Share capital 178,464,000 euros fully paid up
Registered office: P.zza Vilfredo Pareto, 3 – 46100 Mantova
Mantova Register of Companies – Tax code and VAT number 07918540019

Half-yearly Financial Report of Immsi Group to 30 June 2015

This Interim Report on Operations is a translation provided only for the convenience of foreign readers.

The Italian version will prevail.

Contents

This document was approved by the Board of Directors of Immsi S.p.A. on 27 August 2015 and is available for the public to consult at the Registered Office of the Company, on the website of the Borsa Italiana S.p.A. www.borsaitaliana.it, in the centralised storage system www.emarketstorage.com and on the Issuer's website www.immsi.it (section: "Investors/Financial reports/2015")

COMPANY BOARDS

The Board of Directors and the Board of Statutory Auditors of Immsi S.p.A. were appointed by shareholders' resolution of 13 May 2015 and will remain in office until the date the Shareholders' Meeting is convened to approve the financial statements for the year ending 31 December 2017.

BOARD OF DIRECTORS

Roberto Colaninno	***Chairman***
Daniele Discepolo	***Deputy Chairman***
Michele Colaninno	***Managing Director***
Matteo Colaninno	***Director***
Ruggero Magnoni	***Director***
Livio Corghi	***Director***
Rita Ciccone	***Director***
Giovanni Sala	***Director***
Patrizia De Pasquale	***Director***

BOARD OF STATUTORY AUDITORS

Alessandro Lai	Chairman
Daniele Girelli	Statutory Auditor
Silvia Rodi	Statutory Auditor
Gianmarco Losi	Alternate Auditor
Elena Fornara	Alternate Auditor

AUDIT COMPANY

PricewaterhouseCoopers S.p.A.	2012 – 2020

MANAGER DIRECTOR

Michele Colaninno

In accordance with the principles of Corporate Governance recommended by the Corporate Governance Code for Listed Companies, and pursuant to Italian Legislative Decree No. 231/01, the Board of Directors has established the following bodies:

REMUNERATION COMMITTEE

Daniele Discepolo *Chairman*
Giovanni Sala
Rita Ciccone

NOMINATION COMMITTEE

Giovanni Sala *Chairman*
Daniele Discepolo
Rita Ciccone

INTERNAL CONTROL AND RISK MANAGEMENT COMMITTEE

Daniele Discepolo *Chairman*
Giovanni Sala
Rita Ciccone

RELATED PARTIES COMMITTEE

Giovanni Sala *Chairman*
Rita Ciccone
Patrizia De Pasquale

COMPLIANCE COMMITTEE

Marco Reboa *Chairman*
Alessandro Lai
Maurizio Strozzi

LEAD INDEPENDENT DIRECTOR

Daniele Discepolo

DEPUTY CHAIRMAN

Michele Colaninno

INTERNAL AUDIT MANAGER

Maurizio Strozzi

COMPANY ACCOUNTS MANAGER

Andrea Paroli

INVESTOR RELATIONS

Andrea Paroli

Interim management report of the Immsi Group

The Half-year Financial Report for the six months to 30 June 2015 has been prepared in accordance with Italian Legislative Decree No. 58/1998, as amended, and the Issuer Regulations issued by Consob.
This Financial Report was drafted in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union, and according to IAS 34 – *Interim Financial Reporting*, applying the same accounting principles as those adopted when preparing the Group Consolidated Financial Statements to 31 December 2014 (to which we refer), and the amendments and interpretations applied by the IASB for annual periods beginning on or after 1 January 2015 (for more details, please see the notes to this document).
The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"), were also taken into account.

Information on operations

During the first half of 2015, the Immsi Group recorded significant growth in revenues (+10.6%) compared with the corresponding period of the previous year and posted a return to profit. Despite the green shoots that emerged in the second quarter of 2015, the macroeconomic environment remains uncertain, particularly in the domestic market, both in terms of consumer sentiment and the strength of the recovery.

Results for the period have different trends with reference to the sectors comprising the Group, based on the different business trends of the period in question.
For a clearer interpretation, the following is reported on a preliminary basis:

- the "<u>property and holding sector</u>" consolidated the financial position and performance of Immsi S.p.A., Immsi Audit S.c.a r.l., ISM Investimenti S.p.A., Is Molas S.p.A., Apuliae S.p.A., Pietra S.r.l., Pietra Ligure S.r.l. and RCN Finanziaria S.p.A.;

- the "<u>industrial sector</u>" includes the companies owned by the Piaggio Group, while

- the "<u>marine sector</u>" includes Intermarine S.p.A. and other minor subsidiaries or associated companies of Intermarine S.p.A..

Some of the main income and balance sheet figures of the Immsi Group are presented below, divided by business sector and determined, as already stated, in accordance with the international accounting standards (IAS/IFRS). A more detailed description of the figures below may be found later on in this document.

Immsi Group at 30 June 2015

In thousands of euros	Sector property and holding	as a %	Sector industrial	as a %	Sector marine	as a %	Group Immsi	as a %
Net revenues	2,093		693,886		29,571		725,550	
Operating income before depreciation and amortisation (EBITDA)	1,319	n/m	95,067	13.7%	-181	-0.6%	96,205	13.3%
Operating income (EBIT)	1,080	n/m	42,923	6.2%	-802	-2.7%	43,201	6.0%
Profit before tax	-5,812	n/m	24,633	3.6%	-3,583	-12.1%	15,238	2.1%
Earnings for the period including the portion attributable to non-controlling interests	-4,210	n/m	14,780	2.1%	-2,620	-8.9%	7,950	1.1%
Group earnings for the period (for consolidation purposes)	-2,432	n/m	7,403	1.1%	-1,655	-5.6%	3,316	0.5%
Net debt	-316,076		-535,333		-100,559		-951,968	
Personnel (number)	94		7,675		294		8,063	

Hereunder we give the same table referring to the first half of the preceding year. A comparison between the two periods is made in the specific comment related to the single business sectors presented further on:

Immsi Group at 30 June 2014

In thousands of euros	Sector property and holding	as a %	Sector industrial	as a %	Sector marine	as a %	Group Immsi	as a %
Net revenues	2,267		628,977		24,583		655,827	
Operating income before depreciation and amortisation (EBITDA)	-2,139	n/m	94,045	15.0%	-4,423	-18.0%	87,483	13.3%
Operating income (EBIT)	-2,406	n/m	51,081	8.1%	-5,050	-20.5%	43,625	6.7%
Profit before tax	-49,447	n/m	27,477	4.4%	-7,928	-32.2%	-29,898	-4.6%
Earnings for the period including the portion attributable to non-controlling interests	-46,988	n/m	16,487	2.6%	-5,730	-23.3%	-36,231	-5.5%
Group earnings for the period (for consolidation purposes)	-44,650	n/m	8,284	1.3%	-3,620	-14.7%	-39,986	-6.1%
*Adjusted earnings for the period including non-controlling interests *)*	*-46,988*	n/m	*18,255*	*2.9%*	*-5,730*	*-23.3%*	*-34,463*	*-5.3%*
*Adjusted Group earnings for the period (for consolidation purposes) *)*	*-44,650*	n/m	*9,174*	*1.5%*	*-3,620*	*-14.7%*	*-39,096*	*-6.0%*
Net debt	-279,249		-472,326		-117,205		-868,780	
Personnel (number)	92		7,734		298		8,124	

*) For details of the method of calculation of the adjustment, please refer to the section of this Report on financial liabilities.

It should be noted that the data given in the preceding tables refer to the consolidable results, that is in particular net of the intergroup revenues and costs and the dividends from subsidiaries.

Alternative non-GAAP performance measures

This Report contains some measures that, albeit not laid down in the IFRS ("*Non-GAAP Measures*"), derived from IFRS financial measures.

These measures – which are presented to allow a better assessment of the Group's operating performance – should not be considered as an alternative to IFRS measures. They are identical to those contained in the Annual Report and Financial Statements at 31 December 2014 and in the periodical quarterly reports of the Immsi Group.

It should also be noted that the methods for calculating these measures might not be the same as those adopted by others, as they are not specifically governed by the reference accounting standards and therefore might not be sufficiently comparable.

In particular, the following alternative performance measures have been used:

- **EBITDA**: defined as operating income before amortisation/depreciation and impairment costs of intangible assets and property, plant and equipment, as reported in the consolidated income statement;

- **Net financial debt**: represented by (current and non-current) financial liabilities, minus cash on hand and other cash and cash equivalents, as well as other (current and non-current) financial receivables. The other financial assets and liabilities arising from the valuation at fair value of the derivative financial instruments designated as hedges and the fair value adjustment of the related hedged items do not, however, enter into determining net financial debt. Among the schedules contained in this Report, a table detailing the composition of this indicator is also included. In this respect, pursuant to the CESR recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", it is noted that the indicator thus formulated represents what has been monitored by Group Management and differs from that suggested by Consob Communication No. 6064293 of 28 July 2006 as it also includes the non-current portion of financial receivables.

Furthermore, in order to ensure adequate comparability of the results of the first half of 2015 with those of the previous period, net profit has been recalculated for the first half of 2014, excluding the effect of non-recurring events (illustrated more fully later on in this Report and entirely ascribable to the Piaggio Group), defined as *adjusted* net profit.

Property and holding sector

In thousands of euros	*30.06.2015*	*as a %*	*30.06.2014*	*as a %*	*Change*	*as a %*
Net revenues	2,093		2,267		-174	-7.7%
Operating income before depreciation and amortisation (EBITDA)	1,319	n/m	-2,139	n/m	3,458	n/m
Operating income (EBIT)	1,080	n/m	-2,406	n/m	3,486	n/m
Profit before tax	-5,812	n/m	-49,447	n/m	43,635	88.2%
Earnings for the period including the portion attributable to non-controlling interests	-4,210	n/m	-46,988	n/m	42,778	91.0%
Group earnings for the period (for consolidation purposes)	-2,432	n/m	-44,650	n/m	42,218	94.6%
Net debt	-316,076		-279,249		-36,827	-13.2%
Personnel (number)	94		92		2	2.2%

the “property and holding sector” consolidated the financial position and performance of Immsi S.p.A., Immsi Audit S.c.a r.l., ISM Investimenti S.p.A., Is Molas S.p.A., Apuliae S.p.A., Pietra S.r.l., Pietra Ligure S.r.l. and RCN Finanziaria S.p.A..

Overall, in the first half of 2015 the **property and holding sector** reported negative consolidated net profit of around 2.4 million euros, a significant improvement over the same period of the previous year (-44.7 million euros). This was mainly due to:

- the recognition in the first half of 2015 of 1) income of 2.7 million euros from forfeiture of the deposit paid by Como S.r.l. in 2005 when signing the preliminary contract for the purchase of property in Pietra Ligure, after it defaulted on the contractual terms, and 2) income of 1.27 million euros from the enforcement by Is Molas S.p.A. of two sureties relating to procurement contracts with Italiana Costruzioni S.p.A., following a court order issued in the subsidiary’s favour for breach of contract by the contractor;
- a 40,850 thousand euro write-down in the first half of 2014 following the impairment loss recognised on the investment in Alitalia – Compagnia Aerea Italiana S.p.A. (“Alitalia – CAI”), after performing an impairment test to test the recoverability of its carrying amount.

Net debt for the sector amounted to 316.1 million euros, compared with -300.2 million euros and -279.2 million euros at 31 December 2014 and 30 June 2014 respectively. The change in net debt was adversely affected by the reversal of consolidation entries for 24 million euros, recognised since 2006 to reverse the effects of the payment made by Pietra S.r.l. to Intermarine for the purchase of the future receivable arising from the preliminary contract with Como S.r.l., in order to eliminate the effects of intergroup transactions. Similarly, the change in net debt for the marine sector was positive, as indicated below.
Following the demerger of the property site at Pietra Ligure from Intermarine, establishing a newco (Pietra Ligure S.r.l.), a transaction intended to create conditions for valuing this property project, this adjustment was no longer recognised, so the marine sector and property and holding sector as of 30 June 2015 recorded actual net debt.
The **Parent Company Immsi S.p.A.** recorded a net profit for the period of around 15.2 million euros, compared with around 41.1 million euros at 30 June 2014. This was mainly due to the increase in financial income in the first half of 2015 compared with the same period of the previous year. In April 2015, the company received around 13.2 million euros in dividends distributed by the subsidiary Piaggio & C. S.p.A. (which did not make any distributions in the first half of 2014), and in

May realised a capital gain of 2.7 million euros from the sale of some 1.9 million shares of Piaggio & C. S.p.A. Net profit at 30 June 2014 was also penalised by a write-down of 40,850 thousand euros taken to profit and loss as a result of the impairment loss booked on the investment in Alitalia – Compagnia Aerea Italiana S.p.A. ("Alitalia – CAI"), after performing an impairment test to test the recoverability of its carrying amount.
With reference to the non-financial components of income, it should be noted that the net revenues accomplished in the first half of 2015 deriving from the real-estate operations and services amount to 2.3 million euros, basically unchanged compared to the same period in the preceding year.
Shareholders' equity of the Parent Company Immsi S.p.A. at 30 June 2015 was approximately 376.8 million euros, while net debt stood at 74.2 million euros, a decrease of around 11.6 million euros compared with 31 December 2014: this improvement is primarily due to the collection in April 2015 of around 13.2 million euros in dividends by the subsidiary Piaggio & C. S.p.A., and 5.2 million euros in May from the sale of some 1.9 million shares of Piaggio & C. S.p.A.; these inflows were only partially offset by cash outflows of approximately 5.7 million euros, generated by the Company's operations, and the payments of 0.6 million euros in January 2015 and 0.4 million euros in May 2015 by way of "payment towards a future capital increase", in compliance with the Stand-by Equity Commitment undertaken in September 2014 to subscribe and issue a capital increase for a maximum of 10 million euros, as authorised by the shareholders of Alitalia – CAI on 25 July 2014.

With regard to the subsidiary **Is Molas S.p.A**., it should be noted that the company, after obtaining additional authorisation from Pula Council in April 2015, signed new procurement contracts for the construction of 15 FCn10 houses and the first phase of basic urban infrastructure works, with delivery of the construction sites and subsequent commencement of the works in June 2015.
Revenues from tourism/hotels and golf for the first half of 2015 were basically in line with figures for the same period of 2014; in terms of margins, the company recorded negative operating income of 0.9 million euros (a significant improvement on the -1.9 million euros recorded in the first half of 2014) and a net loss (for consolidation purposes) of -0.8 million euros (an improvement on the first six months of 2014 of approximately 0.4 million euros), mainly relating to income of 1.27 million euros booked following the enforcement of two sureties relating to contracts with Italiana Costruzioni S.p.A., following a court ruling in the subsidiary's favour for breach of contract by the contractor.
The company's net debt amounted to 44 million euros, essentially in line with the end of 2014 (43.8 million euros); the change for the period consists of net cash flow absorbed by operating activities of approximately 0.8 million euros and investments in property, plant and equipment of approximately 0.3 million euros, which more than offset the payment of 1 million euros by the shareholder ISM Investimenti S.p.A. in relation to the subscription and payment of the capital increase, chiefly aimed at launching the property business.

With reference to the **Pietra Ligure project** (Pietra S.r.l.), it should be noted that during the first half of 2015, the document was signed relating to the planning agreement and the spin-off from Intermarine of the Newco Pietra Ligure S.r.l., to which the Pietra Ligure property portfolio was transferred with the relevant concession and planning agreement. Since the conditions precedent set out in the preliminary contract with Como S.r.l. for the sale of the Newco formed for this purpose had been met, and since the contractual deadline had elapsed without the other party fulfilling its obligations, the deposit was forfeited.
It should be noted that, even before the deadline, the buyer had disclosed that it did not intend to proceed with the preliminary contract of sale for the property portfolio, requesting enforcement of the bank guarantee issued as security for the deposit. Intermarine has formally asked the counterparty to proceed with the signing of the final contract and has deposited an appeal at the Court of Rome, under Article. 700 of the Italian Code of Civil Procedure, in order to inhibit the enforcement of the aforementioned guarantee. At the time, the Judge of the monitoring process

rejected the appeal, arguing that the most natural place for examining and determining the validity of the enforcement of the guarantee was at the appeal proceedings, as supported by Banco Popolare s.c., following the cease-and-desist order presented by Como S.r.l., and for which the hearing date was set as 1 October 2015.
Accordingly, since the directors have noted that, following the fulfilment of the conditions precedent set out in the preliminary contract, the other party then expressed a wish not to proceed with the contract, citing unsound and specious reasons, it has been decided, based on the opinion of legal counsel, that the deposit can be considered permanently forfeited. As a result, the consolidated net profit for the first half of 2015 is 1.5 million euros, compared with the break-even figure recorded for the same period of the previous year. At the same time, net financial debt totalled 2.6 million euros, a slight increase from the 2.2 million euros at 31 December 2014.

With reference to the subsidiary **Apuliae S.p.A**, there are no further updates since the Report of the Directors and Financial Statements of Immsi Group as of 31 December 2014, to which we refer. At 30 June 2015, the company has a substantial break-even position, with net financial debt essentially unchanged from 31 December 2014 at -0.2 million euros.

The other major companies falling within the property and holding sector also include RCN Finanziaria S.p.A. and ISM Investimenti S.p.A.. With reference to the main income and balance sheet figures of the company in question, please note that:

- **RCN Finanziaria S.p.A.**, in which Immsi S.p.A. holds a 63.18% stake, and sole shareholder of Intermarine S.p.A., reports a net loss for consolidation purposes for the Immsi Group of approximately 1.3 million euros (in line with the first half of 2014), and net financial debt at 30 June 2015 of 119.9 million euros, an increase of approximately 1.3 million euros compared with 31 December 2014 (118.7 million euros);

- **ISM Investimenti S.p.A.**, in which Immsi S.p.A. holds 72.64% in terms of voting rights, and which controls Is Molas S.p.A. with an 89.48% share at the end of June, recorded a net loss for consolidation purposes for the Immsi Group of approximately 1.4 million euros (a decline of around 0.2 million euros compared with the first half of 2014), and net financial debt as of 30 June 2015 of 75.2 million euros, an increase of approximately 1.6 million euros compared with 31 December 2014, mainly due to the subscription and payment of a tranche of 1 million euros for the capital increase called by the subsidiary Is Molas in March 2015.

Industrial sector: Piaggio Group

In thousands of euros	*30.06.2015*	*as a %*	*30.06.2014*	*as a %*	*Change*	*as a %*
Net revenues	693,886		628,977		64,909	10.3%
Operating income before depreciation and amortisation (EBITDA)	95,067	13.7%	94,045	15.0%	1,022	1.1%
Operating income (EBIT)	42,923	6.2%	51,081	8.1%	-8,158	-16.0%
Profit before tax	24,633	3.6%	27,477	4.4%	-2,844	-10.4%
Earnings for the period including the portion attributable to non-controlling interests	14,780	2.1%	16,487	2.6%	-1,707	-10.4%
Group earnings for the period (for consolidation purposes)	7,403	1.1%	8,284	1.3%	-881	-10.6%
*Adjusted earnings for the period including non-controlling interests *)*	*14,780*	*2.1%*	*18,255*	*2.9%*	*-3,475*	*-19.0%*
*Adjusted Group earnings for the period (for consolidation purposes) *)*	*7,403*	*1.1%*	*9,174*	*1.5%*	*-1,771*	*-19.3%*
Net debt	-535,333		-472,326		-63,007	-13.3%
Personnel (number)	7,675		7,734		-59	-0.8%

*) For details of the method of calculation of the adjustment, please refer to the section of this Report on financial liabilities.

With regard to the **industrial sector**, in the first half of 2015 the Piaggio Group recorded a sharp increase in net revenues compared with the same period of 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. As regards product types, the increase in turnover mainly referred to Commercial Vehicles (+16.3%), but was also significant for two-wheeler vehicles (+8.1%). Two-wheeler vehicles accounted for 71.5% of total sales, from 73% in the first half of 2014; conversely, Commercial Vehicles rose from 27% in the first half of 2014 to 28.5% currently.

EBITDA of the Piaggio Group rose to 95.1 million euros (from 94 million euros in the first half of 2014). In relation to turnover, EBITDA stood at 13.7% (15% in the first half of 2014). Conversely, EBIT fell to 42.9 million euros (from 51.1 million euros in the first half of 2014); in relation to turnover, EBIT stood at 6.2% (8.1% in the first half of 2014).

Net income from financing activities improved compared with the first half of the previous year by 5.3 million euros, with net expenses of 18.3 million euros (23.6 million in the first half of 2014). The reduction in expenses is due to lower borrowing costs, following the refinancing operations carried out in 2014 and which generated a non-recurring charge of 2.9 million in the first half of 2014, as well as the increase in income from equity-accounted companies and the positive contribution of currency management, which more than offset the effects of higher average debt for the period.

Net profit stood at 14.8 million euros (2.1% of turnover), down from 16.5 million euros (2.6% of turnover) in the corresponding period of the previous year. This was affected by a non-recurring charge of 1.8 million euros from refinancing operations.

Net financial debt at 30 June 2015 was 535.3 million euros, compared with 492.8 million euros at 31 December 2014. The increase in net debt of around 42.5 million euros is essentially due to the payment of dividends (26 million euros) and the investment programme.

The market

Two-wheeler *business*

In the first half of 2015, the global two-wheeler market (scooters and motorcycles), based on the data available, recorded sales of around 21.8 million vehicles, a decrease of around 6.6% compared with the same period of the previous year.

India, the most important two-wheeler market, continued to report modest growth in the first six months of 2015, ending the year with 7.8 million vehicles sold, up by 0.2% compared with the first half of 2014. China continued to shed volumes in the first half of 2015, with a decrease of 10.1% compared with the same period of the previous year, representing 4.6 million units sold. The Asia region, known as Asean 5, reported a sharp contraction (-14%), ending the period at just over 6 million units sold, mainly due to the decline in the Indonesian market. Indonesia, the principal market in this region, reported a significant downturn with total volumes of 3.16 million units in the first half of 2015, a fall of 25%. Conversely, sales in Vietnam rose (1.33 million units sold; +4% compared with the first half of 2014). Other countries in the Asian area (Singapore, Hong Kong, South Korea, Japan, Taiwan, New Zealand and Australia) recorded a fall in overall terms compared with the first half of 2014, with 660 thousand units sold (-4.8%). Taiwan reported a slight dip in sales, ending the period with 330 thousand units sold (-1.2% compared with the first half of 2014). The contraction of the Japanese market was more substantial, with sales down 11.8% to 201 thousand units.

The North American market, up by 4.8% compared with the first half of 2014 (314,000 vehicles sold), continued to report solid growth. Brazil, the leading market in South America, recorded a fall of 8% in the first six months of 2015, ending the period at just over 659 thousand vehicles sold.

Europe, which is the core region for the Piaggio Group, confirmed the positive trend, recording a 3.4% increase in sales in the two-wheeler market compared with the first half of 2014 (+8.5% for the motorcycle segment and -0.9% for the scooter segment). In the scooter segment, the decrease is due to the 50cc market (-7.2%), while the over 50cc segment continued to grow (+3.7%). In the motorcycle segment, over 50cc models reported growth of 9.1%, while sales of 50cc models slipped by 3.9%.

The scooter market

Europe

The European scooter market accounted for 346,800 registered vehicles in the first half of 2015, equivalent to a 0.9% fall in sales compared with the same period of 2014.
In the first half of 2015, vehicle registrations were higher in the over 50cc segment, with 209,100 units against 137,700 units in the 50cc scooter segment. The over 50cc scooter segment increased by 3.7% compared with the first half of 2014, while the 50cc segment fell by 7.2%.
Italy is still the most important market in Europe, with 70,500 units sold, followed by France with 65,000 units and Spain with 49,500 units. Germany is ranked fourth in terms of sales (34,200 units), ahead of the Netherlands, which is the fifth highest selling market with 32,200 units. Greece recorded 17,500 units, while the United Kingdom ended the period with 15,700 vehicles registered. In the first half of 2015, the Italian market recorded a downturn compared with the first half of the

previous year (-2.1%). The fall is due to the 50cc segment, which contracted by 14.7% with 10,750 units sold. In the over 50cc segment, 59,750 units were sold, an increase of 0.6% compared with the first six months of 2014.
France, with 65,000 vehicles, recorded a decrease of 4.8% compared with 68,300 vehicles in the same period of the previous year: the decline is due to the 50cc scooter segment (-9.7%), while sales of over 50cc scooters continued to grow (+1.4%). The German market reported the sharpest drop among the leading European countries (-9.6%), with approximately 34,200 vehicles sold in the first half of 2015 compared with 37,900 in the same period of the previous year. In this market, the downturn was also due to the 50cc scooter segment (-12.5%), although the over 50cc scooter segment also recorded a significant decline (-6.3%).
Spain performed the best among leading markets, with growth of +20.6% compared with the first half of 2014. In this case, both market segments contribute to the results: the over 50cc segment was up 21.5%, while the 50cc scooter segment rose by 15.4%. A different trend emerged in the United Kingdom, where the market grew by 2.4% due to the solid performance of the over 50cc segment (+6.9%), only partially offset by the fall in the 50cc scooter segment (-8.6%).

