Half-year Financial Report as of 30 June 2014

Disclaimer

This Interim Financial Report as of 30 June 2014 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.

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REPORT ON OPERATIONS

Introduction

This Half-year Financial Report as of 30 June 2014 was drafted in compliance with Italian Legislative Decree no. 58/1998 as amended, as well as the Consob Regulation on Issuers.
This Half-year Financial Report has 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.

Key operating and financial data

	1st half		
	2014	2013	2013
In millions of euros			
Data on earnings			
Net sales revenues	629.0	671.5	1,212.5
Gross industrial margin	194.4	207.3	357.5
Operating income	51.1	57.6	62.6
Adjusted profit before tax[1]	30.4	41.6	62.6
Profit before tax	27.5	41.6	30.3
Adjusted net profit[1]	18.3	25.0	18.1
Net profit	16.5	25.0	(6.5)
. Non-controlling interest			
. Owners of the parent	*16.5*	*24.9*	*(6.5)*
Data on financial performance			
Net capital employed (NCE)	884.0	887.3	867.7
Net debt	(472.3)	(458.2)	(475.6)
Shareholders' equity	411.7	429.2	392.1
Balance sheet figures and financial ratios			
Gross margin on net revenues	30.9%	30.9%	29.5%
Adjusted net profit as a percentage of net revenues	2.9%	3.7%	1.5%
Net profit as a percentage of net revenues	2.6%	3.7%	-0.5%
ROS (Operating income/net revenues)	8.1%	8.6%	5.2%
ROE (Net profit/shareholders' equity)	4.0%	5.8%	-1.7%
ROI (Operating income/NCE)	5.8%	6.5%	7.2%
EBITDA	94.0	100.6	146.8
EBITDA on Net Revenues	15.0%	15.0%	12.1%
Other information			
Sales volumes (unit/000)	278.5	298.5	555.6
Investments in property, plant and equipment and intangible assets	38.2	43.4	87.6
Research and Development [2]	33.5	31.8	47.7
Employees at the end of the period (number)	7,734	8,150	7,688

1_ For the first half of 2014, the Group determined "adjusted" profit before tax and net profit, which excludes the effect of non-recurrent transactions.

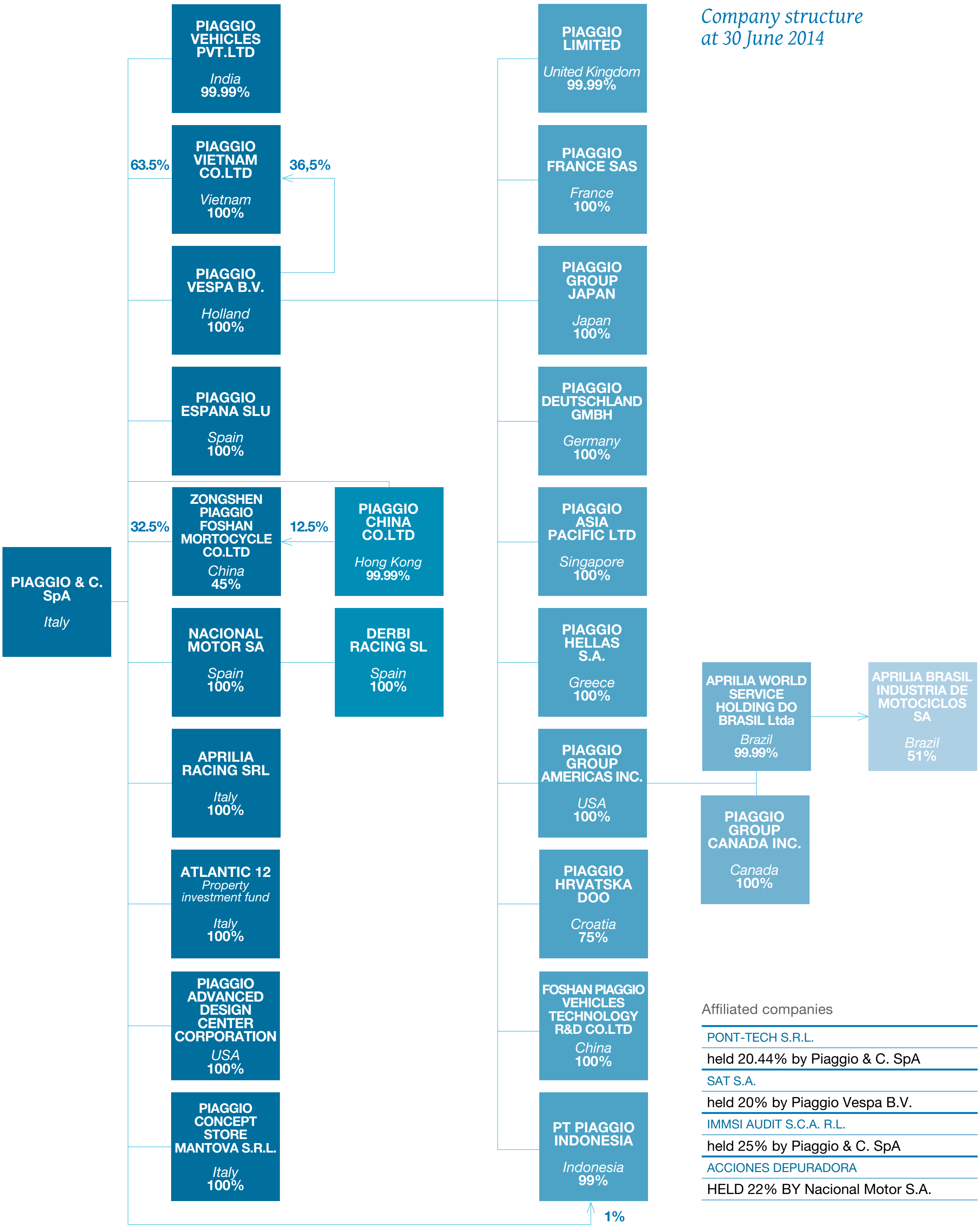
2_ The item Research and Development includes investments recognised in the statement of financial position and costs recognised in profit and loss.

