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

Interim Report on Operations

31 March 2016

This Interim Report on Operations is a translation provided only for the convenience of foreign readers. The Italian version will prevail.

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This document was approved by the Board of Directors of Immsi S.p.A. on 3 May 2016 and is available for the public to consult at the Registered Office of the Company, on the website of the Borsa Italiana S.p.A. www.borsaitaliana.it, in the centralised storage system www.emarketstorage.com and on the Issuer's website www.immsi.it (section: "Investors/Financial reports/2016") starting from 13 May 2016

COMPANY BOARDS

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

BOARD OF DIRECTORS

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

BOARD OF STATUTORY AUDITORS

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

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.	2012 - 2020

GENERAL MANAGER

Michele Colaninno

In accordance with the principles of Corporate Governance recommended by the Corporate Governance Code, and with Legislative Decree no. 231/01, the Board of Directors has established the following bodies:

REMUNERATION COMMITTEE

Daniele Discepolo — ***Chairman***
Giovanni Sala
Rita Ciccone

NOMINATIONS COMMITTEE

Giovanni Sala — ***Chairman***
Daniele Discepolo
Rita Ciccone

INTERNAL CONTROL AND RISK MANAGEMENT COMMITTEE

Daniele Discepolo — ***Chairman***
Giovanni Sala
Rita Ciccone

RELATED-PARTIES COMMITTEE

Giovanni Sala — ***Chairman***
Rita Ciccone
Patrizia De Pasquale

SUPERVISORY BOARD

Marco Reboa — ***Chairman***
Alessandro Lai
Maurizio Strozzi

LEAD INDEPENDENT DIRECTOR

Daniele Discepolo

DEPUTY CHAIRMAN

Michele Colaninno

INTERNAL AUDIT MANAGER

Maurizio Strozzi

FINANCIAL REPORTING OFFICER

Andrea Paroli

INVESTOR RELATIONS

Andrea Paroli

Financial highlights of the Immsi Group

The economy overall is expected to recover globally, although doubts remain about the speed of European growth and the risks of a slowdown in some countries in the Far East. Within this framework, during the first quarter of 2016, the Immsi Group returned revenues substantially in line with the same period in the previous year and operating results generally down, mainly due to the reduced contribution of the property and marine sectors. With reference to the property sector, it should be remembered that in the first quarter of 2015 revenues included for the enforcement of bank guarantees and the definitive withholding of advance payments, revenues that were not repeated in 2016, whilst the marine sector in 2016 is expected to see most production and operating margins concentrated in the second quarter, whereas income was more homogeneous in 2015.
Results for the period have different trends with reference to the sectors comprising the Group, based on the different business trends of the period in question.
For a clearer interpretation, the following is reported on a preliminary basis:

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

- the "industrial sector" includes the companies owned by the Piaggio Group, while while

- the "marine sector" includes Intermarine S.p.A. and other minor subsidiaries or affiliated companies.

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

Immsi Group as at 31 March 2016

In thousands of euros	*Property Sector*	*as a %*	*Industrial Sector*	*as a %*	*Marine Sector*	*as a %*	*Immsi Group*	*as a %*
Net revenues	916		307,061		9,212		317,189	
Operating income before depreciation and amortisation (EBITDA)	-1,447	n/m	37,386	12.2%	-946	-10.3%	34,993	11.0%
Operating income (EBIT)	-1,567	n/m	10,874	3.5%	-1,222	-13.3%	8,085	2.5%
Profit before tax	-5,219	n/m	2,093	0.7%	-2,572	-27.9%	-5,698	-1.8%
Earnings for the period including non-controlling interests	-4,025	n/m	1,256	0.4%	-2,107	-22.9%	-4,876	-1.5%
Group earnings for the period (which may be consolidated)	-2,652	n/m	632	0.2%	-1,331	-14.4%	-3,351	-1.1%
Net debt	-336,005		-554,351		-86,833		-977,189	
Personnel (number)	84		7,074		283		7,441	

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

Immsi Group at 31 March 2015

In thousands of euros	*Property Sector*	*as a %*	*Industrial Sector*	*as a %*	*Marine Sector*	*as a %*	*Immsi Group*	*as a %*
Net revenues	872		302,004		15,495		318,371	
Operating income before depreciation and amortisation (EBITDA)	2,506	n/m	36,320	12.0%	1,808	11.7%	40,634	12.8%
Operating income (EBIT)	2,389	n/m	10,828	3.6%	1,512	9.8%	14,729	4.6%
Profit before tax	-1,241	n/m	1,951	0.6%	54	0.3%	764	0.2%
Earnings for the period including non-controlling interests	-822	n/m	1,171	0.4%	-19	-0.1%	330	0.1%
Group earnings for the period (which may be consolidated)	-382	n/m	601	0.2%	-12	-0.1%	207	0.1%
Net debt	-328,286		-568,417		-99,950		-996,653	
Personnel (number)	80		7,782		293		8,155	

The data in the previous tables refer to results that may be consolidated, i.e. net in particular of revenues and intergroup costs and any dividends of subsidiaries.

Alternative non-GAAP performance measures

This Report contains some measures that, although not indicated by IFRS ("Non-GAAP Measures"), derive from IFRS financial measures.

These parameters – shown to enable the proper assessment of the operating performance of the Group – should not be considered as alternative to IFRS measures and are identical to those of the Annual Report and Financial Statements as at 31 December 2015 and in the quarterly reports of the Immsi Group.

Moreover, the methods for calculating these indicators, as they are not specifically regulated by reference accounting standards, might not be uniform with standards adopted by other entities and therefore these indicators might not be sufficiently comparable.

In particular the following alternative performance measures were used:

- **EBITDA**: or earnings before interest, taxes, depreciation and amortisation. In this regard - as from 31 December 2013 - the definition of EBITDA has been revised, considering it equal to operating income or loss (EBIT) before depreciation, amortisation and impairment costs of plant, property and equipment and intangible assets, as reported in the Income Statement.
- **Net financial debt**: represented by (current and non-current) financial liabilities, minus

cash on hand and other cash and cash equivalents, as well as other (current and non-current) financial receivables. Net financial debt does not include other financial assets and liabilities arising from the fair value measurement of financial derivatives used as hedging and the fair value adjustment of related hedged items. Among the schedules contained in this Report, a table detailing the composition of this indicator is also included. In this respect, in line with the CESR recommendation of 10 February 2005 “Recommendations for the consistent implementation of European Commission Regulation on Prospectuses”, the parameter, as formulated, represents the items and activities monitored by Group management and differs from the recommendations set out in Consob Communication no. 6064293 of 28 July 2006, by inclusion of the non-current portion of financial receivables (actually zero in the two years compared).

Form and content

Italian Legislative Decree 25/2016, implementing the new Transparency Directive, eliminated the requirement for the publication of interim report on operations. The Decree gives Consob the power to regulate further reporting obligations, over and above the Financial Statements and Half-Year Report, only after assessing the impact in the light of the thinking in other EU countries, in most of which the obligation has been abolished for all issuers. Pending a definitive version of the regulatory framework, Circular no.12 dated 15 April 2016 issued by Assonime provided indications to its associates who had decided voluntarily to publish additional information from time to time, over and above the Financial Statements and Interim Report, for the first quarter of 2016 and/or on a continuous basis, recommending that the company clarify the reason for the decision. The decision taken by the Immsi Group to publish information on the first quarter of 2016 is to remain faithful with the past, despite possible changes in the regulatory framework.

The Interim Report on Operations as at 31 March 2016, unaudited, was drafted pursuant to Italian Legislative Decree 58/1998 as amended, and to Consob Regulations on Issuers and includes reclassified consolidated financial statements and notes drawn up adopting the IFRS issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union. The interpretations of the *International Financial Reporting Interpretations Committee* (“IFRIC”) were also taken into account.

