	Purchase	€	1,095	16,325,843	24/08/2015
Piaggio Vehicles Private Limited	Sale	USD	3,358	215,202	01/08/2015
Piaggio Vehicles Private Limited	Sale	€	2,011	144,655	07/09/2015

As of 30 June 2015, the Group had undertaken the following hedging transactions on 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	93,500	11,772	21/09/2015
Piaggio & C.	Sale	GBP	3,965	5,024	18/09/2015

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 30 June 2015 the total fair value of hedging instruments for the economic exchange risk recognised on a hedge accounting basis was negative by €/000 1,046. During the first half of 2015, losses were recognised under other Comprehensive Income amounting to €/000 782 and profits from other Comprehensive Income were reclassified under profit/loss for the period amounting to €/000 392.
The net balance of cash flows during the first half of 2015 in main currencies is shown below:

In millions of Euros	Cash flow for the 1st half of 2015
Canadian Dollar	3.6
Pound Sterling	14.9
Japanese Yen	(2.4)
US Dollar	9.4
Indian Rupee	(0.0)
Croatian Kuna	1.5
Chinese Yuan*	(15.8)
Vietnamese Dong	(10.2)
Indonesian Rupiah	6.0
Total cash flow in foreign currency	**7.0**

** cash flow partially in euro*

In view of the above, an assumed appreciation/deprecation of 3% of the Euro would have generated potential losses for €/000 204 and potential gains for €/000 216 respectively.

Interest rate risk

This risk arises from fluctuating interest rates and the impact this may have on future cash flows arising from variable rate financial assets and liabilities. The Group regularly measures and controls its exposure to the risk of interest rate changes, as established by its management policies, in order to reduce fluctuating borrowing costs, and limit the risk of a potential increase in interest rates. This objective is achieved through an adequate mix of fixed and variable rate exposure, and the use of derivatives, mainly interest rate swaps and cross currency swaps.

As of 30 June 2015, the following hedging derivatives were taken out:

Hedging of financial flows (cash flow hedging)

› Interest Rate Swap to hedge the variable rate loan for a nominal amount of €/000 117,857 (as of 30 June 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 30 June 2015, the fair value of the instrument was negative by €/000 300; sensitivity analysis of the instrument, assuming a 1% increase and decrease in the shift of the variable rates curve, shows a potential impact on Shareholders' Equity, net of the relative tax effect, equal to €/000 33 and €/000 -34 respectively;

Fair value hedging derivatives (fair value hedging and fair value options)

- 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 30 June 2015, the fair value of the instrument was €/000 18,571. The net economic effect arising from the measurement of the instrument and underlying private debenture loan was negative by €/000 106. Sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on the Income Statement, net of the related tax effect, of €/000 165 and €/000 -149 respectively, assuming constant exchange rates; whereas assuming a 1% reversal and write-down of exchange rates, sensitivity analysis identified a potential impact on the income statement, net of the relative tax effect, of €/000 -36 and €/000 37 respectively;

- a Cross Currency Swap to hedge the loans in place relative to the Indian subsidiary for $/000 12,654 (as of 30 June for €/000 7,916) granted by International Finance Corporation. The purpose of the instruments is to hedge the exchange risk and interest rate risk, turning the loan from US dollars to Indian Rupees, and half of said loan from a variable rate to a fixed rate; As of 30 June 2015 the fair value of the instruments was equal to €/000 3,505. Sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on the Income Statement, net of the relative tax effect, of €/000 44 and €/000 -24 respectively, assuming constant exchange rates. Assuming a 1% reversal and write-down of the exchange rate of the Indian Rupee, sensitivity analysis of the instrument and its underlying identified a potential impact on the Income Statement, net of the relative tax effect, of €/000 -2 and €/000 2 respectively;

- a Cross Currency Swap to hedge loans relative to the Indian subsidiary for $/000 17,850 (as of 30 June €/000 13,812) granted by International Finance Corporation. The purpose of the instruments is to hedge the exchange risk, turning the loan from US dollars to Indian Rupees, and to hedge the interest rate risk on the US dollar. As of 30 June 2015 the fair value of the instruments was equal to €/000 2,465. Sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on the Income Statement, net of the relative tax effect, of €/000 17 and €/000 -16 respectively, assuming constant exchange rates. Assuming a 1% reversal and write-down of the exchange rate of the Indian Rupee, sensitivity analysis of the instrument and its underlying identified a potential impact on the Income Statement, net of the relative tax effect, of €/000 -6 and €/000 6 respectively;

