IMMSI Group

Share capital 205,941,272.16 Euros 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

Interim Report on Operations at 30 September 2009

CONTENTS

COMPANY BOARDS

Board of Directors	
Chairman and Chief Executive	Roberto Colaninno (1)
Deputy Chairman	Matteo Colaninno
Directors	Michele Colaninno
	Franco Debenedetti (3), (4)
	Daniele Discepolo (2), (5)
	Luciano La Noce (3), (4)
	Giorgio Magnoni
	Livio Corghi (6)
	Luca Paravicini Crespi (3), (5)
	Riccardo Varaldo (4), (5)
	Vito Varvaro (7)
Board of Statutory Auditors	
Chairman	Giovanni Barbara
Standing auditors	Attilio Francesco Arietti
	Alessandro Lai
Substitute Auditors	Mauro Girelli
	Elena Fornaia
Supervisory Body	Enrico Ingrillì
	Giovanni Barbara
	Ulisse Spada (6)
General Managers	Daniele Bandiera
	Michele Pallottini
Manager in charge of preparing the Company's corporate accounting documents	Alessandra Simonotto
Independent auditors	Deloitte & Touche S.p.A.

(1) Director in charge of internal audit

(2) *Lead Independent Director*

(3) Member of the Appointments Committee

(4) Member of the Remuneration Committee

(5) Member of the Internal Control Committee

(6) In office since 15 September 2009

(7) In office since 16 April 2009

Introduction

This Interim Report on Operations of 30 September 2009 was drafted in compliance with Legislative Decree no. 58/1998 and its subsequent amendments as well as the issuer regulations issued by Consob.

This quarterly report was drafted in compliance with the International Financial Reporting Standards (« IFRS ») issued by the International Accounting Standard Board (« IASB »), ratified by the EU and drafted according to IAS 34 - Interim Financial Statements, by applying the same accounting principles adopted when drafting the consolidated financial statements of 31 December 2008 and with the exception of that described in the Explanatory Notes under the Accounting Principles paragraph, amendments and interpretations applied as of 1 January 2009.

The Condensed interim financial statements have been subject to a limited audit by Deloitte & Touche S.p.A..

Interim Directors’ Report

FINANCIAL HIGHLIGHTS

		1-1 / 30/09		2008
Amounts in ML €		2009	2008	statutory
Income statement (reclassified)				
Net revenues		1,173.1	1,289.3	1,570.1
Gross industrial margin		374.3	390.5	468.8
Operating costs		-271.2	-280.4	-374.3
Operating income		103.1	110.1	94.5
Earnings before tax		79.5	83.8	59.6
Net income		40.1	62.0	43.3
Minority interest		0.7	0.5	0.3
Group		39.4	61.5	43.0
Gross margin on net revenues	%	31.9	30.3	29.9
Operating income on net revenues	%	8.8	8.5	6.0
Net income on net revenues	%	3.4	4.8	2.8
Gross operating margin=EBITDA (from operations)		**172.1**	**179.4**	**189.1**
Gross operating margin on net revenues	%	14.7	13.9	12.0
Balance sheet				
Net working capital		10.4	9.1	-3.7
Net tangible assets		249.0	238.3	250.4
Net intangible assets		644.1	634.6	648.2
Financial assets		0.4	0.9	0.6
Provisions		-136.1	-128.9	-137.5
Net capital employed		**767.8**	**754.0**	**757.9**
Net Financial Debt		352.6	327.4	359.7
Shareholders’ equity		415.2	426.6	398.2
Sources of funds		**767.8**	**754.0**	**757.9**
Minority interest capital		2.1	1.4	1.5
Change in net financial position				
Opening net financial position		**-359.7**	**-269.8**	**-269.8**
Cash flow from operations (earnings+amortisation)		109.1	131.3	137.9
(Increase)/Decrease in working capital		-14.1	-9.5	3.3
(Increase)/Decrease in net investments		-63.3	-56.1	-106.6
Net change in pension reserves and other reserves		-1.4	-16.5	-7.9
Change in shareholders’ equity		-23.1	-106.8	-116.6
Total Changes		***7.2***	***-57.6***	***-89.9***
Closing net financial position		**-352.6**	**-327.4**	**-359.7**

INCOME STATEMENT BY SECTORS OF OPERATION

		TWO-WHEELER VEHICLES				COMMERCIAL VEHICLES			
		EUROPE	AMERICA	ASIA PACIFIC	TOTAL	EUROPE	INDIA	TOTAL	TOTAL
	1-1 / 30/09/2009	297.7	16.4	18.4	**332.5**	12.1	130.5	**142.6**	**475.1**
Sales volumes	1-1 / 30/09/2008	354.5	25.8	17.6	**397.9**	14.7	125.2	**140.0**	**537.9**
(units/000)	Change	(56.7)	(9.4)	0.8	**(65.4)**	(2.7)	5.3	**2.6**	**(62.8)**
	Change %	-16.0	-36.5	4.5	**-16.4**	-18.2	4.2	**1.9**	**-11.7**
	1-1 / 30/09/2009	766.1	52.5	43.9	**862.6**	102.9	207.7	**310.6**	**1,173.1**
Turnover	1-1 / 30/09/2008	878.2	76.9	35.2	**990.3**	109.8	189.2	**299.0**	**1,289.3**
(ML €)	Change	(112.1)	(24.3)	8.7	**(127.7)**	(6.9)	18.5	**11.6**	**(116.2)**
	Change %	-12.8	-31.7	24.8	**-12.9**	-6.3	9.8	**3.9**	**-9.0**
	1-1 / 30/09/2009	253.7	18.4	14.1	**286.2**	27.7	60.4	**88.1**	**374.3**
Gross industrial margin	1-1 / 30/09/2008	290.6	22.0	7.5	**320.2**	32.4	38.0	**70.4**	**390.5**
(ML €)	Change	(36.9)	-3.6	6.5	**(34.0)**	(4.6)	22.4	**17.8**	**(16.2)**
	Change %	-12.7	-16.5	86.5	**-10.6**	-14.3	59.0	**25.2**	**-4.2**
	1-1 / 30/09/2009								**172.1**
EBITDA	1-1 / 30/09/2008								**179.4**
(ML €)	Change								**(7.3)**
	Change %								**-4.1**
	1-1 / 30/09/2009								**79.5**
EBT	1-1 / 30/09/2008								**83.8**
(ML €)	Change								**(4.3)**
	Change %								**-5.1**
	1-1 / 30/09/2009								**40.1**
Net income	1-1 / 30/09/2008								**62.0**
(ML €)	Change								**(21.9)**
	Change %								**-35.3**

KEY FIGURES BY BUSINESS SECTOR AT 30 SEPTEMBER 2009

Business unit		Two-Wheeler Vehicles	Commercial vehicles	**Total**
	1-1 / 30/09/2009	332.5	142.6	**475.1**
Sales volumes	1-1 / 30/09/2008	397.9	140.0	**537.9**
(units/000)	Change	(65.4)	2.6	**(62.8)**
	Change %	-16.4	1.9	**-11.7**
	1-1 / 30/09/2009	862.6	310.6	**1,173.1**
Turnover	1-1 / 30/09/2008	990.3	299.0	**1,289.3**
(ML €)	Change	(127.7)	11.6	**(116.2)**
	Change %	-12.9	3.9	**-9.0**
	At 30 September 2009	4,956	2,632	**7,588**
Employees	At 31 December 2008	4,672	1,536	**6,208**
(n.)	Change	284	1,096	**1,380**
	Change %	6.1	71.4	**22.2**
Investments				
	1-1 / 30/09/2009	16.8	16.8	**33.6**
- Fixed Assets	1-1 / 30/09/2008	21.3	3.3	**24.6**
(ML €)	Change	-4.5	13.5	**9.0**
	Change %	-21.1	409.1	**36.6**
	1-1 / 30/09/2009	22.0	11.5	**33.5**
- R&D Capex	1-1 / 30/09/2008	26.8	7.4	**34.2**
(ML €)	Change	(4.8)	4.1	**(0.7)**
	Change %	-17.9	55.4	**-2.0**

It should be noted that data for the first nine months of 2008 - as reported last year - has been reclassified according to current organisational system.

KEY FIGURES BY GEOGRAPHICAL AREA AT 30 SEPTEMBER 2009

		ITALY	REST OF EUROPE	AMERICA	INDIA	ASIA PACIFIC	**TOTAL**
	1-1 / 30/09/2009	131.3	178.4	16.5	130.5	18.4	**475.1**
Sales volumes	1-1 / 30/09/2008	142.4	226.5	26.2	125.2	17.6	**537.9**
(units/000)	Change	(11.1)	(48.1)	(9.7)	5.3	0.8	**(62.8)**
	Change %	-7.8	-21.2	-37.0	4.2	4.5	**-11.7**
	1-1 / 30/09/2009	392.9	475.6	53.1	207.7	44.0	**1,173.1**
Turnover	1-1 / 30/09/2008	426.1	560.8	78.0	189.2	35.2	**1,289.3**
(ML €)	Change	(33.3)	(85.2)	(24.9)	18.5	8.7	**(116.2)**
	Change %	-7.8	-15.2	-31.9	9.8	24.8	**-9.0**
	At 30 September 2009	4,442	532	65	2,211	338	**7,588**
Employees	At 31 December 2008	4,269	561	68	1,205	105	**6,208**
(n.)	Change	173	(29)	(3)	1,006	233	**1,380**
	Change %	4.1	-5.2	-4.4	83.5	221.9	**22.2**
Investments							
	1-1 / 30/09/2009	15.1	1.0	0.1	15.0	2.4	**33.6**
- Fixed Assets	1-1 / 30/09/2008	15.9	1.3	0.1	2.5	4.8	**24.6**
(ML €)	Change	-0.8	-0.3	0.0	12.5	-2.4	**9.0**
	Change %	-5.0	-23.1	0.0		-50.0	**36.6**
	1-1 / 30/09/2009	24.0	1.0		7.5	1.0	**33.5**
- R&D Capex	1-1 / 30/09/2008	29.2	0.8	0.1	4.1		**34.2**
(ML €)	Change	(5.2)	0.2	(0.1)	3.4	1.0	**(0.7)**
	Change %	-17.8	25.0	-100.0	82.9		**-2.0**

PIAGGIO GROUP FINANCIAL AND BUSINESS PERFORMANCE

Economic results of the Piaggio Group in the first nine months of 2009

Net revenues

Amounts in ML €	*1-1 / 30/09/2009*	*1-1 / 30/09/2008*	*Change*
Two-Wheeler Vehicles	862.6	990.3	(127.7)
Commercial vehicles	310.6	299.0	11.6
TOTAL NET REVENUES	**1,173.1**	**1,289.3**	**(116.2)**

In the first nine months of 2009, the Piaggio Group sold 475,100 vehicles in the world, 332,500 of which in the two-wheeler business and 142,600 in the Commercial Vehicle business.

With regard to the two-wheeler business, such performance took place within a particularly difficult market context in the Group's main reference areas. In fact demand dropped compared to the same period of the previous year in Italy (-6.1%), Europe (-17.3%) as well as in the United States (-43.7% globally and -66.0% in the scooter segment).

Deliveries in the Asian market grew with sales of 18,400 units, a 4.5% growth with respect to the corresponding period of the previous year. It should also be noted that, on 24 June 2009, the sale of the Vespa LX scooter, produced in the Vietnamese plant of Binh Xuyen, was officially initiated in Vietnam.

Sales in the Italian market, on the other hand, decreased (-7.2%), as in the European market (-21.3%) and the American market (-36.5%).

The Commercial Vehicles division closed the first nine months of 2009 with 142,600 sold units compared to the 140,000 units of the first nine months of 2008. The 1.9% growth was due to the success reported by the Indian subsidiary whose sales increased by 4.2%.

In the first nine months of 2009, overall consolidated revenues totalled 1,173.1 ML €, a 9.0% decrease with respect to the same period of 2008. By analysing trends in revenues in the sub-sectors of reference, the decrease can be attributed to the above mentioned reduction in demand in the two-wheeler sector and was further affected by the decrease in the five-year BMW job order (-6.0 ML € compared to the same period in the previous year) and the appreciation of the Euro exchange rate with respect to the Indian rupee and the pound (only partially compensated by the appreciation of the Dollar). The overall negative effect on revenues was circa 7.5 ML € compared to the same period of the previous year. Compared to the same period of the previous year, the decrease in the two-wheeler business area was primarily due to decreases in revenues in the scooter sector (-48.3 ML €, -7.2% compared to September 2008) and in the motorcycle sector (-55.5 ML €, -30.5%).

The **gross industrial margin**, defined as the difference between "Revenues" and the corresponding "Cost of sales" for the period, totalled 374.3 ML €, representing a 4.2% drop with respect to the first nine months of 2008, though still rising slightly as a percentage of turnover (31.9% compared to 30.3% of the same period of 2008), due to greater efforts to contain production costs. The gross industrial margin includes amortisation for 24.5 ML € compared to 24.9 ML € in the first nine months of 2008.

"Cost of Sales" includes: 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 relative expenses, work carried out by third parties, energy costs, depreciation of property, plant, machinery and industrial equipment, external maintenance and cleaning costs net of sundry cost recovery recharged to suppliers.

Operating expenses at 30 September 2009 totalled 271.2 ML €, a decrease of 9.2 ML € compared to the 280.4 ML € for the same period in 2008, and consist of employee costs, costs for services and use of third party assets and operating costs, net of operating income not included in the gross industrial margin. Operating expenses also include amortisation which does not fall within the calculation of the gross industrial margin for 44.5 ML € (equal to 44.4 ML € in the first nine months of 2008); these refer to R&D costs which were capitalised and accrued over three years.

