IMMSI Group

Share capital 205,941,272.16 Euros fully paid up
Registered office: Viale R. Piaggio 25, Pontedera (Pisa)
Pisa Register of Companies and Tax Code 04773200011
Pisa Economic and Administrative Repertory 134077

Quarterly Report
at 30 September 2007

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COMPANY BOARDS

Board of Directors	
Chairman	Roberto Colaninno (1)
Deputy Chairman	Matteo Colaninno
Chief Executive Officer	Roberto Colaninno
Directors	Giangiacomo Attolico Trivulzio
	Michele Colaninno
	Franco Debenedetti (3), (4)
	Daniele Discepolo (2), (5)
	Luciano La Noce (3), (4)
	Giorgio Magnoni
	Gianclaudio Neri
	Luca Paravicini Crespi (3), (5)
	Riccardo Varaldo (4), (5)
	(1) Director in charge of internal control
	(2) *Lead Independent Director*
	(3) Member of the Nomination Committee
	(4) Member of the Remuneration Committee
	(5) Member of the Internal Control Committee
Board of Statutory Auditors	
Chairman	Giovanni Barbara
Statutory Auditors	Attilio Francesco Arietti
	Alessandro Lai
Substitute Auditors	Mauro Girelli
	Maurizio Maffeis (6)
	(6) Resigned on 11 May 2007
Supervisory Body	Enrico Ingrillì
	Giovanni Barbara
	Alessandro Bertolini
General Managers	Daniele Bandiera
	Michele Pallottini
Manager in charge of preparing the Company's corporate accounting documents	Alessandra Simonotto
Independent auditors	Deloitte & Touche S.p.A.

FINANCIAL HIGHLIGHTS

		1-1/30-9		2006
(amounts in million €)		2007	2006	statutory
Income statement (reclassified)				
Net sales		1,369.8	1,285.8	1,607.4
Gross industrial margin		412.7	403.4	483.0
Operating costs		-274.4	-284.9	-368.8
Operating earnings		138.3	118.5	114.2
Pre-tax earnings		114.5	97.5	88.2
Net earnings		66.4	77.6	70.3
.minority interest		0.3	0.4	0.4
.Group		66.0	77.2	70.0
Gross margin as a % of net sales	%	30.1	31.4	30.1
Operating earnings as a % of net sales	%	10.1	9.2	7.1
Net earnings as a % of net sales	%	4.8	6.0	4.4
Gross operating margin=EBITDA (from operations)		**200.4**	**183.5**	**204.0**
Gross operating margin as a % of net sales	%	14.6	14.3	12.7
Balance sheet				
Net working capital		-3.4	18.1	20.2
Tangible assets		249.6	247.1	257.0
Intangible assets		636.0	632.5	630.3
Financial assets		1.3	6.9	1.0
Reserves		-146.0	-168.3	-151.8
Net capital employed		**737.5**	**736.3**	**756.7**
Net financial position		259.5	295.2	318.0
Shareholders' equity		478.0	441.0	438.7
Sources of funds		**737.5**	**736.3**	**756.7**
Minority interest capital and reserves		0.9	0.7	0.6
Change in net financial position				
Opening net financial position		**-318.0**	**-411.4**	**-411.4**
Cash flow from operations (Earnings + Amortisation/Depreciation)		128.5	142.6	160.1
(Increase)/Decrease in working capital		23.6	25.9	23.8
(Increase)/Decrease in net investment		-60.8	-59.2	-85.9
Net change in pension reserves and other reserves		-5.8	-8.0	-24.5
Change in shareholders' equity		-27.1	14.9	19.9
Total Changes		***58.5***	***116.2***	***93.4***
Closing net financial position		**-259.5**	**-295.2**	**-318.0**

KEY FIGURES BY BUSINESS SECTOR AT 30 SEPTEMBER 2007

BUSINESS		2W Piaggio Gilera Vespa	2W Derbi	2W Aprilia	2W M. Guzzi	LCV	OTHER	**TOTAL**
	1-1/30-9 2007	301.4	30.2	100.8	8.2	128.7		**569.3**
Sales volumes	1-1/30-9 2006	297.9	29.6	94	8.1	117.0		**546.6**
(‘000 units)	Change	3.5	0.6	6.8	0.1	11.7		**22.7**
	% change	1.2	1.9	7.3	1.1	10.0		**4.1**
	1-1/30-9 2007	666.4	54.5	286.0	66.3	282.6	14.1	**1,369.8**
Net sales	1-1/30-9 2006	628.1	56.8	262.4	64.0	263.9	10.5	**1,285.7**
(million €)	Change	38.3	-2.3	23.6	2.3	18.7	3.6	**84.1**
	% change	6.1	-4.1	9.0	3.6	7.1	34.0	**6.5**
	1-1/30-9 2007	3,307	345	1,085	221	2,206		**7,164**
Employees	1-1/30-9 2006	3,274	391	1,034	240	2,157		**7,096**
(n°.)	Change	33	-46	51	-19	49		**68**
	% change	1.0	-11.8	4.9	-7.9	2.3		**1.0**
Investment								
	1-1/30-9 2007	14.2	2.6	3.7	1.4	1.8		**23.7**
- Fixed assets	1-1/30-9 2006	11.7	2.8	5.4	1.8	1.8		**23.5**
(million €)	Change	2.5	-0.2	-1.7	-0.4	0.0		**0.2**
	% change	21.3	-7.1	-31.5	-22.2	0.0		**0.9**
	1-1/30-9 2007	10.5	2.0	13.7	3.5	4.5		**34.2**
- R&D Capex	1-1/30-9 2006	10.7	1.7	13.1	2.5	1.5		**29.5**
(million €)	Change	-0.2	0.3	0.6	1.0	3.0		**4.7**
	% change	-1.9	17.6	4.6	40.0	200.0		**15.9**

KEY FIGURES BY GEOGRAPHICAL AREA AT 30 SEPTEMBER 2007

		ITALY	EUROPE	NORTH AMERICA	INDIA	OTHER	**TOTAL**
	1-1/30-9 2007	160.0	252.8	17.4	113.8	25.3	**569.3**
Sales volumes	1-1/30-9 2006	184	226.6	18.4	101.4	16.2	**546.6**
('000 units)	Change	-24.0	26.2	-1.0	12.4	9.1	**22.7**
	% change	-13.0	11.6	-5.7	12.2	56.2	**4.1**
	1-1/30-9 2007	472.3	612.8	59.3	174.2	51.2	**1,369.8**
Net sales	1-1/30-9 2006	519.9	513.2	61.4	151.1	40.1	**1,285.7**
(million €)	Change	-47.6	99.6	-2.1	23.1	11.1	**84.1**
	% change	-9.2	19.4	-3.3	15.3	27.7	**6.5**
	1-1/30-9 2007	4,507	661	63	1,890	43	**7,164**
Employees	1-1/30-9 2006	4,506	693	48	1,812	37	**7,096**
(n°.)	Change	1	-32	15	78	6	**68**
	% change	0.0	-4.6	31.3	4.3	16.2	**1.0**
Investment							
	1-1/30-9 2007	18.4	3.4	0.3	1.6		**23.7**
- Fixed assets	1-1/30-9 2006	18.3	3.3	0.3	1.6		**23.5**
(million €)	Change	0.1	0.1	0.0	0.0		**0.2**
	% change	0.5	3.0	0.0	0.0		**0.9**
	1-1/30-9 2007	28.9	2.0	0.4	2.9		**34.2**
- R&D Capex	1-1/30-9 2006	27.6	1.7	0.0	0.2		**29.5**
(million €)	Change	1.2	0.3	0.4	2.7		**4.7**
	% change	4.4	17.6	N.S.	N.S.		**15.8**

GROUP FINANCIAL HIGHLIGHTS FOR THE FIRST NINE MONTHS OF 2007

Consolidated net sales improved to 1,369.8 million € (+6.5% compared to the same period in 2006), of which 352.3 million € from the Aprilia and Guzzi brands and 1,003.4 million € from Piaggio, Gilera, Vespa, Derbi and the LCV Business Unit. As regards the 2-wheeler sub-segment, net sales of Piaggio, Gilera, Vespa and Derbi vehicles, spare parts and accessories increased from 684.9 million € in the first nine months of 2006, including 36.5 million € relating to the contract with the Italian Post Office (Poste Italiane), to 720.9 million € (+5.1%) in the first nine months of 2007, while net sales for the Aprilia and Guzzi brands improved from 326.4 million € in the first nine months of 2006 to 352.3 million € in the same period of 2007 (+7.8%).
Net sales of the LCV sub-segment rose from 263.9 million € to 282.6 million € at 30 September 2007 (+7.1%), with a 15.3% increase in the Indian market (from 151.1 million € at 30 September 2006 to 174.2 million € at 30 September 2007).

Consolidated EBITDA rose 9.2%**:** 200.4 million €, equal to 14.6% of net sales, compared to 183.5 million € (14.3% of net sales).

Operating earnings improved 16.7%: 138.3 million €, compared to 118.5 million € in the first nine months of 2006.

In the first nine months of 2007, the **Group pre-tax profit** was 114.4 million €, compared to the pre-tax profit of 97.5 million € for the same period in 2006 (+17.4%).

The **net profit** at 30 September 2007 was 66.4 million €, compared to 77.6 million € at the same date in 2006 (-14.5%), after taxation of 48.1 million € (19.9 million € at 30 September 2006), of which 20.5 million € for the accounting adjustment of deferred tax assets recorded in previous periods, in accordance with IAS 12.

Consolidated net debt decreased from –318.0 million € at 31 December 2006 to – 259.5 million € at 30 September 2007, a net improvement of 58.5 million € (35.7 million € if compared to the – 295.2 million € reported in the first nine months of 2006).

SIGNIFICANT EVENTS DURING THE FIRST NINE MONTHS OF 2007

On 14 February 2007, Piaggio Group and Intesa Sanpaolo signed a Letter of Intent to structure the most suitable forms of lending for the development of a new Piaggio industrial project in India, which aims to build a facility for the production of a range of diesel engines. The project envisages:

- The design and development of new 1,000 and 1,200 cc direct injection 2-cylinder diesel engines, with different configurations, as well as a 500cc direct injection single-cylinder;
- The construction of a new facility with an annual production capacity of up to 200,000 engines to be built in India in the area of Pune, so as to ensure proximity in logistic terms to the Group Indian facility in Baramati. Production should commence between the end of 2009 and early 2010.

On 7 March 2007, the new high wheel Piaggio Carnaby scooter, available with 125 and 200cc engines, was presented to the press.

On 14 March 2007, the Moto Guzzi 1200 Norge was voted "Motorbike of the year - 2007" in the "Tourer" category by the readers of the weekly Motosprint magazine and the monthly IN MOTO magazine.

On 26 March 2007, Moto Guzzi presented its new "Bellagio" custom motorbike, sporting a 940cc V-twin engine.

On 4 April 2007, the new revolutionary three-wheeler Gilera Fuoco 500ie scooter was presented in Berlin.

On 11 April 2007, the Board of Directors approved the new 2007-2009 three-year plan. In particular, over the next three years Piaggio Group will focus on:

- Consolidating its leadership in Europe in the scooter and light commercial vehicle businesses;
- Expanding internationally in the motorcycle business;
- Further innovating its product and engine lines;
- Further penetrating the Indian and North American markets;
- Developing the Chinese joint venture;
- Building the new diesel engine facility in India;
- Identifying the possibility of entering new international markets.

On 16 April 2007, the Piaggio MP3 250 three-wheeler scooter was launched in the United States.

On 7 May 2007, the shareholders passed a resolution approving a new stock option plan for the top management of Piaggio Group, having revoked the resolutions passed by the shareholders on

8 March 2006 regarding a previous incentive scheme, and authorised the purchase of up to 10,000,000 own shares in order to implement such plan.

