Management and coordination
IMMSI S.p.A.
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 2012

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

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Introduction

This unaudited Interim Report on Operations as of 30 September 2012 has been prepared in compliance with Italian Legislative Decree no. 58/1998 as amended, as well as with Consob Regulation on Issuers.

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

Since the 2012 Interim Statements, the Piaggio Group has adopted IAS 19 revised, in advance. For further details, see section "2.1. Accounting standards, amendments and interpretations applied as from 1 January 2012" in the "Notes".

Therefore published income statement data for the first nine months of 2011 and as of 31 December 2011 have been restated where necessary in this document, for the purpose of uniform comparison.

Key operating and financial data

	First nine months		Statutory
In millions of Euro	**2012**	**2011**[1]	**2011**[1]
Data on financial position			
Net revenues	1,112.3	1,200.2	1,516.5
Gross industrial margin	337.3	367.6	454.3
Operating income	95.8	104.0	104.8
Profit before tax	71.6	87.3	78.6
Net profit	44.4	47.1	46.3
Non-controlling interests	0.1	0.0	0.0
Group	44.3	47.0	46.3
Data on financial performance			
Net employed capital (NEC)	815.3	782.1	782.1
Consolidated net debt	(365.3)	(330.1)	(335.9)
Shareholders' equity	450.0	451.9	446.2
Balance sheet figures and financial ratios			
Gross margin on net revenues	30.3%	30.6%	30.0%
Net profit on net revenues	4.0%	3.9%	3.1%
ROS (Operating income/net revenues)	8.6%	8.7%	7.0%
ROE (Net profit/shareholders' equity)	9.9%	10.4%	10.5%
ROI (Operating income/NEC)	11.7%	13.3%	13.5%
EBITDA	156.0	171.8	199.8
EBITDA on Net Revenues	14.0%	14.3%	13.2%
Other information			
Sales volumes (unit/000)	475.2	512.2	653.3
Investments in property, plant and equipment and intangible assets	107.1	87.1	126.1
Research and Development[2]	51.7	53.4	68.5
Employees at the end of the period (number)	8,626	7,921	7,619

[1] Values have been restated, following the adoption of IAS 19 revised which, among others, changes the principle for recognising actuarial gains and losses relative to post-employment benefits. For further details, see section 2.1 Accounting standards, amendments and interpretations applied as from 1 January 2012 in the "Notes".

[2] The item Research and Development includes investments recognised in the statement of financial position and costs recognised in income statement.

Results by operating segments

		EMEA and AMERICAS	INDIA	ASIA SEA	TOTAL
	1-1 / 30-9-12	238.8	158.4	78.0	**475.2**
Sales volumes	1-1 / 30-9-11	275.2	169.2	67.8	**512.2**
(units/000)	Change	(36.4)	(10.8)	10.2	**(37.0)**
	Change %	-13.2%	-6.4%	15.0%	**-7.2%**
	1-1 / 30-9-12	706.3	259.7	146.3	**1,112.3**
Turnover	1-1 / 30-9-11	777.2	301.2	121.7	**1,200.2**
(million Euro)	Change	(70.9)	(41.5)	24.6	**(87.9)**
	Change %	-9.1%	-13.8%	20.2%	**-7.3%**
	1-1 / 30-9-12	4,587	2,813	949	**8,349**
Staff	1-1 / 30-9-11	4,697	2,374	661	**7,732**
(average for the period)	Change	(110)	439	288	**617**
	Change %	-2.3%	18.5%	43.6%	**8.0%**
	1-1 / 30-9-12	61.3	29.0	16.8	**107.1**
Investments	1-1 / 30-9-11	45.4	33.5	8.2	**87.1**
(million Euro)	Change	15.9	(4.5)	8.5	**20.0**
	Change %	35.1%	-13.4%	103.5%	**22.9%**
	1-1 / 30-9-12	33.1	12.0	6.7	**51.7**
Research and Development[3]	1-1 / 30-9-11	36.1	13.0	4.3	**53.4**
(million Euro)	Change	(3.1)	(1.0)	2.4	**(1.7)**
	Change %	-8.5%	-7.6%	55.7%	**-3.1%**

[3] The item "Research and Development" includes investments recognised in the statement of financial position and costs recognised in income statement.

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), (6)
	Mauro Gambaro
	Livio Corghi
	Luca Paravicini Crespi (3), (5),(6)
	Riccardo Varaldo (4), (5), (6)
	Vito Varvaro
	Andrea Paroli
Board of Statutory Auditors	
Chairman	Giovanni Barbara
Statutory Auditors	Attilio Francesco Arietti
	Alessandro Lai
Alternate Auditors	Mauro Girelli
	Elena Fornara
Supervisory Body	Antonino Parisi
	Giovanni Barbara
	Ulisse Spada
Executive in charge of financial reporting	Alessandra Simonotto
Independent Auditors	PricewaterhouseCoopers S.p.A.

(1) Director in charge of internal audit

(2) Lead Independent Director

(3) Member of the Appointment Proposal Committee

(4) Member of the Remuneration Committee

(5) Member of the Control and Risks Committee

(6) Member of the Related Party Transactions Committee

Significant events in the first nine months of 2012

6 January 2012 the Vespa for the Indian market was unveiled at the Auto Expo show in Delhi. With a new low emission 60 km/litre engine, production got underway at Piaggio's production facilities in Baramati (India) in March 2012 and the scooter went on sale in 35 major Indian cities in May, with an initial production capacity of 150,000 vehicles/year.

23 January 2012 the revolving syndicated loan of 130 million Euro undersigned on 29 December 2011 was finalised, as suspension conditions had been met. In particular, the remaining 65 million Euro of a pooled loan, with maturity in August 2012, was paid back in advance, and the early cancellation of a loan of 100 million Euro, undrawn on, with maturity in December 2012, was requested.

24 January 2012 the Group established an organisation based on the geographic areas EMEA and Americas, Asia SEA and India.

3 February 2012 Piaggio & C. S.p.A. was awarded the contract in the tender called by Poste Italiane S.p.A. at an EU level, with electronic bidding, to establish a framework agreement for the supply of 17,783 mopeds for postal deliveries.

1 March 2012 A new production site for scooter engines was inaugurated at Vinh Phuc in Vietnam. The facility will have an initial production capacity of more than 200,000 engines a year, which will go up to 300,000 as production capacity at the vehicle manufacturing site is stepped up.

14 March 2012 the opening of an Advanced Design Center at Pasadena in California (USA) was announced. The centre will work closely with the Piaggio Group's Style Centre, and R&D Centres based in Italy, China, India and Vietnam.

20 March 2012 a financing agreement was signed with International Finance Corporation for $/000 17,850 to cover the production investments of the Indian subsidiary.

23 March 2012 - through the participation of Mediobanca and Intesa Sanpaolo, the medium-term revolving loan for 130 million Euro undersigned on 29 December 2011 by Piaggio & C. S.p.A., was increased to the maximum value of 200 million Euro.

26 March 2012 production of the new Moto Guzzi V7 range got underway at the Mandello del Lario site.

11 April 2012 - Following award of the competitive tender pursuant to article 105-107 of the Italian Bankruptcy Law, a contract of purchase was signed for the company site "Tecnocontrol" situated in

Pontedera, for a total value of 11,323,000 Euro.

13 April 2012 – The Meeting of Shareholders of Piaggio & C. S.p.A. appointed the new Board of Directors that will remain in office for three years until approval of the financial statements as of 31 December 2014.
The Board of Directors will comprise 11 members, based on the one list submitted by the majority shareholder Immsi S.p.A.: Roberto Colaninno, Matteo Colaninno, Michele Colaninno, Andrea Paroli, Livio Corghi, Franco Debenedetti (independent director), Daniele Discepolo (independent director), Mauro Gambaro (independent director), Luca Paravicini Crespi (independent director), Riccardo Varaldo (independent director), Vito Varvaro (independent director).
The Meeting of Shareholders also appointed the Board of Statutory Auditors, comprising: Giovanni Barbara (Chairman), Alessandro Lai and Francesco Arietti as statutory auditors and Mauro Girelli and Elena Fornara as alternate auditors.
The Curricula Vitae of Board Directors and members of the Board of Statutory Auditors are available at www.piaggiogroup.com, under Governance.

13 April 2012 – The Meeting of Shareholders resolved to appoint PricewaterhouseCoopers S.p.A. to audit the company's accounts for the 2012-2020 period.

28 April 2012 - Two days after its presentation to the Indian and international press at Bombay, the new Piaggio Group site for manufacturing Vespas for the Indian market at Baramati (State of Maharashtra) was officially inaugurated. The new site will have an initial production capacity of 150,000 vehicles/year, which will be increased to 300,000 vehicles/year in 2013.

7 June 2012 – The fully restyled range of the new VESPA LX and S 3V models made its début. Developed and manufactured at Pontedera, the ultra-technological 4 stroke, 3 valve 125cc and 150cc engines have set new standards with: a mileage of 55 km/litre, and a 30% decrease in fuel consumption and CO_2 emissions. Plus performance has been seriously boosted: the maximum power of the Vespa 125cc has improved by 7.1%, and maximum torque by 10.3%. For the Vespa LX and Vespa S 3V 150cc, maximum power and torque have increased by 6.3 and 7.8% respectively.

14 September 2012 Production got underway at Baramati (India) of the new Ape City Passenger three-wheeler, with a new 200cc engine entirely developed by Piaggio. The Ape City Passenger is a compact and extremely versatile, practical vehicle, with superb handling in busy city traffic. The 200cc engine will be available in different versions, with petrol, natural gas and LPG options, plus it cuts fuel consumption and pollutant emission levels.

14 September 2012 Moodys reviewed its Ba2 rating outlook from stable to negative.

Financial position and performance of the Group

Consolidated income statement (restated)

	First nine months of 2012		First nine months of 2011[4]		Change	
	In millions of Euro	*Accounting for a %*	*In millions of Euro*	*Accounting for a %*	*In millions of Euro*	*%*
Net revenues	1,112.3	100.0%	1,200.2	100.0%	(87.9)	-7.3%
Cost to sell	775.0	69.7%	832.6	69.4%	(57.6)	-6.9%
Gross industrial margin	**337.3**	**30.3%**	**367.6**	**30.6%**	**(30.3)**	**-8.2%**
Operating expenses	241.5	21.7%	263.6	22.0%	(22.1)	-8.4%
EBITDA	**156.0**	**14.0%**	**171.8**	**14.3%**	**(15.7)**	**-9.2%**
Depreciation	60.3	5.4%	67.8	5.6%	(7.5)	-11.1%
Operating income	**95.8**	**8.6%**	**104.0**	**8.7%**	**(8.2)**	**-7.9%**
Result of financial items	(24.2)	-2.2%	(16.7)	-1.4%	(7.5)	44.8%
Profit before tax	**71.6**	**6.4%**	**87.3**	**7.3%**	**(15.7)**	**-18.0%**
Taxes	27.2	2.4%	40.2	3.4%	(13.0)	-32.4%
Net profit	**44.4**	**4.0%**	**47.1**	**3.9%**	**(2.7)**	**-5.7%**

Vehicles

In thousands of units	**First nine months of 2012**	**First nine months of 2011**	**Change**
EMEA and Americas	238.8	275.2	(36.4)
India	158.4	169.2	(10.8)
ASIA SEA	78.0	67.8	10.2
TOTAL VEHICLES	**475.2**	**512.2**	**(37.0)**
Two-wheeler	321.3	332.8	(11.5)
Commercial Vehicles	153.9	179.4	(25.5)
TOTAL VEHICLES	**475.2**	**512.2**	**(37.0)**

Net revenues

In millions of Euro	**First nine months of 2012**	**First nine months 2011**	**Change**
EMEA and Americas	706.3	777.2	(70.9)
India	259.7	301.2	(41.5)
ASIA SEA	146.3	121.7	24.6
TOTAL NET REVENUES	**1,112.3**	**1,200.2**	**(87.9)**
Two-wheeler	804.8	824.2	(19.4)
Commercial Vehicles	307.5	375.9	(68.5)
TOTAL NET REVENUES	**1,112.3**	**1,200.2**	**(87.9)**

[4] *Figures have been restated following the application of IAS 19 revised*

In the first nine months of 2012, the Piaggio Group sold 475,200 vehicles worldwide, registering a decline of approximately 7.2% in volume over the same period of the previous year, when 512,200 vehicles were sold. There was considerable growth in sales of vehicles in Asia SEA (+ 15.0%), thanks to the increase in production capacity at the Vietnamese plant and entry on the Indonesian market, while sales fell in EMEA and the Americas (-13.2%) and in India (- 6.4%). As regards the type of products sold, the main downturn occurred in the *Commercial Vehicles* segment (- 14.2%).