The dynamics of the revenues and costs stated above leads to a **consolidated EBITDA** – defined as the "Operating income" before depreciation/amortisation of tangible and intangible assets, as resulting from the consolidated income statement – which decreased with respect to the first nine months of 2008 (172.1 ML € compared to 179.4 ML €). The incidence of EBITDA with respect to revenues, on the other hand, increased from 13.9% in September 2008 to the current 14.7%.

With respect to the above-reported revenues and costs dynamic, **operating income** at 30 September 2009 was positive for 103.1 ML € and down 7.0 ML € compared to the 110.1 ML € of same period in 2008 (-6.4%). Profitability (measured as operating income divided by net revenues) increased, on the other hand: 8.8% against the 8.5% for the same period in 2008.

Net financial charges amounted to 23.8 ML €, compared to 26.4 ML € in the corresponding period of 2008, and included 9.7 ML € for a debenture loan issued in 2005. The increase was correlated with the fall in interest rates which completely mitigated the increased average financial debt of the period.

In the first nine months of 2009, Piaggio Group recorded **earnings before tax** equal to 79.5 ML € (-4.3 ML € compared to the same period in 2008). The decrease is related to lower operating income.

Taxation for the period totalled 39.4 ML € (21.8 ML € at 30 September 2008), and they were determined on the basis of the average tax rate expected for the entire financial year.

Net profits at 30 September 2009 totalled 40.1 ML € (-21.9 ML € compared to the same period in 2008).

Consolidated Cash Flow Statement

The consolidated cash flow statement, prepared in accordance with the schedules envisaged by the IFRS international accounting standards, is presented in the "Consolidated Financial Statements and Explanatory Notes of 30 September 2009"; the following is a comment relating to the summary statement shown in the Highlights.

Cash flow generated in the period was 7.2 ML €.

Cash flow from operations, i.e. net income plus amortisation, was 109.1 ML €. The positive impact of this flow was partly absorbed by the increase in working capital from -3.7 ML € at 31 December 2008 to +10.4 ML € at 30 September 2009 as well as by investment activities for 63.3 ML €, distributed dividends totalling 22.1 ML € and the purchase of own shares for 1.2 ML €.

Balance sheet of the Piaggio Group at 30 September 2009

The **working capital** – defined as the net sum of: Trade receivables and other current and non-current receivables, inventories, trade payables 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 and other short-term payables) – stood at 10.4 ML €, an increase of both the amount at 31 December 2008 (14.1 ML € in net increase), as well as compared to the same period of the previous year (a final difference of 1.3 ML €).

Tangible net assets consist of property, plant, machinery and industrial equipment, net of accumulated depreciation, and assets held for sale, as set out in more detail in the "Explanatory notes" to the consolidated financial statements in notes 15 and 26. At 30 September 2009, tangible assets totalled 249.0 ML €, a decrease of 1.4 ML € compared to 31 December 2008 and an increase of 10.7 ML € compared to the same period of the previous year.

Net intangible assets consist of capitalised research and development costs and the goodwill arising from the merger and acquisitions operations undertaken within the Group since 2000 onwards, as set out in more detail in the Explanatory notes to the consolidated financial statements and in the specific note. At 30 September 2009, they totalled 644.1 ML €, a decrease of 4.1 ML € compared to 31 December 2008.

Financial assets, defined by the Directors as the total of equity investments and other non-current financial assets (see "Explanatory Notes" 17 and 18), totalled 0.4 ML €, essentially unchanged compared to 31 December 2008 and the same period of the previous year.

Provisions consist of retirement funds and employee benefits (see "Explanatory Notes" 32), other long-term provisions (see "Explanatory Notes" 30), the current portion of other long-term provisions (see "Explanatory Notes" 30), and deferred tax liabilities (see "Explanatory Notes" 31), and totalled 136.1 ML €, a decrease of 1.4 ML € compared to 31 December 2008.

Net financial debt increased from 359.7 ML € on 31 December 2008 to 352.6 ML € on 30 September 2009. The improvement of 7.2 ML € was derived from the operating cash flow, net of investments and the payment of dividends to shareholders. In the first nine months of 2008, on the other hand, this change in the net financial position was negative for 57.6 ML € (increasing from 269.8 ML € on 31 December 2007 to 327.4 ML € on 30 September 2008) and was primarily due to the decision to pay the warrants -assigned in 2004 to the creditor banks of Aprilia- in cash.

The breakdown of the net financial debt, which is set out in more detail in the specific table in the "Explanatory Notes", may be summarised as follows:

Amounts in ML €	*At 30 September 2009*	*At 31 December 2008*
Cash	197.5	40.0
Financial assets	30.8	5.8
(Medium- and long-term financial payables)	(314.6)	(143.9)
(Debenture loan)	(120.6)	(120.9)
(Short-term financial payables)	(145.7)	(140.7)
Total net financial debt	**(352.6)**	**(359.7)**

Shareholders' equity at 30 September 2009 totalled 415.2 ML €, against 398.2 ML € at 31 December 2008.

At 30 September 2009 the fully subscribed and paid-up share capital consists of 396,040,908 ordinary shares with a nominal value of € 0.52 each, totalling € 205,941,272.16.

During the period, following the resolution passed at the Shareholders' Meeting on 24 June 2008, the Parent Company purchased 1,020,673 own shares.

Therefore, at 30 September 2009 the Parent company holds 27,547,007 own shares, equal to 6.956% of the share capital.

Employees

Group **employees** at 30 September 2009 totalled 7,588 units compared to 6,208 units at 31 December 2008.

The number of staff is in line with the seasonal nature of the business, where production and sales are concentrated in the months of spring and summer, when staff are hired on term contracts.

	Average number		Number at	
Number of people	*1-1 / 30/09/2009*	*1-1 / 30/09/2008*	*30/09/2009*	*31/12/2008*
Senior Management	111	111	111	112
Middle Management	430	426	438	430
Clerical staff	2,031	1,953	2,079	1,995
Manual labour	4,525	4,992	4,960	3,671
Total	**7,097**	**7,482**	**7,588**	**6,208**

SIGNIFICANT EVENTS OCCURRING IN THE FIRST NINE MONTHS OF 2009

During February, the Council of Ministers of Italy approved a law by decree that provided an incentive of 500 Euros for the purchase of motorcycles up to 400 cc, category Euro 3, by simultaneously trading-in (through a scrapping programme) a moped or a small motorbike under category Euro 0 or Euro 1.

18 March 2009 Standard & Poor's confirmed its BB corporate rating of the Parent Company, though downgraded the outlook from "stable" to "negative".

16 April 2009 The new Piaggio Porter, with its radically new design, technical features and internal fittings, was unveiled to the international media. The new Porter has been released with a range of ecological engines, including the Eco-Power model (petrol/LPG bi-fuel), the Green Power (methane gas/petrol) and the Electric Power model (zero-emission electricity).

22 April 2009 The incentives introduced by the Ministry for the Environment became effective for bicycles, mopeds and electric vehicles.

12 May 2009 Moody's confirmed its Ba2 corporate rating of the Parent Company, though downgrading the outlook from "stable" to "negative".

28 May 2009 The new Piaggio MP3 Hybrid was presented: the first hybrid scooter in the world equipped with a petrol engine and electric motor which, by operating in synergy, allow for a drastic reduction of both fuel consumption as well as CO_2 emissions.

10 June 2009 The new Scarabeo product line was launched, including the new Scarabeo 300 Special, Scarabeo 125/200 ei and Scarabeo 50 4 Valves.

23 June 2009 The new Piaggio X7 Evo was presented in the formats 125 ei and 300 ei.

24 June 2009 The sale of the Vespa LX scooter, produced in the Vietnamese plant of Binh Xuyen, was officially initiated in Vietnam. Produced as 125 and 150cc, the Vespa LX is entirely realised within the new Vietnam plant of the Piaggio Group whose manufacturing activities include welding, painting, final assembly, testing and quality control. The Piaggio Vietnam plant - which will employ 250 employees at the end of 2009 - can reach a productive capacity of 100,000 units per year.

3 July 2009 The 2009-2012 Strategic Plan of the Piaggio Group.

The Plan - which covers a time period of four years - focuses on strong growth in the Asian area by strengthening the direct industrial presence and through an expansion of the offer of Two-Wheeled Vehicles (which will also be produced in India) and commercial vehicles as well as through the development of distribution, organisational and human resource structures.

Within the domestic European market, the strategies of the Group aim to consolidate the current leadership by developing and innovating the range of products within the scooter sectors by means of the various Group brands, thereby rationalising the range of motorcycles and, at the same time, valorising the different missions of the brands Aprilia, Moto Guzzi and Derbi.

In the Americas, the 2009-2012 plan aims to develop dedicated R&D activities in order to pursue an industrial strategy focusing on cost competitiveness within all segments of the scooter market. With regards to motorcycles, the Group aims to grow the various brands even through the development of sports motorcycles with mid-range cc engines.

Due to its internal innovation capacity, the Group aims to achieve leadership in the supply of new engines which are characterised by low or zero environmental impact and by reduced fuel consumption: the Group will focus on development and the growing supply of hybrid, electric and bi-fuel vehicles within the Two-Wheeler and the commercial transportation sectors.

Within the motorisation sector, the production of Diesel and turbo diesel engines with 1,000 and 1,200 cc will also be initiated. These engines will serve as the fundamental element in the expansion of the Group's product offer within the commercial vehicles sector - manufactured and marketed both in Europe and Asia - which will allow for the growth and segmentation of the Ape, Quargo and Porter product lines.

The 2009-2012 Plan includes strategies for investing in product development processes as well as the development of the current Sourcing, R&D and IT structures at an international level.

15 September 2009 The Board of Directors of Piaggio deliberated to reimburse - in advance and through Piaggio Finance S.A. - the debenture loan issued in 2005 and listed on the Irish Stock Exchange, for a total nominal amount of 61 ML € out of the currently effective 122 ML €.

SIGNIFICANT EVENTS AFTER 30 SEPTEMBER 2009

16 October 2009 Advance reimbursement of the high-yield debenture loan for a total of €/000 60,980 through the exercising of the option rights at their nominal value and increased by the penalty provided for by regulations.

16 October 2009 Piaggio & C stipulated a settlement agreement with Mr. Ivano Beggio in relation to the financial instrument "Aprilia Shareholders, 2004-2009" which was issued at the time of acquisition of the Aprilia Group. According to this agreement, Piaggio commits to acknowledging 7 ML € to Mr. Beggio.

OPERATING OUTLOOK: PROSPECTIVE FOR THE CURRENT FINANCIAL YEAR

The first nine months of 2009 were heavily affected by the difficulties of the economy and markets of reference of the Piaggio Group. As of the month of March, the first important signals of recovery and stabilisation were noticeable. Due to its portfolio of products in the two-wheeler and Commercial Vehicle sectors – featuring a broad range of vehicles of low environmental impact and reduced fuel consumption – the Group was also in a position to take full advantage of the eco-incentives introduced by the Italian and Spanish governments.

In the last quarter, special emphasis will be placed - also due to the new high tech products which are currently in the marketing launch phase - on developing the Group’s motorcycle business in Europe and on consolidating the Group’s leadership of the scooter sector in Europe and America, as well as the market launch of the Vespa scooter in Vietnam (officially started at the end of June 2009).

DEALINGS WITH RELATED PARTIES

Revenues, costs, payables and receivables at 30 September 2009 involving parent, subsidiary and affiliated companies relate to the sale of goods or services falling under the normal operations of the Group.

Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.

Information about the dealings with related parties, including those requested by the Consob communication of 28 July 2006, is shown in the Annex E of the Explanatory Notes to the consolidated financial statement.

THE PIAGGIO GROUP

THE TWO-WHEELER BUSINESS

	1-1 / 30/09/2009		1-1 / 30/09/2008		Change %		Change	
	Volumes Sell-in (units/000)	Turnover (ML€)	Volumes Sell-in (units/000)	Turnover (ML€)	Volumes	Turnover	Volumes	Turnover
Italy	123.0	318.6	132.6	348.3	-7.2%	-8.5%	(9.6)	(29.7)
Europe + MEA	174.7	447.5	221.9	529.9	-21.3%	-15.6%	(47.2)	(82.4)
Asia Pacific	18.4	43.9	17.6	35.2	4.5%	24.8%	0.8	8.7
Americas	16.4	52.5	25.8	76.9	-36.5%	-31.7%	(9.4)	(24.3)
TOTAL	**332.5**	**862.6**	**397.9**	**990.3**	**-16.4%**	**-12.9%**	**(65.4)**	**(127.7)**
Scooters	299.1	619.7	342.7	668.0	-12.7%	-7.2%	(43.6)	(48.3)
Motorcycles	33.4	126.1	53.2	181.6	-37.2%	-30.5%	(19.8)	(55.5)
Spare parts and Accessories		113.7		122.6		-7.3%	0.0	(9.0)
Other	0.0	3.1	2.0	18.1		-83.0%	(2.0)	(15.0)
TOTAL	**332.5**	**862.6**	**397.9**	**990.3**	**-16.4%**	**-12.9%**	**(65.4)**	**(127.7)**

In the first nine months of 2009, the Piaggio Group, taking into consideration the brands under management - Piaggio, Gilera, Vespa, Derbi, Aprilia and Guzzi - sold a total of 332.5 thousand units in two-wheeler business (-16.4% compared to the corresponding period of 2008) with net sales of 862.6 ML € (-12.9%) including spare parts and accessories.

This performance was affected by the general decrease in demand due to the global financial crisis, as more fully illustrated above.

The stability of the scooter sector was very good where the brands of the Group reinforced their leadership within the European market with a quota of 27.4% (+2.1% in comparison with the first nine months of 2008).