In drafting the Interim Report on Operations as at 31 March 2016, the Group adopted the same accounting standards enshrined in the Consolidated Financial Statements as at 31 December 2015 (which should be consulted for any details required), as well as amendments and interpretations introduced by IASB, applicable as from 1 January 2016, none of which significantly impacted on the Financial Statements of the Group. They are summarised below:

- For IAS 16 and IAS 38 – *Clarification of Acceptable Methods of Depreciation and Amortisation*: the amendments deem amortisation based on earnings an inappropriate method. 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 can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.
- IFRS 11 – *Agreements relating to joint control: Reporting the acquisition of equity investments in activities under joint control*: the amendments clarify the accounting procedures for acquisition of holdings in activities under joint control which comprise 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*: this amendment, applicable from 1 January 2016, allows an entity to use the equity method to recognise investments in subsidiaries, joint ventures and associates in the separate financial statements.
- 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: additional information*;
  (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 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 amendment to IAS 19 clarifies that, in determining the discount rate of the obligation arising from the termination of employment, 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 under examination is intended to clarify the aggregation or splitting of financial statements items where the amounts are significant or "materially relevant". In particular, the amended standard requires there to be no aggregation of items with different characteristics or disaggregation that hampers disclosure or interpretation of the financial statements. In addition, the amendment requires headings, partial results and additional items to be shown, including by separation of the items listed in section 54 (Statement of Financial Position) and 82 (Income Statement) of IAS 1, where this significantly contributes to the understanding the statement of the financial position and economic/financial performance of the entity.

At the date of these Financial Statements, the relevant bodies of the European Union have not yet completed the approval process required for the adoption of certain 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 review of accounting standards for financial instruments and issued the full 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 associate or joint venture. The gain or loss is now fully recognised when the transaction relates to a *business*. These changes were to apply with effect from 1 January 2016, however in January 2015, it was decided that the effective date would be postponed until certain inconsistencies with IAS 28 had been resolved.

- 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 January 2016 the IASB published IFRS 16 – *Leases*. The new principle replaces current IAS 17. The main change is in the accounting for the lessee who, based on IAS 17, were required to distinguish between a financial leasing (in the Financial Statements) and an operating leasing (off balance sheet). With IFRS 16 the accounting procedure for operating leasing will be the same as for financial leasing. The IASB has included optional exemption for some rental and leasing contracts of low value and short-term. This principle will apply from 1 January 2019. It may be applied in advance if jointly IFRS 15 – *Revenues from Contracts with Customers* is also adopted.
- In February 2016, the IASB issued an amendment to IAS 12 – *Income taxes*. These changes clarify the accounting procedure for deferred tax credits relating to debt instruments assessed at fair value. These amendments apply from 1 January 2017.
- In February 2016, the IASB issued an amendment to IAS 7 – *Statement of Cash Flows*. These changes to IAS 7 introduce further information enabling users of Financial Statements to assess variations in liabilities arising from loan activities. These amendments 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.

As provided for by Consob communication no. DEM/5073567 of 4 November 2005, the Company has indicated fewer details than required by IAS 34 – Interim Financial Reporting.
The information in this Report should be read together with the Consolidated Financial Statements as at 31 December 2015, drawn up in compliance with IFRS.

The preparation of the Interim Report required the Management to make estimates and assumptions that particularly affect the reported amounts of revenues, expenses, assets and liabilities recorded in the financial statements and disclosure of contingent assets and liabilities at the closing date of the period. If in the future such estimates and assumptions deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances should change. In addition, some evaluative processes, particularly the more complex ones such as the determination of impairment losses on intangible assets, are generally carried out completely only at the time of drawing up the annual financial statements, when all the potentially necessary information is available, saving the cases in which there are indicators of *impairment* that require immediate evaluation of possible losses of value.
This document can include forward-looking statements, regarding future events and operational, economic and financial results of the Immsi Group. Said statements have a certain degree of risk and uncertainty by nature, since they depend on the occurrence of future events and developments. The actual results may differ even significantly compared to the forecast ones, in relation to several factors.

This Interim Report on Operation is expressed in Euros since that is the currency in which most of the Group's transactions take place. Unless stated otherwise, the figures in the financial statements and explanatory notes that follow are expressed in thousands of euros.

The exchange rates used to translate the financial statements of companies included in the scope of consolidation into euros are shown in the following table (data rounded up to 2 decimal places):

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	1.14	1.10	1.09	1.13
Pounds Sterling	0.79	0.77	0.73	0.74
Indian Rupee	75.43	74.43	72.02	70.09
Singapore Dollars	1.53	1.55	1.54	1.53
Chinese Renminbi	7.35	7.21	7.06	7.02
Croatian Kuna	7.53	7.62	7.64	7.68
Japanese Yen	127.9	127.00	131.07	134.12
Vietnamese Dong	25,071.47	24,442.43	24,435.06	23,863.03
Canadian Dollars	1.47	1.51	1.51	1.40
Indonesian Rupiah	15,119.28	14,902.15	15,029.50	14,410.51
Brazilian Real	4.12	4.30	4.31	3.22

The reclassified Income Statement and Statement of Comprehensive Income relative to the first three months of 2016 are set out below, alongside data for the same period in 2015, as well as the reclassified Statement of Financial Position as at 31 March 2016, compared with the situation as at 31 December 2015 and 31 March 2015 and the Statement of Cash Flows as at 31 March 2016 compared with the same period in 2015. Also set out is the Statement of changes in shareholders' equity as at 31 March 2016, compared with figures for the same period in the previous year.

No non-current, atypical or unusual transactions, as defined in Consob Communication no. DEM/6037577 of 28 April 2006 and no. DEM/6064293 of 28 July 2006, were recognised for the first quarter of 2016 and the first quarter of 2015.
The Manager in charge of preparing the Company accounts and documents Andrea Paroli, hereby declares, in accordance with paragraph 2 of article 154-*bis* of the Consolidated Finance Act, that accounting disclosure in this document corresponds to accounting records.

Scope of consolidation

For the purposes of consolidation, use was made of the financial statements as at 31 March 2016 of companies included within the scope of consolidation, modified and reclassified if and as necessary, to bring them into line with international accounting standards and the uniform classification criteria used across the Group. The scope of consolidation includes the companies in which the Parent Company, directly or indirectly, owns more than half of the voting rights exercisable in Shareholders' Meetings, or has the power to control or direct voting rights by means of contractual clauses or clauses in the articles of association, or can appoint the majority of the members of the Boards of Directors. Excluded from the line-by-line consolidation are non-operating controlled companies or those with low operating levels as their influence on the final result of the Group is insignificant.
The scope of consolidation has not changed in relation to 31 December 2015, and the only insignificant change in the consolidated accounting procedure since 31 March 2015 has been as follows:

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

This change has not altered – due to its limited entity – the comparability of the economic and equity data between the two periods, involving only a partial redistribution of the net profit and shareholders equity between the quota relating to the Group and the quota relating to third parties.

Lastly, following the purchase and sale of treasury shares by Piaggio & C. S.p.A., the share of consolidated shareholders' equity of the Piaggio Group, which amounted to 50.33% on 31 March 2016, stood at 50.06% as at 31 December 2015 and 50.59% as at 31 March 2015.