On 23 May 2007, the new twin-cylinder Aprilia Shiver 750 cc was presented in Noale. The motorbike is aimed at the "naked" mid-sized engine sector.

On 24 May 2007, the new version of the Ape, the Ape Calessino, was presented. It is a restyling of the 60's design that will be produced in a limited edition of 999 vehicles.

In June, the rating agency Standard & Poor's upgraded the rating of Piaggio & C. S.p.A. to BB from BB-, with a stable outlook, as a result of improved profitability and cash generation.

On 18 July, the rating agency Moody's upgraded the rating of Piaggio & C. S.p.A. to Ba2 from Ba3, with a stable outlook, as a result of the consolidation of the Group's main financial parameters and the prospect of their further improvement.

On 25 July 2007, the new version of the Vespa, the "S", equipped with 50 and 125 cc engines, was presented.

At the same occasion, a hybrid (electric and petrol) prototype engine was presented that Piaggio, ever sensitive to environmental issues, is currently developing and which it intends to use to equip various vehicles in the scooter range in the near future.

In July and August, the parent company continued purchasing own shares in accordance with the shareholder resolution of 7 May 2007. At 30 September, own shares held totalled 7,340,000 at an average purchase price of € 3.6525.

On 2 September 2007, Aprilia, recorded its hundredth 125 cc World Motorcycling Championship victory and won the 125 cc World Manufacturers' Championship.

On 24 September 2007, Aprilia won the 250 cc World Manufacturers' Championship with three races in hand, as evidence of a technical superiority that this year resulted in 10 victories and 27 podiums in the 250 cc category alone.

Directors' Report

PIAGGIO GROUP FINANCIAL AND BUSINESS PERFORMANCE

Piaggio Group business results in the first nine months of 2007

Net sales

Amounts in million €	*1-1 / 30-9 2007*	*1-1 / 30-9 2006*	*Change*
2-wheelers	1,073.1	1,011.3	61.8
Light Commercial Vehicles	282.6	263.9	18.7
Other	14.1	10.5	3.5
TOTAL NET SALES	**1,369.8**	**1,285.8**	**84.1**

Consolidated Group net sales for the period 1 January – 30 September 2007 reached 1,369.8 million €, (+6,5%) compared to the figure of the same period in 2006, which was positively influenced by the supply contract with the Post Office that the parent company Piaggio & C. S.p.A. signed at the end of 2005 and that added some 36.5 million € to 2006.

Analysing net sales in the two key sub-segments, the increase is attributable to the improved performance of both the 2-wheeler and light commercial vehicle businesses. Compared to the same period the year before, growth in the 2-wheeler sub-segment is due to the increases in net sales recorded in both the scooter sector (718.1 million €, +3% compared to September 2006) and the motorcycle sector (231.7 million €, +12.2%). Vespa and Gilera contributed 29.9 million €, Aprilia and Moto Guzzi 25.5 million €, while Derbi again reported a slight reduction, as a result of a different mix of products sold.

The light commercial vehicles (LCV) business reported an 18.6 million € (+7.1%) increase in net sales. The Indian subsidiary also performed well, with net sales of 174.2 million € at 30 September 2007, an increase of 15.3% compared to 30 September 2006.

The "Other" item essentially includes sales of engines.

The **Gross industrial margin,** defined as the difference between "Net sales" and the corresponding "Cost of sales" for the period, totalled 412.7 million €, an increase of 2.2% compared to the first nine months of 2006 and represented 30.1% of net sales (31.4% for the same period in 2006).

The "Cost of sales" includes: Costs for materials (direct and consumables), accessory purchase costs (transport of incoming materials, customs, movements and warehousing), employee costs for direct and indirect manpower and related charges, work carried out by third parties, energy costs, depreciation of property, plant, industrial machinery and equipment, external maintenance and cleaning costs net of sundry costs recharged to suppliers.

Operating costs at 30 September 2007 totalled 274.4 million €, down 10.5 million € compared to the 284.9 million € for the same period in 2006, and consist of employee costs, costs for services and the use of third party assets and operating costs, net of operating income not included in the gross industrial margin. Operating costs also include 4.5 million € of restructuring charges and 30.8 million € of depreciation and amortisation.

Consolidated EBITDA – defined as "Operating earnings" gross of amortisation of intangible assets and depreciation of tangible assets as they are recorded in the consolidated income

statement - was 200.4 million €, a 9.2% increase compared to the 183.5 million € of the same period the year before. As a percentage of net sales, EBITDA for the first nine months of 2007 reached 14.6%, compared to 14.3% for the same period in 2006.
Within the framework of the above revenue and costs, **operating profit** at 30 September 2007 reached 138.3 million €, a 19.8 million € increase compared to the 118.5 million € for the same period in 2006 (+16.7%). Profitability (the ratio between operating earnings and net sales) for the period improved slightly to 10.1%, against the 9.2% for the same period in 2006.
Net financial charges totalled 23.8 million €, compared to 21.0 million € for the same period in 2006, and include 11.3 million € relating to the bond issued by the parent company in 2005. Compared to the corresponding period the previous year, the positive effect resulting from lower debt was partially absorbed by the worsening of short-term rates.
In the first nine months of 2007, the Piaggio Group recorded **pre-tax earnings** of 114.5 million € (+17.4% compared to the same period in 2006). The improvement is a result of higher operating earnings, in part offset by the increase in net financial charges.
Taxation for the period totalled 48.1 million € (19.9 million € at 30 September 2006), of which 20.5 million € for the accounting adjustment of the deferred tax assets recorded in previous periods. The tax burden increased compared to the same period last year, closely linked to the improved financial results and the impact of deferred tax assets recorded by the parent company in 2006, in accordance with the provisions of IAS 12.
The **net profit** at 30 September 2007 was 66.4 million € (-14.5% compared to the same period in 2006) .

CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement prepared in accordance with the schedules envisaged by the IFRS international accounting standards is presented in the "Consolidated financial statements and explanatory notes at 30 September 2007"; the following is a comment relating to the summary statement shown in the Highlights.
During the first nine months of 2007, **cash flow from operations** totalled 58.5 million €.
Cash flow, i.e. net earnings plus amortisation and depreciation, was 124.3 million €. The positive impact of this flow, which also benefited from the last portion of increase in share capital as a result of 6.3 million € of stock options being exercised and the positive impact of the decrease in working capital, from 20,2 million € at 31 December 2006 to –3,4 million € at 30 September 2007, was partly offset by 11.9 million € of dividends paid out, the purchase of 26.8 million € of own shares and investments activities.
Investments absorbed 60.8 million € of liquidity, in particular:

- 23.7 million € of investments in fixed assets;
- 34.2 million € of investments in capitalised development costs;
- 1.9 million € for the discounting of the financial instruments issued upon acquiring Aprilia, with a balancing entry under goodwill;
- the 0.3 million € increase in non-current financial assets;
- the 0.7 million € net effect of disposals and exchange rate effect.

PIAGGIO GROUP BALANCE SHEET AT 30 SEPTEMBER 2007

Working capital – defined as the net total of: trade receivables and other current and non-current receivables, inventories, trade payables and other long-term payables and current trade payables, other receivables (short and long-term tax receivables, deferred tax assets) and other payables (tax payables and other short-term payables) – stood at -3.4 million €, down compared to both the amount at 31 December 2006 (23.6 million € the net decrease), as well as compared to the same period the previous year (an actual difference of 21.5 million €).

Tangible assets consist of property, plant, industrial machinery and equipment, net of accumulated depreciation, and assets intended for sale, as set out in more detail in the Explanatory notes to the consolidated financial statements in notes 16 and 27. At 30 September 2007, tangible assets totalled 249.6 million €, a decrease of 7.4 million € compared to 31 December 2006 and an increase of 2.5 million € up compared to the same period the year before.

Intangible assets consist of capitalised development costs and the goodwill arising from the merger and acquisitions operations undertaken within the Group since 2000 onwards, as set out in more detail in the Explanatory notes to the consolidated financial statements in the specific note. At 30 September 2007, intangible assets totalled 636.0 million €, up 5.7 million € compared to 31 December 2006 and 3.5 million € compared to 30 September 2006, essentially for capitalised new product development costs for the period.

Financial assets, defined by the directors as the sum of equity investments and other non-current financial assets (see explanatory notes 18 and 19), totalled 1.3 million €, essentially unchanged compared to 31 December 2006 and a 5.6 million € decrease compared to the same period the year before.

Reserves consist of pension and employee benefits reserves (see Note 33), other long-term reserves (see Note 31), the current portion of other long-term reserves (Note 31) and deferred tax liabilities (see Note 32), and totalled 146.0 million €, a decrease of 5.8 million € compared to 31 December 2006.

Net financial debt at 30 September 2007 stood at 259.5 million €, compared to 318.0 million € at 31 December 2006 and 295.2 million € for the same period in 2006. The 58.5 million € reduction compared to 31 December 2006 is due mainly to the previously mentioned positive trend in cash flow from operations, which was partly offset by dividends paid out, by the purchase of own shares and by the above mentioned investment activities.

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

Amounts in million €	*30 September 2007*	*31 December 2006*
Medium-/long-term financial payables	190.0	211.3
Bond	144.9	144.6
Short-term financial payables	47.1	42.8
(Financial assets)	(9.0)	(11.9)
(Liquid assets)	(113.6)	(68.9)
Total	259.5	318.0

Shareholders' equity at 30 September 2007 totalled 478.0 million €, against 438.7 million € at 31 December 2006. Following the exercising of 5,328,760 options by the beneficiaries of the stock option plan on 26 January 2007, effective 31 January 2007, the share capital and the share premium reserve increased by 2.8 million € and by 3.5 million €, respectively. Implementing the shareholder resolutions of 7 May 2007, in the month of May 11.9 million € of dividends were paid out and on 30 September 2007, 7,340,000 own shares totalling 26.8 million € were purchased.

EMPLOYEES

There were 7,164 Group **employees** at 30 September 2007, compared to 6,774 at 31 December 2006.

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

	Average number		Number at	
N°. of people	*1-1 /30-9 2007*	*1-1 /30-9 2006*	*30-Sept-07*	*31-Dec-06*
Senior management	115	115	114	113
Middle management	408	364	427	382
Clerical staff	1,839	1,776	1,840	1,805
Manual labour	5,066	4,764	4,783	4,474
Total	*7,428*	*7,019*	*7,164*	*6,774*

2. SIGNIFICANT EVENTS AFTER 30 SEPTEMBER 2007

On 9 October 2007, in Vietnam the project aiming at producing Vespa scooters for the local market was unveiled; the Governor of Nguyen Ngoc Phi Province handed a manufacturing licence to Group management.

The Vietnamese project, which was approved by the Piaggio & C. S.p.A. Board of Directors on 7 September 2007, envisages that production in the new facility, which will include welding, painting and final assembly of the Vespa scooters, will commence in about two years time.

The overall investment up to the commencement of production at the factory, including the industrialisation activities in loco of the Vespa, is estimated at between 25 and 30 million US Dollars. Annual production capacity of the industrial facility will reach 100,000 units.

On 15 October, Tommaso Giocoladelli was appointed Chief Executive and General Manager of Moto Guzzi S.p.A., while Daniele Bandiera was reconfirmed Chairman of the Board of Directors,

On 21 October 2007, Spanish rider Jorge Lorenzo won the 250 cc Riders' World Motorcycling Championship on an Aprilia.

3. OPERATING OUTLOOK FOR 2007

The results of the first nine months of 2007 are in line with the targets set.