Results by operating segments

		EMEA and AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
Sales volumes (units/000)	1st half of 2014	131.7	105.7	41.1	**278.5**
	1st half of 2013	132.5	117.4	48.5	**298.5**
	Change	(0.8)	(11.7)	(7.5)	**(20.0)**
	Change %	-0.6%	-10.0%	-15.4%	**-6.7%**
Turnover (million euros)	1st half of 2014	407.6	145.6	75.8	**629.0**
	1st half of 2013	414.0	165.9	91.7	**671.5**
	Change	(6.4)	(20.3)	(15.9)	**(42.6)**
	Change %	-1.5%	-12.2%	-17.4%	**-6.3%**
Average number of staff (no.)	1st half of 2014	4,069	2,716	908	**7,693**
	1st half of 2013	4,272	3,113	949	**8,334**
	Change	(203)	(397)	(41)	**(641)**
	Change %	-4.8%	-12.8%	-4.3%	**-7.7%**
Investments (million euros)	1st half of 2014	32.7	3.3	2.2	**38.2**
	1st half of 2013	30.7	6.1	6.6	**43.4**
	Change	2.1	(2.8)	(4.5)	**(5.1)**
	Change %	6.8%	-45.5%	-67.0%	**-11.8%**
Research and Development [3] (million euros)	1st half of 2014	29.9	1.8	1.9	**33.5**
	1st half of 2013	23.5	4.8	3.4	**31.8**
	Change	6.4	(3.1)	(1.6)	**1.8**
	Change %	27.2%	-63.5%	-46.0%	**5.5%**

3_ The item Research and Development includes investments recognised in the statement of financial position and costs recognised in profit and loss.

Company structure at 30 June 2014



Affiliated companies

PONT-TECH S.R.L.
held 20.44% by Piaggio & C. SpA
SAT S.A.
held 20% by Piaggio Vespa B.V.
IMMSI AUDIT S.C.A. R.L.
held 25% by Piaggio & C. SpA
ACCIONES DEPURADORA
HELD 22% BY Nacional Motor S.A.

During the first half of 2014, the Group's corporate structure changed, following the establishment of a new company on 14 April 2014, called Piaggio Concept Store Mantova, which will manage the Group's first flagship store in the city of Mantua.

Company Boards

Board of Directors	
Chairman and Chief Executive Officer	Roberto Colaninno (1)
Deputy Chairman	Matteo Colaninno
Directors	Michele Colaninno (3)
	Franco Debenedetti (3), (4)
	Daniele Discepolo (2), (4), (5), (6)
	Mauro Gambaro
	Livio Corghi
	Luca Paravicini Crespi (3), (5),(6)
	Riccardo Varaldo (4), (5), (6)
	Vito Varvaro
	Andrea Paroli
Board of Statutory Auditors	
Chairman	Giovanni Barbara
Statutory Auditors	Attilio Francesco Arietti
	Alessandro Lai
Alternate Auditors	Mauro Girelli
	Elena Fornara
Supervisory Body	
	Antonino Parisi
	Giovanni Barbara
	Ulisse Spada
General Manager Finance	Gabriele Galli
Executive in charge of financial reporting	Alessandra Simonotto
Independent Auditors	PricewaterhouseCoopers S.p.A.