Sales of two-wheeler vehicles were affected by a particularly negative market context and complex competitive scenario, on nearly all of the Group's reference markets. In particular, the two-wheeler market in EMEA registered a downturn equal to approximately 12.4% (- 12.8% as regards scooters and – 11.7% as regards motorcycles). In EMEA, the Piaggio Group retained its market leadership, with a 19.8% share, increasing penetration in the scooter segment from 27.6% to 28.2%. The Group achieved excellent sales results on the American market (+ 42.8%) and in India, where the Vespa went on sale in May.

Sales of commercial vehicles were negatively affected by the concurrent downturn on all reference markets (Italy - 36.0%, Europe - 11.5% and India - 2.8%).

In terms of consolidated turnover, the Group ended the first nine months of 2012 with lower net revenues compared to the same period of the previous year (-7.3%), equal to 1,112.3 million euro. Turnover in Asia SEA went up considerably (+ 20.2%), while revenues fell in India (- 13.8%), and in EMEA and the Americas (- 9.1%). As regards the latter area, America achieved an excellent performance, with turnover up by 106.0%. As for the type of products sold, the downturn mainly concerned the Commercial Vehicles segment (- 18.2%). The decrease in turnover from two-wheeler products (- 2.4%) was offset by the shift in demand to vehicles with larger engines.
As a result, the impact of two-wheeler vehicles on overall turnover went up from 68.7% in the first nine months of 2011 to 72.4% in the same period in 2012; on the other hand, the same parameter in the Commercial Vehicles segment decreased from 31.3% in the first nine months of 2011 to 27.6% in the same period in 2012.

The Group's **gross industrial margin**, defined as the difference between "net revenues" and "cost to sell" decreased by 30.3 million Euro in absolute terms compared to the first nine months of the previous year, while in relation to net turnover, it went down from 30.6% in the first nine months of 2011 to 30.3%.
For example, the "cost to sell" includes costs for materials (direct and consumables), accessory purchase costs (transport of incoming material, customs, warehousing), employee costs for direct and indirect manpower and relative expenses, work carried out by third parties, energy costs, depreciation of property, plant, machinery and industrial equipment, maintenance and cleaning costs net of sundry cost recovery recharged to suppliers. Amortisation/depreciation included in the gross industrial margin was equal to 24.3 million euro (23.5 million euro in the first nine months of 2011).

Operating expenses incurred during the first nine months of 2012 totalled 241.5 million Euro, 22.1 million Euro less compared to the same period of the previous year (263.6 million Euro), and confirm the Group's constant focus on keeping costs down and maintaining high profitability levels.
For example, operating expenses include employee costs, costs for services, leases and rentals, as well as operating costs net of operating income not included in the gross industrial margin. Operating expenses also include amortisation/depreciation not included in the gross industrial margin, amounting to 36.0 million euro (44.3 million euro in the first nine months of 2011).

These trends in the income statement resulted in a consolidated **EBITDA**, defined as operating income gross of amortisation/depreciation, which was lower in absolute terms compared to the first nine months of 2011 (156.0 million euro in the first nine months of 2012 and 171.8 million in the same period in 2011). In terms of Operating Income (**EBIT**), the performance of the period was also down in absolute terms compared to the first nine months of 2011, with a consolidated EBIT equal to 95.8 million Euro, but basically in line with turnover (8.6%) of the previous year (8.7%).

The result of financial assets worsened compared to the first nine months of the previous year, with Net Charges amounting to 24.2 million Euro (16.7 million Euro in the first half of 2011). This increase was affected by higher debt combined with a higher cost of funding and charges for debt refinancing, partially offset by the positive impact of currency management and the equity valuation of the joint venture in China.

Consolidated net profit stood at 44.4 million Euro, down in absolute terms compared to the first nine months of 2011, but slightly up in relation to turnover (4,0% against 3.9% of the first nine months of 2011). Income taxes for the period are estimated at 27.2 million Euro, equivalent to 38.0% of profit before tax.

Consolidated statement of financial position

In millions of Euro	**As of 30 September 2012**	**As of 31 December 2011**	**Change**
Statement of financial position			
Net working capital	(55.2)	(39.9)	(15.3)
Net tangible assets	311.5	274.9	36.6
Net intangible assets	656.0	649.4	6.6
Financial assets	6.7	2.6	4.1
Provisions	(103.7)	(104.9)	1.2
Net capital employed	**815.3**	**782.1**	**33.2**
Net Financial Debt	365.3	335.9	29.4
Shareholders’ equity	450.0	446.2	3.8
Sources of funds	**815.3**	**782.1**	**33.2**
Minority interest capital	1.3	1.2	0.1

Net working capital as of 30 September 2012, negative for 55.2 million Euro, generated cash flows of 15.3 million Euro in the first nine months of 2012. Specifically, net working capital is defined as the sum of trade receivables, inventories, trade payables and other non-trade assets and liabilities. During the period, in a particularly challenging market context, the Piaggio Group was able to maintain a balance in net working capital, thanks above all to a careful management in the collection of trade receivables, and to a major focus on inventory management and optimisation.

Plant property and equipment, comprising plant, property, machinery and industrial equipment, net of amortization quota and assets held for sale, amounted to 311.5 million Euro as of 30 September 2012, up by approximately 36.6 million Euro compared to 31 December 2011. This increase is mainly due to the volume of acquisitions in the period, which greatly exceeded the value of depreciation.

Intangible assets, comprising capitalised development costs, costs for patents and know-how, as well as goodwill arising from acquisitions/mergers taking place within the Group over the last few years, totalled 656.0 million Euro, with an increase of approximately 6.6 million Euro compared to 31 December 2011. As above, the value of investments was higher than amortisation.

Financial assets, defined as the sum of “investments” and “other non-current financial assets" totalled 6.7 million Euro. The increase is mainly due to the equity valuation of the Zongshen Piaggio Foshan joint venture.

Provisions, comprising retirement funds and employee benefits, other long term provisions, from the current portion of other long term provisions, as well as deferred tax liabilities, totalled 103.7 million euro, registering a decrease compared to 31 December 2011 (104.9 million euro).

As fully described in the next section on the "Consolidated Statement of Cash Flows", **net financial debt** as of 30 September 2012 was equal to 365.3 million euro, compared to 335.9 million euro as of 31 December 2011. The decrease of 29.4 million Euro in net debt is mainly due to the major investment programme, the distribution of dividends and policy to purchase treasury shares, only partially offset by the positive trend of cash flow from operating activities.

Shareholders' equity as of 30 September 2012 amounted to 450.0 million euro, up 3.8 million euro compared to 31 December 2011.

Consolidated Statement of Cash Flows

The consolidated statement of cash flows, prepared in accordance with international financial reporting standards (IFRS), is presented in the "Consolidated Financial Statements and Notes as of 30 September 2012". The following is a comment relating to the summary statement shown.

	First nine months		
In millions of Euro	**2012**	**2011[5]**	**Change**
Change in consolidated net debt			
Opening consolidated net debt	**(335.9)**	**(349.9)**	**14.0**
Cash flow from operating activities	103.5	104.0	(0.5)
(Increase)/reduction in working capital	15.3	31.4	(16.1)
(Increase)/reduction in net investments	(107.6)	(77.5)	(30.1)
Change in shareholders' equity	(40.6)	(38.0)	(2.6)
Total change	**(29.4)**	**19.8**	**(49.3)**
Closing consolidated net debt	**(365.3)**	**(330.1)**	**(35.3)**

In the first nine months of 2012 the Piaggio Group used **financial resources** amounting to 29.4 million euro.

Cash flow from operating activities, defined as net profit, minus non-monetary costs and income, was equal to 103.5 million Euro.

Working capital generated a cash flow of 15.3 million euro;

Investment activities involved a total of 97.3 million Euro of financial resources, in addition to 9.8 relative to the acquisition of Tecnocontrol (1.5 million of expendables). These investments refer to approximately 38.5 million Euro for capitalised research and development expenditure, and approximately 58.8 million Euro for plant, property and equipment and intangible assets.

The impact of the distribution of dividends in 2012 was equal to 29.9 million Euro, while that of the purchase of treasury shares was equal to 6.5 million Euro.

As a result of the above financial dynamics, which generated a use of 29.4 million Euro, the **net debt** of the Piaggio Group stood at - 365.3 million Euro.

[5] Figures have been restated following the application of IAS 19 revised.

Results by type of product

Two-wheeler

	First nine months of 2012		First nine months of 2011		Change %		Change	
	Volumes Sell-in (units/000)	Turnover (million Euro)	Volumes Sell-in (units/000)	Turnover (million Euro)	Volumes	Turnover	Volumes	Turnover
EMEA and Americas	230.4	649.2	264.9	702.5	-13.0%	-7.6%	(34.5)	(53.3)
of which EMEA	218.0	586.7	256.3	672.5	-14.9%	-12.7%	(38.2)	(85.7)
(of which Italy)	*60.8*	*170.7*	*75.8*	*216.6*	*-19.8%*	*-21.2%*	*(15.0)*	*(45.9)*
of which America	12.4	62.5	8.7	30.0	42.8%	108.0%	3.7	32.4
India	12.9	9.3	0.0	0.0			12.9	9.3
ASIA SEA	78.0	146.3	67.8	121.7	15.0%	20.2%	10.2	24.6
TOTAL	**321.3**	**804.8**	**332.8**	**824.2**	**-3.5%**	**-2.4%**	**(11.5)**	**(19.4)**
Scooters	294.2	568.2	300.0	572.8	-1.9%	-0.8%	(5.8)	(4.6)
Motorcycles	27.1	115.5	32.7	131.2	-17.3%	-12.0%	(5.6)	(15.7)
Spare parts and Accessories		103.1		107.8		-4.3%		(4.6)
Other		18.0		12.4		44.6%		5.5
TOTAL	**321.3**	**804.8**	**332.8**	**824.2**	**-3.5%**	**-2.4%**	**(11.5)**	**(19.4)**

The Two-Wheeler market mainly comprises two product segments: scooters and motorcycles, in addition to the related spare parts and accessories business, the sale of engines to third parties, involvement in main two-wheeler sports championships and technical service.

Comments on main results and significant events of the sector

The Piaggio Group maintained its leadership position on the European two-wheeler market in the first nine months of 2012, with a 19.8% market share, increasing penetration of the scooter segment from 27.6% to 28.2%.

As regards the Italian market, the Piaggio Group increased its shares in the most important two-wheeler segments, confirming its outright leadership position, with a total share of 31.1%, up 3.1% compared to the first nine month of 2011.

Based on data released by Confindustria Ancma, the Piaggio Group performed particularly well in the scooter segment, in the first nine months of the year, and this was also due to sales of the Liberty scooter to the Italian Postal Services Company, Poste Italiane. In the scooter segment, the Group attained a market share of 39.4% from January to September (up 3.1 points compared to

January/September 2011). The Group's share of the Italian motorcycle market was steady at 6.1%, with an increase of 0.3 points in the over 700cc segment during the first nine months of the year (7.7% for January/September 2012). This result is thanks to the positive performance of the new models launched by Moto Guzzi and Aprilia in the large engine segment, which enabled the Piaggio Group to reach a 7.8% share in the sector in September alone, increasing growth by 0.6% compared to September 2011.
With production at its own site in Vinh Phuc, the Group also consolidated its position on the premium market in Vietnam with successful sales of its Vespa and Liberty models, and laid the foundations for future growth in other Asian area countries, by forging business relations with local importers.
In the second quarter of 2012, the Vespa went on sale in India. As of 30 September, 12,900 units had been sold.
The Group also consolidated its position as the main manufacturer on the North American scooter market, with a share above 25%. In this context, the Piaggio Group is steadfastly committed to consolidating its presence in the motorcycle segment, with its Moto Guzzi and Aprilia brands.

