PIAGGIO GROUP

Interim Report on Operations
as of 31 March 2016

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

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Management and Coordination

IMMSI S.p.A.

Share capital € 207,613,944.37, fully paid up

Registered office: Viale R. Piaggio 25, Pontedera (Pisa)

Pisa Register of Companies and Tax Code 04773200011

Pisa Economic and Administrative Index no. 134077

INDEX

INTERIM DIRECTORS' REPORT

Introduction

This unaudited Interim Report on Operations as of 31 March 2016 has been prepared in compliance with Italian Legislative Decree no. 58/1998 as amended, as well as with the Consob Regulation on Issuers.

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

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

Mission

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

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

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

Key operating and financial data

	1st Quarter		
	2016	2015	2015
In millions of euros			
Data on earnings			
Net revenues	307.1	302.0	1,295.3
Gross industrial margin	90.8	88.1	374.4
Operating income	10.9	10.8	56.7
Profit before tax	2.1	2.0	20.1
Net profit	1.3	1.2	11.9
. Non-controlling interests			
. Owners of the Parent	1.3	1.2	11.9
Data on financial performance			
Net employed capital (NEC)	950.9	991.8	902.4
Net debt	(554.4)	(568.4)	(498.1)
Shareholders' equity	396.6	423.4	404.3
Balance sheet figures and financial ratios			
Gross margin as a percentage of net revenues (%)	29.6%	29.2%	28.9%
Net profit as a percentage of net revenues (%)	0.4%	0.4%	0.9%
ROS (Operating income/net revenues)	3.5%	3.6%	4.4%
ROE (Net profit/shareholders' equity)	0.3%	0.3%	2.9%
ROI (Operating income/NCE)	1.1%	1.1%	6.3%
EBITDA	37.4	36.3	161.8
EBITDA/net revenues (%)	12.2%	12.0%	12.5%
Other information			
Sales volumes (unit/000)	121.7	121.0	519.7
Investments in property, plant and equipment and intangible assets	26.2	21.3	101.9
Research and Development[1]	17.9	22.2	46.8
Employees at the end of the period (number)	7,074	7,782	7,053

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

Results by operating segments

		EMEA and Americas	India	Asia Pacific 2W	**Total**
	1st Quarter 2016	53.5	50.2	18.0	**121.7**
Sales volumes	1st Quarter 2015	51.0	50.4	19.6	**121.0**
(units/000)	Change	2.5	(0.2)	(1.5)	**0.7**
	Change %	4.9%	-0.4%	-7.9%	**0.6%**
	1st Quarter 2016	184.6	82.0	40.5	**307.1**
Turnover	1st Quarter 2015	174.2	84.1	43.7	**302.0**
(in millions of euros)	Change	10.3	(2.1)	(3.2)	**5.1**
	Change %	5.9%	-2.4%	-7.4%	**1.7%**
	1st Quarter 2016	3,860.6	2,238.7	862.7	**6,962.0**
Average number of staff	1st Quarter 2015	3,989.6	2,934.7	880.7	**7,805.0**
(no.)	Change	(129.0)	(696.0)	(18.0)	**(843.0)**
	Change %	-3.2%	-23.7%	-2.0%	**-10.8%**
Investments property,	1st Quarter 2016	20.8	3.2	2.2	**26.2**
Property, plant and equipment	1st Quarter 2015	18.1	1.2	2.0	**21.3**
intangible assets	Change	2.7	2.0	0.2	**4.9**
(in millions of euros)	Change %	14.9%	168.2%	9.7%	**23.1%**
	1st Quarter 2016	14.6	1.8	1.4	**17.9**
Research and Development[2]	1st Quarter 2015	20.3	1.1	0.7	**22.2**
(in millions of euros)	Change	(5.7)	0.7	0.7	**(4.3)**
	Change %	-27.9%	62.3%	98.7%	**-19.2%**

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

Company Boards

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

(1) Director responsible for the internal control system and risk management

(2) Executive Director

(3) Lead Independent Director

(4) Member of the Appointment Proposal Committee

(5) Member of the Remuneration Committee

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

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

Significant events in the first quarter of 2016

14 January 2016 – The new range of state-of-the-art Piaggio iGet engines with the air cooled version made its début on the new Piaggio Liberty. The new Piaggio iGet engines are based on a design philosophy that targets an improved fuel consumption and emissions, plus a better and more advanced quality and reliability.

2 March, 2016 – The 2016 MotoGP season for Aprilia Racing kicked off in Qatar. For the Italian team, this is a fundamental stage of the project begun in 2015, since the new Aprilia RS-GP is a completely redesigned prototype, developed and built by Aprilia down to the last component, starting with the engine.

14 March, 2016 – The new Moto Guzzi V9 was launched in Mandello del Lario, the mid-size light custom bike, powered by a new 850cc, 90° V-twin engine with traditional shaft drive.

Group financial-economic performance

Consolidated income statement (reclassified)

	1st Quarter 2016		1st Quarter 2015		Change	
	In millions of euros	*Accounting for a %*	*In millions of euros*	*Accounting for a %*	*In millions of euros*	*%*
Net revenues	307.1	100.0%	302.0	100.0%	5.1	1.7%
Cost to sell[3]	216.2	70.4%	213.9	70.8%	2.3	1.1%
Gross industrial margin[3]	**90.8**	**29.6%**	**88.1**	**29.2%**	**2.7**	**3.1%**
Operating expenses	80.0	26.0%	77.3	25.6%	2.7	3.5%
EBITDA[3]	**37.4**	**12.2%**	**36.3**	**12.0%**	**1.1**	**2.9%**
Amortisation/Depreciation	26.5	8.6%	25.5	8.4%	1.0	4.0%
Operating income	**10.9**	**3.5%**	**10.8**	**3.6%**	**0.0**	**0.4%**
Result of financial items	(8.8)	-2.9%	(8.9)	-2.9%	0.1	-1.1%
Profit before tax	**2.1**	**0.7%**	**2.0**	**0.6%**	**0.1**	**7.3%**
Taxation	0.8	0.3%	0.8	0.3%	0.1	7.3%
Net profit	**1.3**	**0.4%**	**1.2**	**0.4%**	**0.1**	**7.3%**

Net revenues

	1st Quarter 2016	1st Quarter 2015	Change
In millions of euros			
EMEA and Americas	184.6	174.2	10.3
India	82.0	84.1	(2.1)
Asia Pacific 2W	40.5	43.7	(3.2)
TOTAL NET REVENUES	**307.1**	**302.0**	**5.1**
Two-wheeler	208.2	204.1	4.1
Commercial Vehicles	98.9	97.9	0.9
TOTAL NET REVENUES	**307.1**	**302.0**	**5.1**

In terms of consolidated turnover, the Group ended the first quarter of 2016 with net revenues up considerably compared to the same period of 2015 (+ 1.7%).

In terms of geographical areas, the growth in revenues in EMEA and in the Americas (+ 5.9%) more than offset the downturn in India due to an unfavourable exchange rate (- 2.4%; + 3.1% using constant currencies) and that in Asia Pacific (- 7.4%; - 6.3% using constant currencies).

With regard to product type, the increase in turnover was greater for two-wheeler vehicles (+ 2.0%) than for commercial vehicles (+ 1.0%). As a result, the percentage of two-wheeler vehicles of overall turnover rose from 67.6% in the first three months of 2015 to the current figure of 67.8%; conversely, the percentage of Commercial Vehicles of overall turnover fell from 32.4% in the first three months of 2015 to the current figure of 32.2%.

[3] For a definition of the parameter, see the "Economic Glossary".

The Group's **gross industrial margin** increased compared to the first quarter of the previous year in absolute terms (+ 3.1%), equal to 29.6% of net turnover (29.2% as of 31 March 2015).
Amortisation included in the gross industrial margin was € 9.0 million (€ 9.9 million in the first quarter of 2015).

The **operating expenses** incurred in the period also increased compared to the same period in the previous financial year, amounting to € 80.0 million. The increase is mainly due to the increase in amortisation included in operating expenses (€ 17.5 million in the first quarter of 2016 compared to € 15.6 million as of 31 March 2015).

This performance resulted in a consolidated **EBITDA** which was higher than the previous year, and equal to € 37.4 million (€ 36.3 million in the first quarter of 2015). In relation to turnover, EBITDA was 12.2% (12.0% in the first quarter of 2015). The operating income (**EBIT**) of € 10.9 million is up slightly compared to the € 10.8 million as of 31 March 2015; in relation to turnover, EBIT was 3.5%, (3.6% in the first quarter of 2015).

The results for **financing activities** improved slightly compared to the first few months of the previous financial year, with Net Charges amounting to € 8.8 million (€ 8.9 million as of 31 March 2015). The improvement is related to the reduction in average debt for the period and the cost of funding, offset by the negative effect of currency management.

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

Net profit stood at € 1.3 million (0.4% of turnover), also a slight improvement on the figure for the same period of the previous financial year (€ 1.2 million, or 0.4% of turnover).

Operating data

Vehicles sold

	1st Quarter 2016	1st Quarter 2015	Change
In thousands of units			
EMEA and Americas	53.5	51.0	2.5
India	50.2	50.4	(0.2)
Asia Pacific 2W	18.0	19.6	(1.5)
TOTAL VEHICLES	**121.7**	**121.0**	**0.7**
Two-wheeler	74.8	74.2	0.6
Commercial Vehicles	47.0	46.8	0.2
TOTAL VEHICLES	**121.7**	**121.0**	**0.7**

The Piaggio Group sold 121,700 vehicles worldwide in the first quarter of 2016, with an increase in volumes totalling around 0.6% compared to the first three months of the previous year, when 121,000 vehicles were sold. Sales in EMEA and the Americas were up (+ 4.9%), driven by the volumes achieved in the Italian market (+ 28.5%) and Europe (+ 2.8%), while there was a fall in vehicles sold in the Americas (- 30.4%), India (- 0.4%) and Asia Pacific 2W (- 7.9%). Regarding product types experiencing growth, sales increased for both two-wheeler vehicles (+0.7%) and commercial vehicles (+0.4%).

Staff

In 2016, the Group continued to rationalise operations and organisational efficiency.
The decrease in the average workforce of 843 is mainly concentrated in India, where the fall in demand for commercial vehicles led to less use of temporary labour.

Average number of company employees by geographic area

Employee/staff numbers	1st Quarter 2016	1st Quarter 2015	Change
EMEA and Americas	3,860.6	3,989.6	(129.0)
of which Italy	*3,627.3*	*3,728.0*	(100.7)
India	2,238.7	2,934.7	(696.0)
Asia Pacific 2W	862.7	880.7	(18.0)
Total	**6,962.0**	**7,805.0**	**(843.0)**

As of 31 March 2016, the Group had 7,074 employees, a net increase of 21 compared with 31 December 2015 following expansion in the Asia Pacific region.

Breakdown of company employees by by geographic area

Employee/staff numbers	**As of 31 March 2016**	**As of 31 December 2015**	**As of 31 March 2015**
EMEA and Americas	3,852	3,872	3,978
of which Italy	3,620	3,638	3,725
India	2,361	2,353	2,910
Asia Pacific 2W	861	828	894
Total	**7,074**	**7,053**	**7,782**

Research and Development

In the first quarter of 2016, the Piaggio Group continued its policy of retaining technological leadership in the sector, allocating total resources of € 17.9 million to research and development, of which € 12.8 million capitalised under intangible assets as development costs.

