PIAGGIO &C.s.p.a.

IMMSI Group

Share capital EUR 205,941,272.16 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 as of 30 September 2010

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

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CONTENTS

COMPANY BOARDS

Board of Directors	
Chairman and Chief Executive Officer	Roberto Colaninno (1)
Deputy Chairman	Matteo Colaninno
Directors	Michele Colaninno (3)
	Franco Debenedetti (3), (4)
	Daniele Discepolo (2), (4), (5)
	Giorgio Magnoni
	Livio Corghi
	Luca Paravicini Crespi (3), (5)
	Riccardo Varaldo (4), (5)
	Vito Varvaro
	Andrea Paroli (6)
Board of Statutory Auditors	
Chairman	Giovanni Barbara
Statutory Auditors	Attilio Francesco Arietti
	Alessandro Lai
Substitute Auditors	Mauro Girelli
	Elena Fornara
Supervisory Body	Antonino Parisi
	Giovanni Barbara
	Ulisse Spada
General Managers	Michele Pallottini
	Maurizio Roman (7)
Executive in charge of financial reporting	Alessandra Simonotto
Independent Auditors	Deloitte & Touche S.p.A.

(1) Director in charge of internal audit

(2) Lead Independent Director

(3) Member of the Appointment Proposals Committee

(4) Member of the Remuneration Committee

(5) Member of the Internal Control Committee

(6) In office since 22 September 2010

(7) In office since 26 February 2010

Introduction

This unaudited Interim Report on Operations as of 30 September 2010 has been prepared in compliance with Legislative Decree no. 58/1998 as amended, as well as with Consob Regulation on Issuers.

The Condensed Interim Financial Statements have been prepared in compliance with International Financial Reporting Standards (« IFRS ») issued by the International Accounting Standards Board (« IASB ») and approved by the European Union and in accordance with IAS 34 – Interim Financial Reporting, applying the same accounting standards as those adopted for the Consolidated Financial Statements as of 31 December 2009, with the exception of items described in the Notes - in the section on Accounting standards, amendments and interpretations applied as from 1 January 2010.

Interim Directors' Report

Financial Highlights

Reclassified data on financial performance (in millions of Euro)	First nine months of 2010	%	First nine months of 2009	%	2009	%
Net revenues	1,176.3	100.0	1,173.1	100.0	1,486.9	100.0
Gross industrial margin	380.3	32.3	374.3	31.9	467.1	31.4
Operating expenses	-272.1	-23.1	-271.2	-23.1	-362.6	-24.4
Operating income	108.1	9.2	103.1	8.8	104.4	7.0
Earnings before tax	88.7	7.5	79.5	6.8	74.1	5.0
Net income	46.7	4.0	40.1	3.4	47.4	3.2
Minority interest	0.0	0.0	0.7	0.1	1.4	0.1
Group	46.7	4.0	39.4	3.4	46.0	3.1
EBITDA	172.3	14.7	172.1	14.7	200.8	13.5

Reclassified financial data (in millions of Euro)	As of 30/09/2010	As of 31/12/2009	As of 30/09/2009
Consolidated balance sheet			
Net working capital	30.6	17.2	10.4
Tangible assets	244.2	250.4	249.0
Intangible assets	644.4	641.3	644.1
Financial assets	0.5	0.6	0.4
Provisions	-131.0	-133.7	-136.1
Net capital employed	**788.6**	**775.8**	**767.8**
Consolidated net debt	342.9	352.0	352.6
Shareholders’ equity	445.7	423.8	415.2
Sources of funds	**788.6**	**775.8**	**767.8**
Minority interest capital	1.6	2.1	2.1

Cash flow (in millions of Euro)	As of 30/09/2010	As of 30/09/2009	As of 31/12/2009
Opening consolidated net debt	**-352.0**	**-359.7**	**-359.7**
Cash flow from operating activities (earnings+amortisation/depreciation)	110.9	109.1	143.8
Change in net working capital	-13.3	-14.1	-20.9
Net investments	-61.0	-63.3	-89.4
Change in retirement funds and other provisions	-2.7	-1.4	-3.8
Other changes in shareholders' equity	-24.8	-23.1	-21.8
Total cash flow	***9.0***	***7.2***	***7.7***
Closing consolidated net debt	**-342.9**	**-352.6**	**-352.0**

Income statement by operating segments

		TWO-WHEELER VEHICLES				COMMERCIAL VEHICLES			
		EUROPE	AMERICAS	ASIA PACIFIC	TOTAL	EUROPE	INDIA	TOTAL	TOTAL
Sales volumes * (units/000)	1-1 / 30-9-2010	278.9	4.5	40.9	**324.3**	10.4	159.1	**169.4**	**493.7**
	1-1 / 30/09/2009	297.6	16.4	18.6	**332.5**	12.1	130.5	**142.6**	**475.1**
	Change	(18.7)	(11.8)	22.3	**(8.2)**	(1.7)	28.6	**26.9**	**18.6**
	Change %	-6.3	-72.3	120.0	**-2.5**	-14.2	21.9	**18.8**	**3.9**
Turnover * (ML €)	1-1 / 30-9-2010	700.6	18.6	93.0	**812.1**	82.2	282.0	**364.2**	**1,176.3**
	1-1 / 30/09/2009	766.0	52.5	44.0	**862.6**	102.9	207.7	**310.6**	**1,173.1**
	Change	(65.5)	(33.9)	49.0	**(50.4)**	(20.8)	74.3	**53.6**	**3.2**
	Change %	-8.5	-64.6	111.5	**-5.8**	-20.2	35.8	**17.2**	**0.3**
Gross industrial margin (ML €)	1-1 / 30/09/2010	237.7	6.7	35.7	**280.2**	20.4	79.7	**100.1**	**380.3**
	1-1 / 30/09/2009	253.7	18.4	14.1	**286.2**	27.7	60.4	**88.1**	**374.3**
	Change	(16.0)	(11.6)	21.6	**(6.0)**	(7.3)	19.3	**12.0**	**6.0**
	Change %	-6.3	-63.4	153.6	**-2.1**	-26.3	31.9	**13.6**	**1.6**
EBITDA (ML €)	1-1 / 30/09/2010								**172.3**
	1-1 / 30/09/2009								**172.1**
	Change								**0.2**
	Change %								**0.1**
EBT (ML €)	1-1 / 30/09/2010								**88.7**
	1-1 / 30/09/2009								**79.5**
	Change								**9.2**
	Change %								**11.5**
Net income (ML €)	1-1 / 30/09/2010								**46.7**
	1-1 / 30/09/2009								**40.1**
	Change								**6.6**
	Change %								**16.5**

* Published data for the first nine months of 2009 have been reprocessed for comparison with data for the first nine months of 2010.

KEY FIGURES BY BUSINESS SEGMENT AT 30 SEPTEMBER 2010

Business unit		Two-Wheeler Vehicles	Commercial Vehicles	**Total**
Sales volumes (units/000)	1-1 / 30-09-2010	324.3	169.4	**493.7**
	1-1 / 30/09/2009	332.5	142.6	**475.1**
	Change	(8.2)	26.9	**18.6**
	Change %	-2.5	18.8	**3.9**
Turnover (ML €)	1-1 / 30/09/2010	812.1	364.2	**1,176.3**
	1-1 / 30/09/2009	862.6	310.6	**1,173.1**
	Change	(50.4)	53.6	**3.2**
	Change %	-5.8	17.2	**0.3**
Employees (no.)	As of 30 September 2010	4,856	2,731	**7,587**
	As of 31 December 2009	4,783	2,517	**7,300**
	Change	73	214	**287**
	Change %	1.5	8.5	**3.9**
Investments (ML €)	1-1 / 30/09/2010	14.7	6.3	**21.0**
	1-1 / 30/09/2009	16.8	16.8	**33.6**
	Change	(2.1)	(10.5)	**(12.6)**
	Change %	-12.4	-62.5	**-37.5**
R&D (ML €)	1-1 / 30/09/2010	23.2	11.7	**34.9**
	1-1 / 30/09/2009	22.0	11.5	**33.5**
	Change	1.2	0.2	**1.4**
	Change %	5.4	1.7	**4.1**

KEY FIGURES BY GEOGRAPHICAL SEGMENT AT 30 SEPTEMBER 2010

		ITALY	REST OF EUROPE	AMERICAS	INDIA	ASIA PACIFIC	**TOTAL**
Sales	1-1 / 30-09-2010	104.5	184.6	4.6	159.1	40.9	**493.7**
volumes *	1-1 / 30/09/2009	131.3	178.2	16.5	130.5	18.6	**475.1**
(units/000)	Change	(26.8)	6.4	(11.9)	28.6	22.3	**18.6**
	Change %	-20.4	3.6	-71.9	21.9	120.0	**3.9**
	1-1 / 30/09/2010	313.8	468.4	19.1	282.0	93.0	**1,176.3**
Turnover *	1-1 / 30/09/2009	392.9	475.5	53.1	207.7	44.0	**1,173.1**
(ML €)	Change	(79.1)	(7.2)	(33.9)	74.3	49.0	**3.2**
	Change %	-20.1	-1.5	-64.0	35.8	111.5	**0.3**
	As of 30 September 2010	4,184	472	58	2,446	427	**7,587**
Employees	As of 31 December 2009	4,131	535	64	2,126	444	**7,300**
(no.)	Change	53	(63)	(6)	320	(17)	**287**
	Change %	1.3	-11.8	-9.4	15.1	-3.8	**3.9**
	1-1 / 30-09-2010	14.3	0.7	0.0	4.8	1.3	**21.0**
Investments	1-1 / 30/09/2009	15.1	1.0	0.1	15.0	2.4	**33.6**
(ML €)	Change	(0.8)	(0.4)	(0.1)	(10.3)	(1.1)	**(12.6)**
	Change %	-5.5	-35.0	-81.0	-68.3	-44.8	**-37.5**
	1-1 / 30/09/2010	25.9	0.0		7.6	1.3	**34.9**
R&D	1-1 / 30/09/2009	24.0	1.0		7.5	1.0	**33.5**
(ML €)	Change	1.9	(1.0)		0.1	0.3	**1.4**
	Change %	8.0	-98.3		1.4	34.9	**4.1**

* Published data for the first nine months of 2009 have been reprocessed for comparison with data for the first nine months of 2010.

PIAGGIO GROUP FINANCIAL POSITION AND PERFORMANCE

Business results of the Piaggio Group in the first nine months of 2010

Net revenues

In millions of Euro	*1-1 / 30/9/2010*	*1-1 / 30/09/2009*	*Change*
Two-Wheeler Vehicles	812.1	862.6	(50.4)
Commercial Vehicles	364.2	310.6	53.6
TOTAL REVENUES	**1,176.3**	**1,173.1**	**3.2**

In the first nine months of 2010, the Piaggio Group sold a total of 493,700 vehicles worldwide, 324,300 of which in the Two-Wheeler business and 169,400 in the Commercial Vehicles business.
As regards the two-wheeler segment, this performance was achieved in a particularly difficult market context in the Group's main reference areas. In fact compared to the same period of the previous year, demand in the Two-Wheeler business fell in Europe (including Italy), in both the scooter segment (-11.4%) and the motorcycle segment (- 10.4%).
An analysis of sales by geographical segment highlights the growth achieved in the Asia-Pacific area, thanks to the success of the Vietnamese production site which began operations on 24 June 2009.
Sales of the Group on the European market also increased (excluding Italy + 3.5%) despite the overall market downturn (sell-out). As a result, the Piaggio Group improved its global market share, confirming its position as a leader in the scooter segment.
Units sold in Italy were affected by the downturn on the global market which stood at 19.8%.
The reduction in sales in the Americas is due to the decline on the US market (15.3%) and radical revision of the distribution model on the Canadian market, where sales had been temporarily stopped in the first quarter of 2010.