Commercial Vehicles

	First nine months of 2012		First nine months of 2011		Change %		Change	
	Volumes Sell-in (units/000)	Turnover (million Euro)	Volumes Sell-in (units/000)	Turnover (million Euro)	Volumes	Turnover	Volumes	Turnover
EMEA and Americas	8.4	57.1	10.2	74.7	-18.3%	-23.6%	(1.9)	(17.6)
(of which Italy)	*3.8*	*32.6*	*5.9*	*46.9*	*-35.7%*	*-30.4%*	*(2.1)*	*(14.2)*
(of which America)	*0.9*	*2.2*	*0.8*	*1.3*	*21.7%*	*60.7%*	*0.2*	*0.8*
India	145.6	250.4	169.2	301.2	-14.0%	-16.9%	(23.6)	(50.8)
TOTAL	**153.9**	**307.5**	**179.4**	**375.9**	**-14.2%**	**-18.2%**	**(25.5)**	**(68.5)**
Ape	147.3	243.4	166.5	281.8	-11.5%	-13.6%	(19.2)	(38.3)
Porter	2.4	24.5	3.5	35.0	-31.8%	-30.1%	(1.1)	(10.5)
Quargo	1.3	6.0	3.2	13.9	-60.4%	-57.1%	(1.9)	(8.0)
Mini Truk	3.0	5.8	6.3	12.5	-51.7%	-53.8%	(3.2)	(6.7)
Other	0.0	0.0						
Spare parts and Accessories		27.8		32.7		-15.0%		(4.9)
TOTAL	**153.9**	**307.5**	**179.4**	**375.9**	**-14.2%**	**-18.2%**	**(25.5)**	**(68.5)**

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

Comments on main results and significant events of the sector

In the first nine months of 2012, the Commercial Vehicles business generated a turnover of approximately 307.5 million Euro, including approximately 27.8 million Euro relative to spare parts and accessories, down 18.2% over the same period of 2011. Units sold fell from 179,400 units in the first nine months of 2011 to 153,900 units in the current period, with a downturn, lower than turnover, of 14.2%.

On the EMEA and Americas markets, the Piaggio Group sold 8,400 units in the first nine months of 2012, generating a net total turnover of approximately 57.1 million Euro, including spare parts and accessories. The decrease in units sold of 18.3% and in turnover of 23.6%, compared to the same period in 2011, is mainly due to the continuing downturn on the reference market comprising

Commercial Vehicles with a total maximum mass of up to 3.5 tons of **-**11.5% in Europe and in particular of -36.0% on the Italian domestic market. In particular, in Italy, the Porter range performed better in the chassis-cab reference segment compared to the market decline, with a market share of 14.5%, which is nearly two percentage points higher than the same period in 2011. Sales of the Ape range were stable, with figures changing from 5,892 units in the first nine months of 2011 to 5,549 in the same period in 2012.

On the Indian three-wheeler market, down **-**2.8% compared to the first nine months of 2011, Piaggio Vehicles Private Limited, with 131,863 units sold against 146,600 units in 2011, retained its position as reference player, with a market share of 34.6%. In more detail, Piaggio Vehicles Private Limited consolidated its role as market leader in the cargo segment, with a market share of 51.9% and 37,927 units sold, and as a leading player in the important passenger segment with a market share of 30.5% and 93,936 units sold.

In the last quarter of the year, the new Ape City Passenger with a new 200cc engine fully developed by Piaggio will go on sale. The Ape City Passenger is a compact and extremely versatile, practical vehicle, with superb handling in busy city traffic. The 200cc engine will be available in different versions, with petrol, natural gas and LPG options, plus it cuts fuel consumption and pollutant emission levels.
The new Ape City Passenger will enable Piaggio to make a strong entrance on the market of three-wheeler passenger vehicles for city traffic, which accounted for 80% of the total three-wheeler market in India in 2011, with over 415,000 units sold. In this segment, "small body" vehicles, which include the new Ape City, account for more than 200,000 units sold/year.

Sales on the four-wheeler market, which is dominated by Indian vehicle manufacturers, went up from 172,547 units in the first nine months of 2011 to 189,717 units in the same period in 2012. Piaggio Vehicles Private Limited still has a marginal role in this segment, with a 1.9% market share, down on the same period of 2011.
In October, the Indian subsidiary unveiled two new commercial vehicles, both with car-type cabs based on Piaggio Porter and Quargo bodywork, which will allow the Piaggio Group to expand and further consolidate its product range in this market segment.

Significant events after 30 September 2012

4 October 2012 - The new RSV4 Factory ABS and new Fly with 50cc and 125cc engines made their début at Intermot, the Cologne Motorshow. The new RSV4 Factory ABS features a state-of-the-art suite of electronic control systems, directly based on Piaggio's experience in the World Superbike Championships.
The new Piaggio Fly has an entirely new, sophisticated look, and with its superb handling it offers all the comfort, protection and safety of larger engine models.

7 October 2012 – Max Biaggi riding an Aprilia RSV4 SBK won the Superbike World Championship rider's title, and Aprilia won the World championship manufacturer's title. With this double victory, Aprilia has now won 51 World titles and the Piaggio Group 101 world titles with its Aprilia, Moto Guzzi, Gilera and Derbi brands*.*

8 October 2012 – Piaggio Advanced Design Center Copr. was established under Californian law. This company is wholly owned by Piaggio & C. S.p.A. and based in Pasadena, California.

Operating outlook

In an increasingly complex operating context, the Group will continue to pursue the goals that have characterised the first nine months of the year, so that it may carry on generating value for all stakeholders.

As regards business and industrial operations:

- in Asia Pacific, the range of two-wheeler vehicles and engines will be expanded, with the upcoming launch of the new Vespa LX featuring a new 3 valve, 4 stroke engine and low fuel consumption and pollutant emissions, while entry on the Indonesian market and other Asian markets will be completed;
- entry on the Indian scooter market, which has high annual growth rates, will be completed with the premium Vespa brand;
- on mature western markets, the Group will further confirm its European leadership position on both the global two-wheeler market, and in the scooter segment, and will boost sales and margins in the motorcycle sector, through its Aprilia and Moto Guzzi ranges;
- sales of commercial vehicles and market shares will be maintained in India (also thanks to the introduction of new 3- and 4-wheeler products in higher growth rate segments), and in emerging countries, while current positions will be maintained on the European market and exports targeting African, Asian markets and Latin America will be further developed.

As for technology, the Piaggio Group will continue to focus on developing its ranges of two-wheeler and commercial vehicles, and standard and hybrid engines that offer considerable fuel savings and lower pollutant emissions.

Transactions with related parties

Net sales, costs, payables and receivables as of 30 September 2012 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.
The information on transactions with related parties, including information required by Consob in its communication of 28 July 2006, is given in note E of the Consolidated Financial Statements.
The procedure for transactions with related parties, pursuant to article 4 of Consob Regulation no. 17221 of 12 March 2010 as amended, approved by the Council on 30 September 2010, is published on the institutional site of the Issuer www.piaggiogroup.com, under *Governance*.

Relations with Parent Companies

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

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

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

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

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

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

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

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

Other information

Corporate

On 1 July 2012, the company incorporated under Dutch law, Aprilia World Service BV, was merged by incorporation with the company Piaggio Vespa BV, also incorporated under Dutch law, wholly owned by Piaggio & C. S.p.A..

On 11 April 2012**,** following award of the competitive tender pursuant to article 105-107 of the Italian Bankruptcy Law, Piaggio & C. signed a contract of purchase for the company site "Tecnocontrol" situated in Pontedera, for a total value of 11,323,000 Euro.
With the acquisition of Tecnocontrol, Piaggio & C. now has its own aluminium engine components processing procedure.
The effect on the statement of financial position of Piaggio & C. is as follows:

Production buildings	+ 2,113,000.00 Euro
Operating goods	+ 7,666,061.81 Euro
Consumables	+ 1,543,938.19 Euro

In this regard, the acquisition has not resulted in the recognition of goodwill or potential liabilities, since the adoption of IFRS 3 revised.

On 8 October 2012, Piaggio Advanced Design Center Copr. was established under Californian law. This company is wholly owned by Piaggio & C. S.p.A. and based in Pasadena, California.

Stock Option Plan

With regard to the 2007-2009 incentive plan approved by the General Meeting of Shareholders on 7 May 2007 and subsequently amended, 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") during the first nine months of 2012, 150,000 option rights expired.

As of 30 September 2012, 3,940,000 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 Regulation on Issuers. These documents are available on the Issuer's institutional website www.piaggiogroup.com under Governance.

Rights	**No. of options**	**Average exercise price (Euro)**	**Market price (Euro)**
Rights existing as of 31.12.2011	4,090,000		
° of which exercisable as of 31.12.2011	300,000		
New rights assigned in the first nine months of 2012			
Rights exercised in the first nine months of 2012			
Rights expired in the first nine months of 2012	(150,000)		
Rights existing as of 30.09.2012	3,940,000		
° of which exercisable as of 30.09.2012	940,000		

Mantua, 26 October 2012

For the Board of Directors

Chairman and Chief Executive Officer
Roberto Colaninno

Piaggio Group

Condensed Interim Financial Statements, Consolidated Financial Statements and Notes as of 30 September 2012

Consolidated Income Statement

		First nine months of 2012		First nine months of 2011 Restated(1)	
In thousands of Euros	Notes	Total	of which related parties	Total	of which related parties
Net revenues	4	**1,112,310**	**449**	**1,200,162**	**1,560**
Cost for materials	5	655,497	27,859	717,736	32,269
Cost for services and leases and rentals	6	192,807	3,019	193,988	2,966
Employee costs	7	170,490		190,575	
Depreciation of property, plant and equipment	8	27,151		26,231	
Amortisation of intangible assets	8	33,111		41,519	
Other operating income	9	76,952	175	89,399	405
Other operating costs	10	14,424		15,497	
Operating income		**95,782**		**104,015**	
Income/(loss) from investments	11	3,565		3,382	
Financial income	12	1,682		3,470	
Borrowing costs	12	29,865	299	23,075	180
Net exchange gains/(losses)	12	415		(494)	
Profit before tax		**71,579**		**87,298**	
Taxes for the period	13	27,201		40,244	
Earnings from continuing activities		**44,378**		**47,054**	
Assets held for disposal:					
Profits or losses arising from assets held for disposal	14				
Net Profit (Loss) for the period		**44,378**		**47,054**	
Attributable to:					
Shareholders of the Parent Company		**44,296**		**47,023**	
Non-controlling interests		**82**		**31**	
Earnings per share (figures in €)	15	**0.119**		**0.127**	
Diluted earnings per share (figures in €)	15	**0.119**		**0.126**	

(1) Values were restated, following the adoption of IAS 19 revised which, among others, changes the principle for recognising actuarial gains and losses relative to post-employment benefits. For further details, see section 2.1 Accounting standards, amendments and interpretations applied as from 1 January 2012 in the "Notes".

Consolidated Statement of Comprehensive Income

In thousands of Euros	Notes	First nine months of 2012	First nine months of 2011 Restated[1]	Change
Profit (loss) for the period (A)		**44,378**	**47,054**	**(2,676)**
Effective portion of profits (losses) on cash flow hedges	29	(1,074)	(1,494)	420
Actuarial gains (losses) relative to defined benefit plans		(3,962)	(732)	(3,230)
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency		274	(9,804)	10,078
Total Other Profits (and losses) for the period (B)*		**(4,762)**	**(12,030)**	**7,268**
Total Profit (loss) for the period (A + B)		**39,616**	**35,024**	**4,592**

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

Attributable to:			
Shareholders of the Parent Company	**39,519**	**35,013**	**4,506**
Non-controlling interests	**97**	**11**	**86**

(1) Values were restated, following the adoption of IAS 19 revised which, among others, changes the principle for recognising actuarial gains and losses relative to post-employment benefits. For further details, see section 2.1 Accounting standards, amendments and interpretations applied as from 1 January 2012 in the "Notes".