	1st Quarter 2016			**1st Quarter 2015**		
	Capitalised	Expenses	**Total**	Capitalised	Expenses	**Total**
In millions of euros						
Two-wheeler	11.1	4.3	**15.5**	12.6	6.6	**19.2**
Commercial Vehicles	1.7	0.7	**2.4**	1.7	1.2	**2.9**
Total	**12.8**	**5.1**	**17.9**	**14.3**	**7.9**	**22.2**
EMEA and Americas	9.9	4.7	**14.6**	13.1	7.2	**20.3**
India	1.7	0.1	**1.8**	0.7	0.4	**1.1**
Asia Pacific 2W	1.2	0.2	**1.4**	0.5	0.2	**0.7**
Total	**12.8**	**5.1**	**17.9**	**14.3**	**7.9**	**22.2**

Consolidated statement of financial position

	As of 31 March 2016	As of 31 December 2015	Change
In millions of euros			
Statement of financial position[4]			
Net working capital	24.9	(32.0)	56.8
Property, plant and equipment	316.0	319.6	(3.5)
Intangible assets	671.5	674.0	(2.5)
Financial assets	9.8	9.7	0.2
Provisions	(71.3)	(68.8)	(2.4)
Net capital employed	**950.9**	**902.4**	**48.5**
Net financial debt	554.4	498.1	56.2
Shareholders' equity	396.6	404.3	(7.7)
Sources of funds	**950.9**	**902.4**	**48.5**
Non-controlling interests	(0.3)	(0.2)	(0.0)

Net working capital as of 31 March 2016, equal to € 24.9 million, used cash for € 56.8 million in the first three months of 2016.

Tangible assets, which include investment property, totalled € 316.0 million as of 31 March 2016, down by around € 3.5 million compared to 31 December 2015. This decrease is mainly due to the effect of devaluation of Asian currencies against the euro (around € 4.7 million), only partially offset by investments for the period, the value of which exceeded amortisation for the quarter by approximately € 1.2 million.

Intangible assets totalled € 671.5 million, down by approximately € 2.5 million compared to 31 December 2015. This decrease is mainly due to the amortisation for the period, the value of which exceeded investments for the quarter by approximately € 1.5 million, and to the devaluation of Asian currencies against the euro that led to a fall in the carrying amount of about € 1.0 million.

Financial assets totalled € 9.8 million, in line with figures for the previous financial year.

Provisions totalled € 71.3 million, increasing compared to 31 December 2015 (€ 68.8 million).

As fully described in the next section on the "Consolidated Statement of Cash Flows", **net financial debt** as of 31 March 2016 was equal to € 554.4 million, compared to € 498.1 million as of 31 December 2015. The increase of approximately € 56.2 million is mainly due to the seasonal nature of the two-wheeler market that, as is well-known, uses resources in the first part of the year and generates them

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

in the second half. Indeed, compared to 31 March 2015, the Group's net financial debt was reduced by around € 14 million.

The Group's **shareholders' equity** as of 31 March, 2016 totalled € 396.6 million, down by around € 7.7 million compared to 31 December 2015.

Consolidated Statement of Cash Flows

The consolidated statement of cash flows prepared in accordance with the models provided by international financial reporting standards (IFRS) is shown in the "Consolidated Financial Statements and Notes as of 31 March 2016"; the following is a comment relating to the summary statement shown.

	1st Quarter 2016	1st Quarter 2015	Change
In millions of euros			
Change in Consolidated Net Debt			
Opening Consolidated Net Debt	**(498.1)**	**(492.8)**	**(5.3)**
Cash flow from operating activities	30.2	28.4	1.8
(Increase)/Reduction in Working Capital	(56.8)	(73.6)	16.7
(Increase)/Decrease in Net Investments	(20.7)	(39.6)	18.9
Change in Shareholders' Equity	(9.0)	9.1	(18.1)
Total change	**(56.2)**	**(75.6)**	**19.4**
Closing Consolidated Net Debt	**(554.4)**	**(568.4)**	**14.1**

During the first quarter of 2016, the Piaggio Group used **financial resources** amounting to € 56.2 million.

Cash flow from operating activities, defined as net profit, minus non-monetary costs and income, was € 30.2 million.

Working capital involved a cash flow of € 56.8 million; in detail:

- the dynamic of collecting trade receivables[5] used financial flows for a total of € 28.1 million;
- stock management absorbed cash flows of approximately € 45.7 million;
- supplier payment trends generated financial flows of approximately € 33.5 million;
- the movement of other non-trade assets and liabilities had a negative impact on financial flows by approximately € 16.5 million.

Investing activities involved a total of € 20.7 million of financial resources. The investments refer to approximately € 12.8 million for capitalised development expenditure, and approximately € 13.4 million for property, plant and equipment and intangible assets.

As a result of the above financial dynamics, which involved a cash flow of € 56.2 million, the **net debt** of the Piaggio Group amounted to € – 554.4 million.

[5] Net of customer advances.

Alternative non-GAAP performance measures

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

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

In particular the following alternative performance measures have been used:

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

Results by type of product

The Piaggio Group is comprised of and operates by geographical segments - EMEA and the Americas, India and Asia Pacific - to develop, manufacture and distribute two-wheeler and commercial vehicles.
Each Geographical Segment has production sites and a sales network dedicated to customers in the relative segment. Specifically:

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

For details of final results from each operating segment, reference is made to the Notes to the Consolidated Financial Statements.
The volumes and turnover in the three geographical segments, also by product type, are analysed below.

Two-wheeler

Two-wheeler	***1st Quarter 2016***		***1st Quarter 2015***		*Change %*		*Change*	
	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes	Turnover	Volumes	Turnover
EMEA and Americas	50.2	162.1	47.5	154.7	5.7%	4.8%	2.7	7.5
of which EMEA	48.0	151.4	44.0	139.8	9.1%	8.3%	4.0	11.6
(of which Italy)	*10.3*	*33.5*	*8.0*	*28.4*	*29.7%*	*18.1%*	*2.4*	*5.1*
of which America	2.2	10.8	3.5	14.9	-37.6%	-27.8%	(1.3)	(4.1)
India	6.5	5.6	7.1	5.7	-8.3%	-2.5%	(0.6)	(0.1)
Asia Pacific 2W	18.0	40.5	19.6	43.7	-7.9%	-7.4%	(1.5)	(3.2)
TOTAL	**74.8**	**208.2**	**74.2**	**204.1**	**0.7%**	**2.0%**	**0.6**	**4.1**
Scooters	66.3	136.2	66.5	136.8	-0.3%	-0.5%	(0.2)	(0.6)
Motorcycles	7.8	41.4	7.7	37.8	0.7%	9.7%	0.1	3.7
Wi-bike	0.7	1.6					0.7	1.6
Spare parts and Accessories		28.4		29.0		-2.1%		(0.6)
Other		0.6		0.5		23.8%		0.1
TOTAL	**74.8**	**208.2**	**74.2**	**204.1**	**0.7%**	**2.0%**	**0.6**	**4.1**

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

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

Market trends

In Europe, the Piaggio Group's reference area, the two-wheeler market sold 266,309,000 vehicles, a 5.1% increase compared to the first three months of 2015 (+ 6.4% for the motorcycle segment and + 3.8% for the scooter segment). In Italy, the scooter segment saw an increase of 17.4%, while motorcycles saw a sharp rise of + 27.7%; both for the scooter market and for motorcycles there has been consistent growth in all sub-segments.
In Vietnam, the Asian nation with most Group vehicles, sales went up by 6.8%.
India's two-wheeler market recorded a sharp increase (+ 8.6%) in the first quarter of 2016 compared to the same period last year. Specifically, this increase was due to a marked rise in the scooter segment (+ 12.9%). The motorcycle segment also recorded good results (+ 7.1%).

Main results

During the first half of 2016, the Piaggio Group sold a total of 74,800 two-wheeler vehicles worldwide, accounting for a net turnover of approximately € 208.2 million (+ 2.0%), including spare parts and accessories (€ 28.4 million, or - 2.1%).
Overall growth was driven by an excellent sales performance in the Italian market (+ 29.7%). On the other hand, orders for two-wheeler vehicles decreased in India (- 8.3%), Asia Pacific (- 7.9%) and in the Americas (- 37.6%).
Lastly, there was an increase in sales of motorcycles (+ 0.7% compared to 31 March 2015) and the first deliveries for Wi-bikes, which mitigated the decrease in scooter sales (- 0.3% compared to the first quarter of 2015).

Market positioning[6]

In the European two-wheeler vehicle market, the Piaggio Group recorded an increase in the first quarter of 2016, bringing its overall share to 13.6% (13.1% share in the first quarter of 2015), maintaining its leadership in the scooter segment (24.5% in the first quarter of 2016, compared to 23.3% in the first quarter of 2015). In Italy, the Piaggio Group has maintained its leadership in the two-wheeler market by increasing its share from 18%, in the first quarter of 2015, to 19%, in the same period of 2016. This was mainly thanks to a good performance in the scooter segment, where the Piaggio Group achieved a 31.6% share (28.2% in the first quarter 2015).

In Vietnam, Group scooters decreased sell-out volumes by 17.5% in the first quarter of 2016, compared to the same period of the previous year.

The Group retained its strong position in the North American scooter market, where it closed the year with a market share of 19.6% (23.2% in the first quarter of 2015), and where it is committed to increasing its profile in the motorcycle segment, through the Aprilia and Moto Guzzi brands.

[6] Market shares for the first quarter of 2015 could differ from figures published last year, due to the updating of the final vehicle registration data, which some countries publish with a few months' delay.

Commercial Vehicles

Commercial Vehicles	1st Quarter 2016		1st Quarter 2015		Change %		Change	
	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes	Turnover	Volumes	Turnover
EMEA and Americas	3.4	22.4	3.6	19.6	-5.7%	14.6%	(0.2)	2.9
of which EMEA	1.6	8.7	2.2	8.6	-25.5%	1.2%	(0.6)	0.1
(of which Italy)	*1.3*	*12.8*	*1.1*	*10.1*	*19.4%*	*26.7%*	*0.2*	*2.7*
of which America	0.5	0.9	0.3	0.8	51.5%	6.4%	0.2	0.1
India	43.6	76.4	43.3	78.4	0.9%	-2.4%	0.4	(1.9)
TOTAL	**47.0**	**98.9**	**46.8**	**97.9**	**0.4%**	**1.0%**	**0.2**	**0.9**
Ape	44.8	73.9	44.4	76.1	1.0%	-2.9%	0.5	(2.2)
Porter	0.8	9.2	0.7	7.3	22.6%	25.7%	0.2	1.9
Quargo	0.3	1.8	0.3	1.6	12.9%	11.2%	0.0	0.2
Mini Truk	1.1	2.4	1.5	3.6	-30.4%	-32.5%	(0.5)	(1.2)
Spare parts and Accessories		11.6		9.3		24.4%		2.3
TOTAL	**47.0**	**98.9**	**46.8**	**97.9**	**0.4%**	**1.0%**	**0.2**	**0.9**

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

Market trends

In Europe (European Market + EFTA), the market for light commercial vehicles recorded an increase in sales of 10.7% compared to the first three months of 2015 (ACEA data). In Italy, the Group's main reference market, sales of light commercial vehicles increased by 30% in the first quarter of 2016 (ACEA figures).

In India, the three-wheeler market increased by 20.9% compared to the first three months of the previous year. In detail, the three-wheeler passenger segment recorded a 25% increase, while that of the three-wheeler cargo closed with a rise of 6.7%. Lastly, four-wheeler vehicles with a mass of less than 2 tonnes saw growth of 2.8%.

Main results

In the first quarter of 2016, the Commercial Vehicles business generated a turnover of approximately € 98.9 million, including approximately € 11.6 million relative to spare parts and accessories, registering a 24.4% increase over the same period of the previous year. During the period, 47,000 units were sold, up slightly compared to the first quarter of 2015 (+ 0.4%).

In the Americas and EMEA market, the Piaggio Group recorded an increase in total net turnover of approximately € 2.9 million, despite a fall in sales of 5.7%.

The Indian affiliate Piaggio Vehicles Private Limited (PVPL) sold 39,291 units on the Indian three-wheeler market (37,262 in the first quarter of 2015) for a net turnover of approximately € 63.2 million (€ 63.0 million in the first quarter of 2015).
The same affiliate also exported 3,163 three-wheeler vehicles and 20 four-wheeler vehicles (4,381 as of 31 March 2015); the downturn is mainly due to a slowdown in the sales of some African countries.
On the domestic four-wheeler market, PVPL sales in the first quarter of 2016 fell by 28.2% compared to the first quarter of 2015, to 1,157 units.
In overall terms, the Indian affiliate PVPL registered a turnover of € 76.4 million during the first quarter of 2016, compared to € 78.4 million for the same period of the previous year.