The Commercial Vehicles Division ended the first nine months of 2010 with 169,400 units sold, up 18.8% compared to the same period in 2009, thanks to expansion on the Indian market (+ 21.9%).

In the first nine months of 2010, consolidated revenues stood at 1,176.3 ML €, up 0.3% compared to the same period in 2009. The breakdown of revenues by sub-segments of reference shows that the increase was mostly driven by the successful performance of the Asian market in the Two-Wheeler segment and of the Indian market in the Commercial Vehicles sector, which more than made up for the downturns on the American and European markets.

The **gross industrial margin,** defined as the difference between "Revenues" and the corresponding "Cost of sales" for the period, was equal to 380.3 ML €, up 1.6% compared to the first nine months of 2009. The percentage accounting for turnover continued to increase (32.3% compared to 31.9% in the same period of 2009) as a result of strict control over production costs.

The gross industrial margin included amortisation/depreciation amounting to 23.9 ML € (24.5 ML € in the first nine months of 2009).

"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, amortisation/depreciation of property, plant, equipment and industrial equipment, external maintenance and cleaning costs net of sundry cost recovery recharged to suppliers.

Operating expenses as of 30 September 2010 were equal to 272.1 ML €, up 0.9 ML € compared to 271.2 ML € of the same period in 2009. This item consists of employee costs, costs for services and lease and rental costs, and additional operational expenditure net of operating income not included in the gross industrial margin. Operating expenses also include amortisation and depreciation amounting to 40.3 ML € (44.5 ML € in the first nine months of 2009).

The above trend in revenues and costs led to a **consolidated EBITDA** equal to 172.3 ML € (+0.2 ML €, +0.1% compared to the first nine months of 2009). EBITDA is defined as "Operating income" before the amortisation of intangible assets and depreciation of tangible assets as resulting from the consolidated income statement.

Operating income in the first nine months of 2010 was positive, amounting to 108.1 ML €, up 5.0 ML € compared to 103.1 ML € in the same period in 2009. Profitability (measured as operating income divided by net revenues) also increased and was equal to 9.2 %, against 8.8% for the same period in 2009.

Net borrowing costs amounted to 19.5 ML €, compared to 23.8 ML € in the same period in 2009. The improved performance is related to better refinancing conditions for the debenture loan, lower costs of Euribor index-linked loans as well as a reduction in average debt and a positive effect from currency management.

In the first nine months of 2010, the Piaggio Group reported **earnings before tax** of 88.7 ML € (+ 9.2 ML € compared to the same period in 2009). The improvement is related to the increase in operating income and reduction in net borrowing costs.

In accordance with IAS, taxes for the period account for a cost of 41.9 ML €, (as against 39.4 ML € in the first nine months of 2009) and were determined based on the average tax rate expected for the entire period.

Net income as of 30 September 2010 was equal to 46.7 ML € (40.1 ML € in the same period in 2009).

Consolidated Cash Flow Statement

The consolidated cash flow statement, prepared in accordance with the schedules envisaged by international financial reporting standards, is presented in the "Consolidated Financial Statements and Notes as of 30 September 2010". The following is a comment relating to the summary statement shown in the Highlights.

Cash flow generated in the period was 9.0 ML €.

Cash flow from operating activities, i.e. net income plus amortisation/depreciation, was equal to 110.9 ML €. The positive effect of this cash flow was absorbed by an increase in working capital, which rose from 17.2 ML € as of 31 December 2009 to 30.6 ML € as of 30 September 2010, by investment activities totalling 61.0 ML € and by the purchase of treasury shares for 3.3 ML €.

Balance sheet of the Piaggio Group as of 30 September 2010

Net working capital – defined as the net sum of: Current and non-current trade receivables and other receivables, Inventories, Long-term trade payables and other 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) amounted to 30.6 ML €. The growth of 13.4 ML € compared to figures as of 31 December 2009 is in line with seasonal trends of the business.

Tangible assets consist of properties, plant, machinery and industrial equipment, net of accumulated amortisation/depreciation, and assets held for sale, as set out in more detail in the "Notes" to the Consolidated Financial Statements, in notes 17 and 28. As of 30 September 2010 this item totalled 244.2 ML €, registering a decrease of 6.2 ML € compared to 31 December 2009 and of 4.8 ML € compared to the same period of the previous year.

Intangible assets consist of capitalised research and development costs and the goodwill arising from the mergers and acquisitions undertaken within the Group since 2000 onwards, as set out in more detail in the notes to the consolidated financial statements in the specific note. As of 30 September 2010, this item amounted to 644.4 ML €, up 3.1 ML € compared to 31 December 2009.

Financial assets, defined by the directors as the total of equity investments and other non-current financial assets (refer to "Notes" 19 and 20), totalled 0.5 ML €, registering a decrease of 0.1 ML € compared to 31 December 2009.

Provisions consist of retirement funds and employee benefits (see "Notes" 34), other long-term provisions (see "Notes" 32), the current portion of other long-term provisions (see "Notes" 32), and deferred tax liabilities (see "Notes" 33), and totalled 131.0 ML €, a decrease of 2.7 ML € compared to 31 December 2009.

Net financial debt as of 30 September 2010 was 342.9 ML € compared to 352.0 ML € as of 31 December 2009 and compared to 352.6 ML € in the same period in 2009. The improvement of 9.0 ML € compared to 31 December is attributable to operating cash flow net of investments and the payment of dividends to shareholders. In the first nine months of 2009 the change in net debt was positive, accounting for 7.2 ML €.

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

In millions of Euro	*As of 30 September 2010*	*As of 31 December 2009*	*Change*
Cash	140.9	200.2	(59.4)
Financial assets	25.3	4.1	21.2
(Medium- and long-term financial payables)	(240.7)	(305.5)	64.8
(Debenture loan)	(138.3)	(137.7)	(0.6)
(Short-term financial payables)	(130.1)	(113.1)	(17.0)
Total financial position	**(342.9)**	**(352.0)**	**9.0**

Shareholders' equity as of 30 September 2010 totalled 445.7 ML €, against 423.8 ML € as of 31 December 2009.

On 16 April 2010 the General Meeting of Shareholders of Piaggio & C, resolved to annul 24,247,007 treasury shares of the Company (equal to 6.12% of the share capital), with the elimination of the par value of ordinary shares in circulation and without a reduction in the amount of share capital. As from 10 May 2010, following the filing of the resolution in the Register of Companies, the nominal share capital of Piaggio & C., fully subscribed and paid up, has not changed and amounts to € 205,941,272.16 divided into 371,793,901 ordinary shares.
During the period, following the resolution passed at the General Meeting of Shareholders on 16 April 2009, the Parent Company purchased 1,582,711 treasury shares.
Therefore, as of 30 September 2010 the Parent Company held 4,882,711 treasury shares, equal to 1.31% of the share capital.

Employees

The Group's **workforce** as of 30 September 2010 accounted for 7,587 employees/staff compared to 7,300 as of 31 December 2009.
Employee/staff numbers are in line with seasonal trends of the business, with production and sales focussed on spring and summer months and the use of staff on fixed-term contracts in these periods.

	Average number		Number as of	
Employee/staff numbers	*1-1 / 30/09/2010*	*1-1 / 30/09/2009*	*30-Sept-10*	*31-Dec-09*
Executives	110	111	107	109
Middle Management	458	430	480	441
White collars	2,087	2,031	2,116	2,063
Manual labour	4,960	4,525	4,884	4,687
Total	**7,615**	**7,097**	**7,587**	**7,300**

SIGNIFICANT EVENTS IN THE FIRST NINE MONTHS OF 2010

22 January 2010 An agreement was signed with Enel to study mobility and charging needs for company fleets and hybrid scooters, based on a joint pilot projects to be developed in a number of Italian cities.

1 March 2010 An important agreement for technical collaboration was signed with the Chinese company Dongan Power, which is part of the ChangAn-Hafei Group, one of China's leading manufacturers in the automotive industry. The purpose of the agreement is to develop petrol engines for the light commercial vehicles the Group manufactures in Italy and in India, and to focus in the future on technological developments for low/zero environmental impact hybrid and electric engines.

6 April 2010 A decree approved by the Government Cabinet on 19 March 2010 came into force. This law has allocated a 12 million euro fund for schemes to replace old Euro 0 or Euro 1 mopeds and motorcycles with new Euro 3 models with a maximum engine capacity of 400 cc or maximum power of 70 kW.

16 April 2010 Pursuant to article 2386 of the Italian Civil Code, the General Meeting of Shareholders of Piaggio & C. appointed Livio Corghi as Board Director.

16 April 2010 The General Meeting of Shareholders of Piaggio & C, as motioned by the Board of Directors on 26 February 2010, resolved to amend the 2007-2009 Stock Option Plan, to which a maximum of 3,300,000 treasury shares (0.83% of the share capital) will be allocated.

16 April 2010 The General Meeting of Shareholders of Piaggio & C, resolved to annul 24,247,007 treasury shares of the Company (equal to 6.12% of the share capital), with the elimination of the par value of ordinary shares in circulation and without a reduction in the amount of share capital, as motioned by the Board of Directors on 26 February 2010. As from 10 May 2010, following the filing of the resolution in the Register of Companies, the nominal share capital of Piaggio & C., unchanged and equal to € 205,941,272.16, is divided into 371,793,901 ordinary shares.

16 April 2010 The General Meeting of Shareholders of Piaggio & C. resolved to increase share capital, against payment and divisibly, for a total maximum nominal amount of € 2,891,410.20, in addition to € 6,673,309.80 as a share premium, excluding option rights pursuant to article 2441, paragraphs 5 and 8 of the Italian Civil Code and article 134 of Legislative Decree 58/1998, through the issue of 5,220,000 ordinary shares to be subscribed by 2007-2009 Stock Option Plan beneficiaries.

5 May 2010 Moody's confirmed its Ba2 corporate rating of the Parent Company, though it upgraded the outlook from "negative" to "stable".

3 June 2010 The Board of Directors of the Piaggio Group approved the industrial project for the construction of a new plant in India to manufacture a Vespa model specifically developed for the Indian market. The new vehicle is expected to go on sale in 2012.

14 June 2010 The Piaggio three-wheeler scooter, the MP3, was officially presented to the Chinese market. Sales will commence in August.

23 July 2010 two medium-term loans were undertaken with IFC-International Finance Corporation, a member of the World Bank, for a total of 30 million euro. The loans are for the subsidiary Piaggio Vehicles (India) and Piaggio Vietnam, that will use the funds for production investments.

22 September 2010 Pursuant to article 2386 of the Italian Civil Code, the Board of Directors of Piaggio & C. appointed Andrea Paroli as Board Director.