(1) Director in charge of internal audit and risk management
(2) Lead Independent Director
(3) Member of the Appointment Proposal Committee
(4) Member of the Remuneration Committee
(5) Member of the Internal Control and Risk Management Committee
(6) Member of the Related Party Transactions Committee

Significant events during first half of 2014

24 February 2014 The company Foshan Piaggio Vehicles Technology R&D Co. LTD obtained all necessary authorisations from the local authorities to start the sale of two-wheeler products in China.

14 March 2014 Following the completion of the tax assessment which began in 2012, and solely to prevent tax litigation with reference to assessment aspects, that concern contrasting positions with outcomes that are hard to predict, Piaggio & C. S.p.A. considered it appropriate to agree to the settlement proposal made by the Inland Revenue Office that will involve a financial outflow, only as concerns regional production tax, of €5.1 million, while the overall impact on the 2013 income statement was equal to €24.6 million, including the use for the purposes of corporate income tax of previous losses to offset the total sum claimed.

19 March 2014 Approval of the 2014-2017 Business Plan.

24 March 2014 the new 50 and 125cc versions of the Vespa Sprint were unveiled to the international press in Rome.

7 April 2014 Piaggio & C. S.p.A. launched a direct exchange offer to holders of the bond issued on 1 December 2009, called “Piaggio & C. S.p.a. € 150 million 7% Senior Notes due 2016”, aimed at replacing securities in circulation with securities from the issue of new debenture loan in Euros, maturing in 2021 (**Exchange Offer**) at an **Exchange Price** of 104.50%.

14 April 2014 the new Moto Guzzi V7 range, with three different versions - the Racer, Stone and Special - was launched at the company’s historic Mandello del Lario production site.

14 April 2014 the company Piaggio Concept Store Mantova S.r.l. was established; the company is wholly owned by Piaggio & C. S.p.A., and its main business purpose is the sale of two-, three- and four-wheeler vehicles and relative spare parts and accessories, plus repair and maintenance and services, services for the motorcycling industry, and the sale of clothing and food and beverages.

15 April 2014 the new Mechanical Plant at Pontedera was inaugurated; the plant is located within the Piaggio site and is dedicated to precision mechanics for scooters and motorcycles of the entire Group. The production plant covers a total floor area of approximately 7,500 square metres, of which 5,500 square metres are covered, and is used for the high precision machining of cases, crankcases and other engine and chassis components, with a workforce of approximately 90 employees. Most of the employees were recruited in 2011 by the Piaggio Group, following the insolvency of the former supplier Tecnocontrol.

16 April 2014 Piaggio & C. S.p.A. successfully completed the placing on the high-yield market of an unsecured, non-convertible senior debenture loan of €250 million (the Debenture Loan); the loan is for 7 years, with an annual interest rate of 4.625%, fixed, half-yearly coupon and issue price equal to 100%.

22 April 2014 the new Vespa GTS, also available in the GTS Super sports version with 125 and 300cc engines, made its début in Tuscany. The biggest and most powerful Vespa now features ASR electronic traction control (a world exclusive and technological record for the Piaggio Group) and the ABS braking system.

9 June 2014 following the exercise of the call option relative to the debenture loan issued on 1 December 2009, called “Piaggio & C. S.p.a. € 150 million 7% Senior Notes due 2016”, Piaggio & C. S.p.A. reimbursed at the price of 103.50% the remaining portion of the aforesaid loan (equal to approximately €42 million), after the finalisation of the exchange offer launched on 7 April.

16 June 2014 At the same time as the opening of Motoplex, the Piaggio Group's first concept store in Mantua, the Vespa World Days event was held, bringing together more than 10,000 Vespas and thousands of fans from 32 different countries.

25 June 2014 The Piaggio Museum at Pontedera was awarded a "2014 Certificate of Excellence" by "TripAdvisor", based on its high ranking (4.5 out of 5) awarded by visitors to the site that publishes user reviews of resorts, hotels, tourist destinations, package holidays and trips (www.tripadvisor.it).