North America
In the first half of 2015, the United States, the major market in the region (90% of the reference area), continued to report a decline with approximately 15,700 units sold (-11.1%): the negative trend is shared equally between the over 50cc scooter segment, where sales fell by 10.9%, and the 50cc scooter segment, which was down by 11.4%.

India
The automatic scooter market increased by 12.7% in 2014, 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 with the previous year) and accounting for 97% of the total automatic scooter market. The 50cc scooter segment is not operative in India.

Asia
Despite the sharp decline, the main scooter market in the Asean 5 area is still Indonesia, with just under 2.8 million units sold; this represents a fall of approximately 22% compared with the first half of 2014. The manual vehicle segment made the biggest contribution to the downturn in sales, falling by 54% compared with the first six months of 2014 (410 thousand vehicles sold). Conversely, the automatic vehicle segment recorded a more modest decline, at -11% over the corresponding period of the previous year (2.4 million vehicles). The second largest market is Vietnam with 1.33 million units, representing growth of 4%.

The motorcycle market

Europe
With 326,000 units registered, the motorcycle market ended the first half of 2015 with growth of 8.5%. Except for the 50cc segment, which slipped 3.9% to 14,500 units, all other sub-segments grew; 51-125 cc motorcycles recorded sales of 43,000 units (+19%), while sales of mid-sized motorcycles (126-750cc) stood at just over 95,500 units (+4.6%). Lastly, the 750cc segment recorded the most significant growth rate (+9.6%), with 173,300 vehicles sold.
The main market in Europe is Germany, with 80,000 units, while second is France (61,500); the United Kingdom with 45,500 vehicles remained in third place ahead of Italy, which ended the period with 41,800 units; finally, Spain was ranked fifth in Europe with 22,300 units. In the first half of 2015, among the leading countries in the region, only France recorded a dip in sales (-1.1%); Germany (+7.6%), Spain (+21.1%), the UK (+17.1%) and Italy (+10.8%) all reported growth.

North America

In the United States (accounting for 89% of the region), the motorcycle segment recorded 6.3% growth, selling 261,500 units against 246,000 units in the first half of 2014. Both the 50cc motorcycle segment and the over 50cc segment registered a positive trend, with increases of 3.2% and 6.3% respectively.

Asia

India is the most important motorcycle market in Asia, with over 5.2 million vehicles registered in the first six months of 2015, a fall of 4.1%. The motorcycle market in the Asean 5 region is much less significant than the scooter market: in Vietnam, no significant sales were recorded in the motorcycle segment; in other countries, the highest sales were recorded in Indonesia, which, with nearly 340 thousand units, registered a sharp decline (-42.5%) compared with the first half of the previous year.

Commercial Vehicles

Europe

In the first six months of 2015, the European market for light commercial vehicles (vehicles with a gross vehicle weight of up to 3.5 tonnes) – in which the Piaggio Group is also present – accounted for 855 million units sold, an increase of 12.3% on 2014 (source: ACEA data). 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 from 236,600 units in the first half of 2014 to 228,800 in the same period of 2015, registering a 3.3% decrease.

On this market, the passenger vehicle segment recorded a negative trend of 3.7%, selling 180,800 units. Even the cargo segment reported a decline – albeit minor – of 1.9%, 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 LCV cargo market, for vehicles with a maximum weight of less than 2 tonnes, and where the Porter 600 and Porter 1000 compete, accounted for 55,400 units sold in the first half of 2015, a fall of 20.1% compared with the first half of 2014.

The Marine sector: Intermarine

In thousands of euros	30.06.2015	as a %	30.06.2014	as a %	Change	as a %
Net revenues	29,571		24,583		4,988	20.3%
Operating income before depreciation and amortisation (EBITDA)	-181	-0.6%	-4,423	-18.0%	4,242	95.9%
Operating income (EBIT)	-802	-2.7%	-5,050	-20.5%	4,248	84.1%
Profit before tax	-3,583	-12.1%	-7,928	-32.2%	4,345	54.8%
Earnings for the period including the portion attributable to non-controlling interests	-2,620	-8.9%	-5,730	-23.3%	3,110	54.3%
Group earnings for the period (for consolidation purposes)	-1,655	-5.6%	-3,620	-14.7%	1,965	54.3%
Net debt	-100,559		-117,205		16,646	14.2%
Personnel (number)	294		298		-4	-1.3%

With reference to the economic data of the **marine sector**, the first half of 2015 saw a significant increase (20.3%) in net sales revenues (composed of turnover and changes in contract work in progress) compared with the same period of the previous year; this figure stood at 29.6 million euros, compared with 24.6 million euros in the first half of 2014. The progress in production, including the activities of research and development, and the completion of the constructions and deliveries have concerned particularly:

- the Defence division, with 27.1 million euros (22.9 million in the first half of 2014), mainly due to progress with the integrated minesweeper platform for an Italian Group operating in the sector and the modernisation of Gaeta Class minesweepers for the Italian Navy;

- the Fast Ferries and Yachts divisions, with a total of 2.5 million euros (1.7 million during the first half of 2014), mainly for repair activities.

Production was characterised by volumes and margins that overall were not sufficient to absorb direct production costs and fixed structural costs. However, progress made on the contract relating to an integrated minesweeper platform acquired at the end of 2013 reduced negative margins substantially compared with the previous year.
In the Fast Ferries and Yacht sector, no significant sales contracts for new and previously owned vessels were acquired.
In addition, the company, forecasting a stable and significant market recovery and developments on the sales front, which are crucial for absorbing indirect costs and overheads to an adequate degree, exploited every opportunity to contain structural costs in the first half of 2015. At the same time, commercial activities continued in all the operational businesses of the company, trying to capture favourable commercial opportunities.

This led to a significant improvement in EBIT, which was negative in the first half of 2015, of 0.8 million euros (-5.1 million euros over the same period in 2014), whereas the loss before taxes amounted to 3.6 million euros (-7.9 million euros in the first half of 2014). The net loss for consolidation purposes for the Immsi Group at 30 June 2015 amounted to 1.7 million euros, compared with the loss of 3.6 million euros during the first half of 2014.

At 30 June 2015, the total value of the company's order book stood at approximately 288 million euros.

In financial terms, net financial debt, equal to 100.6 million euros at 30 June 2015, was down by approximately 16.1 million euros compared with the balance at 31 December 2014 (116.7 million euros). This was mainly due to consolidation items affecting net debt and amounting to 24 million euros, recognised since 2006 to reverse the effects of the payment of this amount by Pietra S.r.l. to Intermarine S.p.A. for the purchase of the future receivable arising from the preliminary contract with Como S.r.l., in order to eliminate the effects of intergroup transactions. Conversely, the increase in net inventories of 6.5 million euros for work carried out during the first half of 2015 represents the most significant cash outflow for the period.

Financial situation and financial performance

As previously mentioned, in the first half of 2015 the Immsi Group recorded significant growth in revenues compared with the same period of the previous year, with consistent operating margins and a significant improvement in profit before tax, in a macroeconomic environment with tentative yet uncertain signs of recovery.

The scope of consolidation has not significantly changed compared with the consolidated financial statements at 31 December 2014 and the consolidated financial statements at 30 June 2014. In particular:

- on 4 August 2014, the Spanish branch of Piaggio & C. S.p.A. - Piaggio & C. S.p.A. - Sucursal en España was closed down;

- the company Derbi Racing S.L., previously held 100% by Nacional Motor S.A., was closed down on 16 December 2014;

- as regards the investment held by the Parent Company Immsi S.p.A. in ISM Investimenti S.p.A., considering the different equity rights of the two partners, the share of equity of ISM Investimenti S.p.A., consolidated by Immsi S.p.A., was estimated to be 60.39% as of 31 December 2014, compared with 61.99% as of 30 June 2014;

- on 28 January 2015, the partial spin-off took place of the subsidiary Intermarine S.p.A., with the formation of a new company, Pietra Ligure S.r.l., and the allocation of a single share representing 100% of the share capital to RCN Finanziaria S.p.A. Pietra Ligure S.r.l. owns property in the municipality of Pietra Ligure (Province of Savona). Pietra S.r.l. subsequently acquired 100% of the share capital of Pietra Ligure S.r.l. from RCN Finanziaria S.p.A.;

- on 15 June 2015, the company Piaggio Fast Forward Inc. was formed, a subsidiary of Piaggio & C. S.p.A., with the object of research and development of new mobility and transportation systems.

These changes are limited and have not affected the comparability of the balance sheet and income statement between the two reporting periods.

Finally, it should be noted that the share of consolidated shareholders' equity of the Piaggio Group, which at 30 June 2015 stood at 50.06%, was 50.59% at 31 December 2014 and 50.35% at 30 June 2014: the decrease in the first half of 2015 is mainly due to the sale of 1.9 million Piaggio shares by Immsi S.p.A. in May.

The Group prepares reclassified figures as well as the financial statement schedules required by law. A short description of the main balance sheet and income statement items is provided below the reclassified schedules. Further information on these items may be found in the Explanatory Notes on the consolidated accounting statements. Specific notes referring to the mandatory schedule items are omitted since the main aggregates coincide.

Financial performance of the Group

The reclassified consolidated income statement of Immsi Group shown below is classified by the nature of the income components and is in line with the IAS/IFRS guidelines which consider them entirely arising from ordinary activities, except for those of a financial nature.

In thousands of euros	*30.06.2015*		*30.06.2014*		*Change*	
Net revenues	**725,550**	**100%**	**655,827**	**100%**	**69,723**	**10.6%**
Costs for materials	419,306	57.8%	368,887	56.2%	50,419	13.7%
Costs for services, leases and rentals	132,814	18.3%	123,639	18.9%	9,175	7.4%
Employee costs	123,431	17.0%	119,783	18.3%	3,648	3.0%
Other operating income	62,446	8.6%	56,813	8.7%	5,633	9.9%
Other operating costs	16,240	2.2%	12,848	2.0%	3,392	n/m
OPERATING INCOME BEFORE DEPRECIATION AND AMORTISATION	**96,205**	**13.3%**	**87,483**	**13.3%**	**8,722**	**10.0%**
Depreciation and write-downs of plant, property and equipment	24,510	3.4%	21,782	3.3%	2,728	12.5%
Amortisation of goodwill	0	-	0	-	0	-
Amortisation and write-downs of finite life intangible assets	28,494	3.9%	22,076	3.4%	6,418	29.1%
OPERATING INCOME	**43,201**	**6.0%**	**43,625**	**6.7%**	**-424**	**-1.0%**
Income/(loss) from equity investments	246	0.0%	0	-	246	-
Financial income	12,592	1.7%	3,938	0.6%	8,654	n/m
Borrowing costs	40,801	5.6%	77,461	11.8%	-36,660	-47.3%
PROFIT BEFORE TAX	**15,238**	**2.1%**	**-29,898**	**-4.6%**	**45,136**	**n/m**
Taxes	7,288	1.0%	6,333	1.0%	955	15.1%
EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS	**7,950**	**1.1%**	**-36,231**	**-5.5%**	**44,181**	**n/m**
Profit (loss) arising from assets held for disposal or sale	0	-	0	-	0	-
EARNINGS FOR THE PERIOD INCLUDING THE PORTION ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**7,950**	**1.1%**	**-36,231**	**-5.5%**	**44,181**	**n/m**
Earnings for the period attributable to non-controlling interests	4,634	0.6%	3,755	0.6%	879	23.4%
GROUP EARNINGS FOR THE PERIOD	**3,316**	**0.5%**	**-39,986**	**-6.1%**	**43,302**	**n/m**
ADJUSTED EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTEREST	**7,950**	**1.1%**	**-34,463**	**-5.3%**	**42,413**	**n/m**
Adjusted non-controlling interest earnings for the period	4,634	0.6%	4,633	0.7%	1	0.0%
ADJUSTED GROUP EARNINGS FOR THE PERIOD	**3,316**	**0.5%**	**-39,096**	**-6.0%**	**42,412**	**n/m**

The consolidated net revenues of the Immsi Group have increased by approximately 69.7 million euros (+10.6%) to around 725.6 million euros, mainly due to the industrial sector, which contributed about 693.9 million euros, and the marine sector, which contributed around 29.6 million euros. Net revenues for the property and holding sector, amounting to approximately 2.1 million euros, are unchanged compared with the corresponding period of the previous year.
The industrial sector reported an increase in net revenues of around 10.3% compared with the corresponding period of the previous year (+64.9 million euros, compared with around 629 million at 30 June 2014). With reference to the marine sector, net revenues at 30 June 2015 totalled 29.6 million euros, up by 20.3% from 24.6 million euros in the first half of 2014, mainly due to the increase in production advances registered by the Defence division.

Operating costs and other consolidated Group net costs in the first half of 2015 totalled 629.3 million euros (equal to 86.7% of net revenues), of which 598.8 million euros relates to the Piaggio Group (86.3% of Group net revenues).

Costs for materials total 419.3 million euros, 57.8% of net revenues. The cost relating to the industrial sector was 409.8 million euros, or 59.1% of net revenues of the sector.
Personnel costs total 123.4 million euros, or 17% of net revenues. The largest part, 113.9 million euros (16.4% of net revenues of the sector), refers to the Piaggio group. The average remunerated workforce amounts to 8,145 units compared to 8,072 units in the first half of 2014.
EBITDA during the first half of 2015 came to around 96.2 million euros, or 13.3% of net revenues, compared with 87.5 million in the first half of 2014 (13.3% of net revenues for the period), an increase of 8.7 million euros (+10%).

Depreciation and amortisation for the period stood at 53 million euros (of which 52.1 million euros relates to the industrial sector), representing 7.3% of turnover, significantly higher (+9.1 million euros) than in the first half of 2014. Depreciation of property, plant and equipment amounted to 24.5 million euros (+2.7 million euros compared with the first six months of 2014), while amortised intangibles excluding goodwill totalled 28.5 million euros (22.1 million euros in the first half of 2014).

EBIT amounted to 43.2 million euros (-0.4 million euros or -1% compared with the first half of 2014), representing 6% of net revenues (a decrease from the 6.7% recorded for the same period in 2014, mainly due to increased depreciation and amortisation).

Moreover, it is pointed out that EBIT does not include impairments of goodwill either in the first six months of 2015 or in the same period of the previous year, in that i) based on the results forecast in the multi-year development plans prepared by Group companies and used for impairment tests performed at 31 December 2014, and ii) based on the analyses carried out by Group management when preparing this half-yearly financial report to 30 June 2015, no write-downs were deemed necessary in that the goodwill was considered to be recoverable with future cash flows.
Considering that the analyses conducted to determine the recoverable value of Immsi Group cash-generating units has also been determined based on estimates, the Group cannot guarantee that there will be no goodwill impairment losses in future periods. Owing to the current recession in the core markets and the financial crisis, the different factors – both inside and outside the cash-generating units identified – used in preparing estimates could in the future be reviewed: the Group will constantly monitor these factors and the possible existence of future impairment losses.

Net financial income – including income from equity investments – stood at -28 million euros, equal to 3.9% of the Group's net revenues (compared with -73.5 million euros in the first half of 2014), and consists of -18.3 million euros for the industrial sector (compared with -23.6 million euros in the first half of 2014), 2.8 million euros for the marine sector (broadly in line with the same period in 2014) and 6.9 million euros for the property and holding sector (a significant improvement compared with the first half of 2014, which recorded losses of 47 million euros, largely as a result of the write-down of the investment in Alitalia – CAI for 40.85 million euros).

Profit before tax stood at 15.2 million euros at 30 June 2015, or 2.1% of net revenues, compared with -29.9 million euros (4.6% of net revenues) at 30 June 2014. The industrial sector contributed 24.6 million euros, while the marine sector and property and holding sector detracted with -3.6 million euros and -5.8 million euros respectively. The dramatic improvement from the first half of 2014 is largely due to the higher incidence of borrowing costs in 2014, as a result of the write-down made by the Parent Company on the investment in Alitalia – CAI, for 40,850 thousand euros, and the refinancing of the Piaggio bond, which involved non-recurring costs of around 2.9 million euros being recognised, against substantially stable operating margins.

Taxes for the period totalled approximately 7.3 million euros, versus 6.3 million at 30 June 2014. It should be noted that the write-down of the investment in Alitalia – CAI was not deductible for income tax purposes, so the comparison between the two periods is not significant. Excluding this negative income component, the tax rate would be 47.8% (30 June 2015) and 57.8% (30 June 2014) respectively.

Net profit for the period, after taxation and net of non-controlling interests, totalled 3.3 million euros (0.5% of net revenues), up by around 43.3 million euros compared with the loss of 40 million euros recorded at 30 June 2014 (-6.1% of net revenues).
In this regard, it should be noted that adjusted net profit – calculated net of the aforementioned non-recurring cost relating to the Piaggio Group – was a loss of 39.1 million euros at 30 June 2014.

Reclassified financial situation of the Group

In thousands of euros	***30.06.2015***	***as a %***	***31.12.2014***	***as a %***	***30.06.2014***	***as a %***
Current assets:						
Cash and cash equivalents	126,572	5.5%	103,942	4.8%	112,480	5.0%
Financial assets	0	0.0%	0	0.0%	1,974	0.1%
Operating activities	688,732	29.9%	597,128	27.4%	667,461	29.8%
Total current assets	**815,304**	**35.3%**	**701,070**	**32.2%**	**781,915**	**34.9%**
Non-current assets:						
Financial assets	0	0.0%	0	0.0%	0	0.0%
Intangible assets	849,981	36.9%	846,575	38.9%	837,407	37.4%
Plant, property and equipment	342,694	14.9%	344,450	15.8%	333,657	14.9%
Other assets	298,442	12.9%	284,644	13.1%	285,039	12.7%
Total non-current assets	**1,491,117**	**64.7%**	**1,475,669**	**67.8%**	**1,456,103**	**65.1%**
TOTAL ASSETS	**2,306,421**	**100.0%**	**2,176,739**	**100.0%**	**2,238,018**	**100.0%**
Current liabilities:						
Financial liabilities	344,989	15.0%	440,483	20.2%	416,626	18.6%
Operating liabilities	650,753	28.2%	600,658	27.6%	667,076	29.8%
Total current liabilities	**995,742**	**43.2%**	**1,041,141**	**47.8%**	**1,083,702**	**48.4%**
Non-current liabilities:						
Financial liabilities	733,551	31.8%	573,214	26.3%	566,608	25.3%
Other non-current liabilities	124,526	5.4%	120,273	5.5%	110,115	4.9%
Total non-current liabilities	**858,077**	**37.2%**	**693,487**	**31.9%**	**676,723**	**30.2%**
TOTAL LIABILITIES	**1,853,819**	**80.4%**	**1,734,628**	**79.7%**	**1,760,425**	**78.7%**
TOTAL SHAREHOLDERS' EQUITY	**452,602**	**19.6%**	**442,111**	**20.3%**	**477,593**	**21.3%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,306,421**	**100.0%**	**2,176,739**	**100.0%**	**2,238,018**	**100.0%**

Current assets at 30 June 2015 amounted to 815.3 million euros, an increase of 114.2 million euros from 31 December 2014 and of 33.4 million euros from 30 June 2014. The increase compared with year-end 2014 is mainly due to the growth in net trade receivables and other receivables (+76,6 million euros) and the growth in inventories (+15.4 million euros). This essentially concerns the Piaggio Group (+83.7 million euros and +14.1 million euros respectively) due to the seasonality of the business.

Non-current assets at 30 June 2015 stood at 1,491.1 million euros against 1,475.7 million at 31 December 2014, an increase of 15.4 million euros.
Specifically, among non-current assets, intangible assets totalled 850 million euros, an increase of 3.4 million euros compared with 31 December 2014, while property, plant and equipment stood at 342.7 million euros (down by around 1.8 million euros compared with the end of 2014). Finally, other assets amounted to 298.4 million euros (against 284.6 million euros at the end of 2014). With particular reference to the Piaggio Group, it should be emphasised that the adjustment of equity items at the exchange rate at period-end increased the carrying amount of property, plant and equipment by approximately 8.5 million euros and intangible assets by about 2.3 million euros

compared with 31 December 2014.

Current liabilities at 30 June 2015 totalled 995.7 million euros, a decrease of 45.4 million euros compared with 31 December 2014. This mainly relates to the decrease in current financial liabilities, which fell from 440.5 million euros to 345 million euros, more than offsetting the increase in operating liabilities (+50.1 million euros, of which +62.2 million in the Piaggio Group), predominantly caused by the seasonality of purchases.
Non-current liabilities at 30 June 2015 stood at 858.1 million euros, up by approximately 164.6 million euros from 693.5 million euros at 31 December 2014. Consolidated Group equity and non-controlling interests totalled 452.6 million euros at 30 June 2015, of which 171.8 million euros is attributable to minority shareholders.

An analysis of **invested capital** and its financial cover is presented below:

In thousands of euros	*30.06.2015*	*as a %*	*31.12.2014*	*as a %*	*30.06.2014*	*as a %*
Current operating assets	688,732	45.1%	597,128	40.6%	667,461	45.8%
Current operating liabilities	-650,753	-42.6%	-600,658	-40.8%	-667,076	-45.8%
Net operating working capital	**37,979**	**2.5%**	**-3,530**	**-0.2%**	**385**	**0.0%**
Intangible assets	849,981	55.6%	846,575	57.5%	837,407	57.5%
Plant, property and equipment	342,694	22.4%	344,450	23.4%	333,657	22.9%
Other assets	298,442	19.5%	284,644	19.3%	285,039	19.6%
Capital employed	**1,529,096**	**100.0%**	**1,472,139**	**100.0%**	**1,456,488**	**100.0%**
Non-current non-financial liabilities	124,526	8.1%	120,273	8.2%	110,115	7.6%
Non-controlling interest capital and reserves	171,839	11.2%	173,923	11.8%	178,102	12.2%
Consolidated Group shareholders' equity	280,763	18.4%	268,188	18.2%	299,491	20.6%
Total non-financial sources	**577,128**	**37.7%**	**562,384**	**38.2%**	**587,708**	**40.4%**
Net financial debt	**951,968**	**62.3%**	**909,755**	**61.8%**	**868,780**	**59.6%**

The schedule below illustrates the **cash flow statement** for the period:

In thousands of euros	*30.06.2015*	*30.06.2014*
Cash generated internally	71,641	60,489
Change in net working capital	-55,117	-33,461
Net cash flow generated from operations	**16,524**	**27,028**
Payment of dividends by Parent company	0	0
Payment of dividends to non-controlling interest by the companies of the Group	-12,851	0
Increase in share capital of subsidiaries underwritten by non-controlling interest	0	5,139
Purchase of treasury stock by the companies of the Group	0	0
Acquisition of intangible assets	-29,581	-25,852
Purchase of plant, property and equipment	-14,504	-13,473
Net decrease from property disposals	204	314
Acquisition of non-controlling equity investments, net of disposal	-1,043	-11,650
Acquisition of controlling equity investments and business complexes, net of disposals	5,206	0
Other net movements	-6,168	497
Change in net financial position	**-42,213**	**-17,997**
Initial net financial position	**-909,755**	**-850,783**
Closing net financial position	**-951,968**	**-868,780**

Net financial debt rose from 909.8 million euros at 31 December 2014 to 952 million at 30 June 2015, mainly due to free cash flow (+71.6 million euros), which only partially offset the cash outflow resulting from working capital requirements (-55.1 million euros), net investment in property, plant and equipment and intangible assets for the period (-43.9 million euros), and dividends paid to non-controlling interests (-12.9 million euros). Group gross investments in the year totalled 44.1 million euros, divided as follows:

- 29.6 million euros for intangible assets, almost entirely referring to the Piaggio Group; and
- 14.5 million euros in tangible assets, of which 14 million euros referring to the Piaggio group, 0.3 million euros to the subsidiary Intermarine S.p.A. and the rest to the property and holding sector.

Net financial debt at 30 June 2015 is analysed below and compared with the similar figure at 31 December 2014 and 30 June 2014.
As laid down by CONSOB Communication No. 6064293 of 28 July 2006 and in conformity with the CESR recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", it is disclosed that net financial debt – calculated excluding receivables for medium and long-term loans – does not differ from that recorded by the Group for these periods, since no receivables for medium and long-term loans are reported.