Consolidated Statement of Financial Position

		As of 30 September 2012		As of 31 December 2011	
In thousands of Euros	**Notes**	**Total**	**of which related parties**	**Total**	**of which related parties**
ASSETS					
Non-current assets					
Intangible assets	16	656,036		649,420	
Property, plant and equipment	17	311,470		274,871	
Investment property	18				
Investments	19	6,032		2,482	
Other financial assets	20	14,174		11,836	
Long-term tax receivables	21	1,164		976	
Deferred tax assets	22	53,547		55,726	
Trade receivables	23				
Other receivables	24	13,481	403	15,165	405
Total non-current assets		**1,055,904**		**1,010,476**	
Assets held for sale	28				
Current assets					
Trade receivables	23	98,146	1,417	65,560	2,453
Other receivables	24	26,575	6,485	28,028	6,456
Short-term tax receivables	21	29,627		27,245	
Inventories	25	253,635		236,988	
Other financial assets	26	27,265		0	
Cash and cash equivalents	27	122,154		151,887	
Total current assets		**557,402**		**509,708**	
TOTAL ASSETS		**1,613,306**		**1,520,184**	

In thousands of Euros	Notes	As of 30 September 2012 Total	As of 30 September 2012 of which related parties	As of 31 December 2011 Total	As of 31 December 2011 of which related parties
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital and reserves attributable to the shareholders of the Parent Company	29	448,705		445,036	
Share capital and reserves attributable to non-controlling interests	29	1,279		1,182	
Total shareholders' equity		**449,984**		**446,218**	
Non-current liabilities					
Financial liabilities falling due after one year	30	442,674	2,900	329,200	2,900
Trade payables	31	252		235	
Other long-term provisions	32	12,419		12,429	
Deferred tax liabilities	33	29,574		32,735	
Retirement funds and employee benefits	34	49,534		46,603	
Tax payables	35	605		2,539	
Other long-term payables	36	5,126		5,948	
Total non-current liabilities		**540,184**		**429,689**	
Current liabilities					
Financial liabilities falling due within one year	30	85,552		170,261	
Trade payables	31	445,878	21,873	375,263	18,903
Tax payables	35	29,281		20,920	
Other short-term payables	36	50,239	79	64,718	75
Current portion of other long-term provisions	32	12,188		13,115	
Total current liabilities		**623,138**		**644,277**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,613,306**		**1,520,184**	

Consolidated Statement of Cash Flows

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

		First nine months of 2012		First nine months of 2011 Restated	
		Total	of which related parties	Total	of which related parties
In thousands of Euros	*Notes*				
Operating activities					
Consolidated net profit		44,296		47,054	
Non-controlling interests		82		31	
Taxes for the period	13	28,882		39,618	
Depreciation of property, plant and equipment	8	27,151		26,231	
Amortisation of intangible assets	8	33,111		41,519	
Non-monetary costs for stock options		535		658	
Allocations for provisions for risks and retirement funds		16,646		16,891	
Write-downs / (Reversals)		816		(2,765)	
Losses / (Gains) on the disposal of property, plants and equipment		(416)		(53)	
Losses / (Gains) on the disposal of intangible assets		0		0	
Financial income	12	(1,449)		(3,470)	
Dividend income		(15)		(182)	
Borrowing costs	12	26,376		18,604	
Income from public grants		(1,410)		(2,403)	
Portion of earnings of affiliated companies		(3,550)		(3,200)	
Change in working capital:					
(Increase)/Decrease in trade receivables	23	(32,586)	1,036	(35,031)	(530)
(Increase)/Decrease in other receivables	24	3,137	(27)	(626)	(1)
(Increase)/Decrease in inventories	25	(16,647)		(16,860)	
Increase/(Decrease) in trade payables	31	70,632	2,970	51,820	9,191
(Increase)/Decrease in other payables		(15,301)	4	1,067	21
Increase/(Decrease) in provisions for risks (excluding allocations)	32	(10,830)		(14,395)	
Increase/(Decrease) in retirement funds and employee benefits (excluding allocations)	34	(3,833)		(14,442)	
Other changes		(20,178)		17,393	
Cash generated from operating activities		**145,449**		**167,459**	
Interest paid		(16,958)		(16,595)	
Taxes paid		(16,510)		(20,815)	
Cash flow from operating activities (A)		**111,981**		**130,049**	
Investment activities					
Investment in property, plant and equipment	17	(54,044)		(43,634)	
Sale price/repayment value, property, plant and equipment		973		216	
Investment in intangible assets	16	(43,267)		(43,522)	
Acquisition of Tecnocontrol		(11,323)		0	
Sale price/repayment value, intangible assets		32		35	
Dividends cashed				92	
Purchase of financial assets		(27,268)		0	
Sale price of financial assets		5		4,688	
Collected interests		605		2,742	
Cash flow from investment activities (B)		**(134,287)**		**(79,383)**	
Financing activities					
Purchase of treasury shares	29	(6,508)		(3,810)	
Outflow for dividends paid	29	(29,877)		(25,684)	
Loans received	30	149,240		58,561	
Outflow for repayment of loans	30	(120,064)		(103,022)	
Financing received for leases	30	0		227	
Repayment of finance leases	30	(667)		(632)	
Cash flow from funding activities (C)		**(7,876)**		**(71,517)**	
Increase / (Decrease) in cash and cash equivalents (A+B+C)		(30,182)		(20,851)	
Opening balance		**151,802**		**154,758**	
Exchange differences					
Closing balance		**121,620**		**133,907**	

The table below details the breakdown of the balance of cash and cash equivalents as of 30 September year-on-year.

In thousands of Euros	**Notes**	**As of 30 September 2012**	**As of 30 September 2011**	**Change**
Cash and cash equivalents	27	122,154	133,982	(11,828)
Current account overdrafts	30	(534)	(75)	(459)
Closing balance		**121,620**	**133,907**	**(12,287)**

Consolidated net debt (Net Financial Debt)

In thousands of Euros	Notes	As of 30 September 2012	As of 31 December 2011	Change
Liquidity	27	**122,154**	**151,887**	**(29,733)**
Securities	26	27,265		27,265
Current financial receivables		**27,265**	**0**	**27,265**
Payables due to banks	30	(14,921)	(22,949)	8,028
Current portion of bank financing	30	(44,915)	(122,428)	77,513
Amounts due to factoring companies	30	(23,170)	(20,085)	(3,085)
Amounts due under leases	30	(925)	(894)	(31)
Current portion of payables due to other lenders	30	(1,621)	(3,905)	2,284
Current financial debt		**(85,552)**	**(170,261)**	**84,709**
Net current financial debt		**63,867**	**(18,374)**	**82,241**
Payables due to banks and financing institutions	30	(225,913)	(112,768)	(113,145)
Debenture loan	30	(192,722)	(191,859)	(863)
Amounts due under leases	30	(6,047)	(6,745)	698
Amounts due to other lenders	30	(4,532)	(6,153)	1,621
Non-current financial debt		**(429,214)**	**(317,525)**	**(111,689)**
NET FINANCIAL DEBT		**(365,347)**	**(335,899)**	**(29,448)**

***** Pursuant to Consob Communication of 28 July 2006 and in compliance with the recommendation of the CESR of 10 February 2005 "Recommendation for the consistent implementation of the European Commission's Regulation on Prospectuses". The indicator does not include financial assets and liabilities arising from the fair value measurement of financial derivatives used as hedging, the fair value adjustment of relative hedged items equal to €/000 13,460 and relative accruals (see note 30 of the Notes).

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

In thousands of Euros	
Increase/decrease in cash and cash equivalents from the consolidated statement of cash flows	**(30,182)**
Outflow for repayment of loans	120,064
Repayment of finance leases	667
Loans received	(149,240)
Amortised cost on medium-/long-term financing	1,685
Loans on leases received	
Repayment of loans provided	0
Purchase of financial assets	27,268
Sale of financial assets	(5)
Exchange differences	295
Change in consolidated net debt	**(29,448)**

Changes in Consolidated Shareholders' Equity

Movements from 1 January 2012 / 30 September 2012

	Notes	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group consolidation reserve	Group conversion reserve	Actuarial gains (losses) relative to defined benefit plan	Stock option reserve	Performance reserve	**Consolidated Group shareholders' equity**	**Non-controlling interests capital and reserves**	**TOTAL SHAREHOLDERS' EQUITY**
In thousands of Euros														
As of 1 January 2012		202,209	3,493	12,241	(1,510)	(5,859)	993	(13,087)	1,447	12,700	232,409	**445,036**	**1,182**	**446,218**
Charges for the period for stock option plans	29									535		**535**		**535**
Allocation of profits	29			2,352							(2,352)	**0**		**0**
Distribution of dividends	29										(29,877)	**(29,877)**		**(29,877)**
Purchase of treasury shares	29	(1,891)									(4,617)	**(6,508)**		**(6,508)**
Total overall profit (loss)	29				(1,074)			259	(3,962)		44,296	**39,519**	**97**	**39,616**
As of 30 September 2012		200,318	3,493	14,593	(2,584)	(5,859)	993	(12,828)	(2,515)	13,235	239,859	**448,705**	**1,279**	**449,984**

Movements from 1 January 2011 / 30 September 2011(1)

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	Actuarial gains (losses) relative to defined benefit plan	Stock option reserve	Performance reserve	**Consolidated Group shareholders' equity**	**Non-controlling interests capital and reserves**	**TOTAL SHAREHOLDERS' EQUITY**
As of 1 January 2011	203,348	3,493	11,299	(227)	(5,859)	993	(1,850)	684	11,929	217,467	**441,277**	**1,613**	**442,890**
Charges for the period for stock option plans									658		**658**		**658**
Allocation of profits			942							(942)	**0**		**0**
Distribution of dividends										(25,684)	**(25,684)**		**(25,684)**
Purchase of treasury shares	(938)									(2,872)	**(3,810)**		**(3,810)**
Sale of treasury shares	1,242									1,601	**2,843**		**2,843**
Reacquisition of the Simest equity investment										376	**376**	**(376)**	**0**
Total overall profit (loss)				(1,494)			(9,784)	(732)		47,023	**35,013**	**11**	**35,024**
As of 30 September 2011	203,652	3,493	12,241	(1,721)	(5,859)	993	(11,634)	(48)	12,587	236,969	**450,673**	**1,248**	**451,921**

(1) Values were restated, following the adoption of IAS 19 revised which, among others, changes the principle for recognising actuarial gains and losses relative to post-employment benefits. For further details, see section 2.1. Accounting standards, amendments and interpretations applied as from 1 January 2012 in the "Notes**".**

Notes to the Consolidated Financial Statements as of 30 September 2012

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 since 30 September 2011, due to the establishment of a new company in China on 1 December 2011. As the change is of a limited extent, comparability with data from previous periods has not been affected.
The scope of consolidation has not changed compared to 31 December 2011.

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 on Issuers adopted by Resolution no. 11971/99", Consob communication no. 6064293 dated 28 July 2006 containing the "Corporate reporting required in accordance with Article 114, paragraph 5 of Legislative Decree no. 58/98"). The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously 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 2011 were applied, with the exception of items in section 2.1, "Accounting standards, amendments and interpretations applied as from 1 January 2012".

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 two-wheeler products, are subject to significant seasonal changes in sales during the year.

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

2.1. Accounting standards, amendments and interpretations applied as from 1 January 2012

Since the 2012 Half-year Financial Statements, the Group has adopted IAS 19 revised, in advance (published in the Gazzetta Ufficiale of 6 June 2012).
The amendment to IAS 19 – *Employee benefits* which eliminates the option of deferring recognition of actuarial gains and losses with the corridor approach, requiring disclosure of the provision deficit or surplus in the statement of financial position, and separate recognition of cost items linked to employment and net borrowing costs in profit and loss, and recognition of actuarial gains and losses resulting from the remeasurement in each period of assets and liabilities in "Other comprehensive income". In addition, the performance of assets included in net borrowing costs must be calculated based on the discount rate of liabilities and no longer on the expected return of assets. Lastly, the amendment introduces enhanced disclosures to provide in the notes.