The Group therefore considers its can continue along the path of growth and improvement set out in the 2007-2009 three-year plan, thus ensuring that the set objectives are met.

4. DEALINGS WITH RELATED PARTIES

Net sales, costs, payables and receivables at 30 September 2007 involving parent companies, subsidiaries and associated companies relate to the sale of goods or services and are the result of arm's-length transactions.

The table below completes the information regarding dealings with associated companies, parent companies and other related parties which do not form part of the consolidation of the Piaggio Group.

Main income statement and balance sheet items

	Regarding:			**Nature of the transaction**
Amounts in €/000	Associates	Parent companies	Other related parties	
Other revenue and income	3,229	19		Other revenue and income (Piaggio Foshan, Fondazione Piaggio and IMMSI)
Consumption of raw materials and services	35,365	942	105	Purchase of parts from associated companies, acquisition of services from parent companies
Other charges	82			Other charges with Fondazione Piaggio
Financial receivables	93			Receivables due from Fondazione Piaggio
Trade receivables and other receivables	2,118	18		Receivables arising from the sale of vehicles, spare parts and/or recovery of sundry costs
Trade payables and other payables	5,231	283	105	Payables arising from the purchase of components and/or vehicles and from services provided

5. THE PIAGGIO GROUP

THE 2-WHEELER BUSINESS

	1-1/30-9 2007		1-1/30-9 2006		% change	
	Sell-in Volumes (‘000 units)	Net sales (million €)	Sell-in Volumes (‘000 units)	Net sales (million €)	Volumes	Net sales
Piaggio	176.4	333.8	188.7	333.7	-6.5	0
Gilera	33	68.7	30.1	59.7	9.6	15.1
Vespa	92.1	187.6	79.1	166.7	16.4	12.5
Derbi	30.2	48.3	29.6	51	1.7	-5.4
Aprilia	100.8	251.6	94	234.4	7.3	7.3
M. Guzzi	8.2	59.9	8.1	58.4	1.2	2.5
Spare parts & accessories	N.S.	123.4		107.4	N.S.	14.8
TOTAL	**440.6**	**1,073.1**	**429.6**	**1,011.3**	**2.6**	**6.1**
of which scooters						
Piaggio/Vespa/Gilera	298.3	585.1	294.7	555.0	1.2	5.4
Derbi	6.2	7.8	8.6	12.5	-27.5	-37.6
Aprilia	69.5	125.2	71.8	130.0	-3.2	-3.7
Total Scooters	**373.9**	**718.1**	**375.0**	**697.5**	**-0.3**	**3.0**
of which motorcycles						
Piaggio/Vespa/Gilera	3.2	5.0	3.1	5.1	1.0	-2.9
Derbi	24.0	40.5	21.1	38.5	13.6	5.2
Aprilia	31.3	126.4	22.2	104.4	41.0	21.0
MG	8.2	59.9	8.1	58.4	1.2	2.5
Total Motorcycles	**66.5**	**231.7**	**54.5**	**206.5**	**21.8**	**12.2**
Total 2-wheelers	**440.6**	**949.8**	**429.6**	**903.9**	**2.6**	**5.1**

In the first nine months of 2007, the Piaggio Group, taking into consideration the brands managed, Piaggio, Gilera, Vespa, Derbi, Aprilia and Guzzi, sold a total of 440,600 units (+2.6% compared to the first nine months of 2006) in the 2-wheeler sector, with net sales of 1,073.1 million € (+6.1%) including spare parts and accessories. In particular, net sales in the scooter sector totalled 718.1 million € (+3%), while the motorcycle sector totalled 231.7 million € (+12.2%).

The Group’s brands maintained their leadership of the European scooter market. Looking at the individual brands, the first nine months of 2007 again saw strong growth for Vespa which sold 92,100 units (+16.4% compared to the same period the previous year) thanks to the confirmation of the LX and GTS models, whose range has been extended with a 125cc version, making the GTS accessible to car licence holders as well. Piaggio volumes were lower than the first nine months of 2006, which was boosted by the sizeable contract with the Italian Post Office for some 24,300 vehicles. Excluding the Italian Post office contract, the 176,400 units sold in the first nine months of 2007 are a 7.3% improvement compared to the first nine months of 2006; this was made

possible by the success of the innovative MP3, the Beverly Cruiser and the Carnaby, Piaggio's latest proposal in the important sector of high wheel vehicles. The first nine months of 2007 were positive for Gilera as well, recording some 33 thousand units sold, +9.6%. The extension of the Nexus range with the 125 model, the recent launch of the new Storm and, especially, of the Fuoco, Gilera's 3-wheeler scooter, keep expectations high for the fourth quarter of 2007 as well, when the new GP 800 is expected to reach the European markets.
Derbi, even though increasing volumes compared to the first nine months of 2006 with 30.2 thousand units sold against 29.6 thousand at 30 September 2006 (+1.7%), suffered a 5.4% contraction in net sales (48.3 million € compared to 51 million €).
In the first nine months of 2007, the results of Aprilia, which sold 100.8 thousand units and totalled 251.6 million € of net sales (+7.3% compared to the same period in 2006), were conditioned by a slight reduction in volumes in the scooter sub-segment, offset by good performance in the motorbike sub-segment.
While the scooter result reflects a range being renewed and technologically updated, the positive motorbike result is attributable to the good performance in Italy of the new RS 125, to the entry into the 126cc – 750cc sub-segment with the new Pegaso 650 Strada, Trail and Tuono 2007 edition.

In the first nine months of 2007, Moto Guzzi sold 8,200 motorbikes compared to 8,100 for the same period in 2006 (+1.2%) and net sales were 59.9 million € compared to 58.4 million € in the same period the previous year (+2.5%), helped also by the introduction of the Norge and the 1200 sport.

THE LCV BUSINESS

	1-1/30-9 2007		*1-1/30-9 2006*		*% change*	
	Sell-in Volumes ('000 units)	Net sales (million €)	Sell-in Volumes ('000 units)	Net sales (million €)	Volumes	Net sales
Ape	120.0	187.4	108.7	167.8	10.4	11.7
of which India	*112.8*	*161.3*	*101.4*	*142.0*	*11.3*	*13.6*
Minivan	5.2	46.4	5.1	46.7	1.3	-0.7
Quargo	3.2	18.9	2.8	19.8	14.6	-4.3
Microcars	0.3	2.8	0.4	3.4	-23.8	-16.8
Spare parts & accessories (1)	N.S.	27.1	N.S.	26.3	N.S.	2.9
TOTAL	**128.7**	**282.6**	**117.0**	**263.9**	**10.0**	**7.1**

(1) Includes India spare parts

The Light Commercial Vehicles (LCV) division ended the first nine months of 2007 with 128.7 thousand units sold, +10.0% compared to the first nine months of 2006, while in the same period net sales increased from the 263.9 million € of the first nine months of 2006 to 282.6 million € of the first nine months of 2007 (+7.1%). Net sales generated in Europe reached 108.4 million €, while India recorded 174.2 million €.

In Europe, Piaggio sold 108,400 units, slightly less than the same period in 2006 (-4.5%).

On the Indian market, in spite of signs that the market is settling down after years of sustained expansion, Piaggio Vehicles continues to strengthen its position as key player and second operator on the local market. Sales increased from 101,400 in the first nine months of 2006 to 113,800 in the first nine months of 2007, an increase of 12.2%.

As for the product range in Europe, the first months of 2007 were characterised by the introduction of the Quargo Model Year 2007 and, in September, of the Ape Calessino (a limited edition Ape for passengers with high-quality fittings), while the new gas engine was introduced on the Indian market.

6. PLAN TO ADAPT THE INTERNAL CONTROL SYSTEMS FOR GROUP COMPANIES WITH REGISTERED OFFICES OUTSIDE THE EU

REGULATORY FRAMEWORK

Article 18-*ter* (Conditions for listing shares of companies that control companies established and regulated by the laws of countries outside the European Union) of CONSOB Ruling n°. 11768 dated 23 December 1998, as subsequently amended ("Regulation on markets"), with reference to the conditions for admitting to trading companies that control companies established and regulated by the laws of countries outside the European Union, envisages that:

"1. The shares of companies that control other companies established and regulated by the laws of countries outside the European Union may be admitted to trading in an Italian regulated market if the subsidiary companies:

a) draw up financial statements or consolidated financial statements and make them available to the shareholders of the parent company in accordance with the provisions of article 2429, paragraph 4 of the Italian Civil Code;

b) submit the financial statements under letter a) to an audit in accordance with standards that are equivalent to those prevailing in the European Union;

c) publish their articles of association, the composition, and the powers of the corporate bodies in accordance with the law that applies to them or voluntarily;

d) are committed to provide the auditor of the parent company with the information necessary for the auditor to audit the annual and interim accounts of the parent company;

e) put an internal control system in place which is suitable to the size and complexity of the business carried out and which can regularly supply the necessary information on the management and economic, asset, and financial information to the management, the control body, and the auditor of the parent company. The suitability of the control system will be certified by the control body of the parent company at least once a year".

Article 18-*sexies* (Final and transitional provisions) of the Regulation on markets also envisages that:

"The companies with listed shares as provided under articles 18-*ter* and 18-*quater* will bring themselves into line with the provisions contained therein within eighteen months from when they come into effect. They will promptly send CONSOB their adjustment plan and their estimated timetable and will publish the essential elements in the manner provided under article 66, paragraphs 2 and 3 of the regulation adopted by CONSOB ruling no. 11971 of 1999, as amended. The accounting document provided under article 82 of said regulation will contain the details regarding implementation of the plan."

Measures to be adopted to apply the regulations in practice

In order to apply these regulations in practice, PIAGGIO & C. S.p.A. has identified the following measures:

- Definition of the scope of company analysis involved in the monitoring.
- Identification and measurement of the risks inherent in the accounting items.
- Definition and analysis of the standard controls and processes. "Personalisation" by company of the processes, the administrative procedures and the controls.
- Review of the operational and administrative procedures.
- Security and reliability assessment of the IT system dedicated to detecting administrative facts.
- Carrying out specific control tests to verify the reliability of the accounting items.

These activities are illustrated in detail below.

1. Definition of the scope of company analysis involved in the monitoring

The scope of analysis involved in the monitoring refers to all the companies controlled by Piaggio that are established and regulated by the laws of countries outside the European Union and that are involved in this plan ("Non-EU subsidiaries").

To date, the non-EU subsidiaries are the following:

- Aprilia Japan Corporation;
- Piaggio China;
- Piaggio Asia Pacific PTE Ltd.;
- Piaggio Group Americas Inc.;
- Piaggio Hrvatska do.o.;
- Piaggio Vehicles Private Limited.

Aprilia World Service Holding do Brasil Ltda and Aprilia Brasil S.A are excluded from the scope of this plan in that they are non-operational companies, as well as Piaggio Indochina PTE Ltd in liquidation.

2. Identification and measurement of the risks inherent in the accounting items (to be carried out by 31 March 2008).

PIAGGIO & C. S.p.A. will send a specific form to the non-EU subsidiaries, aimed at analysing the level of risk inherent in the processes of detecting administrative facts and of attributing the amounts of the individual accounting items.

In this regard, the level of risk existing for each of the accounting items will be determined, calculated on the basis of a mix of how material, manual and discrete the transactions associated with such accounting items are.

The level of risk so determined will be used to determine the degree of the controls needed to be carried out on the individual items examined.

3. Definition and analysis of the standard controls and processes. "Personalisation" by company of the processes, the administrative procedures and the controls (to be carried out by 30 April 2008).

This activity will be used to describe all the processes that generate accounting data to be examined (such as those relating to the asset cycle, the liabilities cycle, fixed assets, employees, finance, etc.).