Reclassified consolidated financial statements and relative notes

Reclassified income statement of the Immsi Group

In thousands of euros	*31/03/2016*		*31/03/2015*		*Change*	
Net revenues	**317,189**	**100%**	**318,371**	**100%**	**-1,182**	**-0.4%**
Costs for materials	179,406	56.6%	181,207	56.9%	-1,801	-1.0%
Costs for services, leases and rentals	62,903	19.8%	61,562	19.3%	1,341	2.2%
Employee costs	58,139	18.3%	60,022	18.9%	-1,883	-3.1%
Other operating income	23,163	7.3%	30,738	9.7%	-7,575	-24.6%
Other operating costs	4,911	1.5%	5,684	1.8%	-773	-13.6%
OPERATING EARNINGS BEFORE AMORTISATION AND DEPRECIATION (EBITDA)	**34,993**	**11.0%**	**40,634**	**12.8%**	**-5,641**	**-13.9%**
Depreciation and write-downs of plant, property and equipment	11,678	3.7%	12,003	3.8%	-325	-2.7%
Amortisation of goodwill	0	-	0	-	0	-
Amortisation and impairment of intangible assets with a definite useful life	15,230	4.8%	13,902	4.4%	1,328	9.6%
OPERATING INCOME	**8,085**	**2.5%**	**14,729**	**4.6%**	**-6,644**	**-45.1%**
Income/(loss) from investments	0	-	0	-	0	-
Financial income	4,253	1.3%	11,382	3.6%	-7,129	-62.6%
Borrowing costs	18,036	5.7%	25,347	8.0%	-7,311	-28.8%
PROFIT BEFORE TAX	**-5,698**	**-1.8%**	**764**	**0.2%**	**-6,462**	**n/m**
Taxes	-822	-0.3%	434	0.1%	-1,256	n/m
EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS	**-4,876**	**-1.5%**	**330**	**0.1%**	**-5,206**	**n/m**
Gain (loss) from assets held for disposal or sale	0	-	0	-	0	-
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	**-4,876**	**-1.5%**	**330**	**0.1%**	**-5,206**	**n/m**
Earnings for the period attributable to non-controlling interests	-1,525	-0.5%	123	0.0%	-1,648	n/m
GROUP EARNINGS FOR THE PERIOD	**-3,351**	**-1.1%**	**207**	**0.1%**	**-3,558**	**n/m**

Statement of comprehensive income of the Immsi Group

In thousands of euros	*31/03/2016*	*31/03/2015*
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	**(4,876)**	**330**
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plans	(2,165)	(1,313)
Total	(2,165)	(1,313)
Items that may be reclassified to profit or loss		
Gains/(losses) on cash flow hedges	(314)	2,370
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	(2,897)	8,016
Gains/(Losses) on evaluation at fair value of assets available for sale and property investments	(5,480)	2,733
Total	(8,691)	13,119
Other Consolidated Comprehensive Income (Expense)	(10,856)	11,806
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	**(15,732)**	**12,136**
Comprehensive earnings for the period attributable to non-controlling interests	(4,176)	4,642
COMPREHENSIVE GROUP EARNINGS FOR THE PERIOD	**(11,556)**	**7,494**

The values presented in the above table are all given net of the corresponding tax effect.

Net revenues

Consolidated net revenues as at 31 March 2016 amounted to 317.2 million euros, of which 96.8%, equal to 307.1 million euros, is attributable to the industrial sector (Piaggio Group), 2.9%, equal to 9.2 million euros, to the marine sector (Intermarine S.p.A.), and the remaining part, of approximately 0.9 million euros, to the property and holding sector (Immsi S.p.A. and Is Molas S.p.A. net of intergroup eliminations).

With reference to the industrial sector, the Piaggio Group ended the first quarter of 2016 with net earnings of 307.1 million euros, up 1.7% on the same period in 2015, mainly due to the excellent market results in Italy.

With reference to the marine sector (Intermarine S.p.A.), consolidated revenues amounted to nearly 9.2 million euros as at 31 September 2016, up 40.5% on the figure of 15.5 million euros as at 31 March 2015: this fall is mainly due to less progress in production in the Defence Division, where progress is expected from the second quarter of 2016 along with the operating margins arising, against a homogeneous trend in 2015.

As regards the property and holding sector, net revenues as at 31 March 2016 amounted to approximately 0.9 million euros, in line with figures for the first quarter of 2015.

Operating income before depreciation, amortisation and impairment costs of plant, property and equipment and intangible assets (EBITDA)

Consolidated operating income before depreciation, amortisation and impairment costs of plant, property and equipment and intangible assets (EBITDA) amounted to 35 million euros as at 31 September 2016, equal to 11% of net revenues: compared to EBITDA in the first quarter of 2015 this value is down about 5.6 million euros (-13.9%), mainly due to a decline in the marine sector (Intermarine S.p.A.) and, above all, the property and holding sector. As at 31 March 2015 the EBITDA of the Immsi Group amounted to 40.6 million euros, 12.8% of net revenues.

The portion relating to the industrial sector (Piaggio Group) amounted to 37.4 million euros, up 1.1 million euros on the figure for 31 March 2015 (36.3 million euros), and 12.2% of net revenues for the sector, slightly up on 12% for the same period in 2015. The portion relating to the marine sector (Intermarine S.p.A.) was a negative amount of 0.9 million euros, down 2.7 million euros on the figure for 31 March 2015 (a positive amount of 1.8 million euros). Finally, the portion relating to the property and holding sector amounts to a loss of 1.4 million euros. In the first quarter of 2015 the result was a positive amount of 2.5 million euros, mainly due to: i) earnings of 2.7 million euros from the withholding of advance payments made in 2005 by Como S.r.l. for a preliminary agreement for the purchase of a property complex in Pietra Ligure (after implementation of the conditions precedent the promisee purchaser did not finalise the acquisition within the terms of the agreement, leading to the definitive withholding of the advance payments); ii) income of 1.27 million euros from the enforcement by Is Molas S.p.A. of two guarantees relating to contracts with Italiana Costruzioni S.p.A., following the ruling issued in favour of the subsidiary for breach of contract by the contractor.

Main costs of the Immsi Group included personnel costs equal to 58.1 million euros, down on the figure for the same period of 2015, equal to 60 million euros (18.3% of net revenues, down from 18.9% in the first quarter of 2015): this fall in costs is related mainly to the fall in average staff in the first quarter of 2016 (7,324 employees) compared to the same period in the previous year (8,175 employees).

Operating income (EBIT)

EBIT in the first quarter of 2016 amounts to 8.1 million euros, 2.5% of net earnings. The decrease compared to the same period in the previous year is about 6.6 million euros (-45.1%). In the previous year, consolidated EBIT in the first quarter amounted to 14.7 million euros, 4.6% of net income.

The portion relating to the industrial sector (Piaggio Group) amounted to 10.9 million euros, in line with the figure for 31 March 2015 (10.8 million euros), and 3.5% of net revenues for the sector, slightly down on the same period in 2015 (3.6%). The portion relating to the marine sector (Intermarine S.p.A.) was negative in the amount of 1.2 million euros, compared to a positive result of 1.5 million euros as at 31 March 2015. Lastly, the portion relating to the property and holding sector amounted to 1.6 million euros, down compared to the first quarter of the previous year (2.4 million euros).

Depreciation and amortisation for the period totalled 26.9 million euros (up 1 million euros compared to the figure for the first quarter of 2015), 8.5% of net revenues, up compared to the same period in 2015 (8.1%), comprising depreciation of tangible assets of 11.7 million euros (12 million euros in the first quarter of 2015) and amortisation of intangible assets amounting to 15.2 million euros (13.9 million euros in the same period in 2015). In particular, depreciation and amortisation in the industrial sector (Piaggio Group) amount to approximately 26.5 million euros (compared to 25.5 million euros in the first quarter of 2015), including 15.2 million euros relating to intangible assets (13.9 million euros in the same period of 2015), and 11.3 million euros to tangible assets (11.6 million euros in the first quarter of 2015).

No impairment of goodwill was recognised in the first three months of 2016, and in the same period of the previous year, based on the forecasts incorporated into long-term Group development plans used by companies in impairment testing carried out respectively at 31 December 2015 and at 31 December 2014, no write-down was necessary, as the goodwill was considered recoverable from future financial flows. Moreover, in the first quarter of 2016, no events occurred leading to a significant loss in the value of assets subject to impairment testing.