The Group managed to limit the loss by exploiting the notoriety of brands and by introducing new versions of important models such as the Beverly, Liberty and MP3 which have allowed for an excellent increase in market share, thereby partially compensating the loss of volumes caused by the market trends.

With regards to the motorbike sector, the sales of the Group were significantly penalised by the significant reduction of the overall European market, particularly in Spain and Italy.

Despite this fact, there was no lack of new products for 2009, the most important of which was certainly the Aprilia RSV4, a motorbike which celebrated the return of Aprilia in the World Superbike Championship.

With regards to geographical areas, the excellent result attained in America should be noted, where sales only dropped by 36.5% despite a significant reduction in demand (-66.0%).
The "Other" item essentially includes in 2009 sales of engines. In 2008, this also included around 2,000 motorbikes built on behalf of BMW.

THE COMMERCIAL VEHICLES BUSINESS

	1-1 / 30/09/2009		1-1 / 30/09/2008		*Change %*		*Change*	
	Volumes Sell-in (units/000)	Turnover (ML€)	Volumes Sell-in (units/000)	Turnover (ML€)	Volumes	Turnover	Volumes	Turnover
India								
Vehicles	130.5	195.5	125.2	178.1	4.2%	9.8%	5.3	17.4
Spare parts and Accessories		12.1		11.1		9.3%		1.0
Total India	**130.5**	**207.7**	**125.2**	**189.2**	**4.2%**	**9.8%**	**5.3**	**18.5**
Europe and the Rest of the World								
Vehicles	12.1	87.4	14.7	94.1	-18.2%	-7.2%	*(2.7)*	*(6.7)*
Spare parts and Accessories		15.5		15.7		-1.1%		*(0.2)*
Total Europe and the Rest of the World	**12.1**	**102.9**	**14.7**	**109.8**	**-18.2%**	**-6.3%**	**(2.7)**	**(6.9)**
TOTAL	**142.6**	**310.6**	**140.0**	**299.0**	**1.9%**	**3.9%**	**2.6**	**11.6**
Ape	129.0	196.8	124.9	184.9	3.2%	6.4%	4.0	11.9
Minivan	5.7	61.4	5.5	54.3	3.6%	13.0%	0.2	7.0
Quargo/Apé Truk	7.8	24.5	9.3	31.7	-15.6%	-22.7%	(1.4)	(7.2)
Microcars	0.0	0.2	0.1	0.9	-71.4%	-75.2%	(0.1)	(0.6)
Atv	0.0	0.0	0.1	0.4	-99.1%	-99.8%	(0.1)	(0.4)
Spare parts and Accessories		27.6		26.8		3.2%		0.9
TOTAL	**142.6**	**310.6**	**140.0**	**299.0**	**1.9%**	**3.9%**	**2.6**	**11.6**

The Commercial Vehicles Division closed the first nine months of 2009 with 142.6 thousand sold units, a 1.9% increase with respect to 2008 volumes, while turnover increased from 299.0 ML € in 2008 to the 310.6 ML € in 2009, a change of 3.9%. Revenues generated in Europe reached 102.9 ML € while India recorded 207.7 ML €.

Within the European market, Piaggio Commercial Vehicles reached 12,100 units sold. Turnover decreased by 6.3%, falling from the 109.8 ML € reported in the first nine months of 2008 to 102.9 ML € in 2009; this decrease was, in any case, contained compared to the fall of sales in the market. Due to the upgrade of the Porter product range and the success of the Eco-solution engines with low environmental impact, the sales dynamics in terms of Porter units was positive, increasing from 5,500 units in the first nine months of 2008 to 5,700 units in 2009, a 3.6% change which was counter to market trends.

With regards to the range of products in Europe, the year 2009 was characterised by the birth of the new Porter. The primary new elements concern the external style as well as the style and comfort of the interior in addition to the introduction of new content, including EPS, first of all, which makes the vehicle driving more comfortable.

The Indian subsidiary Piaggio Vehicles Private Limited continued its productive and commercial expansion. Sales in the three-wheeler sector increased from 125,200 units in the first nine months of 2008 to 130,500 units in 2009, a 4.2% growth. The market share in India was consolidated at approximately 40.9%. A more detailed analysis of the market reveals that Piaggio Vehicles consolidated its position as market leader within the Cargo sector for the transportation of goods. Due to the particular success of the Piaggio Apé 501 and its numerous possibilities of customisation, the market share of Piaggio Vehicles Private Limited reached 55.2%. The incidence of the Passenger sector is significant.

The market sales of the four-wheeler Commercial Vehicle market, on the other hand, fell slightly. Apé Truk fell from 7,600 units in the first nine months of 2008 to 7,000 units during the course of the first nine months of 2009.

OTHER INFORMATION

Corporate

During the first nine months of 2009, the Group's corporate structure changed as a result of the following events:

- On 1 January 2009, the share capital of Aprilia Racing Srl increased from 21,000 Euro to 150,000 Euro due to the transfer - from Piaggio & C. SpA - of its "racing" company branch, resulting the consequent underwriting of a share capital increase of 86%.
- On 21 January 2009, Aprilia Moto UK Limited was cancelled from the local Registry of Companies.
- On 23 January 2009, Aprilia World Service B.V. transferred its shareholding in the company Aprilia World Service Holding do Brasil Ltda to Piaggio Group Americas Inc.
- On 1 June 2009, the merger by incorporation of Piaggio Benelux B.V. into Piaggio Vespa B.V. was implemented with retroactive effectiveness as of 1 January 2009.
- On 21 July 2009, Nacional Motor SAU sold 14% of its shareholding in Aprilia Racing Srl to Piaggio & C. S.p.A.
- On 28 July 2009, Aprilia World Service BV sold 2% of its shareholding in Nacional Motor SAU to Piaggio & C. S.p.A.
- On 28 July 2009, Piaggio & C. S.p.A. sold the *off-road racing* company branch to Aprilia Racing Srl.

Stock Option Plan

With regard to the 2007-2009 stock option plan approved by shareholders on 7 May 2007 for the top management of the Company or of its Italian and/or foreign subsidiaries - in compliance with Art. 2359 of the Italian Civil Code - as well as for delegated directors of the above-said subsidiaries ("2007-2009 Plan"), it should be noted that, during the course of the period, two new stock options were assigned:

- on 15 January 2009, 390,000 options with an exercise price of Euro 1.2218 were assigned. On the date of assignment of the options, the market price of the underlying financial instruments was equal to Euro 1.1569;
- on 11 May 2009, 250,000 options were assigned at a price of Euro 1.2237. On the date of assignment of the options, the market price of the underlying financial instruments was equal to Euro 1.2238.;

In the same period, 145,000 options expired. At 30 September 2009, 9,190,000 option rights were therefore assigned for a corresponding number of shares.

Detailed information on the 2007-2009 Scheme is available in the documents published by the Issuer in accordance with article 84-*bis* of the Consob Issuers Regulation. These documents can be viewed on the institutional website of the Issuer at www.piaggiogroup.com, under the Investor Relations section.

Rights	No. options	Average exercise price (Euros)	Market price (Euro)
Rights existing at 31/12/2008	9,415,000		
° of which exercisable in 2008	0		
New rights assigned between 1-1 / 30/09/2009	640,000	1.2225	1.1830
Rights expiring in the period	145,000		
Rights existing at 30/09/2009	9,910,000		
° of which exercisable at 30/09/2009	0		

* * *

Piaggio Group

Condensed interim Financial Report (Consolidated Financial Statements and - explanatory Note as of 30 September 2009)

CONSOLIDATED INCOME STATEMENT

Amounts in €/000	Notes	1-1 / 30/09/2009	1-1 / 30/09/2008	Change
Net revenues	4	**1,173,149**	**1,289,322**	**(116,173)**
of which with related parties		*7*	*56*	*(49)*
Cost for materials	5	679,955	766,365	(86,410)
of which with related parties		*25,269*	*39,985*	*(14,716)*
Cost for services and use of third party assets	6	211,078	230,276	(19,198)
of which with related parties		*2,386*	*852*	*1,534*
Employees costs	7	186,915	193,552	(6,637)
Depreciation of property, plant and machinery	8	27,535	29,063	(1,528)
Amortization of intangible assets	8	41,449	40,237	1,212
Other operating income	9	97,965	101,805	(3,840)
of which with related parties		*1,159*	*1,649*	*(490)*
Other operating costs	10	21,059	21,508	(449)
of which with related parties			*4*	*(4)*
Operating income		**103,123**	**110,126**	**(7,003)**
Income/(loss) from equity investments		172	49	123
Financial income	11	10,502	14,135	(3,633)
Financial charges	11	(34,290)	(40,549)	6,259
of which with related parties		*(70)*		*(70)*
Earnings before tax		**79,507**	**83,761**	**(4,254)**
Taxation for the period	12	**39,397**	**21,778**	**17,619**
Earnings from continuing activities		**40,110**	**61,983**	**(21,873)**
Assets held for disposal:				
Profits or losses arising from assets held for disposal	13			**0**
Net Income (Loss) for the period		**40,110**	**61,983**	**(21,873)**
Attributable to:				
Shareholders of the Parent Company		**39,403**	**61,497**	**(22,094)**
Minority Shareholders		**707**	**486**	**221**
Earnings per share (figures in €)	14	**0.10**	**0.16**	**(0.06)**
Diluted earnings per share (figures in €)	14	**0.10**	**0.16**	**(0.06)**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Amounts in €/000	Notes	1-1 / 30/09/2009	1-1 / 30/09/2008	Change
Profit (loss) for the period (A)		**40,110**	**61,983**	**(21,873)**
Effective part of profits (losses) on cash flow hedges	27	668	816	(148)
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency		(2,020)	(4,175)	2,155
Total Other Profits (and losses) for the period (B)		**(1,352)**	**(3,359)**	**2,007**
Total Profit (loss) for the period (A + B)		**38,758**	**58,624**	**(19,866)**
Attributable to:				
Shareholders of the Parent Company		**38,142**	**58,135**	**(19,993)**
Minority Shareholders		**616**	**489**	**127**

CONSOLIDATED BALANCE SHEET SITUATION

Amounts in €/000	Notes	At 30 September 2009	At 31 December 2008	Change
ASSETS				
Non-current assets				
Intangible assets	14	644,107	648,234	(4,127)
Property, plant and machinery	15	248,966	250,354	(1,388)
Real estate investments	16			0
Equity investments	17	239	239	0
Other financial assets	18	165	359	(194)
Long-term tax receivables	19	13,296	8,166	5,130
Deferred tax assets	20	32,585	36,227	(3,642)
Other receivables	22	11,800	12,587	(787)
of which with related parties		*506*	*799*	*(293)*
Total non-current assets		**951,158**	**956,166**	**(5,008)**
Assets held for sale	26			**0**
Current assets				
Trade receivables	21	181,499	90,278	91,221
of which with related parties		*371*	*460*	*(89)*
Other receivables	22	20,380	21,380	(1,000)
of which with related parties		*1,894*	*1,961*	*(67)*
Short-term tax receivables	19	22,152	27,772	(5,620)
Inventories	23	278,774	257,961	20,813
Other financial assets	24	30,794	5,787	25,007
of which with related parties		*45*	*45*	*0*
Cash and cash equivalents	25	197,574	39,985	157,589
Total current assets		**731,173**	**443,163**	**288,010**
TOTAL ASSETS		**1,682,331**	**1,399,329**	**283,002**

Amounts in €/000	Notes	At 30 September 2009	At 31 December 2008	Change
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital and reserves attributable to the shareholders of the Parent Company	27	413,135	396,767	16,368
Share capital and reserves attributable to minority shareholders	27	2,070	1,454	616
Total shareholders' equity		**415,205**	**398,221**	**16,984**
Non-current liabilities				
Financial liabilities falling due beyond one year	28	374,244	264,789	109,455
Retirement funds and employee benefits	32	63,384	64,160	(776)
Other long-term provisions	30	17,845	21,678	(3,833)
Tax payables	33		166	(166)
Other long-term payables	34	5,400	5,965	(565)
Deferred tax liabilities	31	30,688	31,795	(1,107)
Total non-current liabilities		**491,561**	**388,553**	**103,008**
Current liabilities				
Financial liabilities falling due within one year	28	206,680	140,691	65,989
Trade payables	29	414,334	362,224	52,110
of which with related parties		*10,986*	*8,712*	*2,274*
Tax payables	33	38,744	19,065	19,679
Other short-term payables	34	91,631	70,677	20,954
of which with related parties		*726*	*600*	*126*
Current portion other long-term provisions	30	24,176	19,898	4,278
Total current liabilities		**775,565**	**612,555**	**163,010**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,682,331**	**1,399,329**	**283,002**

CONSOLIDATED CASH FLOW STATEMENT

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

Amounts in €/000	1-1 30/09/2009	1-1 30/09/2008
Operating activities		
Consolidated net income	39,403	61,497
Minority shareholders	707	486
Taxation for the period	39,397	21,778
Depreciation of property, plant and machinery	27,535	29,063
Amortization of intangible assets	41,449	40,237
Non-monetary costs for stock options	1,522	1,677
Provisions for risks and retirement funds and employee benefits	19,299	19,633
Write-downs / (Revaluations)	2,411	2,194
Losses / (Gains) on the disposal of property, plants and machinery	11	(32)
Losses / (Gains) on the disposal of intangible assets		(3,737)
Financial income	(1,858)	(2,584)
Dividend income	(178)	
Financial charges	21,484	25,412
Income from public grants	(5,435)	(4,770)
Portion earnings of associated companies		6
Change in working capital:		
(Increase)/Decrease in trade receivables	(91,221)	(81,991)
(Increase)/Decrease other receivables	1,000	134
(Increase)/Decrease in inventories	(20,813)	(43,607)
Increase/(Decrease) in trade payables	52,110	84,548
(Increase)/Decrease other payables	20,954	28,091
Increase/(Decrease) in provisions for risks	(11,471)	(12,818)
Increase/(Decrease) in retirement funds and employee benefits	(8,159)	(7,854)
Other changes	9,487	(30,563)
Cash generating by operating activities	137,634	126,800
Interest paid	(17,363)	(22,672)
Taxation paid	(22,765)	(13,506)
Cash flow from operating activities (A)	97,506	90,622
Investment activity		
Investment in property, plant and machinery	(29,170)	(22,874)
Sale price, or repayment value, of property, plant and machinery	959	475
Investment in intangible assets	(37,953)	(35,729)
Sale price, or repayment value, of intangible assets	99	3,741
Repayment of loans provided		58
Purchase of financial assets	(25,007)	
Sale price of financial assets		5,730
Collected interests	1,214	10,994
Cash flow from investment activities (B)	(89,858)	(37,605)
Financing activities		
Purchase of own shares	(1,179)	(19,207)
Outflow for dividends paid	(22,117)	(23,493)
Loans received	254,894	26,794
Outflow for repayment of loans	(70,418)	(85,051)
Repayment of finance leases	(542)	(518)
Cash flow from funding activities (C)	160,638	(101,475)
Increase / (Decrease) in liquid funds (A+B+C)	168,286	(48,458)
Opening balance	25,976	94,862
Exchange differences	(2,020)	730
Closing balance	192,242	47,134

The following table shows the detailed balances of liquid funds on 30 September 2009 and on 30 September 2008.