In thousands of euros	*30.06.2015*	*31.12.2014*	*30.06.2014*
Short-term liquidity			
Cash and cash equivalents	-126,572	-103,942	-112,480
Financial assets	0	0	-1,974
Total short-term financial assets	**-126,572**	**-103,942**	**-114,454**
Short-term financial payables			
Bonds	0	0	0
Payables due to banks	267,955	383,225	344,422
Amounts due under finance leases	30	30	5,359
Amounts due to other lenders	77,004	57,228	66,845
Total short-term financial payables	**344,989**	**440,483**	**416,626**
Total short-term financial debt	**218,417**	**336,541**	**302,172**
Medium/long-term financial assets			
Receivables for loans	0	0	0
Other financial assets	0	0	0
Total medium/long-term financial assets	**0**	**0**	**0**
Medium/long-term financial payables			
Bonds	289,201	288,369	287,584
Payables due to banks	443,204	283,372	276,724
Amounts due under finance leases	195	211	226
Amounts due to other lenders	951	1,262	2,074
Total medium/long-term financial payables	**733,551**	**573,214**	**566,608**
Total medium-/long-term financial debt	**733,551**	**573,214**	**566,608**
Net financial debt *)	**951,968**	**909,755**	**868,780**

*) The indicator does not include financial assets and liabilities arising from the fair value valuation of derivative financial instruments designated as hedges and the adjustment to fair value of the related hedged items and related expenses, entirely referable to the Piaggio group (see note G2 – "Financial liabilities" in the Explanatory Notes).

With reference to the composition of the debt, it is possible to note, compared with 31 December 2014, a reduction in short-term financial debt from 336.5 million euros to 218.4 million euros (i.e. -118.1 million euros), mainly due to the decrease in payables to banks and other lenders for 95.5 million euros and the increase in cash and cash equivalents (from 103.9 million euros at 31 December 2014 to 126.6 million euros at 30 June 2015, or +22.6 million euros). Medium and long-term financial debt (733.6 million euros at 30 June 2015) has increased by 160.3 million euros compared with 31 December 2014 (573.2 million euros), mainly due to the increase in bank payables, which rose from 283.4 million euros at 31 December 2014 to 443.2 million euros at 30 June 2015 (i.e. +159.8 million euros).

Research & development

The Immsi Group carries out research and development through the Piaggio Group and its subsidiary Intermarine S.p.A.: below is a summary of the main activities in each sector (industrial and marine). For further information, please refer to the section on research and development contained in the Immsi Group Annual Report at 31 December 2014.

With reference to the **industrial sector**, in the first half of 2015 the Piaggio Group continued its policy of consolidating its technological leadership in the sector, allocating total resources of 37.5 million euros to research and development, of which 27 million is capitalised under intangible assets as development costs.

As regards the **marine sector**, it should be recalled that in the last few years, Intermarine S.p.A. has embarked on several major research projects: the first project involves the design and construction of two prototypes for a new submerged-foil hydrofoil, while the second project, named “Enviroaliswath”, involves the design and construction of an innovative vessel with less environmental impact in terms of wake wash reduction. At 30 June 2015, the company had capitalised 7.7 million euros in intangible assets, net of amortisation and deferred income, while 24.6 million has been recorded under inventories for the value of the prototypes under construction.
Finally, during the period work continued on the Seaport, Theseus, Sea Butterfly and USV Permare projects, representing a total of 0.2 million euros; receivables for research contributions and benefits together come to approximately 0.6 million euros.

Risk factors

With reference to the risk factors that characterize the business of the Immsi Group, no significant variations have occurred during the first half of 2015 in relation to the contents of the Report of the Directors and the Financial Statements of the Immsi Group at 31 December 2014, to which reference is made for any further investigation. As concerns the main risks and uncertainties related to the second half of the year under examination, please refer to the paragraph related to the Events occurring after 30 June 2015 and operating outlook.

Human resources

As of 30 June 2015, Immsi Group employed 8,063 staff, of which 94 in the property and holding sector, 7,675 in the industrial sector (Piaggio group) and 294 in naval (Intermarine S.p.A.). The following tables divide resources by category and geographical area:

Human resources by category

numbers	30.06.2015			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Executives	7	92	7	106
Middle managers and white collars	40	2,624	154	2,818
Manual workers	47	4,959	133	5,139
TOTAL	**94**	**7,675**	**294**	**8,063**

numbers	31.12.2014			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Executives	7	95	8	110
Middle managers and white collars	38	2,669	139	2,846
Manual workers	26	4,746	137	4,909
TOTAL	**71**	**7,510**	**284**	**7,865**

numbers	Changes			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Executives	0	-3	-1	-4
Middle managers and white collars	2	-45	15	-28
Manual workers	21	213	-4	230
TOTAL	**23**	**165**	**10**	**198**

Human resources by geographic segment

numbers	30.06.2015			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Italy	94	3,718	294	4,106
Rest of Europe	0	199	0	199
Rest of the World	0	3,758	0	3,758
TOTAL	**94**	**7,675**	**294**	**8,063**

numbers	31.12.2014			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Italy	71	3,734	284	4,089
Rest of Europe	0	223	0	223
Rest of the World	0	3,553	0	3,553
TOTAL	**71**	**7,510**	**284**	**7,865**

numbers	Changes			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Italy	23	-16	10	17
Rest of Europe	0	-24	0	-24
Rest of the World	0	205	0	205
TOTAL	**23**	**165**	**10**	**198**

The increase in headcount at 30 June 2015 was mainly due to the industrial sector, and particularly staff recruited by the Piaggio Group on fixed-term and temporary work contracts to cover the seasonal production cycle and peak summer months.

Stock options

As of 30 June 2015, Immsi S.p.A. has no existing stock option plan.

In terms of the subsidiary Piaggio & C. S.p.A., since 2010 the company has no longer approved incentive plans based on the allocation of financial instruments. The latest incentive plan for 2007-2009, approved by shareholders of Piaggio & C. S.p.A. on 7 May 2007 and subsequently amended, was fully withdrawn in 2014.

Other information

Treasury shares

At 30 June 2015, Immsi S.p.A. held no treasury shares.

Furthermore, the General Meeting of Immsi S.p.A. held on 13 May 2015 approved a plan for the purchase and disposal of treasury shares of the Company, revoking the shareholder resolution adopted at the Ordinary General Meeting of 13 May 2014, insofar as it had not already been implemented. The Board of Directors of Immsi S.p.A., at its meeting on 13 May 2015 – following the above authorisation by the shareholders' general meeting – authorised a programme to purchase treasury shares within the scope of the "market practices" permitted by Consob in accordance with Article 180(1)(c) of the Consolidated Law on Finance, with Resolution No. 16839 dated 19 March 2009, and Regulation (EC) No. 2273/2003 of 22 December 2003. In particular, the aim of the purchase programme will be the constitution of a "securities portfolio" to be used for executing any future investment operations to be made through exchange, trade, conferment, transfer or other act of disposing of own shares, including the obligation to guarantee the Company's financial operations. The purchase may cover a maximum of 10,000,000 Immsi ordinary shares, without expressed nominal value, and, therefore, within the limits of the law (20% of the share capital pursuant to Article 2357(3) of the Italian Civil Code). It must take place within the limits of the distributable profits and available reserves reported in the last approved financial statements (interim or otherwise) at the time of the transaction. Purchases of treasury shares shall be made in compliance with the operating conditions established by Consob pursuant to Article 180(1)(c) of the Consolidated Law on Finance with Resolution No. 16839 of 19 March 2009 and by Regulation (EC) No. 2273/2003 of 22 December 2003, where applicable, as well as in compliance with Article 144-bis(1)(b) of Consob Regulation 11971/1999 (as amended) and any applicable provisions, in such a way as to allow the equal treatment of shareholders pursuant to Article 132 of the Consolidated Law on Finance. The purchase programme, which may also take place in several tranches, will expire during 2016, whereas authorisation for disposal was granted for an unlimited period.

Disputes in progress

For information on the disputes and litigation taking place at Group level, in addition to that described below, please see the directors' report on operations of the Immsi Group at 31 December 2014, in the section entitled "Disputes in progress".

As far as the **property sector** is concerned, below is a summary of events during the first half of 2015 concerning the company Is Molas S.p.A.:

- with Sarroch Granulati S.r.l., the court issued a decision at the hearing on 10 June 2015;
- with Italiana Costruzioni S.p.A. (a contractor with whom contracts were signed in 2013 for the

construction of the first 15 houses and the first phase of basic urban infrastructure works, terminated by Is Molas S.p.A. for breach of contract following a stalemate over the works), at the hearing on 25 February 2015, the court granted the requests for clarification of the expert witness report entered by the parties, instructing the consultant to respond by September 2015 and scheduling another hearing for 9 December 2015.
On 20 May 2015, the company also filed a statement of claim for contractual damages arising from a breach by the other party of its obligations under the procurement contracts. The first hearing is scheduled for 8 October 2015.

For information on the Pietra Ligure project (Pietra S.r.l.) and the dispute with Como, please see the section on the financial performance of the property and holding sector. In relation to this project, it should be noted that, with reference to the State concession granted for 99 years, in May 2015 Intermarine and Pietra Ligure Council received a payment notice for additional registration tax totalling 463 thousand euros from the Italian Revenue Agency – Savona Provincial Office. The stamp duty is payable on the full amount of the fees for the State maritime concession agreed with Pietra Ligure Council on 30 December 2014. This results from a different interpretation of the rules than those applied when the concession was registered by Pietra Ligure Council (the notice effectively ignores the rule whereby registration tax may be paid on State concessions based on the annual fee – as was the case when the concession was registered – rather than based on the total amount of the fees at the time of registration). Studio Pirola Pennuto Zei & Associati, on behalf of Intermarine and Pietra Ligure Council, appealed against the Revenue Agency's decision, applying to the Savona Provincial Tax Commission for a public review.

Regarding the **industrial sector** (Piaggio Group), it should be explained that:

- with Altroconsumo, at the hearing of 19 January 2015, the results of the new expert witness report commissioned by the Court of Pisa were examined, following which the ruling of 29 January 2013 was upheld. 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 also taken action before the Court of Pisa for a final dismissal of the ruling of the Court of Pisa of 29 January 2013. Granting the application, the Court ordered a new expert report on the product and the case was adjourned until 21 April 2016 for examination of the expert witness report;
- with Da Lio S.p.A., following the failure of the conciliation proceedings at the hearing on 23 April 2015, the case was adjourned until 23 September 2016 for final arguments;
- with Taizhou Zhongneng, the Court has set the deadline for the submission of the expert witness report as 10 January 2016 and the related discussion hearing for 3 February 2016;
- with Peugeot Motocycles Italia S.p.A., Motorkit S.a.s. di Turcato Bruno and C., Gi.Pi. Motor di Bastianello Attilio and GMR MOTOR S.r.l., the Court has scheduled the appointment of the expert witness for the hearing on 23 June 2015 and the swearing-in for 6 October 2015;
- Piaggio has also brought a similar action against Peugeot Motocycles S.a.s. before the Court of First Instance in Paris. As a result of this action, 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.
- with Yamaha Motor Italia S.p.A., Terzimotor di Terzani Giancarlo e Alberto S.n.c., Negrimotors S.r.l. and Twinsbike S.r.l., the Court has scheduled the appointment of the expert witness for the hearing on 1 July 2015 and the swearing-in for 9 September 2015.

Regarding tax disputes, the following events took place in the first half of 2015:

- in relation to the Indian subsidiary Piaggio Vehicles Private Limited, several disputes involving different tax years – including 2014 – are ongoing in relation to direct and indirect tax assessments; considering the positive views expressed by counsel, provisions have not been made in the financial statements for all of the amounts involved. The Indian company has already paid some of the amounts contested, which will be reimbursed if the case is settled in its favour.
- in relation to Piaggio France S.A., in December 2012 the latter obtained a favourable ruling by the *Commission Nationale des Impôts directes et des taxes sur le chiffre d'affaires*, the advisory body consulted in the pre-litigation stage with regard to the objections raised by the French tax authorities following a general audit covering the years 2006 and 2007. The French tax authorities, however, decided to uphold the objections against the company, requesting payment of the amounts identified. The company then proceeded to file a complaint against the claims made by the local authorities, which however rejected the comments expounded by the companies. An appeal was thus promptly submitted to the *Tribunal Administratif*, which expressed unfavourable views towards the company, which were limited to certain complaints, while a hearing is still pending regarding the most significant comments. The company thus decided that it was not necessary to make provisions in view of the positive indications given by the consultants appointed as counsel, as well as the advice issued by the aforementioned *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 thousand euros, plus penalties of approximately 129 thousand euros. On 12 June 2015, the Company appealed against the decision with the Tax Audit Centre – Dispute Resolution Department. The contested amounts have already been paid to the relevant authorities and will be refunded if the case is successful.

With reference to the **marine sector** (Intermarine S.p.A.), concerning the dispute with Atisa, statements prepared by the company were filed during the first half of the year. Intermarine has applied for Atisa to be declared in breach of its contract for the supply of an air-conditioning system, which has proved to be faulty, seeking the reimbursement of all costs incurred for the completion of the plant and damages caused by delays in the development of the MCMV Programme with the Finnish Navy, for a total of approximately 8 million euros. A preliminary hearing was held on 16 April. On 24 June, the expert witness was appointed; he began his investigation on 8 July 2015 and will submit his report by December.
In relation to the tax disputes of the subsidiary Rodriquez do Brasil, it should be noted that following the unfavourable outcome of the third appeal against the notice to pay VAT, income tax and profit tax for 2003, as required under Brazilian tax laws, the Brazilian tax authorities issued a payment notice for 8.5 million Brazilian real (approximately 2.5 million euros at present value), in respect of taxes, penalties and interest. Advised by leading Italian and Brazilian legal and tax firms, the company is considering all possible avenues, including action through the courts, as well as any amnesty programmes that might be announced by the Brazilian tax authorities.

Events occurring after 30 June 2015 and operating outlook

No significant events occurred after 30 June 2015.

As regards the operating outlook of the Immsi Group, with reference to the subsidiary **Is Molas S.p.A.**, the company will proceed with the urban infrastructure works and works for completion of the first phase of 15 houses.

As far as the **industrial sector** is concerned, in a macroeconomic context in which the global economic recovery will probably strengthen, but is still weighed by uncertainties over the pace of growth in Europe and risks of a slowdown in some emerging countries, the Piaggio 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;
    - maintaining current positions on the European commercial vehicles market;
- strengthening its position in the Asia Pacific region, leveraging the premium strategy that has so far characterised growth in the region, partly due to 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;
- consolidating sales on the Indian scooter market, focussing on an increase in Vespa products and the introduction of new models in the premium scooter and motorcycle segments;
- 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.

With reference to the **marine sector** (Intermarine S.p.A.), it is pointed out how – in the current context of a global economic crisis – the company aims to grow significantly in the Defence sector, which does not appear to be experiencing the same problems as the pleasure craft and passenger transport markets. Pending the acquisition and performance of new contracts, particularly in the Defence sector, Company Management:

- will rigorously monitor the progress of production relative to contracts, trying to minimise the effects of activities to obtain final acceptance from clients and to take every opportunity to cut costs;
- will continue to pursue all opportunities to keep organisation costs down.

In view of the production progress that will be made in 2015, concerning ongoing contracts and planned developments for new contracts, growth in revenues and a significant improvement in operating income is expected for 2015 compared with 2014.
From a financial point of view, net financial exposure is expected to remain stable, with positive annual cash flow.

Immsi Group

Condensed half-year financial statements

to

30 June 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2015

In thousands of Euros

ASSETS		*30 June 2015*	*31 December 2014*
NON-CURRENT ASSETS			
Intangible assets	*F1*	849,981	846,575
Plant, property and equipment	*F2*	342,694	344,450
Investment property	*F3*	85,742	85,848
Equity investments	*F4*	9,828	8,831
Other financial assets	*F5*	36,364	29,461
Tax receivables	*F6*	4,163	3,641
Deferred tax assets	*F7*	118,445	116,065
Trade receivables and other receivables	*F8*	16,506	16,071
- of which with Related Parties		*153*	*197*
TOTAL NON-CURRENT ASSETS		1,463,723	1,450,942
ASSETS HELD FOR DISPOSAL	*F9*	27,394	24,727
CURRENT ASSETS			
Trade receivables and other receivables	*F8*	313,534	236,969
- of which with Related Parties		*5,930*	*6,497*
Tax receivables	*F6*	36,956	39,262
Inventories	*F10*	321,442	306,021
Other financial assets	*F5*	16,800	14,876
Cash and cash equivalents	*F11*	126,572	103,942
TOTAL CURRENT ASSETS		815,304	701,070
TOTAL ASSETS		2,306,421	2,176,739

LIABILITIES		*30 June 2015*	*31 December 2014*
SHAREHOLDERS' EQUITY			
Consolidated Group shareholders' equity		280,763	268,188
Non-controlling interest capital and reserves		171,839	173,923
TOTAL SHAREHOLDERS' EQUITY	*G1*	452,602	442,111
NON-CURRENT LIABILITIES			
Financial liabilities	*G2*	757,753	591,136
- of which with Related Parties		*2,900*	*2,900*
Trade payables and other payables	*G3*	6,492	5,592
Retirement fund and similar obligations	*G4*	56,232	60,743
Other long-term provisions	*G5*	11,961	11,247
Deferred tax liabilities	*G6*	25,639	24,769
TOTAL NON-CURRENT LIABILITIES		858,077	693,487
LIABILITIES RELATED TO ASSETS HELD FOR DISPOSAL		0	0
CURRENT LIABILITIES			
Financial liabilities	*G2*	344,989	440,483
- of which with Related Parties		*68*	*55*
Trade payables	*G3*	554,310	507,511
- of which with Related Parties		*16,512*	*15,502*
Current taxes	*G7*	12,927	15,775
Other payables	*G3*	65,897	58,611
- of which with Related Parties		*1,753*	*1,797*
Current portion of other long-term provisions	*G5*	17,619	18,761
TOTAL CURRENT LIABILITIES		995,742	1,041,141
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,306,421	2,176,739

CONSOLIDATED INCOME STATEMENT AS OF 30 JUNE 2015

In thousands of Euros

		30 June 2015	30 June 2014
Net revenues	*H1*	725,550	655,827
- of which with Related Parties		*295*	*118*
Costs for materials	*H2*	419,306	368,887
- of which with Related Parties		*16,549*	*12,405*
Costs for services, leases and rentals	*H3*	132,814	123,639
- of which with Related Parties		*319*	*429*
Employee costs	*H4*	123,431	119,783
Depreciation of plant, property and equipment	*H5*	24,510	21,494
Amortisation of goodwill		0	0
Amortisation of finite life intangible assets	*H6*	28,494	22,076
Other operating income	*H7*	62,446	56,813
- of which with Related Parties		*357*	*2,225*
Other operating costs	*H8*	16,240	13,136
OPERATING INCOME		43,201	43,625
Income/(loss) from equity investments	*H9*	246	0
Financial income	*H10*	12,592	3,938
*Borrowing costs *)*	*H11*	40,801	77,461
- of which with Related Parties		*90*	*216*
PROFIT BEFORE TAX		15,238	(29,898)
Taxes	*H12*	7,288	6,333
EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS		7,950	(36,231)
Profit (loss) arising from assets held for disposal or sale	*H13*	0	0
EARNINGS FOR THE PERIOD INCLUDING THE PORTION ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		7,950	(36,231)
Earnings for the period attributable to non-controlling interests		4,634	3,755
GROUP EARNINGS FOR THE PERIOD	*H14*	3,316	(39,986)

*) at 30 June 2014, this item included non-recurring expenses of 2,947 thousand euros (see explanatory notes for more details).

EARNINGS PER SHARE

In euros

From continuing and discontinued operations:	30 June 2015	30 June 2014
Basic	*0.010*	*(0.117)*
Diluted	*0.010*	*(0.117)*

From continuing activities:	30 June 2015	30 June 2014
Basic	*0.010*	*(0.117)*
Diluted	*0.010*	*(0.117)*
Average number of shares:	*340,530,000*	*340,530,000*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS OF 30 JUNE 2015

In thousands of Euros

	30 June 2015	*30 June 2014*
EARNINGS FOR THE PERIOD INCLUDING THE PORTION ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	7,950	(36,231)
Items that may not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plans	2,256	(2,503)
Total	2,256	(2,503)
Items that may be reclassified to profit or loss		
Gains/(losses) on cash flow hedges	935	(1,039)
Profit (loss) arising from the translation of financial statements of foreign companies	5,098	1,040
Gains/(losses) on the fair value measurement of assets available for sale and investment property	1,898	2,021
Total	7,931	2,022
Other Comprehensive Income (Expense)	10,187	(481)
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	18,137	(36,712)
Comprehensive earnings for the period attributable to non-controlling interests	8,672	2,602
COMPREHENSIVE GROUP EARNINGS FOR THE PERIOD	9,465	(39,314)

The values presented in the table are all stated net of the corresponding fiscal effect.

STATEMENT OF CONSOLIDATED CASH FLOWS AS OF 30 JUNE 2015

In thousands of Euros

		30 June 2015	30 June 2014
Operating activities			
Profit before tax		15,238	(29,898)
Depreciation of plant, property and equipment (including investment property)	*H5*	24,510	21,494
Amortisation of intangible assets	*H6*	28,494	22,076
Provisions for risks and for severance indemnity and similar obligations	*H4 - H8*	12,091	10,876
Write-downs (Reversals/fair value measurements)	*H7 - H8 – H11*	3,093	36,581
Capital losses / (gains) on the disposal of plant, property and equipment (including investment property)	*H7 – H8*	(68)	(829)
Interest income	*H10*	(245)	(557)
Income from dividends	*H10*	0	0
Interest expense	*H11*	26,695	30,172
Depreciation of grants	*H7*	(1,412)	(1,126)
Portion of earnings before taxation of the period due to associated companies (and other companies valued using the equity method)	*H9*	(246)	0
Change in working capital:			
(Increase) / Decrease in trade receivables	*F8*	(84,657)	(57,585)
(Increase)/Decrease in inventories	*F10*	(15,421)	(39,817)
Increase / (Decrease) in trade payables	*G3*	46,799	63,032
(Increase) / Decrease in contract work in progress	*F8*	(5,782)	21,559
Increase / (Decrease) in provisions for risks	*G5*	(8,536)	(12,679)
Increase / (Decrease) reserves for retirement fund and similar obligations	*G4*	(8,825)	(1,196)
Other changes		16,515	(10,348)
Cash generated from operating activities		48,243	51,755
Interest paid		(25,451)	(22,642)
Taxes paid		(8,826)	(6,869)
Cash flow from operations		13,966	22,244
Investing activities			
Sale price of subsidiaries, net of cash and cash equivalents		5,206	0
Investments in plant, property and equipment	*F2*	(14,501)	(13,168)
Sale price, or repayment value, of plant, property and equipment (including investment property)	*F2 – F3*	272	1,143
Investments in intangible assets	*F1*	(29,581)	(25,852)
Sale price, or repayment value, of intangible assets	*F1*	44	44
Purchase of non-consolidated equity investments	*F4*	(7)	0
Loans provided		0	(115)
Repayment of loans		0	10,907
Purchase of financial assets	*F5*	(1,036)	(11,650)
Sale price of financial assets		0	851
Interest received		211	382
Sale price from assets held for disposal or sale		0	4
Other flows from assets held for disposal or sale		(3)	(305)
Grants received		159	0
Cash flow from investing activities		(39,236)	(37,759)
Financing activities			
Increase in share capital by shareholders of the Group	*G1*	0	0
Increase in share capital by non-controlling interests	*G1*	0	5,139
Loans received	*G2*	178,030	158,941
Outflow for repayment of loans	*G2*	(113,135)	(99,642)
Financing received for leases		0	267
Repayment of finance leases		(16)	(491)
Outflow for dividends paid to Non-controlling Interest		(12,851)	0
Cash flow from financing activities		52,028	64,214
Increase / (Decrease) in cash and cash equivalents		26,758	48,699
Opening balance		75,899	40,623
Exchange differences		3,150	758
Closing balance		105,807	90,080

Changes in working capital include an increase in trade payables and other payables towards Related Parties for 966 thousand euros and a decrease in trade receivables and other receivables from Related Parties for 567 thousand euros. For greater detail on the relations between Related Parties taking place during the first half of 2015 please refer to the tables at the end of this half-yearly financial Report.