- a Cross Currency Swap to hedge the loan in place relative to the Vietnamese subsidiary for $/000 15,291 (as of 30 June for €/000 13,250) granted by International Finance Corporation. The purpose of the instruments 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 30 June 2015 the fair value of the instruments is positive, amounting to €/000 352. Sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on the Income Statement, net of the relative tax effect, of €/000 88 and €/000 -89 respectively, assuming constant exchange rates. Assuming a 1% reversal and write-down of the exchange rate of the Vietnamese Dong, sensitivity analysis of the instrument and its underlying identified a potential impact on the Income Statement, net of the relative tax effect, of €/000 -3 and €/000 3 respectively.

As of 30 June 2015, the Group had a cross currency swap relative to the Indian subsidiary to hedge the intercompany loan of €/000 5,000 granted by the Parent Company. The purpose of the instrument is to hedge the exchange risk and interest rate risk, turning the loan from Euros to Indian Rupees and from a variable to a fixed rate. Based on hedge accounting principles, this derivative is classified as non-hedging and therefore is measured at fair value with measurement effects recognised in profit or loss.

As of 30 June 2015 the fair value of the instrument was equal to €/000 -956. Sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on the Income Statement, net of the relative tax effect, of €/000 31 and €/000 -32 respectively, assuming constant exchange rates. Assuming a 1% reversal and write-down of the exchange rate of the Indian Rupee, sensitivity analysis of the instrument and its underlying identified a potential impact on the Income Statement, net of the relative tax effect, of €/000 -30 and €/000 30 respectively.

	FAIR VALUE
In thousands of Euros	
Piaggio & C. S.P.A.	
Interest Rate Swap	(300)
Cross Currency Swap	18,571
Piaggio Vehicles Private Limited	
Cross Currency Swap	3,505
Cross Currency Swap	2,465
Cross Currency Swap	(956)
Piaggio Vietnam	
Cross Currency Swap	352

Credit risk

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

	As of 30 June 2015	**As of 31 December 2014**
In thousands of Euros		
Liquid assets	118,499	92,211
Securities	2,127	5,941
Financial receivables		
Trade receivables	160,137	74,220
Total	**280,763**	**172,372**

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

43. Disputes

Piaggio opposed the proceedings undertaken by the consumer association Altroconsumo, in accordance with article 140 of the Consumer Code, opposing, also with the filing of a specific technical report written by an independent expert, the alleged existence of a design defect and hazardous nature of the Gilera Runner first series, which was manufactured and sold by Piaggio from 1997 to 2005. In the case put forward by Altroconsumo, the erroneous design would make the vehicle in question more hazardous in the event of an accident with frontal impact, referring, as an example to two accidents occurring in 1999 and 2009 to Mr Gastaldi and Mr Stella respectively, following which the Gilera Runner burst into flames. The court of first instance dismissed the precautionary appeal, ordering Altroconsumo to pay legal costs to Piaggio. Following the appeal made by Altroconsumo, the Board ordered a technical appraisal to ascertain the existence of the design defect claimed by Altroconsumo. Following the results of the appraisal and hearing held on 18 December 2012, the Board informed the parties on 29 January 2013 that Altroconsumo's appeal had been upheld, ruling Piaggio to (i) inform owners of the hazardous nature of the product, (ii) publish the ruling of the Board in some newspapers and specialised magazines (iii) recall the product. The effects of the ruling were subsequently suspended by the Court of Pontedera with a ruling ("inaudita altera parte") of 28 March 2013, concerning the appeal made by Piaggio, in accordance with article 700 of the Italian Code of Civil Proceedings. Following the cross examination with Altroconsumo, the suspension ruling was confirmed by the Court of Pontedera on 3 June 2013. Altroconsumo appealed against the suspension ruling before the Board at the Court of Pisa. The Board has therefore appointed a new expert witness, having noted the contradictions between i) the report prepared by the expert witness Professor Cantore in the case brought by Altroconsumo, and ii) the report prepared by the same expert witness Professor Cantore in the case brought by Mr Stella in a separate action for damages. Activities of the expert were completed and the technical appraisal report was filed in December 2014. The results of the expert appraisal were discussed at the hearing of 19 January 2015, at the end of which the Pisa court upheld the judgment issued on 29 January 2013. Piaggio has complied with the decision by publishing a notice in the press and launching a recall campaign for its vehicles pending the outcome of the proceedings, as described below.
Piaggio has taken action before the Court of Pontedera (now the Court of Pisa) for a final dismissal of the ruling of the Court of Pisa of 29 January 2013. Granting Piaggio's application, the judge appointed a new expert witness, Professor Belingardi from Politecnico di Torino, who was sworn in at the hearing of 14 July 2015. The case has been adjourned until 21 April 2016 for a discussion of the expert witness report.