Considering that the analyses conducted to estimate the recoverable value for the Immsi Group cash-generating unit were also determined based on estimates, the Group cannot guarantee that there will be no goodwill impairment losses in future periods. Given the current protracted difficulties in some reference and all financial markets, the various factors - both inside and outside identified cash generating units - used in making estimates could be revised in future: the Group will constantly monitor these factors and the possible existence of future impairment losses.

Profit before tax

Profit before tax as at 31 March 2016 was negative in the amount of 5.7 million euros, compared to a consolidated positive total of 0.8 million euros in the first quarter of the previous year.

Borrowing costs, net of income and earnings from investments, amounted to 13.8 million euros in the first quarter of 2016, 4.3% of net revenues, with the contribution from the industrial sector of 8.8 million euros (8.9 in the first three months of 2015), from the marine sector amounting to 1.4 million euros (1.5 in the first three months of 2015) and the remainder from the property and holding sector (3.7 million euros in the first quarter of 2016 compared to 3.6 million in the same period of the previous year).
Net financial borrowing costs recorded in the first quarter of 2016 were slightly down on the same period in the previous year, at 14 million euros or 4.4% of net revenues.

Group earnings for the period

Earnings for the period, net of taxes and the portion attributable to non-controlling interests, as at 31 March 2016 amounted to a negative amount of 3.4 million euros (-1.1% of net revenues for the period), down on the positive figure of 0.2 million euros for the first quarter of 2015 (0.1% of net revenues for the period).

Taxes for the period were positive in the amount of about 0.8 million euros (against a payable of 0.4 million euros in the first quarter of 2015): income tax, also in view of requirements of IAS 34, was on average determined, based on the best estimate of the average weighted rate expected for the entire year.

Earning/(loss) per share

In euros

From continuing and discontinued operations:	***31/03/2016***	***31/03/2015***
Basic	(0.010)	0.001
Diluted	(0.010)	0.001
Average number of shares:	340,530,000	340,530,000

Diluted earnings per share correspond to basic profit as there are no potential shares with a diluting effect.
At the end of the reporting period, no gains or losses from assets held for sale or disposal had been recognised.

Reclassified statement of financial position of the Immsi Group

In thousands of euros	*31/03/2016*	*as a %*	*31/12/2015*	*as a %*	*31/03/2015*	*as a %*
Current assets:						
Cash and cash equivalents	118,550	5.4%	124,510	5.8%	100,599	4.4%
Financial assets	0	0.0%	0	0.0%	0	0.0%
Operating activities	592,142	26.9%	532,092	24.7%	702,565	30.4%
Total current assets	**710,692**	**32.3%**	**656,602**	**30.5%**	**803,164**	**34.8%**
Non-current assets:						
Financial assets	0	0.0%	0	0.0%	0	0.0%
Intangible assets	849,879	38.6%	852,211	39.5%	852,367	36.9%
Plant, property and equipment	339,631	15.4%	343,465	15.9%	353,465	15.3%
Other assets	302,471	13.7%	303,420	14.1%	301,318	13.0%
Total non-current assets	**1,491,981**	**67.7%**	**1,499,096**	**69.5%**	**1,507,150**	**65.2%**
TOTAL ASSETS	**2,202,673**	**100.0%**	**2,155,698**	**100.0%**	**2,310,314**	**100.0%**
Current liabilities:						
Financial liabilities	436,036	19.8%	426,074	19.8%	506,734	21.9%
Operating liabilities	582,387	26.4%	559,908	26.0%	624,844	27.0%
Total current liabilities	**1,018,423**	**46.2%**	**985,982**	**45.7%**	**1,131,578**	**49.0%**
Non-current liabilities:						
Financial liabilities	659,703	30.0%	625,088	29.0%	590,518	25.6%
Other non-current liabilities	115,855	5.3%	116,534	5.4%	133,972	5.8%
Total non-current liabilities	**775,558**	**35.2%**	**741,622**	**34.4%**	**724,490**	**31.4%**
TOTAL LIABILITIES	**1,793,981**	**81.4%**	**1,727,604**	**80.1%**	**1,856,068**	**80.3%**
TOTAL SHAREHOLDERS' EQUITY	**408,692**	**18.6%**	**428,094**	**19.9%**	**454,246**	**19.7%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,202,673**	**100.0%**	**2,155,698**	**100.0%**	**2,310,314**	**100.0%**

Analysis of capital invested by the Immsi Group

In thousands of euros	*31/03/2016*	*as a %*	*31/12/2015*	*as a %*	*31/03/2015*	*as a %*
Current operating assets	592,142	39.4%	532,092	36.2%	702,565	44.3%
Current operating liabilities	-582,387	-38.8%	-559,908	-38.1%	-624,844	-39.4%
Net operating working capital	**9,755**	**0.6%**	**-27,816**	**-1.9%**	**77,721**	**4.9%**
Intangible assets	849,879	56.6%	852,211	57.9%	852,367	53.8%
Plant, property and equipment	339,631	22.6%	343,465	23.3%	353,465	22.3%
Other assets	302,471	20.1%	303,420	20.6%	301,318	19.0%
Capital employed	**1,501,736**	**100.0%**	**1,471,280**	**100.0%**	**1,584,871**	**100.0%**
Non-current non-financial liabilities	115,855	7.7%	116,534	7.9%	133,972	8.5%
Capital and reserves of non-controlling interests	155,508	10.4%	162,460	11.0%	178,629	11.3%
Consolidated shareholders' equity attributable to the Group	253,184	16.9%	265,634	18.1%	275,617	17.4%
Total non-financial sources	**524,547**	**34.9%**	**544,628**	**37.0%**	**588,218**	**37.1%**
Net financial debt	**977,189**	**65.1%**	**926,652**	**63.0%**	**996,653**	**62.9%**

Capital employed

Capital employed amounted to 1,501.7 million euros as at 31 March 2016, up by 30.5 million euros on 31 December 2015, and by 83.1 million euros on 31 September 2015, when it stood at 1,471.3 million euros and 1,584.9 million euros respectively. Specifically, compared to the beginning of the financial year there has been an increase in net working capital of 37.6 million euros, mainly due to an increase in current operations because of the seasonal nature of the two-wheeler market which absorbs resources in the first half of the year and generates them in the latter half.

Property, plant and equipment and intangible assets fell respectively by 3.8 and 2.3 million euros on 31 December 2015 and by respectively 13.8 and 2.5 million euros on 31 March 2015.

Net financial debt of the Immsi Group

The net financial debt of the Immsi Group, amounting to 977.2 million euros as at 31 March 2016, is analysed below and compared with the same data as at 31 December 2015 and 31 March 2015.

In this respect, pursuant to the CESR recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", the indicator thus formulated represents items and aspects monitored by Group Management and differs from that suggested by Consob Communication No. 6064293 of 28 July 2006 as it also includes the non-current portion of financial receivables: however, this assumption did not have any impact on figures presented, as receivables for medium and long term loans were equal to zero in all periods considered.