Amounts in €/000	At 30 September 2009	At 30 September 2008
Liquid funds	197,574	57,965
Current account overdrafts	(5,332)	(10,831)
Final balance	**192,242**	**47,134**

NET CONSOLIDATED FINANCIAL POSITION/ (NET FINANCIAL DEBT)

In thousands of Euros	Notes	At 30 September 2009	At 31 December 2008	Change
Cash and assets in hand	25	55	42	13
Bank and post office deposits	25	197,519	39,943	157,576
Liquidity		**197,574**	**39,985**	**157,589**
Short-term financial receivables due from third parties	24		4,137	(4,137)
Short-term financial receivables due from affiliated companies	24	45	45	0
Securities	24	30,749	1,605	29,144
Current financial receivables		**30,794**	**5,787**	**25,007**
Payables due to banks	28	(17,456)	(66,378)	48,922
Bonds	28	(60,980)		(60,980)
Current portion of bank financing	28	(88,397)	(57,734)	(30,663)
Amounts due to factoring companies	28	(26,769)	(13,020)	(13,749)
Amounts due under leases	28	(750)	(727)	(23)
Current portion of payables due to other financiers	28	(2,714)	(2,569)	(145)
Aprilia Instruments	28	(9,614)	(263)	(9,351)
Total current financial payables		**(206,680)**	**(140,691)**	**(65,989)**
Net current financial debt		**21,688**	**(94,919)**	**116,607**
Payables due to banks and financing institutions	28	(298,806)	(117,056)	(181,750)
Bonds	28	(59,619)	(120,873)	61,254
Amounts due under leases	28	(8,454)	(9,019)	565
Amounts due to other lenders	28	(7,365)	(8,842)	1,477
Aprilia Instruments	28		(8,999)	8,999
Non-current net financial debt		**(374,244)**	**(264,789)**	**(109,455)**
NET FINANCIAL DEBT		**(352,556)**	**(359,708)**	**7,152**

This table reconciles the movement in the flow of the net financial position with liquid fund movements as shown in the cash flow statement.

Amounts in €/000	
Increase/decrease in liquid funds from the cash flow statement	**168,286**
Outflow for repayment of loans	70,418
Repayment of finance leases	542
Loans received	(254,894)
Amortised cost on M-L term financing	(187)
Purchase of financial assets	25,007
Exchange differences	(2,020)
Change in net financial position	**7,152**

CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY 1 January 2009 / 30 September 2009

Amounts in €/000	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group consolidation reserve	Group conversion reserve	Stock option reserve	Performance reserve	***Consolidated Group shareholders' equity***	***Minority interest capital and reserves***	**TOTAL SHAREHOLDERS' EQUITY**
At 1 January 2009	192,147	3,493	7,497	(405)	(5,859)	993	(6,372)	8,556	196,717	396,767	1,454	**398,221**
Charges for the period for stock option plans								1,522		1,522		**1,522**
Allocation of profits			1,499						(1,499)	0		**0**
Distribution of dividends									(22,117)	(22,117)		**(22,117)**
Purchase of own shares	(531)								(648)	(1,179)		**(1,179)**
Total overall Profit (loss)				668			(1,929)		39,403	38,142	616	**38,758**
At 30 September 2009	191,616	3,493	8,996	263	(5,859)	993	(8,301)	10,078	211,856	413,135	2,070	**415,205**

CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY 1 January 2008 / 30 September 2008

Amounts in €/000	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group consolidation reserve	Group conversion reserve	Stock option reserve	Performance reserve	***Consolidated Group shareholders' equity***	***Minority interest capital and reserves***	**TOTAL SHAREHOLDERS' EQUITY**
At 1 January 2008	202,124	3,493	4,273	62,703	(5,859)	993	(293)	6,576	196,387	470,397	1,050	**471,447**
Reclassification of debt warrants				(62,450)						(62,450)		**(62,450)**
Charges for the period for stock option plans								1,677		1,677		**1,677**
Allocation of profits			3,224						(3,224)	0		**0**
Distribution of dividends									(23,322)	(23,322)	(171)	**(23,493)**
Purchase of own shares	(7,450)								(11,757)	(19,207)		**(19,207)**
Total overall Profit (loss)				816			(4,178)		61,497	58,135	489	**58,624**
At 30 September 2008	194,674	3,493	7,497	1,069	(5,859)	993	(4,471)	8,253	219,581	425,230	1,368	**426,598**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 September 2009

A) GENERAL ASPECTS

Piaggio & C. S.p.A. (the Company) is a joint-stock company established in Italy at the Company Registry Office of Pisa. The main operations of the company and its subsidiaries (the Group) are described in the Report on Operations.
The Condensed interim financial statements is expressed in Euros (€) since that is the currency in which most of the Group's transactions take place. Foreign assets are booked in accordance with currently effective international accounting standards.

The Condensed interim financial statements have been subject to a limited audit by Deloitte & Touche S.p.A..

1. SIGNIFICANT ACCOUNTING PRINCIPLES

This Interim Report on Operations has 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 Leg. 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 Regulations of Issuers adopted by Resolution no. 11971/99", Consob communication no. 6064293 dated 28 July 2006 containing the "Corporate reporting required in accordance with Article 114, paragraph 5 of Leg. Decree no. 58/98"). The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called the Standing Interpretations Committee ("SIC"), were also taken into account.
During the drafting of this Interim Report on Operations in compliance with IAS 34 – *Interim Financial Statements*– the same accounting principles adopted in the drafting of the consolidated financial statements of 31 December 2008 were applied, with the exception of that reported in paragraph 2, "Accounting principles, amendments and interpretations applied as of 1 January 2009".

The preparation of the interim financial statements requires management to make estimates and assumptions which have an impact on the values of revenues, costs, balance sheet assets and liabilities and on the information regarding contingent assets and liabilities at the date of the interim financial statements. If these management estimates and assumptions should, in the future, differ from the actual situation, they will be changed as appropriate in the period in which the circumstances change.

It should also be noted that some assessment processes, in particular the more 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 loss in value.

The Group's activities, especially those regarding the Two-Wheeler segment, are subject to significant seasonal changes in sales during the year.

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

2. Accounting principles, amendments and interpretations applied as of 1 January 2009

The following accounting principles, amendments and interpretations have been applied for the first time by the Group as of 1 January 2009.

Adjusted IAS 1 – presentation of the financial statements

The adjusted version of IAS 1 – *Presentation of the financial statements* - applicable as of 1 January 2009 - requires that company drafts a statement of changes of shareholders' equity which includes all changes from transactions with shareholders. All transactions with third parties must be disclosed in a separate statement of comprehensive income or in two statements (the income statement and the statement of comprehensive income). In any case, the changes generated by transactions with minority interest cannot be reported in the schedule of changes to shareholders' equity.

The Group has applied the adjusted version of the principle as of 1 January 2009 and in a retroactive manner, choosing to highlight all changes generated from transactions with non-shareholders in two statements measuring trends of the period and respectively named "Consolidated Income Statement" and "Consolidated comprehensive income statement". The Group subsequently modified the presentation of the "Statement of changes in shareholders' equity".

In addition, it should be noted that the amendment of the Adjusted IAS 1 has entered into force; this amendment states that assets and liabilities deriving from derivative financial instruments which are not detained for trading purposes be classified within the balance sheet, distinguishing between current and non-current assets and liabilities. With regards to this point, it should be noted that this amendment did not result in any change in the presentation/format of items relative to assets and liabilities from derivative financial instruments.

Amendment to IFRS 2 – Maturity and cancellation conditions

The amendment states that - for the purposes of assessing remuneration instruments based on stock - only service and performance conditions can be considered to be maturity conditions for the plans. Potential other clauses relative to the maturity of the plans must therefore be included within the fair value assessment of the grant dates and must not be considered when determining

the number of rights which, on that date and in subsequent valuations, the company expects to mature. The amendment also specifies that the same accounting treatment should be applied, also in case an entity cancels a grant of equity instruments.
The Group has applied the adjusted version of the principle as of 1 January 2009 in a retroactive manner: its application, however, has not resulted in accounting effects for the Group.

Improvements for IAS 19 – *Benefits for employees.* The amendment clarifies the definition of cost/income relative to past services rendered by employees and it establishes that in case of reduction of a plan, the effect to be immediately posted to the income statement should only include the reduction of benefits relative to future periods, whereas the effect arising from possible reductions due to past service periods, should be held as a negative cost relative to past services rendered by the employees. The Group has applied the adjusted version of the principle as of 1 January 2009 in a prospective manner: its application, however, has not resulted in accounting effects for the Group.

Improvements to IAS 23 – *Financial charges*. In the new version of the principle, the option according to which companies can immediately post the financial charges to the income statement - incurred due to assets for which usually a determined period of time is required to prepare the said asset ready for use or sale - was removed.

Improvements to IAS 28 – *Shareholdings in affiliated companies*. The amendment establishes that in case of equity investment evaluated with the shareholders' equity method, a possible impairment should not be allocated to single assets (and in particular to potential goodwill) that form the equity's book value, but to the value of the equity as a whole. Therefore, in the presence of conditions for a subsequent revaluation, such revaluation should be recognised in full.
In accordance with that provided for by the transitioning rules of the amendment, the Group has applied the new accounting principle in a prospective manner to value reinstatements implemented after 1 January 2009. However, its application did not result in accounting effects for the Group given that, in the period, the Group did not book any value reinstatement of goodwill within the book value of shareholdings.
In addition, it should be noted that certain requests for information for shareholdings in affiliated and joint venture companies - which were evaluated at fair value according to IAS 39 - have been modified along with IAS 31 - Shareholdings in joint ventures and the amendment of IFRS 7 - *Financial instruments: disclosures* and IAS 32 - *Financial instruments: presentation* were modified.

Improvements to IAS 38 – *Intangible fixed assets*. The modification provides for the recognition of promotional and advertising costs within the income statement. It also establishes that in case the enterprise incurs charges from which future economic benefits are expected without being recorded as intangible assets, these should be posted to the income statement when the enterprise itself has the right to access the good, if it is the purchase of goods, or when the service is rendered, if it is the purchase of services. Finally, the standard was modified to enable the

enterprises to adopt the method of the produced units to determine the amortization of finite life intangible assets.
The Group has applied the adjusted version of the principle as of 1 January 2009 in a retroactive manner: its application, however, has not resulted in accounting effects for the Group

Amendments and interpretations applied as of 1 January 2009 and not relevant to the Group

The following amendments and interpretations, applicable as of 1 January 2009, regulate specific cases and case histories which are not present within the Group as of the date of this quarterly report:

- IAS 16 – *Property, plant and machinery.* The modification provides for companies - whose characteristic business is renting - to re-classify goods which are no longer leased and are available for sale to the warehouse. Subsequently, gains or losses arising from their disposal should be recorded as net sales. The amounts paid to build or purchase goods to be allocated to others, as well as the amounts collected from the subsequent sale of such goods, form, for the purpose of the cash flow statement, cash flows arising from operating activities (and not from investment activities).

- Improvement to IAS 20 – *Booking and disclosure of public grants*. The modification, which must be applied in a prospective manner as of 1 January 2009, provides that benefits deriving from government loans which are granted at interest rates that are much lower than the market must be booked as public grants and therefore follow the booking rules of IAS 20. The previous version of the principle established that, in the case of financing at facilitated rates received as public contributions, the company must not book any benefit. As a result, the financing was booked at the value corresponding to the received collection - and the lower interest derived from the latter - directly within the income statement under the item, "Financial proceeds (charges)".
  In accordance with the provisions of the transition rules of the amendment, the new accounting principle must be applied as of 1 January 2009 to all financing with facilitated rates granted as of that date. For these grants, a financial payable at fair value and deferred income must be booked in connection with the facilitated-rate grants which will be received for an amount equal to the difference between the fair value of the payable and the cash inflow amount. This value must be booked within the income statement when and only when all the conditions required for the recognition of the grant are systematically met in order to correlate the grant with the costs to compensate.