23 September 2010 The Piaggio Group's 2010-2013 Strategic Plan was presented. The Plan focuses on developing new industrial sites in India and Vietnam, consolidating the Group's commercial presence on Asian markets through new products and creating new technologies for European and American markets. It will also target considerable growth in industrial productivity and more rigourous control procedures. As concerns products, the plan will aim for optimised marketing strategies, significant growth in R&D productivity, new structures for product development centres, the technological development of new engines with a low environmental impact and the industrial production of new diesel engines for the four-wheeler segment. For the two-wheeler business, the Plan will develop a new industrial site in India with the production of scooters and motorcycles from 2012 onwards, and will develop and expand the site in Vietnam. In the Commercial Vehicles division, the Plan will focus on consolidating the Group's leadership position in the three-wheeler segment in India and on developing its product ranges in the four-wheeler segment for the Indian and European markets.

26 September 2010 Max Biaggi riding an Aprilia RSV4 SBK took the rider's title in the world Superbike championships.

SIGNIFICANT EVENTS AFTER 30 SEPTEMBER 2010

3 October 2010 Aprilia won the manufacturer's title in the Superbike championships, taking its total number of titles to 45.

17 October 2010 Derbi won the manufacturer's title in the 125 cc category, taking its total number of titles to 20.

21 October 2010 A decree was issued, scheduled to come into force on 3 November 2010, providing funds amounting to 110 million euros for consumers intending to buy of two-wheelers, as well as other goods indicated in the 9 industrial sectors.

OPERATING OUTLOOK: PROSPECTS FOR THE CURRENT FINANCIAL YEAR

In the last quarter of 2010, the Piaggio Group will continue its strategy of developing its industrial and commercial presence on main Asian, consolidating its leadership position on the Indian market in the three- and four-wheeler light commercial vehicles segments and obtaining further market shares in the scooter business in Vietnam.
At a central level, R&D activities will focus on renewing the Group's product ranges of scooters, motorcycles and commercial vehicles – with particular attention on the development of low consumption, environmentally friendly engines.

TRANSACTIONS WITH RELATED PARTIES

Net sales, costs, payables and receivables as of 30 September 2010 involving parent companies, subsidiaries and affiliated companies relate to the sale of goods or services which are a part of normal operations of the Group.
Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.
Information on transactions with related parties, including disclosure required by Consob communication of 28 July 2006, is given in attachment E to the notes on the consolidated financial statements.

THE PIAGGIO GROUP

THE TWO-WHEELER BUSINESS

	1-1 / 30/09/2010		1-1 / 30/09/2009		Change %		Change	
	Volumes Sell-in (units/ 000)	Turnover (ML €)	Volumes Sell in* (units/ 000)	Turnover * (ML €)	Volumes	Turnover	Volumes	Turnover
Italy	98.2	260.3	123.0	318.6	-20.2%	-18.3%	(24.8)	(58.3)
Europe (Europe + MEA)	180.7	440.2	174.5	447.4	3.5%	-1.6%	6.2	(7.2)
Asia Pacific	40.9	93.0	18.6	44.0	120.0%	111.5%	22.3	49.0
Americas	4.5	18.6	16.4	52.5	-72.3%	-64.6%	(11.8)	(34.0)
TOTAL	**324.3**	**812.1**	**332.5**	**862.6**	**-2.5%**	**-5.8%**	**-8.2**	**-50.4**
Scooters	292.3	586.8	299.1	619.7	-2.3%	-5.3%	(6.8)	(32.9)
Motorcycles	32.0	109.5	33.4	126.1	-4.2%	-13.2%	(1.4)	(16.7)
Spare parts and Accessories		111.9		113.7		-1.6%		(1.8)
Other		4.0		3.1		30.1%		0.9
TOTAL	**324.3**	**812.1**	**332.5**	**862.6**	**-2.5%**	**-5.8%**	**-8.2**	**-50.4**

* Published data for the first nine months of 2009 have been reprocessed for comparison with data for the first nine months of 2010.

In the first nine months of 2010, the Piaggio Group sold a total of 324.3 thousand units in the Two-Wheeler segment (- 2.5% compared to the same period in 2009), with a net turnover of 812.1 ML € (- 5.8%) including spare parts and accessories. It should be noted that ‘sold' means the number of vehicles sold to dealers (sell-in volumes), which differs from the number of new vehicles registered (sell-out volumes), due to stocks held by the sales network.

As regards the breakdown of sales by geographical segment, growth was achieved in the Asia Pacific area, thanks to the success of the Vietnamese production site which began operating on 24 June 2009.

Sales in the Rest of Europe went up (+ 3.5%) against the scenario of a challenging Two-Wheeler segment (sell-out), where sales dropped by 11.1%. As a result, the Piaggio Group improved its global market share, confirming its position as a leader in the scooter segment.

Results in Italy decreased, where performance in the overall market declined by approximately 19.8%. The Group's results in North America were affected by the crisis on the US market, where sales fell by approximately 15.3%, and by the change to the distribution model on the Canadian market, where Piaggio Canada was set up to replace the importer that had managed Group operations in Canada up until 2009.

THE COMMERCIAL VEHICLES BUSINESS

	1-1 / 30/09/2010		1-1 / 30/09/2009		Change %		Change	
	Volumes Sell-in	Turnover	Volumes Sell-in	Turnover				
	(units/000)	(ML €)	(units/000)	(ML €)	Volumes	Turnover	Volumes	Turnover
India								
Vehicles	159.1	266.7	130.5	195.5	21.9%	36.4%	28.6	71.2
Spare parts and Accessories		15.3		12.1		26.1%		3.2
Total India	**159.1**	**282.0**	**130.5**	**207.7**	**21.9%**	**35.8%**	**28.6**	**74.3**
Europe								
Vehicles	10.4	66.6	12.1	87.4	-14.2%	-23.8%	(1.7)	(20.8)
Spare parts and Accessories		15.6		15.5		0.5%		0.1
Total Europe	**10.4**	**82.2**	**12.1**	**102.9**	**-14.2%**	**-20.2%**	**(1.7)**	**(20.8)**
TOTAL	**169.4**	**364.2**	**142.6**	**310.6**	**18.8%**	**17.2%**	**26.9**	**53.6**
Ape	156.9	260.8	129.0	196.8	21.6%	32.5%	27.9	63.9
Porter	3.9	41.6	5.7	61.4	-32.3%	-32.2%	(1.9)	(19.7)
Quargo/Apé Truk	8.6	30.9	7.8	24.5	10.3%	26.0%	0.8	6.4
Microcars	0.0	0.0	0.0	0.2	-96.7%	-98.1%	(0.0)	(0.2)
Spare parts and Accessories		30.9		27.6		11.7%		3.2
TOTAL	**169.4**	**364.2**	**142.6**	**310.6**	**18.8%**	**17.2%**	**26.9**	**53.6**

The Commercial Vehicles Division ended the first nine months of 2010 with 169.4 thousand units sold, up 18.8% compared to the same period of 2009, while turnover increased from 310.6 ML € in the first nine months of 2009 to 364.2 ML € in the first nine months of 2010 (+ 17.2%). Turnover generated in India reached 282.0 ML € while in Europe it stood at 82.2 ML €.

In the first nine months of 2010 the Indian market showed encouraging signs of growth. In the overall period, the Three-Wheeler segment recorded an increase of 25%, while the Ape Truck sector grew by 41%.

In the Three-Wheeler segment, sales of the Indian subsidiary Piaggio Vehicles Private Limited went up from 123.5 thousand units in the first nine months of 2009 to 151.1 thousand units in the first nine months of 2010, registering an increase of 22.4%. Results in the "cargo" sector of the Indian market were particularly spectacular, where sales of Piaggio Vehicles Private Limited increased by 25.4% in the first nine months of 2010, against a specific market growth of 16.3%.

In the Four-Wheeler segment, sales of the Indian subsidiary Piaggio Vehicles Private Limited went up from 7.0 thousand units in the first nine months of 2009 to 7.9 thousand units in the first nine months of 2010, registering an increase of 13.0%. Since September, a new compact vehicle, the Ape Mini Truk has been on sale alongside the Ape Truk.

In Europe Piaggio sold 10.4 thousand units, registering a downturn compared to the same period in 2009 (- 14.2%). This figure was affected a great deal by the end of the funding programme in Italy for purchasing environmentally friendly vehicles, which Piaggio had benefited from in full in 2009, with its low environmental impact Porter Eco-Solution range.

However, on market European export markets, registration figures for the Piaggio Porter from January to August went up by 11.6%, with the market share stable (Source: Jato Dynamics).

Sales of three-wheeler vehicles in Europe were good, with the APE brand registering a 6.1% increase and selling 5.6 thousand units (including Italy) from January to September.

OTHER INFORMATION

Corporate

During the period, the Group's corporate structure changed as a result of the following events:

- A new company Piaggio Group Canada Inc. was established on 12 March 2010. The company will operate in Canada as a selling agency of Piaggio Group Americas Inc. to promote sales of Group products on the Canadian market.
- The share capital of Derbi Racing S.L.U. was reduced on 30 June 2010.

Stock Option Plan

With regard to the 2007-2009 incentive plan approved by the General Meeting of Shareholders on 7 May 2007 for executives of the Company or of its Italian and/or foreign subsidiaries, in compliance with article 2359 of the Italian Civil Code, as well as for directors having powers in the aforesaid subsidiaries ("2007-2009 Plan"), the following transactions took place during the period:

- on 4 January 2010, 500,000 options were assigned at an exercise price of EUR 1.892. On the date of assignment of the options, the market price of the underlying financial instruments was EUR 2.004;
- on 6 February 2010 75,000 option rights expired;
- on 30 September 2010 90,000 option rights expired.

As of 30 September 2010, 8,430,000 option rights had been assigned for a corresponding number of shares.
Detailed information on the 2007-2009 Plan is available in the documents published by the Issuer in accordance with article 84-*bis* of Consob Regulations on Issuers. These documents can be viewed on the institutional website www.piaggiogroup.com, under Investors / Financial Press Releases.