In thousands of euros	*31/03/2016*	*31/12/2015*	*31/03/2015*
Short-term financial assets			
Cash and cash equivalents	-118,550	-124,510	-100,599
Financial assets	0	0	0
Total short-term financial assets	**-118,550**	**-124,510**	**-100,599**
Short-term financial payables			
Bonds	0	0	0
Payables due to banks	380,830	372,551	447,137
Amounts due for finance leases	32	31	30
Amounts due to other lenders	55,174	53,492	59,567
Total short-term financial payables	**436,036**	**426,074**	**506,734**
Total short-term financial debt	**317,486**	**301,564**	**406,135**
Medium/long-term financial assets			
Receivables for loans	0	0	0
Other financial assets	0	0	0
Total medium/long-term financial assets	**0**	**0**	**0**
Medium/long-term financial payables			
Bonds	290,177	290,139	288,405
Payables due to banks	368,670	333,765	300,959
Amounts due for finance leases	171	179	203
Amounts due to other lenders	685	1,005	951
Total medium/long-term financial payables	**659,703**	**625,088**	**590,518**
Total medium-/long-term financial debt	**659,703**	**625,088**	**590,518**
Net financial debt *)	**977,189**	**926,652**	**996,653**

*) The parameter does not include financial assets and liabilities arising from fair value evaluations, financial derivatives used for hedging purposes, the fair value adjustment of the hedged items of 22,818 thousand euros (26,735 thousand euros and 28,001 thousand euros as at 31 December 2015 and 31 March 2015 respectively) and related accruals and deferrals.

In the first quarter of 2016, the Group reduced its debt against the first quarter of 2015 by about 19.5 million euros: this decrease is shown in the increase in short-term cash availability and the fall in bank overdrafts, only partially offset by an increase in the medium and long-term debt.
The increase of Group net financial debt as at 31 March 2016 on the end of 2015 was about 50.5 million euros, due mainly to the seasonal nature of the two-wheeler market for the Piaggio Group.

Investments

Gross investments at 31 March 2016 made by the Group totalled 26.5 million euros (21.6 million in the first quarter of 2015) and related nearly entirely to the Piaggio Group, including 13.9 million relating to intangible assets (15.7 million in the first quarter of 2015) and 12.6 million euros relating to tangible assets (up 5.8 million euros on the same period in the previous year).

Cash flow statement of the Immsi Group

In thousands of euros	*31/03/2016*	*31/03/2015*
Operating activities		
Profit before tax	(5,698)	764
Depreciation of plant, property and equipment (including investment property)	11,678	12,003
Amortisation of intangible assets	15,230	13,902
Provisions for risks and for severance indemnity and similar obligations	4,683	5,045
Write-downs / (Reversals)	241	221
Losses / (Gains) on the disposal of plant, property and equipment (including investment property)	(41)	6
Interest income	(243)	(90)
Dividend income	(7)	0
Interest expense	12,951	13,708
Amortisation of grants	(576)	(582)
Change in working capital	(25,136)	(62,113)
Change in non-current provisions and other changes	(19,564)	(29,705)
Cash generated from operating activities	(6,482)	(46,841)
Interest paid	(7,576)	(10,859)
Taxes paid	(5,884)	(5,139)
Cash flow from operations	(19,942)	(62,839)
Investing activities		
Acquisition of subsidiaries, net of cash and cash equivalents	(3,671)	0
Investments in plant, property and equipment	(12,596)	(5,843)
Sale price, or repayment value, of plant, property and equipment (including investment property)	111	12
Investments in intangible assets	(13,933)	(15,738)
Sale price, or repayment value, of intangible assets	17	0
Collected interests	155	63
Grants received	0	83
Other changes	(1,107)	(593)
Cash flow from investing activities	(31,024)	(22,016)
Financing activities		
Loans received	93,421	85,632
Outflow for repayment of loans	(53,610)	(17,047)
Repayment of finance leases	(7)	(8)
Cash flow from financing activities	39,804	68,577
Increase / (Decrease) in cash and cash equivalents	(11,162)	(16,278)
Opening balance	104,415	75,899
Foreign exchange differences *	(1,865)	5,931
Closing balance	91,388	65,552

The table shows the changes in cash and cash equivalents as at 31 March 2016 which total 118.6 million euros (124.5 million as at 31 December 2015) including short-term bank overdrafts equal to 27.2 million euros (20.1 million as at 31 December 2015).

Total shareholders' equity and equity attributable to the Immsi Group

In thousands of Euros	*Consolidated Shareholders' equity attributable to the Group*	*Capital and reserves of non-controlling interests*	*Total consolidated Shareholders' equity attributable to the Group and to non-controlling interests*
Balances at 1 January 2015	***268,188***	***173,923***	***442,111***
Other changes	*(65)*	*64*	*(1)*
Net comprehensive earnings for the period	*7,494*	*4,642*	*12,136*
Balances at 31 March 2015	***275,617***	***178,629***	***454,246***

In thousands of Euros	*Consolidated Shareholders' equity attributable to the Group*	*Capital and reserves of non-controlling interests*	*Total consolidated Shareholders' equity attributable to the Group and to non-controlling interests*
Balances as at 1 January 2016	***265,634***	***162,460***	***428,094***
Other changes	*(894)*	*(2,776)*	*(3,670)*
Net comprehensive earnings for the period	*(11,556)*	*(4,176)*	*(15,732)*
Balances at 31 March 2016	***253,184***	***155,508***	***408,692***

Human resources

As at 31 March 2016, the Immsi Group employed 7,441 staff, including 84 in the property and holding sector, 7,074 in the industrial sector (Piaggio Group) and 283 in the marine sector (Intermarine S.p.A.).

The following tables divide resources by category and geographic segment:

Human resources by category

Numbers	31/03/2016			
	Property and Holding Sector	**Industrial Sector**	**Marine Sector**	**Group Total**
Senior management	7	101	8	116
Middle managers and white collars	41	2,401	151	2,593
Manual workers	36	4,572	124	4,732
TOTAL	**84**	**7,074**	**283**	**7,441**

Numbers	31/12/2015			
	Property and holding sector	**Industrial Sector**	**Marine Sector**	**Group Total**
Senior management	7	104	8	119
Middle managers and white collars	37	2,506	156	2,699
Manual workers	30	4,443	133	4,606
TOTAL	**74**	**7,053**	**297**	**7,424**

Numbers	Changes			
	Property and holding sector	**Industrial Sector**	**Marine Sector**	**Group Total**
Senior management	0	-3	0	-3
Middle managers and white collars	4	-105	-5	-106
Manual workers	6	129	-9	126
TOTAL	**10**	**21**	**-14**	**17**

Human resources by geographic segment

Numbers	31/03/2016			
	Property and Holding Sector	**Industrial Sector**	**Marine Sector**	**Group Total**
Italy	84	3,627	283	3,994
Rest of Europe	0	186	0	186
Rest of the World	0	3,260	0	3,260
TOTAL	**84**	**7,074**	**283**	**7,441**

Numbers	31/12/2015			
	Property and Holding Sector	**Industrial Sector**	**Marine Sector**	**Group Total**
Italy	74	3,638	297	4,009
Rest of Europe	0	187	0	187
Rest of the World	0	3,228	0	3,228
TOTAL	**74**	**7,053**	**297**	**7,424**

Numbers	Changes			
	Property and Holding sector	**Industrial Sector**	**Marine Sector**	**Group Total**
Italy	10	-11	-14	-15
Rest of Europe	0	-1	0	-1
Rest of the World	0	32	0	32
TOTAL	**10**	**21**	**-14**	**17**

The slight increase in staff compared to 31 December 2015 (+17) is mainly attributable to the industrial sector (+21) and to the employment of staff on a seasonal basis and on fixed-term contracts to meet the peak demand of summer months.

Directors' comments on operations

In the first quarter of 2016, the Immsi Group returned earnings substantially in line with the same period in the previous year and an EBIT generally down, mainly due to the reduced contribution of the property and marine sectors. With reference to the property sector, it should be remembered that in the first quarter of 2015 revenues included for the enforcement of bank guarantees and the definitive withholding of advance payments, revenues that were not repeated in 2016, whilst the marine sector in 2016 is expected to see most production and operating margins concentrated in the second quarter, whereas income was more homogeneous in 2015. Final results for the period have different trends with reference to the various sectors comprising the Group, based on business trends and the different impact of seasonality.