This schedule illustrates the changes in cash and cash equivalents totalling 126.6 million euros at 30 June 2015, gross of short-term bank overdrafts of 20.8 million euros.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AS OF 30 JUNE 2015

In thousands of Euros

	Share capital	*Reserves and retained earnings*	*Earnings for the period*	*Group shareholders' equity*	*Non-controlling interest capital and reserves*	*Group and non-controlling interest shareholders' equity*
Balances as of 31 December 2013	***178,464***	***193,007***	***(33,551)***	***337,920***	***171,247***	***509,167***
Allocation of Group earnings to Legal Reserve		742	(742)	0		0
Allocation of Group earnings to Dividends				0		0
Allocation of Group earnings to Retained Earnings		(34,293)	34,293	0		0
Other changes		885		885	4,253	5,138
Overall earnings for the period		672	(39,986)	(39,314)	2,602	(36,712)
Balances as of 30 June 2014	***178,464***	***161,013***	***(39,986)***	***299,491***	***178,102***	***477,593***

	Share capital	*Reserves and retained earnings*	*Earnings for the period*	*Group shareholders' equity*	*Non-controlling interest capital and reserves*	*Group and non-controlling interest shareholders' equity*
Balances as of 31 December 2014	***178,464***	***160,538***	***(70,814)***	***268,188***	***173,923***	***442,111***
Allocation of Group earnings to Legal Reserve				0		0
Allocation of Group earnings to Dividends				0	(12,851)	(12,851)
Allocation of Group earnings to Retained Earnings		(70,814)	70,814	0		0
Other changes		3,110		3,110	2,095	5,205
Overall earnings for the period		6,149	3,316	9,465	8,672	18,137
Balances as of 30 June 2015	***178,464***	***98,983***	***3,316***	***280,763***	***171,839***	***452,602***

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2015

Note	Description
TO	**General aspects**
B	**Scope of consolidation**
C	**Consolidation principles**
D	**Accounting principles, amendments and interpretations adopted from 1 January 2015**
E	**Segment reporting**
F	**Information on the main asset items**
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- A - GENERAL ASPECTS

Immsi S.p.A. (the "Company") is a limited company established under Italian law with its registered office at P.zza Vilfredo Pareto, 3, Centro Direzionale Boma, Mantova. The main activities of the company and its subsidiaries (the "Immsi Group"), the information on the relevant events occurred after 30 June 2015 and on the predictable evolution of operations are described in the half-yearly Directors' Report on Operations. At 30 June 2015, Immsi S.p.A. was directly and indirectly controlled, pursuant to Article 93 of the Consolidated Law on Finance, by Omniaholding S.p.A., a company wholly owned by the Colaninno family, through the subsidiary Omniainvest S.p.A.

The condensed half-year financial statements of the Immsi Group include the financial statements of the Parent Company Immsi S.p.A. and the Italian and international companies directly and indirectly controlled by it, approved by the relevant corporate functions of the respective companies, suitably reclassified and adjusted where necessary to adapt them to the Group's accounting principles.
The financial statements are expressed in euros since that is the currency in which most of the Group's transactions take place.
The amounts in the above schedules and in the Explanatory Notes on the consolidated accounting statements are stated in thousands of euros (if not otherwise indicated).

Note that the Group carries out activities that, with main reference to the industrial sector, are characterized by significant seasonal changes of sales during the year.

These condensed half-year financial statements are subject to limited audit by PricewaterhouseCoopers S.p.A. pursuant to the mandate granted by the Shareholders' Meeting in 11 May 2012 for the period 2012-2020.

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

The condensed interim financial statements were prepared in compliance with the International Accounting Standards (IAS/IFRS) in force at that date, issued by the International Accounting Standards Board and approved by the European Union, as well as in compliance with the provisions established in Article 9 of Legislative Decree No. 38/2005 (Consob Resolution No. 15519 dated 27 July 2006 containing the "Provisions for the presentation of financial statements", Consob Resolution No. 15520 dated 27 July 2006 containing the "Changes and additions to the Regulation on Issuers adopted by Resolution No. 11971/99", and Consob Communication No. 6064293 dated 28 July 2006 containing the "Corporate reporting required in accordance with Article 114, paragraph 5 of Legislative Decree No. 58/98"). The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"), were also taken into account.

This condensed half-year financial report has been prepared in accordance with IAS 34 – *Interim Financial Reporting* applying the same accounting principles and policies used in the preparation of the Consolidated financial statements as of 31 December 2014, other than those discussed in the following paragraph "Accounting principles, amendments and interpretations adopted 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 the company Management to make

estimates and assumptions that affect, among other things, the reported amounts of revenues, expenses, assets and liabilities recorded and disclosure of contingent assets and liabilities at the date of the end of the period. If in the future such estimates and assumptions, carried out by the management, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances may occur to change.
For a more detailed description of the most significant measurement methods of the Group, see the section “Accounting standards and measurement criteria – Use of estimates” in the Consolidated Financial Statements of the Immsi Group at 31 December 2014.

In addition, some evaluative processes, particularly the more complex ones such as the determination of any losses in value of fixed assets (“impairment”), are generally carried out completely only at the time of drawing up the annual financial statements, when all the potentially necessary information is available, saving the cases in which there are indicators that require immediate evaluation of possible losses of value.

FORM AND CONTENT 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". These condensed interim 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 Changes in Equity, the Consolidated Cash Flow Statement and these Explanatory Notes to the consolidated financial statements.
With reference to Consob Resolution no. 15519 of 27 July 2006 it is pointed out that, as regards the financial schedules, specific Income statement and Statement of financial position schedules have been inserted with the evidence of significant Related Party dealings and non-recurring transactions. In this regard, while there were no significant non-recurring transactions in the first half of 2015, in the first half of 2014, non-recurring costs relating to the refinancing of the Piaggio bond were recognised under borrowing costs for a total of 2,947 thousand euros. For more details, please see the notes below. The operation is classified under significant non-recurrent transactions, as defined by Consob Communication No. DEM/6064293 of 28 July 2006.

No atypical or unusual transactions are reported for the first half of 2014 or 2015, as defined by Consob Communication No. DEM/6037577 of 28 April 2006 and No. DEM/6064293 of 28 July 2006.

Consolidated income statement (reclassified)
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 Earnings 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 of the consolidated statement of financial position which precedes Group net income and non-controlling interest.

Consolidated Statement of Comprehensive Income
The consolidated statement of comprehensive income is presented in accordance with the revised version of IAS 1. It requires the indication of the Income attributable to the parent company shareholders and to non-controlling interests to be recorded net of the corresponding fiscal effect. In this respect, it should be noted that on 16 June 2011, the IASB issued an amendment to IAS 1 – *Presentation of financial statements* to require entities to group all items presented in Other

comprehensive income based on whether they are potentially reclassifiable to profit or loss.

Consolidated statement of financial position
The Consolidated balance sheet 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 Consolidated Statement of Cash Flows model adopted by the Immsi Group has been prepared using the indirect method. The cash and cash equivalents recorded in the 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.

Consolidated net debt
The statement of the consolidated net financial position contained in this half-year financial report details this aggregate: in this respect, in conformity with the CESR recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", it is noted that the indicator thus formulated represents what has been monitored by the Group Management and that it differs from that suggested by Consob Communication No. 6064293 of 28 July 2006, as it also shows the non-current portion of financial receivables.

Statement of changes in consolidated shareholders' equity
The statement of the Changes to the consolidated shareholders' equity is presented as required by the reviewed version of IAS 1. It includes the total income statement, separately stating the amounts ascribed to the shareholders of the parent company and to the relevant stake of third parties, the amounts of the operations with shareholders acting in this quality and any effects of the retroactive application or of the retroactive determination in accordance with IAS 8. Reconciliation is presented between the opening and closing balance of each item for the period.

Other information

The following exchange rates were used to translate the financial statements of companies included in the scope of consolidation into euros:

	Exchange rate as of 30 June 2015	Average exchange rate 1st half of 2015	Exchange rate as of 31 December 2014	Average exchange rate 1st half of 2014
US Dollar	1.1189	1.11579	1.2141	1.37047
Pounds Sterling	0.7114	0.73233	0.7789	0.82133
Indian Rupee	71.1873	70,1244	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	7,658	7.62467
Japanese Yen	137.01	134.20424	145.23	140.41206
Vietnamese Dong	24,258.84	23.858,5744	25,834.65	28,746.65381
Canadian Dollars	1.3839	1.37736	1.4063	1.50306
Indonesian Rupiah	14,900.39	14,468.81304	15.103,4	16,015.90159
Brazilian Real	3.4699	3.31015	3.2207	3.14951

- B - SCOPE OF CONSOLIDATION

At 30 June 2015, the Immsi Group structure is the one attached at the end of these Explanatory Notes. The scope of consolidation has not significantly changed compared with the consolidated financial statements at 31 December 2014 and the consolidated financial statements at 30 June 2014. In particular:

- on 4 August 2014, the Spanish branch of Piaggio & C. S.p.A. - Piaggio & C. S.p.A. - Sucursal en España was closed down;

- the company Derbi Racing S.L., previously held 100% by Nacional Motor S.A., was closed down on 16 December 2014;

- as regards the investment held by the Parent Company Immsi S.p.A. in ISM Investimenti S.p.A., considering the different equity rights of the two partners, the share of equity of ISM Investimenti S.p.A., consolidated by Immsi S.p.A., was estimated to be 60.39% as of 31 December 2014, compared with 61.99% as of 30 June 2014;

- on 28 January 2015, the partial spin-off took place of the subsidiary Intermarine S.p.A., with the formation of a new company, Pietra Ligure S.r.l., and the allocation of a single share representing 100% of the share capital to RCN Finanziaria S.p.A. Pietra Ligure S.r.l. owns property in the municipality of Pietra Ligure (Province of Savona). Pietra S.r.l. subsequently acquired 100% of the share capital of Pietra Ligure S.r.l. from RCN Finanziaria S.p.A.;

- on 15 June 2015, the company Piaggio Fast Forward Inc. was formed, a subsidiary of Piaggio & C. S.p.A., with the object of research and development of new mobility and transportation systems.

These changes are limited and have not affected the comparability of the balance sheet and income statement between the two reporting periods.

Finally, it should be noted that the share of consolidated shareholders' equity of the Piaggio Group, which at 30 June 2015 stood at 50.06%, was 50.59% at 31 December 2014 and 50.35% at 30 June 2014: the decrease in the first half of 2015 is mainly due to the sale of 1.9 million Piaggio shares by Immsi S.p.A. in May.

- C - CONSOLIDATION PRINCIPLES

Please refer to the explanatory and additional notes on the consolidated financial statements at 31 December 2014 for details of the consolidation principles adopted by the Company for the preparation of the condensed half-year financial statements of the Immsi Group.

- D - ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED SINCE 1 JANUARY 2015

The accounting standards implemented in drawing up these condensed half-year financial statements of the Immsi Group are the same ones followed in drawing up the consolidated financial statements as of 31 December 2014 to which we refer you for further details. The standards, amendments and interpretations applied by the Group since 1 January 2015 are listed below.

On 21 November 2013, the IASB published some minor amendments to IAS 19 – *Employee benefits: Defined Benefit Plans: Employee Contributions*. 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:

- IFRS 2 – *Share-based payment*: the amendment clarifies the definition of "vesting condition" and separately defines the "performance conditions" and "service conditions";
- 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;
- 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;
- 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.
- 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;
- IAS 24 – *Related Party Disclosures*: the standard was amended to include, as a related party, an entity that provides key personnel management services;
- 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.

At the date of these Financial Statements, the competent bodies of the European Union had not yet completed the approval process necessary for the adoption of certain accounting standards and amendments. 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.

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 of use of an intangible asset is linked to the achievement of a predetermined revenue threshold; or (ii) when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. 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 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.

In the context of the 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 in question states that if an entity transfers a financial asset on terms that allow the derecognition 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 (statement of comprehensive income) 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.

- E - SEGMENT REPORTING

The application of IFRS 8 – *Operating Segments* is mandatory as of 1 January 2009. This principle requires operating segments to be identified on the basis of an internal reporting system which company management utilises to allocate resources and assess performance.
The information for operating segments presented below reflects the internal reporting system utilised by management for making strategic decisions. In this respect, as regards individual *business* areas, wherever possible information is provided relating to the property and holding, industrial and marine sectors.

Information by business areas

Income statement

In thousands of euros	*Sector property and holding*	*Sector industrial*	*Sector marine*	*Group Immsi*
Net revenues to non-controlling interests	2,093	693,886	29,571	725,550
Intercompany net revenues				0
NET REVENUES	**2,093**	**693,886**	**29,571**	**725,550**
OPERATING INCOME	**1,080**	**42,923**	**-802**	**43,201**
Income/(loss) from equity investments	0	246	0	246
Financial income				12,592
Borrowing costs				40,801
PROFIT BEFORE TAX				**15,238**
Taxes				7,288
EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS				**7,950**
Profit (loss) arising from assets held for disposal or sale				0
EARNINGS FOR THE PERIOD INCLUDING THE PORTION ATTRIBUTABLE TO NON-CONTROLLING INTERESTS				**7,950**
Earnings for the period attributable to non-controlling interests				4,634
GROUP EARNINGS FOR THE PERIOD				**3,316**

Balance sheet

In thousands of euros	*Sector property and holding*	*Sector industrial*	*Sector marine*	*Group Immsi*
Segment assets	366,302	1,685,538	254,369	2,306,209
Equity investments in associated companies	0	198	14	212
TOTAL ASSETS	**366,302**	**1,685,736**	**254,383**	**2,306,421**
TOTAL LIABILITIES	**320,787**	**1,275,942**	**257,090**	**1,853,819**

Other information

In thousands of euros	*Sector property and holding*	*Sector industrial*	*Sector marine*	*Group Immsi*
Investments in plant, property and equipment and intangible assets	**293**	**43,492**	**297**	**44,082**
Depreciation, amortisation and write-downs	**254**	**54,532**	**1,311**	**56,097**
Cash flow from operating activities	**-5,563**	**30,546**	**-11,017**	**13,966**
Cash flow from investing activities	**3,879**	**-42,971**	**-144**	**-39,236**
Cash flow from financing activities	**5,435**	**39,059**	**7,534**	**52,028**

Information by geographical areas

The following table presents the Group income statement and balance sheet figures or the first half of 2015 in relation to the geographical areas "of origin", that is, with reference to the country of the company which received the revenues or which owns the assets.

It should be noted that the breakdown of revenues by geographic "destination" area, i.e. with reference to the customer's nationality, is analysed under net revenues in the income statement.

Income statement

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*States United States*	*Rest of the World*	*Group Immsi*
Net revenues to non-controlling interests	412,167	13,665	169,845	39,372	90,501	725,550
Intercompany net revenues						0
NET REVENUES	**412,167**	**13,665**	**169,845**	**39,372**	**90,501**	**725,550**

Balance sheet

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*States United States*	*Rest of the World*	*Group Immsi*
Segment assets	1,907,178	33,980	189,653	38,024	137,374	2,306,209
Equity investments in associated companies	147	3	0	0	62	212
TOTAL ASSETS	**1,907,325**	**33,983**	**189,653**	**38,024**	**137,436**	**2,306,421**

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*States United States*	*Rest of the World*	*Group Immsi*
Total receivables *	**163,109**	**34,724**	**32,774**	**11,989**	**26,793**	**269,389**
Total payables **	**396,475**	**88,486**	**106,028**	**2,355**	**33,355**	**626,699**

* Contract works in progress and Amounts due from the Tax authorities are not included.

** Financial liabilities and current tax payables are not included.

Other information

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*States United States*	*Rest of the World*	*Group Immsi*
Investments in plant, property and equipment and intangible assets	**37,192**	**56**	**1,549**	**84**	**5,201**	**44,082**
Depreciation, amortisation and write-downs	**40,184**	**186**	**8,669**	**58**	**5,581**	**54,678**

For comparability, the corresponding tables referring to 30 June 2014 are shown below:

Information by business areas

Income statement

In thousands of euros	*Sector property and holding*	*Sector industrial*	*Sector marine*	*Group Immsi*
Net revenues to non-controlling interests	2,267	628,977	24,583	655,827
Intercompany net revenues				0
NET REVENUES	**2,267**	**628,977**	**24,583**	**655,827**
OPERATING INCOME	**-2,406**	**51,081**	**-5,050**	**43,625**
Income/(loss) from equity investments	0	0	0	0
Financial income				3,938
Borrowing costs				77,461
PROFIT BEFORE TAX				**-29,898**
Taxes				6,333
EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS				**-36,231**
Profit (loss) arising from assets held for disposal or sale				0
EARNINGS FOR THE PERIOD INCLUDING THE PORTION ATTRIBUTABLE TO NON-CONTROLLING INTERESTS				**-36,231**
Earnings for the period attributable to non-controlling interests				3,755
GROUP EARNINGS FOR THE PERIOD				**-39,986**

Balance sheet

In thousands of euros	*Sector property and holding*	*Sector industrial*	*Sector marine*	*Group Immsi*
Segment assets	354,652	1,577,853	305,295	2,237,800
Equity investments in associated companies	0	204	14	218
TOTAL ASSETS	**354,652**	**1,578,057**	**305,309**	**2,238,018**
TOTAL LIABILITIES	**291,193**	**1,166,396**	**302,836**	**1,760,425**

Other information

In thousands of euros	*Sector property and holding*	*Sector industrial*	*Sector marine*	*Group Immsi*
Investments in plant, property and equipment and intangible assets	**252**	**38,230**	**538**	**39,020**
Depreciation, amortisation and write-downs	**282**	**38,391**	**628**	**39,301**
Cash flow from operating activities	**-7,753**	**30,854**	**-857**	**22,244**
Cash flow from investing activities	**-949**	**-35,875**	**-935**	**-37,759**
Cash flow from financing activities	**7,282**	**53,058**	**3,874**	**64,214**

Information by geographical areas

Income statement

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*States United States*	*Rest of the World*	*Group Immsi*
Net revenues to non-controlling interests	382,547	15,402	145,567	36,258	76,053	655,827 0
NET REVENUES	**382,547**	**15,402**	**145,567**	**36,258**	**76,053**	**655,827**

Balance sheet

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*States United States*	*Rest of the World*	*Group Immsi*
Segment assets	1,904,400	34,185	159,281	27,721	112,213	2,237,800
Equity investments in associated companies	153	3			62	218
TOTAL ASSETS	**1,904,553**	**34,188**	**159,281**	**27,721**	**112,275**	**2,238,018**

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*States United States*	*Rest of the World*	*Group Immsi*
Total receivables *	**162,009**	**63,322**	**16,784**	**4,160**	**18,714**	**264,989**
Total payables **	**471,707**	**44,393**	**83,541**	**2,692**	**28,669**	**631,002**

* Contract works in progress and Amounts due from the Tax authorities are not included.

** Financial liabilities and current tax payables are not included.

Other information

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*States United States*	*Rest of the World*	*Group Immsi*
Investments in plant, property and equipment and intangible assets	**35,052**	**97**	**2,307**	**59**	**1,505**	**39,020**
Depreciation, amortisation and write-downs	**32,533**	**-4,187**	**7,119**	**48**	**3,788**	**39,301**

- F - INFORMATION ON THE MAIN ASSET ITEMS

Amounts are stated in thousands of euros unless otherwise indicated.

- F1 - INTANGIBLE ASSETS 849,981

Net intangible assets at 30 June 2015 amounted to 849,981 thousand euros, an increase of 3,406 thousand euros compared with 31 December 2014. The increase during the period is almost entirely attributable to the Piaggio Group's intangible assets. It results from the adjustment of the values of Asian subsidiaries following the weakening of the euro and investments during the first half, which were only partially offset by amortisation for the period.
Changes in this item are presented below:

In thousands of euros	*Development costs*	*Concessions, patents, industrial and similar rights*	*Trademarks and licences*	*Goodwill*	*Other intangible assets*	*TOTAL*
Gross amounts at 31 December 2013	**186,551**	**247,023**	**149,200**	**617,415**	**9,935**	**1,210,124**
Increases	23,867	1,639	0	0	346	25,852
Change in consolidation area	0	0	0	0	0	0
Other movements	1,045	1,677	0	0	(1,430)	1,292
Gross amounts at 30 June 2014	**211,463**	**250,339**	**149,200**	**617,415**	**8,851**	**1,237,268**
Accumulated amortisation at 31 December 2013	**79,657**	**199,681**	**86,486**	**3,433**	**8,293**	**377,550**
Depreciation	12,640	6,536	2,414	0	486	22,076
Change in consolidation area	0	0	0	0	0	0
Other changes	379	1,076	0	0	(1,220)	235
Accumulated amortisations at 30 June 2014	**92,676**	**207,293**	**88,900**	**3,433**	**7,559**	**399,861**
Net amounts at 30 June 2014	**118,787**	**43,046**	**60,300**	**613,982**	**1,292**	**837,407**
Gross amounts at 31 December 2014	**199,734**	**282,472**	**149,200**	**625,421**	**9,569**	**1,266,396**
Increases	27,030	2,495	0	0	56	29,581
Change in consolidation area	0	0	0	0	0	0
Other movements	4,640	566	0	0	479	5,685
Gross amounts at 30 June 2015	**231,404**	**285,533**	**149,200**	**625,421**	**10,104**	**1,301,662**
Accumulated amortisation at 31 December 2014	**91,834**	**216,709**	**91,314**	**11,439**	**8,525**	**419,821**
Depreciation	16,230	9,426	2,414	0	424	28,494
Change in consolidation area	0	0	0	0	0	0
Other changes	2,492	467	0	0	407	3,366
Accumulated amortisations at 30 June 2015	**110,556**	**226,602**	**93,728**	**11,439**	**9,356**	**451,681**
Net amounts at 30 June 2015	**120,848**	**58,931**	**55,472**	**613,982**	**748**	**849,981**

NB: the "Other movements" item includes the reductions for fully amortised intangible assets, translation differences relating to financial statements in foreign currencies, reclassifications and write-downs.

Development costs

Development costs mainly include costs for products and engines in projects for which there is an expectation for the period of the useful life of the asset to see net sales at such a level as to allow the recovery of the costs incurred. This item includes assets under construction for 46,264 thousand euros which instead represent costs for which the conditions for capitalisation exist, but in relation to products that will go into production in future years.
With regard to the Piaggio Group, during the first half of 2015, development costs of approximately 10.5 million euros were charged directly to the consolidated income statement. Financial charges on loans acquired to finance the development of products that require a substantial period of time

to be completed are capitalised as part of the cost of the assets themselves, in accordance with the relevant accounting standard IAS 23 – *Borrowing Costs*. Development costs included under this item are amortised on a straight line basis over 5 years (founding products) or 3 years, in consideration of their remaining useful life.

With reference to the naval sector (Intermarine S.p.A.) please refer to the Interim Management Report of the Immsi Group as of 30 June 2015 – paragraph "Activity of Research & Development".

Concessions, patents, industrial and similar rights

The net balance of this item, equal to 58,931 thousand euros at 30 June 2015, is mainly related to the Piaggio Group (58,760 thousand euros) and is composed of software, patents and know-how, relating particularly to the Vespa, GP 800, MP3, RSV4, MP3 hybrid and 1200cc engine vehicles. Increases for the period mainly refer to new calculation, design and development techniques and methodologies developed by the Group, referring to the main new products in the 2014-2016 range. Industrial patent and intellectual property rights costs are amortised over three years.

Trademarks and licences

The trademarks and licences with a finite life item, totalling 55,472 thousand euros, is as follows:

In thousands of euros	**As of 30 June 2015**	**As of 31 December 2014**	**Change**
Guzzi trademark	18,687	19,500	(813)
Aprilia trademark	36,719	38,316	(1,597)
Minor trademarks	66	70	(4)
Total Trademark	**55,472**	**57,886**	**(2,414)**

Goodwill

The goodwill registered by the Group has unchanged compared to 31 December 2014 and its composition is detailed in the following table:

In thousands of euros	***Net Balance as of 30.06.2015***
Acquisition of 100% of Piaggio & C. S.p.A. by Piaggio Holding N. BV (in 2003)	405,985
Acquisition of 2.81% of Piaggio & C. S.p.A. by Piaggio Holding N. BV (in 2006)	14,620
Acquisition of 31.25% of Piaggio Holding N. BV by Immsi S.p.A. (in 2003)	3,480
Acquisition of 5.23% of Piaggio & C. S.p.A. by Immsi S.p.A. (in 2004) / Sale of 2.32% of Piaggio & C. S.p.A. by Immsi S.p.A. in 2008	3,643
Acquisition of 17.7% of Piaggio Holding N. BV by Immsi S.p.A. (in 2004 and 2006)	64,756
Acquisition of 2.22% of Piaggio & C. S.p.A. by Immsi S.p.A. (in 2007 and 2008)	7,143
Acquisition of 100% of Aprilia S.p.A. by Piaggio & C. S.p.A. (in 2004)	79,705
Acquisition of 66.49% of Rodriquez Cantieri Navali S.p.A. by RCN Finanziaria S.p.A. (in 2004)	30,337
Acquisition of 33.51% of Rodriquez Cantieri Navali S.p.A. by RCN Finanziaria S.p.A. (in 2005)	2,001
Acquisition of 2.37% of RCN Finanziaria S.p.A. by Immsi S.p.A. (in 2007)	1,286
Other acquisitions / changes	1,026
TOTAL	**613,982**

- *of which allocated to Piaggio Group cash-generating unit* *579,492*
- *of which allocated to Intermarine cash-generating unit* *34,428*

Goodwill derives from the greater value paid compared to the corresponding portion of the investee companies' shareholders' equity at the time of the purchase, reduced by the related cumulative amortisation until 31 December 2003. In adopting international accounting standards for the first time, the Group chose not to apply IFRS 3 – *Business Combinations* retrospectively to acquisitions carried out prior to 1 January 2004. Accordingly, the goodwill generated by acquisitions made prior to the date of adoption of IFRS was left unchanged as previously calculated under Italian GAAP, subject to determination and reporting of any impairments. As of 1 January 2004 goodwill is no longer amortised: the recoverable value of the cash-generating unit to which the goodwill was allocated is verified by determining the recoverable value (value in use) and submitted to an impairment test, applying the method required by the International Accounting Standard IAS 36. Such value has been estimated on the basis of:

- the present value of future financial flows over a multi-year forecasting period that are estimated to be generated by the continuous use of the assets relating to individual cash generating units ("Discounted Cash Flow" method in its "Unlevered" version); and

- by the terminal value attributable to them (estimated according to the perpetuity growth method), so as to reflect the residual value that each cash-generating unit is expected to generate beyond the planning horizon and representative of the current value of the future cash flows subsequent to the period of explicit projection of the financial data forecast.