Rights	No. of options	Average exercise price (Euro)	Market price (Euro)
Rights existing as of 31/12/2009	8,095,000		
of which exercisable in 2009			
New rights assigned between 1.1 / 30/09/2010	500,000	1.892	2.004
Rights exercised between 1.1 / 30/09/2010			
Rights expired between 1.1 / 30/09/2010	165,000		
Rights existing as of 30/09/2010	8,430,000		
of which exercisable as of 30/09/2010			

Piaggio Group

Condensed Interim Financial Statements
as of 30 September 2010

CONSOLIDATED INCOME STATEMENT

In accordance with Consob resolution no. 15519 of 27 July 2006

In thousands of Euros	Notes	1-1 / 30/09/2010	1-1 / 30/09/2009	Change
Net revenues	4	**1,176,301**	**1,173,149**	**3,152**
of which with related parties		*758*	*7*	*751*
Cost for materials	5	682,769	679,955	2,814
of which with related parties		*33,035*	*25,269*	*7,766*
Cost for services and leases and rental	6	202,726	211,078	(8,352)
of which with related parties		*4,122*	*2,386*	*1,736*
Employee costs	7	187,712	186,915	797
Amortisation/depreciation of property, plant and equipment	8	27,048	27,535	(487)
Amortisation/depreciation of intangible assets	8	37,140	41,449	(4,309)
Other operating income	9	87,878	97,965	(10,087)
of which with related parties		*1,309*	*1,159*	*150*
Other operating costs	10	18,639	21,059	(2,420)
of which with related parties		*32*	*0*	*32*
Operating income		**108,145**	**103,123**	**5,022**
Income/(loss) from equity investments	11	11	172	(161)
Financial income	12	1,927	3,306	(1,379)
of which with related parties		*3*		*3*
Borrowing Costs	12	21,399	26,205	(4,806)
of which with related parties		*104*	*70*	*34*
Net exchange gains/(losses)	12	(20)	(889)	869
Earnings before tax		**88,664**	**79,507**	**9,157**
Taxation for the period	13	**41,938**	**39,397**	**2,541**
Earnings from continuing activities		**46,726**	**40,110**	**6,616**
Assets held for disposal:				
Profits or losses arising from assets held for disposal	14			**0**
Consolidated net income		**46,726**	**40,110**	**6,616**
Attributable to:				
Shareholders of the Parent Company		**46,720**	**39,403**	**7,317**
Minority Shareholders		**6**	**707**	**(701)**
Earnings per share (figures in €)	15	**0.122**	**0.105**	**0.017**
Diluted earnings per share (figures in € *)	15	**0.121**	**0.105**	**0.016**

* Following the cancellation of 24,247,007 shares on 10 May 2010, the average number of shares in circulation in the first 9 months of 2009 was recalculated as indicated in IAS 33

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

In thousands of Euros	Notes	1-1 / 30/09/2010	1-1 / 30/09/2009	Change
Profit (loss) for the period (A)		**46,726**	**40,110**	**6,616**
Effective part of profits (losses) on cash flow hedges	29	(570)	668	(1,238)
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency		2,797	(2,020)	4,817
Total Other Profits (and losses) for the period (B)		**2,227**	**(1,352)**	**3,579**
Total Profit (loss) for the period (A + B)		**48,953**	**38,758**	**10,195**
Attributable to:				
Shareholders of the Parent Company		**49,492**	**38,142**	**11,350**
Minority Shareholders		**(539)**	**616**	**(1,155)**

CONSOLIDATED BALANCE SHEET
In accordance with Consob resolution no. 15519 of 27 July 2006

In thousands of Euros	Notes	As of 30 September 2010	As of 31 December 2009	Change
ASSETS				
Non-current assets				
Intangible assets	16	644,370	641,254	3,116
Property, plant and equipment	17	244,219	250,415	(6,196)
Investment property	18			0
Equity investments	19	239	239	0
Other financial assets	20	258	343	(85)
of which with related parties		*0*	*9*	*(9)*
Long-term tax receivables	21	6,496	4,990	1,506
Deferred tax assets	22	45,107	46,462	(1,355)
Trade receivables	23			0
Other receivables	24	13,606	12,914	692
of which with related parties		*459*	*459*	*0*
Total non-current assets		**954,295**	**956,617**	**(2,322)**
Assets held for sale	28			**0**
Current assets				
Trade receivables	23	141,720	103,164	38,556
of which with related parties		*1,281*	*477*	*804*
Other receivables	24	20,376	24,198	(3,822)
of which with related parties		*4,002*	*4,066*	*(64)*
Short-term tax receivables	21	38,348	23,979	14,369
Inventories	25	267,542	252,496	15,046
Other financial assets	26	25,334	4,127	21,207
Cash and cash equivalents	27	140,836	200,239	(59,403)
Total current assets		**634,156**	**608,203**	**25,953**
TOTAL ASSETS		**1,588,451**	**1,564,820**	**23,631**

In thousands of Euros	Notes	As of 30 September 2010	As of 31 December 2009	Change
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital and reserves attributable to the shareholders of the Parent Company	29	444,106	421,661	22,445
Share capital and reserves attributable to minority interest	29	1,602	2,141	(539)
Total shareholders' equity		**445,708**	**423,802**	**21,906**
Non-current liabilities				
Financial liabilities falling due after one year	30	379,025	443,164	(64,139)
of which with related parties		*2,900*	*16,000*	*(13,100)*
Retirement funds and employee benefits	34	61,800	61,859	(59)
Other long-term provisions	32	22,536	22,965	(429)
Tax payables	35			0
Other long-term payables	36	5,961	6,485	(524)
Deferred tax liabilities	33	28,753	29,694	(941)
Total non-current liabilities		**498,075**	**564,167**	**(66,092)**
Current liabilities				
Financial liabilities falling due within one year	30	130,081	113,178	16,903
Trade payables	31	385,439	345,987	39,452
of which with related parties		*12,143*	*13,242*	*(1,099)*
Tax payables	35	36,167	18,952	17,215
Other short-term payables	36	75,075	79,567	(4,492)
of which with related parties		*391*	*607*	*(216)*
Current portion of other long-term provisions	32	17,906	19,167	(1,261)
Total current liabilities		**644,668**	**576,851**	**67,817**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,588,451**	**1,564,820**	**23,631**

CONSOLIDATED CASH FLOW STATEMENT

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

In thousands of Euros	1-1 30/9/2010	1-1 30/09/2009
Operating activities		
Consolidated net income	46,720	39,403
Minority interest	6	707
Taxation for the period	41,938	39,397
Amortisation/depreciation of property, plant and equipment	27,048	27,535
Amortisation/depreciation of intangible assets	37,140	41,449
Non-monetary costs for stock options	2,062	1,522
Allocations for risks and retirement funds and employee benefits	22,013	19,299
Write-downs / (Reveals)	1,939	2,411
Losses / (Gains) on the disposal of property, plants and equipment	(1,917)	11
Losses / (Gains) on the disposal of intangible assets		
Financial income	(1,927)	(1,858)
Dividend income	(11)	(178)
Borrowing Costs	17,499	21,484
Income from public grants	(2,869)	(5,435)
Portion of earnings of associated companies		
Change in working capital:		
(Increase)/Decrease in trade receivables	(38,556)	(91,221)
(Increase)/Decrease in other receivables	3,130	1,000
(Increase)/Decrease in inventories	(15,046)	(20,813)
Increase/(Decrease) in trade payables	39,452	52,110
Increase/(Decrease) in other payables	(5,016)	20,954
Increase/(Decrease) in provisions for risks	(14,048)	(11,471)
Increase/(Decrease) in retirement funds and employee benefits	(9,953)	(8,159)
Other changes	(17,394)	9,487
Cash generated from operating activities	132,210	137,634
Interest paid	(14,959)	(17,363)
Taxation paid	(26,826)	(22,765)
Cash flow from operating activities (A)	90,425	97,506
Investment activities		
Investment in property, plant and equipment	(17,230)	(29,170)
Sale price, or repayment value, of property, plant and equipment	3,419	959
Investment in intangible assets	(38,673)	(37,953)
Sale price, or repayment value, of intangible assets	182	99
Purchase of financial assets	(21,207)	(25,007)
Sale price of financial assets		
Collected interests	1,189	1,214
Cash flow from investment activities (B)	(72,320)	(89,858)
Financing activities		
Purchase of treasury shares	(3,344)	(1,179)
Outflow for dividends paid	(25,765)	(22,117)
Loans received	10,131	254,894
Outflow for repayment of loans	(62,497)	(70,418)
Financing received for leases		
Repayment of finance leases	(566)	(542)
Cash flow from funding activities (C)	(82,041)	160,638
Increase / (Decrease) in cash and cash equivalents (A+B+C)	(63,936)	168,286
Opening balance	198,281	25,976
Exchange differences	2	(2,020)
Closing balance	134,347	192,242

The following table shows the balance of cash and cash equivalents as of 30 September 2010 and 30 September 2009.

In thousands of Euros	As of 30 September 2010	As of 30 September 2009	Change
Cash and cash equivalents	140,836	197,574	(56,738)
Current account overdrafts	(6,489)	(5,332)	(1,157)
Final balance	**134,347**	**192,242**	**(57,895)**

NET DEBT/(NET FINANCIAL DEBT)

In thousands of Euros	Notes	As of 30 September 2010	As of 31 December 2009	Change
Liquidity		**140,836**	**200,239**	**(59,403)**
Securities	26	25,334	4,127	21,207
Current financial receivables		**25,334**	**4,127**	**21,207**
Payables due to banks	30	(32,166)	(24,473)	(7,693)
Current portion of bank financing	30	(67,053)	(58,812)	(8,241)
Amounts due to factoring companies	30	(25,932)	(26,599)	667
Amounts due under leases	30	(782)	(758)	(24)
Current portion of payables due to other financiers	30	(4,148)	(2,536)	(1,612)
Current financial debt		**(130,081)**	**(113,178)**	**(16,903)**
Net current financial debt		**36,089**	**91,188**	**(55,099)**
Payables due to banks and financing institutions	30	(223,075)	(289,872)	66,797
Bonds	30	(138,321)	(137,665)	(656)
Amounts due under leases	30	(7,672)	(8,262)	590
Amounts due to other lenders	30	(9,957)	(7,365)	(2,592)
Non-current financial debt		**(379,025)**	**(443,164)**	**64,139**
NET FINANCIAL DEBT*		**(342,936)**	**(351,976)**	**9,040**

***** Pursuant to Consob Communication of 28 July 2006 and in compliance with the recommendation of the CESR of 10 February 2005 "Recommendation for the consistent implementation of the European Commission's Regulation on Prospectuses".

This table reconciles the movement in the flow of the consolidated net debt with cash and cash equivalent movements as shown in the consolidated cash flow statement.

In thousands of Euros	
Increase/decrease in cash and cash equivalents from the consolidated cash flow statement	**(63,936)**
Outflow for repayment of loans	62,497
Repayment of finance leases	566
Loans received	(10,131)
Amortised cost on M-L term financing	(1,165)
Purchase of financial assets	21,207
Exchange differences	2
Change in consolidated net debt	**9,040**

CHANGE IN SHAREHOLDERS' EQUITY 1 January 2010 / 30 September 2010

In thousands of Euros	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**
As of 1 January 2010	191,616	3,493	8,996	127	(5,859)	993	(5,468)	9,279	218,484	421,661	2,141	423,802
Charges for the period for stock option plans								2,062		2,062		2,062
Allocation of profits			2,303						(2,303)	0		0
Distribution of dividends									(25,765)	(25,765)		(25,765)
Cancellation of treasury shares	12,608								(12,608)	0		0
Purchase of treasury shares	(876)								(2,468)	(3,344)		(3,344)
Total overall Profit (loss)				(570)			3,342		46,720	49,492	(539)	48,953
As of 30 September 2010	203,348	3,493	11,299	(443)	(5,859)	993	(2,126)	11,341	222,060	444,106	1,602	445,708

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**
As of 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 treasury shares	(531)								(648)	(1,179)		**(1,179)**
Total overall Profit (loss)				668			(1,929)		39,403	38,142	616	**38,758**
As of 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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of 30 September 2010

A) GENERAL ASPECTS

Piaggio & C. S.p.A. (the Company) is a joint-stock company established in Italy at the Register of Companies of Pisa. The main operations of the company and its subsidiaries (the Group) are described in the Report on Operations.
The Condensed Interim Financial Statements are 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.