In this regard:

- during the first time adoption of international accounting standards, the Company had chosen, from possible options allowed by IAS 19, to systematically recognise actuarial components in the income statement as "Employee costs"; under the "revised" version of this standard, endorsed by the European Commission, and in order to provide information which is reliable and more relevant, these components are directly recognised as "Valuation reserves" in shareholders' equity, with the reserves being immediately recognised in the "Statement of Comprehensive Income", without being recorded in the income statement; IAS 19 "revised" therefore excludes the possibility of systematically recognising actuarial components in the income statement;

- this amendment, considering the retrospective application required as of IAS 8, has given rise to the following effects on the financial statements:

¬ the actuarial loss recognised in 2011, for adjustment to results of calculations made by the external actuary with reference to defined benefit obligations in relation to personnel, for an amount equal to 1,358 thousand Euro was not recorded in the income statement for the first nine months of 2011, with an increase in net profit for of 732 thousand Euro and a concurrent negative change, of the same amount, under the item "Valuation reserves" included in the statement of financial position and the item "Actuarial Gains (Losses) relative to defined benefit plans", recorded in the "Statement of Comprehensive Income" for the first nine months of 2011;

¬ the actuarial loss arising from the adjustment to results of calculations made by the external actuary with reference to defined benefit obligations in relation to personnel, for an amount equal to 4,897 thousand Euro was not recorded in the income statement for the first nine months of 2012, with an increase in net profit for 2012 equal to 3,962 thousand Euro and a concurrent negative change, of the same amount, under the item "Valuation reserves" included in the statement of financial position and the item "Actuarial Gains (Losses) relative to defined benefit plans", recorded in the "Statement of Comprehensive Income" for the first nine months of 2012;
Technical valuations are based on the hypotheses outlined below:

Technical annual discount rate	3.00%
Annual rate of inflation	2.00%
Annual increase in termination benefits	3.00%

To value the discount rate, the iBoxx Eurozone Corporates AA10+ index considered most significant in relation to the indicator used as of 31 December 2011, was adopted.

• the change in accounting methodology above did not give rise to changes in initial or final shareholders' equity, but only resulted in a different quantification of the items "Valuation reserves" and "Profit (Loss) for the year", recorded in the "Statement of changes in shareholders' equity" and in the statement of financial position.

2.2 Amendments and interpretations effective as from 1 January 2012 and not relevant for the Group

The following amendments and interpretations, applicable as from 1 January 2012, regulate specific cases and case histories which are not present within the Group at the date of these Condensed Interim Financial Statements:

On 20 December 2010 the IASB issued a minor amendment to IAS 12 – *Income Taxes* which requires businesses to measure deferred tax assets and liabilities arising from an asset based on the manner in which the carrying amount of the asset will be recovered (through continual use or sale). Consequently SIC-21 *Income taxes – Recovery of Revalued Non-Depreciable Assets* – will no longer be applicable. The amendment is applicable in a retrospective manner as of 1 January 2012.

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

On 16 June 2011 the IASB issued an amendment to IAS 1 – *Presentation of Financial Statements* to require entities to group all items presented in "Other comprehensive income" based on whether they are potentially reclassifiable to income statement. The amendment is applicable to financial years started after or on 1 July 2012.

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

- On 12 November 2009, the IASB published IFRS 9 – *Financial Instruments* which was later amended on 28 October 2010. The standard, which is applicable from 1 January 2015, in a retrospective manner, represents the first part of a process to entirely phase out and replace IAS 39 with new criteria for classifying and recognising financial assets and liabilities and for eliminating financial assets (derecognition) from the financial statements. In particular for financial assets, the new standard uses a single approach based on procedures for financial instruments' management and on characteristics of contract cash flows of financial assets to determine valuation criteria replacing the different regulations of IAS 39. For financial liabilities, the main change concerns the accounting treatment of fair value changes of a financial liability designated as a financial liability recognised at fair value in the income statement, in the case where the changes are due to a change in the creditworthiness of the liability. According to this new standard, the changes will be recognised as "Other comprehensive income" and will no longer be recorded in the income statement.

- On 12 May 2011 the IASB issued standard IFRS 10 - *Consolidated Financial Statements* which will replace SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 - *Consolidated and Separate Financial Statements* that will be renamed *Separate Financial Statements* and will regulate the accounting treatment of investments in separate financial statements. The new standard deviates from existing standards by identifying the concept of control, according to a new definition, as the determinant factor for the purposes of consolidation of a company in the consolidated financial statements of the parent company. It also provides a guide for determining the existence of control where this is difficult to establish (effective control, potential votes, specific-purpose company, etc.). The standard is applicable in a retrospective manner as of 1 January 2013.

- On 12 May 2011 the IASB issued the standard IFRS 11 – *Joint arrangements* which will replace IAS 31 – *Interests in Joint Ventures* and SIC-13 – *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. The new standard provides methods for identifying joint arrangements based on the rights and obligations under such arrangements rather than their actual legal form and establishes the equity method as the only accounting treatment for jointly controlled entities in consolidated financial statements. The standard is applicable in a retrospective manner as of 1 January 2013. After the issue the standard *IAS 28 – Investments in Associates* was amended to include jointly controlled entities within its field of application, as of the date the standard became effective

- On 12 May 2011 the IASB issued standard IFRS 12 – *Disclosure on interests in other entities* which is a new and complete standard on disclosures to provide on all types of investments including in subsidiaries, joint arrangements, associates, special purpose entities and unconsolidated structured entities. The standard is applicable in a retrospective manner as of 1 January 2013.

- On 12 May 2011 the IASB issued the standard IFRS 13 – *Fair Value Measurement* which explains how fair value is to be determined for financial statements and applied to all the standards which require it or allow fair value measurement or the disclosure of information based on fair value. The standard shall be applicable as of 1 January 2013.

- On 16 December 2011, the IASB issued some amendments to IAS 32 – *Financial Instruments: presentation*, to clarify the use of some criteria for offsetting financial assets and liabilities contained in IAS 32. The amendments are applicable in a retrospective manner for years commencing from or after 1 January 2014.

- On 16 December 2011, the IASB issued some amendments to IFRS 7 – *Financial Instruments: Disclosures*. The amendment requires information concerning the effects or potential effects of agreements offsetting financial assets and liabilities on balance sheet situation. Amendments are applicable for years commencing from or after 1 January 2013 and for interim periods subsequent to this date. Disclosure shall be provided in a retrospective manner.

OTHER INFORMATION

A specific paragraph in this document provides information on any significant events occurring after the end of the first nine months of the year and on the operating outlook.

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

Currency	**Spot exchange rate 30 September 2012**	**Average exchange rate 1-1/30-9-2012**	**Spot exchange rate 31 December 2011**	**Average exchange rate 1-1/30-9-2011**
US Dollar	1.2930	1.28168	1.2939	1.40627
Pounds Sterling	0.79805	0.81225	0.8353	0.87123
Indian Rupee	68.348	68.07503	68.713	63.64566
Singapore Dollars	1.5848	1.61285	1.6819	1.75389
Chinese Renminbi	8.1261	8.11037	8.1588	9.13892
Croatian Kuna	7.4468	7.51861	7.537	7.41887
Japanese Yen	100.37	101.70448	100.20	113.29159
Vietnamese Dong	27,120.48	26,956.10825	27,699.67	29,463.77123
Canadian Dollars	1.2684	1.28449	1.3215	1.37465
Indonesian Rupiah	12,380.90	11,909.85501	11,731.50	12,239.68992

B) SEGMENT REPORTING

3. Operating segment reporting

Since 2008 and for all of 2011, the Piaggio Group's organisational structure comprised the "Two-Wheeler" and "Commercial Vehicles" divisions, further broken down into different geographic operating segments.

Since 24 January 2012, the Group's organisation has been based on the geographic areas EMEA and Americas, Asia SEA and India.

In this document, reporting by operating segments is based on the new organisational logic of the Piaggio Group, therefore published figures relative to the first nine months of 2011 have been reclassified where necessary for the purpose of uniform comparison.

As previously illustrated in comments on the Piaggio Group financial position and performance, **consolidated EBITDA** was defined as the "Operating Income" gross of amortisation of intangible assets and depreciation of plant, property and equipment, as reported within the consolidated income statement.

Income statement by operating segments

		EMEA and Americas	India	Asia SEA	**Total**
Sales volumes (unit/000)	1-1/30-09-2012	238.8	158.4	78.0	**475.2**
	1-1/30-09-2011	275.2	169.2	67.8	**512.2**
	Change	(36.4)	(10.8)	10.2	**(37.0)**
	Change %	-13.2%	-6.4%	15.0%	**-7.2%**
Net turnover	1-1/30-09-2012	706.3	259.7	146.3	**1,112.3**
(million Euro)	1-1/30-09-2011	777.2	301.2	121.7	**1,200.2**
	Change	(70.9)	(41.5)	24.6	**(87.9)**
	Change %	-9.1%	-13.8%	20.2%	**-7.3%**
Gross margin	1-1/30-09-2012	221.6	59.6	56.1	**337.3**
(million Euro)	1-1/30-09-2011	244.8	75.8	47.0	**367.6**
	Change	(23.2)	(16.2)	9.1	**(30.3)**
	Change %	-9.5%	-21.4%	19.4%	**-8.2%**
EBITDA	1-1/30-09-2012				**156.0**
(million Euro)	1-1/30-09-2011				**171.8**
	Change				**(15.7)**
	Change %				**-9.2%**
EBIT	1-1/30-09-2012				**95.8**
(million Euro)	1-1/30-09-2011				**104.0**
	Change				**(8.2)**
	Change %				**-7.9%**
Net profit	1-1/30-09-2012				**44.4**
(million Euro)	1-1/30-09-2011				**47.1**
	Change				**(2.7)**
	Change %				**-5.7%**

C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

4. Net revenues <u>€/000 1,112,310</u>

Revenues are shown net of premiums recognised to customers (dealers).
This item does not include transport costs, which are recharged to customers (€/000 20,907) and invoiced advertising cost recoveries (€/000 3,591), 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 geographic segment

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

	First nine months of 2012		First nine months of 2011		Changes	
In thousands of Euros	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
EMEA and Americas	706,313	63.5	777,238	64.8	(70,925)	-9.1
India	259,706	23.3	301,199	25.1	(41,493)	-13.8
ASIA SEA	146,291	13.2	121,725	10.1	24,566	20,2
Total	**1,112,310**	**100.0**	**1,200,162**	**100.0**	**(87,852)**	**-7.3**

Increases on Asian markets partially offset the downturns in India and Europe.

5. Costs for materials <u>€/000 655,497</u>

The reduction is due to the decrease in vehicles manufactured.
The percentage of costs for materials accounting for net sales went down slightly, decreasing from 59.8% in the first nine months of 2011 to 58.9% in the current period.

This item includes €/000 27,859 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 <u>€/000 192,807</u>

Savings were mainly due to the reduction in the volume of activities, as well as the manufacturing of aluminium components for engines produced at Pontedera becoming an in-company process.
Costs for leases and rentals include lease rentals for business properties of €/000 6,957, as well as lease payments for car hire, computers and photocopiers.
Third party work of €/000 13,366 refers to the processing of production parts. The item "Other" includes costs for temporary work of €/000 509.

7. Employee costs **€/000 170,490**

As already indicated, published data relative to the first nine months of the previous year, have been restated to make them uniform with current data.

As regards employee costs €/000 535 were recorded, relative to stock option costs, as required by international accounting standards, as well as charges connected with the mobility plans for the Pontedera, Noale and Martorelles production sites.

Savings are due to the policy encouraging early retirement adopted the previous year and a decrease in average staff numbers in EMEA and Americas.

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

	Average number		
Level	*First nine months of 2012*	*First nine months of 2011*	*Change*
Senior Management	95	101	(6)
Middle Management	574	500	74
White collars	2,198	2,093	105
Manual labour	5,482	5,038	444
Total	**8,349**	**7,732**	**617**

	Number as *of*		
Level	*30 September 2012*	*31 December 2011*	*Change*
Senior Management	95	97	(2)
Middle Management	578	515	63
White collars	2,228	2,127	101
Manual labour	5,725	4,880	845
Total	**8,626**	**7,619**	**1,007**

The increase in employee numbers is mainly attributable to the Indian and Vietnamese subsidiaries.

Average employee numbers were affected by seasonal workers in the summer (on fixed-term employment contracts).

In fact the Group uses fixed-term employment contracts to handle typical peaks in demand in the summer months.

8. Amortisation/depreciation and impairment costs **€/000 60,262**

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

The impairment test carried out as of 31 December 2011 confirmed the full recoverability of the amounts recorded in the financial statements. At the date when this Report was prepared, no indicators were identified of an extent that would make the conclusions reached at the end of 2011 no longer applicable.

9. Other operating income **€/000 76,952**

Other operating income decreased by €/000 12,447 compared to figures for the same period of 2011. The decrease is mainly due to fewer costs re-invoiced to third parties being recovered, because of a downturn in activities, and to a decrease in the item "compensation for damages", which had recorded a quality event in 2011.

