PIAGGIO & C. s.p.a.

IMMSI Group

Share capital EUR 205,941,272.16 fully paid up
Registered office: Viale R. Piaggio 25, Pontedera (Pisa)
Pisa Register of Companies and Tax Code 04773200011
Pisa Economic and Administrative Index no. 134077

Interim report on operations as of 31 March 2010

CONTENTS

COMPANY BOARDS

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

(1) Director in charge of internal audit

(2) *Lead Independent Director*

(3) Member of the Appointment Proposal Committee

(4) Member of the Remuneration Committee

(5) Member of the Internal Control Committee

(6) In office since 26 February 2010

Introduction

This Interim Report on Operations as of 31 March 2010 has been prepared pursuant to Legislative Decree 58/1998 as amended, and pursuant to Consob Issuers' Regulations.

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

Interim Directors' Report

Financial Highlights

In millions of Euro		1st quarter 2010	1st quarter 2009	2009 statutory
Income statement (reclassified)				
Net revenues		340.6	306.3	1,486.9
Gross industrial margin		102.5	87.8	467.1
Operating expenses		-91.2	-87.6	-362.6
Operating income		11.3	0.2	104.4
Earnings before tax		5.4	-8.2	74.1
Net income		2.9	-4.7	47.4
. Minority interest		0.0	-0.1	1.4
. Group		2.9	-4.6	46.0
Gross margin on net revenues	%	30.1	28.7	31.4
Operating income on net revenues	%	3.3	0.1	7.0
Net income on net revenues	%	0.8	-1.5	3.2
EBITDA		**31.8**	**21.0**	**200.8**
EBITDA on Net Revenues	%	9.3	6.9	13.5
Balance sheet				
Net working capital		92.8	80.5	17.2
Tangible assets		248.9	248.7	250.4
Intangible assets		645.8	649.8	641.3
Financial assets		0.4	0.6	0.6
Provisions		-132.1	-136.8	-133.7
Net capital employed		**855.7**	**842.8**	**775.8**
Consolidated net debt		422.6	446.7	352.0
Shareholders’ equity		433.2	396.1	423.8
Sources of funds		**855.7**	**842.8**	**775.8**
Minority interest capital		1.6	1.3	2.1
Cash flow				
Opening consolidated net debt		**-352.0**	**-359.7**	**-359.7**
Cash flow from operating activities (earnings+amortisation/depreciation)		23.3	16.1	143.8
Change in net working capital		-75.6	-84.2	-20.9
Net investments		-23.3	-20.7	-89.4
Change in retirement funds and other provisions		-1.6	-0.7	-3.8
Other changes in shareholders' equity		6.5	2.6	-21.8
Total cash flow		***-70.6***	***-86.9***	***7.7***
Closing consolidated net debt		**-422.6**	**-446.7**	**-352.0**

INCOME STATEMENT BY OPERATING SEGMENTS

		TWO-WHEELER VEHICLES				COMMERCIAL VEHICLES			
		EUROPE	AMERICAS	ASIA PACIFIC	TOTAL	EUROPE	INDIA	TOTAL	TOTAL
	1st quarter 10	71.4	1.1	15.0	**87.6**	3.9	52.2	**56.2**	**143.7**
Sales volumes	1st quarter 09	69.0	6.4	2.5	**77.9**	4.3	37.9	**42.2**	**120.1**
(units/000)	Change	2.4	(5.3)	12.5	**9.7**	(0.4)	14.4	**14.0**	**23.6**
	Change %	3.5	-82.4	504.7	**12.4**	-10.0	38.0	**33.1**	**19.7**
	1st quarter 10	181.7	4.8	33.7	**220.2**	33.4	86.9	**120.4**	**340.6**
Turnover	1st quarter 09	182.1	21.0	6.5	**209.5**	35.5	61.3	**96.8**	**306.3**
(ML €)	Change	(0.4)	(16.2)	27.2	**10.7**	(2.1)	25.6	**23.5**	**34.2**
	Change %	-0.2	-77.3	419.8	**5.1**	-5.8	41.7	**24.3**	**11.2**
Gross industrial	1st quarter 10	56.8	1.4	13.4	**71.6**	8.5	22.5	**30.9**	**102.5**
margin	1st quarter 09	52.3	6.9	1.7	**60.9**	9.2	17.7	**26.9**	**87.8**
(ML €)	Change	4.5	(5.5)	11.7	**10.7**	(0.8)	4.8	**4.0**	**14.7**
	Change %	8.6	-79.7	688.2	**17.6**	-8.2	26.8	**14.9**	**16.7**
	1st quarter 10								**31.8**
EBITDA	1st quarter 09								**21.0**
(ML €)	Change								**10.8**
	Change %								**51.4**
	1st quarter 10								**5.4**
EBT	1st quarter 09								**(8.2)**
(ML €)	Change								**13.6**
	Change %								
	1st quarter 10								**2.9**
Net income	1st quarter 09								**(4.7)**
(ML €)	Change								**7.6**
	Change %								

MAIN DATA BY BUSINESS SEGMENT AS OF 31 MARCH 2010

Business unit		Two-Wheeler Vehicles	Commercial Vehicles	**Total**
Sales volumes (units/000)	1st quarter 2010	87.6	56.2	**143.7**
	1st quarter 2009	77.9	42.2	**120.1**
	Change	9.7	14.0	**23.6**
	Change %	12.4	33.1	**19.7**
Turnover (ML €)	1st quarter 2010	220.2	120.4	**340.6**
	1st quarter 2009	209.5	96.8	**306.3**
	Change	10.7	23.5	**34.2**
	Change %	5.1	24.3	**11.2**
Employees (n.)	As of 31 March 2010	4,924	2,575	**7,499**
	As of 31 December 2009	4,783	2,517	**7,300**
	Change	141	58	**199**
	Change %	2.9	2.3	**2.7**
Investments (ML €)	1st quarter 2010	9.1	5.6	**14.7**
	1st quarter 2009	14.0	6.0	**20.0**
	Change	(4.9)	(0.4)	**(5.3)**
	Change %	-35.0	-6.7	**-26.5**
R&D (ML €)	1st quarter 2010	12.6	5.3	**17.9**
	1st quarter 2009	13.2	4.6	**17.8**
	Change	(0.6)	0.7	**0.1**
	Change %	-4.5	15.2	**0.6**

MAIN DATA BY GEOGRAPHICAL SEGMENT AS OF 31 MARCH 2010

		ITALY	REST OF EUROPE	AMERICAS	INDIA	ASIA PACIFIC	**TOTAL**
Sales volumes (units/000)	1st quarter 2010	28.2	47.1	1.1	52.2	15.0	**143.7**
	1st quarter 2009	25.3	48.0	6.5	37.9	2.5	**120.1**
	Change	2.9	(0.9)	(5.3)	14.4	12.5	**23.6**
	Change %	11.5	-1.9	-82.3	38.0	504.8	**19.7**
Turnover (ML €)	1st quarter 2010	91.6	123.3	5.0	86.9	33.7	**340.6**
	1st quarter 2009	87.8	129.5	21.2	61.3	6.5	**306.3**
	Change	3.8	(6.2)	(16.2)	25.6	27.2	**34.2**
	Change %	4.4	-4.8	-76.6	41.7	419.8	**11.2**
Employees (n.)	As of 31 March 2010	4,233	520	56	2,249	441	**7,499**
	As of 31 December 2009	4,131	535	64	2,126	444	**7,300**
	Change	102	(15)	(8)	123	(3)	**199**
	Change %	2.5	-2.8	-12.5	5.8	-0.7	**2.7**
Investments (ML €)	1st quarter 2010	10.7	0.1	-	3.1	0.8	**14.7**
	1st quarter 2009	13.9	0.5	-	4.6	1.0	**20.0**
	Change	(3.2)	(0.4)	-	(1.5)	(0.2)	**(5.3)**
	Change %	-23.0	-80.0	-	-32.6	-20.0	**-26.5**
R&D (ML €)	1st quarter 2010	14.3	-	-	3.1	0.5	**17.9**
	1st quarter 2009	14.8	-	-	3.0	0	**17.8**
	Change	(0.5)	-	-	0.1	0.5	**0.1**
	Change %	-3.4	-	-	3.3	100.0	**0.6**

Published data relative to the 1st quarter of 2009 have been revised, to classify them according to current organisational logics.

PIAGGIO GROUP FINANCIAL POSITION AND PERFORMANCE

Financial performance of the Piaggio Group in the first quarter of 2010

Net revenues

In millions of Euro	*1st quarter 2010*	*1st quarter 2009*	*Change*
Two-Wheeler Vehicles	220.2	209.5	10.7
Commercial Vehicles	120.4	96.8	23.5
TOTAL REVENUES	**340.6**	**306.3**	**34.2**

In the first quarter of 2010, the Piaggio Group sold a total of 143,730 vehicles worldwide, 87,580 of which in the Two-Wheeler business and 56,150 in the Commercial Vehicles business.

As regards the Two-Wheeler business, this performance was achieved within a particularly difficult market context in the Group's main reference areas. In fact compared to the same period of the previous year, demand in the Two-Wheeler business fell in Europe (including Italy), in both the scooter segment (-11.1%) and the motorcycle segment (- 10.6%).

An analysis of sales by geographical segment shows the growth achieved in the Asia-Pacific area, thanks to the success of the Vietnamese production site which was still not operative in the 1st quarter of 2009.

Sales of the Group on the Italian market also increased (+14.3) despite the overall market downturn (sell-out). As a result, the Piaggio Group improved its global market share, confirming its position as a leader in the scooter segment.

Performance declined in Europe and the Americas, where sales on the Canadian market were temporarily stopped, following a review of the distribution model in the first quarter of 2010.

The Commercial Vehicles division ended the first quarter of 2010 with 56,150 units sold, up 33.1% compared to the same period in 2009. This was due to expansion on the Indian market (+38%), which had been affected by a decline in the first quarter of 2009.