It should be borne in mind, lastly, that goodwills recoverability is checked at least once a year (as of 31 December), even failing indicators of a possible loss of value.

While the balance sheet of the Immsi Group as of 31 December 2014 was being drawn up, with reference to the **Piaggio Group** cash-generating unit, the impairment test was arranged in-house by the Immsi S.p.A. company management, whereas for the Intermarine cash-generating unit, the Parent Company called in an external consultant to draw up an impairment report to support the Parent Company's Board of Directors for the purposes of the application of the procedure set out in accounting standard IAS 36.
For the Piaggio Group, it has been deemed reasonable to consider the Piaggio Group cash-generating unit as coinciding with the Piaggio Group as a whole (Piaggio & C. S.p.A. and its subsidiaries). Therefore, all considerations relating to the estimated value in use of the cash-generating unit and its use for impairment test purposes were developed by considering the Piaggio Group at consolidated level. It should be noted that the book value of the goodwill allocated to such cash-generating unit is equal to around 579.5 million euros.

Regarding the Intermarine cash-generating unit, **Intermarine** S.p.A. coincides with the"marine sector" identified by the Immsi Group in its segment reporting in accordance with *IFRS 8 – Operating Segments*: the carrying amount of goodwill allocated to this cash-generating unit is approximately 34.4 million euros.
Therefore, please refer to the explanatory and additional Notes on the consolidated financial statements contained in the Report as of 31 December 2014 of the Immsi Group for greater detail on the principal assumptions used in the determination of the utilization value of the cash-generating unit Piaggio group and Intermarine. It should be recalled that with reference to both cash-generating units, the analysis carried out at 31 December 2014 did not indicate any impairment losses for the goodwill tested: therefore no write-down has been made in the consolidated financial statements of the Immsi Group at 31 December 2014.

As concerns the Piaggio group cash-generating unit, the management of the group has verified, as is the case for all cash-generating units internal to the Piaggio group, that the EBIT forecasted in the approved budget and by the plan used for the impairment tests as of 31 December 2014 has essentially been achieved and that the rates applied at the time are still valid. Therefore there are no indications of impairment of the goodwill and it was therefore unnecessary to conduct any impairment tests on the carrying value of the goodwill recognised by the Immsi Group and allocated to the cash-generating unit Piaggio group.

With reference to the Intermarine cash-generating unit, there are no indications of goodwill impairment losses: EBIT for the first half of 2015 is slightly better than forecast and the rates applied at 31 December 2014 still seem valid.
As observed during the analysis performed at 31 December 2014, impairment tests are based on forward-looking data that are uncertain and changeable by nature and that reflect changes in the company's order book and its future industrial and commercial strategies: such data, in particular, is essentially based on the acquisition of future contracts, in relation to which negotiations are currently under way with several foreign navies. In this regard, we point out that in previous years, Intermarine's results showed significant variances with respect to what was forecast in the forward-looking financial data used, even after several exceptional and unforeseeable events, such as flooding at the Intermarine site in Sarzana: given the intrinsically uncertain nature of the forward-looking data considered, it cannot be ruled out that these variances may continue to occur in the future.

Considering that the analyses conducted to estimate the recoverable value both for the Piaggio group cash-generating unit and for Intermarine cash-generating unit has also been determined on the basis of estimates, the Group cannot assure that there will not be a loss in value of the goodwill in future periods. Owing to the current context of the crunch in the markets of reference and in the financial markets, the different factors both inside and outside the identified cash-generating units – used in drawing up the estimates could in the future be reviewed. The Group will constantly monitor these factors and the possible existence of future impairment losses.

Other intangible assets
The "Other intangible assets with a finite life" item, totalling 748 thousand euros, mainly includes charges held by Piaggio Vietnam.

- F2 - PROPERTY, PLANT AND EQUIPMENT 342,694

Net plant, property and equipment at 30 June 2015 totalled 342,694 thousand euros, compared with 344,450 thousand euros at 31 December 2014, and comprise assets mainly recognised by the Piaggio Group for 306,143 thousand euros, Intermarine S.p.A. for 18,885 thousand euros, and Is Molas S.p.A. for 17,449 thousand euros. The following table details this item:

In thousands of euros	*Land*	*Buildings*	*Plant and machinery*	*Industrial and commercial equipment*	*Assets to be given free of charge*	*Other assets*	*TOTAL*
Gross amounts at 31 December 2013	**44,651**	**177,280**	**444,549**	**515,625**	**10,403**	**52,631**	**1,245,139**
Increases	0	664	5,539	5,265	22	1,660	13,150
Decreases	0	0	(113)	(2,063)	0	(2,037)	(4,213)
Change in consolidation area	0	0	0	0	0	0	0
Other movements	0	632	2,944	(355)	0	341	3,562
Gross amounts at 30 June 2014	**44,651**	**178,576**	**452,919**	**518,472**	**10,425**	**52,595**	**1,257,638**
Accumulated amortisation at 31 December 2013	**0**	**59,393**	**318,328**	**472,171**	**9,415**	**45,523**	**904,830**
Depreciation	0	2,679	9,990	7,739	28	1,058	21,494
Applications	0	0	(37)	(1,918)	0	101	(1,854)
Change in consolidation area	0	0	0	0	0	0	0
Other changes	0	119	1,083	107	0	(1,798)	(489)
Accumulated amortisations at 30 June 2014	**0**	**62,191**	**329,364**	**478,099**	**9,443**	**44,884**	**923,981**
Net amounts at 30 June 2014	**44,651**	**116,385**	**123,555**	**40,373**	**982**	**7,711**	**333,657**
Gross amounts at 31 December 2014	**44,865**	**184,730**	**475,123**	**523,624**	**10,521**	**53,464**	**1,292,327**
Increases	0	1,557	7,850	2,934	21	2,098	14,460
Decreases	0	(10)	(82)	0	0	(733)	(825)
Change in consolidation area	0	0	0	0	0	0	0

Other movements	0	2,412	10,903	1,185	(127)	914	15,287
Gross amounts at 30 June 2015	**44,865**	**188,689**	**493,794**	**527,743**	**10,415**	**55,743**	**1,321,249**
Accumulated amortisation at 31 December 2014	**0**	**65,513**	**341,878**	**484,925**	**9,471**	**46,090**	**947,877**
Depreciation	0	2,850	11,690	8,304	26	1,640	24,510
Applications	0	0	(23)	0	0	351	328
Change in consolidation area	0	0	0	0	0	0	0
Other changes	0	480	4,442	1,169	0	(251)	5,840
Accumulated amortisations at 30 June 2015	**0**	**68,843**	**357,987**	**494,398**	**9,497**	**47,830**	**978,555**
Net amounts at 30 June 2015	**44,865**	**119,846**	**135,807**	**33,345**	**918**	**7,913**	**342,694**

NB: the “Other movements” item includes the translation differences relating to financial statements in foreign currencies, reclassifications and write-downs.

Property, plant and equipment primarily relate to the Intermarine S.p.A. industrial facility at Sarzana (La Spezia), the hotel and resort managed by Is Molas S.p.A. in Pula (Cagliari) and the Piaggio Group’s production plants located in Pontedera (Pisa), Noale (Venezia), 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. The financial charges on purpose loans acquired to finance the building of properties that require a substantial period of time to be ready for use are capitalised as part of the cost of the assets themselves: in this regard, the Group capitalised borrowing costs for 567 thousand euros during the first half of 2015.

Plant, property and equipment at 30 June 2015 include 918 thousand euros relating to freely transferable assets owned by Intermarine S.p.A., consisting of light constructions, property and related restructuring costs, built on State land in the city of Messina. Buildings constructed on State land are depreciated according to the residual duration of the concession: following the renewal of the concession for that area, the company adjusted the depreciation calculation based on the new information available. These assets, held because of a concession agreement, at its expiry, must be freely and in a perfect state of operation transferred to the granting body. Finally, it should be remembered that the assets described below – lands excluded – are amortized at rates considered fit to represent their useful life and in any case according to a plan of fixed rate amortization, for details of which reference is made to the Report and financial statements of the Immsi Group as of 31 December 2014 – paragraph “Accounting standards and measurement criteria”.

At 30 June 2015, the net value of assets held under lease agreements was 196 thousand euros, comprising vehicles used by the Aprilia Racing Team. Future lease commitments are detailed in the section on financial liabilities.

The Group also recognised assets under construction for 29,471 thousand euros, mainly comprising buildings for 6,465 thousand euros, plant and machinery for 15,928 thousand euros and industrial equipment for 6,733 thousand euros.

The Group also uses fully amortised property, plant and equipment for 41,166 thousand euros, of which 24,773 thousand euros relates to plant and machinery, 7,321 thousand euros to industrial and commercial equipment, 4,408 thousand euros to freely transferable assets and 4,664 thousand euros to other assets.

Guarantees

At 30 June 2015, the Group has land and property encumbered by mortgages or pledges in favour of financial institutions to guarantee bank loans. For more information, please refer to the Annual Report of the Immsi Group at 31 December 2014, in the section on “Accounting standards and measurement criteria”.

- F3 - PROPERTY INVESTMENTS **85,742**

At 30 June 2015, the Immsi Group recognised investment properties for 85,742 thousand euros, comprising the Immsi S.p.A. building in Via Abruzzi, Rome for 73,928 thousand euros and property, plant and equipment at the Piaggio Group's Spanish site in Martorelles for 11,814 thousand euros.

With reference to the building used by the **Parent Company Immsi S.p.A.** (in Via Abruzzi, Rome), as previously mentioned, since 2008 the Company has classified this as investment property, as defined in IAS 40: the carrying amount was restated at market value on the date of change in use (for 72.1 million euros), since the building was no longer instrumental to the core business, but conversely was an asset that could be used to finance other investments made. The greater value was entered in a specific reserve of the equity, net of the related tax effect. The investment moreover is no longer subject to a process of amortisation starting from the year 2009 as required by the international accounting standards.
The valuation of the real estate investment at issue is based on a survey performed by an external advisor that estimated the fair value at the end of 2014 in line with the value of registration in the financial statements as of 31 December 2014. During the first half of 2015, according to the Company's Management, no events or circumstances occurred to suggest that the asset in question could have been significantly impaired. The increase of 40 thousand euros compared with the value recognised at 31 December 2014 relates to engineering works carried out during the first half of the current financial year.

Rental income referred to the building and recognised by Immsi S.p.A. during the first half of 2015 among Net proceeds revenues amounts to approximately 1.4 million euros. The costs connected to it refer substantially to ordinary maintenance and operating administration of the building. Most of these costs are then debited to the tenants as per condominium regulations.

There is also a 92 million euro mortgage on this building under examination in guarantee of the financing obtained by Immsi S.p.A. in 2010 by a pool of banks (Efibanca-Banco Popolare, Cassa di Risparmio Lucca Pisa Livorno and Banca Popolare di Lodi, now merged into Banco Popolare) for an original amount of 46 million euros in place as of 30 June 2015 for residual 20.4 million euros, the extinction of which is foreseen in June 2019.

As previously mentioned, investment property recognised by the **Piaggio Group** refers to the Spanish site of Martorelles, where production was stopped in March 2013 and relocated to Italian sites.
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 11,814 thousand euros. In this regard it should be noted that the valuation took into account the current state of the building, as well as a local redevelopment project carried out by the Group to create a shopping complex, 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. Therefore, the measurement updated in 2015 resulted in a charge of 147 thousand euros, adjusted to fair value, being recognised under other costs in the income statement for the period.
The information required under IFRS 7 concerning the fair value measurement, as well as sensitivity to the variables used as a basis for the assessment, can be found in section P –

Information on financial instruments.

- F4 - EQUITY INVESTMENTS 9,828

Equity investments, at 9,828 thousand euros, have increased by 997 thousand euros compared with 31 December 2014.
Note that the carrying amount of equity investments held by Immsi S.p.A. in fully consolidated subsidiaries – equal to 319.8 million euros at 30 June 2015 – is fully eliminated on consolidation.
This item mainly includes the valuation of the equity share held by the Piaggio Group in the joint venture Zongshen Piaggio Foshan, adjusted to take into account the measurement criteria adopted by the Group, as well as the recoverable amount determined following the impairment of Piaggio & C. S.p.A. The following table summarises the main financial highlights of the joint venture:

Financial Statements as of 30 June 2015
In thousands of euros

	45% owned by the Piaggio Group
Working capital	7,859
Total assets	5,523
NET CAPITAL EMPLOYED	**13,382**
Provisions	64
Financial position	3,718
Shareholders' equity	9,600
TOTAL SOURCES OF FINANCING	**13,382**

- F5 - OTHER FINANCIAL ASSETS 53,164

- Non-current portion

Other non-current financial assets totalled 36,364 thousand euros and consist of:

- available-for-sale financial assets, represented by the investment of 11,385 thousand euros (2.61% of the capital) in Alitalia – CAI held by Immsi. S.p.A.;
- the fair value of the hedging derivatives established by the Piaggio Group, and specifically the fair value of the Cross Currency Swap outstanding on the private placement (for 18,571 thousand euros), the fair value of the Cross Currency Swap outstanding on the medium-term loan of the Indian subsidiary (for 5,970 thousand euros), and the Cross Currency Swap outstanding on the medium-term loan of the Vietnamese subsidiary (for 352 thousand euros), altogether totalling 24,893 thousand euros (19,026 thousand euros at 31 December 2014);
- the book value of the equity investments held in other smaller companies by the Piaggio group for an overall amount of approx. 86 thousand euros.

Regarding the investment in Alitalia – CAI, compared with the value recognised at 31 December 2014 of 10,349 thousand euros, there has been an increase of 1,036 thousand euros due to payments made in January 2015 of 593 thousand euros and in May 2015 of 443 million euros as "payment for a future capital increase", in compliance with the Stand-by Equity Commitment undertaken in September 2014, to subscribe and issue a capital increase for a maximum of 10 million euros, as authorised by the shareholders' meeting of Alitalia – CAI on 25 July 2014.

On 31 December 2014, a final agreement was signed between the long-standing shareholders of Alitalia – CAI and lender banks with a new minority shareholder of Alitalia, Etihad Airways, as part of an operation to reorganise and relaunch Alitalia, through a strategic partnership with the new partner and airline company Etihad Airways. The operation resulted in the formation of a new company, Alitalia – SAI, to which the businesses of Alitalia – CAI were transferred. Immsi remains a shareholder of the company. For more details, please refer to the Directors' Report and Financial Statements of the Immsi Group at 31 December 2014.

In relation to this investment, the valuations performed when preparing this Half-year Financial Report did not indicate the need for any impairment, confirming the carrying amount recognised at 31 December 2014, increased by payments towards the future capital increase made in the first half of 2015. In particular, based on information released by the company's management, Alitalia – SAI posted earnings in the first quarter of 2015 in line with forecasts, confirming the targets contained in its business plan. Therefore, since the plan seems to be confirmed and since the rates applied at the end of 2014 have not changed significantly, no write-down has been recorded in the Immsi Group income statement.

- Current portion

Other current financial assets totalled 16,800 thousand euros at 30 June 2015, an increase of 1,924 thousand euros compared with 31 December 2014. This item consists exclusively of the investment (equal to 2,788,464 shares) held by Immsi S.p.A. in Unicredit S.p.A., measured at fair value at the reporting date of 30 June 2015. The Unicredit share price rose significantly during the first half of 2015, from 5.335 euros at 31 December 2014 to 6.025 euros at 30 June 2015, peaking at 6.55 euros in April. This was considerably higher than the carrying amount recognised by Immsi S.p.A.(around 5.326 euros per share) and therefore did not indicate any impairment loss. In this regard, the Immsi S.p.A. procedure for determining the impairment of equity financial instruments classified as "Available For Sale" ("AFS") has defined the conditions of a prolonged or alternatively a significant reduction in fair value based on i) a reduction in the market value exceeding two thirds of the original cost; and ii) a market value continuously lower than the original carrying amount, observed over a period of time of at least two years. It remains understood that, in exceptional circumstances, the Company Management may consider any such decline as not representative of a significant or prolonged loss of value of the security and exceptionally derogate from the specified thresholds, reserving the right - in justified circumstances - to change the aforementioned thresholds in order to reflect any significant changes in the economic and financial context.

- F6 - RECEIVABLES DUE FROM THE TAX AUTHORITIES 41,119

Current and non-current receivables due from the tax authorities totalled 41,119 thousand euros, a decrease of 1,784 thousand euros from 31 December 2014. The details are shown below by maturity:

- Non-current portion

In thousands of euros	*Balance as of 30.06.2015*	*Balance as of 31.12.2014*
VAT receivables	2,335	1,811
Income tax receivables	1,459	1,219
Other amounts due from the tax authorities	369	611
TOTAL	**4,163**	**3,641**

In this respect, it should be recalled that Immsi S.p.A. has outstanding tax consolidation agreements with its subsidiaries Piaggio & C. S.p.A., Aprilia Racing S.r.l. Apuliae S.p.A., Intermarine S.p.A., RCN Finanziaria S.p.A., ISM Investimenti S.p.A., Pietra S.r.l. and Pietra Ligure S.r.l. Under these agreements, the Parent Company – as the consolidating company – has recorded in its own financial statements receivables from the tax authorities for non-current taxes, related to withholdings made and advances on Italian corporate income tax transferred from the companies included in the national consolidated tax return, for 350 thousand euros, whose use is presumed to be after the current year in the light of the business plans prepared by Group companies.

- Current portion

In thousands of euros	*Balance as of 30.06.2015*	*Balance as of 31.12.2014*
VAT receivables	33,904	34,972
Income tax receivables	2,156	1,675
Other amounts due from the tax authorities	896	2,615
TOTAL	**36,956**	**39,262**

- F7 - DEFERRED TAX ASSETS 118,445

As of 30 June 2015, net deferred tax assets that will fall due within 12 months total 11,393 thousand euros while those falling due beyond 12 months amount to 107,052 thousand euros.
The Piaggio group has recognised 46,348 thousand euros of deferred tax assets compared to 46,434 thousand euros recorded as of 31 December 2014. The deferred tax assets recognised by the subsidiary Intermarine S.p.A. at 30 June 2015 total 49,746 thousand euros (compared with 47,553 thousand euros at 31 December 2014), while those recognised by the subsidiary Is Molas S.p.A. total 13,225 thousand euros (compared with 12,770 thousand euros at 31 December 2014). The remaining share of 9,126 thousand euros is recorded by the other companies belonging to the property and holding sector, net of eliminations and consolidation adjustments.
As regards the measurements to define the deferred tax assets, Immsi Group companies took account of the tax regulations in the various countries where they operate, their impact in terms of timing differences and any tax benefits deriving from the use of prior tax losses, as well as the expected taxable income in the medium term for each individual company.
In view of the above considerations and also for the sake of prudence, the tax benefits deriving from the losses carried forward and from temporary differences were not fully recognised.

- F8 - TRADE RECEIVABLES AND OTHER RECEIVABLES 330,040

- Non-current portion

Trade receivables and other receivables included under non-current assets total 16,506 thousand euros (net of the corresponding provisions for write-down of 1,203 thousand euros), against 16,071 thousand euros at 31 December 2014 and are detailed below:

In thousands of euros		
	Balance as of 30.06.2015	***Balance as of 31.12.2014***
Receivable due from associated companies	153	197
Other receivables	16,353	15,874
TOTAL	**16,506**	**16,071**

- Current portion

Trade receivables and other receivables (including the value of work in progress) included under current assets are as follows:

In thousands of euros		
	Balance as of 30.06.2015	***Balance as of 31.12.2014***
Trade receivables	200,206	114,894
Amounts due from subsidiaries *)	2,575	2,575
Receivable due from associated companies	657	545
Receivable due from joint ventures	2,654	3,377
Other receivables	107,442	115,578
TOTAL	**313,534**	**236,969**

*) not consolidated on a global integration basis

Current trade receivables amounted to 200,206 thousand euros at 30 June 2015, an increase of around 85,312 compared with the value recorded at 31 December 2014 (114,894 thousand euros): as already mentioned, the growth in this value is mainly linked to the seasonality of Piaggio Group sales, which are mainly concentrated in the spring and summer months.
The “Trade receivables” item comprises amounts due from normal sales transactions, stated net of a bad debt reserve of 30,977 thousand euros, an increase of 1,059 thousand euros compared with 31 December 2014.
The balance of receivables from subsidiaries, unchanged from 31 December 2014 and equal to 2,575 thousand euros, refers to trade receivables from the subsidiary Rodriquez Cantieri Navali do Brasil Ltda, not fully consolidated but accounted for using the equity method. The balance of receivables from associated companies refers entirely to receivables from Consorzio CTMI, while receivables from joint ventures (equal to 2,654 thousand euros at 30 June 2015) refer to receivables from Zongshen Piaggio Foshan Motorcycle Co.Ltd., as detailed in the statement of intercompany and related party transactions at the end of this document.

It should also be remembered that the Piaggio group transfers on a regular basis a large part of its trading receivables mainly with the “pro-soluto” and “pro-solvendo” clause [i.e., without and with recourse]. The contractual structure that Piaggio formalised with major Italian and foreign factoring companies essentially reflects the need to optimise the monitoring and management of credit as well as offering its customers an instrument for financing their own inventory, for disposals that took place without a substantial transfer of risks and rewards. On the contrary, for factoring without recourse, contracts have been formalised for the substantial transfer of risks and benefits. At 30 June 2015, trade receivables not yet due and assigned without recourse totalled 124,015 thousand euros, on which the Piaggio Group received payment before the normal due date for 114,157 thousand euros.
As of 30 June 2015, the advances received – both from factoring firms and from banks – on “pro-solvendo” disposals of trade receivables total 41,265 thousand euros and are offset in the current liabilities.

“Other receivables” mainly include advances to suppliers for 18,624 thousand euros, essentially recognised by the subsidiary Intermarine S.p.A., accrued income and prepaid expenses for a total of 8,282 thousand euros, other receivables relating entirely to the Piaggio Group for 15,926, advances to employees for 450 thousand euros and security deposits for 256 thousand euros.

Finally the other receivables include the equivalent value of the works in progress to order net of the advance payments received, referable entirely to the subsidiary Intermarine S.p.A., whose composition is detailed as follows:

In thousands of euros	*Balance as of 31.12.2014*	*Increases*	*Decreases*	*Balance as of 30.06.2015*
Contract work in progress gross of advances	**199,259**	24,175	(9,892)	**213,542**
Contractual advances received from customers	144,390			152,891
Contract work in progress net of advances	**54,869**			**60,651**
Costs sustained	171,363			181,511
Margins recorded (net of losses)	27,896			32,031

- F9 - ASSETS INTENDED FOR DISPOSAL 27,394

The net book value of assets held for sale amounts to 27,394 thousand euros and relates almost exclusively to property in Pietra Ligure, acquired at the public auction held by the State in December 2007 for a total of 19.1 million euros and recognised in buildings held for sale in relation to contracts and obligations entered into by the company. The increase of 2,667 thousand euros compared with 31 December 2014 is due to the capitalisation of development costs from the real estate project, incurred during the first half of 2015 and totalling around 0.9 million euros, with the remainder due to the capitalisation of costs incurred in prior years and recognised in other assets by Pietra S.r.l. Please refer to the Immsi Group Interim Directors' Report at 30 June 2015 for an update on the progress of the real estate project in Pietra Ligure.