10. Other operating costs **€/000 14,424**

Overall, other operating costs decreased by €/000 1,073. This change is mainly due to fewer duties and taxes other than income tax, compared to the same period of the previous year.

11. Net profit from investments **€/000 3,565**

This item mainly refers to the equity valuation of the investment in the Zongshen Piaggio Foshan joint venture.

12. Net financial income (borrowing costs) **€/000 (27,768)**

The balance of financial income (borrowing costs) for the first nine months of 2012 was negative by €/000 27,768, registering an increase compared to the negative value of €/000 20,099 recorded in the same period of the previous year. This change is due to the increase in debt as well as an increase in costs and fees for debt refinancing, partially offset by the positive impact of currency management.

13. Taxes **€/000 27,201**

Income taxes for the period, calculated in accordance with IAS 34 are estimated as €/000 27,201, equivalent to 38% of profit 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 **€/000 0**

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

15. Earnings per share

Earnings per share are calculated as follows:

		First nine months 2012	First nine months of 2011
Net profit	€/000	44,378	47,054
Earnings attributable to ordinary shares	€/000	44,378	47,054
Average number of ordinary shares in circulation at		371,793,901	371,793,901
Earnings per ordinary share	€	0.119	0.127
Adjusted average number of ordinary shares		372,404,131	374,496,712
Diluted earnings per ordinary share	€	0.119	0.126

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

As already indicated, published data relative to the first nine months of the previous year, have been restated to make them uniform with current data.

D) INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS

16. Intangible assets €/000 656,036

The table below shows the breakdown of intangible assets as of 30 September 2012 and 31 December 2011, as well as movements during the period.

In thousands of Euros	***Development costs***	***Patent rights***	***Concessions, licences and trademarks***	***Goodwill***	***Other***	***Assets under development and advances***	***Total***
Historical cost	102,694	200,320	148,296	557,322	4,908	43,803	1,057,343
Provisions for write-down							0
Accumulated depreciation	(57,297)	(160,811)	(75,961)	(110,382)	(3,472)		(407,923)
Assets as of 31.12.2011	**45,397**	**39,509**	**72,335**	**446,940**	**1,436**	**43,803**	**649,420**
Investments	14,179	1,596			197	27,295	43,267
Transitions in the period	10,976	2,024			0	(13,000)	
Depreciation	(15,582)	(11,330)	(5,617)		(582)		(33,111)
Disposals	0	(25)	0		0	(7)	(32)
Write-downs							0
Exchange differences	150	6			33	149	338
Other movements	(4,004)	129			(10)	39	(3,846)
Total changes	**5,719**	**(7,600)**	**(5,617)**	**0**	**(362)**	**14,476**	**6,616**
Historical cost	100,729	203,270	148,283	446,940	5,117	58,279	962,618
Provisions for write-down							0
Accumulated depreciation	(49,613)	(171,361)	(81,565)		(4,043)		(306,582)
Assets as of 30.09.2012	**51,116**	**31,909**	**66,718**	**446,940**	**1,074**	**58,279**	**656,036**

The breakdown of intangible assets for the previous and under construction is as follows:

	Value as of 30 September 2012			**Value as of 31 December 2011**			**Change**		
In thousands of Euros	**For the period**	**Under construction and advances**	**Total**	**For the period**	**Under construction and advances**	**Total**	**For the period**	**Under construction and advances**	**Total**
R&D costs	51,116	53,491	104,607	45,397	39,986	85,383	5,719	13,505	19,224
Patent rights	31,909	4,447	36,356	39,509	3,697	43,206	(7,600)	750	(6,850)
Concessions, licences and trademarks	66,718		66,718	72,335		72,335	(5,617)	0	(5,617)
Goodwill	446,940		446,940	446,940		446,940	0	0	0
Other	1,074	341	1,415	1,436	120	1,556	(362)	221	(141)
Total	**597,757**	**58,279**	**656,036**	**605,617**	**43,803**	**649,420**	**(7,860)**	**14,476**	**6,616**

Increases mainly refer to the capitalisation of development costs for new products and new engines.

17. Property, plant and equipment **€/000 311,470**

The table below details the breakdown of tangible fixed assets as of 30 September 2012 and as of 31 December 2011, as well as the changes for the period.

In thousands of Euros	***Land***	***Buildings***	***Plant and equipment***	***Equipment***	***Other assets***	***Assets under development and advances***	***Total***
Historical cost	31,586	131,760	335,935	471,529	43,343	51,516	1,065,669
Reversals							0
Provisions for write-down				(1,339)			(1,339)
Accumulated depreciation		(46,950)	(266,346)	(439,050)	(37,113)		(789,459)
Assets as of 31.12.2011	**31,586**	**84,810**	**69,589**	**31,140**	**6,230**	**51,516**	**274,871**
Investments		265	2,946	5,620	765	44,447	54,043
Transitions in the period		7,241	22,562	2,186	909	(32,898)	0
Depreciation		(3,248)	(11,272)	(11,234)	(1,397)		(27,151)
Disposals		0	(402)	(59)	(61)	(34)	(556)
Write-downs							
Exchange differences		131	258	(5)	19	253	656
Other movements		2,113	6,436	1,032	26	0	9,607
Total changes	**0**	**6,502**	**20,528**	**(2,460)**	**261**	**11,768**	**36,599**
Historical cost	31,586	141,542	367,803	479,753	45,082	63,284	1,129,050
Reversals							0
Provisions for write-down				(1,441)			(1,441)
Accumulated depreciation		(50,230)	(277,686)	(449,632)	(38,591)		(816,139)
Assets as of 30.09.2012	**31,586**	**91,312**	**90,117**	**28,680**	**6,491**	**63,284**	**311,470**

The breakdown of plant, property and equipment for the period and under construction is as follows:

	Value as of 30 September 2012			**Value as of 31 December 2011**			**Change**		
In thousands of Euros	**For the period**	**Under construction and advances**	**Total**	**For the period**	**Under construction and advances**	**Total**	**For the period**	**Under construction and advances**	**Total**
Land	31,586		31,586	31,586		31,586	0	0	0
Buildings	91,312	20,635	111,947	84,810	18,253	103,063	6,502	2,382	8,884
Plant and equipment	90,117	30,404	120,521	69,589	24,155	93,744	20,528	6,249	26,777
Equipment	28,680	11,298	39,978	31,140	8,493	39,633	(2,460)	2,805	345
Other assets	6,491	947	7,438	6,230	615	6,845	261	332	593
Total	**248,186**	**63,284**	**311,470**	**223,355**	**51,516**	**274,871**	**24,831**	**11,768**	**36,599**

The item Plant, property and equipment was affected by the acquisition of the company Tecnocontrol. The impact is indicated under "Other changes" and concerns a value of €/000 2,113 for Buildings, €/000 6,456 for Plant and Machinery, €/000 1,142 for Equipment and €/000 68 for Other assets.

Plant, property, and equipment mainly refer to Group production facilities in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Barcelona (Spain), Baramati (India) and Vinh Phuc (Vietnam). Increases principally concern moulds for new vehicles launched in the period, the construction of the new spare parts warehouse at Pontedera, completion of the Vespa plant in India and development of the new engines plant in Vietnam.

Guarantees

As of 30 September 2012, the Group had land and buildings encumbered by mortgage liens or privileges in favour of banks to secure loans obtained in previous years.

18. Investment Property **€/000 0**

As of 30 September 2012 no investment property was held.

19. Investments **€/000 6,032**

The Investments heading comprises:

In thousands of Euros	**As of 30 September 2012**	**As of 31 December 2011**	**Change**
Interests in joint ventures	5,838	2,288	3,550
Investments in affiliated companies	194	194	0
Total	**6,032**	**2,482**	**3,550**

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

20. Other non-current financial assets **€/000 14,174**

In thousands of Euros	**As of 30 September 2012**	**As of 31 December 2011**	**Change**
Financial receivables due from third parties	31	32	(1)
Fair value of hedging derivatives	13,980	11,639	2,341
Investments in other companies	163	165	(2)
Total	**14,174**	**11,836**	**2,338**

The item fair value of hedging derivatives comprises €/000 11,690 relative to the fair value of the cross currency swap for a private debenture loan, €/000 2,198 relative to the fair value of the cross currency swap for a medium-term loan of the Indian subsidiary, and €/000 92 relative to the fair value of the cross currency swap for a medium-term loan of the Vietnamese subsidiary.

The value of investments in other companies decreased by €/000 2 following the sale of investments in Sviluppo Italia Liguria (- 5 €/000) and increase in the increase in the investment in IVM (+ 2 €/000).

21. Current and non-current tax receivables **€/000 30,791**

Receivables due from tax authorities consist of:

In thousands of Euros	As of 30 September 2012	As of 31 December 2011	Change
VAT receivables	26,218	26,873	(655)
Income tax receivables	1,668	645	1,023
Other receivables due from the public authorities	2,905	703	2,202
Total tax receivables	**30,791**	**28,221**	**2,570**

Non-current tax receivables totalled €/000 1,164, compared to €/000 976 as of 31 December 2011, while current tax receivables totalled €/000 29,627 compared to €/000 27,245 as of 31 December 2011.

22. Deferred tax assets **€/000 53,547**

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

1. tax regulations of countries where it operates, the impact of regulations in terms of temporary differences and any tax benefits arising from the use of previous tax losses, considering payment dates;
2. the business results expected for each company, in the mid term, and the economic and tax effects arising from implementation of the organisational structure.

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

23. Current and non-current trade receivables **€/000 98,146**

Their breakdown was as follows:

In thousands of Euros	As of 30 September 2012	As of 31 December 2011	Change
Trade receivables	96,729	63,107	33,622
Receivables due from Group companies valued at equity	1,401	2,408	(1,007)
Receivables due from affiliated companies	16	45	(29)
Total	**98,146**	**65,560**	**32,586**

No non-current trade receivables were recorded for either period.

Receivables due from Group companies valued at equity comprise amounts due from Zongshen Piaggio Foshan Motorcycles.

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

The item "Trade receivables" comprises receivables referring to normal sale transactions, recorded net of the provision for bad debts of €/000 26,572.

The Group sells a large part of its trade receivables with and without recourse. The Piaggio Group has signed contracts with some of the most important Italian and foreign factoring companies as a move to optimise the monitoring and the management of its trade receivables, besides offering its customers an instrument for funding their own inventories. As of 30 September 2012, trade receivables still due sold without recourse totalled €/000 109,179, of which the Group received payment prior to the natural maturity of the receivables for €/000 94,791. As of 30 September 2012, receivables sold with recourse by factoring companies and banks amounted to €/000 23,170, with a counter entry under current liabilities.

24. Other current and non-current receivables **€/000 40,056**

They consist of:

In thousands of Euros	**As of 30 September 2012**	**As of 31 December 2011**	**Change**
Other non-current receivables:			
Due from Group companies valued at equity	138	138	0
Due from associated companies	265	267	(2)
Prepaid expenses	10,381	12,265	(1,884)
Advances to employees	85	99	(14)
Security deposits	422	324	98
Due from others	2,190	2,072	118
Total non-current portion	**13,481**	**15,165**	**(1,684)**

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 2012**	**As of 31 December 2011**	**Change**
Other current receivables:			
Receivables due from the Parent Company	6,343	6,259	84
Receivables due from Group companies valued at equity	140	140	0
Receivables due from affiliated companies	2	57	(55)
Accrued income	1,214	2,941	(1,727)
Prepaid expenses	4,933	2,026	2,907
Advance payments to suppliers	225	2,543	(2,318)
Advances to employees	528	576	(48)
Fair value of hedging derivatives	202	987	(785)
Security deposits	273	203	70
Receivables due from others	12,715	12,296	419
Total current portion	**26,575**	**28,028**	**(1,453)**

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 regard amounts due from Immsi Audit.

The item fair value of hedging derivatives mainly refers to the fair value of hedging derivatives relative to the exchange risk on forecast transactions recognised on an cash flow hedge basis.

25. Inventories **€/000 253,635**

This item comprises:

In thousands of Euros	As of 30 September 2012	As of 31 December 2011	Change
Raw materials and consumables	127,505	103,126	24,379
Provisions for write-down	(13,927)	(13,152)	(775)
Net value	*113,578*	*89,974*	23,604
Work in progress and semifinished products	17,116	23,246	(6,130)
Provisions for write-down	(852)	(852)	0
Net value	*16,264*	*22,394*	(6,130)
Finished products and goods	149,212	150,649	(1,437)
Provisions for write-down	(25,641)	(26,160)	519
Net value	*123,571*	*124,489*	(918)
Advances	222	*131*	91
Total	**253,635**	**236,988**	**16,647**

The increase is related to seasonal sales trends.