Background

The market

Two-wheeler

Sales on the world two-wheeler market in the first half of 2014 went up, to a figure just above 23.4 million vehicles, with an increase of 1.7% compared to the same period in 2013.

India contributed the most to this growth, reporting a 13.4% increase and closing the period with 7.8 million units sold, ranking first worldwide.

Instead the crisis on the Chinese market continued, with 5.1 million vehicles sold and a decrease in sales of 11%.

The Asian area known as Asean 5 reported a slight downturn of 0.5% (just over 7 million units sold). The most important country in this area, Indonesia, continued its growth trend, to reach nearly 4.3 million units sold. Indonesia has considerably increased its impact in this area, and now accounts for 61% of sales in South East Asia; Vietnam was still the second market in the area, with volumes just below 1.3 million units (down by 9.2%); Thailand reported a marked drop in sales in the first six months of 2014 (approximately -23%) ending the period with 865 thousand items sold.

Of other Asian area countries, Taiwan continued to grow in the first six months of 2014, with total volumes accounting for 334 thousand items and an increase of 10.7% compared to the same period of the previous year.

The North American market recorded an increase of 3.2% in the first half of 2014, with approximately 300 thousand vehicles sold.

In Latin America, Brazil, the reference country in the area, reported a decrease, with just under 770 thousand units sold (-6% compared to the first half of 2013).

After years of decline, Europe, which is the Piaggio Group's reference area, reported a growth trend in the first half of 2014, increasing sales on the two-wheeler market by 4% compared to 2013; the scooter segment remained steady compared to the previous year, while the motorcycle segment grew by 9.4%. In the scooter segment, 50cc models decreased (-8%) while over 50cc models reported a positive growth trend (+6%). In the motorcycle segment, over 50cc models reported a 10% increase, while figures for 50cc models were stable.

The scooter market

Europe

In the first half of 2014, the European scooter market accounted for 349,000 registered vehicles, in line with the same period of 2013.
Registered vehicles comprise 202,000 over 50cc vehicles, and 147,000 50cc vehicles. The first segment grew by 6% in 2013, while the second segment fell by 8%.
Italy is still the most important market among leading nations, with 72,000 units registered, followed by France with 69,000 units and Spain with 41,000 units. Germany has dropped to fourth place with 38,000 units, while the United Kingdom registered 15,000. In the first six months of 2014, the Italian market recorded a slight downturn compared to the previous year (-2%), when registrations totalled 73,000. The 50cc segment fell by 18% with 13,000 units registered, while the over 50cc segment sold 59,000 units, equal to a 3% increase compared to 2013.
The French market with 69,000 vehicles decreased by 3% compared to the 71,000 vehicles sold in the first half of the previous year: this decline was attributable to the 50cc scooter segment (-9%), partly offset by

the increase in the over 50cc scooter segment (+6%).
The German market also registered a decrease (-7%) with approximately 38,000 vehicles sold in the first half of 2014 compared to 41,000 in 2013. This negative trend is attributable to the 50cc scooter segment, which fell by 17%, while the over 50cc segment reported a growth of 6%.
Spain (with approximately 41,000 vehicles registered), reported a 13% increase compared to the first half of 2013: in particular, the 50cc scooter segment fell slightly (-4%), while growth in the over 50cc segment, which has a far greater weight, was considerable (+16%).
Sales in the United Kingdom also went up in the first six months of 2014 (+3%) to exceed 15,000 units. Likewise in Spain, performance is attributable to the over 50cc scooter segment (+7%), which offset the negative trend of the 50cc scooter segment (-6%).

North America
As in the previous year, the scooter market reported a negative trend in the first half of 2014 (-2%); with less than 20,000 units sold: this negative performance mainly refers to the over 50cc segment, where sales fell by 5%; the 50cc scooter segment instead grew (+1%).
In the United States (accounting for 89% of the reference area), the scooter market was stable, with 18,000 vehicles sold; after the growth trend of 2013, the Canadian market reported a 14% decrease in the first half of 2014, with 2,100 vehicles sold.

India
The automatic scooter market increased by 30.8% in the first half of 2014, closing with over 2 million units sold. The over 90cc range is the main product segment, with more than 1.9 million units sold in the first half of 2014 (+35% compared to the first half of 2013) and accounting for 95.7% of the total automatic scooter market.
The 50cc scooter segment is not operative in India.