- IAS 29 – *Financial reporting in hyperinflationary economies*. The previous version of the principle did not explain that some assets and liabilities could be recorded in the financial statements according to the current value, rather than according to the historical cost.

- IAS 32 – *Financial instruments*. In particular, the standard requires companies to classify the puttable instruments and financial instruments that impose an obligation on the company to hand over to a minority interest a share of the equity investment in the company's assets as equity instruments.

- IAS 36 – *Impairment of assets*. The amendment provides that additional information be provided in case the company determines the recoverable amount of the cash-generating units by using the discounted cash flow method.

- IAS 39 – *Financial instruments: recognition and valuation*. This amendment clarifies how the new effective interest rate of a financial instrument must be calculated at the end of fair value hedge. Moreover, it clarifies that the prohibition to reclassify as financial instrument with adaptation of the fair value to income statement should not be applied to the derivative financial instruments that can no longer be qualified as hedging instruments or that become hedging instruments.

- IAS 40 – *Investment property.* The modification states that real estate investments which are under construction fall under the realm of application of IAS 40 rather than IAS 16.

- IFRIC 13 – *Customer fidelization programmes.*
- IFRIC 15 – *Agreements for the construction of real estate.*
- IFRIC 16 – Hedging a shareholding in a foreign company

Accounting principles, amendments and interpretations which are not yet applicable and adopted in advance by the Group

On 10 January 2008, IASB issued an updated version of IFRS 3 – *Business combinations.* The main changes to IFRS 3 regard in particular the elimination of the obligation to evaluate the single assets and liabilities of the subsidiary at the fair value in each subsequent acquisition, in case of acquisition by degrees of subsidiaries. In such cases, the goodwill will be determined as the difference between the value of the equity immediately before the acquisition, the equivalent of the transaction, and the value of the acquired net assets. Moreover, in case the company does not acquire 100% of the equity, the portion of the shareholders' equity pertaining to minority interest could be evaluated both at its fair value and by using the method already provided by IFRS 3. The revised version of the standard also provides the recording in the income statement of all costs connected to the business combination and the posting of payments subject to conditions on the date of acquisition.

On the same date IAS 27 – *Consolidated and separate financial statements* was also amended establishing that modifications to the share that do not result in loss of control should be accounted for as *equity transaction* and with the item therefore recognised under shareholders' equity. Moreover, it was also established that when a company disposes of the control of its own subsidiary, but continues to retain a portion of capital in the company, this should be accounted for at the fair value and possible gains or losses due to the loss of control should be posted to the income statement. Finally, the amendment to IAS 27 requires that all losses attributable to minority interest should be allocated to the portion of third parties' shareholders' equity, also when these exceed their own share of capital in the subsidiary. The new regulations will be applicable for the future starting as of 1 January 2010.

On 22 May 2008, the IASB issued a modification of IFRS 5 - *Non current assets held for sale and terminated operational activities* - which states that if a company is involved in a transfer plan involving the loss of control of a shareholding, all assets and liabilities of the subsidiary must be re-classified amongst assets available for sale, even if the company retains a minority shareholding in the subsidiary after the transfer. This modification must be applied as of 1 January 2010 in a prospective manner.

On 31 July 2008, the IASB issued an amendment to IAS 39 - *Financial Instruments - recognition and valuation* - which clarifies the application of the principle in order to define the underlying asset subject to hedging under specific circumstances. This modification must be applied as of 1 January 2010 in a prospective manner.

On 27 November 2008, IFRIC issued the interpretation, IFRIC 17 - *Distribution of non-liquid assets* - which clarifies that a payable for dividends must be recognised when dividends are appropriately authorised and that this payable must be valuated at the fair value of the net assets which will be utilised for payment. The interpretation is applicable in a prospective manner as of 1 January 2010.

On 29 January 2009, IFRIC issued the interpretation of IFRIC 18 - *Transfer of assets of customers* - which clarifies the booking methods which must be adopted if the company stipulates a contract in which it receives a tangible good from one of its customers and which it must utilise to connect a customer to a network or to provide a specific type of access for the supply of goods and services. The interpretation is applicable in a prospective manner as of 1 January 2010. On the date of issue of this Interim Report on Operations, the competent bodies of the European Union had not yet completed the ratification process which is necessary for its application.

On 5 March 2009, the IASB issued an amendment to principle IFRS 7 - *Supplementary information on financial instruments* - in order to increase the levels of disclosure in the case of fair value valuations and to strengthen existing principles in relation to informational disclosures on liquidity risks of financial instruments. The amendment is applicable as of 1 January 2009. On the date of issue of this Interim Report on Operations, the competent bodies of the European Union had not yet completed the ratification process which is necessary for its application.

On 12 March 2009, the IASB issued an amendment to IFRIC 9 - *Redetermination of the value of incorporated derivatives* and to IAS 39 - *Financial Instruments*: *recognition and valuation* which allows certain financial instruments to be re-classified outside of the accounting category which is "booked at fair value and offset in the income statement". These amendments clarify that - during the re-classification of a financial instrument outside of the above mentioned category - all implicit derivatives must be valuated and, if necessary, booked separately in the financial statements. The amendments are applicable as of 31 December 2009. On the date of issue of this Condensed interim financial statements, the competent bodies of the European Union had not yet completed the ratification process which is necessary for their application.

On 16 April 2009, IASB issued a set of amendments to the IFRS; only those involving changes in the presentation, booking and valuation for financial statement items are cited.

- IFRS 2 – *Payments based on shares:* the amendment, applicable as of 1 January 2010, clarified that the transfer of a company branch for the purposes of forming a joint venture or grouping of companies or company branches under joint control do not fall within the realm of applicability of IFRS 2.

- IFRS 5 – *Non-current assets available for sale and discontinued operations:* this amendment, applicable as of 1 January 2010 in a prospective manner, clarified that IFRS 5 and the other IFRS which specifically refer to non-current assets classified as available for sale or as discontinued operations provide all required information for this type of assets or operations.

- IFRS 8 – *Operating sectors:* the amendment, applicable as of 1 January 2010, requires that companies provide the total value of assets for each sector subject to informational disclosure if this value is provided at the highest level of operational decision-making. This information was previously requested even in the absence of this condition. Adoption of the principle in advance is allowed.

- IAS 1 – *Presentation of the financial statements*: the amendment, applicable as of 1 January 2010, requires that a company must classify a liability as current if it does not retain an unconditional right to postpone its settlement for at least 12 months after the closing of the year, even in the presence of an option on the part of the counterparty which could result in a settlement by means of the issue of equity instruments.

- IAS 7 – *Cash flow statement:* the amendment, applicable as of 1 January 2010, clarifies that only cash flows deriving from expenses resulting in the booking of assets within the balance sheet situation can be classified within the cash flow statement as deriving from investment assets; on the other hand, cash flows deriving from expenses which do not result in the booking of an asset must be classified as derived from operating activities.

- IAS 17 – *Leasing:* the amendment requires that - during the valuation of a leasing contract that includes both land and buildings - the part relative to the land be considered, as customary, to be a finance lease if the land in question has an indefinite useful life given that, in this case, the risks associated with its use for the whole duration of the contract can be considered transferred to the lessee. The amendment is applicable as of 1 January 2010. On the date of adoption, all lands subject to the leasing contract which were previously effective and not yet expired must be separately valuated with the potential retroaction recognition of a new finance lease.

- IAS 36 – Write-down of an asset: this amendment, applicable in a prospective manner as of 1 January 2010, requires that each operational unit or group of operational unit - for which goodwill is allocated for the purposes of impairment tests - be no greater in size than the operating sector defined in paragraph 5 of IFRS 8 and before the grouping allowing by paragraph 12 of the same IFRS on the basis of similar economic conditions or other similar elements.

- IAS 38 – Intangible assets: this principle was amended following the adjustment to IFRS 3 in 2008 which established that there is sufficient information to assess the fair value of an intangible asset acquired during the course of company grouping if it is separable or originates from contractual or legal rights. The amendment in question also clarified the valuation techniques which must be utilised to valuate the fair value of intangible assets for which there is no active market of reference. The amendment is applicable, in a prospective manner, as of 1 January 2010. However, in the case of advance adoption of the reviewed IFRS 3, the latter must also be applied in advance.

- IAS 39 – *Financial instruments*: *recognition and valuation*: the amendment restricts the exception of non-applicability contained within paragraph 2g of IAS 39 to forward contracts between a buyer and a selling shareholder - for the purposes of the sale of a company in a company grouping on future date of acquisition - if the completion of the company grouping only depends on the elapsing of a suitable amount of time. The amendment decrees that option rights (currently exercisable or not) which allow one of the two parties to retain control over the realisation or non-realisation of future events - and whose exercising involving the control of a company - fall within the realm of applicability of IAS 39. The amendment also clarifies that the implicit penalties for the advance redemption of loans - whose price compensates the lender with the loss of additional interest - must be considered strictly correlated to the financing contract and may therefore not be booked separately. Finally, the amendment provides that net income or losses on one hedged financial instrument must be re-classified from the shareholders' equity to the income statement in the period in which the expected and hedged cash flow has an effect on the income statement. The amendment is applicable in a prospective manner as of 1 January 2010. An adoption in advance is allowed.

- IFRIC 9 – *Redetermination of the values of implicit derivatives:* the amendment, applicable in a prospective manner as of 1 January 2010, excludes - from the realm of applicability of IFRIC 9 - the implicit derivatives within contracts acquired during the course of company groups at the time of the creation of jointly controlled companies or joint ventures.

At the date of issue of this Condensed interim financial statements, the competent bodies of the European Union had not yet completed the process of ratification necessary for the application of the amendments described above.

In the month of June 2009, the IASB issued an amendment to IFRS 2 - Payments based on shares: payments based on shares of the Group in cash. The amendment defines its realm of application and its relationship with other accounting principles. In particular, the amendment clarifies that the company which receives the goods and services as part of the payment plans based on shares must book these goods and services independently of the company of the Group which settles the transaction and independently of the fact that the settlement is in cash or shares. In addition, it states that the term "group" is to be interpreted as in IAS 27 - Consolidated and separate financial statements, including the parent company and its subsidiaries. Finally, the amendment specifies that a company must valuate the goods and services which are received as part of a transaction settled in cash or shares from its own perspective and which could potentially not coincide with that of the group and with the relative amount recognised within the consolidated financial statements. The amendment incorporates the guidelines which were previously included in IFRIC 8 and IFRIC 2; as a result, the latter were removed.
The amendment is applicable as of 1 January 2010.
At the date of issue of this Condensed interim financial statements, the competent bodies of the European Union had not yet completed the process of ratification necessary for the application of the amendments described above.

CONSOLIDATION AREA

The scope of consolidation is changed compared to the consolidated financial statements at 31 December 2008 and at 30 September 2008 following the closing of the liquidation procedure of Aprilia Moto UK Ltd. These somewhat limited changes do not alter the comparability of the financial situations and economic results between the two periods.

OTHER INFORMATION

It is pointed out that a specific paragraph in this Report provides information on any significant events occurring after the end of the quarter and on the expected operating outlook.

B) INFORMATION FOR OPERATING SECTORS

Application of IFRS 8 – Operating Sectors is mandatory as of 1 January 2009. The principle requires that the operating sectors are identified on the basis of the internal reporting system which the company's top management utilises to allocate resources and assess performance.
The previous principle IAS 14 - Sector Information - required, on the other hand, that sectors (primary or secondary) be identified on the basis of risks and benefits which refer to the sectors themselves; the reporting system only represents the starting point for this identification.

The information for operating sectors presented below reflects the internal reporting utilised by management for making strategic decisions.
During the course of 2008, it should be noted that the Piaggio Group adopted a new organisational structure with a view to focusing Group resources by "functional area" and by "geographical area".
As a result, internal reporting has been modified to reflect this organisational change; it was therefore based on functional areas subdivided into the following geographical areas.

The "Two-Wheeler" and "Commercial vehicles" divisions represent the two functional areas of the Group and have been identified by considering the typologies of sold products; the results of these functional areas are considered by management in order to assess attained performances.
The business figures and margins are in line with those used in internal reporting.

The functional areas - within the reports provided to management - are further detailed by geographical areas; in particular for the "Two-Wheeler" sectors, the values are presented in reference to "Europe", the "Americas" and "Asia Pacific"; with regards to "Commercial Vehicles" the identified geographical areas are "Europe" and "India".

For the purposes of reporting comparative data, the values of 30 September 2008 - which were previously published - have been re-processed and re-allocated in accordance with that stated above.

The following income statement analysis provides information on the contribution in relation to the consolidated values of the "Two-Wheeler" and "Commercial Vehicles" functional areas.

As previously illustrated within the commentary on the economic and financial performance of the Piaggio Group, the **consolidated EBITDA** was defined as the "Operating Result" gross of amortization of intangible assets and depreciation of tangible assets, as reported within the consolidated income statement.