In the first quarter of 2010, consolidated net sales were equal to 340.6 ML €, up 11.2% compared to the same period in 2009. The breakdown of revenues by sub-segments of reference shows that the increase was mostly driven by the successful performance of the Asian market in the Two-Wheeler segment and of the Indian market in the commercial vehicles sector, which more than made up for the downturns on the American and European markets.

The **gross industrial margin,** defined as the difference between "Revenues" and the corresponding "Cost of Sales" of the period, was equal to 102.5 ML €, registering an increase of 16.8% compared to the first three months of 2009. The percentage accounting for turnover continued to grow (30.1% compared to 28.7% in the same period in 2009) thanks to major efforts to control production costs. The gross industrial margin includes depreciation and amortisation for 8.3 ML € (8.5 ML € in the first three months of 2009).

"Cost of Sales" includes: the cost for materials (direct and consumables), accessory purchase costs (transport of incoming material, customs, movements and warehousing), employee costs for direct and indirect manpower and relative expenses, work carried out by third parties, energy costs, amortisation/depreciation of property, plant, equipment and industrial equipment, external maintenance and cleaning costs net of sundry cost recovery recharged to suppliers.

Operating expenses as of 31 March 2010 totalled 91.2 ML €, an increase of 3.6 ML € compared to 87.6 ML € in the same period in 2009. This item consists of employee costs, costs for services and use of third-party assets and operational expenditures net of operating income not included in the gross industrial margin. Operating expenses also include amortisation/depreciation for 12.2 ML € (12.4 ML € in the first quarter of 2009).

The performance of the above revenues and costs produced a **consolidated EBITDA** equal to 31.8 ML € (+10.8 ML €, +2.4% of Revenues compared to the first quarter in 2009). EBITDA is defined as "Operating income" before the amortisation of intangible assets and depreciation of tangible assets as resulting from the consolidated income statement.

Operating income in the first quarter of 2010 was positive, amounting to 11.3 ML €, up 11.1 ML € compared to 0.2 ML € in the same period in 2009. Profitability (measured as operating income divided by net revenues) also increased and was equal to 3.3%, against 0.1% for the same period in 2009.

Net borrowing costs amounted to 5.9 ML €, compared to 8.4 ML € in the same period in 2009. The improved performance is related to better refinancing conditions for the debenture loan, lower costs of Euribor index-linked loans and a positive effect from currency management.

In the first quarter of 2010, the Piaggio Group reported **earnings before tax** of 5.4 ML € (+ 13.6 ML € compared to the same period in 2009). This improvement is related to increased operating income.

In accordance with IAS, taxes for the period account for a cost of 2.6 ML €, (as against an income of 3.5 ML € in the first quarter of 2009) and were determined based on the average tax rate expected for the entire period.

Net income as of 31 March 2010 was equal to 2.9 ML € (- 4.7 ML € in the same period in 2009).

Consolidated Cash Flow Statement

The consolidated cash flow statement prepared in accordance with the models provided by international financial reporting standards (IFRS) is shown in the "Consolidated Financial Statements and Explanatory notes as of 31 March 2010"; the following is a comment relating to the summary statement shown in the Highlights.

Cash flow generated in the period was equal to 70.6 ML €.

Cash flow from operating activities, i.e. net income plus amortisation/depreciation, was equal to 23.3 ML €. The positive effect of the cash flow was absorbed by an increase in working capital, which rose from 17.2 ML € as of 31 December 2009 to 92.8 ML € as of 31 March 2010, by investment activities totalling 23.3 ML € and by the purchase of own shares for 0.2 ML €.

Financial position of the Piaggio Group as of 31 March 2010

Net working capital – defined as the net sum of: Current and non-current trade receivables and other receivables, Inventories, Long-term trade payables and other payables and Current trade payables, Other receivables (Short- and long-term tax receivables, Deferred tax assets) and Other payables (Tax payables and Other short-term payables) – was positive for 92.8 ML €. The growth of 75.6 ML € compared to figures as of 31 December 2009 is in line with seasonal trends of the business.

Tangible assets consist of properties, plant, machinery and industrial equipment, net of accumulated depreciation, and assets held for sale, as set out in more detail in the "Explanatory Notes" to the Consolidated Financial Statements, in notes 17 and 28. As of 31 March 2010 this item totalled 248.9 ML €, registering a decrease of 1.5 ML € compared to 31 December 2009 and an increase of 0.2 ML € compared to the same period of the previous year. This reduction compared to 31 December 2009 is mainly due to a time-related misalignment between the effect of depreciation and the new capitalisation of works in progress.

Intangible assets consist of capitalised research and development costs and the goodwill arising from the mergers and acquisitions undertaken within the Group since 2000 onwards, as set out in more detail in the Explanatory notes to the consolidated financial statements in the specific note. As of 31 March 2010, this item amounted to 645.8 ML €, up 4.5 ML € compared to 31 December 2009.

Financial assets, defined by the directors as the total of equity investments and other non-current financial assets (refer to "Explanatory Notes" 19 and 20), totalled 0.4 ML €, registering a decrease of 0.2 ML € compared to 31 December 2009.

Provisions consist of retirement funds and employee benefits (see "Explanatory Notes" 34), other long-term provisions (see "Explanatory Notes" 32), the current portion of other long-term provisions (see "Explanatory Notes" 32), and deferred tax liabilities (see "Explanatory Notes" 33), and totalled 132.1 ML €, a decrease of 1.6 ML € compared to 31 December 2009.

Net financial debt as of 31 March 2010 was 422.6 ML € compared to 352.0 ML € as of 31 December 2009 and compared to 446.7 ML € in the same period in 2009. The increase of 70.6 ML € compared to 31 December was mainly due to seasonal factors in the Two-Wheeler business which, as is widely known, tends to use resources in the first part of the year and generate resources in the second half.

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

In millions of Euro	*As of 31 March 2010*	*As of 31 December 2009*	*Change*
Cash	115.8	200.2	(84.4)
Financial assets	7.8	4.1	3.7
(Medium- and long-term financial payables)	(292.6)	(305.5)	12.9
(Debenture loan)	(137.7)	(137.7)	0.0
(Short-term financial payables)	(115.9)	(113.1)	(2.8)
Total financial position	**(422.6)**	**(352.0)**	**(70.6)**

Shareholders' equity as of 31 March 2010 totalled 433.2 ML €, against 423.8 ML € as of 31 December 2009.

As of 31 March 2010 the fully subscribed and paid-up share capital consisted of 396,040,908 ordinary shares with a par value of € 0.52 each, totalling € 205,941,272.16.

During the period, following the resolution passed at the General Meeting of Shareholders on 16 April 2009, the Parent Company purchased 86,893 own shares.

Thus, as of 31 March 2010, the Parent Company held 27,633,900 own shares, corresponding to 6.978% of share capital.

Employees

Group **employees** as of 31 March 2010 totalled 7,499 compared to 7,300 as of 31 December 2009.

Employee/staff numbers are in line with seasonal trends of the business, with production and sales focussed on spring and summer months and the use of staff on fixed-term contracts in these periods.

	Average number		Number at	
Number of people	*1st quarter 2010*	*1st quarter 2009*	*31-Mar-10*	*31-Dec-09*
Executives	110	111	110	109
Middle Management	443	429	439	441
Clerical staff	2,066	1,967	2,076	2,063
Manual labour	4,769	4,797	4,874	4,687
Total	**7,388**	**7,304**	**7,499**	**7,300**

SIGNIFICANT EVENTS IN THE FIRST QUARTER OF 2010

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

1 March 2010 An important agreement for technical collaboration was signed with the Chinese company Dongan Power, which is part of the ChangAn-Hafei Group, one of China's leading manufacturers in the automotive industry. The purpose of the agreement is to develop petrol engines for the light commercial vehicles the Group manufactures in Italy and in India, and to focus in the future on technological developments for low/zero environmental impact hybrid and electric engines. The first results of this agreement will be the new Euro 4 and Euro 5 4 cylinder, 1,300cc engines for Piaggio's commercial vehicles.

SIGNIFICANT EVENTS AFTER THE FIRST QUARTER OF 2010

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

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

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

16 April 2010 The General Meeting of Shareholders of Piaggio & C, resolved to annul 24,247,007 own shares of the Company (equal to 6.12% of the share capital), with the elimination of the par value of ordinary shares in circulation and without a reduction in the amount of share capital, as motioned by the Board of Directors on 26 February 2010. Following this operation and after filing the resolution in the Register of Companies, the nominal share capital of Piaggio & C., unchanged and equal to € 205,941,272.16, will comprise 371,793,901 ordinary shares.

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

OPERATING OUTLOOK: PROSPECTIVE FOR THE CURRENT FINANCIAL YEAR

In 2010 the Piaggio Group will focus on continuously improving its competitive edge in all sectors and on all markets where it operates.
Quality, product costs and productivity will continue to be the drivers of management in 2010, which will be based on actions targeting sales of Three- and Four-Wheeler commercial vehicles in India and Europe. The Group will focus in particular on expanding its motorcycle brands Europe, and consolidating its leadership position in the scooter sector in Europe and America, as well as developing sales of Vespa scooters in Vietnam, which officially got underway at the end of June 2009.
In 2010 the Piaggio Group will be committed to future developments and new investments. The most significant include development of its new diesel engine and production start-up at its new plant in India.

DEALINGS WITH RELATED PARTIES

Revenues, costs, payables and receivables as of 31 March 2010 involving parent companies, subsidiaries and affiliated companies refer to the sale of goods or services which are part of normal Group activities.
Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.
Information on relations with related parties, including disclosure required by Consob communication of 28 July 2006, is given in attachment E to the notes on the consolidated financial statements.