Canadian Scooter Corp. (CSC), sole distributor of Piaggio for Canada, summoned Piaggio & C. S.p.A., Piaggio Group Americas Inc. and Nacional Motor S.A to appear before the Court of Toronto (Canada) in August 2009 to obtain compensation for damages sustained due to the alleged infringement of regulations established by Canadian law on franchising (the Arthur Wishart Act). Proceedings have been stopped while a settlement of the dispute is being defined.

In 2010, Piaggio took action to establish an arbitration board through the Arbitration Chamber of Milan, for a ruling against some companies of the Case New Holland Group (Italy, Holland and the US), to recover damages under contractual and non-contractual liability relating to the execution of a supply and development contract of a new family of utility vehicles (NUV). In the award notified to the parties on 3 August 2012, the Board rejected the claims made by the Company. The Company has appealed against this award to the Appeal Court of Milan, which has established the first hearing for 4 June 2013. The case has been adjourned to 12 January 2016 for specification of the pleadings.

Da Lio S.p.A., by means of a writ received on 15 April 2009, summoned the Parent Company before the Court of Pisa to claim compensation for the alleged damages sustained for various reasons as a result of the termination of supply relationships. The Company appeared in court requesting the rejection of all opposing requests. Da Lio requested a joinder with the opposition concerning the injunction obtained by Piaggio to return the moulds retained by the supplier at the end of the supply agreement. Judgements were considered and a ruling issued pursuant to article 186-ter of the Italian Code of Civil Proceedings, on 7 June 2011, ordering Piaggio to pay the sum of Euro 109,586.60, in addition to interest relative to sums which were not disputed. During 2012, testimonial evidence was presented. After reaching a decision at the end of testimonial evidence, the Judge admitted a technical/accounting court-appointed expert requested by Da Lio to quantify the amount of interest claimed by Da Lio and value of stock. The technical appraisal was completed at the end of 2014. At the hearing of 12 February, the Judge arranged for a mediation hearing for 23 April 2015. Following the hearing and in the absence of conciliation, the case was adjourned until 23 September 2016 for closing arguments.

In June 2011 Elma srl, a Piaggio dealer since 1995, started two separate proceedings against the Parent Company, claiming the payment of approximately € 2 million for alleged breach of the sole agency ensured by Piaggio for the Rome area and an additional € 5 million as damages for alleged breach and abuse of economic dependence by the Company. Piaggio opposed the proceedings undertaken by Elma, fully disputing its claims and requesting a ruling for Elma to settle outstanding sums owing of approximately € 966,000.
During the case, Piaggio requested the payment of bank guarantees that ensured against the risk of default by the dealer issued in its favour by three banks. Elma attempted to stop payment of the guarantees with preventive proceedings at the Court of Pisa (Pontedera section): the proceedings ended in favour of Piaggio that collected the amounts of the guarantees (over € 400,000). Trial proceedings took place and a hearing was held on 24 April 2013 to examine evidence. After reaching a decision at the aforesaid hearing, the Judge rejected requests for preliminary examination of Elma and set the hearing for 17 December 2015 for closing arguments.
As regards the matter, Elma has also brought a case against a former senior manager of the Company before the Court of Rome, claiming compensation for damages: Piaggio appeared in the proceedings, requesting, among others, that the case be moved to the Court of Pisa. At the hearing of 27 January 2014, the Judge ruled on the preliminary exceptions and did not admit preliminary briefs. The hearing for closing arguments has been set for 21 December 2015.