A processing approach is the one intended to be followed, in that it ensures greater detail in the sequence of the activities involved, as well as more precision in identifying the existing control points or those to be implemented.

As a result of this mapping, standard documentation will be produced for each accounting cycle, which will be personalised with the contribution of the administrative sectors of the individual non-EU subsidiaries and which will become a reference for implementing the operational and administrative procedures.

4. Review of the operational and administrative procedures (to be carried out by 31 July 2008).

Beginning with the mapping of the processes and the controls for all the administrative cycles involved (refer to point 3), the procedures that will govern the administrative activity under examination will be reviewed and/or drafted.

In the individual non-EU subsidiaries, the procedures will be prepared/updated/implemented, if necessary, then they will be shared with and approved by company management and the supervisory bodies.

5. Security and reliability assessment of the IT system dedicated to monitoring the administrative facts (to be carried out by 31 July 2008).

Specific assessments will be carried out to ensure the security and reliability of the IT systems dedicated to monitoring the administrative facts.

In this manner, it will be possible to analyse and measure the reliability of such IT systems for the monitoring of the administrative facts.

6. Carrying out specific control tests to verify the reliability of the accounting items (to be carried out starting September 2008 up to the reporting dates of the individual non-EU subsidiaries).

The phase will focus on carrying out specific control tests in order to verify the reliability of the accounting items.

So as to rationalise and optimise the test activity, a specific computerised model will be used, which will also be used as a support for the statement required by CONSOB from the manager in charge of preparing the Company's corporate and accounting documents.

This model will be used to verify the correctness of the financial and economic figures of the non-EU subsidiaries and will also provide useful information for the preparation of the Piaggio & C. S.p.A. consolidated financial statements.
Specifically, the computerised model will work based on the following logical steps:

1. Inputting the accounting items and the related amounts to be examined and automatic balance verification.
2. Selection of the accounting items to be tested and automatic linking with the process/es involved, the expected control and the tests to be carried out.
3. Calculation of the number of tests to be carried out for each accounting item in relation to the pre-defined level of risk, as indicated in point 3, and the ensuing minimum percentage to check.
4. Carrying out of the control tests.
5. Verification and certification of the results obtained.

In connection with the individual accounting items, *ad hoc* specific tests will be introduced in addition to the typical everyday operating controls.

These tests will refer to the entire operating cycle of the transactions being analysed, therefore regarding both the operational aspects (budget, authorisations, signature powers, etc.) and those of a more accounting/administrative nature (correct measurement for accounting and tax purposes, proper presentation in the financial statements, uniformity of the accounting standards used).

The following will be defined for each test: the subject and the aim of the check, the critical level, the frequency, the person in charge of carrying it out, the documentation necessary for carrying out the check, the related evidence and the result of the test.

Upon completing the test, the computerised model will allow the information to be obtained that is necessary to express an opinion on the reliability of the accounting and administration system.

Specifically, the following will be shown for each of the accounting items (even progressively during the tests):

- the amount as a total and as a percentage of the individual accounting item of the overall tests carried out and an automatic comparison with the minimum percentages to check; the overall amount of the tests with a positive result relating to the accounting item checked; calculation and automatic comparison of the percentage of positive results gradually acquired with the prearranged percentage of acceptability.
- the final result of the entire accounting situation, expressed in terms of "depth of analysis" and of percentage of tests passed.

Alessandra Simonotto, the manager in charge of preparing the Company's accounting documents, states in accordance with paragraph 2 of article 154 bis of the Consolidated Finance Law (Testo Unico della Finanza) that the accounting information contained in this document corresponds to the documentary results, the books and the accounting entries.

* * *

Milan, 5 November 2007

for the Board of Directors
Chairman and Chief Executive
Roberto Colaninno

Piaggio Group

Consolidated financial statements and explanatory notes at 30 September 2007

INCOME STATEMENT

Amounts in €/000	Note	1-1 / 30-9 2007	1-1 / 30-9 2006	Change
Net sales	4	**1,369,800**	**1,285,772**	**84,028**
of which with related parties			*30*	(30)
Costs for materials	5	818,839	740,582	78,257
of which with related parties		*35,293*	*20,834*	*14,459*
Costs for services and use of third party assets	6	241,149	252,155	(11,006)
of which with related parties		*1,119*	*3,654*	*(2,727)*
of which for non-recurring transactions			*9,936*	*(9,936)*
Employee costs	7	182,942	180,269	2,673
Depreciation of tangible assets	8	29,940	29,782	158
Amortisation of intangible assets	8	32,185	35,218	(3,033)
Other operating income	9	95,415	91,381	4,034
of which with related parties		*3,285*	*1,698*	1,568
Other operating costs	10	21,897	20,669	1,228
of which with related parties		*82*	*77*	5
Operating earnings		**138,263**	**118,478**	**19,785**
Income/(loss) from equity investments		2	(3)	5
Financial income	11	10,456	8,529	1,927
Financial charges	11	(34,261)	(29,520)	(4,741)
of which with related parties			*(70)*	*70*
Earnings before taxation		**114,460**	**97,484**	**16,976**
Taxation for the period	12	48,074	19,865	28,209
Earnings from continuing activities		**66,386**	**77,619**	**(11,233)**
Assets intended for disposal:				
Gain or loss from assets intended for disposal	13	**0**	**0**	**0**
Consolidated net earnings		**66,386**	**77,619**	**(11,233)**
Attributable to:				
Parent company shareholders		**66,046**	**77,172**	**(11,126)**
Minority interest		**340**	**447**	**(107)**
Earnings per share (in €)	14	**0.17**	**0.21**	**(0.04)**
Diluted earnings per share (in €)	14	**0.16**	**0.19**	**(0.03)**

BALANCE SHEET

Amounts in €/000	Note	At 30 September 2007	At 31 December 2006	Change
ASSETS				
Non-current assets				
Intangible assets	15	636,027	630,316	5,711
Property, plant and equipment	16	249,631	256,966	(7,335)
Investment property	17			0
Equity investments	18	725	754	(29)
Other financial assets	19	544	240	304
of which with related parties		*58*	*63*	*(5)*
Long-term tax receivables	20	7,566	7,716	(150)
Deferred tax assets	21	26,305	46,742	(20,437)
Trade receivables	22		174	(174)
Other receivables	23	5,690	6,402	(712)
of which with related parties		*872*	*803*	*69*
Total non-current assets		**926,488**	**949,310**	**(22,822)**
Assets intended for sale	27			**0**
Current assets				
Trade receivables	22	232,027	137,187	94,840
of which with related parties		*1,100*	*1,106*	*(6)*
Other receivables	23	24,019	33,417	(9,398)
of which with related parties		*164*	*3,579*	*(3,415)*
Short-term tax receivables	20	15,532	35,383	(19,851)
Inventories	24	245,257	233,306	11,951
Other financial assets	25	8,961	11,866	(2,905)
of which with related parties		*35*	*30*	*5*
Cash and cash equivalents	26	113,625	68,857	44,768
Total current assets		**639,421**	**520,016**	**119,405**
TOTAL ASSETS		**1,565,909**	**1,469,326**	**96,583**

Amounts in €/000	Note	At 30 September 2007	At 31 December 2006	Change
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Capital and reserves attributable to parent company shareholders	28	477,061	438,091	38,970
Minority interest capital and reserves	28	950	607	343
Total shareholders' equity		**478,011**	**438,698**	**39,313**
Non-current liabilities				
Financial liabilities falling due beyond one year	29	334,953	355,935	(20,982)
of which with related parties				*0*
Trade payables	30		0	0
Reserves for pensions and employee benefits	33	65,528	78,148	(12,620)
Other long-term reserves	31	17,997	21,906	(3,909)
Tax payables	34	460	188	272
Other long-term payables	35	8,092	17,499	(9,407)
Deferred tax liabilities	32	39,075	34,822	4,253
Total non-current liabilities		**466,105**	**508,498**	**(42,393)**
Current liabilities				
Financial liabilities falling due within one year	29	47,084	42,794	4,290
Trade payables	30	451,856	394,709	57,147
of which with related parties		*5,386*	*10,225*	*(4,839)*
Tax payables	34	22,764	15,375	7,389
Other short-term payables	35	76,650	52,370	24,280
of which with related parties		*233*	*156*	*77*
Current portion other long-term reserves	31	23,439	16,882	6,557
Total current liabilities		**621,793**	**522,130**	**99,663**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,565,909**	**1,469,326**	**96,583**

CASH FLOW STATEMENT

This schedule shows the causes of the changes in liquid assets net of short-term bank overdrafts, in accordance with IAS 7.

In thousands of Euros	1-1 / 30-9 2007	1-1 / 30-9 2006
Operating activities		
Consolidated net earnings	66,046	77,172
Minority interest	340	447
Taxation for the period	48,074	19,865
Depreciation of property, plant and equipment	29,940	29,782
Amortisation of intangible assets	32,185	35,218
Non-monetary costs for stock options	1,415	2,561
Provision to reserves for risks and reserves for pensions and employee benefits	20,421	21,179
Write-downs / (Revaluations)	2,366	1,972
Losses / (Gains) on the disposal of property, plant and equipment	(82)	(448)
Losses / (Gains) on the disposal of intangible assets	(8)	
Losses / (Gains) on measurement to fair value of financial assets		(43)
Financial income	(10,456)	(8,529)
Financial charges	34,261	29,520
Change in working capital:		
(Increase)/Decrease in trade receivables	(91,315)	(59,305)
(Increase)/Decrease in other receivables	48,310	(3,620)
(Increase)/Decrease in inventories	(11,951)	(59,142)
Increase/(Decrease) in trade payables	57,224	138,299
Increase/(Decrease) in other payables	31,435	10,702
Increase/(Decrease) in reserves for risks	(9,113)	(23,655)
Increase/(Decrease) in reserves for pensions and employee benefits	(21,156)	(4,498)
Other changes	(46,279)	(13,288)
Cash generated by operating activities	181,657	194,189
Interest paid	(24,400)	(22,567)
Taxation paid	(16,110)	(13,999)
Cash flow from operating activities (A)	141,147	157,623
Investing activities		
Investment in property, plant and equipment	(21,255)	(19,913)
Sale price, or repayment value, of property, plant and equipment	772	946
Investment in intangible assets	(36,595)	(33,076)
Sale price, or repayment value, of intangible assets	41	170
Sale price of equity investments	20	(74)
Loans provided	(5)	
Repayment of loans granted		9,790
Purchase/sale of financial assets	2,910	(57,677)
Interest received	8,200	5,794
Cash flow from investing activities (B)	(45,912)	(94,040)
Financing activities		
Increase in share capital	6,264	13,855
Purchase of own shares	(26,830)	
Outflow for dividends paid	(11,881)	
Loans received	7,029	
Outflow for repayment of loans	(24,571)	(60,056)
Loans on leases received	13	
Repayment of finance leases	(706)	(689)
Cash flow from financing activities (C)	(50,682)	(46,890)
Increase / (Decrease) in cash (A+B+C)	44,553	16,693

Opening balance	66,639	30,655
Exchange differences	(1,312)	494
Closing balance	109,880	47,842

The following table shows the details of the cash and cash equivalents at 30 September 2007 and at 30 September 2006.