1. Scope of consolidation

The scope of consolidation has changed compared to the Consolidated Financial Statements as of 31 December 2009 and as of 30 September 2009, following the establishment of a new selling agency in Canada on 12 March 2010. As the change is of a limited extent, comparability with data from previous periods has not been affected.

2. Compliance with INTERNATIONAL ACCOUNTING STANDARDS

These Condensed Interim Financial Statements have been drafted in compliance with the International Accounting Standards (IAS/IFRS) in force at that date, issued by the International Accounting Standards Board and approved by the European Commission, as well as in compliance with the provisions established in Article 9 of Legislative Decree no. 38/2005 (Consob Resolution no. 15519 dated 27 July 2006 containing the "Provisions for the presentation of financial statements", Consob Resolution no. 15520 dated 27 July 2006 containing the "Changes and additions to the Regulation 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 Legislative 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 these Condensed Interim Financial statements, prepared in compliance with IAS 34 - *Interim Financial Reporting,* the same accounting standards adopted in the drafting of the Consolidated Financial Statements as of 31 December 2009 were applied, with the exception of items in section 2.1, "Accounting standards, amendments and interpretations applied as from 1 January 2010".

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

It should also be noted that some assessment processes, in particular 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 impairment loss.

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.

2.1. Accounting standards, amendments and interpretations applied as from 1 January 2010

The following accounting standards, amendments and interpretations have been applied for the first time by the Group as from 1 January 2010.

- Amendment to IAS 27 – *Consolidated and Separate Financial Statements*. The amendment establishes that changes to the share that do not result in a loss of control should be accounted for as *equity transactions* and with the counter entry recognised under shareholders' equity. Moreover, it also establishes 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 consolidated income statement. Finally, the amendment requires all losses attributable to minority interest to be allocated to the portion of minority interest in shareholders' equity, also when said exceeds the own share of capital in the subsidiary. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

- Amendment to IAS 39 – *Financial instruments: Recognition and Measurement*. The amendment clarifies application of the standard to define its scope in particular situations. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

- Interpretation of IFRIC 17 – *Distribution of non-cash assets to owners*. Under this interpretation, a payable for dividends must be recognised when dividends are appropriately authorised and this payable must be valued at the fair value of the net assets which will be utilised for payment. The Group has applied the interpretation with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since its application.

- IFRS 8 – *Operating Segments:* the amendment requires companies to provide the total value of assets for each reporting segment, 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. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

- IAS 1 – *Presentation of Financial Statements*: the amendment requires a company to 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. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

- IAS 7 – *Statement of Cash Flows*: the amendment clarifies that only cash flows deriving from expenses resulting in the booking of assets within the consolidated balance sheet situation can be classified in the Statement of Cash Flows as deriving from investment activities. Cash flows deriving from expenses which do not result in the booking of an asset must be classified instead as deriving from operating activities. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

- IAS 17 – *Leases:* the amendment requires that - during the valuation of a lease 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. On the date of adoption, all lands subject to the lease contracts which were previously effective and not yet expired must be separately valued with the potential retroactive recognition of a new finance lease. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

- IAS 36 – *Impairment of Assets*: This amendment requires each operational unit or group of operational units for which goodwill is allocated for the purposes of impairment tests to be no greater in size than the operating segment defined in section 5 of IFRS 8, prior to the combination allowed as per section 12 of the IFRS on the basis of similar economic conditions or other similar elements. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

- IAS 39 – *Financial instruments*: *Recognition and Measurement*: 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 the 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 reclassified from the shareholders' equity to the consolidated income statement in the period in which the expected and hedged cash flow has an effect on the consolidated income statement. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

2.2 Amendments and interpretations effective as from 1 January 2010 and not relevant for the Group

The following amendments and interpretations, applicable as from 1 January 2010, regulate specific cases and case histories which are not present within the Group at the date of these Condensed Interim Financial Statements:

- Interpretation of IFRIC 18 – *Transfers of assets from customers.*
- Amendment to IFRIC 9 – *Reassessment of embedded derivatives* and to IAS 39 - *Financial instruments: recognition and measurement.*
- IFRS 2 – *Share-based payment.*
- IFRS 5 – *Non-current assets held for sale and discontinued operations.*
- IFRIC 9 – *Reassesement of embedded derivatives.*

- Amendment to IFRS 2 – Share-based payment: Share-based payment of the Group in cash.

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

On 8 October 2009, IASB issued an amendment to IAS 32 – *Financial instruments*: Presentation - Classification of rights issues, to regulate the accounting of rights issues (rights, options or warrants) in a currency other than the operating currency of the issuer. These rights were previously accounted for as liabilities from derivative financial instruments. The amendment requires these rights, in certain conditions, to be classified as Shareholders' equity regardless of the currency in which the exercise price is denominated.
The amendment is applicable in a retrospective manner as of 1 January 2011.

On 4 November 2009, the IASB issued a revised version of IAS 24 – *Related Party Disclosures* – which simplifies the type of information required in the case of transactions with related parties controlled by the State and gives a clear definition of related parties.
The amendment is applicable as of 1 January 2011.
The adoption of this amendment will not produce any effects on the valuation of financial statement items.

On 12 November 2009 the IASB published IFRS 9 – *Financial Instruments* - on classifying and measuring financial assets as from 1 January 2013. This is the first step in a project which will entirely replace IAS 39 in stages. The new standard uses a single approach based on procedures for financial instrument management and on contract cash flows of financial assets to determine valuation criteria replacing different regulations in IAS 39. The new standard will also have a single method to determine impairment losses from financial assets.
At the date of issue of these Condensed Interim Financial Statements, the competent bodies of the European Union had not yet completed the process of approval necessary for its application.

On 26 November 2009 the IASB issued a minor amendment to IFRIC 14 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* – which allows companies to prepay minimum funding contributions and recognise them as an asset.
The amendment is applicable as of 1 January 2011.
At the date of issue of these Condensed Interim Financial Statements, the competent bodies of the European Union had not yet completed the approval process necessary for application of the amendment.

On 26 November 2009 the IFRIC issued an amendment to IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments* – which provides guidelines on recording the extinguishing of a

financial liability with equity instruments. The interpretation establishes that if a business renegotiates extinguishing conditions of a financial liability and the creditor accepts extinguishing through the issue of the company's shares, the shares issued by the company will become a part of the price paid for extinguishing the financial liability and shall be valued at fair value; the difference between the book value of the extinguished financial liability and opening value of equity instruments shall be recorded in the consolidated income statement of the period.
The amendment is applicable as of 1 January 2011.

On 6 May 2010 the IASB issued revised versions of IFRSs applicable as from 1 January 2011. Only revisions changing the way that financial statement items are presented, recognised and valued are indicated below:

- IFRS 3 - *Business combinations*: the amendment clarifies that components of non-controlling interests do not entitle holders to receive a proportional share of net assets of the subsidiary, which must be valued at fair value or as required by applicable international standards. Moreover, the Board further analysed the issue of share-based payments which are replaced in business combinations, adding specific guidelines clarifying accounting treatment.
- IFRS 7 – *Financial instruments*:*disclosures:* the change refers to the interaction between additional qualitative and quantitative information required by the standard on the nature and extent of risks concerning financial instruments. This should help readers of financial statements to associate presented information and obtain a general description of the nature and extent of risks concerning financial instruments. The requirement to disclose financing activities which have expired but not been renegotiated or impaired and to disclose the fair value of collaterals has been eliminated.
- IAS 1 – *Presentation of Financial Statements*: the amendment requires the reconciliation of changes in all items of equity to be presented in the notes and the financial statements.
- IAS 34 – *Interim financial reporting*: guidelines have been added on additional information to be included in Interim Financial Statements.

At the date of issue of these Condensed Interim Financial Statements, the competent bodies of the European Union had not yet completed the approval process necessary for application of the amendment.

On 7 October 2010 IASB published some amendments to IFRS 7 – *Financial instruments: Disclosures,* applicable for accounting periods commencing on or after 1 July 2011. The purpose is to improve understanding of transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

At the date of issue of these Condensed Interim Financial Statements, the competent bodies of the European Union had not yet completed the approval process necessary for application of the amendments.

3. Other information

A specific section in this document provides information on any significant events occurring after the end of the quarter and on the expected operating outlook.

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

Currency	*End of period exchange rate 30 September 2010*	*Average exchange rate 1-1/30-9-2010*	*End of period exchange rate 31 December 2009*	*End of period exchange rate 30 September 2009*	*Average exchange rate 1-1/30-9-2009*
US Dollar	1.36480	1.31597	1.44060	1.46430	1.36497
Pounds Sterling	0.85995	0.85770	0.88810	0.90930	0.88649
Indian Rupee	61.24700	60.52678	67.04000	70.00100	66.77177
Singapore Dollars	1.79420	1.82049	2.01940	2.06540	2.01043
Chinese Renminbi	9.13210	8.95810	9.83500	9.99580	9.32586
Croatian Kuna	7.30580	7.26254	7.30000	7.25800	7.36309
Japanese Yen	113.68000	117.88823	133.16000	131.07000	129.41368
Vietnamese Dong	26,600.00000	25,000.75448	26,617.10000	26,122.00000	24,170.32674

B) INFORMATION FOR OPERATING SEGMENTS

The application of IFRS 8 - Operating Segments - is mandatory as of 1 January 2009. This principle requires operating segments to be identified on the basis of an internal reporting system which top company management utilises to allocate resources and to assess performance.

The information for operating segments presented below reflects the internal reporting utilised by management for making strategic decisions.
This information is based on functional areas divided into the following geographical segments.

The "Two-Wheeler" and "Commercial Vehicles" divisions are the two functional areas of the Group. They have been identified considering the types of products sold. 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 broken down by geographical segment. In particular for the "Two-Wheeler" sectors, figures are presented in reference to "Europe", the "Americas" and "Asia Pacific". With regards to "Commercial Vehicles" the identified geographical segments are "Europe" and "India".

The following consolidated 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 in comments on the Piaggio Group financial position and performance, **consolidated EBITDA** was defined as the "Operating Income" gross of amortisation/depreciation of intangible assets and amortisation/depreciation of tangible assets, as reported within the consolidated income statement.