Market positioning[7]

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

The Group is also present in India, in the passenger vehicle and cargo sub-segments of the three-wheeler market, where it is market leader.
On the Indian three-wheeler market, Piaggio has a market share of 28.1% (32.2% in the first quarter of 2015). Detailed analysis of the market shows that Piaggio has maintained its market leader position in the goods transport segment (cargo segment) with a market share of 51.6% (53.8% in the first quarter of 2015).

Besides the traditional three-wheeler market in India, Piaggio also operates on the four-wheeler light commercial vehicles (LCV) market (cargo vehicles for goods transport) with the Porter 600 and 1000. On this market, its share is 3.5% (4.6% in the first quarter of 2015).

[7] Market shares for the first quarter of 2015 could differ from figures published last year, due to the updating of the final vehicle registration data, which some countries publish with a few months' delay.

Events occurring after the end of the period

18 April 2016 - The Piaggio Medley was launched on the European market, already introduced on the Vietnamese market on 17 March. Medley combines the benefits of an agile, lightweight vehicle with all the advantages of a high-wheeled scooter, superior in terms of technology, performance, size and weight. Equipped with the highest performing model of Piaggio's new four-valve liquid-cooled iGet engine, the Medley is available as 125cc and 150cc and equipped with a Start & Stop system.

Operating outlook

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

- confirm its leadership position on the European two-wheeler market, optimally levering expected recovery by:
  - further consolidating the product range and targeting a growth in sales and margins in the high-wheeled scooter segment, with the new Liberty and Medley, and in the motorcycle segment, thanks to the restyled Moto Guzzi and Aprilia ranges;
  - entry on the electrical bicycle market, with the new Piaggio Wi-Bike, levering technological and design leadership;
  - Current positions on the European commercial vehicles market will be maintained;
- consolidating operations in Asia Pacific, exploring new opportunities in medium and large sized motorcycle segments, and replicating the premium strategy for Vietnam, throughout the region, with particular reference to the Chinese market;
- consolidating sales on the Indian scooter market, focussing on an increase in Vespa products and the introduction, along with other Group brands, of new models in the premium scooter and motorcycle segments;
- increasing sales of commercial vehicles in India and in emerging countries, targeting a further development of exports to African and Latin American markets.

Transactions with related parties

Revenues, costs, receivables and payables as of 31 March 2016 involving parent companies, subsidiaries and associates refer to the sale of goods or services which are a part of normal operations of the Group.
Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.
Information on related-party transactions, including the information required by Consob communication no. DEM/6664293 of 28 July 2006 is presented in the "Notes to the Consolidated Financial Statements as of 31 March 2016."

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

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

Economic glossary

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

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

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

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

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

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

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

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

Consolidated Ebitda: defined as “Operating income” before the amortisation/depreciation and impairment costs of intangible assets and property, plant and equipment, as resulting from the Consolidated Income Statement.

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

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

Piaggio Group

Condensed Interim Financial Statements as of 31 March 2016

Consolidated Income Statement

		1st Quarter 2016		1st Quarter 2015	
		Total	*of which related parties*	**Total**	*of which related parties*
In thousands of euros	*Notes*				
Net revenues	4	**307,061**	**336**	**302,004**	**102**
Cost for materials	5	179,719	7,450	175,988	7,833
Cost for services and leases and rentals	6	55,690	940	55,246	997
Employee costs	7	53,339		55,331	
Depreciation and impairment costs of property, plant and equipment	8	11,301		11,608	
Amortisation and impairment costs of intangible assets	8	15,211		13,884	
Other operating income	9	23,015	191	25,153	32
Other operating costs	10	3,942	5	4,272	3
Operating income		**10,874**		**10,828**	
Income/(loss) from investments	11	7			
Financial income	12	406		145	
Borrowing costs	12	9,038	34	9,402	54
Net exchange gains/(losses)	12	(156)		380	
Profit before tax		**2,093**		**1,951**	
Taxes for the period	13	837		780	
Profit from continuing operations		**1,256**		**1,171**	
Assets held for sale:					
Profits or losses arising from assets held for sale	14				
Net Profit (Loss) for the period		**1,256**		**1,171**	
Attributable to:					
Owners of the Parent		**1,256**		**1,189**	
Minority Shareholders		**0**		**(18)**	
Earnings per share (figures in €)	15	**0.003**		**0.003**	
Diluted earnings per share (figures in €)	15	**0.003**		**0.003**	

Consolidated Statement of Comprehensive Income

In thousands of euros	*Notes*	1st Quarter 2016	1st Quarter 2015
Net Profit (loss) for the period (A)		**1,256**	**1,171**
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	39	(2,110)	(1,313)
Total		**(2,110)**	**(1,313)**
Items that may be reclassified to profit or loss			
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	39	(2,897)	8,016
Total gains (losses) on cash flow hedges	39	(277)	2,415
Total		**(3,174)**	**10,431**
Other Comprehensive Income (Expense) (B)*		**(5,284)**	**9,118**
Total Comprehensive Income (Expense) for the period (A + B)		**(4,028)**	**10,289**

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

Attributable to:		
Owners of the Parent	**(4,016)**	**10,279**
Minority Shareholders	**(12)**	**10**

Consolidated Statement of Financial Position

		As of 31 March 2016		As of 31 December 2015	
		Total	*of which related parties*	Total	*of which related parties*
In thousands of euros	*Notes*				
ASSETS					
Non-current assets					
Intangible assets	16	671,493		673,986	
Property, plant and equipment	17	304,064		307,608	
Investment property	18	11,961		11,961	
Investments	33	9,529		9,529	
Other financial assets	34	21,062		24,697	
Long-term tax receivables	23	5,534		5,477	
Deferred tax assets	19	56,587		56,434	
Trade receivables	21				
Other receivables	22	13,123	153	13,419	153
Total non-current assets		**1,093,353**		**1,103,111**	
Assets held for sale	24				
Current					
Trade receivables	21	109,220	1,017	80,944	1,150
Other receivables	22	29,602	8,956	29,538	8,879
Short-term tax receivables	23	33,021		21,541	
Inventories	20	258,495		212,812	
Other financial assets	35	2,073		2,176	
Cash and cash equivalents	36	98,500		101,428	
Total current assets		**530,911**		**448,439**	
TOTAL ASSETS		**1,624,264**		**1,551,550**	

		As of 31 March 2016		As of 31 December 2015	
		Total	*of which related parties*	Total	*of which related parties*
In thousands of euros	*Notes*				
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital and reserves attributable to the owners of the Parent	38	396,848		404,535	
Share capital and reserves attributable to non-controlling interests	38	(254)		(242)	
Total shareholders' equity		**396,594**		**404,293**	
Non-current liabilities					
Financial liabilities falling due after one year	37	541,711	2,900	520,391	2,900
Trade payables	26				
Other long-term provisions	27	10,252		9,584	
Deferred tax liabilities	28	4,120		4,369	
Retirement funds and employee benefits	29	51,928		49,478	
Tax payables	30				
Other long-term payables	31	4,507		4,624	
Total non-current liabilities		**612,518**		**588,446**	
Current liabilities					
Financial liabilities falling due within one year	37	133,958		105,895	
Trade payables	26	414,005	11,379	380,363	10,108
Tax payables	30	6,162		14,724	
Other short-term payables	31	51,929	8,636	48,050	8,666
Current portion of other long-term provisions	27	9,098		9,779	
Total current liabilities		**615,152**		**558,811**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,624,264**		**1,551,550**	

Consolidated Statement of Cash Flows

		1st Quarter 2016		1st Quarter 2015	
		Total	of which related parties	Total	of which related parties
In thousands of euros	*Notes*				
Operating activities					
Consolidated net profit		1,256		1,189	
Allocation of profit to non-controlling interests				(18)	
Taxes for the period	13	837		780	
Depreciation of property, plant and equipment	8	11,301		11,608	
Amortisation of intangible assets	8	15,211		13,884	
Allocations for risks and retirement funds and employee benefits		3,924		4,200	
Write-downs / (Reinstatements)		241		121	
Losses / (Gains) on the disposal of property, plants and equipment		(35)		6	
Losses / (Gains) on the disposal of intangible assets		(17)			
Financial income	12	(266)		(103)	
Dividend income		(7)			
Borrowing costs	12	8,491		9,038	
Income from public grants		(541)		(505)	
Change in working capital:					
(Increase)/Decrease in trade receivables	21	(28,035)	133	(43,627)	(65)
(Increase)/Decrease in other receivables	22	232	(77)	(9,211)	(56)
(Increase)/Decrease in inventories	20	(45,683)		(35,391)	
Increase/(Decrease) in trade payables	26	33,642	(1,271)	21,000	(910)
Increase/(Decrease) in other payables	31	3,762	(30)	4,343	121
Increase/(Decrease) in provisions for risks	27	(1,965)		(2,344)	
Increase/(Decrease) in retirement funds and employee benefits	28	614		(662)	
Other changes		(19,925)		(13,606)	
Cash generated from operating activities		**(16,963)**		**(39,298)**	
Interest paid		(4,909)		(7,868)	
Taxes paid		(5,137)		(5,139)	
Cash flow from operating activities (A)		**(27,009)**		**(52,305)**	
Investing activities					
Investment in property, plant and equipment	17	(12,491)		(5,615)	
Sale price, or repayment value, of property, plant and equipment		95		12	
Investment in intangible assets	16	(13,753)		(15,718)	
Sale price, or repayment value, of intangible assets		17			
Collected interests		155		61	
Cash flow from investment activities (B)		**(25,977)**		**(21,260)**	
Financing activities					
Purchase of treasury shares	38	(3,671)			
Loans received	37	64,079		74,292	
Outflow for repayment of loans	37	(15,553)		(14,028)	
Repayment of finance leases	37	(7)		(8)	
Cash flow from financing activities (C)		**44,848**		**60,256**	
Increase / (Decrease) in cash and cash equivalents (A+B+C)		(8,138)		(13,309)	
Opening balance		**101,302**		**90,125**	
Exchange differences		(1,865)		5,931	
Closing balance		**91,299**		**82,747**	

Changes in Consolidated Shareholders' Equity

Movements from 1 January 2016 / 31 March 2016

	Notes	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group conversion reserve	Treasury shares	Earnings reserve	Consolidated Group shareholders' equity	Share capital and reserves attributable to non-controlling interests	TOTAL SHAREHOLDERS' EQUITY
In thousands of euros												
As of 1 January 2016		**207,614**	**7,171**	**17,643**	**(586)**	**(5,859)**	**(15,608)**	**(34)**	**194,194**	**404,535**	**(242)**	**404,293**
Profit for the period									1,256	**1,256**		**1,256**
Other Comprehensive Income (Expense)					(277)		(2,885)		(2,110)	**(5,272)**	(12)	**(5,284)**
Total comprehensive income (expense) for the period		**0**	**0**	**0**	**(277)**	**0**	**(2,885)**	**0**	**(854)**	**(4,016)**	**(12)**	**(4,028)**
Transactions with shareholders:												
Allocation of profits	38									**0**		**0**
Distribution of dividends	38									**0**		**0**
Purchase of treasury shares	38							(3,671)		**(3,671)**		**(3,671)**
Other changes	38									**0**		**0**
As of 31 March 2016		**207,614**	**7,171**	**17,643**	**(863)**	**(5,859)**	**(18,493)**	**(3,705)**	**193,340**	**396,848**	**(254)**	**396,594**

Movements from 1 January 2015 / 31 March 2015

	Notes	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group conversion reserve	Treasury shares	Earnings reserve	Consolidated Group shareholders' equity	Share capital and reserves attributable to non-controlling interests	TOTAL SHAREHOLDERS' EQUITY
In thousands of euros												
As of 1 January 2015		**206,228**	**7,171**	**16,902**	**(830)**	**(5,859)**	**(18,839)**	**(5,787)**	**213,161**	**412,147**	**922**	**413,069**
Profit for the period									1,189	**1,189**	**(18)**	**1,171**
Other Comprehensive Income (Expense)					2,415		7,988		(1,313)	**9,090**	**28**	**9,118**
Total comprehensive income (expense) for the period		**0**	**0**	**0**	**2,415**	**0**	**7,988**	**0**	**(124)**	**10,279**	**10**	**10,289**
Transactions with shareholders:												
Allocation of profits	38									**0**		**0**
Distribution of dividends	38									**0**		**0**
Purchase of treasury shares	38									**0**		**0**
Other changes	38									**0**		**0**
As of 31 March 2015		**206,228**	**7,171**	**16,902**	**1,585**	**(5,859)**	**(10,851)**	**(5,787)**	**213,037**	**422,426**	**932**	**423,358**

Notes to the Consolidated Financial Statements

A) GENERAL ASPECTS

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

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

1. Scope of consolidation

The scope of consolidation has not changed compared to the Consolidated Financial Statements as of 31 December 2015. The scope of consolidation has changed, on the other hand, compared to the condensed quarterly financial statements as of 31 March 2015, following the creation, on 15 June 2015, of Piaggio Fast Forward Inc., a company set up in the United States for the research and development of new mobility and transportation systems.