THE PIAGGIO GROUP

THE TWO-WHEELER BUSINESS

	1st quarter 2010		1st quarter 2009		Change %		Change	
	Volumes Sell-in (units/000)	Turnover (ML €)	Volumes Sell-in (units/000)	Turnover (ML €)	Volumes	Turnover	Volumes	Turnover
Italy	25.6	68.7	22.4	62.2	14.3%	10.4%	3.2	6.4
Europe (Europe + Mea)	45.8	113.0	46.6	119.8	-1.8%	-5.7%	(0.8)	(6.8)
Asia Pacific	15.0	33.7	2.5	6.5	504.7%	419.8%	12.5	27.2
Americas	1.1	4.8	6.4	21.0	-82.4%	-77.3%	(5.3)	(16.2)
TOTAL	**87.6**	**220.2**	**77.9**	**209.5**	**12.4%**	**5.1%**	**9.7**	**10.7**
Scooters	77.8	153.2	68.5	141.4	13.6%	8.4%	9.3	11.8
Motorcycles	9.8	35.5	9.4	36.1	4.0%	-1.7%	0.4	(0.6)
Spare parts and Accessories		30.2		30.4		-0.6%	0.0	(0.2)
Other		1.3	0.0	1.7		-22.5%	(0.0)	(0.4)
TOTAL	**87.6**	**220.2**	**77.9**	**209.5**	**12.4%**	**5.1%**	**9.7**	**10.7**

In the first quarter of 2010, the Piaggio Group sold a total of 87.6 thousand units in the Two-Wheeler segment (+ 12.4% compared to the same period in 2009), with a net turnover of 220.2 ML € (+ 5.1%) including spare parts and accessories. It should be noted that 'sold' means the number of vehicles sold to dealers (sell-in volumes), which differs from the number of new vehicles registered (sell-out volumes), due to stocks held by the sales network.

As regards the breakdown of sales by geographical segment, growth was achieved in the Asia-Pacific area, thanks to the success of the Vietnamese production site which was still not operative in the 1st quarter of 2009.

Group sales (+14.3) and turnover (+10.4) were also up on the Italian market against the scenario of a very challenging Two-Wheeler segment (sell-out) where sales dropped by 4.1%. As a result, the Piaggio Group improved its global market share, confirming its position as a leader in the scooter segment.

Results in Europe decreased, where performance in the overall market including Italy, declined by approximately 11%. Results obtained by the Group in the Americas were affected by the crisis on the US market registering a decrease of 21%, and by the change in the distribution model for the Canadian market.

THE COMMERCIAL VEHICLES BUSINESS

	1st quarter 2010		1st quarter 2009		Change %		Change	
	Volumes Sell-in	Turnover	Volumes Sell-in	Turnover				
	(units/000)	(ML €)	(units/000)	(ML €)	Volumes	Turnover	Volumes	Turnover
India								
Vehicles	52.2	82.4	37.9	57.8	38.0%	42.5%	14.4	24.6
Spare parts and Accessories		4.6		3.6		28.9%		1.0
Total India	**52.2**	**86.9**	**37.9**	**61.3**	**38.0%**	**41.7%**	**14.4**	**25.6**
Europe								
Vehicles	*3.9*	*27.8*	*4.3*	*30.0*	-10.0%	-7.6%	*(0.4)*	*(2.3)*
Spare parts and Accessories		*5.6*		*5.4*		4.0%		*0.2*
Total Europe	**3.9**	**33.4**	**4.3**	**35.5**	**-10.0%**	**-5.8%**	(0.4)	(2.1)
TOTAL	**56.2**	**120.4**	**42.2**	**96.8**	**33.1%**	**24.3%**	**14.0**	**23.5**
Ape	51.3	80.4	38.2	60.7	34.3%	32.6%	13.1	19.8
Porter	1.7	18.9	1.9	19.8	-8.9%	-4.7%	(0.2)	(0.9)
Quargo/Apé Truk	3.1	10.8	2.1	7.2	47.8%	50.0%	1.0	3.6
Microcars			0.0	0.2	-100.0%	-100.0%	(0.0)	(0.2)
Atv	0.0	0.0					0.0	0.0
Spare parts and Accessories		10.2		9.0		13.9%		1.2
TOTAL	**56.2**	**120.4**	**42.2**	**96.8**	**33.1%**	**24.3%**	**14.0**	**23.5**

The Commercial Vehicles Division ended the first three months of 2010 with 56.2 thousand units sold, up 33.1% compared to the first quarter of 2009, while turnover increased from 96.8 ML € in the first three months of 2009 to 120.4 ML € in the first three months of 2010 (+ 24.3%). Turnover generated in India reached 86.9 ML € while in Europe it stood at 33.4 ML €.

In the first few months of 2010 the Indian market showed encouraging signs of growth. In overall terms, the Three-Wheeler segment recorded an increase of 32.5%, while the Ape Truck sector grew by 63.5%.

In the Three-Wheeler segment, sales of the Indian subsidiary Piaggio Vehicles Private Limited went up from 36,053 in the first three months of 2009 to 49,368 in the first quarter of 2010, registering an increase of 36.9%. In the Four-Wheeler segment, sales of the Ape Truk went up from 1,807 in the first three months of 2009 to 2,880 in the first quarter of 2010, registering an increase of 59.4%.

In Europe Piaggio sold 3,900 units, registering a downturn compared to the same period in 2009 (-10.0%). Turnover was steadier (a downturn of 5.8% with 33.4 ML € in the first quarter of 2010 against 35.5 ML € in the same period in 2009), thanks to growth in the "spare parts and accessories" segment and the good performance of the Porter "eco.solution" low environmental impact range.

OTHER INFORMATION

Corporate

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

- A new company Piaggio Group Canada Inc. was established on 12 March 2010. The company will operate in Canada as a *selling agency* of Piaggio Group Americas Inc. to promote sales of Group products on the Canadian market.

Stock Option Plan

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

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

As of 31 March 2010, 8,520,000 option rights had been assigned for a corresponding number of shares.

Detailed information on the 2007-2009 Plan is available in the documents published by the Issuer in accordance with article 84-*bis* of Consob Issuers' Regulations. These documents can be viewed on the institutional website www.piaggiogroup.com, under Investor Relations / Information Memorandum.

Rights	No. options	Average exercise price (Euros)	Market price (Euro)
Rights existing as of 31/12/2009	8,095,000		
° of which exercisable in 2009			
New rights assigned in the 1st quarter of 2010	500,000	1.892	2.004
Rights exercised in the 1st quarter of 2010			
Rights expired in the 1st quarter of 2010	75,000		
Rights existing as of 31/03/2010	8,520,000		
° of which exercisable as of 31/03/2010			

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

* * *

Milan, 29 April 2010

for the Board of Directors

Chairman and Chief Executive Officer

Roberto Colaninno

Piaggio Group

Condensed Interim Financial Statements as of 31 March 2010

CONSOLIDATED INCOME STATEMENT

In thousands of Euros	Notes	1st quarter 2010	1st quarter 2009	Change
Net revenues	4	**340,564**	**306,344**	**34,220**
of which with related parties				*0*
Cost for materials	5	202,030	182,353	19,677
of which with related parties		*6,169*	*8,763*	*(2,594)*
Cost for services and use of third party assets	6	62,673	63,403	(730)
of which with related parties		*553*	*456*	*97*
Employee costs	7	62,200	61,059	1,141
Amortisation/depreciation of property, plant and equipment	8	9,168	9,437	(269)
Amortisation/depreciation of intangible assets	8	11,295	11,361	(66)
Other operating income	9	23,477	27,055	(3,578)
of which with related parties		*404*	*559*	*(155)*
Other operating costs	10	5,344	5,572	(228)
of which with related parties		*82*	*0*	*82*
Operating income		**11,331**	**214**	**11,117**
Income/(loss) from equity investments	11		(6)	6
Financial income	12	679	794	(115)
Borrowing costs	12	7,262	8,717	(1,455)
of which with related parties		*12*	*0*	*12*
Net exchange gains/(losses)	12	669	(516)	1,185
Earnings before tax		**5,417**	**(8,231)**	**13,648**
Taxation for the period	13	**2,562**	**(3,544)**	**6,106**
Earnings from continuing activities		**2,855**	**(4,687)**	**7,542**
Assets held for disposal:				
Profits or losses arising from assets held for disposal	14			**0**
Consolidated net income		**2,855**	**(4,687)**	**7,542**
Attributable to:				
Shareholders of the Parent Company		**2,868**	**(4,582)**	**7,450**
Minority Shareholders		**(13)**	**(105)**	**92**
Earnings per share (figures in €)	15	**0.007**	**(0.012)**	**0.019**
Diluted earnings per share (figures in €)	15	**0.007**	**(0.012)**	**0.019**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Amounts in €/000	Notes	1st quarter 2010	1st quarter 2009	Change
Profit (loss) for the period (A)		**2,855**	**(4,687)**	**7,542**
Effective part of profits (losses) on cash flow hedges	29	693	3,511	(2,818)
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency		5,315	(421)	5,736
Total Other Profits (and losses) for the period (B)		**6,008**	**3,090**	**2,918**
Total Profit (loss) for the period (A + B)		**8,863**	**(1,597)**	**10,460**
Attributable to:				
Shareholders of the Parent Company		**8,933**	**(1,420)**	**10,353**
Minority Shareholders		**(70)**	**(177)**	**107**