26. Other current financial assets **€/000 27,265**

In thousands of Euros	As of 30 September 2012	As of 31 December 2011	Change
Investments in securities	27,265	-	27,265
Total	**27,265**	**0**	**27,265**

The item Securities refers to portions of cash funds acquired by the Indian subsidiary to effectively use temporary liquidity.

27. Cash and cash equivalents **€/000 122,154**

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

In thousands of Euros	As of 30 September 2012	As of 31 December 2011	Change
Bank and postal deposits	121,955	151,394	(29,439)
Cash on hand	49	52	(3)
Securities	150	441	(291)
Total	**122,154**	**151,887**	**(29,733)**

The item Securities refers to a deposit agreement of the Indian subsidiary to effectively use temporary liquidity.

28. Assets held for sale **€/000 0**

As of 30 September 2012, there were no assets held for sale.

INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION - LIABILITIES

29. Share capital and reserves **€/000 449,984**

Share capital €/000 200,318

During the period, share capital changed, following the purchase of 1,259,062 treasury shares. This is broken down as follows:

In thousands of Euros	
Subscribed and paid up capital	205,941
Treasury shares as of 31.12.2011	(3,732)
Acquisition of treasury shares in the period	(1,891)
Share Capital as of 30 September 2012	200,318

As of 30 September 2012, the Parent Company held 10,258,185 treasury shares, equal to 2.759% of the share capital.
In accordance with international accounting standards, the acquisitions were recognised as a decrease of shareholders' equity.
In addition, from 1 - 23 October, the Parent Company acquired an additional 974,000 treasury shares.
As of 30 September 2012, 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
Omniaholding S.p.A.	IMMSI S.p.A.	53.048	53.048
	Omniaholding S.p.A.	0.027	0.027
	Total	**53.075**	**53.075**
Diego della Valle	Diego della Valle & C. S.a.p.a.	5.336	5.336
	Total	**5.336**	**5.336**
Financiere de l'Echiquier	Financiere de l'Echiquier	4.980	4.980
	Total	**4.980**	**4.980**

Share premium reserve €/000 3,493

The share premium reserve as of 30 September 2012 was unchanged and equal to €/000 3,493.

Legal reserve €/000 14,593

The legal reserve increased by €/000 2,352 as a result of the allocation of earnings for the last period.

Other reserves €/000 (9,558)

This item consists of:

In thousands of Euros	**As of 30 September 2012**	**As of 31 December 2011**	**Change**
Translation reserve	(12,828)	(13,087)	259
Stock option reserve	13,235	12,700	535
Financial instruments' fair value reserve	(2,584)	(1,510)	(1,074)
Termination benefit adjustment reserve	(2,515)	1,447	(3,962)
IFRS transition reserve	(5,859)	(5,859)	0
Total other reserves	*(10,551)*	*(6,309)*	*(4,242)*
Consolidation reserve	993	993	0
Total	**(9,558)**	**(5,316)**	**(4,242)**

As already indicated, following the adoption of IAS 19 Revised, in advance, published data relative to the half-year period of the previous year have been restated to make them uniform with current data.

The financial instruments fair value provision is negative by €/000 2,584 and refers to the effects of cash flow hedge accounting in foreign currencies, interest and specific business transactions. These transactions are described in full in the note on financial liabilities.

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.

Distributed dividends €/000 29,877

In May 2012, dividends totalling €/000 29,877 were paid. In May 2011, dividends totalling €/000 25,684 were paid.

Performance reserve €/000 239,859

Non-controlling interests capital and reserves €/000 1,279

The end of period figures refer to minority interest in Piaggio Hrvatska Doo.

Other net profit (losses) €/000 (5,036)

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

In thousands of Euros	**First nine months of 2012**
The effective portion of net profit (losses) on cash flow hedging instruments generated in the period	(517)
The effective portion of net profit (losses) on cash flow hedging instruments restated in the consolidated income statement	(557)
Effective portion of profits (losses) on cash flow hedges	**(1,074)**
Actuarial gains (losses) relative to defined benefit plans	(3,962)
Total gains (losses)	**(5,036)**

30. Current and non-current financial liabilities **€/000 528,226**

In the first nine months of 2012, the Group's overall debt increased by €/000 28,765, from €/000 499,461 to €/000 528,226. Net of the fair value measurement of financial derivatives to hedge the exchange risk and interest rate risk, and the adjustment of relative hedged items, as of 30 September 2012 total financial debt of the Group increased by €/000 26,980.

	Financial liabilities as of 30 September 2012			Financial liabilities as of 31 December 2011			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
In thousands of Euros									
Gross financial debt	85,552	429,214	514,766	170,261	317,525	487,786	(84,709)	111,689	26,980
Fair Value of hedging derivatives		13,460	13,460		11,675	11,675		1,785	1,785
Total	**85,552**	**442,674**	**528,226**	**170,261**	**329,200**	**499,461**	**(84,709)**	**113,474**	**28,765**

The Group's net debt amounted to €/000 365,347 as of 30 September 2012 compared to €/ 000 335,899 as of 31 December 2011, as can be seen in the table on net financial debt included in the financial statements.
The attached tables summarise the breakdown of financial debt as of 30 September 2012 and as of 31 December 2011, as well as changes for the period.

In thousands of Euros	*Book value As of 31.12.2011*	*Repayments*	*New issues*	*Reclassification to the current portion*	*Exchange delta*	*Other changes*	*Book value As of 30.09.2012*
Non-current portion:							
Bank financing	112,768		146,155	(29,970)	(385)	(2,655)	225,913
Bonds	191,859					863	192,722
Other medium-/long-term loans:							
of which leases	6,745			(698)			6,047
of which amounts due to other lenders	6,153			(1,621)			4,532
Total other loans	*12,898*	*0*	*0*	*(2,319)*	*0*	*0*	*10,579*
Total	**317,525**	**0**	**146,155**	**(32,289)**	**(385)**	**(1,792)**	**429,214**

In thousands of Euros	Book value As of 31.12.2011	Repayments	New issues	Reclassification to the current portion	Exchange delta	Other changes	Book value As of 30.09.2012
Current portion:							
Current account overdrafts	85		452		(3)		534
Current account payables	22,864	(8,569)			92		14,387
Bonds	-						-
Payables due to factoring companies	20,085		3,085				23,170
Current portion of medium-/long-term loans:							
of which leases	894	(667)		698			925
of which due to banks	122,428	(107,590)		29,970		107	44,915
of which amounts due to other lenders	3,905	(3,905)		1,621			1,621
Total other loans	*127,227*	*(112,162)*	*0*	*32,289*	*0*	*107*	*47,461*
Total	**170,261**	**(120,731)**	**3,537**	**32,289**	**89**	**107**	**85,552**

Medium and long-term bank debt amounts to €/000 270,828 (of which €/000 225,913 non-current and €/000 44,915 current) and consists of the following loans:

- a €/000 75,000 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 initial 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, with reference to the 2011 period, these parameters were comfortably met. An Interest Rate Swap has been taken out on this loan to hedge the interest rate risk;
- a medium-term revolving syndicated loan of €/000 127,518 (nominal value of €/000 130,000) granted in December 2011 and finalised in January 2012, as suspension conditions had been met. The loan, of a total value of €/000 200,000, is for 4 years and was undersigned to refinance the existing equivalent loans which are near maturity. The contractual terms envisage loan covenants but exclude guarantees. It should be noted that, in reference to the first half of 2012, these parameters were comfortably met;
- a medium-term revolving syndicated loan of €/000 824 (nominal value of €/000 1,000) granted by Monte dei Paschi di Siena in December 2011 and finalised in January 2012, as suspension conditions had been met. The loan, of a total value of €/000 40,000, is for 18 month minus one day and was undersigned to strengthen the liquidity position.
- a €/000 14,971 (nominal value of €/000 15,000) loan from Mediobanca and Banca Intesa San Paolo, syndicated to a small pool of banks, with an amortisation quota of 7 years and maturing in December 2012. The loan package consisted of an initial *instalment* of €/000 150,000 which has been fully drawn on (as of 30 September 2012 €/000 15,000 was still due) and a second *instalment* of €/000 100,000 to be used as a credit line, which the Parent Company waived in advance of maturity, in January 2012. 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 2012, these parameters were comfortably met;

- a €/000 6,250 five-year unsecured loan from GE Capital Interbanca stipulated in September 2008;
- €/000 3,645 of loans from various banks pursuant to Italian Law no. 346/88 on subsidised applied research;
- a €/000 1,350 eight-year subsidised loan from ICCREA in December 2008 granted under Italian Law 100/90;
- €/000 26,324 (nominal amount €/000 26,765) medium-term loan for USD/000 36,850 granted by International Finance Corporation (a World Bank member) to the subsidiary Piaggio Vehicles Private Limited on which interest matures at a variable rate increased by a margin. The loan will fall due on 15 July 2019 and has an amortisation quota of six-monthly instalments from January 2014. A guarantee has been provided by the Parent Company and, in line with market practice, some financial parameters must be met. It should be noted that, in reference to the first half of 2012, these parameters were comfortably met. Cross currency swaps have been taken out on this loan to hedge the exchange risk and interest rate risk;
- €/000 14,946 (nominal value €/000 15,254) medium-term loan for USD/000 19,680 granted by International Finance Corporation to the subsidiary Piaggio Vietnam on which interest matures at a variable rate increased by a margin. The loan will fall due on 15 July 2018 and has an amortisation quota of six-monthly instalments from July 2014. A guarantee has been provided by the Parent Company and, in line with market practice, some financial parameters must be met. It should be noted that, in reference to the first half of 2012, these parameters were comfortably met. Cross currency swaps have been taken out on this loan to hedge the exchange risk and interest rate risk.

The item Bonds for €/000 192,722 (nominal value of €/000 201,799) refers to:

- €/000 141,281 (nominal value of €/000 150,000) relative to a high-yield debenture loan issued on 4 December 2009 for a nominal amount of €/000 150,000, falling due on 1 December 2016 and with a semi-annual coupon with fixed annual nominal rate of 7%. Standard & Poor’s and Moody’s both assigned a BB and Ba2 rating with a negative outlook;
- €/000 51,441 (nominal value of €/000 51,799) relative to a private debenture loan (*US Private Placement*) issued on 25 July 2011 for $/000 75,000 wholly subscribed by an American institutional investor, payable in 5 annual portions from July 2017, with a semi-annual coupon with fixed annual nominal rate of 6.50%. As of 30 September 2012, the fair value measurement of the debenture loan was equal to €/000 63,306. A Cross Currency Swap has been taken out on this loan to hedge the exchange risk and interest rate risk.

The items Medium/long term bank debt and Bonds include loans treated, in accounting terms, on an amortised cost basis (revolving loans, Mediobanca/Intesa syndicate, International Finance Corporation loans, high-yield debenture loan and private debenture loan). According to this criterion, the nominal amount of the liability is decreased by the amount of relative costs of issue and/or stipulation, in addition to any costs relating to refinancing of previous liabilities. The amortisation of these costs is determined on an effective interest rate basis, and namely the rate which discounts the future flows of interest payable and reimbursements of capital at the net carrying amount of the financial liability. Some liabilities were recognised at fair value, with relative effects recognised as profit and loss.

Medium-/long-term payables due to other lenders equal to €/000 13,125 of which €/000 10,579 due after the year and €/000 2,546 as the current portion, detailed as follows:

- a property lease for €/000 6,972 granted by Unicredit Leasing (non-current portion equal to €/000 6,047);
- subsidised loans for a total of €/000 6,153 provided by the Italian Ministry of Economic Development and Italian Ministry of Education using regulations to encourage exports and investment in research and development (non-current portion of €/000 4,532).

Financial advances received from factoring companies and banks, on the sale of trade receivables with recourse, total €/000 23,170.