- F10 - INVENTORIES 321,442

Inventories are measured at the lower of cost and market value and total 321,442 thousand euros at the year end and comprise:

In thousands of euros	*Balance at 30.06.2015*			*Balance at 31.12.2014*		
	Cost	*Write-down*	*Net*	*Cost*	*Write-down*	*Net*
Consumables	57	0	57	35	0	35
Raw materials	131,038	(17,609)	113,429	115,666	(16,661)	99,005
Work in progress and semi-finished products	81,169	(1,102)	80,067	79,306	(1,102)	78,204
Finished products	153,668	(25,779)	127,889	152,810	(24,033)	128,777
TOTAL	**365,932**	**(44,490)**	**321,442**	**347,817**	**(41,796)**	**306,021**

The increase compared to the figure recorded as of 31 December 2014 (+15,421 thousand euros) is mainly ascribable to the Piaggio group and is derived from the production peak typical of the summer months, resulting from the aforementioned seasonal nature of the group's business, while the above write-downs were necessary for the presence of raw materials no longer usable in the production process and obsolete or slow-moving finished products and goods.

As of 30 June 2015, the Piaggio group recognises, net of write-downs, inventories for 246,499 thousand euros referred to components, accessories, 2-wheeled, 3-wheeled and 4-wheeled vehicles. Intermarine S.p.A. contributes 44,752 thousand euros, mainly raw materials and contract work in progress for prototypes, internal construction and repairs. Finally, Is Molas S.p.A. records

30,191 thousand euros of inventories at the year end relating to the hotel business, as well as work in progress and semi-finished products represented by land, volumes, costs for services and consultancy for the property development project relating to the allotment located in Is Molas - Cagliari.

- F11 - CASH AND CASH EQUIVALENTS 126,572

Cash and cash equivalents at the year end total 126,572 thousand euros against 103,942 thousand euros as of 31 December 2014, as detailed in the table below:

In thousands of euros	*Balance as of 30.06.2015*	*Balance as of 31.12.2014*
Cheques	15	7
Cash and cash equivalents	120	115
Securities	2,112	5,934
Receivable due from banks within 90 days	124,325	97,886
TOTAL	**126,572**	**103,942**

This item covers cash, current bank accounts, deposits refundable on demand and other short-term high-liquidity financial investments readily convertible into cash and subject to an insignificant risk of variation in value. For details of changes during the first half of 2015 in the item in question, please see the statement of consolidated cash flows at 30 June 2015.

Cash and cash equivalents are mainly present in Immsi S.p.A. (around 3.7 million euros), the Piaggio Group (around 120.7 million euros) and the subsidiary Intermarine S.p.A. (around 1.9 million euros), and are intended to finance short-term debt and loan instalments due, as well as to support investments planned by Group companies. The item Securities relates to contracts of deposit made by the Indian subsidiary of the Piaggio Group to effectively utilize its temporary liquidity.

- G - INFORMATION ON THE MAIN LIABILITY ITEMS

Amounts are stated in thousands of euros unless otherwise indicated.

- G1 - SHAREHOLDERS' EQUITY 452,602

Shareholders’ equity at 30 June 2015 stands at 452,602 thousand euros, of which 280,763 thousand euros is Group consolidated shareholders’ equity and 171,839 thousand euros capital and reserves of non-controlling interests.

Share capital

At 30 June 2015, the share capital of Immsi S.p.A., fully subscribed and paid up, comprises 340,530,000 ordinary shares without par value, for a total of 178,464,000.00 euros. At 30 June 2015, Immsi S.p.A. held no treasury shares.

Each ordinary share entitles the holder to a proportionate part of distributable profits and of the shareholders’ equity resulting from any liquidation, as well as to unlimited voting rights.

Legal reserve

The legal reserve comprises reserves allocated following the distribution of profits of Immsi S.p.A. from the year 2000 to the year 2014, in accordance with the provisions of law and totals 6,989 thousand euros at the end of June 2015, unchanged compared to 31 December 2014.

Other provisions

This item totals 207,484 thousand euros, 9,258 thousand euros increase compared to the value recorded as of 31 December 2014.
The details of the item “Other reserves” are shown below:

In thousands of euros	*Extraordinary reserve*	*Share premium reserve / share capital increase*	*IAS transition reserve*	*Re-serves as per Italian Law 413/91*	*Legal re-serves*	*Translation reserves*	*Stock option reserve*	*Reserve for actuarial gains (losses) relative to defined benefit plan*	*Financial instrument measure-ment reserve*	*Other changes in other reserves*	*Total other re-serves*
Balances as of 31 December 2014	***7,103***	***95,216***	***5,300***	***4,602***	***1,153***	***(10,164)***	***6,742***	***(4,328)***	***(1,669)***	***94,271***	***198,226***
Other changes										3,110	3,110
Overall earnings for the period						2,536		1,157	2,456		6,149
Balances as of 30 June 2015	***7,103***	***95,216***	***5,300***	***4,602***	***1,153***	***(7,628)***	***6,742***	***(3,171)***	***787***	***97,380***	***207,484***

The share premium reserve includes the consideration of the shares underwritten following the increase in share capital of Immsi S.p.A. in 2005 and 2006 for an overall amount of 95,216 thousand euros.

Other reserves also included the reserve created by the transition to international accounting standards made by the Group on 1 January 2004, totalling 5,300 thousand euros at the end of June 2015 and unchanged from 31 December 2014. For more details, please refer to the financial statements at 31 December 2005, available on the website www.immsi.it. The stock option reserve amounts to 6,742 thousand euros (unchanged compared with the figure at 31 December 2014), while the reserve allocated to the measurement of financial instruments totals 787 thousand euros, an increase of 2,456 thousand euros compared with 31 December 2014. This is mainly due to the increase in the fair value of the Unicredit shares held by the Parent Company: for further details, please refer to Note *F5 – Other financial assets.*

Retained earnings

Retained earnings total -115,491 thousand euros and represent the accumulated losses of the Group.

Non-controlling interest capital and reserves

As of 30 June 2015 the balance of share capital and reserves attributable to third party shareholders totals 171,839 thousand euros, a 2,084 thousand euros decrease compared to 31 December 2014. This change mainly derives from recognising the share of net income for the period attributable to non-controlling interests, net of dividends paid to minority shareholders of the Group.

- G2 - FINANCIAL LIABILITIES **1,102,742**

Financial liabilities total 1,102,742 thousand euros at 30 June 2015, a 71,123 thousand euros increase compared to the value recorded at 31 December 2014. The portion recorded under non-current liabilities amounts to 757,753 thousand euros, against 591,136 at 31 December 2014, while the portion included among current liabilities totals 344,989 thousand euros, a decrease of 95,494 thousand euros compared with year-end 2014.
Non-current financial liabilities also include the fair value measurement of financial derivatives to hedge exchange risk and interest rate risk and adjustment of the related hedged items – underwritten by the Piaggio Group – for a total of 24,202 thousand euros, an increase of 6,280 thousand euros from 31 December 2014. As already stated, net financial debt does not include financial assets and liabilities arising from the fair value measurement of financial derivatives used for hedging, the fair value adjustment of relative hedged items and related accruals.

The attached tables summarise the financial liabilities by type of financial debt:

- Non-current portion

In thousands of euros	*Balance as of 30.06.2015*	*Balance as of 31.12.2014*
Bonds	289,201	288,369
Payables due to banks	443,204	283,372
Amounts due under finance leases	195	211
Amounts due to other lenders	951	1,262
TOTAL	**733,551**	**573,214**

We point out that in the item “Amounts due to bank” and in the item “Bonds” there are financings treated from an accounting point of view according to the criterion of amortised cost. According to this criterion the nominal amount of the liability is deceased by the amount of the relative issuing and/or stipulation costs in addition to any costs linked to refinancing previous liabilities. Amortisation of such costs is determined according to the effective interest rate method, i.e. the rate that discounts the future flow of interest payable and capital repayments to the net carrying amount of the financial liability. Furthermore, some financial liabilities related to the Piaggio Group are recognised at fair value, with the related effects taken to profit or loss.

- Current portion

In thousands of euros	Balance as of 30.06.2015	Balance as of 31.12.2014
Payables due to banks	267,955	383,225
Amounts due under finance leases	30	30
Amounts due to subsidiaries *)	68	55
Amounts due to other lenders	76,936	57,173
TOTAL	**344,989**	**440,483**

*) not consolidated on a global integration basis

The composition of the gross Financial debt is the following:

In thousands of euros	Balance as of 30.06.2015	Balance as of 31.12.2014	Nominal value at 30.06.2015	Nominal value at 31.12.2014
Bonds	289,201	288,369	301,799	301,799
Payables due to banks	711,159	666,597	713,655	669,288
Amounts due under finance leases	225	241	225	241
Amounts due to subsidiaries	68	55	68	55
Amounts due to other lenders	77,887	58,435	77,831	58,434
TOTAL	**1,078,540**	**1,013,697**	**1,093,578**	**1,029,817**

*) not consolidated on a global integration basis

The following schedule shows the repayment plan for the gross financial debt of the Immsi Group at 30 June 2015:

In thousands of euros	Nominal value as of 30.06.2015	Amounts due within 12 months	Amounts due by 30.06.2017	Amounts due by 30.06.2018	Amounts due by 30.06.2019	Amounts due by 30.06.2020	Amounts due after
Bonds	301,799	0	0	9,669	9,669	10,360	272,101
Payables due to banks	713,655	266,983	216,463	86,122	111,912	32,081	94
Amounts due under finance leases	225	30	32	34	129	0	0
Amounts due to subsidiaries	68	68	0	0	0	0	0
Amounts due to other lenders	77,831	76,880	315	317	319	0	0
TOTAL	**1,093,578**	**343,961**	**216,810**	**96,142**	**122,029**	**42,441**	**272,195**

*) not consolidated on a global integration basis

The following table analyses the gross Financial debt by currency and interest rate:

In thousands of euros	Balance as of 31.12.2014	Balance as of 30.06.2015	Nominal value at 30.06.2015	Interest rate as of 30.06.2015
Euro	941,705	982,350	997,388	3.69%
Vietnamese Dong	31,596	51,478	51,478	8.78%
Japanese Yen	4,751	4,963	4,963	2.44%
Indian Rupee	21,385	22,070	22,070	10.54%
Indonesian Rupiah	3,112	5,167	5,167	10.13%
US Dollar	11,148	12,512	12,512	2.44%
TOTAL	**1,013,697**	**1,078,540**	**1,093,578**	**4.07%**

Amounts due to banks mainly include the following loans:

Immsi S.p.A.

- loan for 20,285 thousand euros (residual nominal value 20,444 thousand euros) granted by the pool of banks originally composed of Banca Popolare di Lodi, Efibanca and Cassa di Risparmio di Lucca Pisa Livorno (now merged into Banco Popolare), at a variable rate equal to Euribor plus a spread, maturing in June 2019 with repayment in 18 equal half-yearly instalments from 31 December 2010, of which around 5.1 million euros is due within 12 months. Upon arranging the loan, the Company signed a contract to hedge the variable rate with a fixed rate (plus spread) on 75% of the nominal value of the loan. The loan, secured by a mortgage on the property located in Via Abruzzi, 25 - Rome for 92 million euros, and by a time deposit of securities, on which 3,041,000 of Piaggio shares are currently deposited, stipulates compliance with two *covenants*;
- a revolving credit line granted by the bank Monte dei Paschi di Siena for a total nominal value of 30 million euros (fully used as of 30 June 2015). This line, maturing in April 2017 and with a variable reference rate equal to Euribor plus a spread, is guaranteed by a lien on 20 million Piaggio & C. S.p.A. shares and entails compliance with a covenant;
- revolving credit line granted by Intesa Sanpaolo for 25 million euros, fully used at 30 June 2015, with the reference rate equal to Euribor plus a spread and maturing in December 2015. This line includes a covenant;
- credit line granted by Intesa Sanpaolo for a total nominal value of 15 million euros (fully used at 30 June 2015) and entered in the balance sheet for a value of 14,956 thousand euros based on the amortised cost principle. The line, maturing in February 2016 and with a variable reference rate equal to Euribor plus a spread, is guaranteed by a lien on 10 million Piaggio & C. S.p.A. shares and entails compliance with a covenant;
- a revolving credit line granted by Unicredit for 25 million euros (of which 8 million euros used as of 30 June 2015), with a reference rate equal to Euribor plus a spread and maturing in October 2015. This line is accompanied by the deposit of 13.5 million Piaggio & C. S.p.A. shares and includes a covenant;
- loan granted by Banca Popolare dell'Emilia Romagna for a nominal value of 9.75 million euros and entered in the balance sheet at 30 June 2015 for 9,684 thousand euros, based on the amortised cost principle, with final repayment due in March 2017 and a reference rate equal to Euribor plus a spread. This facility provides for an amortisation schedule in increasing half-yearly instalments, of which 4.75 million euros is due within 12 months, and is guaranteed by the lien on 8.1 million Piaggio & C. S.p.A. shares. This loan includes two covenants;
- a revolving credit line granted by the bank Banca Nazionale del Lavoro for a total of 20 million euros (fully used at 30 June 2015). The line, maturing in April 2018 and with a variable reference rate equal to Euribor plus a spread, is guaranteed by a lien on 11 million Piaggio & C. S.p.A. shares and entails compliance with two covenants;
- revolving credit line granted by Banco Popolare for 20 million euros (fully used at 30 June 2015), guaranteed by 10.95 million Piaggio & C. S.p.A. shares, expiring in November 2016 and with a variable reference rate equal to Euribor plus a spread;
- *Bullet – Multi Borrower* loan granted by Intesa Sanpaolo for a total of 130 million euros, maturing in December 2016, and with a variable reference rate equal to Euribor plus a spread, of which 70 million euros granted to Immsi S.p.A., 30 million euros disbursed to ISM Investimenti S.p.A. and 23.8 million euros disbursed to Intermarine S.p.A.: this loan is guaranteed by i) lien on a total of 53.5 million Piaggio & C. S.p.A. shares and ii) custody of a further 4 million Piaggio & C. S.p.A. shares;

- contract of stock loan from Immsi S.p.A. to Banca Akros that, with the loan of 2,787,000 Unicredit shares, requires delivery of cash collateral for an amount of approximately 13,294 thousand euros represented by the market value of the stock at the date of subscription net of a spread that absorbs any downward swing of the stock. The contract, expiring upon revocation, involves a fee of 0.05% and negative interest equal to EONIA plus a spread, calculated on the cash collateral received from Banca Akros.

Piaggio Group

- a medium-term loan for 21,429 thousand from the European Investment Bank to finance research & development investments planned for the 2009-2012 period. The loan matures in February 2016 with an accumulated amortisation which is shared across 14 semi-annual instalments, with the reference interest rate set to the variable Euribor, increased by a *spread*. The contractual terms envisage loan *covenants*; An Interest Rate Swap has been taken out on this loan to hedge the interest rate risk;
- a medium-term loan for 49,091 thousand euros 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. The contractual terms envisage loan covenants;
- 128,002 thousand euros (nominal value of 130,000 thousand euros) – syndicated loan signed in July 2014 for 220,000 euros and increased in April 2015 by 30,000 euros. This overall loan of 250,000 thousand euros comprises a four-year tranche of 175,000 thousand euros, granted in the form of a revolving credit line of which a nominal value of 55,000 thousand euros had been used as of 30 June 2015, and a five-year repayment loan for 75,000 thousand euros, fully disbursed. The contractual terms envisage loan covenants;
- 24,939 thousand euros (nominal value of 25,000 thousand euros) medium-term loan granted by Banca Popolare Emilia Romagna in June 2015. The loan will fall due on 5 June 2019 and will be repaid based on a repayment schedule of six-monthly instalments from 31 December 2016;
- 7,916 thousand euros – medium-term loan for 12,654 thousand US dollars 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 provide for a guarantee from Piaggio & C. S.p.A. and compliance with some covenants. Cross currency swaps were taken out on the loan to hedge exchange risk and interest rate risk;
- 13,812 thousand euros – medium-term loan for 17,850 thousand US dollars 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 provide for a guarantee from Piaggio & C. S.p.A. and compliance with some covenants. Cross currency swaps were taken out on the loan to hedge exchange risk and interest rate risk;
- 13,250 thousand euros – medium-term loan for 15,291 thousand US dollars 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 provide for a guarantee from

Piaggio & C. S.p.A. and compliance with some covenants. Cross currency swaps were taken out on the loan to hedge exchange risk and interest rate risk;
- 2,613 thousand euros – loans from various banks pursuant to Italian Law No. 346/88 on subsidised applied research;
- a 916 thousand euro loan from Banca Intesa granted pursuant to Italian Law No. 297/99 on subsidised applied research;
- an eight-year loan of 450 thousand euros from ICCREA in December 2008 granted under Italian Law 100/90.

All the above financial liabilities are unsecured.

Intermarine S.p.A.

- loans disbursed by Banca Intesa for a total of 26.8 million euros to be repaid in correlation with the residual proceeds from the contract with the Finnish Navy, guaranteed by a lien on shares of Piaggio & C S.p.A. held by Immsi S.p.A. and letters of guarantee;
- loan for a nominal 15 million euros relating to an "Amortising Loan" facility issued by Banca Intesa in November 2012, with a maturity of six years, three years of pre-amortisation and co-obligation of the parent Immsi S.p.A.: this facility is accompanied by a second mortgage on the Sarzana warehouse and a second degree insurance assignment;
- a revolving credit line from Banca Intesa for 18 million euros, to be used mainly for the settlement of liabilities towards key strategic suppliers, fully used as of 30 June 2015 and guaranteed by a lien on Piaggio & C. S.p.A. shares held by Immsi S.p.A.;
- financial payables for advance transactions by Banca Carige for approximately 1.9 million euros: this line is accompanied by a letter of patronage issued by Immsi S.p.A.;
- financial liabilities for the advance from Banca IFIS for around 5.7 million euros (accompanied by a comfort letter issued by RCN Finanziaria S.p.A. and Immsi S.p.A.), together with a facility with the same counterparty for advances on invoices, of which around 10 million euros has been used;
- the use of current account overdrafts with various banks for a total amount of approximately 1.8 million euros.

Is Molas S.p.A.

- a variable rate loan granted by Monte dei Paschi di Siena to Is Molas S.p.A., valid until withdrawal, usable for cash, for a total of 20 million euros equal to the actual debt for capital, interest and additional costs accrued and payable;
- senior mortgage loan on the "Le Ginestre" real estate complex for a term of seven years, agreed in November 2009 with Banca Popolare di Lodi for an initial amount of 5 million euros, on which approximately 2.6 million euros is currently outstanding: the terms of the mortgage require two years of pre-amortisation at the three-month Euribor plus a spread.

For a more detailed description of the financial instruments used to hedge these liabilities and of any covenants imposed, please refer to section P – Information on financial instruments.

The item Bonds for 289,201 thousand euros (nominal value of 301,799 thousand euros) refers to:
- 51,560 thousand euros (nominal value of 51,799 thousand euros) relating to a private debenture loan (US Private Placement) issued by Piaggio & C. S.p.A. on 25 July 2011 for 75,000 thousand USD wholly subscribed by an American institutional investor, payable in five annual instalments from July 2017, with a semi-annual coupon at a fixed annual nominal rate of 6.50%. As of 30 June 2015 the fair value measurement of the debenture

loan was equal to 69,521 thousand euros (the fair value is determined based on IFRS relative to fair value hedging). Cross currency swaps have been arranged on this loan to hedge foreign exchange risk and interest rate risk (for more details, see section P – Information on financial instruments).
- 237,641 thousand euros (nominal value of 250,000 thousand euros) relates to a high-yield debenture loan issued on 24 April 2014 for a nominal amount of 250,000 thousand euros, 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 have assigned a B+ rating with a stable outlook and a Ba3 rating with a negative outlook, respectively.

The company is entitled to early repayment of the high-yield debenture loan issued on 24 April 2014, in whole or in part, according to the terms specified in the indenture. The value of these prepayment options was not separated from the original contract, as these options are considered closely related to the host instrument, as provided for by IAS 39 AG30 g).

Finance lease payables relate to vehicle leases granted by VFS Servizi Finanziari to the Piaggio Group (225 thousand euros, of which the non-current portion totals 30 thousand euros).

Overall, amounts due to other lenders are equal to 77,887 thousand euros, of which 76,936 thousand euros falling due within one year. These are broken down as follows:
- subsidised loans for a total of 1,263 thousand euros provided by the Italian Ministry of Economic Development and Italian Ministry of Education, University and Research under legislation to encourage exports and investments in research and development;
- financial advances from factoring companies and banks for trade receivables assigned with recourse, totalling 41,265 thousand euros and relating entirely to the Piaggio Group;
- two shareholder loans of 6,000 and 8,345 thousand euros respectively, granted to RCN Finanziaria S.p.A. by Intesa Sanpaolo (a shareholder of the Company), convertible into shares of the beneficiary, both maturing in April 2015;
- shareholder financing for 21,014 thousand euros with a term of 10 years and expiring in December 2018, granted by IMI Investimenti S.p.A. (company shareholder) to ISM Investimenti S.p.A..

- G3 - TRADE PAYABLES AND OTHER PAYABLES 626,699

Trade payables and other payables amounted to 626,699 thousand euros (compared with 571,714 thousand euros at 31 December 2014), of which 620,207 thousand euros (566,122 thousand euros at 31 December 2014) is due within a year: the increase in this item during the first half of 2015 is mainly due to the seasonality of the Piaggio Group's business.

The following is a breakdown of the trade payables and other current liabilities:

In thousands of euros	*Balance as of 30.06.2015*	*Balance as of 31.12.2014*
Trade payables	537,886	492,578
Amounts due to associated companies	16,340	14,910
Amounts due to controlling companies	84	23
Other payables	65,897	58,611
TOTAL	**620,207**	**566,122**

To facilitate access to credit for its suppliers, the Piaggio 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 177,328 thousand euros (168,431 thousand euros as of 31 December 2014).
Payables due to related companies as of 30 June 2014 consist of 16,320 thousand euros for the purchase of vehicles made by the Piaggio Group from the Chinese joint venture Zongshen Piaggio Foshan Motorcycle Co. Ltd. and 20 thousand euros from payables of Intermarine S.p.A. towards the CTMI Consortium.

The "Other current payables" item is detailed below:

In thousands of euros	*Balance as of 30.06.2015*	*Balance as of 31.12.2014*
Amounts due to employees	28,964	19,165
Liabilities connected to hedging instruments	833	506
Advances from customers	941	822
Amounts due to partners and shareholders	2	2
Amounts due for guarantee deposits	0	36
Amounts due to company boards	322	410
Amounts due to social security institutions	6,363	10,022
Other amounts due to third parties	2,003	2,500
Other amounts due to subsidiaries	39	39
Accrued expenses	8,533	7,323
Deferred income	5,321	5,195
Other payables	10,862	10,833
TOTAL	**65,897**	**58,611**

It should be remembered that amounts due to employees mainly include holidays accrued and not used, and other amounts to be paid, while payables due to associated companies are made of other payables due to Fondazione Piaggio.

- G4 -	RESERVES FOR SEVERANCE INDEMNITY AND SIMILAR OBLIGATIONS	56,232

The reserve for pension and similar obligations amounts to 56,232 thousand euros at 30 June 2015, a decrease of around 4,511 thousand euros compared with the figure at 31 December 2014.

The reserve is detailed below:

In thousands of euros	*Balance as of 31.12.2014*	*Service cost*	*Actuarial cost*	*Interest cost*	*Applications and other movements*	*Balance as of 30.06.2015*
Termination benefit reserves	59,885	4,314	6,103	29	(14,912)	55,419
Other funds	858	0	0	0	(45)	813
TOTAL	**60,743**	**4,314**	**6,103**	**29**	**(14,957)**	**56,232**

The item "Provision for termination benefits" comprises termination benefits for employees of Italian companies belonging to the Immsi Group and includes post-employment benefits identified as defined benefit plans.

"Other funds" mainly concerns the Piaggio Group and comprises i) provisions for employees allocated by the Group's foreign companies; and ii) 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 economic / technical assumptions used to discount the value by the companies of the Immsi Group operating in Italy are described below:

• Technical annual discount rate	1.49% – 2.37%;
• Annual rate of inflation	0.60% for 2015; 1.20% for 2016; 1.50% for 2017 and 2018; 2.00% from 2019 onwards;
• Annual rate of increase in termination benefits	1.95% for 2015; 2.40% for 2016; 2.625% for 2017 and 2018; 3.00% from 2019 onwards.

As regards the discount rate, the iBoxx Corporates AA rating (Piaggio Group) and iBoxx Corporates A rating (other Group companies) with a duration from 7 to 10+ were used for the evaluation.

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:

In thousands of euros

Assumptions taken into consideration	**Provision for post-employment benefits**
Turnover rate +2%	55,022
Turnover rate -2%	55,659
Inflation rate + 0.25%	56,104

Inflation rate - 0.25%	54,515
Discount rate + 0.50%	52,848
Discount rate - 0.50%	57,951

The average duration of the bond ranges from 7 to 30 years, while future payments estimated in the Group are equal to:

In thousands of euros

Year	**Future amounts**
1	3,788
2	3,236
3	4,058
4	1,575
5	5,428

Being an actuarial valuation, the results depend on the technical bases adopted such as - among others - the interest rate, the inflation rate and the expected turnover. A change in these parameters could significantly alter the liability estimated to date: similar impacts may be caused by unexpected changes in other technical bases.