In a writ received on 29 May 2007, Gammamoto S.r.l. in liquidation, an Aprilia licensee in Rome, brought a case against the Parent Company before the Court of Rome for contractual and non-contractual liability. The Company fully opposed the injunction disputing the validity of Gammamoto's claims and objecting to the lack of jurisdiction of the Judge in charge. The Judge, accepting the petition formulated by the Company, declared its lack of jurisdiction with regards to the dispute. Gammamoto has continued proceedings through the Court of Venice. The Judge admitted testimonial evidence and evidence for examination requested by the parties, establishing the hearing for the preliminary investigation on 12 November 2012. After defining the closing arguments of the hearing of 26 June 2013, the terms for final statements and relative replies were granted, and the case was ruled on. The Court of Venice issued a ruling in favour of Piaggio, filed on 17 February 2014. Gammamoto appealed and at the first hearing on 23 October 2014 the Court decided to rule without proceeding with the preliminary investigation requested by the other party, and in particular without ordering a technical appraisal. The hearing for closing arguments has been set for 1 April 2019.

The company TAIZHOU ZHONGNENG summoned Piaggio before the Court of Turin, requesting the annulment of the Italian part of the 3D mark registered in Italy protecting the form of the Vespa, as well as a ruling dismissing the offence of the counterfeiting of the 3D mark in relation to scooter models seized by the Guardia di Finanza [Italian tax police] at the 2013 EICMA trade show, based on the petition filed by Piaggio, in addition to compensation for damages. At the first hearing for the parties to appear, set for 4 February 2015 and adjourned to 5 February 2015, the Judge lifted reservations, arranging for a technical appraisal to establish the validity of the Vespa 3D mark and the infringement or otherwise of Znen scooter models, setting the next hearing for the court-appointed expert to be sworn in on 18 March 2015. The swearing-in hearing was eventually postponed until 29 May 2015. At that hearing, the judge set the deadline for filing the final expert witness report as 10 January 2016, and scheduled the discussion hearing for 3 February 2016.

In a writ of 27 October 2014 Piaggio summoned the companies PEUGEOT MOTOCYCLES ITALIA s.p.a., MOTORKIT s.a.s. di Turcato Bruno e C., GI.PI. MOTOR di Bastianello Attilio and GMR MOTOR s.r.l. before the Court of Milan to obtain the recall of Peugeot “Metropolis” motorcycles from the market, and to establish the infringement of some European patents and designs owned by Piaggio, as well as a ruling for the compensation of damages for unfair competition, and the publication of the ruling in some newspapers. At the first appearance hearing scheduled for 4 March 2015, the court stipulated the terms for the submission of statements pursuant to Art. 183.6 of the Italian Code of Civil Procedure, setting the appointment of the expert for the hearing of 16 June, which was then postponed for duty reasons to 23 June 2015. The hearing for the oath-taking of the expert has been scheduled for 6 October 2015.

Piaggio brought a similar action against Peugeot Motocycles SAS before the Tribunal de Grande Instance in Paris. As a result of the Piaggio action (”Saisie Contrefaçon”), several documents were obtained by a bailiff and tests carried out to prove the infringement of the Piaggio MP3 motorcycle by the Peugeot “Metropolis” motorcycle. The hearing will take place on 8 October 2015 for the appointment of the expert witness, who will examine the findings of the “Saisie Contrefaçon”.

In a writ of 4 November 2014 Piaggio summoned the companies YAMAHA MOTOR ITALIA s.p.a., TERZIMOTOR di Terzani Giancarlo e Alberto s.n.c., NEGRIMOTORS s.r.l. and TWINSBIKE s.r.l. before the Court of Milan to obtain the recall of Yamaha “Tricity” motorcycles from the market, and to establish the infringement of some European patents and designs owned by Piaggio, as well as a ruling for the compensation of damages for unfair competition, and the publication of the ruling in some newspapers. At the first hearing scheduled for 24 March 2015, the judge set the deadline for filing statements pursuant to Article 183.6 of the Italian Code of Civil Procedure, scheduling the appointment of the expert witness for the hearing on 1 July 2015. The expert witness will be sworn in at the hearing on 9 September 2015.

The amounts allocated by the Company for the potential risks deriving from the current dispute appear to be consistent with the predictable outcome of the disputes.