Income statement by sectors of operation

		TWO-WHEELER VEHICLES				COMMERCIAL VEHICLES			
		EUROPE	AMERICA	ASIA PACIFIC	TOTAL	EUROPE	INDIA	TOTAL	TOTAL
	1-1 / 30/09/2009	297.7	16.4	18.4	**332.5**	12.1	130.5	**142.6**	**475.1**
Sales volumes	1-1 / 30/09/2008	354.5	25.8	17.6	**397.9**	14.7	125.2	**140.0**	**537.9**
(units/000)	Change	(56.7)	(9.4)	0.8	**(65.4)**	(2.7)	5.3	**2.6**	**(62.8)**
	Change %	-16.0	-36.5	4.5	**-16.4**	-18.2	4.2	**1.9**	**-11.7**
	1-1 / 30/09/2009	766.1	52.5	43.9	**862.6**	102.9	207.7	**310.6**	**1,173.1**
Turnover	1-1 / 30/09/2008	878.2	76.9	35.2	**990.3**	109.8	189.2	**299.0**	**1,289.3**
(ML €)	Change	(112.1)	(24.3)	8.7	**(127.7)**	(6.9)	18.5	**11.6**	**(116.2)**
	Change %	-12.8	-31.7	24.8	**-12.9**	-6.3	9.8	**3.9**	**-9.0**
	1-1 / 30/09/2009	253.7	18.4	14.1	**286.2**	27.7	60.4	**88.1**	**374.3**
Gross industrial margin	1-1 / 30/09/2008	290.6	22.0	7.5	**320.2**	32.4	38.0	**70.4**	**390.5**
(ML €)	Change	(36.9)	-3.6	6.5	**(34.0)**	(4.6)	22.4	**17.8**	**(16.2)**
	Change %	-12.7	-16.5	86.5	**-10.6**	-14.3	59.0	**25.2**	**-4.2**
	1-1 / 30/09/2009								**172.1**
EBITDA	1-1 / 30/09/2008								**179.4**
(ML €)	Change								**(7.3)**
	Change %								**-4.1**
	1-1 / 30/09/2009								**79.5**
EBT	1-1 / 30/09/2008								**83.8**
(ML €)	Change								**(4.3)**
	Change %								**-5.1**
	1-1 / 30/09/2009								**40.1**
Net income	1-1 / 30/09/2008								**62.0**
(ML €)	Change								**(21.9)**
	Change %								**-35.3**
Total assets except	30 09 2009	897.2	100.6	85.0	**1,082.8**	156.2	215.0	**371.2**	**1,454.0**
Current financial assets	31 12 2008	853.8	111.1	74.2	**1,039.1**	136.0	178.4	**314.4**	**1,353.5**
(ML €)	Change	43.4	(10.5)	10.8	**43.7**	20.2	36.6	**56.8**	**100.5**
	Change %	5.1	-9.5	14.6	**4.2**	14.9	20.5	**18.1**	**7.4**

C) CONTENT AND MAIN CHANGES - INCOME STATEMENT

3. Net revenues €/000 1,173,149

Revenues are shown net of premiums recognised to customers (dealers).
This item does not include transport costs, which are recharged to customers (€/000 26,602) and invoiced advertising cost recoveries (€/000 4,840), which are shown under other operating income.
The revenues for disposals of Group core business assets essentially refer to the marketing of vehicles and spare parts in European and non-European markets.

Revenues by business sector

The breakdown of revenues by business sector is shown in the following table:

Amounts in €/000	*1-1 / 30/09/2009*		*1-1 / 30/09/2008*		*Changes*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Two-Wheeler Vehicles	862,560	73.53	990,292	76.81	(127,732)	-12.90
Commercial vehicles	310,589	26.47	299,030	23.19	11,559	3.87
TOTAL	**1,173,149**	**100.00**	**1,289,322**	**100.0**	**(116,173)**	**-9.01**

Revenues by geographic area

The division of revenues by geographic area is shown in the following table:

Amounts in €/000	*1-1 / 30/09/2009*		*1-1 / 30/09/2008*		*Changes*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Italy	392,888	33.49	426,141	33.05	(33,253)	-7.80
Rest of Europe	475,559	40.54	560,765	43.49	(85,206)	-15.19
America	53,065	4.52	77,978	6.05	(24,913)	-31.95
India	207,677	17.70	189,208	14.67	18,469	9.76
Asia Pacific	43,960	3.75	35,230	2.73	8,730	24.78
TOTAL	**1,173,149**	**100.00**	**1,289,322**	**100.0**	**(116,173)**	**-9.01**

In the first nine months of 2009, net sales decreased by €/000 116,173, following the contraction of general demand for two-wheeler vehicles in the European market due to the economic crisis which has hit the whole of the Western world as well as the reduction of the BMW order by €/000 6,000 and the exchange rate effect linked to the Euro revaluation with an impact of circa €/000 7,500.

4. Costs for materials **€/000 679,955**

These overall total €/000 679,955, compared to €/000 766,365 at 30 September 2008. The 11.3% reduction is primarily correlated with the decrease in production volumes and sales as well as efficiency recoveries. As a consequence, the percentage incidence on net sales went down, decreasing from 59.4% in the first nine months of 2008 to 58.0% in the current period.
This item includes costs for €/000 25,269 relating to the purchase of scooters and engines from the Chinese subsidiary Zongshen Piaggio Foshan, which are respectively distributed on the European and Asian markets and assembled on scooters built in Italy.

5. Costs for services and use of third party assets **€/000 211,078**

In the first nine months of 2009, these totalled €/000 211,078, a saving of €/000 19,198 compared to 30 September 2008.

6. Employee costs **€/000 186,915**

In the first nine months of 2009, employee costs totalled €/000 186,915, against €/000 193,552 for the same period of the previous year.
The attained savings (- 3.4%) are due to the reduction in the average workforce utilised during the period.
It should be noted that the employee costs include €/000 1,522 relating to stock option costs, as required by the international accounting standards.
Below is a breakdown of the headcount by actual number and average number:

	Average number		
Level	*1-1 / 30/09/2009*	*1-1 / 30/09/2008*	*Change*
Senior Management	111	111	0
Middle Management	430	426	4
Clerical staff	2,031	1,953	78
Manual labour	4,525	4,992	(467)
Total	**7,097**	**7,482**	**(385)**

	Number at		
Level	*30 September 2009*	*31 December 2008*	*Change*
Senior Management	111	112	(1)
Middle Management	438	430	8
Clerical staff	2,079	1,995	84
Manual labour	4,960	3,671	1,289
Total	**7,588**	**6,208**	**1,380**

7. Amortization, depreciation and impairment costs **€/000 68,984**

As set out in more detail in the paragraph on intangible assets, as of 1 January 2004, goodwill is no longer amortised, but is tested annually for *impairment*.

The *impairment test* carried out at 31 December 2008 confirmed the full recoverability of the amounts recorded in the financial statements.

Amortization under the item "Concessions, licences, trademarks and similar rights" includes €/000 4,490 of amortization of the Aprilia brand and €/000 2,284 for the Guzzi brand.

8. Other operating income **€/000 97,965**

Other operating income reported an overall decrease of €/000 3,840 compared to the first nine months of 2008. The reduction is linked to the decreased activity volumes.

9. Other operating costs **€/000 21,059**

Overall, other operating costs reported a value of €/000 21,059, in accordance with that booked in the corresponding period of the previous year.

10. Net financial income (charges) **€/000 (23,788)**

Net financial income (charges) for the first nine months of 2009 was negative by €/000 23,788, a reduction compared to a €/000 26,414 for the same period of 2008. The €/000 2,626 increase with respect to the cited period was due to the reduction in interest rates and was partially compensated by growth in the average net debt for the period.

11. Taxes **€/000 39,397**

Income taxes calculated in accordance with IAS 34 are estimated at €/000 39,397, equivalent to 49.5% of earnings before tax, and are equal to the best estimate of the average weighted rate expected for the entire financial period.

12. Gain/(loss) from assets held for disposal or sale

At the end of the interim financial statements there were no gains or losses from assets held for disposal or disuse.

13. Earnings per share

Earnings per share are calculated as follows:

		1-1 / 30/09/2009	1-1 / 30/09/2008
Net income	€/000	40,110	61,983
Earnings attributable to ordinary shares	€/000	40,110	61,983
Number of ordinary shares in circulation at 1/1		396,040,908	396,040,908
Number of shares issued in the period		-	-
Average number of ordinary shares in circulation during the period		396,040,908	396,040,908
Earnings per ordinary share	€	0.10	0.16
Adjusted average number of ordinary shares		396,361,269	396,191,245
Diluted earnings per ordinary share	€	0.10	0.16

The potential effects deriving from stock option plans were considered when calculating diluted earnings per share.

D) CONTENT AND MAIN CHANGES - CONSOLIDATED BALANCE SHEET - ASSETS

14. Intangible fixed assets €/000 644,107

The table below details the breakdown of intangible assets on 30 September 2009 and on 31 December 2008, as well as the changes for the period.

Amounts in €/000	Book value at 31 December 2008	Increases	Amortization	Disposals	Reclassifications	Exchange differences	Book value at 30 September 2009
R&D costs	81,820	33,511	(25,677)	(19)	(279)	(806)	88,550
Patent rights	18,095	2,700	(8,161)	(80)	327	(108)	12,773
Concessions, licences and trademarks	99,606		(6,924)				92,682
Goodwill	446,940	552					447,492
Other	1,773	1,742	(687)			(218)	2,610
Total	**648,234**	**38,505**	**(41,449)**	**(99)**	**48**	**(1,132)**	**644,107**

The increases for the period recorded under development costs and patent rights, respectively, relate to the capitalisation of costs incurred to develop new products and new engines, and for the purchase of software.

The increase highlighted in the item, Goodwill, is linked to the following two phenomena:

- the valuation of financial instruments issued at the time of acquisition of Aprilia (€/000 615);
- the payment - implemented on the basis of a pre-determined valuation mechanism - of the residual 41 warrants.

The initial purchase cost adjustment relating to the payment of Warrants and EMH Financial Instruments equal to €/000 70,643 was entered as goodwill. Moreover, the initial purchase cost adjustment relating to Aprilia Shareholder Instruments, estimated as €/000 9,614 was also entered as goodwill, as it was considered probable in the light of final results and the 2008-2010 Plan forecasts.

Since this payment is deferred, the cost is represented by its present value, determined in accordance with the following parameters:

		At 30 September 2009			At 31 December 2008	Change (A-B)
Amounts in €/000	Value	Present value (A)	Time	Discount rate	Present value (B)	
Warrants	64,143	64,143			64,206	(63)
EMH instrument	6,500	6,500			6,500	0
Aprilia shareholder instrument	10,000	9,614	0.85	4.73%	8,999	615
Total	**80,643**	**80,257**			**79,705**	**552**

The counter entry for the adjustment to the purchase cost, following the resolution Piaggio's Board of Directors dated 11 June 2008, was recorded to financial payables.

It should be noted that, as highlighted in subsequent events, Piaggio undersigned a settlement agreement with the seller of the Aprilia Group on 16 October 2009. The accounting effects of this agreement on the currently published financial statements will include a reduction of €/000 2,614 on both goodwill as well as the current financial debt linked to the "Aprilia Instruments".

15. Property, plant and machinery €/000 248,966

The table below details the breakdown of tangible fixed assets on 30 September 2009 and on 31 December 2008, as well as the changes for the period.

Amounts in €/000	*Value at 31 December 2008*	*Increases*	*Depreciation*	*Disposals*	*Reclassifications*	*Exchange differences*	*Value at 30 September 2009*
Land	32,150						32,150
Buildings	91,426	1,697	(2,826)		408	(786)	89,919
Plants and machinery	69,267	18,006	(8,991)	(333)	152	(1,659)	76,442
Equipment	48,983	8,199	(14,023)	(186)	775		43,748
Other	8,528	1,268	(1,695)	(451)	(845)	(98)	6,707
Total	**250,354**	**29,170**	**(27,535)**	**(970)**	**490**	**(2,543)**	**248,966**

The increases mainly related to the construction of moulds for the new vehicles launched during the period.

At 30 September 2009, the Group had lands and buildings encumbered by mortgage liens or privileges in favour of Interbanca to secure a €/000 860 loan provided in accordance with Law 346/88 regarding subsidies for applied research received in previous years.

16. Real estate investments **€/000 0**

At the close of the interim financial statements, no real estate investments were held.

17. Equity investments **€/000 239**

The Equity investments heading comprises:

Amounts in €/000	*At 30 September 2009*	*At 31 December 2008*	*Change*
Equity investments in subsidiaries			
Equity investments in joint ventures			
Equity investments in affiliated companies	239	239	0
Total	**239**	**239**	**0**

18. Other non-current financial assets **€/000 165**

Amounts in €/000	*At 30 September 2009*	*At 31 December 2008*	*Change*
Financial receivables due from third parties		194	(194)
Equity investments in other companies	165	165	0
Total	**165**	**359**	**(194)**

19. Current and non-current tax receivables **€/000 35,448**

Receivables due from tax authorities are composed as follows:

Amounts in €/000	*At 30 September 2009*	*At 31 December 2008*	*Change*
VAT receivables	21,374	27,281	(5,907)
Income tax receivables	2,049	1,932	117
Other receivables due from the public authorities	12,025	6,725	5,300
Total tax receivables	**35,448**	**35,938**	**(490)**

Receivables due from Tax authorities included under non-current assets totalled €/000 13,296, compared to €/000 8,166 at 31 December 2008, while receivables due from Tax authorities included under current assets totalled €/000 22,152 compared to €/000 27,772 at 31 December 2008.

20. Deferred tax assets **€/000 32,585**

These overall total €/ 000 32,585 compared to the €/ 000 36,227 of 31 December 2008. Deferred tax assets mainly consist in advance taxes regarding the reversal of unrealised inter-company gains with third parties, advance taxes on fiscal losses of the Parent company and Nacional Motor S.A., and advance taxes on timing differences of the Parent company.

21. Current and non-current trade receivables €/000 181,499

At 30 September 2009 and 31 December 2008, there were no long-term trade receivables.
Current trade payables totalled €/000 181,499 against €/000 90,278 at 31 December 2008. The item includes:

Amounts in €/000	At 30 September 2009	At 31 December 2008	Change
Current trade receivables:			
- due from customers	181,128	89,818	91,310
- due from Group companies valued at equity	305	394	(89)
- due from affiliated companies	66	66	0
Total	**181,499**	**90,278**	**91,221**

The €/000 91,221 increase is linked to the seasonal nature of the sales, which are concentrated in the spring and summer months.
Trade receivables due from Group companies valued at equity are amounts due from Zongshen Piaggio Foshan relating to the sale of raw and semi-finished materials.
Trade receivables due from affiliated companies are amounts due from the Fondazione Piaggio.
The Trade receivables item comprises the receivables, referring to normal sale transactions, recorded net of the allowance for doubtful accounts of €/000 24,810.