Income statement by operating segment

		TWO-WHEELER VEHICLES				COMMERCIAL VEHICLES			
		EUROPE	AMERICAS	ASIA PACIFIC	TOTAL	EUROPE	INDIA	TOTAL	TOTAL
	1-1 / 30-9-2010	278.9	4.5	40.9	**324.3**	10.4	159.1	**169.4**	**493.7**
Sales volumes *	1-1 / 30/09/2009	297.6	16.4	18.6	**332.5**	12.1	130.5	**142.6**	**475.1**
(units/000)	Change	(18.7)	(11.8)	22.3	**(8.2)**	(1.7)	28.6	**26.9**	**18.6**
	Change %	-6.3	-72.3	120.0	**-2.5**	-14.2	21.9	**18.8**	**3.9**
	1-1 / 30/09/2010	700.6	18.6	93.0	**812.1**	82.2	282.0	**364.2**	**1,176.3**
Turnover *	1-1 / 30/09/2009	766.0	52.5	44.0	**862.6**	102.9	207.7	**310.6**	**1,173.1**
(ML €)	Change	(65.5)	(33.9)	49.0	**(50.4)**	(20.8)	74.3	**53.6**	**3.2**
	Change %	-8.5	-64.6	111.5	**-5.8**	-20.2	35.8	**17.2**	**0.3**
	1-1 / 30/09/2010	237.7	6.7	35.7	**280.2**	20.4	79.7	**100.1**	**380.3**
Gross industrial margin	1-1 / 30/09/2009	253.7	18.4	14.1	**286.2**	27.7	60.4	**88.1**	**374.3**
(ML €)	Change	(16.0)	(11.6)	21.6	**(6.0)**	(7.3)	19.3	**12.0**	**6.0**
	Change %	-6.3	-63.4	153.6	**-2.1**	-26.3	31.9	**13.6**	**1.6**
	1-1 / 30/09/2010								**172.3**
EBITDA	1-1 / 30/09/2009								**172.1**
(ML €)	Change								**0.2**
	Change %								**0.1**
	1-1 / 30/09/2010								**88.7**
EBT	1-1 / 30/09/2009								**79.5**
(ML €)	Change								**9.2**
	Change %								**11.5**
	1-1 / 30/09/2010								**46.7**
Net income	1-1 / 30/09/2009								**40.1**
(ML €)	Change								**6.6**
	Change %								**16.5**

* Published data for the first nine months of 2009 have been reprocessed for comparison with data for the first nine months of 2010.

C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

4. Net revenues €/000 1,176,301

Revenues are shown net of premiums recognised to customers (dealers).

This item does not include transport costs, which are recharged to customers (€/000 20,744) and invoiced advertising cost recoveries (€/000 5,011), which are posted under other operating income.

The revenues for disposals of Group core business assets essentially refer to the marketing of vehicles and spare parts on European and non-European markets.

Revenues by business segment

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

In thousands of Euros	*1-1 / 30/9/2010*		*1-1 / 30/09/2009*		*Changes*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Two-Wheeler Vehicles	812,140	69.04	862,560	73.53	(50,420)	-5.85
Commercial Vehicles	364,161	30.96	310,589	26.47	53,572	17.25
TOTAL	**1,176,301**	**100.00**	**1,173,149**	**100.0**	**3,152**	**0.27**

Revenues by geographical segment

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

In thousands of Euros	*1-1 / 30/9/2010*		*1-1 / 30/09/2009*		*Changes*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Italy	313,808	26.68	392,888	33.49	(79,080)	-20.13
Rest of Europe	468,369	39.82	475,559	40.54	(7,190)	-1.51
Americas	19,128	1.63	53,065	4.52	(33,937)	-63.95
India	282,005	23.97	207,677	17.70	74,328	35.79
Asia Pacific	92,991	7.91	43,960	3.75	49,031	111.54
TOTAL	**1,176,301**	**100.00**	**1,173,149**	**100.0**	**3,152**	**0.27**

In the first nine months of 2010, net sales revenues increased by €/000 3,152 attributable to the growth on Asian and Indian markets which offset the downturns on the European and American markets.

5. Costs for materials **€/000 682,769**

These totalled €/000 682,769 compared to €/000 679,955 as of 30 September 2009. The growth is mainly due to the increase in production volumes.

The percentage accounting for net revenues was stable at 58.0%.

This item includes €/000 33,033 for costs relative to purchases of scooters from the Chinese subsidiary Zongshen Piaggio Foshan, which are sold on European and Asian markets.

6. Costs for services and lease and rental costs **€/000 202,726**

In the first nine months of 2010, these totalled €/000 202,726, a saving of €/000 8,352 compared to 30 September 2009.

7. Employee costs **€/000 187,712**

In the first nine months of 2010, employee costs totalled €/000 187,712, against €/000 186,915 for the same period of the previous year.

The increase in overall costs is due to the increase in the average number of employees. The unit cost fell instead by 6.4%, because the higher increase is attributable to the Indian and Vietnamese subsidiaries.

It should be noted that employee costs include €/000 2,062 relating to stock option costs which were recorded in accordance with international financial accounting standards.

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

	Average number		
Level	*1-1 / 30/9/2010*	*1-1 / 30/09/2009*	*Change*
Executives	110	111	(1)
Middle Management	458	430	28
White collars	2,087	2,031	56
Manual labour	4,960	4,525	435
Total	**7,615**	**7,097**	**518**

	Number as of		
Level	*30 September 2010*	*31 December 2009*	*Change*
Executives	107	109	(2)
Middle Management	480	441	39
White collars	2,116	2,063	53
Manual labour	4,884	4,687	197
Total	**7,587**	**7,300**	**287**

8. Amortisation, depreciation and impairment costs **€/000 64,188**

As from 1 January 2004 goodwill is not amortised but tested annually for impairment.
The *impairment test* carried out as of 31 December 2009 confirmed the full recoverability of the amounts recorded in the financial statements.
Amortisation/depreciation under the item "Concessions, licences, trademarks and similar rights" includes €/000 4,490 of amortisation/depreciation of the Aprilia brand and €/000 2,285 for the Guzzi brand.

9. Other operating income **€/000 87,878**

Overall, other operating income decreased by €/000 10,087 compared to figures for the first nine months of 2009. This decline is mainly related to the Group's decision to not participate in the Moto 2' World Championships, so no income from motorcycle hire to participating teams was recorded.
The item includes some recovered expenses, and mainly costs for transport and commercial costs charged to customers, of which expenses are classified under "services".

10. Other operating costs **€/000 18,639**

Overall, other operating costs decreased by €/000 2,420 compared to figures for the first nine months of 2009.

11. Net income from equity investments **€/000 11**

At the close of the interim financial statements, the sum of €/000 11 was recorded relative to dividends received for a minority interest.

12. Net financial income/(charges) **€/000 (19,492)**

The negative balance of financial income (charges) for the first nine months of 2010 was €/000 (19,492), a decrease compared to €/000 (23,788) for the same period in 2009. The improved performance of €/000 4,296 is related to better refinancing conditions for the debenture loan, lower costs of Euribor index-linked loans as well as a reduction in average debt and a positive effect from currency management.

13. Taxation **€/000 41,938**

Income taxes calculated in accordance with IAS 34 are estimated as €/000 41,938, equivalent to 47.3% of earnings before tax, and are equal to the best estimate of the average weighted rate expected for the entire period.

14. 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.

15. Earnings per share

Earnings per share are calculated as follows:

		1-1/ 30/09/2010	*1-1/ 30/09/2009*	
Net income	€/000	46,726	40,110	
Earnings attributable to ordinary shares	€/000	46,726	40,110	
Average number of ordinary shares in circulation during the period	no.	383,251,278	383,251,278	*
Earnings per ordinary share	€	0.122	0.105	
Adjusted average number of ordinary shares	no.	385,495,806	383,571,639	*
Diluted earnings per ordinary share	€	0.121	0.105	

* Following the cancellation of 24,247,007 shares on 10 May 2010, the average number of shares in circulation in the first nine months of 2009 was recalculated as indicated in IAS 33

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

D) INFORMATION ON THE CONSOLIDATED BALANCE SHEET - ASSETS

16. Intangible assets €/000 644,370

The table below details the breakdown of intangible assets as of 30 September 2010 and as of 31 December 2009, as well as the changes for the period.

In thousands of Euros	Book value as of 31 December 2009	Increases	Amortisation/ depreciation	Disposals	Reclassifications	Exchange differences	Book value as of 30 September 2010
R&D costs	76,472	34,889	(20,016)	(181)	754	2,251	94,169
Patent rights	24,707	3,206	(9,817)	(1)	21	229	18,345
Concessions, licences and trademarks	90,412		(6,779)				83,633
Goodwill	446,940						446,940
Other	2,723	578	(528)		(1,584)	94	1,283
Total	**641,254**	**38,673**	**(37,140)**	**(182)**	**(809)**	**2,574**	**644,370**

The increases for the period recorded under development and research 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.

17. Property, plant and equipment **€/000 244,219**

The table below details the breakdown of tangible fixed assets as of 30 September 2010 and as of 31 December 2009, as well as the changes for the period.

In thousands of Euros	*Value As of 31 December 2009*	*Increases*	*Depreciation*	*Disposals*	*Reclassifications*	*Exchange differences*	*Value as of 30 September 2010*
Land	32,150						32,150
Buildings	89,756	1,714	(3,014)	(1,292)	(179)	1,002	87,987
Plants and machinery	78,113	6,838	(10,054)	(117)	906	3,163	78,849
Equipment	43,863	6,693	(12,548)	(71)		11	37,948
Other	6,533	1,985	(1,432)	(22)	58	163	7,285
Total	**250,415**	**17,230**	**(27,048)**	**(1,502)**	**785**	**4,339**	**244,219**

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

Guarantees

As of 30 September 2010, the Group had lands and buildings encumbered by mortgage liens or privileges in favour of Interbanca to secure a €/000 614 loan provided in accordance with Law 346/88 regarding subsidies for applied research received in previous years.

18. Investment Property **€/000 0**

At the close of the interim financial statements, no investment properties were held.

19. Equity investments **€/000 239**

The item Equity investments, which remained the same compared to 31 December 2009, is broken down as follows:

In thousands of Euros	*As of 30 September 2010*	*As of 31 December 2009*	*Change*
Equity investments in subsidiaries			
Interests in joint ventures			
Equity investments in affiliated companies	239	239	0
Total	**239**	**239**	**0**

20. Other non-current financial assets **€/000 258**

This item comprises:

In thousands of Euros	*As of 30 September 2010*	*As of 31 December 2009*	*Change*
Financial receivables due from affiliated companies		9	(9)
Financial receivables due from third parties	93	169	(76)
Equity investments in other companies	165	165	0
Total	**258**	**343**	**(85)**

21. Current and non-current tax receivables **€/000 44,844**

Receivables due from tax authorities consist of:

In thousands of Euros	*As of 30 September 2010*	*As of 31 December 2009*	*Change*
VAT receivables	36,498	22,792	13,706
Income tax receivables	2,728	1,865	863
Other receivables due from the public authorities	5,618	4,312	1,306
Total tax receivables	**44,844**	**28,969**	**15,875**

Receivables due from Tax authorities included under non-current assets totalled €/000 6,496, compared to €/000 4,990 as of 31 December 2009, while receivables due from Tax authorities included under current assets totalled €/000 38,348 compared to €/000 23,979 as of 31 December 2009.

22. Deferred tax assets **€/000 45,107**

These totalled €/000 45,107 compared to €/000 46,462 as of 31 December 2009. The item "deferred tax assets" primarily includes deferred tax assets, largely referring to the cancellation of unrealised intercompany capital gains with third parties, deferred tax assets on the tax losses of the Parent Company and Nacional Motor S.A. as well as prepaid taxes on temporary differences of the Parent.

23. Current and non-current trade receivables **€/000 141,720**

In the two periods of reference, no trade receivables were recognised as long-term assets.
As of 30 September 2010 current trade receivables amounted to €/000 141,720 compared to €/000 103,164 as of 31 December 2009. They consist of:

In thousands of Euros	As of 30 September 2010	As of 31 December 2009	Change
Current trade receivables:			
- due from customers	140,439	102,687	37,752
- due from Group companies valued at equity	1,247	460	787
- due from parent companies		12	(12)
- due from affiliated companies	34	5	29
Total	**141,720**	**103,164**	**38,556**

The item "Trade receivables" comprises receivables referring to normal sale transactions, recorded net of provisions for risks of €/000 26,748.