As regards tax claim rulings involving the Parent Company Piaggio & C S.p.A. (hereinafter “the Company”), two appeals are ongoing against two tax assessments notified to the Company and relative to the 2002 and 2003 tax years respectively. These assessments originate from an access conducted by the Italian Revenue Agency in 2007 at the Company’s offices, following information filed in the Report of Verification issued in 2002 following a general audit.
The Company has obtained a favourable ruling concerning these verifications, in both the first and second instance, and with reference to both tax periods, against which the Italian Inland Revenue Office has lodged an appeal with the Supreme Court of Cassation. the Company has filed relative counter claims and is waiting for dates of hearings to be set.
It is also noted that the Company has filed an appeal with the Income Tax Appellate Tribunal against the assessment order received on completion of the assessment of the income generated by Piaggio & C. S.p.A. in India during the Indian 2009-2010 tax period, involving sums totalling approximately €1 million. Piaggio & C. S.p.A. also received a draft assessment order from the Indian tax authorities following an assessment of income generated in India in the Indian tax period 2010-11, involving sums totalling approximately €1 million. The Company has filed an appeal against the order with the Dispute Resolution Panel (a pre-litigation body to which taxpayers can apply and whose decisions are binding for the tax authorities).
For both cases, as well as the claims relative to income generated in India, the Company has not considered it necessary to allocate provisions, in view of the positive opinions expressed by consultants appointed as counsel.

The main tax disputes of other Group companies concern Piaggio Vehicles PVT Ltd, Piaggio France S.A.. and Piaggio Hellas S.A..

With reference to the Indian subsidiary, some disputes concerning different tax years from 1998 to 2014 are ongoing related to direct and indirect tax assessments and for a part of which, considering positive opinions expressed by consultants appointed as counsel, provisions have not been made in the financial statements. The Indian company has already partly paid the amounts contested, as required by local laws, that will be paid back when proceedings are successfully concluded in its favour.

As regards the French company, a favourable ruling was issued in December 2012 by the Commission Nationale des Impots directes et des taxes sur le chiffre d'affaires, the decision-making body ruling prior to legal proceedings in disputes with the French tax authorities concerning a general audit of the 2006 and 2007 periods. The French tax authorities however upheld its claims against the company, requesting payment of the amounts claimed. The company therefore filed an appeal against the claims of the Local Authorities, which however rejected the considerations made by the companies. An appeal was immediately filed with the Tribunal Administratif, which rejected some of the Company's objections. A hearing is now pending on several of the key points. The Company has not considered allocating provisions necessary, in view of the positive opinions expressed by consultants appointed as counsel, as well as the opinion of the above Commission.

On 8 April 2015, the Greek company Piaggio Hellas S.A. received a Tax Report following a general audit for the 2008 tax period. The report claimed the total sum of around €407,000, plus penalties of approximately €129,000. The Company appealed against the decision with the Tax Audit Centre – Dispute Resolution Department on 12 June 2015. The contested amounts have already been paid to the relevant authorities and will be refunded if the case is successful.

44. Significant non-recurring events and operations

During 2014, the Parent Company exercised the call option of the debenture loan issued by the Company on 1 December 2009 for a total amount of €/000 150,000 and maturing on 1 December 2016. On 9 June, the remaining portion of this loan (equal to approximately € 42 million) was paid back at the price of 103.50%, after the finalisation of the exchange offer launched on 7 April.
The operation led to the recognition of the premium paid to bond holders that did not take up the exchange offer and of costs not yet depreciated of the reimbursed loan under borrowing costs in the income statement for the first half of 2014.
The operation comes under significant non-recurrent transactions, as defined by CONSOB Communication no. DEM/6064293 of 28 July 2006.

In the first half of 2015, no significant non-recurrent transactions were recorded.

45. Transactions arising from atypical and/or unusual operations

During the first half of 2015 and 2014, the Group did not record any significant atypical and/or unusual operations, as defined by CONSOB Communication no. DEM/6037577 of 28 April 2006 and no. DEM/6064293 of 28 July 2006.

46. Events occurring after the end of the period

8 July 2015 – Aprilia Racing and Marco Melandri reached an agreement for the amicable termination of Melandri's contract with Aprilia Racing. Starting from the German Grand Prix on 12 July 2015, the team will field test rider Michael Laverty as Melandri's replacement.