Asia
The main scooter market in the Asean 5 area is Indonesia, with nearly 3.7 million items sold, reported an 8.5% increase compared to the first half of 2013. In Indonesia the only segment to fall was the Cub segment, which decreased by 3.2% with 889 thousand units sold, while the automatic scooter segment increased by more than 13.3% (selling over 2.8 million units).
Vietnam is the second most important market, recording a decrease of 8.9%, and selling nearly 1.29 million items, comprising 757 thousand Cub and 529 thousand automatic scooters.

The motorcycle market

Europe
Sales on the European motorcycle market increased by 9% in the first half of 2014, from 274,000 units in 2013 to 300,000 in 2014. Trends were positive in all sub-segments: in particular the over 750cc maxi-engine sub-segment, which is the most important, increased by 14%, with 157,000 vehicles registered. Growth in the mid-engine sub-segment (126-750cc) was less significant (5%), with a total of 92,000 units; a similar trend was reported for the 51-125cc sub-segment (+5% and 36,000 units) while the 50cc segment is stable, at 2013 half year figures.
Germany placed as the first market in Europe, with 74,000 units, followed by France (62,000), while the United Kingdom (39,000 units) came in ahead of Italy (38,000 vehicles) which ranked fourth, followed by Spain (18,000 units) in fifth place.
All countries reported positive trends in the period: Germany grew by 9%, while France and Italy reported a 7% growth trend; growth in the United Kingdom was even higher (+15%), while Spain recorded the highest increase (+26%).
In Italy, volumes went up from 35,000 units in the first half of 2013 to 38,000 in 2014; growth refers to over 750cc motorcycles, with figures up from 19,000 units in the first half of 2013 to 22,000 (+15%). 126-750cc motorcycles reported a stable figure of 13,000 units, while a downturn was recorded in the 51-125cc (-17% and 1,800 units) and 50cc segments (-11% and 1,300 units).

North America
The North American motorcycle market (USA and Canada) recorded a positive trend in the first half of 2014 (+4%), selling 280,000 units against 270,000 for the same period of the previous year. In the United States (accounting for 88% of the area), the motorcycle segment recorded a 3% increase, selling 246,000 units against 238,000 units in the first half of 2013. The Canadian market picked up slightly, closing the half year up 5%, with sales of 34,000 units.

Asia
The most important motorcycle market in Asia is India, which increased by 9.1% in the first six months of 2014 compared to the same period of the previous year, closing with over 5.4 million items.
The 110cc engine segment is the most important on the motorcycle market, accounting for 63.5% and increasing by 6.9% with sales of more than 3.4 million units.

The motorcycle market in the Asean 5 area is far less important than the scooter sector. Sales of motorcycles in Vietnam were not significant; in other countries, the highest sales were reported in Indonesia, with over 583 thousand units sold and a 12.1% increase over the previous year.

4_ACEA data for Europe, SIAM data for India.

Commercial Vehicles[4]

Europe
From January to May 2014, the European market for light commercial vehicles (vehicles with a maximum mass of up to 3.5 tons) where the Piaggio Group operates, accounted for 620,951 units sold, increasing by 10.4% compared to the same period in 2013 (estimate of ACEA data January-May 2014).
In detail, France remained steady (+0.4%) while Germany reported an increase of 7.7%. Higher increases were registered in the United Kingdom (+13.3%), Italy (+16.1%) and above all Spain (+44.7%).

India
Sales on the Indian three-wheeler market, where Piaggio Vehicles Private Limited, a subsidiary of Piaggio & C. S.p.A. operates, went down from 244,800 units in the first half of 2013 to 236,300 in the same period of 2014, registering a 3.5% decrease.
Within this market, the passenger transport vehicles sector fell by 5.3%, with 187,300 units, while the cargo sector went up by 3.9%, from 47,100 units in the first six months of 2013 to 48,900 units in the same period of 2014. The traditional three-wheeler market is flanked by the four-wheeler light commercial vehicles (LCV) market (cargo vehicles for goods transport) where Piaggio Vehicles Private Limited operates with the Porter 600 and 1000. The LCV cargo market, with vehicles with a maximum mass below 2 tons and where the Porter 600 and Porter 1000 compete, accounted for 69,303 units sold in the first half of 2014, falling by 36% compared to the same period of 2013.

The regulatory framework

European Union

Between the end of 2013 and start of 2014, three of the four Delegated Regulations, which along with Regulation 168/2013/EU, will make up the regulatory framework for future European type approvals of L category vehicles (scooters, motorcycles, tricycles and four-wheelers) and which concern environmental performance, construction and functional safety requirements, were published. The last Delegated Regulation, containing administrative requirements concerning the new type approval procedure, is expected to be published this summer.