2. Compliance with international accounting standards

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

During the drafting of these Condensed Consolidated Interim Financial statements, prepared in compliance with IAS 34 - *Interim Financial Reporting*, the same accounting standards adopted in the drafting of the Consolidated Financial Statements as of 31 December 2015 were applied, with the exception of the paragraph "New accounting standards, amendments and interpretations applied as from 1 January 2016".

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

The information provided in the Interim Report should be read together with the Consolidated Financial Statements as of 31 December 2015, prepared according to IFRS.

The preparation of the interim financial statements requires management to make estimates and assumptions which have an impact on the values of revenues, costs, consolidated balance sheet assets and liabilities and on the information regarding contingent assets and liabilities at the reporting date. If these management estimates and assumptions should, in future, differ from the actual situation, they will be changed as appropriate in the period in which the circumstances change. For a more detailed description of the most significant measurement methods of the Group, reference is made to the section "Use of estimates" of the Consolidated Financial Statements as of 31 December 2015.

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

The Group's activities, especially those regarding two-wheeler products, are subject to significant seasonal changes in sales during the year.

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

New accounting standards, amendments and interpretations applied as from 1 January 2016

As from 1 January 2016, several changes introduced by international accounting standards and interpretations have been applied, none of which have had a significant impact on the Group's financial statements. The main changes are outlined below:

- IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation": according to the changes, it is considered inappropriate to adopt an amortisation/depreciation method based on revenues. As regards intangible assets, this indication is considered as a relative assumption, that may only be overcome in one of the following circumstances: (i) the right to use an intangible asset is related to the realisation of a predefined threshold for revenues to be produced; or (ii) when it may be demonstrated that the realisation of revenues and use of the economic benefits of the asset are strongly related.
- IFRS 11 "Joint arrangements: recording the acquisition of investments in jointly controlled assets": the changes provide clarification on the recording for accounting purposes of the acquisition of investments in jointly controlled assets constituting a business. The

amendments are applicable in a retrospective manner for years commencing from or after 1 January 2016.

- IAS 27 Revised "Separate Financial Statements": the amendment, applicable from 1 January 2016, allows an entity to use the shareholders' equity method to recognise investments in subsidiaries, joint ventures and associates in the separate financial statements.
- Annual amendments to IFRS 2012-2014: 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".

As regards the first point, the amendment clarifies that the financial statements need not to be restated if an asset or group of assets available for sale was reclassified as "held for distribution", or vice versa.

With reference to IFRS 7, the amendment states that if an entity transfers a financial asset on terms that allow the de-recognition of the asset, information must be disclosed concerning the entity's involvement in the transferred asset.

The proposed amendment to IAS 19 makes it clear that, in determining the discount rate of the obligation arising following the termination of the employment relationship, it is the currency in which the obligations are denominated that counts, rather than the country in which they arise.

The proposed amendment to IAS 34 requires cross-references between information reported in the interim financial statements and the related disclosure.

- IAS 1 "Presentation of Financial Statements": the amendment to the principle in question is intended to provide clarification on the aggregation or disaggregation of financial statement items if the amount is significant, 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. Moreover, the amendment requires the presentation of headings, partial results and additional items, also separating the items listed in section 54 (Statement of Financial Position) and 82 (Income Statement) of IAS 1, when this presentation is significant for the purposes of understanding the statement of financial position and financial position and performance of the entity.

<u>Accounting standards, amendments and interpretations not yet applicable</u>

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

- 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 2018. Early adoption is possible.
- 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.
- 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 affiliate 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.
- On 18 December 2014, the IASB amended IFRS 10 "Consolidated Financial Statements", 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.

  IAS 28 was amended as regards investments in associates or joint ventures that are "investment entities": these investments may be recognised with the equity method or at fair value.

  These amendments apply from 1 January 2016.
- In the month of January 2016, the IASB published IFRS 16 "Leases". This new standard will replace the current IAS 17. The main change concerns the accounting by lessees that, according to IAS 17, were required to make a distinction between a financial lease (in the budget) and operating leases (off budget). With IFRS 16, operating leases will be treated for accounting purposes as financial leases. The IASB has provided for the optional exemption for certain leasing contracts and low value and short-term leases.

  This principal will apply from 1 January 2019. Early application will be possible if IFRS 15 "Revenue from contracts with customers" is jointly adopted.
- In February 2016, the IASB issued an amendment to IAS 12 "Income Taxes." These amendments clarify how to enter active deferred taxes related to debt instruments calculated at fair value.

These amendments will apply from 1 January 2017.

- In February 2016, the IASB issued an amendment to IAS 7 "Statement of Cash Flows." These amendments to IAS 7 introduce additional information that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. These amendments will apply from 1 January 2017.

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

Other information

A specific paragraph in this Report provides information on any significant events occurring after the end of the period and on the expected operating outlook.

The exchange rates used to translate the financial statements of companies included in the scope of consolidation into euros are shown in the table below.

Currency	**Spot exchange rate 31 March 2016**	**Average exchange rate 1st Quarter 2016**	**Spot exchange rate 31 December 2015**	**Average exchange rate 1st Quarter 2015**
US Dollar	1.1385	1.10200	1.0887	1.12614
Pounds Sterling	0.79155	0.77037	0.73395	0.74336
Indian Rupee	75.4298	74.42696	72.0215	70.08667
Singapore Dollars	1.5304	1.54665	1.5417	1.52727
Chinese Renminbi	7.3514	7.21015	7.0608	7.02310
Croatian Kuna	7.5255	7.61702	7.638	7.68109
Japanese Yen	127.90	126.997258	131.07	134.12063
Vietnamese Dong	25,071.47	24,442.43419	24,435.06	23,863.02746
Canadian Dollars	1.4738	1.51490	1.5116	1.39573
Indonesian Rupiah	15,119.28	14,902.15387	15,029.50	14,410.50952
Brazilian Real	4.1174	4.30405	4.3117	3.22363

B) SEGMENT REPORTING

3. Operating segment reporting

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

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

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

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

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

INCOME STATEMENT BY OPERATING SEGMENT

		EMEA and Americas	India	Asia Pacific 2W	**Total**
Sales volumes (unit/000)	1st Quarter 2016	53.5	50.2	18.0	**121.7**
	1st Quarter 2015	51.0	50.4	19.6	**121.0**
	Change	2.5	(0.2)	(1.5)	**0.7**
	Change %	4.9%	-0.4%	-7.9%	**0.6%**
Net turnover (in millions of euros)	1st Quarter 2016	184.6	82.0	40.5	**307.1**
	1st Quarter 2015	174.2	84.1	43.7	**302.0**
	Change	10.3	(2.1)	(3.2)	**5.1**
	Change %	5.9%	-2.4%	-7.4%	**1.7%**
Gross margin (in millions of euros)	1st Quarter 2016	53.9	22.0	14.9	**90.8**
	1st Quarter 2015	51.7	18.2	18.2	**88.1**
	Change	2.1	3.9	(3.3)	**2.7**
	Change %	4.1%	21.3%	-18.0%	**3.1%**
EBITDA (in millions of euros)	1st Quarter 2016				**37.4**
	1st Quarter 2015				**36.3**
	Change				**1.1**
	Change %				**2.9%**
EBIT (in millions of euros)	1st Quarter 2016				**10.9**
	1st Quarter 2015				**10.8**
	Change				**0.0**
	Change %				**0.4%**
Net profit (in millions of euros)	1st Quarter 2016				**1.3**
	1st Quarter 2015				**1.2**
	Change				**0.1**
	Change %				**7.3%**

C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

4. Net revenues €/000 307,061

Revenues are shown net of premiums recognised to customers (dealers).
This item does not include transport costs, which are recharged to customers (€/000 5,335) and invoiced advertising cost recoveries (€/000 801), which are posted under other operating income.
The revenues for disposals of Group core business assets essentially refer to the marketing of vehicles and spare parts on European and non-European markets.

Revenues by geographical segment

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

	1st Quarter 2016		1st Quarter 2015		Changes	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
In thousands of euros						
EMEA and Americas	184,571	60.1	174,238	57.7	10,333	5.9
India	82,039	26.7	84,096	27.8	(2,057)	-2.4
Asia Pacific 2W	40,451	13.2	43,670	14.5	(3,219)	-7.4
Total	**307,061**	**100.0**	**302,004**	**100.0**	**5,057**	**1.7**

In the first half of 2016 net sales revenues showed a 1.7% increase compared to the same period in the previous year. For a more detailed analysis of trends in individual geographic segments, see comments in the Report on Operations.

5. Costs for materials €/000 179,719

The percentage of costs accounting for net sales went up, from 58.3% in the first quarter of 2015 to 58.5% in the current period. The item includes €/000 7,450 (€/000 7,833 in the first quarter of 2015) for purchases of scooters from the Chinese affiliate Zongshen Piaggio Foshan Motorcyle Co., that are sold in European and Asian markets.

6. Costs for services and leases and rental costs €/000 55,690

Costs for services and leases and rentals amount to €/000 55,690, up by €/000 444 compared to the first three months of 2015.
The item includes costs for temporary work of €/000 438.
Costs for leases and rentals, amounting to €/000 4,314, include lease rentals for business properties of €/000 1,712, as well as lease payments for car hire, computers and photocopiers.

7. Employee costs **€/000 53,339**

Employee costs include €/000 575 relating to costs for redundancy plans mainly for the Pontedera and Noale production sites.

	1st Quarter 2016	1st Quarter 2015	Change
In thousands of euros			
Salaries and wages	40,321	40,934	(613)
Social security contributions	10,457	11,230	(773)
Termination benefits	1,836	1,900	(64)
Other costs	725	1,267	(542)
Total	**53,339**	**55,331**	**(1,992)**

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

	Average number		
	1st Quarter 2016	**1st Quarter 2015**	**Change**
EMEA and Americas	3,860.6	3,989.6	(129.0)
India	2,238.7	2,934.7	(696.0)
Asia Pacific 2W	862.7	880.7	(18.0)
Total	**6,962.0**	**7,805.0**	**(843.0)**

	Number as of		
	31 March 2016	**31 December 2015**	**Change**
Level			
Senior management	101	104	(3)
Middle management	557	573	(16)
White collars	1,844	1,933	(89)
Blue collars with supervisory	4,572	4,443	129
Total	**7,074**	**7,053**	**21**
EMEA and Americas	3,852	3,872	(20)
India	2,361	2,353	8
Asia Pacific 2W	861	828	33
Total	**7,074**	**7,053**	**21**

8. Amortisation/depreciation and impairment costs **€/000 26,512**

The item increased by €/000 1,020 compared to the first three months of 2015. This item includes:

- Amortisation and impairment costs of intangible assets for €/000 15,211 (€/000 13,884 in the first quarter of 2015);
- Depreciation and impairment costs of tangible assets for €/000 11,301 (€/000 11,608 in the first quarter of 2015).

9. Other operating income **€/000 23,015**

This item, consisting prevalently of increases in fixed assets for internal work and of recoveries of costs re-invoiced to customers, shows a decrease of €/000 2,138 compared to the first quarter of 2015.