CONSOLIDATED BALANCE SHEET SITUATION

In thousands of Euros	Notes	At 31 March 2010	At 31 December 2009	Change
ASSETS				
Non-current assets				
Intangible assets	16	645,783	641,254	4,529
Property, plant and equipment	17	248,850	250,415	(1,565)
Investment Property	18			0
Equity investments	19	239	239	0
Other financial assets	20	175	343	(168)
of which with related parties		*10*	*9*	*1*
Long-term tax receivables	21	6,757	4,990	1,767
Deferred tax assets	22	46,760	46,462	298
Trade receivables	23			0
Other receivables	24	12,144	12,914	(770)
of which with related parties		*459*	*459*	*0*
Total non-current assets		**960,708**	**956,617**	**4,091**
Assets held for sale	28			**0**
Current assets				
Trade receivables	23	158,534	103,164	55,370
of which with related parties		*773*	*477*	*296*
Other receivables	22	24,050	24,198	(148)
of which with related parties		*4,009*	*4,066*	*(57)*
Short-term tax receivables	21	24,594	23,979	615
Inventories	25	276,443	252,496	23,947
Other financial assets	26	7,841	4,127	3,714
of which with related parties				*0*
Cash and cash equivalents	27	115,776	200,239	(84,463)
Total current assets		**607,238**	**608,203**	**(965)**
TOTAL ASSETS		**1,567,946**	**1,564,820**	**3,126**

In thousands of Euros	Notes	At 31 March 2010	At 31 December 2009	Change
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital and reserves attributable to the shareholders of the Parent Company	29	431,562	421,661	9,901
Share capital and reserves attributable to minority shareholders	29	1,590	2,141	(551)
Total shareholders' equity		**433,152**	**423,802**	**9,350**
Non-current liabilities				
Financial liabilities falling due after one year	30	430,349	443,164	(12,815)
of which with related parties		*2,900*	*16,000*	*(13,100)*
Retirement funds and employee benefits	34	61,135	61,859	(724)
Other long-term provisions	32	23,163	22,965	198
Tax payables	35			0
Other long-term payables	36	5,925	6,485	(560)
Deferred tax liabilities	33	29,219	29,694	(475)
Total non-current liabilities		**549,791**	**564,167**	**(14,376)**
Current liabilities				
Financial liabilities falling due within one year	30	115,866	113,178	2,688
Trade payables	31	351,299	345,987	5,312
of which with related parties		*11,250*	*13,242*	*(1,992)*
Tax payables	35	19,099	18,952	147
Other short-term payables	36	80,139	79,567	572
of which with related parties		*765*	*607*	*158*
Current portion other long-term provisions	32	18,600	19,167	(567)
Total current liabilities		**585,003**	**576,851**	**8,152**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,567,946**	**1,564,820**	**3,126**

CONSOLIDATED CASH FLOW STATEMENT

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

In thousands of Euros	1st quarter 2010	1st quarter 2009
Operating activities		
Consolidated net income	2,868	(4,582)
Minority shareholders	(13)	(105)
Taxation for the period	2,562	(3,544)
Amortisation/depreciation of property, plant and equipment	9,168	9,437
Amortisation/depreciation of intangible assets	11,295	11,361
Non-monetary costs for stock options	691	506
Allocations for risks and retirement funds and employee benefits	6,843	5,537
Write-downs / (Revaluations)	669	754
Losses / (Gains) on the disposal of property, plants and equipment	6	(2)
Financial income	(679)	(900)
Borrowing costs	5,628	9,339
Income from public grants	(598)	(1,510)
Change in working capital:		
(Increase)/Decrease in trade receivables	(55,370)	(60,731)
(Increase)/Decrease other receivables	918	606
(Increase)/Decrease in inventories	(23,947)	(28,558)
Increase/(Decrease) in trade payables	5,312	(6,337)
Increase/(Decrease) in other payables	12	11,526
Increase/(Decrease) in provisions for risks	(3,483)	(3,446)
Increase/(Decrease) in retirement funds and employee benefits	(4,453)	(2,188)
Other changes	(11,613)	4,167
Cash generating by operating activities	(54,184)	(58,670)
Interest paid	(4,119)	(2,000)
Taxation paid	(2,603)	(5,658)
Cash flow from operating activities (A)	(60,906)	(66,328)
Investment activity		
Investment in property, plant and equipment	(2,272)	(7,376)
Sale price, or repayment value, of property, plant and equipment	(3)	73
Investment in intangible assets	(12,465)	(12,637)
Sale price, or repayment value, of intangible assets		24
Purchase of financial assets	(3,714)	(13,272)
Collected interests	96	740
Cash flow from investment activities (B)	(18,358)	(32,448)
Financing activities		
Purchase of own shares	(204)	(1,024)
Loans received	8,286	156,352
Outflow for repayment of loans	(18,590)	(16,112)
Repayment of finance leases	(189)	(180)
Cash flow from funding activities (C)	(10,697)	139,036
Increase / (Decrease) in liquid funds (A+B+C)	(89,961)	40,260
Opening balance	198,281	25,976
Exchange differences	5,315	(421)
Closing balance	113,635	65,815

The table below shows the breakdown of the cash and cash equivalents balance as of 31 March 2010 and as of 31 March 2009.

In thousands of Euros	As of 31 March 2010	As of 31 March 2009	Change
Liquid funds	115,776	70,845	44,931
Current account overdrafts	(2,141)	(5,030)	2,889
Final balance	113,635	65,815	47,820

NET DEBT/(NET FINANCIAL DEBT)

In thousands of Euros	Notes	As of 31 March 2010	As of 31 December 2009	Change
Liquidity		**115,776**	**200,239**	**(84,463)**
Securities	26	7,841	4,127	3,714
Current financial receivables		**7,841**	**4,127**	**3,714**
Payables due to banks	32	(30,392)	(24,473)	(5,919)
Current portion of bank financing	32	(58,995)	(58,812)	(183)
Amounts due to factoring companies	32	(22,711)	(26,599)	3,888
Amounts due under leases	32	(765)	(758)	(7)
Current portion of payables due to other financiers	32	(3,003)	(2,536)	(467)
Current financial debt		**(115,866)**	**(113,178)**	**(2,688)**
Net current financial debt		**7,751**	**91,188**	**(83,437)**
Payables due to banks and financing institutions	32	(275,681)	(289,872)	14,191
Bonds	32	(137,665)	(137,665)	0
Amounts due under leases	32	(8,066)	(8,262)	196
Amounts due to other lenders	32	(8,937)	(7,365)	(1,572)
Non-current financial debt		**(430,349)**	**(443,164)**	**12,815**
NET FINANCIAL DEBT*		**(422,598)**	**(351,976)**	**(70,622)**

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

This table reconciles the movement in the flow of the consolidated net debt with liquid fund movements as shown in the Statement of Cash Flows.

In thousands of Euros	
Increase/decrease in liquid funds from the cash flow statement	**(89,961)**
Outflow for repayment of loans	18,590
Repayment of finance leases	189
Loans received	(8,286)
Amortised cost on M-L term financing	(183)
Loans on leases received	0
Repayment of loans provided	0
Purchase of financial assets	3,714
Sale of financial assets	0
Exchange differences	5,315
Change in net debt	**(70,622)**

CHANGES IN SHAREHOLDERS' EQUITY 1 January 2010 / 31 March 2010

In thousands of Euros	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group consolidation reserve	Group conversion reserve	Stock option reserve	Performance reserve	*Consolidated Group shareholders' equity*	*Minority interest capital and reserves*	TOTAL SHAREHOLDERS' EQUITY
As of 1 January 2010	191,616	3,493	8,996	127	(5,859)	993	(5,468)	9,279	218,484	421,661	2,141	423,802
Charges for the period for stock option plans								691		691		691
Allocation of profits										0		0
Distribution of dividends										0		0
Purchase of own shares	(45)								(159)	(204)		(204)
Total overall Profit (loss)				693			5,372		3,349	9,414	(551)	8,863
As of 31 March 2010	191,571	3,493	8,996	820	(5,859)	993	(96)	9,970	221,674	431,562	1,590	433,152

CHANGES IN SHAREHOLDERS’ EQUITY 1 January 2009 / 31 March 2009

In thousands of Euros	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group consolidation reserve	Group conversion reserve	Stock option reserve	Performance reserve	Consolidated Group shareholders’ equity	Minority interest capital and reserves	TOTAL SHAREHOLDERS’ EQUITY
As of 1 January 2009	192,147	3,493	7,497	(405)	(5,859)	993	(6,372)	8,556	196,717	396,767	1,454	398,221
Charges for the period for stock option plans								506		506		506
Allocation of profits										0		0
Distribution of dividends										0		0
Purchase of own shares	(471)								(553)	(1,024)		(1,024)
Earnings for the period				3,511			(349)		(4,582)	(1,420)	(177)	(1,597)
As of 31 March 2009	191,676	3,493	7,497	3,106	(5,859)	993	(6,721)	9,062	191,582	394,829	1,277	396,106

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of 31 March 2010

A) GENERAL ASPECTS

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

1. Scope of consolidation

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

2. Compliance with INTERNATIONAL ACCOUNTING STANDARDS

These Condensed Interim Financial Statements have been drafted in compliance with the International Accounting Standards (IAS/IFRS) in force at that date, issued by the International Accounting Standards Board and approved by the European Commission, as well as in compliance with the provisions established in Article 9 of Leg. Decree no. 38/2005 (Consob Resolution no. 15519 dated 27 July 2006 containing the "Provisions for the presentation of financial statements", Consob Resolution no. 15520 dated 27 July 2006 containing the "Changes and additions to the Regulations of Issuers adopted by Resolution no. 11971/99", Consob communication no. 6064293 dated 28 July 2006 containing the "Corporate reporting required in accordance with Article 114, paragraph 5 of Leg. Decree no. 58/98"). The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called the Standing Interpretations Committee ("SIC"), were also taken into account.
During the drafting of these Condensed Interim Financial statements, prepared in compliance with IAS 34 - *Interim Financial Statements,* the same accounting standards adopted in the drafting of the Consolidated Financial Statements as of 31 December 2009 were applied, with the exception of items in section 2.1, "Accounting standards, amendments and interpretations applied as from 1 January 2010".