Amounts in €/000	At 30 September 2007	At 30 September 2006
Cash and cash equivalents	113,625	50,040
Current account overdrafts	(3,745)	(2,198)
Closing balance	109,880	47,842

NET FINANCIAL POSITION

In thousands of Euros	Note	At 30 September 2007	At 31 December 2006	Change
Medium-/long-term financial payables:				
Medium-/long-term bank loans	29	161,661	169,740	(8,079)
Amounts due under leases	29	9,924	10,430	(506)
Amounts due to other lenders	29	10,133	12,607	(2,474)
Aprilia instruments	29	8,306	18,530	(10,224)
Amounts due to parent companies	29			0
Total		*190,024*	*211,307*	*(21,283)*
Bond	29	144,929	144,628	301
Short-term financial payables:				
Current account overdrafts	29	3,745	2,218	1,527
Current account payables	29	356	952	(596)
Amounts due to factors	29	4,635	4,464	171
Bank loans	29	28,727	19,236	9,491
Amounts due under leases	29	753	940	(187)
Amounts due to other lenders	29	2,652	14,984	(12,332)
Aprilia instruments	29	6,216	0	6,216
Amounts due to parent companies	29			0
Total		*47,084*	*42,794*	*4,290*
Other current financial assets				
Financial receivables due from third parties	25	(716)		(716)
Financial receivables due from associated companies	25	(35)	(30)	(5)
Securities	25	(8,210)	(11,836)	3,626
Total		*(8,961)*	*(11,866)*	*2,905*
Cash and cash equivalents	26	(113,625)	(68,857)	(44,768)
Total net financial position		**259,451**	**318,006**	**(58,555)**

This table reconciles the movement in the flow of the net financial position with the flow of cash and cash equivalents as shown in the cash flow statement.

Amounts in €/000	
Increase /decrease in cash from the cash flow statement	**44,553**
Outflow for repayment of loans	24,571
Repayment of finance leases	706
Loans received	(7,029)
Loans on leases received	(13)
Loans provided	5
Purchase of financial assets	(2,910)
Exchange differences	(1,312)
Present value effect of EMH financial instrument not included in the IAS cash flow statement in that it does not involve a monetary change	(276)
Present value effect of APRILIA SHAREHOLDERS financial instrument not included in the IAS cash flow statement in that it does not involve a monetary change	784
Non-monetary change in financial receivables and financial payables (amount included in the other changes in the operating activities in the cash flow statement)	(524)
Change in the net financial position	**58,555**

CHANGES IN SHAREHOLDERS' EQUITY 1 January 2007 / 30 September 2007

In thousands of Euros	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group consolidation reserve	Group conversion reserve	Stock option reserve	Retained earnings	Earnings for the period	***Consolidated Group shareholders' equity***	Minority interest capital and reserves	**TOTAL SHAREHOLDERS' EQUITY**
At 1 January 2007	203,170	32,961	723	59,819	(4,113)	993	(852)	4,827	70,587	69,976	**438,091**	607	**438,698**
Translation of accounts in foreign currency							277				277	3	280
Change in IAS reserves				3,679				1,415			5,094		5,094
Allocation of profit			3,550						66,426	(69,976)	0		0
Distribution of dividends									(11,881)		(11,881)		(11,881)
Exercising of stock options	2,771	3,493									6,264		6,264
Purchase of own shares	(3,817)								(23,013)		(26,830)		(26,830)
Losses covered		(32,961)			(1,746)				34,707		0		0
Earnings for the period										66,046	66,046	340	66,386
At 30 September 2007	202,124	3,493	4,273	63,498	(5,859)	993	(575)	6,242	136,826	66,046	477,061	950	478,011

CHANGES IN SHAREHOLDERS' EQUITY 1 January 2006 / 30 September 2006

In thousands of Euros	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group consolidation reserve	Group conversion reserve	Stock option reserve	Retained earnings	Earnings for the period	**Consolidated Group shareholders' equity**	Minority interest capital and reserves	**TOTAL SHAREHOLDERS' EQUITY**
At 1 January 2006	194,827	24,500	723	56,898	(4,113)	993	1,532	2,266	32,704	37,883	**348,213**	254	**348,467**
Exercising of stock options	6,838	7,017						(4,827)	4,827		**13,855**		**13,855**
Translation of accounts in foreign currency							(2,674)				**(2,674)**	(8)	**(2,682)**
Change in IAS reserves				1,215				2,561			**3,776**		**3,776**
Allocation of profit									37,883	(37,883)	**0**		**0**
Earnings for the period										77,172	**77,172**	447	**77,619**
At 30 September 2006	201,665	31,517	723	58,113	(4,113)	993	(1,142)	0	75,414	77,172	**440,342**	693	**441,035**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 30 September 2007

A) GENERAL ASPECTS

The quarterly report and the consolidated financial statements are prepared in compliance with the provisions of CONSOB Regulation n°. 11971 dated 14 May 1999, as amended by CONSOB ruling n°. 14990 dated 14 April 2005.
Piaggio S.p.A. (the Company) is a limited liability company established in Italy at the Company Registry Office of Pisa. The main activities of the Company and its subsidiaries (the Group) are described in the Directors' Report.
The financial statements are expressed in Euros (€) since that is the currency in which most of the Group's transactions take place. The foreign operations are included in the consolidated financial statements in accordance with the principles set forth in the following notes.

1. Consolidation area

The consolidation area is unchanged compared to the consolidated financial statements at 31 December 2006.
As regards the income statement items, compared to 30 September 2006, the consolidation area changed owing to the completion of the liquidation of Motocross Company S.r.l. and Aprilia Research & Development S.A.. These somewhat limited changes do not alter the comparability of the income results between the two periods.

2. Compliance with INTERNATIONAL ACCOUNTING STANDARDS

The consolidated financial report for the Piaggio Group at 30 September 2007 has been prepared in conformity 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 being in conformity with the provisions established in Article 9 of Law n°. 38/2005 (CONSOB ruling n°. 15519 dated 27/7/06 regarding "Provisions for the presentation of financial statements", CONSOB ruling n°. 15520 dated 27/7/06 regarding "Changes and additions to the Issuer Regulation adopted by ruling n°. 11971/99", CONSOB communication n°. 6064293 dated 28/7/06 regarding "Corporate reporting required in accordance with article 114, paragraph 5 of Law 58/98"). Account was also taken of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called the Standing Interpretations Committee ("SIC").
This quarterly Report has therefore been prepared in accordance with IAS 34 – *Interim financial reporting*.

In addition, international accounting standards have been uniformly applied throughout all Group companies.
The interim financial statements of the subsidiaries used for the consolidation have been duly adapted and reclassified, where necessary, in order to make them conform to the international accounting standards and to the standard classification criteria used in the Group.

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

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

The Group's activities, especially those regarding the 2-wheeler sub-segment, are subject to significant seasonal changes in sales during the year.

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

3. Other information

We point out that information regarding significant events after the quarterly reporting date and the operating outlook is provided in a specific paragraph of this Report.

B) INFORMATION BY SECTOR

Primary sector: light wheeled transport market

The Piaggio Group is one of the world leaders in the sector of "light wheeled transport", a sector which the Group helped to define with the introduction in the 1940s of the "Vespa" and "Ape" models. This sector regards two-, three- and four-wheel vehicles for private or business use which allow the user to enjoy greater mobility, by virtue of their safety, manoeuvrability and low environmental impact features.

The vehicles produced are marketed internationally under the Piaggio, Aprilia, Moto Guzzi, Gilera, Derbi, Vespa and Scarabeo brands.

The products are marketed mainly through dealers, whether they be two-, three- or four-wheel vehicles.

Within the light transport sector, the Piaggio Group operates on the basis of policies which are common to all the companies/products, by establishing specific management policies so as to reflect the search for a common identity within which to direct the global strategies.

The scope of application of these policies concerns various aspects of company management, such as the credit and discount management system for customers, the means of procuring production materials, cash management and the central corporate functions.

Credit management is implemented in accordance with a centrally established policy, in order to identify a common language to enable the various companies to operate on the basis of a standard reference model aimed at assessing the level of credit risk, the reliability of the dealer, the payment terms, and the establishment of reporting models to be used in order to carry out effective and timely monitoring of the related data.

The means of procurement are implemented worldwide on the same basis. In this light, the Group operates by seeking to take advantage of benefits from synergy arising mainly from shared parts common to different vehicles and shared suppliers for different Group companies.

Cash management is handled centrally by the parent company so as to concentrate the financial resources needed to be able to implement investments aimed at generating benefits for all the parts of the Group, by monitoring breakeven times.

The development of new products is managed singly for the whole Group on the basis of an approach which takes into account the various needs of the key markets.

At an organisational level, a system has been established which, through the integration of the various brands, enables the realisation of global strategies aimed at looking for synergy to increase the value of the Group and emphasise its distinct features.

This synergy arises from the concentration of technical, industrial and other central activities which are coordinated by the Corporate Divisions thereby guaranteeing the dissemination and integration of specific functional skills.

In the light of the above considerations, the activities of the Piaggio Group and the related strategies, as well as the underpinning activities linked to managerial control, have been established in the single sector of "light wheeled transport".

The table below presents economic and financial figures for the Group at 30 September 2007:

In million Euros	*Consolidated*
NET SALES	
Sales to third parties	1,369.8
Inter-sector sales	
TOTAL NET SALES	**1,369.8**
Gross industrial margin	412.7
Net financial charges	(23.8)
Income/(loss) from equity investments	
Earnings before taxation	114.5
Income tax	(48.1)
Minority interest	(0.3)
NET EARNINGS	**66.1**
OTHER INFORMATION	
Increases in tangible and intangible assets	57.9

Secondary sector: market segments

In million Euros	*2W*	*LCV*	*Other*	*Consolidated*
NET SALES				
Sales to third parties	1,073.1	282.6	14.1	1,369.8
Inter-sector sales				
TOTAL NET SALES	**1,073.1**	**282.6**	**14.1**	**1,369.8**
Gross industrial margin				412.1
Net financial charges				(23.8)
Income/(loss) from equity investments				
Earnings before taxation				114.5
Income tax				(48.1)
Minority interest				(0.3)
NET EARNINGS				**66.1**
OTHER INFORMATION				
Increases in tangible and intangible assets				57.9

Third sector: geographical area

The following table gives the economic and financial figures for the Group in relation to the geographical "destination" areas at 30 September 2007, that is, based on the nationality of the customer or of the supplier/lender.

In million Euros	*Italy*	*Rest of Europe*	*India*	*North America*	*Rest of the world*	*Consolidated*
NET SALES						
Sales to third parties	472.3	612.8	174.2	59.3	51.2	**1,369.8**
Inter-sector sales						
TOTAL NET SALES	472.3	612.8	174.2	59.3	51.2	**1,369.8**
BALANCE SHEET						
TOTAL ASSETS	1,192.5	252.0	68.7	34.4	18.3	**1,565.9**
TOTAL LIABILITIES	1,320.5	226.0	3.2	2.6	13.6	**1,565.9**

C) CONTENT AND MAIN CHANGES - INCOME STATEMENT

4. Net sales €/000 1,369,800

Net sales are shown net of bonuses recognised to customers (dealers).
This heading does not include transport costs recharged to customers (€/000 31,691) and advertising cost recoveries invoiced (€/000 7,834), which are shown under other operating income.
The net sales for disposals of Group core business assets essentially refer to the marketing of vehicles and spare parts in European and non-European markets.

Net sales by business sector

The division of net sales by business sector is shown in the following table:

Amounts in €/000	*1-1 / 30-9 2007*		*1-1 / 30-9 2006*		*Changes*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
2-wheeler	1,073,140	78.4	1,003,172	78.0	69,968	7.0
LCV	282,600	20.6	263,900	20.5	18,700	7.1
Other	14,060	1.0	18,700	1.5	(4,640)	-24.8
TOTAL	1,369,800	100.0	1,285,772	100.0	84,028	6.5

Net sales by geographical area

The breakdown of net sales by geographical area is shown in the following table:

Amounts in €/000	*1-1 / 30-9 2007*		*1-1 / 30-9 2006*		*Changes*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Italy	472,277	34.5	519,922	40.4	(47,645)	-9.2
Rest of Europe	612,800	44.8	513,220	39.9	99,580	19.4
India	174,194	12.7	151,100	11.8	23,094	15.3
North America	59,349	4.3	61,433	4.8	(2,084)	-3.4
Rest of the world	51,180	3.7	40,097	3.1	11,083	27.6
TOTAL	**1,369,800**	**100.0**	**1,285,772**	**100.0**	**84,028**	**6.5**

In the first nine months of 2007, net sales increased by €/000 84,028.
Net of the sales in the corresponding period in 2006 from the sale of motorcycles to the Italian Post Office (Poste Italiane) for some €/000 36,500, the increase would have been €/000 120,528.