10. Other operating costs **€/000 3,942**

This item showed a saving of €/000 330.

11. Income/(loss) from investments **€/000 7**

Proceeds from investments relate to the dividends received from the minority stake in Ecofor Service.

12. Net financial income (borrowing costs) **€/000 (8,788)**

The balance of financial income (borrowing costs) in the first quarter of 2016 was negative by €/000 8,788, less than the same period of the previous year (- €/000 8,877).
The reduction in average debt and its costs are the factors that contributed most to this improvement, partially offset by currency management.
During the first quarter of 2016, borrowing costs for €/000 396 were capitalised.
The average rate used during 2016 for the capitalisation of borrowing costs (because of general loans), was equal to 6.11%.

13. Taxes **€/000 837**

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

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

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

15. Earnings per share

Earnings per share are calculated as follows:

		1st Quarter 2016	1st Quarter 2015
Net profit	€/000	1,256	1,171
Earnings attributable to ordinary shares	€/000	1,256	1,171
Average number of ordinary shares in circulation		359,618,687	361,208,380
Earnings per ordinary share	€	0.003	0.003
Adjusted average number of ordinary shares		359,618,687	361,208,380
Diluted earnings per ordinary share	€	0.003	0.003

D) INFORMATION ON OPERATING ASSETS AND LIABILITIES

16. Intangible assets €/000 671,493

The table below shows the breakdown of intangible assets as of 31 March 2016 and 31 March 2015, as well as movements during the period.

In thousands of euros	***Development costs***	***Patent rights***	***Concessions, licences and trademarks***	***Goodwill***	***Other***	***Assets under development and advances***	***Total***
As of 1 January 2016							
Historical cost	171,056	303,888	149,074	557,322	7,304	29,676	1,218,320
Provisions for bad debt							0
Accumulated amortisation	(103,682)	(227,373)	(96,031)	(110,382)	(6,866)		(544,334)
Net carrying amount	**67,374**	**76,515**	**53,043**	**446,940**	**438**	**29,676**	**673,986**
1st Quarter 2016							
Investments	5,361	173			11	8,208	13,753
Put into operation in the period	5,245	496			15	(5,756)	0
Amortisation	(8,047)	(5,893)	(1,206)		(65)		(15,211)
Disposals							0
Write-downs							0
Exchange differences	(819)	(44)			(10)	(162)	(1,035)
Other changes							0
Total movements for the 1st Quarter 2016	**1,740**	**(5,268)**	**(1,206)**	**0**	**(49)**	**2,290**	**(2,493)**
As of 31 March 2016							
Historical cost	178,779	303,450	149,074	557,322	7,142	31,966	1,227,733
Provisions for bad debt							0
Accumulated amortisation	(109,665)	(232,203)	(97,237)	(110,382)	(6,753)		(556,240)
Net carrying amount	**69,114**	**71,247**	**51,837**	**446,940**	**389**	**31,966**	**671,493**
As of 1 January 2015							
Historical cost	134,222	270,415	149,074	557,322	7,167	32,543	1,150,743
Provisions for bad debt							0
Accumulated amortisation	(68,958)	(205,693)	(91,208)	(110,382)	(6,148)		(482,389)
Net carrying amount	**65,264**	**64,722**	**57,866**	**446,940**	**1,019**	**32,543**	**668,354**
1st Quarter 2015							
Investments	1,522	386				13,810	15,718
Put into operation in the period	3,024	188			27	(3,239)	0
Amortisation	(7,978)	(4,475)	(1,206)		(225)		(13,884)
Disposals							0
Write-downs							0
Exchange differences	3,218	214			109	415	3,956
Other changes	52	(52)					0
Total movements for the 1st Quarter 2015	**(162)**	**(3,739)**	**(1,206)**	**0**	**(89)**	**10,986**	**5,790**
As of 31 March 2015							
Historical cost	146,837	272,015	149,074	557,322	8,011	43,529	1,176,788
Provisions for bad debt							0
Accumulated amortisation	(81,735)	(211,032)	(92,414)	(110,382)	(7,081)		(502,644)
Net carrying amount	**65,102**	**60,983**	**56,660**	**446,940**	**930**	**43,529**	**674,144**

The breakdown of intangible assets in operation and under development is as follows:

	Value as of 31 March 2016			Value as of 31 December 2015			Change		
In thousands of euros	**Put into operation in the period**	**Under development and advances**	**Total**	**Put into operation in the period**	**Under development and advances**	**Total**	**Put into operation in the period**	**Under development and advances**	**Total**
Development costs	69,114	29,250	98,364	67,374	27,193	94,567	1,740	2,057	3,797
Patent rights	71,247	2,715	73,962	76,515	2,472	78,987	(5,268)	243	(5,025)
Concessions, licences and trademarks	51,837		51,837	53,043		53,043	(1,206)	0	(1,206)
Goodwill	446,940		446,940	446,940		446,940	0	0	0
Other	389	1	390	438	11	449	(49)	(10)	(59)
Total	**639,527**	**31,966**	**671,493**	**644,310**	**29,676**	**673,986**	**(4,783)**	**2,290**	**(2,493)**

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

Borrowing costs attributable to the development of products which require a considerable period of time to be realised are capitalised as a part of the cost of the actual assets.

17. Property, plant and equipment **€/000 304,064**

The table below shows the breakdown of property, plant and equipment as of 31 March 2016 and 31 March 2015, as well as movements during the period.

In thousands of euros	***Land***	***Buildings***	***Plant and machinery***	***Equipment***	***Other assets***	***Assets under construction and advances***	***Total***
As of 1 January 2016							
Historical cost	28,083	166,102	444,581	512,246	47,967	33,737	1,232,716
Provisions for bad debt			(483)	(1,521)	(93)		(2,097)
Accumulated depreciation		(64,798)	(330,302)	(486,602)	(41,309)		(923,011)
Net carrying amount	**28,083**	**101,304**	**113,796**	**24,123**	**6,565**	**33,737**	**307,608**
1st Quarter 2016							
Investments		7	124	1,465	2,348	8,547	12,491
Put into operation in the period		21	10,015	1,275	225	(11,536)	0
Depreciation		(1,296)	(5,737)	(3,323)	(945)		(11,301)
Disposals			(9)		(51)		(60)
Write-downs							0
Exchange differences		(995)	(3,325)		(130)	(223)	(4,673)
Other changes		1	(2)				(1)
Total movements for the 1st Quarter 2016	**0**	**(2,262)**	**1,066**	**(583)**	**1,447**	**(3,212)**	**(3,544)**
As of 31 March 2016							
Historical cost	28,083	164,814	448,804	514,928	49,077	30,525	1,236,231
Provisions for bad debt			(483)	(1,524)	(93)		(2,100)
Accumulated depreciation		(65,772)	(333,459)	(489,864)	(40,972)		(930,067)
Net carrying amount	**28,083**	**99,042**	**114,862**	**23,540**	**8,012**	**30,525**	**304,064**
As of 1 January 2015							
Historical cost	28,083	161,628	425,865	507,011	45,918	25,099	1,193,604
Provisions for bad debt			(483)	(1,515)	(64)		(2,062)
Accumulated depreciation		(59,206)	(310,568)	(474,726)	(39,481)		(883,981)
Net carrying amount	**28,083**	**102,422**	**114,814**	**30,770**	**6,373**	**25,099**	**307,561**
1st Quarter 2015							
Investments		176	192	305	917	4,025	5,615
Put into operation in the period		619	2,173	1,122	93	(4,007)	0
Depreciation		(1,291)	(5,639)	(4,039)	(639)		(11,608)
Disposals					(10)	(8)	(18)
Write-downs							0
Exchange differences		3,352	10,415	5	370	1,100	15,242
Other changes							0
Total movements for the 1st Quarter 2015	**0**	**2,856**	**7,141**	**(2,607)**	**731**	**1,110**	**9,231**
As of 31 March 2015							
Historical cost	28,083	166,671	445,239	508,465	47,815	26,209	1,222,482
Provisions for bad debt			(483)	(1,528)	(64)		(2,075)
Accumulated depreciation		(61,393)	(322,801)	(478,774)	(40,647)		(903,615)
Net carrying amount	**28,083**	**105,278**	**121,955**	**28,163**	**7,104**	**26,209**	**316,792**

The breakdown of property, plant and equipment in operation and under construction is as follows:

	Value as of 31 March 2016			Value as of 31 December 2015			Change		
In thousands of euros	Put into operation in the period	Under construction and advances	Total	Put into operation in the period	Under construction and advances	Total	Put into operation in the period	Under construction and advances	Total
Land	28,083		28,083	28,083		28,083	0	0	0
Buildings	99,042	3,694	102,736	101,304	3,373	104,677	(2,262)	321	(1,941)
Plant and machinery	114,862	20,016	134,878	113,796	23,032	136,828	1,066	(3,016)	(1,950)
Equipment	23,540	6,441	29,981	24,123	6,949	31,072	(583)	(508)	(1,091)
Other assets	8,012	374	8,386	6,565	383	6,948	1,447	(9)	1,438
Total	**273,539**	**30,525**	**304,064**	**273,871**	**33,737**	**307,608**	**(332)**	**(3,212)**	**(3,544)**

Property, plant and equipment mainly refer to Group production facilities in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Baramati (India) and Vinh Phuc (Vietnam).
The increases mainly refer to moulds for new vehicles launched during the period, as well as the new painting plant for two-wheeler products at Pontedera.
Borrowing costs attributable to the construction of products which require a considerable period of time to be ready for use are capitalised as a part of the cost of the actual assets.

18. Investment Property €/000 11,961

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

In thousands of euros	
Opening balance as of 1 January 2015	11,961
Fair value adjustment	
Balance as of 31 March 2016	**11,961**

During the quarter, no indicators of changes in fair value were identified, and therefore the carrying amount determined for the 2015 Financial Statements, with the assistance of a specific appraisal by an independent expert, was confirmed. The expert evaluated the "Fair value less cost of disposal" using a market approach (as provided for by IFRS 13). This analysis identified the total value of the investment as €/000 11,961. The Group uses the "fair value model" as provided for by IAS 40.

19. Deferred tax assets €/000 56,587

Deferred tax assets and liabilities are recognised at their net value when they may be offset in the same tax jurisdiction.
These totalled €/000 56,587 compared to €/000 56,434 as of 31 December 2015.

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

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

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

Deferred tax assets and liabilities were determined applying the tax rate in effect in the year when temporary differences occur.

20. Inventories €/000 258,495

This item comprises:

	As of 31 March 2016	**As of 31 December 2015**	**Change**
In thousands of euros			
Raw materials and consumables	134,751	101,082	33,669
Provision for bad debt	(12,986)	(12,590)	(396)
Net value	*121,765*	*88,492*	33,273
Work in progress and semifinished products	17,747	18,873	(1,126)
Provision for bad debt	(852)	(852)	0
Net value	*16,895*	*18,021*	(1,126)
Finished products and goods	142,493	129,106	13,387
Provision for bad debt	(22,743)	(22,871)	128
Net value	*119,750*	*106,235*	13,515
Advances	85	64	21
Total	**258,495**	**212,812**	**45,683**

21. Current and non-current trade receivables €/000 109,220

As of 31 March 2016 and 31 December 2015, there are no trade receivables in non-current assets. Those included in current assets amount to €/000 109,220 compared to €/000 80,944 as of 31 December 2015.

Their breakdown was as follows:

	As of 31 March 2016	As of 31 December 2015	Change
In thousands of euros			
Trade receivables due from customers	108,203	79,794	28,409
Trade receivables due from JV	996	1,136	(140)
Trade receivables due from associates	21	14	7
Total	**109,220**	**80,944**	**28,276**

Receivables due from joint venues refer to amounts due from Zongshen Piaggio Foshan Motorcycle Co.

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

The item Trade receivables comprises receivables referring to normal sale transactions, recorded net of a provision for bad debt of €/000 27,758.