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

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

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

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

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

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

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

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

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

- IFRS 8 – *Operating Segments:* the amendment requires companies to provide the total value of assets for each reporting segment, if this value is provided at the highest level of operational decision-making. This information was previously requested even in the absence of this condition. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

- IAS 1 – *Presentation of Financial Statements*: the amendment requires a company to classify a liability as current if it does not retain an unconditional right to postpone its settlement for at least 12 months after the closing of the year, even in the presence of an option on the part of the counterparty which could result in a settlement by means of the issue of equity instruments. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

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

- IAS 17 – *Leases:* the amendment requires that - during the valuation of a lease contract that includes both land and buildings - the part relative to the land be considered, as customary, to be a finance lease if the land in question has an indefinite useful life given that, in this case, the risks associated with its use for the whole duration of the contract can be considered transferred to the lessee. On the date of adoption, all lands subject to the lease contracts which were previously effective and not yet expired must be separately valued with the potential retroactive recognition of a new finance lease. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

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

- IAS 39 – *Financial instruments*: *Recognition and Measurement*: the amendment restricts the exception of non-applicability contained within paragraph 2g of IAS 39 to forward contracts between a buyer and a selling shareholder - for the purposes of the sale of a company in a company grouping on future date of acquisition - if the completion of the company grouping only depends on the elapsing of a suitable amount of time. The amendment decrees that option rights (currently exercisable or not) which allow one of the two parties to retain control over the realisation or non-realisation of future events - and whose exercising involving the control of a company - fall within the realm of applicability of IAS 39. The amendment also clarifies that the implicit penalties for the advance redemption of loans - whose price compensates the lender with the loss of additional interest - must be considered strictly correlated to the financing contract and may therefore not be booked separately. Finally, the amendment provides that net income or losses on one hedged financial instrument must be reclassified from the shareholders' equity to the income statement in the period in which the expected and hedged cash flow has an effect on the income statement. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

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

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

- Interpretation of IFRIC 18 – *Transfer of assets from customers.* The interpretation clarifies the accounting treatment to adopt if the company stipulates an agreement in which it receives a material asset from a customer to be used to connect the customer to a network or to provide him with specific access to the supply of goods and services.

- Amendment to IFRIC 9 – *Reassessment of embedded derivatives* and to IAS 39 - *Financial instruments: recognition and measurement.* This amendment allows for certain financial instruments in particular circumstances to be reclassified outside of the accounting category which is "booked at fair value and offset in the income statement". This amendment clarifies that when reclassifying a financial instrument outside the above mentioned category – all implicit derivatives must be valued and, if necessary, booked separately in the financial statements.

- IFRS 2 – *Share-based payment.* The amendment clarifies that the transfer of a company branch for the purposes of forming a joint venture or business combination or company branches under joint control is not covered by the scope of IFRS 2.

- IFRS 5 – *Non-current assets held for sale and discontinued operations.* This amendment, with a forward-looking application, has clarified that IFRS 5 and the other IFRS which specifically refer to non-current assets classified as available for sale or as discontinued operations provide all required information for this type of assets or operations.

- IFRIC 9 – *Redetermination of the values of implicit derivatives:* The amendment excludes implicit derivatives in contracts acquired during business combinations when joint control companies or joint ventures are formed from the scope of IFRIC 9.

- Amendment to IFRS 2 – Share-based payment: Share-based payment of the Group in cash. The amendment defines its realm of application and its relationship with other accounting principles. In particular, the amendment clarifies that the company which receives the goods and services as part of the payment plans based on shares must book these goods and services independently of the company of the Group which settles the transaction and independently of the fact that the settlement is in cash or shares. In addition, it states that the term "group" is to be interpreted as in IAS 27 - Consolidated and Separate Financial Statements, including the parent company and its subsidiaries. Finally, the amendment specifies that a company must valuate the goods and services which are received as part of a transaction settled in cash or shares from its own perspective and which could potentially not coincide with that of the group and with the relative amount recognised within the consolidated financial statements. The amendment incorporates the guidelines which were previously included in IFRIC 8 and IFRIC 2; as a result, the latter were removed.

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

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

The amendment is applicable in a retrospective manner as of 1 January 2011.

On 4 November 2009, the IASB issued a revised version of IAS 24 – *Related Party Disclosures* – which simplifies the type of information required in the case of transactions with related parties controlled by the State and gives a clear definition of related parties.
The amendment is applicable as of 1 January 2011.
At the date of issue of these Condensed Interim Financial Statements, the competent bodies of the European Union had not yet completed the approval process necessary for its application.

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

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

On 26 November 2009 the IFRIC issued an amendment to IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments* – which provides guidelines on recording the extinguishing of a financial liability with equity instruments. The interpretation establishes that if a business renegotiates extinguishing conditions of a financial liability and the creditor accepts extinguishing through the issue of the company's shares, the shares issued by the company will become a part of the price paid for extinguishing the financial liability and shall be valued at fair value; the difference between the book value of the extinguished financial liability and opening value of equity instruments shall be recorded in the income statement of the period.
The amendment is applicable as of 1 January 2011.
At the date of issue of these Condensed Interim Financial Statements, the competent bodies of the European Union had not yet completed the approval process necessary for application of the amendment.

3. Other information

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

B) INFORMATION FOR OPERATING SEGMENTS

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

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

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

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

The following income statement analysis provides information on the contribution in relation to the consolidated values of the "Two-Wheeler" and "Commercial Vehicles" functional areas.
As previously illustrated within the commentary on the economic and financial performance of the Piaggio Group, the **consolidated EBITDA** was defined as the "Operating Income" gross of amortisation/depreciation of intangible assets and amortisation/depreciation of tangible assets, as reported within the consolidated income statement.

INCOME STATEMENT/ NET CAPITAL EMPLOYED BY OPERATING SEGMENTS

		TWO-WHEELER VEHICLES				COMMERCIAL VEHICLES			
		EUROPE	AMERICAS	ASIA PACIFIC	TOTAL	EUROPE	INDIA	TOTAL	TOTAL
	1st quarter 10	71.4	1.1	15.0	**87.6**	3.9	52.2	**56.2**	**143.7**
Sales volumes	1st quarter 09	69.0	6.4	2.5	**77.9**	4.3	37.9	**42.2**	**120.1**
(units/000)	Change	2.4	(5.3)	12.5	**9.7**	(0.4)	14.4	**14.0**	**23.6**
	Change %	3.5	-82.4	504.7	**12.4**	-10.0	38.0	**33.1**	**19.7**
	1st quarter 10	181.7	4.8	33.7	**220.2**	33.4	86.9	**120.4**	**340.6**
Turnover	1st quarter 09	182.1	21.0	6.5	**209.5**	35.5	61.3	**96.8**	**306.3**
(ML €)	Change	(0.4)	(16.2)	27.2	**10.7**	(2.1)	25.6	**23.5**	**34.2**
	Change %	-0.2	-77.3	419.8	**5.1**	-5.8	41.7	**24.3**	**11.2**
Gross industrial	1st quarter 10	56.8	1.4	13.4	**71.6**	8.5	22.5	**30.9**	**102.5**
margin	1st quarter 09	52.3	6.9	1.7	**60.9**	9.2	17.7	**26.9**	**87.8**
(ML €)	Change	4.5	(5.5)	11.7	**10.7**	(0.8)	4.8	**4.0**	**14.7**
	Change %	8.6	-79.7	688.2	**17.6**	-8.2	26.8	**14.9**	**16.7**
	1st quarter 10								**31.8**
EBITDA	1st quarter 09								**21.0**
(ML €)	Change								**10.8**
	Change %								**51.4**
	1st quarter 10								**5.4**
EBT	1st quarter 09								**(8.2)**
(ML €)	Change								**13.6**
	Change %								
	1st quarter 10								**2.9**
Net income	1st quarter 09								**(4.7)**
(ML €)	Change								**7.6**
	Change %								

C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

4. Net sales — €/000 340,564

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

This item does not include transport costs, which are recharged to customers (€/000 5,610) and invoiced advertising cost recoveries (€/000 1,372), which are posted under other operating income.

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

Revenues by business sector

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

In thousands of Euros	*1-1 / 31-3-2010*		*1-1 / 31-3-2009*		*Changes*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Two-Wheeler Vehicles	220,200	64.66	209,522	68.39	10,678	5.10
Commercial Vehicles	120,364	35.34	96,822	31.61	23,542	24.31
TOTAL	**340,564**	**100.00**	**306,344**	**100.00**	**34,220**	**11.17**

Revenues by geographic area

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

In thousands of Euros	*1-1 / 31-3-2010*		*1-1 / 31-3-2009*		*Changes*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Italy	91,590	26.89	87,753	28.65	3,837	4.37
Rest of Europe	123,347	36.22	129,540	42.29	(6,193)	-4.78
Americas	4,976	1.46	21,220	6.93	(16,244)	-76.55
India	86,941	25.53	61,346	20.03	25,595	41.72
Asia Pacific	33,710	9.90	6,485	2.12	27,225	419.81
TOTAL	**340,564**	**100.00**	**306,344**	**100.00**	**34,220**	**11.17**

In the first quarter of 2010 net sales revenues increased by €/000 34,220 due to the growth recorded on the Asian and Indian markets.

5. Costs for materials **€/000 202,030**

These totalled €/000 202,030 compared to €/000 182,353 as of 31 March 2009. The growth of 10.8% is mainly due to the increase in production volumes.
In fact, the percentage accounting for net sales went down, decreasing from 59.5% in the 1st quarter of 2009 to 59.3% in the current period.
This item includes €/000 6,169 for costs relative to purchases of scooters from the Chinese subsidiary Zongshen Piaggio Foshan, which are sold on European and Asian markets.

6. Costs for services and use of third party assets **€/000 62,673**

In the first quarter of 2010 this item totalled €/000 62,673, highlighting a decrease of €/000 730 compared to figures as of 31 March 2009.