The €/000 38,556 increase is linked to the seasonal nature of sales, which are concentrated in the spring and summer months.

Trade receivables from subsidiaries comprise receivables from Zongshen Piaggio Foshan for the sale of raw materials and semifinished goods.

Trade receivables due from affiliated companies are amounts due from the Fondazione Piaggio and Immsi Audit.

The Piaggio Group sells a large part of its trade receivables on a revolving basis with and without recourse. The types of agreements the Group has stipulated with leading Italian and foreign factoring companies basically reflect the need to optimise credit monitoring and management, as well as offer clients the means for financing stock. As of 30 September 2010, trade receivables still due sold without recourse totalled €/000 79,680, of which the Group received payment prior to the natural maturity of the receivables for €/000 53,492. As of 30 September 2010, receivables sold with recourse totalled €/000 25,932, with a counter entry in current liabilities.

24. Other current and non-current receivables €/000 33,982

Other receivables included in non-current assets totalled €/000 13,606 against €/000 12,914 as of 31 December 2009, whereas other receivables included in current assets totalled €/000 20,376 compared to €/000 24,198 as of 31 December 2009. They consist of:

In thousands of Euros	As of 30 September 2010	As of 31 December 2009	Change
Other non-current receivables:			
- due from Group companies valued at equity	138	138	0
- due from affiliated companies	321	321	0
- due from others	13,147	12,455	692
Total non-current portion	**13,606**	**12,914**	**692**

Receivables due from Group companies valued at equity comprise amounts due from AWS do Brasil.

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

In thousands of Euros	As of 30 September 2010	As of 31 December 2009	Change
Other current receivables:			
Receivables due from the Parent Company	3,922	3,960	(38)
Receivables due from Group companies valued at	51	57	(6)
Receivables due from affiliated companies	29	49	(20)
Receivables due from others	16,374	20,132	(3,758)
Total current portion	**20,376**	**24,198**	**(3,822)**

Receivables due from the Parent Company regard the assignment of tax receivables that took place within the group consolidated tax procedure. 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.

25. Inventories €/000 267,542

As of 30 September 2010, this item totalled €/000 267,542, compared to €/000 252,496 at the end of 2009, and consist of:

In thousands of Euros	*As of 30 September 2010*	*As of 31 December 2009*	*Change*
Raw materials and consumables	109,381	107,450	1,931
Provisions for write-downs	(12,337)	(12,900)	563
	97,044	*94,550*	2,494
Work in progress	18,999	21,475	(2,476)
Provisions for write-downs	(852)	(852)	0
	18,147	*20,623*	(2,476)
Finished products and goods	176,936	160,861	16,075
Provisions for write-downs	(24,585)	(23,736)	(849)
	152,351	*137,125*	15,226
Advances		*198*	(198)
Total	**267,542**	**252,496**	**15,046**

The overall growth of €/000 15,046 is related to the seasonal nature of the production cycle.

26. Other current financial assets **€/000 25,334**

This item comprises:

In thousands of Euros	*As of 30 September 2010*	*As of 31 December 2009*	*Change*
Securities	25,334	4,127	21,207
Total	**25,334**	**4,127**	**21,207**

The item securities refers to €/000 23,697 for Italian government securities purchased by Piaggio & C. S.p.A., and €/000 1,637 for portions of a liquidity fund acquired by the subsidiary Piaggio Vehicles Private Ltd.

27. Cash and cash equivalents **€/000 140,836**

Cash and cash equivalents totalled €/000 140,836 against €/000 200,239 as of 31 December 2009, as detailed below:

In thousands of Euros	*As of 30 September 2010*	*As of 31 December 2009*	*Change*
Bank and post office deposits	140,773	190,796	(50,023)
Cash and assets in hand	63	336	(273)
Securities		9,107	(9,107)
Total	**140,836**	**200,239**	**(59,403)**

This item mainly includes short-term and on demand bank deposits.

28. Assets held for sale **€/000 0**

As of 30 September 2010, there were no assets held for sale.

INFORMATION ON THE CONSOLIDATED BALANCE SHEET - LIABILITIES

29. Share capital and reserves €/000 445,708

Share capital €/000 203,348

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

In thousands of Euros	
Subscribed and paid up capital	205,941
Treasury shares purchased as of 31 December 2009	(14,325)
Share capital as of 1 January 2010	191,616
Cancellation of treasury shares	12,608
Treasury shares purchased in the period 1-1 / 30-9 2010	(876)
Share Capital as of 30 September 2010	203,348

On 16 April 2010 the General Meeting of Shareholders of Piaggio & C, resolved to annul 24,247,007 treasury shares of the Company (equal to 6.12% of the share capital), with the elimination of the par value of ordinary shares in circulation and without a reduction in the amount of share capital. As from 10 May 2010, following the filing of the resolution in the Register of Companies, the nominal share capital of Piaggio & C., fully subscribed and paid up, has not changed and amounts to € 205,941,272.16 divided into 371,793,901 ordinary shares.

During the period, following the resolution passed at the General Meeting of Shareholders on 16 April 2009, the Parent Company purchased 1,582,711 treasury shares.
Therefore, as of 30 September 2010 the Parent Company held 4,882,711 treasury shares, equal to 1.31% of the share capital.

As of 30 September 2010, according to the shareholder ledger and notices received pursuant to article 120 of Legislative Decree no. 58/1998 and other information available, the following shareholders held voting rights, either directly or indirectly, exceeding 2% of the share capital:

Declarer	Direct shareholder		% of ordinary share capital	% of shares with voting rights
	Name	Title		
Omniaholding S.p.A.	IMMSI S.p.A.	Ownership	54.39	54.39
	Omniaholding S.p.A.	Ownership	0.03	0.03
	Total		**54.42**	**54.42**
Diego della Valle	Diego della Valle & C. S.a.p.a.	Ownership	5.34	5.34
	Total		**5.34**	**5.34**
State of New Jersey Common Pension Fund D	State of New Jersey Common Pension Fund D	Ownership	2.99	2.99
	Total		**2.99**	**2.99**

Share premium reserve €/000 3,493

The share premium reserve as of 30 September 2010 was unchanged and equal to €/000 3,493.

Legal reserve €/000 11,299

The legal reserve increased by €/000 2,303 as a result of the allocation of earnings for the last period.

Other provisions €/000 3,906

This item consists of:

In thousands of Euros	*As of 30 September 2010*	*As of 31 December 2009*	*Change*
Conversion reserve	(2,126)	(5,468)	3,342
Stock option reserve	11,341	9,279	2,062
Financial instruments’ fair value reserve	(443)	127	(570)
IFRS transition reserve	(5,859)	(5,859)	0
Total other provisions	*2,913*	*(1,921)*	*4,834*
Consolidation reserve	993	993	0
Total	**3,906**	**(928)**	**4,834**

The financial instruments' fair value reserve, equal to €/000 -443, refers 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, by Piaggio & C. S.p.A.

Performance reserve €/000 222,060

Minority interest capital and reserves €/000 1,602

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

Other net income (losses) €/000 (570)

The value of Other net income (losses) consists of:

In thousands of Euros	*As of 30 September 2010*	*As of 30 September 2009*	*Change*
The effective part of net income (losses) on cash flow hedging instruments generated in the period	(488)	355	(843)
The effective part of net income (losses) on cash flow hedging instruments re-classified in the consolidated income statement	(82)	313	(395)
Effective part of profits (losses) on cash flow hedges	**(570)**	**668**	**(1,238)**

30. Current and non-current financial liabilities **€/000 509,106**

In the first nine months of 2010, the Group's overall debt reported a decrease of €/000 47,236, falling from €/000 556,342 to €/000 509,106. This reduction is mainly attributable to the combined effect of the repayment of loan instalments due, using available resources, and the payment of €/000 6,969 of funding from the Ministry of Education and Research and Ministry of Economic Development for research and development projects.

The Group's net debt fell to €/000 342,936 as of 30 September 2010 from €/ 000 351,976 as of 31 December 2009, as can be seen in the table on net financial debt included in the financial statements.

Financial liabilities included in non-current liabilities totalled €/000 379,025 against €/000 443,164 as of 31 December 2009, whereas other payables included in current liabilities totalled €/000 130,081 compared to €/000 113,178 as of 31 December 2009.

The attached tables summarise the breakdown of financial debt as of 30 September 2010 and as of 31 December 2009, as well as the changes for the period.

In thousands of Euros	*As of 31 December 2009*	*Repayments*	*New issues*	*Reclas-sifications to current portion*	*Other changes*	*As of 30 September 2010*
Non-current portion:						
Medium-/long-term loans	289,872			(67,249)	452	223,075
Bonds falling due over 12 months	137,665				656	138,321
Other medium-/long-term loans:						
- of which leases	8,262			(590)		7,672
- of which due to other lenders	7,365		6,969	(4,377)		9,957
Total other loans over 12 months	*15,627*	*0*	*6,969*	*(4,967)*	*0*	*17,629*
Total	**443,164**	**0**	**6,969**	**(72,216)**	**1,108**	**379,025**

In thousands of Euros	As of 31 December 2009	Repayments	New issues	Reclass. from non current portion	Other changes	As of 30 September 2010
Current portion:						
Current account overdrafts	1,958		4,531			6,489
Current account payables	22,515		3,162			25,677
Payables due to factoring companies	26,599	(667)				25,932
Current portion of medium-/long-term loans:						
- of which leases	758	(566)		590		782
- due to banks	58,812	(59,065)		67,249	57	67,053
- due to others	2,536	(2,765)		4,377		4,148
Total current portion of medium-/long-term loans	*62,106*	*(62,396)*	*0*	*72,216*	*57*	*71,983*
Total	**113,178**	**(63,063)**	**7,693**	**72,216**	**57**	**130,081**

Medium and long-term bank debt amounts to €/000 290,128 (of which €/000 223,075 non-current and €/000 67,053 current) and consists of the following loans:

- a €/000 117,857 medium-term loan from the European Investment Bank to finance Research & Development investments planned for the period 2009-2012. The loan will fall due in February 2016 and has an amortisation quota of 14 six-monthly instalments to be repaid at a variable rate equal to the six-month Euribor plus a spread of 1.323%. The contractual terms envisage loan covenants but exclude guarantees. It should be noted that, in reference to the 2009 period, these parameters were comfortably met;
- a €/000 89,396 (par value €/000 90,000) medium-term loan from a pool of banks granted in July 2009 to the Parent Company by Banca Nazionale del Lavoro as banking agent and paid in August 2009. The loan will fall due in August 2012, with a grace period of 18 months and three six-monthly instalments. The conditions envisage a variable interest rate linked to the six-month Euribor plus a variable spread between a minimum of 1.65% and a maximum of 2.20% depending on the Net Financial Debt/EBITDA ratio. As of 30 September 2010 this spread was at the bottom of the range. Guarantees are not issued. However in line with market practice, some financial parameters must be complied with. It should be noted that, in reference to the first half of 2010, these parameters were comfortably met;
- €/000 55,152 (par value €/000 55,500) loan to the Parent company from Mediobanca and Banca Intesa San Paolo. In April 2006, this loan was syndicated to a restricted pool of banks and 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 (as of 30 September 2010 €/000 55,500 was still due) and a second *instalment* of €/000 100,000

to be used as a credit line (as of 30 September 2010 still non-utilised). The structure envisages an initial 7-year term, with a grace 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 plus a variable spread between a maximum of 2.10% and a minimum of 0.65% depending on the Net Financial Debt/EBITDA ratio. For the *tranche* relating to the credit line there is a commitment fee of 0.25%. Guarantees are not issued. However in line with market practice, some financial parameters must be complied with. It should be noted that, in reference to the first half of 2010, these parameters were comfortably met;

- a €/000 18,750 initial five-year unsecured loan from Interbanca entered into in September 2008;
- a €/000 2,794 subsidised loan from Banca Intesa San Paolo under Law 346/88 regarding applied research;
- €/000 2,691 as a non-interest bearing loan originally granted by Banca Antonveneta to a subsidiary of the Aprilia Group following the acquisition charged to the Parent Company; the lump sum due date is in 2011. The conditions envisage a market interest rate over the last two years based on the performance of Piaggio 2004-2009 warrants;
- a €/000 1,374 subsidised loan from Banca Intesa San Paolo under Law 346/88 regarding applied research;
- 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:
- a €/000 614 loan from Interbanca in accordance with Law 346/88 regarding subsidies for applied research, secured by a mortgage lien on property.