In the first few months of 2014, a compromise was reached by the Greek Presidency of the European Union and the EU Parliament on the "Clean Power Directive" proposal; this directive is for creating infrastructures in the EU for alternative fuels and harmonising technical specifications for electrical vehicle charging stations throughout the EU. The original proposal of the European Commission was "watered down", reducing the minimum number of charging points originally planned. Moreover, as regards L category vehicles, the new text appoints the Commission to include a single European standard for charging stations in the directive, after it has been defined at a CEN (European Committee for Standardisation) level. In June, the CEN voted in favour of the type of connector currently used in Italy as the single vehicle-charging point interface (non-domestic) for all EU countries, accepting the proposal made by ACEM on specific request of Piaggio.

In April, Directive 2014/45/EU was published; this directive contains EU requirements on the frequency of roadworthiness tests for vehicles (on safety, pollution), so that they may still circulate.

- The obligation will only concern motorcycles, three-wheelers and four-wheelers with an engine above 125cc (so nearly all mopeds, scooters and motorcycles up to 125cc are therefore excluded);
- the obligation for these vehicles will only come into force from 2022 onwards;
- Member States may defer the obligation to carry out periodic controls if they have adopted alternative road safety measures (not further specified).

At present, only some countries have decided on and adopted national laws on periodic roadworthiness tests for scooters, mopeds and motorcycles, and Italy ranks among these, as from 2001.

On 27 May, the Official Journal of the European Union published regulation 540/2014 on the sound level of motor vehicles and of replacement silencing systems. This regulation establishes, among others, new sound emission limits for vehicles for the transport of persons and vehicles designed and constructed for the transport of goods (such as the Piaggio Porter). The new regulation will become mandatory as from 1 July 2016 for new type approvals.

In the second half of 2013, the European Commission had presented a bill for the mandatory installation of the eCall (emergency call) system on board newly approved vehicles and light transport commercial vehicles as from 1 October 2015. The system is able to automatically dial the single European emergency number 112, in the event of a road accident, and report the vehicle's position to the emergency services.
The Commission, Council and EU Parliament are still discussing this bill, in particular as regards the date from when the system will become mandatory for newly approved vehicles, and which will be deferred most probably to October 2017.

As from January 2016, manufacturers of scooters, mopeds, motorcycles, three-wheelers and four-wheelers - in order to obtain type approval - will have to certify that the same repair and maintenance information (RMI) given to its authorised repair operators is also made available to independent operators. On 25 June 2014, the first meeting of the CEN Working Group for preparing a standard on procedures to issue this information was held. The Working Group was established as instructed by the European Commission. The Group includes representatives of European manufacturers of L category vehicles (including Piaggio) and representatives of repair operators, spare parts operators, manufacturers of diagnostic systems and other independent operators.

Italy

An Advisory Council was established on 24 October 2013 within the Ministry for Economic Development, with the involvement of the Ministry for Universities and Research and the Ministry for Transport, and met on several occasions in the first half of 2014 to devise, in conjunction with some of the automotive industry's main stakeholders (including ANCMA and ANFIA), concrete measures to relaunch the sector.
Specific working groups were established for the following issues:

- Competitiveness and industrial policy measures: a working group with a focus on exports and streamlining customs' formalities, Research&Development and reducing energy costs.
- Market support: a working group to identify solutions to support the market and restructure industry taxation.

In March, incentives to purchase total low emission vehicles, as of article 17-bis of law decree no. 83 of 22 June 2012 amended by law no. 134 of 7 August 2012 were resumed by the Ministry for Economic Development. The incentives are for the purchase of environmentally-friendly two-, three- and four-wheeler vehicles (electric, hybrid, LPG, natural gas, biogas, biofuel and hydrogen vehicles) that produce CO_2 exhaust emissions below 120 g/km. As in 2013, the incentives are equal to 20% of the price, with a maximum limit that differs depending on the category of vehicle purchased.
Available funds (approximately € 63 million) comprise funds allocated for 2014 and funds unused in 2013.
Half of funds have been used for the purchase of vehicles with emissions up to 95g CO_2/km (electric and hybrid vehicles) by all categories of purchasers, while the other half has been allocated for the purchase of company vehicles and vehicles for public use with emissions up to 120g CO_2/km on condition that an old vehicle of at least 10 years is scrapped. Commercial vehicles, two-wheelers and low-polluting cars are included in the incentive campaign promoted by the Ministry for Economic Development.