7. Employee cost **€/000 62,200**

In the first quarter of 2010, employee costs were equal to €/000 62,200, as against €/000 61,059 in the same period of the previous year.
It should be noted that employee costs include €/000 691 relating to stock option costs which were recorded in accordance with international financial reporting standards.

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

	Average number		
Level	*1-1 / 31-3-2010*	*1-1 / 31-3-2009*	*Change*
Executives	110	111	(1)
Middle Management	443	429	14
Clerical staff	2,066	1,967	99
Manual labour	4,769	4,797	(28)
Total	**7,388**	**7,304**	**84**

	Number at		
Level	*31 March 2010*	*31 December 2009*	*Change*
Executives	110	109	1
Middle Management	439	441	(2)
Clerical staff	2,076	2,063	13
Manual labour	4,874	4,687	187
Total	**7,499**	**7,300**	**199**

8. Amortisation/depreciation and impairment costs **€/000 20,463**

As from 1 January 2004 goodwill is not amortised but tested annually for impairment.

The *impairment test* carried out as of 31 December 2009 confirmed the full recoverability of the amounts recorded in the financial statements.

Amortisation under the item "Concessions, licences, trademarks and similar rights" includes €/000 1,497 of amortisation/depreciation for the Aprilia brand and €/000 762 for the Guzzi brand.

9. Other operating income **€/000 23,477**

Other operating income decreased by €/000 3,578 compared to figures for the first three months of 2009.

The item includes some recovered expenses, and mainly costs for transport and commercial costs charged to customers, of which expenses are classified under "services".

10. Other operating costs **€/000 5,344**

Overall, other operating income decreased by €/000 228 compared to figures for the first three months of 2009.

11. Net income from equity investments **€/000 0**

At the close of the Interim Financial Statements, no income or expenses from equity investments had been recorded.

12. Net financial income/(charges) **€/000 (5,914)**

The negative balance of financial income (charges) in the first quarter of 2010 was €/000 5,914, a decrease compared to €/000 8,439 for the same period in 2009. The improved performance of €/000 2,525 is related to better refinancing conditions for the debenture loan, lower costs of Euribor index-linked loans and a positive effect from currency management.

13. Taxation **€/000 2,562**

Income taxes calculated in accordance with IAS 34 are estimated as €/000 2,562, equivalent to 47.3% of earnings before tax, and are equal to the best estimate of the average weighted rate expected for the entire period.

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

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

15. Earnings per share

Earnings per share are calculated as follows:

		1-1 / 31-3-2010	*1-1 / 31-3-2009*
Net income	€/000	2,855	(4,687)
Earnings attributable to ordinary shares	€/000	2,855	(4,687)
Number of ordinary shares in circulation at 1/1		396,040,908	396,040,908
Number of shares issued in the period		-	-
Average number of ordinary shares in circulation during the period		396,040,908	396,040,908
Earnings per ordinary share	€	0.007	(0.012)
Adjusted average number of ordinary shares		397,990,284	396,040,908
Diluted earnings per ordinary share	€	0.007	(0.012)

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

D) INFORMATION ON THE CONSOLIDATED BALANCE SHEET - ASSETS

16. Intangible assets **€/000 645,783**

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

In thousands of Euros	Book value as of 31 December 2009	Increases	Amortisation	Reclassifications	Diff. Exchange rate	Book value as of 31 March 2010
R&D costs	76,472	11,828	(5,568)		3,009	85,741
Patent rights	24,707	560	(3,137)	4	244	22,378
Concessions, licences and trademarks	90,412		(2,259)			88,153
Goodwill	446,940					446,940
Other	2,723	77	(331)		102	2,571
Total	**641,254**	**12,465**	**(11,295)**	**4**	**3,355**	**645,783**

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.

17. Property, plant and equipment **€/000 248,850**

The following table shows the breakdown of tangible assets as of 31 March 2010 and as of 31 December 2009, as well as the changes during the period.

In thousands of Euros	*Value as of 31 December 2009*	*Increases*	*Depreciation*	*Disposals*	*Reclassifications*	*Exchange differences*	*Value as of 31 March 2010*
Land	32,150						32,150
Buildings	89,756	409	(995)		(61)	1,341	90,450
Plant and equipment	78,113	476	(3,295)			3,811	79,105
Equipment	43,863	1,237	(4,413)	(2)		3	40,688
Other	6,533	150	(465)	(1)	57	183	6,457
Total	**250,415**	**2,272**	**(9,168)**	**(3)**	**(4)**	**5,338**	**248,850**

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

Guarantees

As of 31 March 2010 the Group owned land and buildings encumbered by mortgage liens or privileges in favour of Interbanca to secure a loan of €/000 738 granted pursuant to Law 346/88 on subsidies for applied research obtained in previous years.

18. Investment Property **€/000 0**

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

19. Equity investments **€/000 239**

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

In thousands of Euros	*As of 31 March 2010*	*As of 31 December 2009*	*Change*
Equity investments in subsidiaries			
Interests in Joint Ventures			
Equity investments in affiliated companies	239	239	0
Total	**239**	**239**	**0**

20. Other non-current financial assets **€/000 175**

This item comprises:

In thousands of Euros	*As of 31 March 2010*	*As of 31 December 2009*	*Change*
Financial receivables due from affiliated companies	10	9	1
Financial receivables due from third parties	-	169	(169)
Equity investments in other companies	165	165	0
Total	**175**	**343**	**(168)**

21. Current and non-current tax receivables **€/000 31,351**

Receivables due from tax authorities are composed as follows:

In thousands of Euros	*As of 31 March 2010*	*As of 31 December 2009*	*Change*
VAT receivables	23,497	22,792	705
Income tax receivables	2,115	1,865	250
Other receivables due from the public authorities	5,739	4,312	1,427
Total tax receivables	**31,351**	**28,969**	**2,382**

Tax receivables included under non-current assets totalled €/000 6,757, compared to €/000 4,990 as of 31 December 2009, while tax receivables included under current assets totalled €/000 24,594 compared to €/000 23,979 as of 31 December 2009.

22. Deferred tax assets **€/000 46,760**

These totalled €/000 46,760 compared to €/000 46,462 as of 31 December 2009. The item "deferred tax assets" primarily includes prepaid tax, largely referring to the cancellation of unrealised intercompany capital gains with third parties, deferred tax assets on the tax losses of the Parent Company and Nacional Motor S.A. as well as deferred tax assets on temporary differences of the Parent Company.

23. Current and non-current trade receivables **€/000 158,534**

In the two periods of reference, no trade receivables were recognised as long-term assets.
As of 31 March 2010 current trade receivables amounted to €/000 158,534 compared to €/000 103,164 as of 31 December 2009. They consist of:

In thousands of Euros	As of 31 March 2010	As of 31 December 2009	Change
Current trade receivables:			
- due from customers	157,761	102,687	55,074
- due from Group companies valued at equity	768	460	308
- due from subsidiaries	-	12	(12)
- due from affiliated companies	5	5	0
Total	**158,534**	**103,164**	**55,370**

The item "Trade receivables" comprises receivables referring to normal sale transactions, recorded net of provisions for risks of €/000 26,071.

The €/000 55,370 increase is linked to the seasonal nature of the sales, which are concentrated in the spring and summer months.

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

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

The Piaggio Group sells a large part of its trade receivables on a revolving basis with and without recourse. The types of agreements the Group has stipulated with leading Italian and foreign factoring companies basically reflect the need to optimise credit monitoring and management, as well as offer clients the means for financing stock. As of 31 March 2010, trade receivables still due sold without recourse totalled €/000 126,385, of which the Group received payment prior to the natural maturity of the receivables for €/000 85,744. As of 31 March 2010, receivables sold with recourse totalled €/000 22,711, with a counter entry under current liabilities.

24. Current and non-current other receivables €/000 36,194

Other receivables recorded under non-current assets totalled €/000 12,144, compared to €/000 12,914 as of 31 December 2009, while other receivables recorded under current assets amounted to €/000 24,050, against €/000 24,198 as of 31 December 2009. They comprise the following:

In thousands of Euros	As of 31 March 2010	As of 31 December 2009	Change
Other non-current receivables:			
- due from Group companies valued at equity	138	138	0
- due from affiliated companies	321	321	0
- due from others	11,685	12,455	(770)
Total non-current portion	**12,144**	**12,914**	**(770)**

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

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

In thousands of Euros	As of 31 March 2010	As of 31 December 2009	Change
Other current receivables:			
Receivables due from Parent Company	3,921	3,960	(39)
Receivables due from Group companies valued at equity	57	57	0
Receivables due from affiliated companies	31	49	(18)
Receivables due from others	20,041	20,132	(91)
Total current portion	**24,050**	**24,198**	**(148)**

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

25. Inventories €/000 276,443

As of 31 March 2010, inventories totalled €/000 276,443, compared to €/000 252,496 at the end of 2009 and consist of:

In thousands of Euros	*As of 31 March 2010*	*As of 31 December 2009*	*Change*
Raw materials and consumables	136,654	107,450	29,204
Provisions for write-downs	(13,648)	(12,900)	(748)
	123,006	*94,550*	28,456
Work in progress	17,148	21,475	(4,327)
Provisions for write-downs	(852)	(852)	0
	16,296	*20,623*	(4,327)
Finished products and goods	160,334	160,861	(527)
Provisions for write-downs	(23,193)	(23,736)	543
	137,141	*137,125*	16
Advances	-	*198*	(198)
Total	**276,443**	**252,496**	**23,947**

The overall growth of €/000 23,947 was related to the seasonal nature of the production cycle.

26. Other current financial assets **€/000 7,841**

This item comprises:

In thousands of Euros	*As of 31 March 2010*	*As of 31 December 2009*	*Change*
Securities	7,841	4,127	3,714
Total	**7,841**	**4,127**	**3,714**

The item securities refers to €/000 7,729 relative to Italian state securities purchased by Piaggio & C. S.p.A. and €/000 112 relative to portions of a liquidity fund purchased by the subsidiary Piaggio Vehicles Private Ltd.