Property and holding sector

In thousands of euros	*31/03/2016*	*as a %*	*31/03/2015*	*as a %*	*Change*	*as a %*
Net revenues	916		872		44	5.0%
Operating income before depreciation and amortisation (EBITDA)	-1,447	n/m	2,506	n/m	-3,953	n/m
Operating income (EBIT)	-1,567	n/m	2,389	n/m	-3,956	n/m
Profit before tax	-5,219	n/m	-1,241	n/m	-3,978	n/m
Earnings for the period including non-controlling interests	-4,025	n/m	-822	n/m	-3,203	n/m
Group earnings for the period (which may be consolidated)	-2,652	n/m	-382	n/m	-2,270	n/m
Net debt	-336,005		-328,286		-7,719	-2.4%
Personnel (number)	84		80		4	5.0%

Overall, in the first quarter of 2016 the **property and holding sector** reported a consolidated net loss of 2.7 million euros, down compared to the same period in the previous year (a loss of 0.4 million euros). This was mainly due to recognition in the first quarter of 2015 of: 1) income of 2.7 million euros relating to definitively withholding advance payments made by Como S.r.l. in 2005 when signing the preliminary purchase agreement for the property portfolio of Pietra Ligure, and the subsequent breach of contract terms, and 2) income for a total of 1.27 million euros from Is Molas S.p.A. collecting two guarantees relative to contracts with Italiana Costruzioni S.p.A., following a ruling in favour of the subsidiary due to breach of contract by the contractor; Net debt for the sector amounted to 336 million euros, compared with 328.7 million euros and 328.3 million euros as at 31 December 2015 and 31 March 2015 respectively.

The operating outlook of main companies belonging to the sector in the first quarter of 2016 is described below, with reference to the separate financial statements of each company (therefore including intergroup eliminations).

In the first three months of 2015, the **Parent Company Immsi S.p.A** reported an operating loss of approximately 0.3 million euros (in line with figures for the first three months of the previous year), a balance from financial activities, given by the difference between financial income and borrowing costs, amounting to a negative figure of 0.3 million euros (an improvement compared to the negative balance of 0.7 million euros recorded in the first quarter of 2015) and a net loss of approximately 0.5 million euros (0.6 million in the same period in 2015).

When drafting this Interim Management Report as at 31 March 2016, the Parent Company did not carry out impairment analysis in relation to the value of holdings in consolidated companies because any adjustments in value arising from impairment tests would be cancelled out in the consolidation process. With reference to the investment in Alitalia - CAI, in the absence of significant changes compared to testing indicated in the 2015 financial statements, reference is made to comments in the Directors' Report on Operations and Financial Statements of the Immsi Group as at 31 December 2015.
Net financial debt as of 31 March 2016 amounted to 81.6 million euros, up by approximately 3.5 million euros compared to figures as of 31 December 2015, mainly as a result of net cash flows generated by Company operations which used cash flows of approximately 2.4 million euros and the payment in March 2016 of 1.1 million euros as "payment for a future rights issue", in compliance with the Stand-by Equity Commitment undertaken in September 2014 to subscribe and release for a maximum of 10 million euros the capital increase resolved by the shareholders' meeting of Alitalia - CAI on 25 July 2014.

In relation to the subsidiary **Is Molas S.p.A.** and its property activity, in the first quarter of 2016 there was a slight delay in the scheduled construction of the first batch of 15 villas and the first part of the urbanisation programme. Delays of this kind are inevitable and related to the complexity of architectural plans, now definitively settled. In addition, the familiar commercial activities of the property sector were carried out and meetings were arranged for May and June with international clients interested in purchasing some of the villas.
Earnings in the first quarter of 2016, entirely related to tourism, hospitality and golf, were up (+10.4%) compared to the same period in 2015, and EBIT was negative in the amount of about 1.2 million euros (compared to a zero result for the first quarter of 2015) and a net loss for consolidation of 0.7 million euros (down compared to the first quarter of 2015 at about 0.5 million euros) due mainly to the fact that the result for the first quarter of 2015 benefited from revenues of 1.27 million euros from the collection of bank guarantees relating to a contract with Italiana Costruzioni S.p.A., following a Court ruling in favour of the subsidiary due to breach by the contractor.
Net debt of the Company amounted to 42.9 million euros, with a cash flow of 1.7 million euros compared to 31 December 2015 (41.2 million euros): this change refers to the net monetary flow absorbed by management of 3.3 million euros (particularly to finance the construction of a batch of 15 villas) and investments in tangible assets of 0.1 million euros, only partly offset by the payment of 1.7 million euros by partner ISM Investimenti S.p.A. for the subscription of a rights issue to start up property activities.

With reference to the **Pietra Ligure project**, during the quarter, among other things, on 19 January 2016 an Executive Urbanisation Plan was submitted to the Pietra Ligure Municipality, including details of the infrastructure transformation of the area pursuant to the obligations set out in the City Planning Convention of 20 January 2015 with the Pietra Ligure Municipality. In addition, activities continued to identify parties potentially interested in the Project.
The net result for consolidation purposes of **Pietra S.r.l.** in the first quarter of 2016 was break-even, compared to a positive figure of 1.5 million euros in the first quarter of 2015 resulting from earnings of 2.7 million euros for withholding advance payments made in 2005 by Como S.r.l. as specified above, whilst the net financial debt was unchanged on 31 December 2015 at 2.6 million euros. **Pietra Ligure S.r.l.**, a subsidiary of Pietra S.r.l. the owner of the Pietra Ligure property complex subject to the City Planning Convention and urbanisation obligations, broke even (as in the first quarter of 2015); net financial debt amounts to 0.3 million euros (0.1 million euros as at 31 December 2015).

With reference to the subsidiary **Apuliae S.p.A.**, as at 31 March 2016, the company broke even and its net financial position was practically unchanged compared to 31 December 2015 at a negative figure of 0.4 million euros.

Other companies in the property and holding sector include RCN Finanziaria S.p.A. and ISM Investimenti S.p.A.:

- **RCN Finanziaria S.p.A.**, in which Immsi S.p.A. holds 63.18% and Intermarine S.p.A. of which it is the sole proprietor, recorded a net loss for consolidation purposes for the Immsi Group of approximately 0.7 million euros (compared with a net loss of 0.6 million euros in the same period of 2015), and net financial debt of 120.7 million euros as at 31 March 2016, in line with the figure for 31 December 2015;
- **ISM Investimenti S.p.A.**, in which Immsi S.p.A. holds 72.64% in terms of voting rights, and which controls Is Molas S.p.A. with an 89.48% share, recorded a net loss for consolidation purposes for the Immsi Group of approximately 0.8 million euros (compared with a loss of 0.7 million euros in the first quarter of 2015), and a net financial debt as at 31 March 2016 of 87.5 million euros, an increase of approximately 2 million euros on 31 December 2015, mainly due to the payment of 1.7 million euros for the subscription and payment of the rights issue in the subsidiary Is Molas S.p.A. as specified above.

Industrial sector

In thousands of euros	*31/03/2016*	*as a %*	*31/03/2015*	*as a %*	*Change*	*as a %*
Net revenues	307,061		302,004		5,057	1.7%
Operating income before depreciation and amortisation (EBITDA)	37,386	12.2%	36,320	12.0%	1,066	2.9%
Operating income (EBIT)	10,874	3.5%	10,828	3.6%	46	0.4%
Profit before tax	2,093	0.7%	1,951	0.6%	142	7.3%
Earnings for the period including non-controlling interests	1,256	0.4%	1,171	0.4%	85	7.3%
Group earnings for the period (which may be consolidated)	632	0.2%	601	0.2%	31	5.2%
Net debt	-554,351		-568,417		14,066	2.5%
Personnel (number)	7,074		7,782		-708	-9.1%

During the first quarter of 2016, the Piaggio group sold 121,700 vehicles worldwide, up approximately 0.6% compared to the same period in the previous year, when 121,000 vehicles were sold.
Sales were up in Emea and the Americas (+4.9%) driven by volumes in the Italian market (+28.5%) and Europe (+2.8%) whilst sales were down in the Americas (-30.4%), India (-0.4%) and in Pacific Asia 2W (-7.9%). In terms of the type of products with growth two-wheeler sector was up (+0.7%) as were commercial vehicles (+0.4%).