- G5 - OTHER LONG-TERM PROVISIONS 29,580

The balance of other long-term reserves, including the portion falling due within 12 months, totals 29,580 thousand euros at the end of June 2015, a 428 thousand euro decrease compared to 31 December 2014.

The other reserves recognised in the financial statements are detailed below:

In thousands of euros	*Balance as of 31.12.2014*	*Allocations*	*Applications*	*Other movements*	*Balance as of 30.06.2015*	*Of which current portion*
Provision for product warranties	14,414	6,823	(5,671)	194	15,760	10,351
Provisions for risk on equity investments	3,328	0	(25)	0	3,303	3,067
Provision for contractual risks	4,121	263	(348)	722	4,758	966
Other provisions for risks and charges	8,145	691	(2,492)	(585)	5,759	3,235
TOTAL	**30,008**	**7,777**	**(8,536)**	**331**	**29,580**	**17,619**

The product warranty reserve mainly relates to provisions made as of 30 June 2015 by the Piaggio group for 12,994 thousand euros (11,782 thousand euros as of 31 December 2014) and by the subsidiary Intermarine S.p.A. for 2,766 thousand euros (2,632 thousand euros as of 31 December 2014) for technical support for products that are estimated to be carried out in the contractual warranty period. As regards in particular the forecasts made by the Piaggio Group, this period varies according to the type of goods sold and the market, and is also determined by customer take-up of the scheduled maintenance commitment. With reference to Intermarine S.p.A., it should be noted that the company allocates this reserve for maintenance under guarantee to be carried out in future years on vessels under construction, delivered during the year and/or in previous years, assessed based on the estimated costs incurred in the past for similar vessels.
The provision for equity investment risks was set up in view of the charges that could derive from some foreign companies currently with negative shareholders' equity, whereas the provision for contractual risks largely relates to charges that could derive from the negotiation of a supply contract currently under way by the Piaggio Group.

Other provisions for liabilities and charges also include the provision for legal risks and the provision for tax risks.

- G6 - DEFERRED TAX LIABILITIES **25,639**

The “Deferred tax liabilities” item refers to tax payables provisioned by the individual companies on the basis of applicable national laws. The balance was offset by 1,899 thousand euros by deferred tax assets, of a uniform maturity and type.
Deferred tax assets are mainly recognised by the Piaggio Group for 5,992 thousand euros and by the Parent Company Immsi S.p.A. for 19,571 thousand euros, mainly concerning the fair value measurement of investment property in Rome).

- G7 - CURRENT TAXES **12,927**

The “Current taxation” item, which includes tax payables allocated in relation to tax charges for individual companies under the applicable national laws, has decreased by 2,848 thousand euros compared with the end of 2014. A breakdown of this item is given below:

In thousands of euros	*Balance as of 30.06.2015*	*Balance as of 31.12.2014*
Amounts due for income tax	7,575	8,379
VAT payables	1,318	970
Amounts due for withholding tax	3,170	5,949
Amounts due for local taxes	31	40
Other payables	833	437
TOTAL	**12,927**	**15,775**

The item under examination, which refers for 12,146 thousand euros to the Piaggio group, includes tax payables recorded in the financial statements of each consolidated company, allocated in relation to tax charges referring to individual companies on the basis of applicable national laws, whereas amounts due for withholding tax are mainly recorded against withholdings on salaries, on termination payments and self-employed income.
Payables for tax withholdings made refer mainly to withholdings on employees’ earnings, on employment termination payments and on self-employed earnings.

- H - INFORMATION ON THE MAIN INCOME STATEMENT ITEMS

Amounts are stated in thousands of euros unless otherwise indicated.

Before analysing the individual item, it is pointed out that the general information on costs and revenues is contained in the Interim Management Report on operations, in accordance with art. 2428 of the Italian civil code.

- H1 - NET REVENUES 725,550

Revenues from sales and services of the Immsi Group at 30 June 2015 total 725,550 thousand euros (an increase of 69,723 thousand euros compared with the same period of the previous year, or +10.6%), of which 693,886 thousand euros is attributable to the industrial sector (+64,909 thousand euros or +10.3%), 29,571 thousand euros to the marine sector (+4,988 thousand euros or +20.3%) and the balance to the property and holding sector (2,093 thousand euros, down slightly from 30 June 2014).
This item is stated net of premiums given to the customers of the Piaggio group (dealers) and it does not include transport costs recharged to customers and the recovery of advertising costs invoiced, which are shown under other operating income. Moreover, revenues do not include recharges for condominium fees, offset with the related costs incurred by the Parent Company Immsi S.p.A..
Below is a division of the revenues by business sectors and by geographical area of destination, that is, referring to the nationality of the customer.

By business sector

In thousands of euros	*First half of 2015*		*First half of 2014*	
	Amount	*%*	*Amount*	*%*
Property and holding sector	2,093	0.3%	2,267	0.3%
Industrial sector (Piaggio Group)	693,886	95.6%	628,977	95.9%
of which Two-Wheeler business	496,300	68.4%	459,050	70.0%
of which Commercial Vehicle business	197,586	27.2%	169,927	25.9%
Shipyard sector (G. Rodriquez)	29,571	4.1%	24,583	3.7%
TOTAL	**725,550**	**100.0%**	**655,827**	**100.0%**

By geographical area

In thousands of euros	*First half of 2015*		*First half of 2014*	
	Amount	*%*	*Amount*	*%*
Italy	127,883	17.6%	115,451	17.6%
Other European countries	295,074	40.7%	281,293	42.9%
Rest of the World	302,593	41.7%	259,083	39.5%
TOTAL	**725,550**	**100.0%**	**655,827**	**100.0%**

The type of products sold and of the sectors in which the Group operates is such that revenues are seasonal, the first six months being generally more favourable than the second six-month period.

- H2 - COSTS FOR MATERIALS 419,306

Costs for materials total 419,306 thousand euros, compared with 368,887 thousand euros in the same period of the previous year: this item does not include the costs recharged to customers and tenants, for the same amount, or costs relating to assets held for sale, recorded separately in the specific income statement item.

The increase in costs for materials is mainly ascribable to the Piaggio Group, whose costs rose from 360,794 in the first half of 2014 to 409,794 in the same period of 2015, representing an increase of 49,000 thousand euros or +13.6%. The percentage impact on net revenue rose to 57.8% at 30 June 2015, from 56.2% in the first half of 2014.

The item includes 16,549 thousand euros (12,405 thousand euros in the first half of 2014) for purchases of scooters from the Chinese subsidiary Zongshen Piaggio Foshan, which are sold on European and Asian markets.
The table below details the contents of the item under examination:

In thousands of euros	*First half of 2015*	*First half of 2014*
Change in inventories of finished products, work in progress and semi-finished products	(137)	(17,243)
Change in capitalised piecework	(61)	(676)
Purchase of raw materials and consumables	430,423	408,031
Change in raw materials and consumables	(10,919)	(21,225)
TOTAL	**419,306**	**368,887**

- H3 - COSTS FOR SERVICES, LEASES AND RENTALS 132,814

Costs for services and leases and rentals total 132,814 thousand euros. Below is a breakdown of this item:

In thousands of euros	*First half of 2015*	*First half of 2014*
Transport costs	18,232	17,768
Product warranty costs	4,139	4,838
Advertising and promotion	15,080	13,993
Outsourced manufacturing	15,067	15,105
External maintenance and cleaning costs	4,439	4,232
Employee costs	9,170	8,253
Technical, legal, tax, administrative consultancy, etc.	9,648	15,637
Sundry commercial expenses	6,006	3,460
Energy, telephone, postage costs, etc.	9,725	10,407
Services provided	4,380	295
Insurance	2,490	2,664
Cost of company boards	2,364	2,431
Sales commissions	486	691
Part-time staff and staff of other companies	1,127	1,511
Other expenses	22,080	14,608
TOTAL COSTS FOR SERVICES	**124,433**	**115,893**
Rental instalments of business property	3,657	3,237
Other instalments	4,724	4,509
TOTAL COSTS FOR USE OF THIRD PARTY ASSETS	**8,381**	**7,746**
TOTAL COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS	**132,814**	**123,639**

Costs for services and leases and rentals increased by 9,175 thousand euros compared with the same period of the previous year, mainly due to higher promotion and consulting costs and costs incurred for quality incidents by the Piaggio Group, which are partially offset in “Other operating income”.

- H4 - EMPLOYEE COSTS 123,431

Employee costs are broken down as follows:

In thousands of euros	First half of 2015	First half of 2014
Salaries and wages	91,216	87,557
Social security contributions	25,374	25,235
Termination benefits	4,314	4,224
Retirement benefit and similar	0	40
Other costs	2,527	2,727
TOTAL	**123,431**	**119,783**

In the first half of 2015, employee costs rose by 3,648 thousand euros (+3%) compared with the corresponding period of the preceding year. The increase is mainly attributable to the Piaggio Group and originated from the increase in average headcount, affected by the presence of seasonal workers in the summer months (fixed-term contracts and temporary work contracts): the Group effectively hires temporary staff to cover peaks in demand typical of the summer months. Furthermore, it is pointed out that under employee costs, 2,053 thousand euros was recorded for charges related to mobility plans applied to the Piaggio Group production sites in Pontedera and Noale.

The table below shows the average number of employees by category. For more details on personnel, refer to the specific paragraph in the Interim Management Report:

	First half of 2015	First half of 2014
Executives	107	111
Middle managers and white collars	2,848	2,876
Manual workers	5,190	5,085
TOTAL	**8,145**	**8,072**

- H5 - DEPRECIATION OF TANGIBLE ASSETS 24,510

A summary of the depreciations of tangible assets as of 30 June 2015 is provided below:

In thousands of euros	First half of 2015	First half of 2014
Depreciation of property	2,850	2,679
Depreciation of plant and machinery	11,690	9,990
Depreciation of industrial and commercial equipment	8,304	7,739
Depreciation of assets to be given free of charge	26	28
Depreciation of other assets	1,640	1,058
DEPRECIATION OF TANGIBLE ASSETS	**24,510**	**21,494**

- H6 - AMORTISATION OF INTANGIBLE ASSETS WITH A FINITE LIFE 28,494

During the first half of 2015, amortisation recognised on intangible assets with a finite life amounted to 28,494 thousand euros. The item under examination comprises the following:

In thousands of euros		
	First half of 2015	*First half of 2014*
Amortisation of development costs	16,230	12,640
Amortisation of concessions, patents, industrial and similar rights	9,407	6,526
Amortisation of trademarks and licences	2,414	2,414
Amortisation software	19	10
Amortisation of other intangible assets with a finite life	424	486
AMORTISATION OF INTANGIBLE ASSETS	**28,494**	**22,076**

Since 1 January 2004, goodwill has no longer been amortised but has been subjected to impairment tests at least annually: see the explanatory note on intangible assets for details of the activities carried out. Here it should be noted that the amortisation of intangible assets does not include goodwill impairment either in the first six months of 2015 or in the corresponding period of the previous year, as i) based on the results projected in the long-term development plans prepared by Group companies and used in the impairment tests carried out at 31 December 2014, and ii) based on the analysis conducted by Group Management during the preparation of this Half-year Financial Report at 30 June 2015, no need arose for any write-downs as the goodwill was deemed to be recoverable through future cash flows.

Considering that the analyses conducted to estimate the recoverable value for the Immsi Group cash-generating unit were also determined based on estimates, the Group cannot guarantee that there will be no goodwill impairment losses in future periods. Owing to the current recession in the core markets and the financial crisis, the different factors – both inside and outside the cash-generating units identified – used in preparing estimates could in the future be reviewed: the Group will constantly monitor these factors and the possible existence of future impairment losses.

- H7 - OTHER OPERATING INCOME 62,446

The “Other operating income” item comprises:

In thousands of euros		
	First half of 2015	*First half of 2014*
Gains on disposal of plant, property and equipment	72	871
Sponsorships	2,415	1,424
Grants	1,412	1,126
Recovery of sundry costs	18,796	17,286
Licence rights	1,616	2,283
Sale of materials and sundry equipment	548	932
Insurance settlements	3,211	1,601
Increases in fixed assets from internal work	20,688	19,829
Income from the fair value revaluation of investment property	0	4,795
Rents received	1,816	245
Other operating income	11,872	6,421
TOTAL	**62,446**	**56,813**

Other operating income has increased compared with the corresponding period of the preceding year by 5,633 thousand euros (+9.9%).

The contributions, mainly related to the Piaggio group, mainly refer to government and EU funding for research projects, recognised in profit or loss, with reference to the amortisation and depreciation of capitalised costs for which the grants were received. The same item also includes export contributions received from the Indian subsidiary of the Piaggio group. “Recovery of sundry costs” (less the amount in reduction of costs incurred) are related to transport costs recharged to customers, the charges for which are classified under “Costs for services and use of third party assets”.

Gains from the change in fair value of investment property recognised in the first half of 2014 related to the valuation of the Spanish site of Martorelles.

- H8 - OTHER OPERATING COSTS 16,240

The “Other operating costs” item totals 16,240 thousand euros as of 30 June 2015 and comprises the following:

In thousands of euros	*First half of 2015*	*First half of 2014*
Capital losses on disposal of plant, property and equipment	4	42
Duties and taxes not on income	3,015	2,622
Impairment losses of plant, property and equipment	0	288
Provisions for future and other risks	7,777	6,612
Write-down of trade receivables (including provisions to bad debt reserve)	3,093	1,586
Other operating costs	2,351	1,986
TOTAL	**16,240**	**13,136**

The increase is due in part to the increase in provisions for products under warranty and partly to the increased write-down of receivables classified in current assets (2,388 thousand euros relating to the Piaggio Group and 690 thousand euros to Intermarine S.p.A.).
At 30 June 2015, the item in question included a loss of 147 thousand euros from the change in fair value of investment property due to the lower value recognised by the expert valuation of the Spanish site of Martorelles.

- H9 - INCOME/(LOSS) FROM EQUITY INVESTMENTS 246

Income from investments amounted to 246 thousand euros in the first half and relates to the Group’s share of the profits of the joint venture Zongshen Piaggio Foshan, taken to equity.
Conversely, in the first half of 2014, no net income or charges from equity investments were recorded.

- H10 - FINANCIAL INCOME 12,592

Financial income recognised by the Group as of 30 June 2015 is detailed below:

In thousands of euros	*First half of 2015*	*First half of 2014*
Interest income	245	557
Exchange gains	11,880	3,053
Income from non-hedging derivatives	125	0
Other income	342	328
TOTAL	**12,592**	**3,938**

The increase of 11,880 thousand euros was mainly due to higher foreign exchange gains recorded by the Piaggio Group (+8,827 thousand euros compared with the first half of 2014).

- H11 - BORROWING COSTS **40,801**

The financial charges as of 30 June 2015 are detailed below:

In thousands of euros	First half of 2015	First half of 2014
Interest payable on bank loans	15,148	15,530
Interest payable on loans from third parties	3,392	2,869
Interest payable on debenture loans	6,633	9,885
Other interest payable	1,522	1,888
Commissions payable	1,492	1,389
Charges for impairment of negotiable securities	0	40,850
Exchange losses	11,788	3,579
Fair value and interest rate hedging charges	155	176
Financial component relating to pension funds and termination benefit	364	791
Other charges	307	504
TOTAL	**40,801**	**77,461**

Financial expenses at 30 June 2015 decreased by 36,660 thousand euros compared with the same period of the previous year, mainly due to the fact that at 30 June 2014, Immsi S.p.A. had recognised a write-down of the investment in Alitalia – CAI for 40,850 thousand euros following the impairment loss highlighted by the impairment test, details of which can be found in the Half-year Financial Report to 30 June 2014.
In the first half of 2015, there was an increase in foreign exchange losses (+8,209 thousand euros compared with the same period of 2014) recorded by the Piaggio Group in particular, fully offset by higher foreign exchange gains recognised in financial income.

- H12 - TAXES **7,288**

The estimated tax expense on income of fully consolidated companies recognised in the financial statements at 30 June 2015 amounted to 7,288 thousand euros, with an impact on profit before tax of 47.8% (57.8% in the first half of 2014, excluding from the result before taxes on 30 June 2014 the write-down of the investment in Alitalia – CAI, not deductible for income tax purposes).

- H13 - GAIN/LOSS ON THE DISPOSAL OF ASSETS **0**

At the condensed half-yearly balance sheet date there are no gains or losses from assets intended for sale or disposal, as well as for the corresponding period of the previous year.

- H14 - GROUP EARNINGS FOR THE PERIOD **3,316**

The Immsi Group earnings for the period total 7,950 thousand euros, of which 4,634 thousand euros relates to non-controlling interests.

- I - COMMITMENTS, RISKS AND GUARANTEES

For the main commitments, risks and guarantees, where not specifically updated in these notes, please refer to the explanatory notes on the consolidated financial statements at 31 December 2014 for a general overview of the Group.

- L - TRANSACTIONS WITH RELATED PARTIES

Reference should be made to the relevant section at the end of this document for the main business relations between Group companies and related parties.

- M - FINANCIAL POSITION

The Immsi Group Net financial position at 30 June 2015 is shown below, compared with the corresponding figures at 31 December 2014 and at 30 June 2014. Further details of the main components are provided in the tables in the interim Report on operations and the related information below them:

In thousands of euros	*30.06.2015*	*31.12.2014*	*30.06.2014*
Cash and cash equivalents	-126,572	-103,942	-112,480
Other short-term financial assets	0	0	-1,974
Short-term financial payables	344,989	440,483	416,626
Medium/long-term financial payables	733,551	573,214	566,608
Net financial debt *)	**951,968**	**909,755**	**868,780**

*) The indicator does not include financial assets and liabilities arising from the fair value measurement of derivative financial instruments designated as hedges and the adjustment to fair value of the related hedged items and related expenses, entirely referable to the Piaggio Group (see note G2 – “Financial liabilities” in the Explanatory Notes)

As required by Consob Communication No. 6064293 of 28 July 2006 and in conformity with the CESR recommendation of 10 February 2005 “Recommendations for the consistent implementation of the European Commission’s Regulation on Prospectuses”, it is disclosed that net financial debt – calculated excluding receivables for medium and long-term loans – is unchanged during the periods under comparison, since no receivables for medium and long-term loans are reported.

- N - DIVIDENDS PAID

As proposed by the Board of Directors on 16 March 2015 and as approved by the Ordinary Shareholders’ Meeting on 13 May 2015, the Parent Company did not distribute any dividends during the first half of 2015, or in 2014.

- O - EARNINGS PER SHARE

Earnings per share

Earnings per share is calculated by dividing the net income attributable to Parent company shareholders by the average weighted number of ordinary shares in circulation during the period, from which any own shares held are excluded. The average number of shares in circulation is calculated by using the principle of retrospectively applying the changes in the number of shares in circulation.

	First half of 2015	*First half of 2014*
Net profit attributable to ordinary shareholders (in thousands of euros)	3,316	(39,986)
Average weighted number of shares in circulation during the year	340,530,000	340,530,000
Basic earnings per share	**0.010**	**(0.117)**

Diluted earning per share

Diluted earning per share is calculated by dividing the net income for the year attributable to Parent company Ordinary Shareholders by the average weighted number of shares in circulation during the year, taking account of the diluting effect of potential shares. Excluded from this calculation are any treasury shares held.

The Company has no category of potential ordinary shares as of 30 June 2015, therefore the diluted income per share coincides with the above basic earning per share.

- P - INFORMATION ON FINANCIAL INSTRUMENTS

Below we summarise the information related to the financial instruments, the risks connected with them, as well as the "sensitivity analysis" in accordance with the requirements of IFRS 7. The following table shows the financial instruments of the Immsi Group registered in the financial statements as of 30 June 2015 and as of 31 December 2014:

In thousands of euros	*30 June 2015*	*31 December 2014*
ASSETS		
NON-CURRENT ASSETS		
Other financial assets	***36,278***	***29,375***
Financial receivables	0	0
Financial assets	36,278	29,375
CURRENT ASSETS		
Other financial assets	***16,800***	***14,876***
Financial receivables	0	0
Financial assets	16,800	14,876
LIABILITIES		
NON-CURRENT LIABILITIES		
Financial liabilities	***757,753***	***591,136***
Bonds	289,201	288,369
Payables due to banks	443,204	283,372
Amounts due under finance leases	195	211
Amounts due to other lenders	951	1,262
Financial liabilities for hedging instruments	24,202	17,922
CURRENT LIABILITIES		
Financial liabilities	***344,989***	***440,483***
Payables due to banks	267,955	383,225
Amounts due under finance leases	30	30
Amounts due to subsidiaries	68	55
Amounts due to other lenders	76,936	57,173

Financial assets

The current and non-current financial assets are fully commented upon within the Explanatory note *F5 – Other financial assets*, which reference is made to.

Current and non-current liabilities

The current and non-current liabilities are fully commented upon within the Explanatory note *G2 – Financial liabilities*, which reference is made to. In this section the debt is divided by type and detailed by maturity.

The main loan agreements entered into by Group companies (fully described in the above-mentioned explanatory note), require – in line with market practices for borrowers with a similar credit standing – compliance with:

1) financial covenants based on which the company is committed to meeting certain contractually agreed financial ratios. The most common and significant covenants include the ratio of net financial debt to EBITDA, net debt to shareholders' equity and EBITDA/net borrowing costs, measured on a company and/or consolidated basis according to definitions agreed with the lenders;
2) negative pledges that limit the Company's capacity to establish collateral 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 contractual commitments is monitored by the Group on an ongoing basis, particularly on the contractually agreed measurement dates. According to results as of 30 June 2015, all covenants had been fully met.
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.

Lines of credit

At 30 June 2015 the Group had irrevocable credit lines up to expiry, which amount to 1,048.6 million euros (1,057.9 million euros at 31 December 2014), the detail of which is found in the Explanatory note *G2 – Financial liabilities*.

Management of financial risks

The financial risks to which the Immsi Group believes to be potentially exposed to are:

- the management of capital and the liquidity risk;
- the exchange risk;
- the interest rate risk; and
- the credit risk.

In the **Piaggio Group**, management of these risks is centralised and treasury operations are performed in the sphere of policy and formalised guidelines, valid for all the companies in the group.

Capitals management and liquidity risk

The liquidity risk derives from the possibility that available financial resources may not be sufficient to hedge, in the means and times, future disbursements generated by financial and/or commercial bonds.
The **Parent Company Immsi S.p.A.** provides financing for the Group's subsidiaries and/or issues

guarantees to facilitate their funding: these operations are regulated under normal market conditions.
With particular reference to the **Piaggio Group**, to address this risk, cash flows and the company's credit line needs are monitored and/or managed centrally under the supervision of Group Treasury to guarantee effective and efficient management of financial resources as well as optimising debt maturity. Moreover, Piaggio & C. S.p.A. finances the temporary cash requirements of Group companies by providing direct or indirect short-term loans regulated in market conditions or through guarantees. Between Piaggio & C. S.p.A. and the European subsidiaries of the Piaggio Group, there is also an active cash pooling zero balance system that enables the asset and liability balances of the subsidiaries to be reset daily, resulting in more effective and efficient management of liquidity in the euro area.

For greater coverage of liquidity risk, at 30 June 2015 the Immsi Group had unused credit lines available for 272.7 million euros (266.4 million euros at 31 December 2014), of which 152.7 million euros was due within 12 months and 120 million euros after 12 months.

The Management believes that the currently available funds, in addition to those that will be generated from operating and financing activities, will enable the Group to meet its own needs arising from investments, management of working capital and repayment of debts when they become due, and will ensure an adequate level of operational and strategic flexibility.

Exchange rate risk management

The Immsi Group – particularly through the subsidiaries of the Piaggio Group and through the subsidiary Intermarine S.p.A. – operates in an international context where transactions are conducted in currencies different from Euro. This exposes the Group to risks arising from exchange rates fluctuations: exchange-risk hedging contracts are entered into solely by companies belonging to the aforementioned groups.