27. Cash and cash equivalents **€/000 115,776**

Cash and cash equivalents totalled €/000 115,776 against €/000 200,239 as of 31 December 2009, as detailed below:

In thousands of Euros	*As of 31 March 2010*	*As of 31 December 2009*	*Change*
Bank and post office deposits	115,731	190,796	(75,065)
Cash and assets in hand	45	336	(291)
Securities	-	9,107	(9,107)
Total	**115,776**	**200,239**	**(84,463)**

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

28. Assets held for sale **€/000 0**

As of 31 March 2010, there were no assets held for sale.

INFORMATION ON THE CONSOLIDATED BALANCE SHEET - LIABILITIES

29. Share capital and reserves €/000 433,152

Share capital €/000 191,571

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

In thousands of Euros	
Subscribed and paid up capital	205,941
Own shares purchased as of 31 December 2009	(14,325)
Share capital as of 1 January 2010	191,616
Own shares purchased in the period 1-1 / 31-3 2010	(45)
Share capital as of 31 March 2010	191,571

As of 31 March 2010 the fully subscribed and paid-up share capital consisted of 396,040,908 ordinary shares with a par value of € 0.52 each, totalling € 205,941,272.16.
During the period, following the resolution passed at the General Meeting of Shareholders on 16 April 2009, the Parent Company purchased 86,893 own shares.
Thus, as of 31 March 2010, the Parent Company held 27,633,900 own shares, corresponding to 6.978% of share capital.

As of 31 March 2010, based on information in the shareholder ledger and notices received pursuant to article 120 of Legislative Decree no. 58/1998 and other information available, the following parties hold directly or indirectly shares with voting rights representing more than 2% of the share capital:

Declarer	Direct shareholder		% of ordinary share capital	% of voting share capital
	Name	Title		
Omniaholding S.p.A.	IMMSI S.p.A.	Ownership	51.063	51.063
	Omniaholding S.p.A.	Ownership	0.025	0.025
	Total		**51.088**	**51.088**
Piaggio & C. S.p.A. (*)	Piaggio & C. S.p.A.	Ownership	6.978	6.978
	Total		**6.978**	**6.978**
Diego della Valle	Diego della Valle & C. S.a.p.a.	Ownership	5.009	5.009
	Total		**5.009**	**5.009**
Giorgio Girondi	G.G.G. S.p.a.	Ownership	2.103	2.103
	Doutdes S.p.a.	Ownership	0.328	0.328
	Total		**2.431**	**2.431**
State of New Jersey Common Pension Fund D	State of New Jersey Common Pension Fund D	Ownership	2.063	2.063
	Total		**2.063**	**2.063**

(*) non-voting shares as per article 2357-ter (paragraph 2) of the Italian Civil Code.

<u>Share premium reserve</u> <u>€/000 3,493</u>

The share premium reserve as of 31 March 2010 was unchanged and stood at €/000 3,493.

<u>Legal reserve</u> <u>€/000 8,996</u>

The legal reserve as of 31 March 2010 was unchanged and stood at €/000 8,996.

<u>Other provisions</u> <u>€/000 5,828</u>

This item consists of:

In thousands of Euros	*As of 31 March 2010*	*As of 31 December 2009*	*Change*
Conversion reserve	(96)	(5,468)	5,372
Stock option reserve	9,970	9,279	691
Financial instruments' fair value reserve	820	127	693
IFRS transition reserve	(5,859)	(5,859)	0
Total other provisions	*4,835*	*(1,921)*	*6,756*
Consolidation reserve	993	993	0
Total	5,828	(928)	6,756

The financial instruments' fair value reserve, equal to €/000 820, refers to the effect of recording the *cash flow hedge*.

The consolidation reserve was established 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.

Performance reserve €/000 221,674

Minority interest capital and reserves €/000 1,590

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

Other net income (losses) €/000 693

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

In thousands of Euros	*As of 31 March 2010*	*As of 31 March 2009*	*Change*
The effective part of net income (losses) on cash flow hedging instruments generated in the period	738	3,486	(2,748)
The effective part of net income (losses) on cash flow hedging instruments re-classified in the income statement	(45)	25	(70)
Effective part of profits (losses) on cash flow hedges	**693**	**3,511**	**(2,818)**

30. Current and non-current financial liabilities **€/000 546,215**

In the first quarter of 2010, the Group's overall debt decreased by €/000 10,127, dropping from €/000 556,342 to €/000 546,215. This decrease is mainly attributable to the combined effect of the repayment of portions of medium-term loans and the payment of a portion of a loan from the Ministry of Education for a subsidised research project.

The Group's net debt rose to €/000 422,598 as of 31 March 2010 from €/000 351,976 as of 31 December 2009, as shown in the table on consolidated net debt included in the financial statements.

Non-current financial liabilities totalled €/000 430,349 against €/000 443,164 as of 31 December 2009, whereas current financial liabilities totalled €/000 115,866 compared to €/000 113,178 as of 31 December 2009.

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

In thousands of Euros	*As of 31 December 2009*	*Repay ments*	*New issues*	*Reclass. to current portion*	*Other changes*	*As of 31 March 2010*
Non-current portion:						
Medium-/long-term loans	289,872			(14,374)	183	275,681
Bonds falling due over 12 months	137,665					137,665
Other medium-/long-term loans:						
- of which leases	8,262			(196)		8,066
- of which due to other lenders	7,365		2,550	(978)		8,937
Total other loans beyond 12 months	*15,627*		*2,550*	*(1,174)*	*0*	*17,003*
Total	**443,164**	**0**	**2,550**	**(15,548)**	**183**	**430,349**

In thousands of Euros	*As of 31 December 2009*	*Repay ments*	*New issues*	*Reclass. from non current portion*	*Other changes*	*As of 31 March 2010*
Current portion:						
Current account overdrafts	1,958		183			2,141
Current account payables	22,515		5,736			28,251
Payables due to factoring companies	26,599	(3,888)				22,711
Current portion of medium-/long-term loans:						
- of which leases	758	(189)		196		765
- due to banks	58,812	(14,191)		14,374		58,995
- due to others	2,536	(511)		978		3,003
Total current portion of medium-/long-term loans	*62,106*	*(14,891)*	*0*	*15,548*	*0*	*62,763*
Total	**113,178**	**(18,779)**	**5,919**	**15,548**	**0**	**115,866**

Medium and long-term bank debt amounts to €/000 334,676 (of which €/000 275,681 non-current and €/000 58,995 current) and consists of the following loans:

- a €/000 128,571 medium-term loan from the European Investment Bank to finance Research & Development investments planned for the period 2009-2012. The loan has a remaining duration of six years, with an amortisation/depreciation schedule of 14 six-monthly instalments to be repaid at a variable rate equal to the six-month Euribor plus a spread of 1.323%. The contractual terms envisage loan covenants but exclude guarantees. It should be noted that, in reference to the 2009 period, these parameters were comfortably met;
- a €/000 89,212 (par value €/000 90,000) medium-term loan from a pool of banks granted in July 2009 to the Parent Company by Banca Nazionale del Lavoro as banking agent and paid in August 2009. This loan lasts for three years, with a pre-amortisation schedule of a year and a half, with repayments in three six-monthly instalments. The financial terms provide for a variable interest rate linked to the six-month Euribor plus an initial margin of 1.90%. This margin may vary from a minimum of 1.65% to a maximum of 2.20% in accordance with changes in the Net Financial Debt / Ebitda ratio. Guarantees are not issued. However in line with market practice, some financial parameters must be complied with. It should be noted that, in reference to the 2009 period, these parameters were comfortably met;
- €/000 82,009 (par value €/000 82,500) loan to the Parent company from Mediobanca and Banca Intesa San Paolo. In April 2006, this loan was syndicated to a restricted pool of banks and it is part of a more articulated loan package. The loan package consisted of an

initial *instalment* of €/000 150,000 (par value) which has been fully drawn on (as of 31 March 2010 €/000 82,500 was still due) and a second *instalment* of €/000 100,000 to be used as a credit line (still unused as of 31 March 2010). The structure envisages a 7-year term, with a grace period of 18 months and 11 six-monthly instalments with the last maturity on 23 December 2012 for the loan *instalment*, a variable interest rate linked to the 6 month Euribor to which a variable spread between a maximum of 2.10% and a minimum of 0.65% is added depending on the Net Financial Debt/EBITDA ratio. For the *tranche* relating to the credit line there is a commitment fee of 0.25%. Guarantees are not issued. However in line with market practice, some financial parameters must be complied with. It should be noted that, in reference to the 2009 period, these parameters were comfortably met;

- a €/000 21,875 five-year unsecured loan from Interbanca entered into in September 2008;
- €/000 3,500 of payables due to Interbanca in its capacity of provider of the EMH instruments;
- a €/000 2,976 subsidised loan from Banca Intesa San Paolo under Law 346/88 regarding applied research;
- €/000 2,691 as a non-interest bearing loan originally granted by Banca Antonveneta to a subsidiary of the Aprilia Group following the acquisition charged to the Parent Company; the lump sum due date is in 2011. The conditions envisage a market interest rate over the last two years based on the performance of the Piaggio 2004-2009 warrants;
- a €/000 1,604 subsidised loan from Banca Intesa San Paolo under Law 346/88 regarding applied research;
- a €/000 1,500 eight-year subsidised loan from ICCREA in December 2008 granted under Law 100/90 and linked to the SIMEST equity investment in the Vietnamese company:
- a €/000 738 loan from Interbanca in accordance with Law 346/88 regarding subsidies for applied research, secured by a mortgage lien on property;

The item Bonds amounting to €/000 137,665 (net book value) refers to the high yield debenture loan issued on 4 December 2009, for a par value of €/000 150,000, maturing on 1 December 2016 with a semi-annual coupon with fixed annual nominal rate of 7%. Standard & Poor's and Moody's both assigned a BB and BA2 rating with a negative outlook for the issue.