The Piaggio Group sells a large part of its trade receivables with and without recourse. The Piaggio Group 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 clients an instrument for funding their own inventories. At 30 September 2009, the trade receivables sold without recourse totalled €/000 106,041, of which the Group received payment prior to the natural maturity of the receivables for €/000 43,594. At 30 September 2009, receivables sold with recourse totalled €/000 26,769, with a counter entry in the current liabilities.

22. Other current and non-current receivables €/000 32,180

Other receivables recorded under non-current assets totalled €/000 11,800 compared to €/000 12,587 at 31 December 2008, whereas those recorded under current assets are equal to €/000 20,380 against €/000 21,380 at 31 December 2008. They comprise the following:

Amounts in €/000	At 30 September 2009	At 31 December 2008	Change
Other non-current receivables:			
- due from Group companies valued at equity	147	440	(293)
due from affiliated companies	359	359	0
- due from others	11,294	11,788	(494)
Total non-current portion	**11,800**	**12,587**	**(787)**

Receivables due from Group companies valued at equity comprise amounts due from AWS do Brasil and Piaggio China. Receivables due from affiliated companies regard amounts due from the Fondazione Piaggio.

Amounts in €/000	At 30 September 2009	At 31 December 2008	Change
Other current receivables:			
Receivables due from Parent Company	1,677	1,784	(107)
Receivables due from Group companies valued at equity	25	5	20
Receivables due from affiliated companies	192	172	20
Receivables due from others	18,486	19,419	(933)
Total current portion	**20,380**	**21,380**	**(1,000)**

Receivables due from the Parent Company regard the assignment of tax receivables that took place within the group consolidated tax regime. Receivables due from Group companies valued at equity comprise amounts due from Zongshen Piaggio Foshan. Receivables due from affiliated companies are amounts due from the Fondazione Piaggio and Immsi Audit.

23. Inventories €/000 278,744

At 30 September 2009, this item totalled €/000 278,744, compared to €/000 257,961 at the end of 2008, and comprised:

Amounts in €/000	*At 30 September 2009*	*At 31 December 2008*	*Change*
Raw materials and consumables	118,253	103,314	14,939
Provisions for write-downs	(10,173)	(8,687)	(1,486)
	108,080	*94,627*	13,453
Work in progress	14,250	23,733	(9,483)
Provisions for write-downs	(852)	(852)	0
	13,398	*22,881*	(9,483)
Finished products and goods	180,418	161,766	18,652
Provisions for write-downs	(23,457)	(21,417)	(2,040)
	156,961	*140,349*	16,612
Advances	*335*	*104*	231
Total	**278,774**	**257,961**	**20,813**

The overall growth of €/000 20,813 was related to the seasonal nature of the production cycle.

24. Other current financial assets **€/000 30,794**

This item comprises:

Amounts in €/000	*At 30 September 2009*	*At 31 December 2008*	*Change*
Financial receivables due from affiliated companies	45	45	0
Securities	30,749	1,605	29,144
Other	-	4,137	(4,137)
Total	**30,794**	**5,787**	**25,007**

The item refers to certificates of deposit issued by an Indian public social security body and purchased by the subsidiary Piaggio Vehicles Private Ltd. in order to make efficient use of temporary liquidity.

The financial receivables due from affiliated companies include the current portion of the loan granted to the Fondazione Piaggio.

25. Liquid funds **€/000 197,574**

Liquid funds totalled €/000 197,574 against €/000 39,985 at 31 December 2008, as detailed below:

Amounts in €/000	*At 30 September 2009*	*At 31 December 2008*	*Change*
Bank and post office deposits	197,519	39,943	157,576
Cash and assets in hand	55	42	13
Total	**197,574**	**39,985**	**157,589**

This item primarily includes very short term bank deposits on demand and the significant increase is primarily due to the disbursement of two medium term loans during the course of the year (described in paragraph 28 of financial liabilities).

26. Assets held for sale **€/000 0**

At 30 September 2009, there were no assets held for sale.

CONTENT AND MAIN CHANGES - CONSOLIDATED BALANCE SHEET - LIABILITIES

27. Share capital and reserves €/000 415,205

Share capital €/000 191,616

The change in share capital during the period was as follows:

Amounts in €/000	
Subscribed and paid up capital	205,941
Own shares purchased at 31 December 2008	(13,794)
Share capital at 1 January 2009	192,147
Own shares purchased in the period 1-1 / 30/09/2009	(531)
Share Capital at 30 September 2009	191,616

At 30 September 2009 the fully subscribed and paid-up share capital consists of 396,040,908 ordinary shares with a nominal value of € 0.52 each, totalling € 205,941,272.16.
During the period, following the resolution passed at the Shareholders' Meeting on 24 June 2008, the Parent Company purchased 1,020,673 own shares.
Therefore, at 30 September 2009 the Parent company holds 27,547,007 own shares, equal to 6.956% of the share capital.

At 30 September 2009 and on the basis of that reported within the registry of shareholders and available information, there are no shareholders with more than 2% of share capital other than Omniaholding S.p.A. (with 0.025% of share capital and, through Immsi S.p.A., 53.588% of the share capital, for a total of 53.613% of the share capital), Diego Della Valle e C. S.a.p.a. (with 5.010% of share capital), Giorgio Girondi (with 2.431% of share capital), the State of New Jersey Common Fund D (with 2.063% of share capital) and Piaggio & C S.p.A. itself (with 6.956% of share capital)"

Declarant	Direct shareholder		% of ordinary share capital	% of voting share capital
	Name	Title		
Omniaholding S.p.A.	IMMSI S.p.A.	Ownership	53.588	53.588
	Omniaholding S.p.A.	Ownership	0.025	0.025
		Total	**53.613**	**53.613**
Piaggio & C. S.p.A.	PIAGGIO & C. S.P.A.	Ownership	6.956*	6.956*
		Total	**6.927**	**6.927**
Diego della Valle	Diego della Valle & C. S.a.p.a.	Ownership	5.01	5.01
		Total	**5.01**	**5.01**
Girondi Giorgio	G.G.G. S.p.a.	Ownership	2.103	2.103
	Doutdes S.p.a.	Ownership	0.328	0.328
		Total	**2.431**	**2.431**
State of New Jersey Common Pension Fund D	State of New Jersey Common Pension Fund D	Ownership	2.063**	2.063**
		Total	**2.063**	**2.063**

(*) non-voting shares as per article 2357-ter (paragraph 2) of the Italian Civil Code.
(**) as notified in accordance with Article 120 of Legislative Decree No. Lgs. 58/1998

Share premium reserve €/000 3,493

The share premium reserve at 30 September 2009 was unchanged and equal to €/000 3,493.

Legal reserve €/000 8,996

The legal reserve increased by €/000 1,499 as a result of the allocation of the earnings for the last period.

OTHER RESERVES €/000 (2,826)

This item consists of:

Amounts in €/000	*At 30 September 2009*	*At 31 December 2008*	*Change*
Conversion reserve	(8,301)	(6,372)	(1,929)
Stock option reserve	10,078	8,556	1,522
Financial instruments' fair value reserve	263	(405)	668
IFRS transition reserve	(5,859)	(5,859)	0
Total other reserves	*(3,819)*	*(4,080)*	*261*
Consolidation reserve	993	993	0
Total	**(2,826)**	**(3,087)**	**261**

The financial instruments' *fair value* reserve includes €/000 263 relating to the effect of recording the *cash flow hedge*.

The consolidation reserve was generated after the acquisition - in the month of January 2003 - of the shareholding in Daihatsu Motor Co. Ltd in P&D S.p.A., equal to 49% of the share capital, on the part of Piaggio & C. S.p.A.

<u>Distributed dividends</u> <u>€/000 22,117</u>

The unit dividend by share distributed on the basis of the net income of the year was equal to € 0.06 for the years 2007 and 2008. During the course of the month of May 2009, dividends totalling €/000 22,117 were paid. In the same period of the previous year, dividends totalling €/000 23,493 were paid.

<u>Performance reserve</u> <u>€/000 211,856</u>

<u>Minority interest capital and reserves</u> <u>€/000 2,070</u>

The end of period amount refers to the minority shareholders in Piaggio Hrvatska Doo and Piaggio Vietnam.

Other net income (losses) €/000 668

The value of Other net income (losses) is composed as follows

Amounts in €/000	*1-1 / 30/09/2009*	*1-1 / 30/09/2008*	*Change*
The effective part of net income (losses) on cash flow hedging instruments generated in the period	355	757	(402)
The effective part of net income (losses) on cash flow hedging instruments re-classified in the period	313	59	254
Effective part of profits (losses) on cash flow hedges	**668**	**816**	**(148)**

28. Current and non-current financial liabilities **€/000 580,924**

In the first nine months of 2009, the Group's overall debt reported an increase of €/000 175,444, rising from €/000 405,480 to €/000 580,924. This increase is due to the disbursement, in February 2009, of a medium term loan of €/000 150,000, stipulated with the European Investment Bank in December 2008, as well as a medium term syndicated loan of €/000 90,000 disbursed by a pool of banks under the coordination of BNP Paribas, net of reimbursements implemented during the course of the first nine months of the year. The Group's net debt fell to €/000 352,556 at 30 September 2009 from €/ 000 359,708 at 31 December 2008, as can be seen in the table on net financial position included in the financial statements.

Financial liabilities included in non-current liabilities totalled €/000 374,244 against €/000 264,789 at 31 December 2008, whereas other payables included in current liabilities totalled €/000 206,680 compared to €/000 140,691 at 31 December 2008.

The attached tables summarise the breakdown of financial debt at 30 September 2009 and at 31 December 2008, as well as the changes for the period.

Amounts in €/000	*At 31 December 2008*	*Repayments*	*New issues*	*Reclassifications to current portion*	*Other changes*	*At 30 September 2009*
Non-current portion:						
Medium/long-term bank loans	117,056		240,000	(56,096)	(2,154)	298,806
Bonds falling due over 12 months	120,873	(2,000)		(60,980)	1,726	59,619
Other medium-/long-term loans						
- *of which leasing*	9,019			(565)		8,454
- *of which due to other lenders*	8,842		1,145	(2,622)		7,365
- *of which Aprilia instruments*	8,999			(9,614)	615	-
Total other loans beyond 12 months	*26,860*	*0*	*1,145*	*(12,801)*	*615*	*15,819*
Total	**264,789**	**(2,000)**	**241,145**	**(129,877)**	**187**	**374,244**

Amounts in €/000	*At 31 December 2008*	*Repayments*	*New issues*	*Reclass. from non current portion*	*Other changes*	*At 30 September 2009*
Current portion:						
Current account overdrafts	14,009	(8,677)				5,332
Current account payables	52,369	(40,245)				12,124
Bonds falling due within 12 months	-			60,980		60,980
Payables due to factoring companies	13,020		13,749			26,769
Current portion of medium-/long-term loans:						
- *of which leases*	727	(542)		565		750
- *of which due to banks*	57,734	(25,433)		56,096		88,397
- *of which due to others*	2,569	(2,477)		2,622		2,714
- *of which Aprilia instruments*	263	(263)		9,614		9,614
Total current portion of medium-/long-term loans	*61,293*	*(28,715)*	*0*	*68,897*	*0*	*101,475*
Total	**140,691**	**(77,637)**	**13,749**	**129,877**	**0**	**206,680**

Medium and long-term bank debt amounts to €/000 387,203 (of which €/000 298,806 non-current and €/000 88,397 current) and consists of the following loans:

- a €/000 139,286 medium-term loan from the European Investment Bank to finance Research & Development investments planned for the period 2009-2012. The amortization schedule of the seven-year loan consists of 14 six-monthly instalments to be repaid at a variable rate equal to the six-month Euribor rate plus a spread of 1.323%. The contractual terms envisage loan covenants but exclude guarantees. It should be noted that, in reference to the 2008 period, these parameters were comfortably met;
- €/000 95,349 (nominal value €/000 96,000) loan provided to the Parent company by Mediobanca and Banca Intesa San Paolo. In April 2006, this loan was syndicated to a restricted pool of banks and it is part of a more articulated loan package. The loan package consisted of an initial *instalment* of €/000 150,000 (nominal value) which has been fully drawn on (at 30 September 2009 €/000 96,000 was still due) and a second *instalment* of €/000 100,000 to be used as a credit line (at 30 September 2009 still non-utilised). The structure envisages a 7-year term, with a pre/amortization period of 18 months and 11 six-monthly instalments with the last maturity on 23 December 2012 for the loan *instalment*, a variable interest rate linked to the six-month Euribor rate to which a variable spread between a maximum of 2.10% and a minimum of 0.65% is added depending on the Net Financial Debt/EBITDA ratio (the rate applied on the date in question was 1.15%). For the *tranche* relating to the credit line there is a commitment fee of 0.25%. The agreement does not envisage the issue of guarantees, while, in line with market practice, it does require meeting some financial parameters. It should be noted that, in reference to the 2008 period, these parameters were comfortably met;
- €/000 87,670 (nominal value of €/000 90,000) medium term loan granted in the month of July to the Parent company from Banca Nazionale del Lavoro, acting the capacity of agent bank, and disbursed in the month of August 2009. This loan was syndicated by a pool of banks, has a duration of three years with pre-amortization of a year and a half and reimbursement in three half-year instalments. The economic terms provide for a variable interest rate linked to the six-month Euribor rate plus an initial margin of 1.90%. This margin may vary from a minimum of 1.65% to a maximum of 2.20% in accordance with changes in the Net Financial Debt / Ebitda ratio. The financing was partly utilised for the partial advance reimbursement of the debenture loan of 16 October 2009;
- a €/000 29,000 loan granted to the Parent company by a pool of 14 banks at the time of the Aprilia acquisition for the purchase of an amount of 34 million Euros in non self-liquidating financial receivables claimed by the same lenders from Aprilia S.p.A.. The conditions envisaged a fixed interest rate of 3.69% annually compounded and repayment in a single instalment of capital and interest at the final maturity, set for 31 December 2009;
- a €/000 25,000 five-year unsecured loan from Interbanca entered into in September 2008;

- a €/000 860 loan from Interbanca in accordance with Law 346/88 regarding subsidies for applied research, secured by a mortgage lien on property;
- an interest-free loan of €/000 2,691 from Banca Antonveneta originally to a subsidiary of the Aprilia Group and, following the acquisition, taken on by the Parent Company with a single repayment date in 2011. The conditions envisage a market interest rate over the last two years based on the performance of the Piaggio 2004-2009 warrants;
- a €/000 515 subsidised loan provided by Efibanca, maturing on 28 December 2009;
- a €/000 1,832 subsidised loan from Banca Intesa San Paolo under Law 346/88 regarding applied research;
- €/000 3,500 of payables due to Interbanca in its capacity of provider of the EMH instruments;
- a €/000 1,500 eight-year subsidised loan from ICCREA in December 2008 granted under Law 100/90 and linked to the SIMEST equity investment in the Vietnamese company.