With the end of the moratorium in October 2013, granted by the Municipality of Rome, the prohibition on all Euro 1 (2 and 4 stroke), mopeds and motorcycles transiting within the Restricted Traffic Area (ZTL area) of Rome, came into force on April 1st 2014.

In May, ANCMA (the National Association of Manufacturers of Motorcycles and Accessories), of which Piaggio is a member, requested clarification from the Ministry of Transport as to the possibility for electric motorcycles to transit on motorways. At present, article 175 of the Highway Code sets a minimum engine capacity of 150cc for motorcycles with combustion engines, with no reference to electric engines. The Ministry examined the request, concluding that the legislator would have to redefine article 175 of the Highway Code, based on technological and legal developments.

On 4 June 2014, funding of 2,200,000 euros as incentives for the purchase of vehicles up to 6.5 tons, used to transport goods, with a low environmental impact, i.e. Euro 5 petrol/diesel, Euro 6, LPG and methane, was approved with resolution n. 160 by the City Council of Rome.
The aim is to reduce urban traffic pollution caused by trucks and to improve the entire goods logistics system in the Restricted Traffic Area (ZTL area) of Rome. The approval will be followed by the signing of the new Protocol of Understanding between industry associations (ANFIA, UNRAE

and Federauto) and the Department of Mobility and Transport of the Municipality of Rome, intended to extend the requirements and access conditions relative to the incentives in the previous Protocol of Understanding, stipulated in September 2012.

During 2013, a resolution on road safety was presented to the IX (Transport) Committee of the Chamber of Deputies, requesting the Government to commit, among others, to developing safer road infrastructures with shock absorbing systems (e.g. guard rails), with priority given to routes with high two-wheeler accident rates. This issue, partly due to the resolution and partly as a consequence of work undertaken by ANCMA, was included as a priority of the Consolidated Act to reform the highway code.
Detailed wording of changes to make to the Consolidated Act was recently approved by the Committee set up within the Transport Committee, that accepted the following requests from Industry manufacturers:

- review and consolidation of measures for the development of sustainable mobility and improvement of safety in an urban context, with particular reference to vulnerable users, including, among others, the introduction of requirements to improve safety of bicycles, mopeds, motorcycles and motor vehicles in transit;
- provisions to limit the presence of artificial fixed obstacles at the edge of roads, such as road sign poles, in order to reduce hazardous conditions for mopeds, motorcycles and motor vehicles;
- tasking the Ministry of Infrastructures and Transport, in compliance with road design regulations, to prepare guidelines for authorities owning roads, on the design and construction of new road infrastructures and urban facilities that improve the safety of two-wheeler users, pedestrians and in general, vulnerable users.

In the summer, amendments to the Consolidated Act will be discussed and voted by the Committee, after which the text will be discussed by the Chamber of Deputies.

Canada
In May, the Province of British Columbia approved a new regulation whereby scooters with an engine up to 50cc and a weight (excluding liquids and the battery) exceeding 95 kg (211lbs) are considered as motorcycles and consequently requirements on driving licences and insurance for this category of vehicles shall be complied with.

India
In the first few months of 2014, new anti-pollution measures were proposed (called Bharat Stage IV) that will target two-wheeler motorised vehicles presumably type approved as from 1 April 2016. These proposals for requirements call for stricter limits for pollutant emissions, a specific limit for evaporative emissions and the control of gas emissions from the crankcase.
Moreover, pollution regulations applicable for two-wheeler vehicles as from 1 April 2020 (new type approvals) and as from 2021 (new registrations) were also proposed.

Vietnam
In 2012, the Vietnamese government proposed extending the two-wheeler vehicle registration tax already adopted in Hanoi to the province of Ho Chi Minh. The tax would vary, depending on the vehicle value, from a maximum of 4 million Dong (equal to approximately €140) to a minimum of 2 million Dong (approximately €70). This proposal has not yet become law.

Taiwan
The Taiwanese Government has presented a bill according to which all two-wheeler vehicles manufactured in or imported into the country shall comply with new specific fuel consumption standards, with limits that will vary based on the vehicle's engine capacity. These new requirements are expected to come into force on 1 January 2016.

<u>China</u>

The anti-pollution regulation, “China 4” is currently being discussed and should come into force from 1 January 2016.

The main requirements will concern the mandatory introduction of an injection system, on board diagnostics and a new cycle to measure vehicle emissions during type approval.