Funds from the issue were used to finance the pre-payment of the loan from Piaggio Finance S.A., relative to a high-yield debenture loan issued on 27 April 2005, for a nominal amount of €/000 150,000, and another loan due.

Medium-/long-term payables due to other lenders amount to €/000 20,771 of which €/000 17,003 due after twelve months; (€/000 3,768 is the current portion of other loans). These break down as follows:

- €/000 8,831 in finance leases for the merged Moto Guzzi S.p.A., of which €/000 8,830 provided by Locat S.p.A. and €/000 1 by Italease Factoring S.p.A.;
- subsidised loans for a total of €/000 11,940 provided by Simest and by the Ministry of Economic Development using regulations to encourage exports and investment in research and development (non-current portion of €/000 8,937).

Advances from factoring operations with recourse relative to trade receivables are equal to €/000 22,711.

<u>Financial instruments</u>

Risk management

In the first quarter of 2010, exchange rate risk was managed in line with the *policy* introduced in 2006, which aims to neutralise the possible negative effects of exchange rate changes on company *cash-flow*, by hedging the business risk, which concerns the changes in company profitability compared to the annual business budget on the basis of a key change (the so-called "budget change") and of the settlement risk, which concerns the differences between the exchange rate recorded in the financial statements for receivables or payables in foreign currency and that recorded in the related receipt or payment.

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

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

As regards contracts in place to hedge the risk management on receivables and payables in currency (transaction risk) as of 31 March 2010 Piaggio & C. S.p.A. had the following forward sales transactions in place:

- for a value of CAD/000 5,265 equal to €/000 3,792 (valued at the forward exchange rate);
- for a value of CHF/000 4,270 equal to €/000 2,927 (valued at the forward exchange rate);
- for a value of GBP/000 5,335 equal to €/000 5,967 (valued at the forward exchange rate);

- for a value of JPY/000,000 210 equal to €/000 1,699 (valued at the forward exchange rate);
- for a value of SEK/000 7,770 equal to €/000 798 (valued at the forward exchange rate);
- for a value of SGD/000 290 equal to €/000 152 (valued at the forward exchange rate);
- for a value of USD/000 4,990 equal to €/000 3,647 (valued at the forward exchange rate);

and forward purchase contracts:

- for a value of GBP/000 1,480 equal to €/000 1,641 (valued at the forward exchange rate);
- for a value of JPY/000,000 305 equal to €/000 2,468 (valued at the forward exchange rate);
- for a value of SEK/000 790 equal to €/000 81 (valued at the forward exchange rate);
- for a value of USD/000 8,180 equal to €/000 6,028 (valued at the forward exchange rate);

As regards contracts in place to hedge the risk management on *forecast transactions* (business risk), as of 31 March 2010 the Parent Company had in place:

- forward purchase transactions for a value of CNY/000,000 175 equal to €/000 17,697;
- forward sales transactions for CHF/000 17,800 equal to €/000 11,819 (valued at the forward exchange rate) and for GBP/000 14,800 equal to €/000 16,437 (valued at the forward exchange rate).

31. Current and non-current trade payables €/000 351,299

As of 31 March 2010 and as of 31 December 2009 no trade payables were recorded under non-current liabilities.
As of 31 March 2010, current trade payables totalled €/000 351,299, compared to €/000 345,987 as of 31 December 2009.

In thousands of Euros	*As of 31 March 2010*	*As of 31 December 2009*	*Change*
Current liabilities:			
Amounts due to suppliers	340,049	332,745	7,304
Trade payables due to companies valued at Equity	10,542	12,408	(1,866)
Amounts due to affiliated companies	78	393	(315)
Amounts due to parent companies	630	441	189
Total current portion	**351,299**	**345,987**	**5,312**

The overall increase in trade payables equal to €/000 5,312 is linked to the seasonal trend of the production cycle.

32. Reserves (current and non-current portion) **€/000 41,763**

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

In thousands of Euros	Balance as of 31 December 2009	Provisions	Applications	Reclassification	Exchange differences	Balance as of 31 March 2010
Product warranty provision	17,529	2,648	(2,634)		70	17,613
Risk provisions on equity investments	5,480					5,480
Provisions for contractual risks	9,521	106	(721)			8,906
Other provisions for risks and charges	9,602	474	(490)	(31)	209	9,764
Total	**42,132**	**3,228**	**(3,845)**	**(31)**	**279**	**41,763**

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

In thousands of Euros	*As of 31 March 2010*	*As of 31 December 2009*	*Change*
Non-current portion:			
Product warranty provision	5,260	5,025	235
Risk provisions on equity investments	5,480	5,480	0
Provisions for contractual risks	6,438	6,438	0
Other provisions for risks and charges	5,985	6,022	(37)
Total non-current portion	**23,163**	**22,965**	**198**

In thousands of Euros	*As of 31 March 2010*	*As of 31 December 2009*	*Change*
Current portion:			
Product warranty provision	12,353	12,504	(151)
Risk provisions on equity investments			0
Provisions for contractual risks	2,468	3,083	(615)
Other provisions for risks and charges	3,779	3,580	199
Total current portion	**18,600**	**19,167**	**(567)**

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

The provision increased during the period by €/000 2,648 and was used for €/000 2,634 in relation to charges incurred during the period.

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

The provision of contractual risks refers mainly to charges which may arise from the ongoing negotiation of a supply contract.
“Other provisions” include provisions for legal risks for €/000 6,021.

33. Deferred tax liabilities **€/000 29,219**

Deferred tax liabilities totalled €/000 29,219, compared to €/000 29,694 as of 31 December 2009. This change is primarily due to the re-absorption of temporary differences.

34. Retirement funds and employee benefits **€/000 61,135**

In thousands of Euros	*As of 31 March 2010*	*As of 31 December 2009*	*Change*
Retirement funds	2,292	2,510	(218)
Post-employment benefits	58,843	59,349	(506)
Total	**61,135**	**61,859**	**(724)**

Retirement funds comprise provisions for employees allocated by foreign companies and additional customer indemnity provisions, which represent the compensation due to agents in the case of the agency contract being terminated for reasons beyond their control.

35. Current and non-current tax payables **€/000 19,099**

As of 31 March 2010 and as of 31 December 2009 no tax payables were recorded under non-current liabilities.
"Tax payables" included in current liabilities totalled €/000 19,099 compared to €/000 18,952 as of 31 December 2009.
Their breakdown was as follows:

In thousands of Euros	*As of 31 March 2010*	*As of 31 December 2009*	*Change*
Due for income taxes	1,305	1,646	(341)
Due for non-income tax	1,910	1,724	186
Tax payables for:			
- VAT	9,160	3,260	5,900
- withheld taxes made	6,383	8,342	(1,959)
- other	341	3,980	(3,639)
Total	15,884	15,582	302
TOTAL	**19,099**	**18,952**	**147**

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

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

36. Other payables (current and non-current) €/000 86,064

In thousands of Euros	*As of 31 March 2010*	*As of 31 December 2009*	*Change*
Non-current portion:			
Amounts due to social security institutions	1,003	1,003	0
Other payables	4,922	5,482	(560)
Total non-current portion	**5,925**	**6,485**	**(560)**

In thousands of Euros	*As of 31 March 2010*	*As of 31 December 2009*	*Change*
Current portion:			
Amounts due to employees	31,571	34,192	(2,621)
Amounts due to social security institutions	7,984	10,120	(2,136)
Sundry payables due to affiliated companies	28	34	(6)
Sundry payables due to parent companies	737	573	164
Others	39,819	34,648	5,171
Total current portion	**80,139**	**79,567**	**572**

Other payables included in non-current liabilities totalled €/000 5,925 against €/000 6,485 as of 31 December 2009, whereas other payables included in current liabilities totalled €/000 80,139 compared to €/000 79,567 as of 31 December 2009.

Amounts due to employees include the amount for holidays accrued but not taken of €/000 13,077 and other payments to be made for €/000 18,494.

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

Milan, 29 April 2010

for the Board of Directors

Chairman and Chief Executive Officer

Roberto Colaninno

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

The main business and financial relations of Group companies with related parties have already been described in the specific paragraph in the Report on Operations to which reference is made here. To supplement the information, the following table provides an indication by company of outstanding items as of 31 March 2010, as well as their contribution to the respective items.

		In thousands of Euros	% of accounting item
Relations with affiliated companies			
Fondazione Piaggio	other current receivables	22	0.09%
	other non-current receivables	321	2.64%
	current trade receivables	5	0.00%
	other current payables	28	0.03%
Piaggio China	other non-current financial assets	10	5.71%
	current trade payables	15	0.00%
AWS do Brasil	other non-current receivables	138	1.14%
Zongshen Piaggio Foshan	other current receivables	57	0.24%
	costs for materials	6,169	3.05%
	costs for services and use of third party assets	60	0.10%
	other operating income	395	1.68%
	borrowing costs	12	0.17%
	current trade receivables	768	0.48%
	current trade payables	10,527	3.00%
IMMSI Audit	other current receivables	9	0.04%
	costs for services and use of third party assets	180	0.29%
	other operating income	9	0.04%
Studio D'Urso	current trade payables	78	0.02%
	costs for services and use of third party assets	35	0.06%
Relations with parent companies			
IMMSI	costs for services and use of third party assets	250	0.40%
	other operating costs	82	1.53%
	other current receivables	3,921	16.30%
	current trade payables	630	0.18%
	other current payables	737	0.92%
Omniaholding	financial liabilities falling due after one year	2,900	0.67%

F) SUBSEQUENT EVENTS

To date, no events have occurred after 31 March 2010 that make additional notes or adjustments to these interim financial statements necessary.

In this regard, reference is made to the Report on Operations for significant events after 31 March 2010.