Bonds (€/000 120,599 in net book value, of which €/000 59,619 as non-current and €/000 60,980 as current) refer to a *high-yield* debenture loan issued on 27 April 2005 by the subsidiary Piaggio Finance S.A. (Luxembourg), for a nominal amount of €/000 150,000, maturing on 30 April 2012 and with a half-yearly coupon bearing a fixed annual nominal rate of 10%. The net book value reflects repurchases on the open market implemented in the fourth quarter of 2008 and the first quarter of 2009 and totalling €/000 28,040. The bond issue is guaranteed by the Parent company. In March 2009, Standard & Poor's confirmed its BB rating on the bonds, downgrading its outlook from stable to negative. In May 2009, Moody's confirmed its Ba2 corporate *rating* of the Parent Company, though it downgraded the outlook from "stable" to "negative".

It should be noted that, on 16 October 2009, an advance reimbursement of the high-yield debenture loan was implemented for a total of €/000 60,980 by means of the exercising of the option rights at the nominal value, increased by the penalty provided for in the regulations.

Medium-/long-term payables due to other lenders amount to €/000 55,666 (of which €/000 15,819 falling due beyond twelve months; (€/000 39,847 is the current portion of other loans). These break down as follows:

- €/000 9,204 in finance leases for the incorporated Moto Guzzi S.p.A., €/000 9,202 of which provided by Locat S.p.A. and €/000 2 by Italease Factoring S.p.A.;
- Aprilia ex-shareholders' financial instrument for €/000 9,614;
- subsidised loans for a total of €/000 10,079 provided by Simest and by the Ministry of Economic Development using regulations to encourage exports and investment in research and development (non-current portion of €/000 7,365);
- advances from factoring operations with recourse €/000 26,769.

Financial instruments

Exchange rate risk

In the first nine months of 2009, exchange rate risk was managed in line with the *policy* introduced in 2006, which aims to neutralise the possible negative effects of exchange rate changes on company *cash-flow*, by hedging the business risk, which concerns the changes in company profitability compared to the annual business budget on the basis of a key change (the so-called "budget change") and of the settlement risk, which concerns the differences between the exchange rate recorded in the financial statements for receivables or payables in foreign currency and that recorded in the related receipt or payment.

The exposure to business risk consists of the envisaged payables and receivables in foreign currency, taken from the budget for sales and purchases reclassified by currency and accrued on a monthly basis.

The exposure to settlement risk consists of receivables and payables in foreign currency acquired in the accounting system at any moment. The hedge must at all times be equal to 100% of the import, export or net settlement exposure for each currency.

As regards contracts in place to hedge exchange rate risk on foreign transactions (business risk), at 30 September 2009 Piaggio & C. S.p.A. had in place the following forward sales contracts:

- for a value of CAD/000 4,585 equal to €/000 2,880 (valued at the forward exchange rate);
- for a value of CHF/000 5,520 equal to €/000 3,639 (valued at the forward exchange rate);
- for a value of DKK/000 2,400 equal to €/000 322 (valued at the forward exchange rate);
- for a value of GBP/000 6,010 equal to €/000 6,722 (valued at the forward exchange rate);
- for a value of JPY/000,000 320 equal to €/000 2,398 (valued at the forward exchange rate);
- for a value of SGD/000 170 corresponding to €/000 82 (valued at the forward exchange rate);
- for a value of USD/000 21,510 equal to €/000 14,745 (valued at the forward exchange rate);

and forward purchase contracts:

- for a value of CAD/000 720 equal to €/000 456 (valued at the forward exchange rate);
- for a value of GBP/000 200 equal to €/000 220 (valued at the forward exchange rate);
- for a value of JPY/000,000 695 equal to €/000 5,214 (valued at the forward exchange rate);
- for a value of SEK/000 960 equal to €/000 94 (valued at the forward exchange rate);

- for a value of USD/000 5,170 equal to €/000 3,525 (valued at the forward exchange rate);

As regards contracts in place to hedge exchange rate risk on *forecast transactions* (business risk), at 30 September 2009 the Parent Company had in place:

- forward purchase contracts for a value of JPY/000,000 493 and CNY/000,000 90, corresponding to €/000 3,778 and €/000 9,217 respectively;
- forward sales contracts for a value of CHF/000 4,600 corresponding to €/000 3,074 (valued at the forward exchange rate), CAD/000 950 corresponding to €/000 586 (valued at the forward exchange rate), and GBP/000 5,200, corresponding to €/000 5,882 (valued at the forward exchange rate).

As for other Group companies, at 30 September 2009, Piaggio Group Americas had forward sale contracts in place for USD/000 3,000, corresponding to €/000 2,301 (valued at the forward exchange rate).

29. Current and non-current trade payables €/000 414,334

At 30 September 2009 and at 31 December 2008 no trade payables were recorded under non-current liabilities.
At 30 September 2009 current trade liabilities totalled €/000 414,334 against €/000 362,224 at 31 December 2008.

Amounts in €/000	*At 30 September 2009*	*At 31 December 2008*	*Change*
Current liabilities:			
Amounts due to suppliers	403,348	353,512	49,836
Trade payables due to companies valued at equity	10,556	8,209	2,347
Amounts due to affiliated companies	124	159	(35)
Amounts due to parent companies	306	344	(38)
Total current portion	**414,334**	**362,224**	**52,110**

The overall increase in trade payables of €/000 52,110 is linked to the previously mentioned seasonal nature of the production cycle.

30. Current and non-current portions of provisions **€/000 42,021**

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

Amounts in €/000	Balance at 31 December 2008	Provisions	Applications	Reclassification	Exchange differences	Balance at 30 September 2009
Product warranty provision	18,537	10,192	(10,691)	30	(44)	18,024
Risk provisions on equity investments	5,782		(302)			5,480
Provisions for contractual risks	8,481	1,638				10,119
Other provisions for risks and charges	8,776	1,794	(3,079)	1,079	(172)	8,398
Total	**41,576**	**13,624**	**(14,072)**	**1,109**	**(216)**	**42,021**

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

Amounts in €/000	*At 30 September 2009*	*At 31 December 2008*	*Change*
Non-current portion:			
Product warranty provision	3,313	2,945	368
Risk provisions on equity investments	5,480	5,480	0
Provision for contractual risks	4,217	8,481	(4,264)
Other provisions for risks and charges	4,835	4,772	63
Total non-current portion	**17,845**	**21,678**	**(3,833)**

Amounts in €/000	*At 30 September 2009*	*At 31 December 2008*	*Change*
Current portion:			
Product warranty provision	14,711	15,592	(881)
Risk provisions on equity investments		302	(302)
Provisions for contractual risks	5,902		5,902
Other provisions for risks and charges	3,563	4,004	(441)
Total current portion	**24,176**	**19,898**	**4,278**

The product warranty provision relates to allocations for technical assistance on products with 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 10,192 and was used for €/000 10,691 in relation to charges incurred during the period.

Provisions for risks on equity investments includes the portion of negative shareholders' equity held in the subsidiary Piaggio China Co Ltd, as well as the charges that may arise from liquidations/mergers involving some foreign Group companies.

The provision of contractual risks refers mainly to charges which may arise from the ongoing negotiation of a supply contract.
"Other provisions" include provisions for legal risks for an amount of €/000 5,810.

31. Deferred tax liabilities — €/000 30,688

Deferred tax liabilities totalled €/000 30,688 compared to €/000 31,795 at 31 December 2008. The change was mainly due to the reabsorption of timing differences.

32. Retirement funds and employee benefits — €/000 63,384

Amounts in €/000	*At 30 September 2009*	*At 31 December 2008*	*Change*
Retirement funds	2,530	2,562	(32)
Termination indemnities	60,854	61,598	(744)
Total	**63,384**	**64,160**	**(776)**

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.

33. Current and non-current tax payables — €/000 38,744

At 30 September 2009, there were no tax payables included within non-current liabilities, which totalled €/000 166 at 31 December 2008.
"Tax payables" included in current liabilities totalled €/000 38,744, against €/000 19,065 at 31 December 2008.
Their breakdown was as follows:

Amounts in €/000	*At 30 September 2009*	*At 31 December 2008*	*Change*
Due for income tax	18,320	1,344	16,976
Due for non-income tax			
Tax payables for:			
- VAT	9,859	3,962	5,897
- tax withholdings made	4,515	6,026	(1,511)
- other	6,050	7,733	(1,683)
Total	20,424	17,721	2,703
Total	**38,744**	**19,065**	**19,679**

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

Payables for income taxes include the allocation of taxes implemented in the period for the adjustment of the fiscal charges of the Group, using the forecasted tax rate for the year.

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

34. Current and non-current other payables €/000 97,031

Amounts in €/000	*At 30 September 2009*	*At 31 December 2008*	*Change*
Non-current portion:			
Amounts due to employees	53		53
Amounts due to social security institutions	1,003	1,003	0
Other payables	4,344	4,962	(618)
Total non-current portion	**5,400**	**5,965**	**(565)**

Amounts in €/000	*At 30 September 2009*	*At 31 December 2008*	*Change*
Current portion:			
Amounts due to employees	36,249	24,563	11,686
Amounts due to social security institutions	5,529	9,205	(3,676)
Sundry payables due to affiliated companies	289	226	63
Sundry payables due to parent companies	437	374	63
Other	49,127	36,309	12,818
Total current portion	**91,631**	**70,677**	**20,954**

Other payables included in non-current liabilities totalled €/000 5,400 against €/000 5,965 at 31 December 2008, whereas other payables included in current liabilities totalled €/000 91,631 compared to €/000 70,677 at 31 December 2008.

Amounts due to employees include the amount for holidays accrued but not taken of €/000 12,430 and other payments to be made for €/000 23,819.

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

E) DEALINGS WITH RELATED PARTIES

The main business and financial relations that Group companies had with related parties have already been described in the specific paragraph in the Directors' Report to which reference is made here. To supplement this information, the following table provides an indication by company of the outstanding items at 30 September 2009, as well as their contribution to the respective headings.

		Amounts in €/000	% of accounting item
Relations with affiliated companies			
Fondazione Piaggio	other current receivables	172	0.84%
	other current financial assets	45	0.15%
	other non-current receivables	359	3.04%
	current trade receivables	66	0.04%
	current trade payables	19	0.00%
	other current payables	218	0.24%
Piaggio China	current trade payables	6	0.00%
	other non-current receivables	9	0.08%
AWS do Brasil	other non-current receivables	138	1.17%
Zongshen Piaggio Foshan	other current receivables	25	0.12%
	costs for materials	25,269	3.72%
	other operating income	1,054	1.08%
	current trade receivables	305	0.17%
	current trade payables	10,550	2.55%
	net sales	7	0.00%
	Financial charges	70	0.20%
	costs for services and use of third party assets	73	0.03%
IMMSI Audit	other current receivables	20	0.10%
	other current payables	71	0.08%
	costs for services and use of third party assets	621	0.29%
	other operating income	20	0.02%
Cantieri Navali Rodriguez	other operating income	33	0.03%
Is Molas	costs for services and use of third party assets	82	0.04%
Studio D'Urso	current trade payables	105	0.03%
	costs for services and use of third party assets	105	0.05%
Relations with parent companies			
IMMSI	costs for services and use of third party assets	1,505	0.71%
	other operating income	52	0.05%
	other current receivables	1,677	8.23%
	current trade payables	306	0.07%
	other current payables	437	0.48%

F) <u>SUBSEQUENT EVENTS</u>

As of 30 September 2009, no events have occurred which required supplementary adjustments or notes to this Interim Report on Operations with the exception of that previously described in the paragraph of intangible fixed assets.

In this regard, refer to the Report on Operations for significant events after 30 September 2009.

* * *

In accordance with paragraph 2 of article 154-bis of the Consolidated Finance Law, the manager in charge of preparing the corporate accounting documents, Alessandra Simonotto, states that the accounting information contained in this document reflects the books and the accounting entries.

* * *

Milan, 30 October 2009

for the Board of Directors
Chairman and Chief Executive
Roberto Colaninno