In terms of consolidated turnover, the Group ended the first quarter of 2016 with net revenues up on the same period in 2015 (+1.7%).
The growth, concentrated in the Emea area, is due to the excellent result in the Italian market (+20.4%) more than offsetting the downturn in the Americas (-26.0%), India (-2.4%) and Pacific Asia (-7.4%). As regards product types, the increase in turnover mainly referred to Commercial Vehicles (+1.0%), and to two-wheeler vehicles (+2.0%). As a result, the percentage of two-wheeler vehicles in overall turnover increased from 67.6% in the first three months of 2015 to the current figure of 67.8%; vice versa, the percentage of Commercial Vehicles in overall turnover fell from 32.4% in the first three months of 2015 to the current figure of 32.2%.

Consolidated operating income before interest, tax, depreciation and amortisation (EBITDA) for the first three months of 2016 improved on the same period in the previous year to 37.4 million euros (36.3 million euros in the first three months of 2015). In relation to turnover, EBITDA increased 0.2% on the first three months of 2015, to 12.2%. In terms of Operating Income (EBIT), performance was in line with the first quarter of 2015, with a consolidated EBIT of 10.9 million euros; EBIT was 3.5% of turnover compared to 3.6% for the same period in the previous year.

The result of financing activities slightly improved on the first quarter of the previous year by € 0.1 million, with net charges amounting to € 8.8 million (€ 8.9 million in the first quarter of 2015). The improvement is related to the reduction of average debt in the period and of the cost of debt, mitigated by the negative contribution of foreign exchange.

Net profit stood at 1.3 million euros (0.4% of turnover), slightly up on the figure for the same period in the previous year, 1.2 million euros (0.4% of turnover). Taxation in relation to pre-tax profit was 40% based on the anticipated average tax rate for the entire period.

The portion of net profit which may be consolidated for the Immsi Group in the first quarter of 2016 amounted to 0.6 million euros (in line with figures for the same period in the previous year).

Net financial debt as at 31 March 2016 amounted to 554.4 million euros, compared to 498.1 million euros as at 31 December 2015. The increase of approximately 56.2 million euros is mainly due to the seasonal nature of the Two-Wheeler market which, as is well-known, consumes resources in the first half of the year and generates them in the latter half. The variation is smaller by about 19.4 million euros than for the same period in the previous year, due to:

- operating cash flow at +30.2 million euros (+28.4 million euros in the first quarter of 2015);
- the dynamics of working capital with cash absorbed in the amount of about 56.8 million euros (73.5 million euros in the first quarter of 2015);
- Investment activities involved a total of 20.7 million euros of financial resources (39.6 million in the first quarter of 2015). and
- the variations in shareholders' equity, associated particularly with foreign exchange effects and adjustments to fair value of financial assets, absorbed resources in the amount of 9 million euros (compared to a positive contribution of 9.1 million euros in the first quarter of 2015).

Marine Sector

In thousands of euros	31/03/2016	as a %	31/03/2015	as a %	Change	as a %
Net revenues	9,212		15,495		-6,283	-40.5%
Operating income before depreciation and amortisation (EBITDA)	-946	-10.3%	1,808	11.7%	-2,754	n/m
Operating income (EBIT)	-1,222	-13.3%	1,512	9.8%	-2,734	n/m
Profit before tax	-2,572	-27.9%	54	0.3%	-2,626	n/m
Earnings for the period including non-controlling interests	-2,107	-22.9%	-19	-0.1%	-2,088	n/m
Group earnings for the period (which may be consolidated)	-1,331	-14.4%	-12	-0.1%	-1,319	n/m
Net debt	-86,833		-99,950		13,117	13.1%
Personnel (number)	283		293		-10	-3.4%

With reference to the economic data for the **marine sector** (Intermarine S.p.A.), in the first quarter of 2016 net revenues from sales (comprising turnover and the variation in contract work in progress) were 9.2 million euros, against 15.5 million euros in the same period in 2015 (down 40.5%). Production progress, including research and development, and the completion of constructions and deliveries, concerned in particular:

- the Defence division, with 8.4 million euros (14.2 million during the first quarter of 2015), mainly due to progress in activities to modernise the Gaeta minesweepers of the Italian Navy, the construction and supply of logistics services for Guardia di Finanza units [Italian tax police], the construction of a remaining minesweeper unit for the Finnish Navy and the Finmeccanica (formerly Selex) contract for the construction of an integrated minesweeper platform, in a capacity as sub-supplier in a contract with a leading company operating in the sector and preliminary activities for an order relating to a shipyard in Asia;
- the Fast Ferries and Yacht division, with a total of 0.8 million euros (1.3 million during the first quarter of 2015), mainly for repair activities.

Production was characterised by volumes and margins that overall were not sufficient to cover direct production costs and overheads.
In the Fast Ferries and Yacht sector, no significant sales contracts for new and previously owned vessels were acquired.
In addition, pending the commencement of work on the construction of a navigation platform, the transfer of technology and royalties within the framework of the order from an Asian shipyard and the agreement to supply two fast speed Multi-purpose Naval Units (after approval by the relevant Authorities), in the first quarter of 2016 the company continued to reduce fixed costs. At the same time, commercial activities continued in all the operational *businesses* of the company, pursuing favourable commercial opportunities.

In view of the above, an operating loss of 1.2 million euros was recorded for the first three months of 2016, down approximately 2.7 million euros compared to the same period in the previous year (when this figure stood at a positive 1.5 million euros). As regards profit before tax, a negative amount of 2.6 million euros was recorded (compared to zero in the same period in 2015) while the net loss for consolidation purposes for the Immsi Group amounted to 1.3 million euros as at 31 March 2016 compared to zero in the same period of the previous year.

The total value of the order portfolio of the company amounted to 292 million euros at 31 March 2016, referring nearly entirely to contracts in the Defence sector.

In equity terms, net financial debt of 86.8 million euros as at 31 March 2016 is down about 13 million euros on 31 December 2015, mainly due to the collection of advance payments for the Asian shipyard order, for which work began in early April 2016.

Events after 31 March 2016 and management forecast

No significant events occurred after 31 March 2016.

With reference to the likely development of Immsi Group management, concerning the subsidiary **Is Molas S.p.A.** by the end of 2016 the first batch of 15 villas should be completed together with the first urbanisation programme; in the coming months, meetings will be held with clients interested in purchasing the villas and commercial activities will continue for preliminary sales agreements, enabling the Is Molas project to be completed.

As regards the **industrial sector** in an overall economy expected to recover globally, despite continuing doubts about the speed of European growth and the risks of a slowdown in some countries in the Far East, the Group is committed, in commercial and industrial terms, to exploiting this recovery by:

- confirming its leadership position in the European two-wheeler market, exploiting the 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, leveraging its technological and design leadership;
  - current positions on the European commercial vehicles market will be maintained.
- consolidating operations in Pacific Asia, 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 in 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 the further development of exports to African and Latin American markets.

In technological terms, the Piaggio Group will focus on new technology for current and future transport needs. This is the strategy of Piaggio Fast Forward, established in Cambridge, Massachusetts and tasked with developing - in partnership with university professors, researchers and leading companies worldwide - innovative solutions for future mobility, as well as PADc (the Piaggio Advanced Design Center) in Pasadena, which will continue to explore new frontiers in design in order to develop increasingly innovative, functional and efficient products with a style that is unique and worthy of the track record of the Piaggio Group and its most prestigious brands.