The item Bonds amounting to €/000 138,321 (net book value) refers to the high yield debenture loan issued on 4 December 2009, for a par value of €/000 150,000, maturing on 1 December 2016 with a semi-annual coupon with fixed annual nominal rate of 7%. Standard & Poor's and Moody's had both assigned a BB and BA2 rating with a negative outlook for the issue. On 5 May Moody's revised its outlook from negative to stable.

The items "Current account overdrafts" and "Current account payables" include €/000 10,269 for a Working Capital credit line loaned by a pool of banks with maturity in December 2011.

Medium-/long-term payables due to other lenders amount to €/000 22,559 of which €/000 17,629 due after twelve months; (€/000 4,930 is the current portion of other loans). These break down as follows:

- finance leases amounting to €/000 8,454 granted by Unicredit Leasing to the merged Moto Guzzi S.p.A.;

- subsidised loans for a total of €/000 14,105 provided by the Ministry of Economic Development using regulations to encourage exports and investment in research and development (non-current portion of €/000 9,957).

Advances from factoring operations with recourse relative to trade receivables are equal to €/000 25,932.

Financial instruments

Risk management

In the first nine months of 2010, exchange rate risk was managed in line with company policy which aims to neutralise the possible negative effects of exchange rate changes on company cash-flow, by hedging the business risk, which concerns changes in company profitability compared to the annual business budget on the basis of a key change (the so-called "budget change") and of the 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 transaction 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 risk management on foreign transactions (business risk), as of 30 September 2010 Piaggio & C. S.p.A. had in place the following forward sales contracts:

- for a value of CAD/000 7,095 equal to €/000 5,267 (valued at the forward exchange rate);
- for a value of CHF/000 4,040 equal to €/000 3,056 (valued at the forward exchange rate);
- for a value of GBP/000 4,805 equal to €/000 5,736 (valued at the forward exchange rate);
- for a value of JPY/000,000 145 equal to €/000 1,281 (valued at the forward exchange rate);
- for a value of SEK/000 2,230 equal to €/000 242 (valued at the forward exchange rate);
- for a value of SGD/000 730 corresponding to €/000 411 (valued at the forward exchange rate);
- for a value of USD/000 13,450 equal to €/000 9,983 (valued at the forward exchange rate);

and forward purchase contracts:

- for a value of CHF/000 350 equal to €/000 270 (valued at the forward exchange rate);
- for a value of GBP/000 5,750 equal to €/000 6,684 (valued at the forward exchange rate);
- for a value of JPY/000,000 202 equal to €/000 1,842 (valued at the forward exchange rate);
- for a value of USD/000 6,150 equal to €/000 4,735 (valued at the forward exchange rate).

As regards contracts in place to hedge risk management on forecast transactions (business risk), as of 30 September 2010 the Parent Company had in place:

- forward purchase contracts for a value of CNY/000,000 225 equal to €/000 24,914;
- forward sales contracts for a value of CHF/000 2,700 corresponding to a total of €/000 1,798 (at the forward exchange rate) and of GBP/000 3,500 equal to €/000 3,886 (at the forward exchange rate).

31. Current and non-current trade payables €/000 385,439

As of 30 September 2010 and as of 31 December 2009 no trade payables were recorded under non-current liabilities.
As of 30 September 2010 current trade liabilities totalled €/000 385,439 against €/000 345,987 as of 31 December 2009.

In thousands of Euros	*As of 30 September 2010*	*As of 31 December 2009*	*Change*
Current liabilities:			
Amounts due to suppliers	373,296	332,745	40,551
Trade payables due to companies valued at equity	11,444	12,408	(964)
Amounts due to affiliated companies	105	393	(288)
Amounts due to parent companies	594	441	153
Total current portion	**385,439**	**345,987**	**39,452**

The overall increase in trade debts equal to €/000 39,452 is related to the seasonal nature of the production cycle.

32. Reserves (current and non-current portion) **€/000 40,442**

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

In thousands of Euros	Balance As of 31 December 2009	Provisions	Applications	Reclassification	Exchange differences	Balance as of 30 September 2010
Product warranty provision	17,529	9,641	(9,977)	7	38	17,238
Risk provisions on equity investments	5,480					5,480
Provisions for contractual risks	9,521		(721)			8,800
Other provisions for risks and charges	9,602	2,795	(3,642)	(32)	201	8,924
Total	**42,132**	**12,436**	**(14,340)**	**(25)**	**239**	**40,442**

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

In thousands of Euros	*As of 30 September 2010*	*As of 31 December 2009*	*Change*
Non-current portion:			
Product warranty provision	5,318	5,025	293
Risk provisions on equity investments	5,480	5,480	0
Provisions for contractual risks	6,437	6,438	(1)
Other provisions for risks and charges	5,301	6,022	(721)
Total non-current portion	**22,536**	**22,965**	**(429)**

In thousands of Euros	*As of 30 September 2010*	*As of 31 December 2009*	*Change*
Current portion:			
Product warranty provision	11,920	12,504	(584)
Risk provisions on equity investments			
Provisions for contractual risks	2,363	3,083	(720)
Other provisions for risks and charges	3,623	3,580	43
Total current portion	**17,906**	**19,167**	**(1,261)**

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

The provision increased during the period by €/000 9,641 and was used for €/000 9,977 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 €/000 5,349.

33. Deferred tax liabilities **€/000 28,753**

Deferred tax liabilities totalled €/000 28,753, compared to €/000 29,694 as of 31 December 2009. This change is primarily due to the re-absorption of temporary differences.

34. Retirement funds and employee benefits **€/000 61,800**

In thousands of Euros	*As of 30 September 2010*	*As of 31 December 2009*	*Change*
Retirement funds	2,311	2,510	(199)
Post-employment benefits	59,489	59,349	140
Total	**61,800**	**61,859**	**(59)**

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.

35. Current and non-current tax payables **€/000 36,167**

As of 30 September 2010 and as of 31 December 2009 no "Tax payables" were recorded under non-current liabilities.
"Tax payables" included in current liabilities totalled €/000 36,167 compared to €/000 18,952 as of 31 December 2009.
Their breakdown was as follows:

In thousands of Euros	As of 30 September 2010	As of 31 December 2009	Change
Due for income taxes	16,594	1,646	14,948
Due for non-income tax	2,766	1,724	1,042
Tax payables for:			
- VAT	11,359	3,260	8,099
- withheld taxes made	3,809	8,342	(4,533)
- other	1,639	3,980	(2,341)
Total	16,807	15,582	1,225
TOTAL	**36,167**	**18,952**	**17,215**

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

36. Other payables (current and non-current) €/000 81,036

In thousands of Euros	As of 30 September 2010	As of 31 December 2009	Change
Non-current portion:			
Amounts due to employees	210	63	147
Amounts due to social security institutions	1,003	1,003	0
Other payables	4,748	5,419	(671)
Total non-current portion	**5,961**	**6,485**	**(524)**

In thousands of Euros	As of 30 September 2010	As of 31 December 2009	Change
Current portion:			
Amounts due to employees	35,631	34,192	1,439
Amounts due to social security institutions	5,844	10,120	(4,276)
Sundry payables due to affiliated companies	28	34	(6)
Sundry payables due to parent companies	363	573	(210)
Others	33,209	34,648	(1,439)
Total current portion	**75,075**	**79,567**	**(4,492)**

Other payables included in non-current liabilities totalled €/000 5,961 against €/000 6,485 as of 31 December 2009, whereas other payables included in current liabilities totalled €/000 75,075 compared to €/000 79,567 as of 31 December 2009.

Amounts due to employees include the amount for holidays accrued but not taken of €/000 11,073 and other payments to be made for €/000 24,768.

Payables due to affiliated companies refer to various amounts due to the Fondazione Piaggio.

E) <u>TRANSACTIONS WITH RELATED PARTIES</u>

Transactions between the Parent Company and its subsidiaries, which are parties related to the Parent Company, have been eliminated in the Condensed Interim Financial Statements and are not referred to in this note.

The main business and financial relations of Group companies with related parties have already been described in the specific paragraph in the Report on Operations to which reference is made here. To supplement this information, the following table provides an indication by company of the outstanding items as of 30 September 2010, as well as their contribution to the respective headings.

In thousands of Euros	Fondazione Piaggio	Piaggio China	AWS do Brasil	Zongshen Piaggio Foshan	IMMSI Audit	Studio D'Urso	Omniaholding	Acciones Depuradora	IMMSI	**Total**	**% of accounting item**
<u>Income statement</u>											
net sales				758						**758**	**0.06%**
costs for materials				33,033					2	**33,035**	**4.84%**
costs for services and lease and rental costs		-		174	720	105			3,123	**4,122**	**2.03%**
other operating income	-			1,286	23				-	**1,309**	**1.49%**
other operating costs				1					31	**32**	**0.17%**
borrowing costs				104						**104**	**0.49%**
financial income								3		**3**	**0.16%**
<u>Assets</u>											
other non-current receivables	321		138							**459**	**3.37%**
current trade receivables	5			1,247	29				-	**1,281**	**0.90%**
other current receivables	22			51	7				3,922	**4,002**	**19.64%**
<u>Liabilities</u>											
financial liabilities falling due after one year							2,900			**2,900**	**0.77%**
current trade payables	-	6		11,438		105			594	**12,143**	**3.15%**
other current payables	28			-	-				363	**391**	**0.52%**

F) SUBSEQUENT EVENTS

To date, no events have occurred after 30 September 2010 that make additional notes or adjustments to these interim financial statements necessary.

In this regard, refer to the Report on Operations for significant events after 30 September 2010.

In accordance with paragraph 2 of article 154-bis of the Consolidated Finance Act, the executive in charge of financial reporting, Alessandra Simonotto, states that the accounting information contained in this document is consistent with the accounts.

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Milan, 29 October 2010

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