Financial instruments

Exchange Risk

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

This policy analyses:

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

As of 30 September 2012, Piaggio & C. S.p.A. had undertaken the following forward purchase contracts (recognised based on the regulation date):

- for a value of CAD/000 200 corresponding to €/000 163 (valued at the forward exchange rate), with average maturity on 15 November 2012;
- for a value of CNY/000 31,550 corresponding to €/000 3,888 (valued at the forward exchange rate), with average maturity on 9 October 2012;
- for a value of GBP/000 2,860 corresponding to €/000 3,595 (valued at the forward exchange rate), with average maturity on 17 November 2012;
- for a value of JPY/000 300,000 corresponding to €/000 3,012 (valued at the forward exchange rate), with average maturity on 10 October 2012;
- for a value of USD/000 6,350 corresponding to €/000 4,893 (valued at the forward exchange rate), with average maturity on 5 October 2012;

and forward sales contracts:

- for a value of CAD/000 750 corresponding to €/000 600 (valued at the forward exchange rate), with average maturity on 13 November 2012;
- for a value of CNY/000 4,500 corresponding to €/000 551 (valued at the forward exchange rate), with average maturity on 8 October 2012;
- for a value of GBP/000 2,930 corresponding to €/000 3,688 (valued at the forward exchange rate), with average maturity on 20 November 2012;
- for a value of SEK/000 1,000 corresponding to €/000 116 (valued at the forward exchange rate), with average maturity on 31 October 2012;
- for a value of USD/000 2,900 corresponding to €/000 2,327 (valued at the forward exchange rate), with average maturity on 4 November 2012;

Details of other operations ongoing at other Group companies are given below:

- for PT Piaggio Indonesia forward purchase contracts for €/000 500, with average maturity on 6 October 2012;
- for Piaggio Vehicles Private Limited forward purchase contracts for €/000 2,000 with average maturity on 31 October 2012 and forward sales contracts for USD/000 5,169 with average maturity on 19 November 2012;
- for Piaggio Group Americas forward sales contracts for €/000 100, with average maturity on 5 October 2012;

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

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

As of 30 September 2012, the Group had undertaken the following hedging transactions on the exchange risk:

- forward purchase contracts for a value of CNY/000 22,000 corresponding to €/000 2,513 (valued at the forward exchange rate), with average maturity on 17 November 2012;

To hedge the business risk alone, cash flow hedging is adopted with the effective portion of profits and losses recognised in a specific shareholders' equity reserve. Fair value is determined based on market quotations provided by main traders.
As of 30 September 2012 the total fair value of instruments to hedge the exchange risk accounted for on a hedge accounting basis was equal to €/000 176.

Interest rate risk

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

As of 30 September 2012, the following hedging derivatives were taken out:

- *Interest Rate Swap* to hedge the variable rate loan for a nominal amount of €/000 117,857 (as of 30 September 2012 for €/000 75,000) granted by the European Investment Bank. The structure has fixed step-up rates, in order to stabilise financial flows associated with the loan; in accounting terms, the instrument is recognised on a cash flow hedge basis, with profits/losses arising from the fair value measurement allocated to a specific reserve in shareholders' equity; as of 30 September 2012, the fair value of the instrument was negative by €/000 3,832.
- A cross currency swap to hedge the private debenture loan issued by the Parent Company for a nominal amount of $/000 75,000. The purpose of the instrument is to hedge both the exchange risk and interest rate risk, turning the loan from US dollars to Euro, and from a fixed rate to a variable rate; the instrument is accounted for on a fair value hedge basis, with effects arising from the measurement recognised as profit and loss. As of 30 September 2012, the fair value of the instrument was €/000 11,690.
- a cross currency swap to hedge a loan relative to the Indian subsidiary for $/000 36,850 granted by International Finance Corporation. The purpose of the instrument is to hedge the exchange risk and interest rate risk, turning the loan from US dollars to Indian Rupees, and approximately a quarter of said loan from a variable rate to a fixed rate; As of 30 September 2012, the fair value of the instrument was €/000 1,390.
- a cross currency swap to hedge a loan relative to the Vietnamese subsidiary for $/000 19,680 granted by International Finance Corporation. The instrument hedges the exchange risk and partially the interest rate risk, turning the variable loan in US dollars to a fixed rate loan in Vietnamese Dong, except for a minor portion at a variable rate (one fourth). As of 30 September 2012, the fair value of the instrument was negative by €/000 169;

	FAIR VALUE
Piaggio & C. S.p.A.	
Interest Rate Swap	(3,832)
Cross Currency Swap	11,690
Piaggio Vehicles Private Limited	
Cross Currency Swap	1,390
Piaggio Vietnam	
Cross Currency Swap	(169)

31. Current and non-current trade payables €/000 446,130

As of 30 September 2012:

In thousands of Euros	As of 30 September 2012	As of 31 December 2011	Change
Non-current portion:			
Amounts due to suppliers	252	235	17
Trade payables due to companies valued at equity			
Amounts due to affiliated companies			
Amounts due to parent companies			
Total	**252**	**235**	**17**

In thousands of Euros	As of 30 September 2012	As of 31 December 2011	Change
Current portion:			
Amounts due to suppliers	424,005	356,360	67,645
Trade payables due to companies valued at equity	21,873	18,124	3,749
Amounts due to affiliated companies			
Amounts due to parent companies		779	(779)
Total	**445,878**	**375,263**	**70,615**

Payables to Companies valued at equity mainly refer to the supply of vehicles from the Chinese subsidiary Zongshen Piaggio Foshan.

32. Reserves (current and non-current portion) <u>€/000 24,607</u>

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

In thousands of Euros	*Balance as of 31 December 2011*	*Allocations*	*Applications*	*Reclassifications*	*Delta exchange rate*	*Balance as of 30 September 2012*
Provision for product warranties	14,735	9,602	(8,977)		9	15,369
Provision for quality-related events	392		(58)			334
Risk provisions on investments	195					195
Provision for contractual risks	3,993		(59)			3,934
Provisions for guarantee risks	76					76
Provision for tax risks	36					36
Other reserves for risks	6,117	280	(1,642)	(94)	2	4,663
Total	**25,544**	**9,882**	**(10,736)**	**(94)**	**11**	**24,607**

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

In thousands of Euros	**As of 30 September 2012**	**As of 31 December 2011**	**Change**
Non-current portion:			
Provision for product warranties	4,801	4,523	278
Provision for quality-related events	242	242	0
Risk provisions on investments	195	195	0
Provision for contractual risks	3,934	3,993	(59)
Provisions for guarantee risks			
Provision for tax risks			
Other reserves for risks and charges	3,247	3,476	(229)
Total non-current portion	**12,419**	**12,429**	**(10)**

In thousands of Euros	**As of 30 September 2012**	**As of 31 December 2011**	**Change**
Current portion:			
Provision for product warranties	10,568	10,212	356
Provision for quality-related events	92	150	(58)
Risk provisions on investments			
Provision for contractual risks			
Provisions for guarantee risks	76	76	0
Provision for tax risks	36	36	0
Other reserves for risks and charges	1,416	2,641	(1,225)
Total current portion	**12,188**	**13,115**	**(927)**

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 9,602 and was used for €/000 8,977 in relation to charges incurred during the period.
€/000 58 of the quality incident fund was used during the period, following the replacement of faulty components sourced from suppliers.
Risk provisions for investments cover the portion of negative shareholders' equity of the subsidiaries Piaggio China Co. Ltd and AWS do Brasil, as well as charges that may arise from said.
The provision of contractual risks refers mainly to charges which may arise from the ongoing negotiation of a supply contract.
The provision for tax risks concerns council tax for the Scorzè site.
"Other reserves" include provisions for legal risks for €/000 2,990.

33. Deferred tax liabilities €/000 29,574

Deferred tax liabilities totalled €/000 29,574 compared to €/000 32,735 as of 31 December 2011. The change is mainly due to use for the payment of taxes on dividends distributed by the Indian subsidiary.

34. Retirement funds and employee benefits €/000 49,534

In thousands of Euros	**As of 30 September 2012**	**As of 31 December 2011**	**Change**
Retirement funds	1,073	1,191	(118)
Post-employment benefits provision	48,461	45,412	3,049
Total	**49,534**	**46,603**	**2,931**

Retirement funds comprise provisions for employees allocated by foreign companies and additional customer indemnity provisions, which represent the compensation due to agents in the case of the agency contract being terminated for reasons beyond their control. Uses refer to the payment of benefits already accrued in previous years, while allocations refer to benefits accrued in the period.

35. Current and non-current tax payables €/000 29,886

The item includes tax payables recorded in the financial statements of individual consolidated companies, set aside in relation to tax charges for the individual companies on the basis of applicable national laws.
Payables for tax withholdings made refer mainly to withholdings on employees' earnings, on employment termination payments and on self-employed earnings.
Their breakdown was as follows:

In thousands of Euros	**As of 30 September 2012**	**As of 31 December 2011**	**Change**
Non-current portion:			
Due for income taxes	24	169	(145)
Due for non-income tax			
Tax payables for:			
- VAT			
- withheld taxes made			
- other	581	2,370	(1,789)
Total	581	2,370	(1,789)
Total	**605**	**2,539**	**(1,934)**

In thousands of Euros	**As of 30 September 2012**	**As of 31 December 2011**	**Change**
Current portion:			
Due for income taxes	15,533	5,594	9,939
Due for non-income tax	57		57
Tax payables for:			
- VAT	7,649	5,217	2,432
- Withheld taxes made	2,765	5,496	(2,731)
- Other	3,277	4,613	(1,336)
Total	13,691	15,326	(1,635)
Total	**29,281**	**20,920**	**8,361**

36. Other payables (current and non-current) **€/000 55,365**

The breakdown between the current and non-current portion of other payables is as follows:

In thousands of Euros	**As of 30 September 2012**	**As of 31 December 2011**	**Change**
Non-current portion:			
Payables to employees	27	25	2
Guarantee deposits	489	332	157
Accrued liabilities			
Deferred income	1,473	2,344	(871)
Amounts due to social security institutions			
Fair value of hedging derivatives	2,737	2,847	(110)
Other payables	400	400	0
Total	**5,126**	**5,948**	**(822)**

In thousands of Euros	As of 30 September 2012	As of 31 December 2011	Change
Current portion:			
Payables to employees	25,712	25,772	(60)
Guarantee deposits	1,565	1,492	73
Accrued liabilities	10,754	15,424	(4,670)
Deferred income	1,369	1,315	54
Amounts due to social security institutions	4,972	9,719	(4,747)
Fair value of hedging derivatives	1,095	961	134
Sundry payables due to affiliated companies		32	(32)
Sundry payables due to parent companies	79	43	36
Other payables	4,693	9,960	(5,267)
Total	**50,239**	**64,718**	**(14,479)**

Amounts due to employees include the amount for holidays accrued but not taken of €/000 10,735 and other payments to be made for €/000 15,004.

The item Fair Value of hedging derivatives refers to the fair value (€/000 2,737 non-current portion €/000 and 1,095 current portion) of an Interest Rate Swap recognised on a cash flow hedge basis as provided for by IAS 39.

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Mantua, 26 October 2012

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

E) TRANSACTIONS WITH RELATED PARTIES

The main business and financial relations of Group companies with related parties have already been described in the specific paragraph in the Report on Operations to which reference is made here. To supplement this information, the following table provides an indication by company of the outstanding items as of 30 September 2012, 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	IMMSI	**Total**	**% of accounting item**
Income statement										
net sales				449					**449**	**0.04%**
costs for materials				27,859					**27,859**	**4.25%**
costs for services and leases and rentals		-		45	630	105	41	2,198	**3,019**	**1.59%**
other operating income	-			87	50			38	**175**	**0.23%**
borrowing costs				147			152		**299**	**1.00%**
Assets										
other non-current receivables	265		138						**403**	**2.99%**
current trade receivables				1,401	16				**1,417**	**1.44%**
other current receivables				140	2			6,343	**6,485**	**24.40%**
Liabilities										
financial liabilities falling due after one year							2,900		**2,900**	**0.66%**
current trade payables	-	6		21,867	-	-	-	-	**21,873**	**4.93%**
other current payables	-			-	-		-	79	**79**	**0.16%**

F) SUBSEQUENT EVENTS

To date, no events have occurred after 30 September 2012 that make additional notes or adjustments to these Financial Statements necessary.

In this regard, refer to the Report on Operations for significant events after 30 September 2012.

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

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Mantua, 26 October 2012

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

Management and coordination
IMMSI S.p.A.
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

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