The increase was mainly due to the rise in sales of 2-wheeler vehicles on the European market and light commercial vehicles in India.

5. Costs for materials **€/000 818,839**

These costs totalled €/000 818,839, against €/000 740,582 at 30 September 2006. The 10.6% increase is essentially connected to the increase in production and sales volumes. In fact, the percentage on net sales only rose by 2.2%, from 57.6% in the first nine months of 2006 to 59.8% in the current period.
This item includes €/000 35,293 of costs relating to purchases from the Chinese subsidiary Piaggio Foshan of scooters and engines, which are distributed on the European and Asian markets and assembled on scooters built in Italy, respectively.

6. Costs for services and use of third party assets **€/000 241,149**

In the first nine months of 2007, they totalled €/000 241,149, a saving of €/000 11,006 compared to 30 September 2006. This contraction is partly due to the fact that in the first months of 2006 costs for services included €/000 9,936 of non-recurring costs connected with the Italian stock exchange listing.

7. Employee costs **€/000 182,942**

In the first nine months of 2007, employee costs totalled €/000 182,942, against €/000 180,269 for the same period the year before.
It is pointed out that employee costs include €/000 1,415 relating to stock option costs, as required by international accounting standards.

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

	Average number		
Level	*First 9 months 2007*	*First 9 months 2006*	*Change*
Senior management	115	115	0
Middle management	408	364	44
Clerical	1,839	1,776	63
Manual labour	5,066	4,764	302
Total	*7,428*	*7,019*	*409*

	Number at		
Level	*30 September 2007*	*31 December 2006*	*Change*
Senior management	114	113	1
Middle management	427	382	45
Clerical	1,840	1,805	35
Manual labour	4,783	4,474	309
Total	*7,164*	*6,774*	*390*

8. Amortisation, depreciation and impairment costs **€/000 62,125**

As set out in more detail in the paragraph on intangible assets, as of 1 January 2004, goodwill is no longer amortised, but is tested annually for impairment.
The impairment test carried out at 31 December 2006 confirmed the full recoverability of the amounts recorded in the financial statements.
Amortisation under the item "Concessions, licences, trademarks and similar rights" includes €/000 4,490 of amortisation of the Aprilia brand and €/000 1,619 for the Guzzi brand.

9. Other operating income **€/000 95,415**

Other operating income increased by €/000 4,034 compared to the first nine months of 2006.
The heading recovery of transport costs refers to costs recharged to customers, the charges for which are classified under "services".

10. Other operating costs **€/000 21,897**

Overall, other operating costs increased slightly by €/000 1,228 compared to the first nine months of 2006.

11. Net financial income (charges) **€/000 (23,805)**

The negative balance of financial income (charges) in the first nine months of 2007 was of €/000 23,805, an increase compared to the €/000 20,991 for the same period in 2006. The €/000 2,814 worsening is mainly due to the increase in short-term Euro interest rates to which the variable rate financial payables are linked, which was only partly offset by the reduction in average net debt for the period.

12. Taxation **€/000 48,074**

Income tax for the first nine months of 2007, calculated in accordance with IAS 34, is estimated at €/000 48,074, equivalent to 42% of earnings before taxation, equal to the best estimate of the average weighted rate expected for the entire financial period. The tax rate for the first nine months of 2007 differs from that of the same period in 2006 also as a result of the effect of deferred tax assets recorded by the parent company in 2006, in accordance with the provisions of IAS 12.

13. Gain/(loss) from assets intended for disposal or sale

At the quarterly reporting date, there were no gains or losses from assets intended for disposal or sale.

14. Earnings per share

Earnings per share are calculated as follows:

		First 9 months 2007	*First 9 months 2006*
Net earnings	€/000	66,386	77,619
Earnings attributable to ordinary shares	€/000	66,386	77,619
Number of ordinary shares in circulation at 1/1		390,712,148	374,668,137
Number of shares issued in the period		5,328,760	13,148,889
Average number of ordinary shares in circulation during the period		395,435,811	378,569,456
Earnings per ordinary share	€	0.17	0.21
Adjusted average number of ordinary shares		414,482,344	414,456,503
Diluted earnings per ordinary share	€	0.16	0.19

In calculating the diluted earnings per share, account is taken of the potential effects arising from the stock option plans and from the measurement of financial instruments associated with the acquisition of Aprilia.

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

15. Intangible assets €/000 636,027

The table below details the breakdown of intangible assets at 30 September 2007 and at 31 December 2006, as well as the changes for the period.

Amounts in €/000	Book value at 31 December 2006	Increases	Amortisation	Disposals	Reclassi-fications	Exchange differences	Book value at 30 September 2007
R & D costs	58,170	30,301	(18,460)	(19)	(579)	74	69,487
Patent rights	24,340	6,132	(7,432)				23,040
Concessions, licences and trademarks	106,516		(6,258)				100,258
Goodwill	441,250	1,906					443,156
Other	40	162	(35)	(14)	(67)		86
Total	**630,316**	**38,501**	**(32,185)**	**(33)**	**(646)**	**74**	**636,027**

The increases for the period recorded under development costs and patent rights, respectively, relate to the capitalisation of costs incurred to develop new products and new engines, and for the purchase of software. The increase in goodwill is connected with the revaluation of the financial instruments issued upon acquiring Aprilia.

In relation to the acquisition of the Aprilia Group, some financial instruments were issued whose forward commitments are summarised below:

- Piaggio 2004/2009 warrants for an overall issue price of €/000 5,350.5 which envisages a realisable amount that can never exceed the overall issue price by more than twelve times. Therefore the maximum commitment at maturity can never exceed €/000 64,206;
- EMH 2004/2009 financial instruments for a global nominal amount of €/000 10,000, which will give the right to a forward payment of a minimum guaranteed sum of €/000 3,500, as well as a maximum realisable value that can never exceed €/000 6,500;
- Aprilia shareholder 2004/2009 financial instruments which envisage a realisable value that can never exceed €/000 10,000.

In conformity with the main content of the aforementioned contractual agreements, by virtue of which, among other things, the final purchase cost is dependent on the achievement of specific income and balance sheet parameters, in view of the forecasts of the 2007-2008 Business Plan and the positive stock market performance of the Piaggio security, the adjustment of the initial purchase cost, that has been considered likely for all the financial instruments, has been estimated at €/000 75,921 and has been charged to goodwill.

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

		at 30 September 2007			at 31 December 2006	Change (A-B)
Amounts in €/000	Amount	Present value (A)	Time	Discount rate	Present value (B)	
Warrants	64,206	61,399	0.94	6.72%	58,985	2,414
EMH instrument	6,500	6,216	0.94	6.72%	5,940	276
Aprilia shareholder instrument	10,000	8,306	3.11	6.72%	9,090	-784
Total	80,706	75,921			74,015	1,906

The balancing entry for the adjustment to the purchase cost, taking account of the peculiar nature of the underlying financial instruments, has been recorded for €/000 61,399 in the financial instruments fair value reserve and for €/000 14,522 to financial payables.

16. Property, plant and equipment €/000 249,631

The following table shows the breakdown of tangible assets at 30 September 2007 and at 31 December 2006, as well as changes during the period.

Amounts in €/000	*Value at 31 December 2006*	*Increases*	*Depre-ciation*	*Disposals*	*Reclass ifications*	*Exchange differences*	*Value at 30 September 2007*
Land and buildings	123,425	1,068	(2,766)	(111)	27	381	122,024
Plant and machinery	69,515	6,493	(9,512)	(23)	507	1,019	67,999
Equipment	54,655	12,410	(15,522)	(85)	(242)	(2)	51,214
Other	9,371	1,284	(2,140)	(471)	354	(4)	8,394
Total	*256,966*	21,255	(29,940)	(690)	646	1,394	249,631

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

Guarantees

At 30 September 2007, the Group had land and buildings encumbered by mortgage liens or privileges in favour of Interbanca to secure a €/000 1,351 loan provided in accordance with Law 346/88 regarding subsidies for applied research received in previous years.

17. Investment property €/000 0

There is no investment property at the reporting date.

18. Equity investments €/000 725

This heading consists of:

Amounts in €/000	At 30 September 2007	At 31 December 2006	Change
Equity investments in subsidiaries		0	
Equity investments in joint ventures		0	
Equity investments in associated companies	725	754	(29)
Total	*725*	*754*	*(29)*

€/000 20 of the €/000 29 reduction for the period is due to the disposal of the entire equity investment in D.E.V. S.r.l. and €/000 9 is due to the write-down made regarding the Motoride.com. equity investment as a result of the losses incurred.

19. Other non-current financial assets **€/000 544**

Amounts in €/000	At 30 September 2007	At 31 December 2006	Change
Guarantee deposits	315		315
Financial receivables due from associates	58	63	(5)
Equity investments in other companies	171	177	(6)
Total	*544*	*240*	*304*

The heading financial receivables due from associates includes the non-current portion of the loan granted to the Fondazione Piaggio.

20. Current and non-current tax receivables **€/000 23,098**

Tax receivables of €/000 23,098 consist of:

Amounts in €/000	At 30 September 2007	At 31 December 2006	Change
VAT receivables		33,624	(19,730)
Tax receivables for which a refund has been claimed	8,120	9,376	(1,256)
Other receivables due from the public authorities	1,084	99	985
Total tax receivables	*23,098*	*43,099*	*(20,001)*

Tax receivables included under non-current assets totalled €/000 7,566, compared to €/000 7,716 at 31 December 2006, while tax receivables included under current assets totalled €/000 15,532, compared to €/000 35,383 at 31 December 2006.

21. Deferred tax assets **€/000 26,305**

These totalled €/000 26,305, compared to €/000 46,742 at 31 December 2006. Deferred tax assets mainly consist in assets regarding the reversal of unrealised inter-company gains with third parties, tax losses of the parent company and Nacional Motor S.A., temporary differences of the parent company, as well as the adjustment of the Group tax burden to the tax rate expected for the entire financial period.

22. Current and non-current trade receivables **€/000 232,027**

At 30 September 2007, there were no long-term trade receivables. At 31 December 2006, they totalled €/000 174.
Current trade receivables totalled €/000 232,027, against €/000 137,187 at 31 December 2006. They consist of:

Amounts in €/000	At 30 September 2007	At 31 December 2006	Change
Current trade receivables:			
- due from customers	230,927	136,081	94,846
- due from Group companies valued at equity	1,042	1,074	(32)
- due from associated companies	58	32	26
Total	*232,027*	*137,187*	*94,840*

The €/000 94,840 increase is linked to the seasonal nature of the sales, which are concentrated in the spring and summer months.
Trade receivables due from Group companies valued at equity are amounts due from Piaggio Foshan relating to the sale of raw and semi-finished materials.
Trade receivables due from associated companies are amounts due from the Fondazione Piaggio.

The trade receivables item consists of receivables, referring to normal sale transactions, recorded net of a bad debt reserve of €/000 22,211.
The Piaggio Group normally sells its receivables with and without recourse. At 30 September 2007, receivables sold with recourse totalled €/000 4,635 with a balancing entry in the current liabilities.
The Piaggio Group has signed contracts with three of the most important Italian factoring companies for the sale of its trade receivables without recourse. At 30 September 2007, the trade receivables sold without recourse totalled €/000 112,079, of which the Piaggio Group received financial advances totalling €/000 50,075 prior to the natural maturity of the receivables.