In particular the **Piaggio group** has an outstanding 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:

- transaction exchange risk: the policy wholly covers this risk, which arises from differences between the exchange rate recorded in the financial statements for receivables or payables in foreign currency and the exchange rate recorded on the related 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;
- translation 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 Piaggio Group does not require hedging of this type of exposure;
- economic exchange risk: arises from changes in company profitability compared with the annual figures planned in the budget based on a reference exchange rate (the "budget exchange rate") and is hedged using 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 relating to the Piaggio Group

At 30 June 2015, the following futures transactions were outstanding (recognised based on the settlement date), relating to payables and receivables already recognised to hedge transaction exchange risk:

Company	Operation	Currency	Amount in local currency	Value in euro (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
PGA	Purchase	CAD	1,600	1,311	27/07/2015
PGA	Sale	CAD	790	634	02/08/2015
PGA	Sale	€	340	370	07/08/2015
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
Piaggio Vietnam	Purchase	USD	1,800	39,236,400	07/07/2015
Piaggio Vietnam	Purchase	€	1,200	29,109,600	06/07/2015

As of 30 June 2015, the Group had undertaken the following hedging transactions on the exchange risk:

Company	Operation	Currency	Amount in local currency	Value in euro (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 business risk, 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 overall fair value of hedging instruments on the exchange risk recognised on a hedge accounting basis was positive, amounting to 1,046 thousand euros. During the first half of 2015, losses recognised in other comprehensive income amounted to 782 thousand euros, while gains of 392 thousand euros were reclassified from other comprehensive income to profit/loss for the period.
The net balance of cash flows during the first half of 2015 is shown below in the main currencies:

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

* flow partially settled in euro

The subsidiary **Intermarine S.p.A.** generally hedges the risks deriving from exchange rate fluctuations through specific operations linked to individual orders that require billing in currencies other than the euro. As of 30 June 2015, no forward sales contracts were ongoing.

In consideration of the above, assuming a 3% rise in the average euro exchange rate on the unhedged portion of the economic exposure on the main currencies observed in the first half of 2015, the consolidated operating income of the Immsi Group would be reduced by around 0.2 million euros.

Management of the interest rate risk

The exposure to interest rate risk arises from the necessity to fund operating activities, both industrial and financial, of the Group's company besides to use the available cash. Changes in interest rates may affect the costs and the returns of investment and financing operations. The Group, therefore, regularly measures and controls its exposure to interest rates changes and manages such risks also resorting to derivative instruments, mainly *Interest Rate Swap* and *Cross Currency Swap*, also according to what established by its own management policies.
As of 30 June 2015, variable rate debt, net of financial assets and considering the hedging derivatives, was equal to around 603 million euros. Consequently a 1% increase or decrease in the

Euribor above this net exposure would have generated higher or lower interest payables of approximately 6 million euros per year.

With reference to the **Piaggio group**, as of 30 June 2015, the following hedging derivatives were taken out:

Cash flow hedging:

- *Interest Rate Swap* to hedge the variable-rate loan for a nominal amount of 117,857 thousand euros (21,429 thousand euros outstanding as of 30 June 2015) granted by the European Investment Bank. The structure has fixed step-up rates, in order to stabilise cash 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 300 thousand euros; the 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 related tax effect, of 33 thousand euros and -34 thousand euros respectively;

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

- *Cross Currency Swap* to hedge the private debenture loan issued by Piaggio & C. S.p.A. for a nominal amount of 75,000 thousand US dollars. The purpose of the instrument is to hedge exchange risk and interest rate risk by converting the loan from US dollars to euro and from a fixed rate to floating rate; in accounting terms the instrument is accounted for on a fair value hedge basis, with effects arising from the measurement taken to profit or loss. As of 30 June 2015, the fair value of the instrument was 18,571 thousand euros. The net economic effect arising from the measurement of the instrument and underlying private debenture loan was negative by 106 thousand euros; the 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 165 thousand euros and -149 thousand euros respectively, assuming constant exchange rates; assuming a 1% appreciation and depreciation of the exchange rates, the sensitivity analysis identified a potential impact on the income statement, net of the related tax effect, of -36 thousand euros and 37 thousand euros respectively;
- Cross Currency Swap to hedge loans relating to the Indian subsidiary for 12,654 thousand USD (7,916 thousand euros outstanding at 30 June) 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 3,505 thousand euros. The 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 44 thousand euros and -24 thousand euros respectively, assuming constant exchange rates. Assuming a 1% appreciation and depreciation of the exchange rate of the Indian rupee, the sensitivity analysis of the instrument and its underlying identified a potential impact on the income statement, net of the related tax effect, of -2 thousand euros and 2 thousand euros respectively;
- Cross Currency Swap to hedge loans relating to the Indian subsidiary for 17,850 thousand USD (13,812 thousand euros outstanding at 30 June) 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 2,465 thousand euros. The 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 17 thousand euros and -16 thousand euros respectively, assuming constant exchange rates. Assuming a 1% appreciation and depreciation of the exchange rate of the Indian rupee, the sensitivity analysis of the instrument and its underlying identified a potential impact on the income statement, net of the related tax effect, of -6 thousand euros and 6 thousand euros respectively;

- Cross Currency Swap to hedge loans relating to the Vietnamese subsidiary for 15,291 thousand USD (13,250 thousand euros outstanding at 30 June) 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 was positive at 352 thousand euros. The 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 88 thousand euros and -89 thousand euros respectively, assuming constant exchange rates. Assuming a 1% appreciation and depreciation of the exchange rate of the Vietnamese dong, the sensitivity analysis of the instrument and its underlying identified a potential impact on the income statement, net of the related tax effect, of -3 thousand euros and 3 thousand euros respectively.

As of 30 June 2015, the Group had a cross currency swap relating to the Indian subsidiary to hedge the intercompany loan of 5,000 thousand euros granted by Piaggio & C. S.p.A. 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 negative by 956 thousand euros. The sensitivity analysis of the instrument, 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 31 thousand euros and -32 thousand euros respectively, assuming constant exchange rates. Assuming a 1% appreciation and depreciation of the exchange rate of the Indian rupee, the sensitivity analysis of the instrument and its underlying identified a potential impact on the income statement, net of the related tax effect, of -30 thousand euros and 30 thousand euros 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)

It should also be noted that the Parent Company **Immsi S.p.A.** has set up an Interest Rate Swap to convert from floating to fixed rate 75% of the interest streams relating to the loan outstanding for a residual nominal amount of 20.4 million euros, granted by the pool of lenders originally composed of Banca Popolare di Lodi, Efibanca and Cassa di Risparmio di Lucca Pisa Livorno (now merged into Banco Popolare): as of 30 June 2015, the fair value of the instrument was negative at 768 thousand euros.

Credit risk

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

In thousands of euros	*30 June 2015*	*31 December 2014*
Cash and cash equivalents	126,572	103,942
Financial assets	0	0
Financial receivables	0	0
Trade receivables	200,206	114,894
Total	***326,778***	***218,836***

In particular, the **Piaggio 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 its own licensee or distributor network. In addition, most trade receivables are short-term. In order to optimise credit management, Piaggio & C. S.p.A. has established revolving programmes with some primary factoring companies for selling its trade receivables without recourse in Europe and the United States.
With reference to the subsidiary **Intermarine S.p.A.**, which in view of the nature of its business can present receivables concentrated among a few customers, it is noted that the most significant customers in quantitative terms are represented by public bodies: in general the production to order requires substantial advance payments by the customer based on progress of the work, thereby reducing the credit risk.
With reference to the other companies of the Immsi Group, there is currently no significant exposure to credit risk.

Hierarchical fair value valuation levels

IFRS 13 – *Fair Value Measurement* applies as from 1 January 2013. The Standard 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 that refer to levels 2 and 3 must take into account adjustment factors that measure the risk of failure of both parties: to this end, the principle introduces the concepts of

Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA). The CVA allows the inclusion, in the determination of the fair value, of the credit risk of the counterparty, while the DVA reflects the insolvency risk 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:

Figures in thousands of euros	**Nominal value**	**Carrying amount**	**Fair Value Estimate ***
Piaggio Group – High yield debenture loan	250,000	237,641	258,663
Piaggio Group – Private debenture loan	51,799	51,560	72,636
Piaggio Group – EIB (2009-2012 R&D fund)	21,429	21,429	21,457
Piaggio Group – EIB (2013-2015 R&D fund)	49,091	49,091	47,568
Piaggio Group – Syndicated Revolving Credit line	55,000	53,677	51,710
Piaggio Group – BPER credit line	25,000	24,939	23,668
Piaggio Group - Syndicated loan maturing in July 2019	75,000	74,325	72,276
Immsi S.p.A. – Mortgage loan with Banco Popolare	20,444	20,285	19,726
Immsi S.p.A. – Credit line maturing in March 2017	9,750	9,684	9,917
Immsi S.p.A. – Credit line maturing in February 2016	15,000	14,956	15,249
Immsi S.p.A. – Credit line maturing in April 2018	20,000	19,831	19,370

**) For the Piaggio group, the value was reduced by the DVA relating to the issuer, i.e., it includes the risk of insolvency of Piaggio.*

For the other financial liabilities of the Immsi Group it is deemed that the book value is essentially similar to the fair value.

The table below shows the assets and liabilities valued at fair value as of 30 June 2015, based on fair value hierarchical levels:

In thousands of euros	*Level 1*	*Level 2*	*Level 3*
Assets valued at fair value	16,800		11,385
Hedging financial derivatives		24,541	352
Property investments			85,741
Other assets		1,578	86
Total assets	***16,800***	***26,119***	***97,564***
Liabilities valued at fair value		(110,023)	
Hedging financial derivatives		(1,724)	
Other liabilities		(833)	
Total liabilities	***0***	***(112,580)***	***0***
Balance as of 30 June 2015	***16,800***	***(86,461)***	***97,564***

<u>Hierarchical level 1</u> includes the carrying amount of the investment held by Immsi S.p.A. in Unicredit S.p.A., which has risen by 1,924 thousand euros compared with 31 December 2014 due

to an increase in the share price recorded at 30 June 2015.

Hierarchical level 2 includes the positive value of the hedging derivatives attributable to the Piaggio Group, among the assets, while the liabilities include, in addition to the value of financial instruments measured at fair value of the Piaggio Group, the negative value of derivative financial instruments (Interest Rate Swap) attributable to the Parent Company Immsi S.p.A.

Lastly, hierarchical level 3 includes, under financial assets, the carrying amount of the investment held by Immsi S.p.A. in Alitalia – CAI.
Investment property mainly includes the fair value of the investment property attributable to Immsi S.p.A. (located in Via Abruzzi, Rome) and the former Piaggio Group site in Martorelles, Spain.
Finally, it should be noted that the valuation of the Cross Currency Swap arranged on the Piaggio Group's Vietnamese subsidiary has been classified within hierarchical level 3: this classification reflects the illiquidity of the local market, which prevents a valuation based on traditional criteria. If we had adopted the valuation techniques typical of liquid markets – a characteristic that is notably not found in the Vietnamese market – the derivatives would have expressed a negative fair value amounting to 1,324 thousand euros (instead of a positive 352 thousand euros, included in the hedging derivatives item – Level 3) and accrued expenses on hedging derivatives amounting to 860 thousand euros.

The following table highlights the changes that occurred during the first half of 2015:

In thousands of euros	*Level 1*	*Level 2*	*Level 3*
Balance as of 31 December 2014	*14,876*	(87,373)	*96,367*
Gain and (loss) recognised in the income statement		733	121
Increases/(Decreases)	1,924	179	1,076
Balance as of 30 June 2015	***16,800***	***(86,461)***	***97,564***

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND EQUITY INVESTMENTS AS OF 30 JUNE 2015

In accordance with Consob Communication No. DEM/6064293 of 28 July 2006, the subsidiaries and associates of the Immsi Group are listed below by consolidation method.

The following are also given for each company: the corporate name, registered office, nationality and share capital in the original currency. The percentage stakes owned by IMMSI S.p.A. or other group companies are also stated. The percentage of Ordinary Shareholders' Meeting votes is also shown in a separate column where it differs from the equity percentage held in the share capital.

Company name	Currency	Share Capital (subscribed and paid-up)	% of Share Capital owned	% votes (if different)
LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS ON A LINE-BY-LINE BASIS				
Immsi S.p.A. Mantova (MN) – Italy Parent Company	Euro	178,464,000.00		
Apuliae S.p.A. Lecce (LE) – Italy Immsi S.p.A. equity investment: 85.69%	Euro	1,000,000.00	85.69%	
ISM Investimenti S.p.A. Mantova (MN) – Italy Immsi S.p.A. equity investment: 72.64%	Euro	6,654,902.00	72.64%	
Pietra S.r.l. Milano (MI) – Italy Immsi S.p.A. equity investment: 77.78%	Euro	40,000.00	77.78%	
Pietra Ligure S.r.l. Mantova (MN) – Italy Pietra S.r.l. equity investment: 100.00%	Euro	10,000.00	100.00%	
Is Molas S.p.A. Pula (CA) – Italy ISM Investimenti S.p.A. equity investment: 89.48%	Euro	5,898,437.00	89.48%	
Immsi Audit S.c.a r.l. Mantova (MN) – Italy Immsi S.p.A. equity investment: 25.00% Is Molas S.p.A. equity investment: 25.00% Piaggio & C. S.p.A. equity investment: 25.00% Intermarine S.p.A. equity investment: 25.00%	Euro	40,000.00	100.00%	
RCN Finanziaria S.p.A. Mantova (MN) – Italy Immsi S.p.A. equity investment: 63.18%	Euro	32,135,988.00	63.18%	
Piaggio & C. S.p.A. Pontedera (PI) – Italy Immsi S.p.A. equity investment: 50.06%	Euro	207,613,944.37	50.06%	50.06%
Aprilia Brasil Industria de Motociclos S.A.*** Manaus – Brazil Aprilia World Service Holding do Brasil Ltda. equity investment: 51.00%	R$	2,020,000.00	51.00%	
Aprilia Racing S.r.l. Pontedera (PI) – Italy Piaggio & C. S.p.A. equity investment: 100.00%	Euro	250,000.00	100.00%	
Aprilia World Service Holding do Brasil Ltda.*** San Paolo – Brazil Piaggio Group Americas Inc. equity investment: 99.99995%	R$	2,028,780.00	99.99995%	
Atlantic 12 – Real estate investment fund Rome – Italy Piaggio & C. S.p.A. equity investment: 100.00%	Euro	10.577.744,70	100.00%	
Foshan Piaggio Vehicles Technology Research & Development Co. Ltd Foshan City – China Piaggio Vespa B.V. equity investment: 100.00%	RMB	10,500,000.00	100.00%	
Nacional Motor S.A. Barcelona – Spain Piaggio & C. S.p.A. equity investment: 100.00%	Euro	60,000.00	100.00%	

Company name	Currency	Share Capital (subscribed and paid-up)	% of Share Capital owned	% votes (if different)
Piaggio Advanced Design Center Corp. California – USA Piaggio & C. S.p.A. equity investment: 100.00%	USD	100,000.00	100.00%	
Piaggio Asia Pacific PTE Ltd. Singapore – Singapore Piaggio Vespa B.V. equity investment: 100.00%	SGD	100,000.00	100.00%	
Piaggio China Co. LTD Hong Kong – China Piaggio & C. S.p.A. equity investment: 99.99999%	USD	12,100,000.00	99.99999%	
Piaggio Concept Store Mantova S.r.l. Mantova – Italy Piaggio & C. S.p.A. equity investment: 100%	Euro	100,000.00	100.00%	
Piaggio Deutschland GmbH Düsseldorf – Germany Piaggio Vespa B.V. equity investment: 100.00%	Euro	250,000.00	100.00%	
Piaggio Espana S.L.U. Alcobendas – Spain Piaggio & C. S.p.A. equity investment: 100.00%	Euro	426,642.00	100.00%	
Piaggio Fast Forward Inc. Delaware – USA Piaggio & C. S.p.A. equity investment: tbd	USD	1,676.47	tbd	
Piaggio France S.A.S. Clichy Cedex – France Piaggio Vespa B.V. equity investment: 100.00%	Euro	250,000.00	100.00%	
Piaggio Group Americas Inc. New York – USA Piaggio Vespa B.V. equity investment: 100.00%	USD	2,000.00	100.00%	
Piaggio Group Canada, Inc. Toronto – Canada Piaggio Group Americas Inc. equity investment: 100.00%	CAD$	10,000.00	100.00%	
Piaggio Group Japan Tokyo – Japan Piaggio Vespa B.V. equity investment: 100.00%	YEN	99,000,000.00	100.00%	
Piaggio Hellas S.A. Athens – Greece Piaggio Vespa B.V. equity investment: 100.00%	Euro	2,204,040.00	100.00%	
Piaggio Hrvatska D.o.o. Split – Croatia Piaggio Vespa B.V. equity investment: 75.00%	HRK	400,000.00	75.00%	
Piaggio Limited Bromley Kent – UK Piaggio Vespa B.V. equity investment: 99.9996% Piaggio & C. S.p.A. equity investment: 0.0004%	GBP	250,000.00	100.00%	
Piaggio Vehicles Private Limited Maharashtra – India Piaggio & C. S.p.A. equity investment: 99.9999971% Piaggio Vespa B.V. equity investment: 0.0000029%	INR	349,370,000.00	100.00%	
Piaggio Vespa B.V. Breda – Holland Piaggio & C. S.p.A. equity investment: 100%	Euro	91,000.00	100.00%	
Piaggio Vietnam Co. Ltd. Hanoi – Vietnam Piaggio & C. S.p.A. equity investment: 63.50% Piaggio Vespa B.V. equity investment: 36.50%	VND	64,751,000,000.00	100.00%	
PT Piaggio Indonesia Jakarta – Indonesia Piaggio Vespa B.V. equity investment: 99.00% Piaggio & C. S.p.A. equity investment: 1.00%	Rupiah	4,458,500,000.00	100.00%	
Intermarine S.p.A. Sarzana (La Spezia) – Italy RCN Finanziaria S.p.A. equity investment: 100.00%	Euro	10,000,000.00	100.00%	

Company name	Currency	Share Capital (subscribed and paid-up)	% of Share Capital owned	% votes (if different)
EQUITY INVESTMENTS IN SUBSIDIARIES, ASSOCIATED AND JOINT CONTROL COMPANIES VALUED USING THE EQUITY METHOD				
Zongshen Piaggio Foshan Motorcycle Co. Ltd. Foshan City – China Piaggio & C. S.p.A. equity investment: 32.50% Piaggio China Co. Ltd. equity investment: 12.50%	USD	29,800,000.00	45.00%	
Rodriquez Cantieri Navali do Brasil Ltda. Rio de Janeiro – Brazil Intermarine S.p.A. equity investment: 100.00% less one share held by Rodriquez Pietra Ligure S.r.l.	R$	2,424,280.00	100.00%	
Rodriquez Engineering S.r.l. *** Messina (ME) – Italy Intermarine S.p.A. equity investment: 100.00%	Euro	119,756.00	100.00%	
Rodriquez Pietra Ligure S.r.l. Milano (MI) – Italy Intermarine S.p.A. equity investment: 100.00%	Euro	20,000.00	100.00%	
EQUITY INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES VALUED USING THE COST METHOD				
Depuradora d'Aigües de Martorelles S.C.C.L. Barcelona – Spain Nacional Motor S.A. equity investment: 22.00%	Euro	60,101.21	22.00%	
Mitsuba Italia S.p.A. Pontedera (PI) – Italy Piaggio & C. S.p.A. equity investment: 10.00%	Euro	1,000,000.00	10.00%	
Pont - Tech, Pontedera & Tecnologia S.c.r.l. Pontedera (PI) – Italy Piaggio & C. S.p.A. equity investment: 20.44%	Euro	884,160.00	20.44%	
S.A.T. Societé d'Automobiles et Triporteurs S.A. Tunis – Tunisia Piaggio Vespa B.V. equity investment: 20.00%	TND	210,000.00	20.00%	
Rodriquez Mexico *** La Paz – Mexico Intermarine S.p.A. equity investment: 50.00%	Pesos	50,000.00	50.00%	
Consorzio CTMI – Messina Messina (ME) – Italy Intermarine S.p.A. equity investment: 25.00%	Euro	53,040.00	25.00%	
Fondazione Piaggio Pontedera (PI) – Italy Piaggio & C. S.p.A. equity investment: 66.67%	Euro	103,291.38	66.67%	

*** Non-operating company or company in liquidation.

Group and related party transactions

As regards the information to be provided on related party transactions in accordance with *IAS 24 – Related Parties Disclosures*, kept by the companies of the Groups, it should be pointed out that such transactions take place as part of normal operations at market conditions or as laid down under specific laws. No atypical or unusual transactions were carried out during the period to 30 June 2015. It should be noted that, in compliance with Regulation No. 17221 on related party transactions, issued by Consob on 12 March 2010 and subsequently amended, the Company has adopted a procedure aimed at regulating the approval of related party transactions, available from the issuer's website at www.immsi.it, in the section on Governance Procedures.

The following table shows the impact of related party transactions on the consolidated income statement and balance sheet of the Immsi Group at 30 June 2015: it should be pointed out that the effects on the income statement and balance sheet deriving from consolidated intergroup operations were eliminated on consolidation.

Main income and balance sheet headings	Amounts in €/000	% incidence on financial statement item	Description of the transactions
Transactions with Related Parties:			
Current trade payables	*73*	*0.0%*	*Tax advisory services provided by St. Girelli & Ass. to the Group*
Costs for services, leases and rentals	*72*	*0.0%*	*Tax advisory services provided by St. Girelli & Ass. to the Group*
Transactions with Parent companies:			
Non-current financial liabilities	*2,900*	*0.4%*	*Piaggio debenture loan underwritten by Omniaholding S.p.A.*
Current trade payables	*97*	*0.0%*	*Rental of offices provided by Omniaholding S.p.A. to the Group*
Costs for services, leases and rentals	*234*	*0.2%*	*Rental of offices provided by Omniaholding S.p.A. to the Group*
Borrowing costs	*67*	*0.2%*	*Charges related to the Piaggio bonded loan undersigned by*
Transactions with Subsidiaries, Associated companies, Joint Ventures:			
Trade receivables and other non-current receivables	*153*	*0.9%*	*Receivables from Fondazione Piaggio*
Current trade receivables and other receivables	*3,232* *2,698*	*1.0%* *0.9%*	*Receivables from Consorzio CTMI and Rodriquez do Brasil* *Trade receivables due from Piaggio Foshan and Fondazione Piaggio*
Current financial liabilities	*68*	*0.0%*	*Financial payable due to Rodriquez Engineering S.r.l. and Rodriquez Pietra Ligure S.r.l.*
Current trade payables	*16,320* *20*	*2.9%* *0.0%*	*Trade payables by Piaggio & C. S.p.A. to Piaggio Foshan* *Payables to Consorzio CTMI*
Other current payables	*1,753*	*2.7%*	*Payables to Fondazione Piaggio to Piaggio Foshan*
Net revenues	*167* *128*	*0.0%* *0.0%*	*Sales to Piaggio Foshan* *Revenues from the Consortium CTMI*
Costs for materials	*16,549*	*3.9%*	*Purchases by Piaggio & C. S.p.A. from Piaggio Foshan*
Costs for services, leases and rentals	*10*	*0.0%*	*Costs for services rendered by Consorzio CTMI*
Other operating income	*357*	*0.5%*	*Income from Piaggio Foshan*
Borrowing costs	*23*	*0.0%*	*Charges to Piaggio Foshan*

It should be noted that Intesa Sanpaolo S.p.A. group, minority shareholder of RCN Finanziaria S.p.A., ISM Investimenti S.p.A. and Pietra S.r.l., has convertible shareholder financing agreements in the companies in which the investment is made, and financing and warranties towards Intermarine S.p.A..

Certification of the condensed interim financial statements pursuant to Article 154-bis of Legislative Decree No 58/98

The undersigned Roberto Colaninno, as Chairman of the Board of Directors, Michele Colaninno, as Managing Director and Andrea Paroli, Manager in charge of preparing the company accounts and documents of Immsi S.p.A., certify, also taking account of the provisions of art.154-bis, paragraphs 3 and 4 of the Italian Legislative Decree no. 58 of 24 February 1998:

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

of the administrative and accounting procedures for the preparation of the Abbreviated Half-year Financial Statement in the course of the first half of 2015.

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

In addition, it is certified that the condensed half-year financial statements:

- were drawn up in conformity with the applicable international accounting standards recognized by the European Union in accordance with the regulation (CE) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to accounting records;
- are suited to provide a truthful and correct representation of the issuer's assets and liabilities, profit and loss and financial situation, as well as its consolidated subsidiaries.

The Interim management report includes an analysis of the significant events affecting the Company in the first six months of the current fiscal year and the impact of such events on the Company's condensed half-year financial statements as well as a description of the main risks and uncertainties for the second half of the year in addition to an analysis of the information on the significant related party transactions.

27 August 2015

The Chairman
Roberto Colaninno

Manager in charge of preparing the company
accounts and documents
Andrea Paroli

Chief Executive Officer
Michele Colaninno

REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the shareholders of
IMMSI SpA

Foreword

We have reviewed the accompanying condensed consolidated interim financial statements of IMMSI SpA and its subsidiaries (the IMMSI Group) as of 30 June 2015, comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, statement of changes in consolidated shareholders' equity, and related notes. The directors of IMMSI 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 IMMSI Group as of 30 June

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.

Brescia, 28 August 2015

PricewaterhouseCoopers SpA

Signed by

Alessandro Mazzetti
(Partner)

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