The Group sells, on a rotating basis, a large part of its trade receivables with and without recourse. Piaggio has signed contracts with some of the most important Italian and foreign factoring companies as a move to optimise the monitoring and the management of its trade receivables, besides offering its customers an instrument for funding their own inventories, for factoring classified as without the substantial transfer of risks and benefits. On the contrary, for factoring without recourse, contracts have been formalised for the substantial transfer of risks and benefits.

As of 31 March 2016, trade receivables still due sold without recourse totalled €/000 113,580.

Of these amounts, Piaggio received payment prior to natural expiry of €/000 103,257.

As of 31 March 2016, advance payments received from factoring companies and banks, for trade receivables sold with recourse totalled €/000 16,966 with a counter entry recorded in current liabilities.

22. Other current and non-current receivables **€/000 42,725**

Other non-current receivables totalled €/000 13,123 against €/000 13,419 as of 31 December 2015, whereas other current receivables totalled €/000 29,602 compared to €/000 29,538 as of 31 December 2015. They consist of:

	As of 31 March 2016	As of 31 December 2015	Change
In thousands of euros			
Other non-current receivables:			
Sundry receivables due from associates	153	153	0
Prepaid expenses	10,746	10,975	(229)
Advances to employees	53	58	(5)
Security deposits	925	977	(52)
Receivables due from others	1,246	1,256	(10)
Total non-current portion	**13,123**	**13,419**	**(296)**

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

	As of 31 March 2016	As of 31 December 2015	Change
In thousands of euros			
Other current receivables:			
Sundry receivables due from the parent company	8,020	7,959	61
Sundry receivables due from JV	884	873	11
Sundry receivables due from associates	52	47	5
Accrued income	1,184	966	218
Prepaid expenses	6,883	3,946	2,937
Advance payments to suppliers	1,472	1,237	235
Advances to employees	240	2,440	(2,200)
Fair value of derivatives	678	647	31
Security deposits	249	250	(1)
Receivables due from others	9,940	11,173	(1,233)
Total current portion	**29,602**	**29,538**	**64**

Receivables due from the Parent Company refer to the recognition of accounting effects relating to the transfer of taxable bases pursuant to the Group Consolidated Tax Convention.
Receivables due from joint venues refer to amounts due from Zongshen Piaggio Foshan Motorcycle Co.
Receivables due from affiliated companies regard amounts due from Immsi Audit.
The item Fair Value of hedging derivatives comprises the fair value of hedging transactions on the exchange risk on forecast transactions recognised on a cash flow hedge basis.

23. Current and non-current tax receivables **€/000 38,555**

Receivables due from tax authorities consist of:

	As of 31 March 2016	As of 31 December 2015	Change
In thousands of euros			
VAT receivables	28,963	18,166	10,797
Income tax receivables	7,888	7,727	161
Other tax receivables	1,704	1,125	579
Total tax receivables	**38,555**	**27,018**	**11,537**

Non-current tax receivables totalled €/000 5,534, compared to €/000 5,477 as of 31 December 2015, while current tax receivables totalled €/000 33,021 compared to €/000 21,541 as of 31 December 2015.

24. Assets held for sale **€/000 0**

As of 31 March 2016, there were no assets held for sale.

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

As of 31 March 2016, there were no receivables due after 5 years.

26. Current and non-current trade payables **€/000 414,005**

As of 31 March 2016 and as of 31 December 2015 no trade payables were recorded under non-current liabilities. Those included in current liabilities totalled €/000 414,005, against €/000 380,363 as of 31 December 2015.

	As of 31 March 2016	As of 31 December 2015	Change
In thousands of euros			
Amounts due to suppliers	402,626	370,255	32,371
Trade payables to JV	10,633	9,311	1,322
Trade payables due to other related parties	14	29	(15)
Amounts due to parent companies	732	768	(36)
Total	**414,005**	**380,363**	**33,642**
Of which reverse factoring	*153,352*	*147,341*	*6,011*

27. Provisions (current and non-current portion) **€/000 19,350**

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

	As of 31 December 2015	Allocations	Applications	Delta exchange rate	**As of 31 March 2016**
In thousands of euros					
Provision for product warranties	11,445	1,931	(1,790)	(93)	11,493
Provision for contractual risks	3,913	2		(1)	3,914
Provision for litigation	2,107			(24)	2,083
Provisions for guarantee risks	58				58
Other provisions for risks	1,840	155	(175)	(18)	1,802
Total	**19,363**	**2,088**	**(1,965)**	**(136)**	**19,350**

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

	As of 31 March 2016	**As of 31 December 2015**	**Change**
In thousands of euros			
Non-current portion:			
Provision for product warranties	3,845	3,173	672
Provision for contractual risks	3,914	3,913	1
Provision for litigation	1,509	1,509	0
Other provisions for risks and charges	984	989	(5)
Total non-current portion	**10,252**	**9,584**	**668**

	As of 31 March 2016	**As of 31 December 2015**	**Change**
In thousands of euros			
Current portion:			
Provision for product warranties	7,648	8,272	(624)
Provision for contractual risks			
Provision for litigation	574	598	(24)
Provisions for guarantee risks	58	58	0
Other provisions for risks and charges	818	851	(33)
Total current portion	**9,098**	**9,779**	**(681)**

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

The provision increased during the period by €/000 1,931 and was used for €/000 1,790 in relation to charges incurred during the period.

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

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

28. Deferred tax liabilities **€/000 4,120**

Deferred tax liabilities amount to €/000 4,120 compared to €/000 4,369 as of 31 December 2015.

29. Retirement funds and employee benefits **€/000 51,928**

	As of 31 March 2016	As of 31 December 2015	Change
In thousands of euros			
Retirement funds	791	782	9
Termination benefits provision	51,137	48,696	2,441
Total	**51,928**	**49,478**	**2,450**

Retirement funds comprise provisions for employees allocated by foreign companies and additional customer indemnity provisions, which represent the compensation due to agents in the case of the agency contract being terminated for reasons beyond their control. Uses refer to the payment of benefits already accrued in previous years, while allocations refer to benefits accrued in the period.
The item "Termination benefits provision", comprising severance pay of employees of Italian companies, includes termination benefits indicated in defined benefit plans.
The economic/technical assumptions used by Group companies operating in Italy to discount the value are shown in the table below:

- Technical annual discount rate 1.39%

- Annual rate of inflation 1.50% for 2016
  1.80% for 2017
  1.70% for 2018
  1.60% for 2019
  2.00% from 2020 onwards

• Annual rate of increase in termination benefits	2.625% for 2016
	2.850% for 2017
	2.775% for 2018
	2.700% for 2019
	3.000% from 2020 onwards

As regards the discount rate, the Group has decided to use the iBoxx Corporates AA rating with a 10+ duration as the valuation reference.

If instead an iBoxx Corporates A rating with a 10+ duration had been used, the value of actuarial losses and the provision as of 31 March 2016 would have been lower by € 1,762,000.
The table below shows the effects, in absolute terms, as of 31 March 2016, which would have occurred following changes in reasonably possible actuarial assumptions:

	Provision for termination benefits
	In thousands of euros
Turnover rate +2%	50,431
Turnover rate -2%	51,983
Inflation rate + 0.25%	51,882
Inflation rate - 0.25%	50,365
Discount rate + 0.50%	48,759
Discount rate - 0.50%	53,667

The average financial duration of the bond ranges from 10 to 31 years.

Estimated future amounts are equal to:

Year	Future amounts
	In thousands of euros
1	3,425
2	2,910
3	1,314
4	4,652
5	4,892

30. Current and non-current tax payables **€/000 6,162**

"Tax payables" included in current liabilities totalled €/000 6,162, against €/000 14,724 as of 31 December 2015. As of 31 March 2016 and as of 31 December 2015 no tax payables were recorded under non-current liabilities.

Their breakdown was as follows:

	As of 31 March 2016	As of 31 December 2015	Change
In thousands of euros			
Due for income taxes	1,621	7,479	(5,858)
Due for non-income tax	69	38	31
Tax payables for:			
- VAT	1,361	1,833	(472)
- withheld tax at source	2,618	4,799	(2,181)
- other	493	575	(82)
Total	4,472	7,207	(2,735)
Total	**6,162**	**14,724**	**(8,562)**

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

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

31. Other payables (current and non-current) **€/000 56,436**

This item comprises:

	As of 31 March 2016	As of 31 December 2015	Change
In thousands of euros			
Non-current portion:			
Amounts due to employees	93		93
Guarantee deposits	2,113	2,201	(88)
Deferred income	2,074	2,194	(120)
Other payables	227	229	(2)
Total	**4,507**	**4,624**	**(117)**

	As of 31 March 2016	As of 31 December 2015	Change
In thousands of euros			
Current portion:			
Amounts due to employees	19,871	15,632	4,239
Accrued expenses	8,212	6,196	2,016
Deferred income	1,359	1,044	315
Amounts due to social security institutions	5,234	6,781	(1,547)
Fair value of derivatives	752	420	332
Miscellaneous payables to JV	1,548	1,604	(56)
Sundry payables due to associates	30	30	0
Sundry payables due to parent companies	7,058	7,032	26
Other payables	7,865	9,311	(1,446)
Total	**51,929**	**48,050**	**3,879**

Amounts due to employees include the amount for holidays accrued but not taken of €/000 9,852 and other payments to be made for €/000 10,112.

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

The item Fair Value of hedging derivatives refers to the fair value of designated hedging derivatives on the exchange risk on forecast transactions recognised on a cash flow hedge basis.

The item Accrued liabilities includes €/000 1,057 for interest on hedging derivatives and relative hedged items measured at fair value.

32. Payables due after 5 years

The Group has funding in place with a maturity of over 5 years.

With the exception of the above payables, no other long-term payables due after five years exist.

E) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

33. Investments €/000 9,529

The investments heading comprises:

	As of 31 March 2016	As of 31 December 2015	Change
In thousands of euros			
Interests in joint ventures	9,350	9,350	0
Investments in affiliated companies	179	179	0
Total	**9,529**	**9,529**	**0**

The value of interests in joint ventures refers to the valuation of the portion of shareholders' equity in the Zongshen Piaggio Foshan Motorcyle Co. joint venture, held by the Group.

34. Other non-current financial assets €/000 21,062

	As of 31 March 2016	As of 31 December 2015	Change
In thousands of euros			
Fair value of derivatives	21,023	24,658	(3,635)
Investments in other companies	39	39	0
Total	**21,062**	**24,697**	**(3,635)**

The item Fair value of hedging derivatives refers to €/000 17,863 from the fair value of the cross currency swap related to a private debenture loan, to €/000 2,947 from the fair value of the cross currency swap related to a medium-term loan of the Indian subsidiary and to €/000 213 from the cross currency swap relative to a medium-term loan of the Vietnamese subsidiary.

35. Other current financial assets €/000 2,073

	As of 31 March 2016	As of 31 December 2015	Change
In thousands of euros			
Fair value of derivatives	2,073	2,176	(103)
Total	**2,073**	**2,176**	**(103)**

This item refers to €/000 1,931 relative to the short-term portion of the fair value of cross currency swaps for medium-term loans of the Indian subsidiary and €/000 142 for the short-term portion of the cross currency swap for the medium-term loan of the Vietnamese subsidiary.

36. Cash and cash equivalents €/000 98,500

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

	As of 31 March 2016	As of 31 December 2015	Change
In thousands of euros			
Bank and post office deposits	98,431	95,913	2,518
Cheques	1	1	0
Cash and assets in hand	68	50	18
Securities		5,464	(5,464)
Total	**98,500**	**101,428**	**(2,928)**

The item Securities as of 31 December 2015 refers to deposit agreements entered into by the Indian affiliate to effectively use temporary liquidity.

Reconciliation of cash and cash equivalents recognised in the statement of financial position as assets with cash and cash equivalents recognised in the Statement of Cash Flows

The table below reconciles the amount of cash and cash equivalents above with cash and cash equivalents recognised in the Statement of Cash Flows.

	As of 31 March 2016	As of 31 March 2015	Change
In thousands of euros			
Liquidity	98,500	96,846	1,654
Current account overdrafts	(7,201)	(14,099)	6,898
Closing balance	**91,299**	**82,747**	**8,552**

37. Current and non-current financial liabilities €/000 675,669

During 2016, the Group's total debt increased by €/000 49,383. Total financial debt of the Group, net of the fair value measurement of financial derivatives to hedge foreign exchange risk and interest rate risk and adjustment of relative hedged items, as of 31 March 2016, increased by €/000 53,300.