23. Other current and non-current receivables **€/000 29,709**

Other receivables recorded under non-current assets totalled €/000 5,690, compared to €/000 6,402 at 31 December 2006, while other receivables recorded under current assets amounted to €/000 24,019, against €/000 33,417 at 31 December 2006. They consist of the following:

Amounts in €/000	At 30 September 2007	At 31 December 2006	Change
Other non-current receivables:			
- due from Group companies valued at equity	440	440	0
- due from associated companies	432	363	69
- due from others	4,818	5,599	(781)
Total non-current portion	*5,690*	*6,402*	*(712)*

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

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

Amounts in €/000	At 30 September 2007	At 31 December 2006	Change
Other current receivables:			
Due from parent company	18	76	(58)
Due from Group companies valued at equity	47	3,379	(3,332)
Due from associated companies	99	124	(25)
Due from others	23,855	29,838	(5,983)
Total current portion	*24,019*	*33,417*	*(9,398)*

During the period, the parent company collected the €/000 3,379 receivable from Piaggio Foshan in relation to the agreements set forth in the joint venture contract with the Chinese partner Zongshen Industrial Group Company Limited, previously recorded under current receivables due from companies valued at equity.

24. Inventories **€/000 245,257**

At 30 September 2007, inventories totalled €/000 245,257, compared to €/000 233,306 at the end of 2006 and consist of:

Amounts in €/000	*At 30 September 2007*	*At 31 December 2006*	*Change*
Raw materials and consumables	103,841	97,521	6,320
Reserve for loss in value	(11,332)	(9,177)	(2,155)
	92,509	*88,344*	4,165
Work in progress	21,946	27,470	(5,524)
Reserve for loss in value	(3,549)	(852)	(2,697)
	18,397	*26,618*	(8,221)
Finished products and goods for resale	151,106	133,535	17,571
Reserve for loss in value	(17,476)	(15,287)	(2,189)
	133,630	*118,248*	15,382
Payments on account	*721*	*96*	625
Total	*245,257*	*233,306*	*11,951*

The overall increase of €/000 11,951 is linked to the seasonal nature of the production cycle.

25. Other current financial assets **€/000 8,961**

This item consists of:

Amounts in €/000	*At 30 September 2007*	*At 31 December 2006*	*Change*
Financial receivables due from associates	35	30	5
Securities	8,210	11,836	(3,626)
Other	716		716
Total	*8,961*	*11,866*	*(2,905)*

€/000 8,155 of the securities item refers to certificates of deposit issued by an Indian public social security body and purchased by the subsidiary Piaggio Vehicles Private Ltd. in order to make efficient use of temporary liquidity.

The financial receivables due from associated companies item includes the current portion of the loan granted to the Fondazione Piaggio.

"Other" includes a €/000 468 deposit relating to the contract for taking on the payables of Scooter Holding 1 S.r.l. (formerly Piaggio Holding S.p.A.), signed on 16 October 2003, as envisaged in the Investment Contract.

26. Cash and cash equivalents **€/000 113,625**

Cash and cash equivalents totalled €/000 113,625, against €/000 68,857 at 31 December 2006, as detailed below:

Amounts in €/000	*At 30 September 2007*	*At 31 December 2006*	*Change*
Bank and post office deposits	113,544	68,433	45,111
Cheques		346	(346)
Cash and assets in hand	81	78	3
Total	*113,625*	*68,857*	*44,768*

Consistent with the seasonal nature of the business, this heading mainly consists of sight and short-term bank deposits paying the best market rates.

27. Assets intended for sale **€/000 0**

At 30 September 2007, there were no assets intended for sale.

CONTENT AND MAIN CHANGES - CONSOLIDATED BALANCE SHEET - LIABILITIES

28. Share capital and reserves €/000 478,011

Share capital €/000 202,124

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

In thousands of Euros	
Al 1 January 2007	203,170
Exercised stock options	2,771
Purchase of own shares	(3,817)
At 30 September 2007	202,124

At 30 September 2007, the fully paid up share capital consisted of 396,040,908 ordinary shares with a nominal value of € 0.52 each, for a total of € 205,941,272.16. During the period, 5,328,760 new ordinary shares were issued to and taken up by beneficiaries of the stock option plan. As a result, all the options granted under the 2004-2007 Plan have been fully exercised.

Furthermore, during the period, following resolutions passed at the shareholders' meeting on 7 May 2007, the parent company purchased 7,340,000 own shares in order to implement the new 2007-2009 stock option plan.

In accordance with the provisions of international accounting standards, these purchases were recorded as a reduction in shareholders' equity.

At 30 September 2007, according to the shareholder ledger and available information, beyond Immsi S.p.A. (with 55.234% of the share capital), Deutsche Bank AG (with 2.010% of the share capital) and Diego Della Valle e C. S.a.p.a. (with 2.010% of the share capital), no shareholder holds an equity investment of more than 2% of the share capital.

Share premium reserve €/000 3,493

The share premium reserve at 30 September 2007 stood at €/000 3,493. During the period, the opening balance (€ 32,960,645.06) was reclassified under retained earnings, while the reserve increased by € 3,493,150 as a result of 5,328,760 options being exercised.

Legal reserve €/000 4,273

The legal reserve increased by €/000 3,550 as a result of the allocation of the earnings for the last period.

Other reserves and retained earnings €/000 208,125

This heading consists of:

Amounts in €/000	*At 30 September 2007*	*At 31 December 2006*	*Change*
Conversion reserve	(575)	(852)	277
Stock option reserve	6,242	4,827	1,415
Financial instruments' fair value reserve	63,498	59,819	3,679
IFRS transition reserve	(5,859)	(4,113)	(1,746)
Total other reserves	*63,306*	*59,681*	*3,625*
Consolidation reserve	993	993	0
Retained earnings	136,826	70,587	66,239
Total	201,125	131,261	69,864

The financial instruments' fair value reserve includes €/000 61,399 arising from the valuation of the Aprilia warrants and €/000 2,099 relating to the effect of recording the cash flow hedge.
The IFRS transition reserve changed following the parent company's decision to make good losses.
The consolidation reserve arose following the acquisition in January 2003 by Piaggio & C. S.p.A. of the equity investment held by Daihatsu Motor Co. Ltd in P&D S.p.A., equal to 49% of the share capital.

Group earnings for the period €/000 66,046

Minority interest capital and reserves €/000 950

This amount refers to the minority shareholders in Piaggio Hrvatska Doo.

29. Current and non-current financial liabilities €/000 382,037

Non-current financial liabilities totalled €/000 334,953, compared to €/000 355,935 at 31 December 2006, while current financial liabilities stood at €/000 47,084, against €/000 42,794 at 31 December 2006.

As is shown in the table on the net financial position included in the financial schedules, the Group's overall net debt improved from €/000 318,006 at 31 December 2006 to €/000 259,451 at 30 September 2007, a reduction of €/000 58,555. This result is linked with financial performance and the seasonal nature of the business.
The attached tables summarise the breakdown of financial debt at 30 September 2007 and at 31 December 2006, as well as the changes for the period.

Amounts in €/000	*At 31 December 2006*	*Repay-ments*	*New issues*	*Reclassif-ications to current portion*	*Other changes*	*At 30 September 2007*
Non-current portion:						
Medium-/long-term loans	169,740		2,720	(14,522)	3,723	161,661
Bonds falling due beyond 12 months	144,628				301	144,929
Other medium-/long-term loans						
of which leases	10,430		9	(515)		9,924
of which due to other lenders	12,607			(2,474)		10,133
of which Aprilia instruments	18,530			(5,940)	(4,284)	8,306
Total other loans beyond 12 months	41,567		*9*	*(8,929)*	*(4,284)*	*28,363*
Total	*355,935*		*2,729*	**(23,451)**	**(260)**	*334,953*

Amounts in €/000	*At 31 December 2006*	*Repay-ments*	*New issues*	*Reclass. from non-current portion*	*Other changes*	*At 30 September 2007*
Current portion:						
Current account overdrafts	2,218		1,527			3,745
Current account payables	952	(596)				356
Payables due to factoring companies	4,464	(4,138)	4,309			4,635
Current portion of medium-/long-term loans:						
- due to banks	19,236	(5,031)		14,522		28,727
- due to others						
. of which leases	940	(706)	4	515		753
. of which due to other lenders	14,984	(14,806)		2,474		2,652
. of which Aprilia instruments	0			5,940	276	6,216
Total due to others	15,924	(15,512)	4	*2,989*	*276*	9,621
Total current portion of medium-/long-term loans	*35,160*	*(20,543)*	*4*	*23,451*	*276*	*38,348*
Total	*42,794*	*(25,277)*	*5,840*	*23,451*	*276*	*47,084*

Group debt improved €/000 16,692 as a result of the above mentioned financial performance and seasonal nature of the business. Against this background, it was decided to reduce the forms of short-term debt, favouring self-liquidating borrowings, except for a medium-term subsidised loan of €/000 2,290 provided by Banca Intesa San Paolo and a medium-term subsidised loan provided by Interbanca for €/000 429.

Medium-term bank debt amounts to €/000 190,388 (of which €/000 161,661 non-current and €/000 28,727 current) and consists of the following loans:

- a €/000 148,530 (nominal value €/000 150,000) loan provided to the parent company by Mediobanca and Banca Intesa San Paolo. This loan is part of a more complex financial package that in April 2006 was syndicated to a restricted number of banks. The package consists of a portion of €/000 150,000 nominal fully drawn down and a portion of €/000 100,000 to be used as a credit line, which at 30 September 2007 was completely undrawn. The structure envisages a 7-year term, with a grace period of 18 months and 11 semi-annual instalments with the last maturity on 23 December 2012 for the loan portion, a variable interest rate linked to 6-month Euribor to which a variable margin of between a maximum of 2.10% and a minimum of 0.65% is added, depending on the Net Financial Debt/ EBITDA ratio. In relation to the improvement in this index recorded in the 2006 annual financial statements, this margin has fallen from 1.15% to 0.90% as from the second half of 2007. For the portion relating to the credit line there is a commitment fee of 0.25%. The agreement does not envisage the issue of guarantees, while, in line with market practice, it does require meeting some financial parameters. It should be noted that, in reference to the 2006 figures, these parameters were comfortably met;
- a €/000 29,000 loan granted to the parent company by a syndicate of 14 banks at the time of the Aprilia acquisition for the purchase, for an amount of 34 million Euros, of the non self-liquidating financial receivables claimed by the same lenders from Aprilia S.p.A. The conditions envisaged a fixed interest rate of 3.69% annually compounded and repayment in a single instalment of capital and interest at the final maturity, set for 31 December 2009, aligned with the exercise date of the Piaggio 2004-2009 warrants underwritten by the same lenders during the Aprilia closing;
- a €/000 1,351 loan provided by Interbanca in accordance with Law 346/88 regarding subsidies for applied research, secured by a mortgage lien on property;
- an interest-free loan of €/000 2,691 provided by Banca Antonveneta originally to a subsidiary of the Aprilia Group and, following the acquisition, taken on by the parent company with a single repayment date in 2011. The conditions envisage a market interest rate over the last two years based on the performance of the Piaggio 2004-2009 warrants;
- a €/000 451 loan provided to the parent company by Mediocredito Centrale at a subsidised rate in accordance with article 7 of Law 49 on international cooperation, maturing on 16 September 2008;
- a €/000 2,575 variable rate loan provided to the parent company by Efibanca, maturing on 27 December 2009;

- a €/000 2,290 subsidised loan provided by Banca Intesa San Paolo under Law 346/88 regarding applied research;
- €/000 3,500 of payables due to Interbanca in its capacity of provider of the EMH instruments.