In Europe, Group Research and Development Centres with a more conventional focus, develop new products and start up production, continuing the development of technologies and platforms that underline the functional aspects and emotional appeal of vehicles with ongoing developments to engines, the extended use of vehicle/user digital platforms and the testing of new product and service configurations. These Centres will be flanked by Aprilia Racing, renowned for its sporting success and its activities as a profit centre for the development and sale of high-performance motorcycles, and as the most advanced development platform for studying and testing new materials and technological solutions, benefiting all Group products.

More in general, the Group is committed in 2016 - as in the past - to increasing productivity with a strong focus on efficient costs and investments, in full compliance with its business ethics.

With reference to the **marine sector** (Intermarine S.p.A.), in light of the earnings for the period and pending market recovery and commercial developments in various business sectors, necessary to cover indirect costs and overheads, the Company continues to pursue the objective of reducing fixed costs.
On the basis of the forecasts for the progress of production in 2016 the value of production is likely to grow with EBIT up on 2015.

From the financial point of view, net financial exposure is expected to fall, with neutral annual cash flow.

Ongoing negotiations with the Navy of various countries suggest that the order book will grow.

Segment reporting

The information for operating segments presented below reflects the internal reporting system utilised by management for making strategic decisions. In this respect, as regards the different *business* areas – where possible – information is provided relating to the property and holding sector, industrial and marine sectors.

Primary sector: business areas

Income statement as at 31 March 2016

In thousands of euros	*Property Sector*	*Industrial Sector*	*Marine Sector*	*Immsi Group*
Net revenues to non-controlling interests	916	307,061	9,212	317,189
Intercompany net revenues				0
NET REVENUES	**916**	**307,061**	**9,212**	**317,189**
OPERATING INCOME	**-1,567**	**10,874**	**-1,222**	**8,085**
Income/(loss) from investments	0	0	0	0
Financial income				4,253
Borrowing costs				18,036
PROFIT BEFORE TAX				**-5,698**
Taxes				-822
EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS				**-4,876**
Gain (loss) from assets held for disposal or sale				0
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS				**-4,876**
Earnings for the period attributable to non-controlling interests				-1,525
GROUP EARNINGS FOR THE PERIOD				**-3,351**

Statement of financial position as at 31 March 2016

In thousands of euros	*Property Sector*	*Industrial Sector*	*Marine Sector*	*Immsi Group*
Segment assets	364,859	1,624,095	213,537	2,202,491
Investments in affiliated companies	0	169	13	182
TOTAL ASSETS	**364,859**	**1,624,264**	**213,550**	**2,202,673**
TOTAL LIABILITIES	**338,971**	**1,227,670**	**227,340**	**1,793,981**

Other information as at 31 March 2016

In thousands of euros	*Property Sector*	*Industrial Sector*	*Marine Sector*	*Immsi Group*
Investments in plant, property and equipment and intangible assets	**94**	**26,244**	**191**	**26,529**
Depreciation, amortisation and write-downs	**120**	**26,753**	**276**	**27,149**
Cash flow from operating activities	**-6,149**	**-35,185**	**13,216**	**-28,118**
Cash flow from investing activities	**-4,856**	**-22,342**	**-191**	**-27,389**
Cash flow from financing activities	**-6,089**	**44,848**	**1,045**	**39,804**

Secondary sector: geographic segments

The following table presents the Group financial position and performance as at 31 March 2016 in relation to geographic segments "of origin", i.e. the country in which the company that returned the revenues is located or where the assets are owned.

Income statement as at 31 March 2016

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Net revenues to non-controlling interests	179,414	4,824	82,038	10,463	40,450	317,189
NET REVENUES	**179,414**	**4,824**	**82,038**	**10,463**	**40,450**	**317,189**

Statement of financial position as at 31 March 2016

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Segment assets	1,828,112	26,280	163,004	45,253	139,842	2,202,491
Investments in affiliated companies	147	35	0	0	0	182
TOTAL ASSETS	**1,828,259**	**26,315**	**163,004**	**45,253**	**139,842**	**2,202,673**

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Total receivables *	**127,181**	**16,750**	**25,395**	**9,394**	**16,854**	**195,574**
Total payables **	**378,289**	**49,127**	**90,970**	**2,030**	**42,838**	**563,254**

*) Contract work in progress and Amounts due from the Tax authorities are not included.
**) Payables for Current taxes and Financial liabilities are not included.

Other information as at 31 March 2016

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Investments in plant, property and equipment and intangible assets	**22,649**	**13**	**1,774**	**221**	**1,872**	**26,529**
Depreciation, amortisation and write-downs	**20,668**	**76**	**3,340**	**37**	**3,028**	**27,149**

For comparability, the corresponding tables for 31 March 2015 are set out below:

Primary sector: business areas

Income statement as at 31 March 2015

In thousands of euros	*Property Sector*	*Industrial Sector*	*Marine Sector*	*Immsi Group*
Net revenues to non-controlling interests	872	302,004	15,495	318,371
Intercompany net revenues				0
NET REVENUES	**872**	**302,004**	**15,495**	**318,371**
OPERATING INCOME	**2,389**	**10,828**	**1,512**	**14,729**
Income/(loss) from investments	0	0	0	0
Financial income				11,382
Borrowing costs				25,347
PROFIT BEFORE TAX				**764**
Taxes				434
EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS				**330**
Gain (loss) from assets held for disposal or sale				0
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS				**330**
Earnings for the period attributable to non-controlling interests				123
GROUP EARNINGS FOR THE PERIOD				**207**

Statement of financial position as at 31 March 2015

In thousands of euros	*Property Sector*	*Industrial Sector*	*Marine Sector*	*Immsi Group*
Segment assets	363,715	1,671,505	274,882	2,310,102
Investments in affiliated companies	0	198	14	212
TOTAL ASSETS	**363,715**	**1,671,703**	**274,896**	**2,310,314**
TOTAL LIABILITIES	**332,594**	**1,248,345**	**275,129**	**1,856,068**

Other information as at 31 March 2015

In thousands of euros	*Property Sector*	*Industrial Sector*	*Marine Sector*	*Immsi Group*
Investments in plant, property and equipment and intangible assets	**192**	**21,333**	**53**	**21,578**
Depreciation, amortisation and write-downs	**117**	**25,613**	**396**	**26,126**
Cash flow from operating activities	**-23,654**	**-52,305**	**13,120**	**-62,839**
Cash flow from investing activities	**-4,388**	**-21,260**	**3,632**	**-22,016**
Cash flow from financing activities	**26,155**	**60,256**	**-17,834**	**68,577**

Secondary sector: geographic segments

Income statement as at 31 March 2015

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
NET REVENUES	**171,265**	**5,043**	**84,096**	**14,321**	**43,646**	**318,371**

Statement of financial position as at 31 March 2015

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Segment assets	1,897,191	31,351	196,363	36,590	148,607	2,310,102
Investments in affiliated companies	147	3	0	0	62	212
TOTAL ASSETS	**1,897,338**	**31,354**	**196,363**	**36,590**	**148,669**	**2,310,314**

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Total receivables *	**152,741**	**44,166**	**26,883**	**9,166**	**22,976**	**255,932**
Total payables **	**359,770**	**101,547**	**105,014**	**2,372**	**36,107**	**604,810**

*) Contract work in progress and Amounts due from the Tax authorities are not included.
**) Payables for Current taxes and Financial liabilities are not included.

Other information as at 31 March 2015

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Investments in plant, property and equipment and intangible assets	**19,205**	**42**	**617**	**2**	**1,712**	**21,578**
Depreciation, amortisation and write-downs	**18,846**	**109**	**4,264**	**28**	**2,879**	**26,126**