16 July 2015 - The world's first free-floating scooter-sharing scheme was launched in Milan. The service is offered by the Enjoy company and uses Piaggio Mp3 scooters. For the occasion, the Piaggio Group developed a special version of the Mp3 300LT Business ABS three-wheel scooter combining a full range of new features for localisation via smartphone and use of the vehicle in sharing mode. Under the initiative, an initial fleet of 150 scooters is to be delivered for the Enjoy scheme in Milan.

47. Authorisation for publication

This document was published on 20 August 2015 and authorised by the Chairman and Chief Executive Officer.

Milan, 30 July 2015

for the Board of Directors

Chairman and Chief Executive Officer
Roberto Colaninno

Attachments

Piaggio Group companies

Companies and material investments of the Group are listed below. The list presents the companies divided by type of control and method of consolidation.
The following are also shown for each company: the company name, the registered office, the country of origin and the share capital in the original currency, in addition to the percentage held by Piaggio & C. S.p.A. or by other subsidiaries. It should be noted that the percentage share of ownership corresponds to the percentage share of the voting rights exercised at Ordinary General Meetings of the Shareholders.

List of companies included in the scope of consolidation on a line-by-line basis as of 30 June 2015.

Company name	Registered office	Country	Share capital	Currency	% of the holding Direct	Indirect	Means	% total interest
Parent company								
Piaggio & C. S.P.A.	Pontedera (Pisa)	Italy	207,613,944.37	Euro				
Subsidiaries:								
Aprilia Brasil Industria de Motociclos S.A.	Manaus	Brazil	2,020,000.00	R$		51%	Aprilia World Service Holding do Brasil Ltda	51%
Aprilia Racing s.r.l.	Pontedera (Pisa)	Italy	250,000.00	Euro	100%			100%
Aprilia World Service Holding do Brasil Ltda.	São Paulo	Brazil	2,028,780.00	R$		99.999950709%	Piaggio Group Americas Inc	99.999950709%
Atlantic 12- Property investment fund	Rome	Italy	10,577,744.70	Euro	100%			100%
Foshan Piaggio Vehicles Technology Research and Development Co Ltd	Foshan City	China	10,500,000.00	RMB		100%	Piaggio Vespa B.V.	100%
Nacional Motor S.A.	Barcelona	Spain	60,000.00[9]	Euro	100%			100%
Piaggio Advanced Design Center Corp.	California	USA	100,000.00	USD	100%			100%
Piaggio Asia Pacific PTE Ltd.	Singapore	Singapore	100,000.00	sin$			Piaggio Vespa B.V.	100%
Piaggio China Co. LTD	Hong Kong	China	12,500,000 auth. capital (12,100,000 subscribed and paid up)	USD	99.999990%			99.999990%
Piaggio Concept Store Mantova S.r.l.	Mantua	Italy	100,000.00	Euro	100%			100%
Piaggio Deutschland GmbH	Düsseldorf	Germany	250,000.00	Euro		100%	Piaggio Vespa B.V.	100%
Piaggio Espana S.L.U.	Alcobendas	Spain	426,642.00	Euro	100%			100%
Piaggio Fast Forward Inc.	Delaware	USA	1,676.47	USD	tbd			tbd
Piaggio France S.A.S.	Clichy Cedex	France	250,000.00	Euro		100%	Piaggio Vespa B.V.	100%
Piaggio Group Americas Inc	New York	USA	2,000.00	USD		100%	Piaggio Vespa B.V.	100%
Piaggio Group Canada Inc.	Toronto	Canada	10,000.00	CAD$		100%	Piaggio Group Americas Inc	100%
Piaggio Group Japan	Tokyo	Japan	99,000,000.00	Yen		100%	Piaggio Vespa B.V.	100%
Piaggio Hellas S.A.	Athens	Greece	2,204,040.00	Euro		100%	Piaggio Vespa B.V.	100%
Piaggio Hrvatska D.o.o.	Split	Croatia	400,000.00	HKD		75%	Piaggio Vespa B.V.	75%
Piaggio Limited	Bromley Kent	United Kingdom	250,000.00	GBP	0.0004%	99.9996%	Piaggio Vespa B.V.	100%
Piaggio Vehicles Private Limited	Maharashtra	India	349,370,000.00	INR	99.9999971%	0.0000029%	Piaggio Vespa B.V.	100%
Piaggio Vespa B.V.	Breda	Holland	91,000.00	Euro	100%			100%
Piaggio Vietnam Co Ltd	Hanoi	Vietnam	64,751,000,000.00	VND	63.5%	36.5%	Piaggio Vespa B.V.	100%
PT Piaggio Indonesia	Jakarta	Indonesia	4,458,500,000.00	Rupiah	1%	99%	Piaggio Vespa B.V.	100%