The bonds falling due after 12 months item (€/000 144,929 net book value) refers to the high-yield bond issued on 27 April 2005 by the subsidiary Piaggio Finance S.A. (Luxembourg), for a nominal amount of €/000 150,000, maturing on 30 April 2012 and with a semi-annual coupon bearing a fixed annual nominal rate of 10%. The bond issue was guaranteed by the parent company and in June 2007 benefited from an upgrade when Standard & Poor's assigned the issue a rating of BB (previously BB-), in line with the issuer's rating, along with a "stable" outlook remark; in July 2007, Moody's also upgraded its rating to Ba2 (previously Ba3), with a "stable" outlook remark.

Medium-/long-term payables due to other lenders amount to €/000 37,984, of which €/000 28,363 falling due beyond 12 months and €/000 9,621 falling due within 12 months. Their breakdown is as follows:

- finance leases for €/000 10,677, of which €/000 10,598 provided by Locat S.p.A. to Moto Guzzi S.p.A., €/000 67 provided by SAP S.p.A. to Piaggio & C. S.p.A and €/000 12 provided by Italease Factoring S.p.A. to Moto Guzzi & C. S.p.A.;
- €/000 6,216 of payables due to Interbanca in its capacity of provider of the EMH financial instruments;
- a €/000 8,306 Aprilia ex-shareholders financial instrument;
- subsidised loans for €/000 12,785 provided by Simest and by the Ministry of Production using regulations to encourage exports and investment in research and development (non-current portion of €/000 10,133).

<u>Financial instruments</u>

Exchange rate risk

In the first nine months of 2007, exchange rate risk was managed in line with the policy introduced in 2006 which aims to neutralise the possible negative effects of the changes in exchange rates on company cash-flow, by hedging the business risk, which concerns the changes in company profitability compared to the annual business budget on the basis of a key change (the so-called "budget change") and of the settlement risk, which concerns the differences between the exchange rate recorded in the financial statements for receivables or payables in foreign currency and that recorded in the related receipt or payment.

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

The hedges must be at least 66% of the business exposure of each month.

The exposure to settlement risk consists of receivables and payables in foreign currency acquired in the accounting system at any moment. The hedge must at all times be equal to 100% of the import, export or net settlement exposure for each currency.
Referring to contracts which are made to hedge exchange rate risk on receivables and payables in foreign currency (settlement risk), at 30 September 2007 Piaggio & C. S.p.A. had the following forward sale contracts outstanding:

- USD/000 36,375, corresponding to €/000 25,793 (valued at the forward exchange rate);
- GBP/000 17,695, corresponding to €/000 25,440 (valued at the forward exchange rate);
- NOK/000 2,855, corresponding to €/000 359 (valued at the forward exchange rate);
- DKK/000 5,220, corresponding to €/000 701 (valued at the forward exchange rate);
- CHF/000 5,515, corresponding to €/000 3,360 (valued at the forward exchange rate);
- JPY/000 45,000, corresponding to €/000 277 (valued at the forward exchange rate).

As regards contracts in place to hedge exchange rate risk on forecast transactions (business risk), at 30 September 2007, the parent company had forward purchase transactions of JPY/000,000 200,000 corresponding to €/000 1,374 and forward sales transactions of CHF/000 2,400 corresponding overall to €/000 1,531 (valued at the forward exchange rate) and GBP/000 9,300 corresponding to €/000 13,721 (valued at the forward exchange rate).
As for Piaggio Group America, at 30 September 2007, there were forward sale transactions for a value of USD/000 13,400 corresponding overall to €/000 10,395 (valued at the forward exchange rate).

30. Current and non-current trade payables **€/000 451,856**

There were no non-current trade payables outstanding in the two periods being compared.
At 30 September 2007, current trade payables totalled €/000 451,856, against €/000 394,709 at 31 December 2006.

Amounts in €/000	*At 30 September 2007*	*At 31 December 2006*	*Change*
Current liabilities:			
Due to suppliers	446,575	385,369	61,206
Due to Group companies valued at equity	4,998	9,317	(4,319)
Due to parent companies	283	23	260
Total current portion	*451,856*	*394,709*	*57,147*

The overall increase in trade payables of €/000 57,147 is linked to the previously mentioned seasonal nature of the production cycle.

31. Reserves (current and non-current portions) **€/000 41,436**

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

Amounts in €/000	Balance at 31 December 2006	Allocations	Applications	Reclass.	Exchange difference	Balance at 30 September 2007
Product warranty reserve	18,681	8,512	(8,132)	1,063	(24)	20,100
Reserve for risks on equity investments	5,851					5,851
Reserves for restructuring	776	150	(72)			854
Reserve for contractual risks	5,200		(290)			4,910
Other reserves for risks and charges	8,280	3,223	(619)	(1,063)	(100)	9,721
Total	*38,788*	*11,885*	*(9,113)*	*0*	*(124)*	*41,436*

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

Amounts in €/000	*At 30 September 2007*	*At 31 December 2006*	*Change*
Non-current portion:			
Product warranty reserve	2,081	5,145	(3,064)
Reserve for risks on equity investments	5,550	5,851	(301)
Reserve for contractual risks	4,910	5,200	(290)
Other reserves for risks and charges	5,456	5,710	(254)
Total non-current portion	17,997	21,906	(3,909)

Amounts in €/000	*At 30 September 2007*	*At 31 December 2006*	*Change*
Current portion:			
Product warranty reserve	18,019	13,536	4,483
Reserve for risks on equity investments	301		301
Reserves for restructuring	854	776	78
Reserve for contractual risks			0
Other reserves for risks and charges	4,265	2,570	1,695
Total current portion	*23,439*	*16,882*	*6,557*

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

The reserve increased during the period for €/000 8,512 and was used for €/000 8,132 in relation to charges incurred during the period.

The reserve for risks on equity investments includes the portion of negative shareholders' equity in the subsidiaries Piaggio China Co Ltd and AWS do Brasil, as well as the charges that may arise from liquidations/mergers involving some foreign Group companies.

The reserve for charges for restructuring refers to future charges which are expected to be incurred regarding duly identified measures to reorganise the company.

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

"Other reserves" include the provision for legal risks for an amount of €/000 3,311.

32. Deferred tax liabilities — €/000 39,075

€/000 23,077 of the reserve for deferred tax liabilities refers to the tax effect on registering the Aprilia brand. The remainder relates to temporary differences calculated by other Group companies.

33. Reserves for pensions and employee benefits — €/000 65,528

Amounts in €/000	*At 30 September 2007*	*At 31 December 2006*	*Change*
Reserves for pensions	2,781	2,649	132
Employee leaving indemnity reserve	62,747	75,499	(12,752)
Total	*65,528*	*78,148*	*(12,620)*

The reserves for pensions consist of reserves for employees allocated by foreign companies and the additional customer indemnity reserve, which represents the compensation due to agents in the case of the agency contract being terminated for reasons beyond their control.

The reduction in the employee leaving indemnity reserve is also due to the changes introduced by Law 27 December 2006 n°. 296, the "2007 Budget".

34. Current and non-current tax payables **€/000 23,224**

"Tax payables" included in non-current liabilities totalled €/000 460, against €/000 188 at 31 December 2006, while those included in current liabilities totalled €/000 22,764, compared to €/000 15,375 at 31 December 2006.
The breakdown is as follows:

Amounts in €/000	*At 30 September 2007*	*At 31 December 2006*	*Change*
Due for income tax for the period	3,410	3,323	87
Due for non-income tax	5,618	107	5,511
Tax payables for:			
- VAT	10,086	6,124	3,962
- tax withholdings made	800	5,560	(4,760)
- other	3,310	449	2,861
Total	14,196	12,133	2,063
TOTAL	*23,224*	*15,563*	*7,661*

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

35. Other payables (current and non-current) **€/000 84,742**

Amounts in €/000	*At 30 September 2007*	*At 31 December 2006*	*Change*
Non-current portion:			
Guarantee deposits	37		37
Amounts due to social security institutions	1,084	1,084	0
Other payables	6,971	16,415	(9,444)
Total non-current portion	*8,092*	*17,499*	*(9,407)*

Amounts in €/000	*At 30 September 2007*	*At 31 December 2006*	*Change*
Current portion:			
Guarantee deposits	1,231	2,057	(826)
Amounts due to employees	39,305	28,056	11,249
Amounts due to social security institutions	6,799	9,503	(2,704)
Sundry payables due to associated	233	156	77
Other	29,082	12,598	16,484
Total current portion	*76,650*	*52,370*	*24,280*

Other payables included in non-current liabilities totalled €/000 8,092, compared to €/000 17,499 at 31 December 2006, while other payables included in current liabilities totalled €/000 76,650, compared to €/000 52,370 at 31 December 2006.

Guarantee deposits include the deposit paid in 1997 by T.N.T. Automotive Logistics S.p.A. to Piaggio & C. S.p.A. to guarantee the payment of the employee leaving indemnities accrued by employees working for the company branch sold dealing with the receipt, packaging, warehousing and physical distribution of parts and accessories. At 30 September 2007, the deposit stood at €/000 1,255.

Amounts due to employees include the amount for holidays accrued but not taken of €/000 12,556 and other payments to be made for €/000 8,292.

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

Milan, 5 November 2007

for the Board of Directors
Chairman and Chief Executive
Roberto Colaninno

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

The main business and financial dealings that Group companies had with related parties have already been described in the specific paragraph in the Directors' Report to which reference is made here. To supplement that information, the following table provides an indication by company of the outstanding items at 30 September 2007, as well as their contribution to the respective headings.

		Amounts in €/000	% of accounting item
Dealings with associated companies			
Fondazione Piaggio			
	costs for services and use of third party assets	51	0.02%
	other operating income	37	0.04%
	other operating costs	82	0.37%
	other non-current financial assets	58	10.66%
	other current financial assets	35	0.39%
	other non-current receivables	432	7.59%
	current trade receivables	58	0.02%
	other current receivables	99	0.41%
	other current payables	233	0.30%
Piaggio China			
	current trade payables	6	0.00%
Piaggio Foshan			
	costs for materials	35,293	4.31%
	costs for services and use of third party assets	21	0.01%
	other operating income	3,229	3.38%
	current trade receivables	1,042	0.45%
	other current receivables	47	0.20%
	current trade payables	4,992	1.10%
AWS do Brasil			
	other non-current receivables	440	7.73%
Studio D'Urso			
	costs for services and use of third party assets	105	0.04%
	current trade payables	105	0.02%
Dealings with parent companies			
IMMSI			
	costs for services and use of third party assets	942	0.39%
	other operating income	19	0.02%
	other current receivables	18	0.07%
	current trade payables	283	0.06%

F) NON-RECURRING TRANSACTIONS

In the first nine months of 2007, the Group had no significant non-recurring transactions.
However, as regards the same period in 2006, there was the listing on the Italian stock exchange.

30 September 2006	Shareholders' equity		Earnings for the period		Net financial debt		Cash flows	
	€/000	%	€/000	%	€/000	%	€/000	%
Book values	441,035	100%	77,619	100%	295,217	100%	16,693	100%
Listing costs	(9,936)		(9,936)					
Total effect of transaction	(9,936)	-2.3%	(9,936)	-12.8%	0	0.0%	0	0.0%

G) SUBSEQUENT EVENTS

To date, no events have occurred after 30 September 2007 that make additional notes or adjustments to these quarterly financial statements necessary.

In this regard, refer to the Directors’ report for significant events after 30 September 2007.