	Financial liabilities as of 31 March 2016			Financial liabilities as of 31 December 2015			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
In thousands of euros									
Gross financial debt	131,364	521,487	652,851	102,865	496,686	599,551	28,499	24,801	53,300
Fair value adjustment	2,594	20,224	22,818	3,030	23,705	26,735	(436)	(3,481)	(3,917)
Total	**133,958**	**541,711**	**675,669**	**105,895**	**520,391**	**626,286**	**28,063**	**21,320**	**49,383**

Net financial debt of the Group amounted to €/000 554,351 as of 31 March 2016 compared to €/000 498,123 as of 31 December 2015.

This increase was mainly due to the seasonal effect of the two-wheeler market which, as is well-known, uses resources in the first part of the year and generates them in the second half. Indeed, compared to 31 March 2015, the Group's net financial debt was reduced by around €/000 14,066.

	As of 31 March 2016	**As of 31 December 2015**	**Change**
In thousands of euros			
Liquidity	**98,500**	**101,428**	**(2,928)**
Securities			0
Current financial receivables	**0**	**0**	**0**
Payables due to banks	(71,212)	(47,978)	(23,234)
Current portion of bank borrowings	(42,828)	(39,211)	(3,617)
Amounts due to factoring companies	(16,966)	(15,321)	(1,645)
Amounts due under leases	(32)	(31)	(1)
Current portion of payables due to other lenders	(326)	(324)	(2)
Current financial debt	**(131,364)**	**(102,865)**	**(28,499)**
Net current financial debt	**(32,864)**	**(1,437)**	**(31,427)**
Payables due to banks and lenders	(230,454)	(205,363)	(25,091)
Debenture loan	(290,177)	(290,139)	(38)
Amounts due under leases	(171)	(179)	8
Amounts due to other lenders	(685)	(1,005)	320
Non-current financial debt	**(521,487)**	**(496,686)**	**(24,801)**
NET FINANCIAL DEBT*	**(554,351)**	**(498,123)**	**(56,228)**

***** Pursuant to Consob Communication of 28 July 2006 and in compliance with the recommendation of the CESR of 10 February 2005 "Recommendation for the consistent implementation of the European Commission's Regulation on Prospectuses". The indicator does not include financial assets and liabilities arising from the fair value measurement, derivative financial instruments used as hedging and not used as such, the fair value adjustment of relative hedged items equal to €/000 22,818 and relative accruals.

Non-current financial liabilities totalled €/000 521,487 against €/000 496,686 as of 31 December 2015, whereas current financial liabilities totalled €/000 131,364 compared to €/000 102,865 as of 31 December 2015.

The attached tables summarise the breakdown of financial debt as of 31 March 2016 and as of 31 December 2015, as well as changes for the period.

In thousands of euros	**Accounting balance as of 31/12/2015**	Repayments	New issues	Reclassification to the current portion	Exchange delta	Other changes	**Accounting balance as of 31/03/2016**
Non-current portion:							
Bank borrowings	205,363		40,714	(14,935)	(778)	90	230,454
Bonds	290,139					38	290,177
Other medium-/long-term loans:							
of which leases	179			(8)			171
of which amounts due to other lenders	1,005			(317)	(3)		685
Total other loans	*1,184*	*0*	*0*	*(325)*	*(3)*	*0*	*856*
Total	**496,686**	**0**	**40,714**	**(15,260)**	**(781)**	**128**	**521,487**

In thousands of euros	**Accounting balance as of 31/12/2015**	Repayments	New issues	Reclassification from the non-current portion	Exchange delta	Other changes	**Accounting balance as of 31/03/2016**
Current portion:							
Current account overdrafts	126		7,075				7,201
Short-term bank payables	47,852		17,434		(1,275)		64,011
Payables due to factoring companies	15,321		1,645				16,966
Current portion of medium-/long-term loans:							
of which leases	31	(7)		8			32
of which due to banks	39,211	(15,238)	4,286	14,935	(350)	(16)	42,828
of which amounts due to other lenders	324	(315)		317			326
Total other loans	*39,566*	*(15,560)*	*4,286*	*15,260*	*(350)*	*(16)*	*43,186*
Total	**102,865**	**(15,560)**	**30,440**	**15,260**	**(1,625)**	**(16)**	**131,364**

Medium and long-term bank debt amounts to €/000 273,282 (of which €/000 230,454 non-current and €/000 42,828 current) and consists of the following loans:

- a €/000 43,636 medium-term loan from the European Investment Bank to finance Research & Development investments planned for the 2013-2015 period. The loan will fall due in December 2019 and has an amortisation quota of 11 six-monthly instalments at a fixed rate of 2.723%. Contract terms require covenants (described below);
- a €/000 29,900 (of a nominal value of €/000 30,000) medium-term loan from the European Investment Bank (for a total value of 70,000 to leverage by the end of 2016) to finance Research & Development investments planned for the 2016-2018 period. The loan

will fall due in February 2023 and has an amortisation quota of 7 fixed-rate annual instalments. Contract terms require covenants (described below);

- a €/000 128,440 (of the nominal value of €/000 130,000) syndicated loan agreement signed in July 2014 for €/000 220,000 and increased in April 2015 by €/000 30,000. This overall loan of €/000 250,000 comprises a €/000 175,000 four-year tranche as a revolving credit line of which a nominal value of €/000 55,000 had been used as of 31 March 2016 and a tranche as a five-year loan with amortisation of €/000 75,000 which has been wholly disbursed. Contract terms require covenants (described below);
- a €/000 19,992 (of a nominal value of €/000 20,000) loan granted by the Banco Popolare and undersigned in July 2015. This loan comprises a tranche maturing in January 2017 of €/000 10,000, granted as a revolving credit line of which a nominal value of €/000 10,000 had been used as of 31 March 2016, and a tranche as a three-year loan with amortisation of €/000 10,000 which has been wholly disbursed;
- a €/000 24,951 (of the nominal value of €/000 25,000) medium-term loan granted by Banca Popolare Emilia Romagna in June 2015. The loan matures on 5 June 2019 and will be repaid with an amortisation plan with six-monthly instalments as from 31 December 2016;
- a €/000 4,981 medium-term loan for USD/000 8,436 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 schedule of six-monthly instalments as from January 2014. Contract terms include a guarantee of the Parent Company and some covenants (described below). Cross currency swaps have been taken out on this loan to hedge the exchange risk and interest rate risk;
- a €/000 10,128 medium-term loan for USD/000 13,869 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 schedule of six-monthly instalments from July 2015. Contract terms include a guarantee of the Parent Company and some covenants (described below). Cross currency swaps have been taken out on this loan to hedge the exchange risk and interest rate risk;
- a €/000 9,158 medium-term loan for USD/000 10,922 granted by International Finance Corporation to the affiliate Piaggio Vietnam with interest accruing at a variable rate. The loan will fall due on 15 July 2018 and has an amortisation schedule of six-monthly instalments from July 2014. Contract terms include a guarantee of the Parent Company and some covenants (described below). Cross currency swaps have been taken out on this loan to hedge the exchange risk and interest rate risk;
- €/000 1,796 of loans from various banks pursuant to Italian Law no. 346/88 on subsidised applied research;
- a €/000 300 eight-year subsidised loan from ICCREA in December 2008 granted under Italian Law 100/90.

All the above financial liabilities are unsecured.

The item Bonds for €/000 290,177 (nominal value of €/000 301,799) refers to:

- a €/000 51,607 private debenture loan (nominal value of €/000 51,799) (US Private Placement) issued on 25 July 2011 for $/000 75,000, wholly undersigned by an American institutional investor, payable in 5 annual instalments from July 2017, with a six-monthly coupon. As of 31 March 2016 the fair value measurement of the debenture loan was equal to €/000 69,044 (the fair value is determined based on IFRS relative to fair value hedging). A Cross Currency Swap has been taken out on this debenture loan to hedge the exchange risk and interest rate risk;
- €/000 238,570 (nominal value of €/000 250,000) related to a high-yield debenture loan issued on 24 April 2014 for a nominal amount of €/000 250,000, maturing on 30 April 2021 and with a semi-annual coupon with fixed annual nominal rate of 4.625%. Standard & Poor's and Moody's assigned a B+ rating with a stable outlook and a B1 rating with a stable outlook respectively.

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

Medium-/long-term payables due to other lenders equal to €/000 1,214 of which €/000 856 due after the year and €/000 358 as the current portion, are detailed as follows:

- a financial lease for €/000 203 granted by VFS Servizi Finanziari for the use of vehicles;
- subsidised loans for a total of €/000 951 provided by the Italian Ministry of Economic Development and Italian Ministry of Education, University and Research using regulations to encourage exports and investments in research and development (non-current portion of €/000 637);
- a loan of €/000 60 from BMW finance for the purchase of cars (non-current portion equal to €/000 48).

Financial advances received from factoring companies and banks, on the sale of trade receivables with recourse, totalled €/000 16,966.

Covenants

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

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

The measurement of financial covenants and other contract commitments is monitored by the Group on an ongoing basis. According to results as of 31 December 2015, all covenants had been fully met.

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

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

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

Financial instruments

Exchange Risk

The Group operates in an international context where transactions are conducted in currencies different from Euro. This exposes the Group to risks arising from exchange rates fluctuations. The Company has adopted an exchange rate risk management policy which aims to neutralise the possible negative effects of the changes in exchange rates on company cash-flows.

This policy analyses:

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

As of 31 March 2016, the Group had forward purchase contracts (recognised based on the settlement date):

Company	Operation	Currency	Amount in currency	Value in local currency (forward exchange rate)	Average maturity
			In thousands	*In thousands*	
Piaggio & C.	Purchase	CNY	88,800	12,099	25/04/2016
Piaggio & C.	Purchase	GBP	600	762	29/06/2016
Piaggio & C.	Purchase	JPY	255,000	2,009	06/04/2016
Piaggio & C.	Purchase	SEK	14,100	1,527	29/04/2016
Piaggio & C.	Purchase	USD	11,981	10,769	15/04/2016
Piaggio & C.	Sale	CAD	3,410	2,252	07/05/2016
Piaggio & C.	Sale	CNY	14,000	1,926	15/04/2016
Piaggio & C.	Sale	GBP	950	1.207	29/06/2016
Piaggio & C.	Sale	INR	77,000	1,017	29/04/2016
Piaggio & C.	Sale	SEK	16,900	1,815	09/05/2016
Piaggio & C.	Sale	USD	4,690	4,218	10/05/2016
Piaggio Group Americas	Purchase	CAD	2,245	1,673	19/05/2016
Piaggio Group Americas	Sale	€	415	370	08/06/2016
Piaggio Vespa BV	Sale	USD	7,339	6,740	30/06/2016
Piaggio Indonesia	Purchase	€	4,616	70,379,072	20/05/2016
Piaggio Indonesia	Sale	USD	1,179	15,552,971	15/04/2016
Piaggio Vehicles Private Limited	Purchase	€	500	37,815	29/04/2016
Piaggio Vehicles Private Limited	Sale	€	2,556	193,770	18/05/2016
Piaggio Vehicles Private Limited	Sale	USD	3,469	232,990	10/05/2016

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

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

As of 31 March 2016, the Group had the following transactions to hedge the exchange risk:

Company	**Operation**	**Currency**	**Amount in currency**	**Value in local currency (forward exchange rate)**	**Average maturity**
			In thousands	*In thousands*	
Piaggio & C.	Purchase	CNY	188,000	25,975	22/07/2016
Piaggio & C.	Sale	GBP	5,630	7,971	24/07/2016

To hedge the economic exchange risk alone, cash flow hedging is adopted with the effective portion of profits and losses recognised in a specific shareholders' equity reserve. Fair value is determined based on market quotations provided by main traders.

As of 31 March 2016 the total fair value of instruments to hedge the exchange risk accounted for on a cash flow hedge basis was equal to €/000 -74.