9_ Resolution to reduce the share capital adopted on 31 March 2015; the procedure to register the resolution is currently under way.

List of companies included in the scope of consolidation with the equity method as of 30 June 2015

Company name	Registered office	Country	Share capital	Currency	% of the holding Direct	% of the holding Indirect	% of the holding Means	% total interest
Zongshen Piaggio Foshan Motorcycle Co. LTD.	Foshan City	China	29,800,000.00	USD	32.50%	12.50%	Piaggio China Co. LTD	45%

List of investments in affiliated companies as of 30 June 2015

Company name	Registered office	Country	Share capital	Currency	% of the holding Direct	% of the holding Indirect	% of the holding Means	% total interest
Depuradora D'Aigues de Martorelles Soc. Coop. Catalana Limitada	Barcelona	Spain	60,101.21	Euro		22%	Nacional Motor S.A.	22%
Immsi Audit S.c.a.r.l.	Mantua	Italy	40,000.00	Euro	25%			25%
Pont - Tech, Pontedera & Tecnologia S.c.r.l.	Pontedera (Pisa)	Italy	884,160.00	Euro	20.44%			20.44%
S.A.T. Societé d'Automobiles et Triporteurs S.A.	Tunis	Tunisia	210,000.00	TND		20%	Piaggio Vespa B.V.	20%

Certification of the Condensed Consolidated Interim Financial Statements pursuant to article 154-bis of Italian Legislative Decree no. 58/98

Certification of the Condensed Consolidated Interim Financial Statements pursuant to article 154-*bis* of Italian Legislative Decree no. 58/98

1. The undersigned Roberto Colaninno (Chairman and Chief Executive Officer) and Alessandra Simonotto (Executive in charge of financial reporting) of Piaggio & C. S.p.A. certify, also in consideration of article 154-*bis*, sections 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the appropriateness with regard to the company's characteristics and
- the actual application of administrative and accounting procedures for the formation of the Condensed Consolidated Interim Financial Statements during the first half of 2015.

2. With regard to the above, no relevant aspects are to be reported.

3. Moreover, it is stated that

3.1 the Condensed Consolidated Interim Financial Statements:

a) have been prepared in compliance with the international accounting standards recognised by the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;

b) correspond to accounting records;

c) give a true and fair view of the consolidated statement of financial position and results of operations of the Issuer and of all companies included in the scope of consolidation;

3.2 the Directors' Interim Report contains references to important events occurring in the first six months of the financial year and to their incidence on the Condensed Consolidated Interim Financial Statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year, as well as information on significant transactions with related parties.

Date: 30 July 2015

/s/ Roberto Colaninno

Roberto Colaninno
Chairman and Chief Executive Officer

/s/ Alessandra Simonotto

Alessandra Simonotto
Executive in charge of financial reporting

Report of the Independent Auditors on the Condensed Consolidated Interim Financial Statements

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REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Piaggio & C. SpA

Foreword

We have reviewed the accompanying condensed consolidated interim financial statements of Piaggio & C. SpA and its subsidiaries (the Piaggio Group) as of 30 June 2015, comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated shareholders' equity, consolidated statement of cash flows and related notes. The directors of Piaggio & C. SpA are responsible for the preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of condensed consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of the Piaggio Group as of 30 June

PricewaterhouseCoopers SpA

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2015 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Florence, 31 July 2015

PricewaterhouseCoopers SpA

Signed by

Corrado Testori
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

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Disclaimer

This Half-year Financial Report as of 30 June 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.

PIAGGIO & C. s.p.a.

Management and Coordination
IMMSI S.p.A.
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