Interest rate risk

This risk arises from fluctuating interest rates and the impact this may have on future cash flows arising from financial assets and liabilities. The Group regularly measures and controls its exposure to interest rates changes and manages such risks also resorting to derivative instruments, mainly Interest Rate Swaps and Cross Currency Swaps, as established by its own management policies.

As of 31 March 2016, the following hedging derivatives were in use:

- a Cross Currency Swap to hedge the private debenture loan issued by the Parent Company for a nominal amount of $/000 75,000. The purpose of the instrument is to hedge both the exchange risk and interest rate risk, turning the loan from US dollars to euro, and from a fixed rate to a variable rate; the instrument is accounted for on a fair value hedge basis, with effects arising from the measurement recognised in profit or loss. As of 31 March 2016, the fair value of the instrument was equal to €/000 17,863. The net economic effect arising from the recognition of the instrument and underlying private debenture loan is equal to €/000 618;
- a Cross Currency Swap to hedge the loan related to the Indian subsidiary for $/000 8,436 granted by International Finance Corporation. The purpose of the instrument is to hedge the exchange risk and interest rate risk, turning the loan from US dollars to Indian Rupees,

and approximately half of the nominal value from a variable rate to a fixed rate. As of 31 March 2016 the fair value of the instrument was equal to €/000 2,507.

- a Cross Currency Swap to hedge the loan related to the Indian subsidiary for $/000 13,869 granted by International Finance Corporation. The purpose of the instrument is to hedge the exchange risk and interest rate risk, turning the loan from US dollars to Indian Rupees, without changing the variable nature of the interest rate. As of 31 March 2016 the fair value of the instrument was equal to €/000 2,371;
- a Cross Currency Swap to hedge a loan relative to the Vietnamese subsidiary for $/000 10,922 granted by International Finance Corporation. The purpose of the instrument is to hedge the exchange risk and partially hedge the interest rate risk, turning the loan from US dollars at a variable rate into Vietnamese Dong at a fixed rate, except for a minor portion (24%) at a variable rate. As of 31 March 2016, the fair value of the instrument was positive by €/000 355.

As of 31 March 2016, the Group had a cross currency swap relative to the Indian subsidiary to hedge the intercompany loan of €/000 5,000 granted by the Parent Company. The purpose of the instrument is to hedge the exchange risk and interest rate risk, turning the loan from Euros to Indian Rupees and from a variable to a fixed rate. Based on hedge accounting principles, this derivative is classified as non-hedging and therefore is measured at fair value with measurement effects recognised in profit or loss. As of 31 March 2016, the fair value of the instrument was equal to €/000 -602.

	FAIR VALUE
Piaggio & C. S.p.A.	
Cross Currency Swap	17,863
Piaggio Vehicles Private Limited	
Cross Currency Swap	4,878
Cross Currency Swap	(602)
Piaggio Vietnam	
Cross Currency Swap	355

F) INFORMATION ON SHAREHOLDERS' EQUITY

38. Share capital and reserves €/000 396,594

For the composition of shareholders' equity, please refer to the Statement of Changes in Consolidated Stockholders' Equity. The following describes some of the most significant items.

Share capital €/000 207,614

During the period, the nominal share capital of Piaggio & C. did not change.

Therefore, as of 31 March 2016, the nominal share capital of Piaggio & C., fully subscribed and paid up, was equal to € 207,613,944.37, divided into 361,208,380 ordinary shares.

Treasury shares €/000 (3,705)

During the quarter, 1,880,000 treasury shares were acquired. Therefore, as of 31 March 2016, Piaggio & C. held 1,896,000 treasury shares, equal to 0.005249% of the share capital.

Shares in circulation and treasury shares

no. of shares	2016	2015
Situation as of 1 January		
Shares issued	361,208,380	363,674,880
Treasury shares in portfolio	16,000	2,466,500
Shares in circulation	361,192,380	361,208,380
Movements for the period		
Cancellation of treasury shares		(2,466,500)
Purchase of treasury shares	1,880,000	16,000
Situation as of 31 March 2016 and 31 December 2015		
Shares issued	361,208,380	361,208,380
Treasury shares in portfolio	1,896,000	16,000
Shares in circulation	359,312,380	361,192,380

In April, the Parent Company acquired 75,000 treasury shares. Therefore at the time of going to press, Piaggio & C. S.p.A. held 1,971,000 treasury shares, equal to 0.5457% of the share capital.

Share premium reserve €/000 7,171

The share premium reserve as of 31 March 2016 was unchanged compared to 31 December 2015.

Legal reserve €/000 17,643

The legal reserve as of 31 March 2016 was unchanged compared to 31 December 2015.

Financial instruments' fair value reserve €/000 (863)

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

Dividends €/000 17,962

The Shareholders Meeting of Piaggio & C. S.p.A. of 14 April 2016 resolved to distribute a dividend of 5.0 eurocents per ordinary share. During April this year, therefore, dividends were distributed to a total value of €/000 17,962. During 2015, dividends totalling €/000 26,007 were paid.

	Total amount		Dividend per share	
	2016	2015	2016	2015
	€/000	€/000	€	€
Authorised and paid[8]	17,962	26,007	0.05	0.072

Earnings reserve €/000 193,340

Capital and reserves of non-controlling interest €/000 (254)

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

[8] At the date of approval of the report.

39. Other Comprehensive Income (Expense) €/000 (5,284)

The figure is broken down as follows:

	Reserve for measurement of financial instruments	Group conversion reserve	Earnings reserve	Group total	Share capital and reserves attributable to non-controlling interests	Total other comprehensive income (expense)
In thousands of euros						
As of 31 March 2016						
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit plans			(2,110)	(2,110)		(2,110)
Total	0	0	(2,110)	(2,110)	0	(2,110)
Items that may be reclassified to profit or loss						
Total translation gains (losses)		(2,885)		(2,885)	(12)	(2,897)
Total gains (losses) on cash flow hedges	(277)			(277)		(277)
Total	(277)	(2,885)	0	(3,162)	(12)	(3,174)
Other Comprehensive Income (Expense)	**(277)**	**(2,885)**	**(2,110)**	**(5,272)**	**(12)**	**(5,284)**
As of 31 March 2015						
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit plans			(1,313)	(1,313)		(1,313)
Total	0	0	(1,313)	(1,313)	0	(1,313)
Items that may be reclassified to profit or loss						
Total translation gains (losses)		7,988		7,988	28	8,016
Total gains (losses) on cash flow hedges	2,415			2,415		2,415
Total	2,415	7,988	0	10,403	28	10,431
Other Comprehensive Income (Expense)	**2,415**	**7,988**	**(1,313)**	**9,090**	**28**	**9,118**

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

	As of 31 March 2016			**As of 31 March 2015**		
	Gross value	Tax (expense) / benefit	Net value	Gross value	Tax (expense) / benefit	Net value
In thousands of euros						
Remeasurements of defined benefit plans	(2,775)	665	(2,110)	(1,797)	484	(1,313)
Total translation gains (losses)	(2,897)		(2,897)	8,016		8,016
Total gains (losses) on cash flow hedges	(261)	(16)	(277)	2,473	(58)	2,415
Other Comprehensive Income (Expense)	**(5,933)**	**649**	**(5,284)**	**8,692**	**426**	**9,118**

G) OTHER INFORMATION

40. Information on related parties

The main business and financial relations of Group companies with related parties have already been described in the specific paragraph in the Report on Operations to which reference is made here. To supplement this information, the following table provides an indication by company of outstanding items as of 31 March 2016, as well as their contribution to the respective headings.

Relations with Parent Companies

Piaggio & C. S.p.A. is controlled by the following companies:

Designation	Registered office	Type	% of ownership As of 31 March 2016	% of ownership As of 31 December 2015
IMMSI S.p.A.	Mantova - Italy	Direct parent company	50.0621	50.0621
Omniaholding S.p.A.	Mantova - Italy	Final parent company	0.0443	0.0277

Piaggio & C. S.p.A. is subject to the management and coordination of IMMSI S.p.A. pursuant to article 2497 et seq. of the Italian Civil Code. During the period, this management and coordination concerned the following activities:

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

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

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

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

In 2013, for a further three years, the Parent Company signed up to the National Consolidated Tax Mechanism pursuant to articles 117-129 of the Consolidated Income Tax Act (T.U.I.R) of which IMMSI S.p.A. is the consolidating company, and to whom other IMMSI Group companies report to. The consolidating company determines a single global income equal to the algebraic sum of taxable amounts (income or loss) realised by individual companies that opt for this type of group taxation.

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

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

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

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

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

Transactions with Piaggio Group companies

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

Piaggio & C. S.p.A.

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

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

- sells components to:

- Piaggio Vehicles Private Limited
- Piaggio Vietnam

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

- Piaggio Vehicles Private Limited
- Piaggio Vietnam

- provides support services for scooter and engine industrialisation to:

- Piaggio Vehicles Private Limited
- Piaggio Vietnam

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

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

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

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

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

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

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

Piaggio Indonesia and Piaggio Group Japan

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

Piaggio France, Piaggio Deutschland, Piaggio Limited, Piaggio España and Piaggio Vespa

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

Piaggio Asia Pacific

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

Piaggio Group Canada

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

Foshan Piaggio Vehicles Technologies R&D provides to:

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

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

- Piaggio Vietnam:

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

Piaggio Advanced Design Center:

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

Aprilia Racing provides to Piaggio & C. S.p.A.:

- a racing team management service;
- vehicle design service to Piaggio & C..

Atlantic 12

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

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

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

Piaggio & C. S.p.A.

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

Foshan Piaggio Vehicles Technologies R&D

- sells vehicles to Zongshen Piaggio Foshan Motorcycle Co. Ltd. for sale on the Chinese market.

Zongshen Piaggio Foshan Motorcycle Co. Ltd

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

In thousands of euros	Fondazione Piaggio	Zongshen Piaggio Foshan	IMMSI Audit	Studio Girelli	Trevi	Omniaholding	IMMSI	**Total**	**% of accounting item**
Income statement									
Revenues from sales		336						**336**	**0.11%**
Costs for materials		7,450						**7,450**	**4.15%**
Costs for services			220	9	5		306	**540**	**1.07%**
Insurance							12	**12**	**1.28%**
Leases and rentals						48	340	**388**	**8.99%**
Other operating income		172	6				13	**191**	**0.83%**
Other operating costs							5	**5**	**0.13%**
Borrowing costs						34		**34**	**0.37%**
Assets									
Other non-current receivables	153							**153**	**1.17%**
Current trade receivables		996	21					**1,017**	**0.93%**
Other current receivables		884	52				8,020	**8,956**	**30.25%**
Liabilities									
Financial liabilities falling due after one year							2,900	**2,900**	**0.54%**
Current trade payables		10,633		9	5	39	693	**11,379**	**2.75%**
Other current payables	30	1,548					7,058	**8,636**	**16.63%**

41. Significant non-recurring events and operations

During 2015 and the first quarter 2016, there were no significant non-recurring transactions.

42. Transactions arising from atypical and/or unusual operations

During the first quarter of 2015 and 2016, the Group did not record any significant atypical and/or unusual operations, as defined by CONSOB Communication no. DEM/6037577 of 28 April 2006 and no. DEM/6064293 of 28 July 2006.

43. Events occurring after the end of the period

18 April 2016 - The Piaggio Medley was launched on the European market, already introduced on the Vietnamese market on 17 March. Medley combines the benefits of an agile, lightweight vehicle with all the advantages of a high-wheeled scooter, superior in terms of technology, performance, size and weight. Equipped with the highest performing model of Piaggio's new four-valve liquid-cooled iGet engine, the Medley is available as 125cc and 150cc and equipped with a Start & Stop system.

44. Authorisation for publication

This document was published on 10 May 2016, authorised by the Chairman and Chief Executive Officer.

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In accordance with paragraph 2 of article 154 *bis* of the Consolidated Finance Act, the Executive in Charge of Financial Reporting, Alessandra Simonotto, states that the accounting information in this document is consistent with the accounts.

Mantova, 2 May 2016

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