Financial position and performance of the Group

Consolidated income statement

	1st half of 2014		1st half of 2013		Change	
	In millions of euros	Accounting for a %	In millions of euros	Accounting for a %	In millions of euros	%
Consolidated income statement (reclassified)						
Net sales revenues	629.0	100.0%	671.5	100.0%	(42.6)	-6.3%
Cost to sell [5]	434.6	69.1%	464.2	69.1%	(29.6)	-6.4%
Gross industrial margin[5]	**194.4**	**30.9%**	**207.3**	**30.9%**	**(12.9)**	**-6.2%**
Operating expenses	143.3	22.8%	149.8	22.3%	(6.5)	-4.3%
EBITDA[5]	**94.0**	**15.0%**	**100.6**	**15.0%**	**(6.6)**	**-6.5%**
Amortisation /Depreciation	43.0	6.8%	43.0	6.4%	(0.1)	-0.1%
Operating income	**51.1**	**8.1%**	**57.6**	**8.6%**	**(6.5)**	**-11.3%**
Result of financial items	(23.6)	-3.8%	(16.0)	-2.4%	(7.6)	47.8%
of which non-recurrent	*(2.9)*	-0.5%			(2.9)	
Profit before tax	**27.5**	**4.4%**	**41.6**	**6.2%**	**(14.1)**	**-34.0%**
Adjusted profit before tax	**30.4**	**4.8%**	**41.6**	**6.2%**	**(11.2)**	**-26.9%**
Taxes	11.0	1.7%	16.6	2.5%	(5.6)	-34.0%
Net profit	**16.5**	**2.6%**	**25.0**	**3.7%**	**(8.5)**	**-34.0%**
Adjusted net profit	**18.3**	**2.9%**	**25.0**	**3.7%**	**(6.7)**	**-26.9%**

5_For a definition of the parameter, see the Economic Glossary.

Vehicles sold

	1st half of 2014	1st half of 2013	Change
In thousands of units			
EMEA and Americas	131.7	132.5	(0.8)
India	105.7	117.4	(11.7)
Asia Pacific 2W	41.1	48.5	(7.5)
TOTAL VEHICLES	**278.5**	**298.5**	**(20.0)**
Two-wheeler	181.1	202.0	(20.9)
Commercial Vehicles	97.4	96.5	0.9
TOTAL VEHICLES	**278.5**	**298.5**	**(20.0)**

Net revenues

	1st half of 2014	1st half of 2013	Change
In millions of euros			
EMEA and Americas	407.6	414.0	(6.4)
India	145.6	165.9	(20.3)
Asia Pacific 2W	75.8	91.7	(15.9)
TOTAL NET REVENUES	**629.0**	**671.5**	**(42.6)**
Two-wheeler	459.0	489.8	(30.8)
Commercial Vehicles	169.9	181.7	(11.8)
TOTAL NET REVENUES	**629.0**	**671.5**	**(42.6)**

In the first half of 2014, the Piaggio Group sold 278,500 vehicles worldwide, with a reduction in volumes totalling around 6.7% compared to the same period of the previous year, when 298,500 vehicles were sold. EMEA and the Americas basically held up (-0.6%), while sales in India and Asia Pacific fell (-10.0% and -15.4% respectively). As regards the type of products sold, the downturn mainly referred to two-wheeler vehicles (- 10.3%), while commercial vehicles reported a slight growth trend (+0.9%).

In terms of consolidated turnover, the Group ended the first half of 2014 with net revenues down by 6.3% compared to the same period in 2013, and equal to €629.0 million.
Revenues were down for EMEA and the Americas (- 1.5%), and for India (- 12.2%) and Asia Pacific (- 17.4%).

As regards product type, sales of commercial vehicles fell by 6.5% and of two-wheelers by 6.3%. As a result, the impact of two-wheeler vehicles on overall turnover remained stable at 73%.

The Group's **gross industrial margin** decreased in absolute terms compared to the first half of 2013 by €12.9 million, while in relation to net turnover, it remained steady at 30.9%, as in the first half of 2013.
Amortisation/depreciation included in the gross industrial margin was equal to € 17.1 million (€ 17.2 million in the first half of 2013).

Operating expenses incurred during the first half of 2014 totalled € 143.3 million, € 6.5 million less compared to the same period of the previous year (€ 149.8 million), and confirmed the Group's constant focus on keeping costs down and maintaining high profitability levels.
Operating expenses also include amortisation/depreciation not included in the gross industrial margin, amounting to € 25.6 million (€ 25.8 million in the first half of 2013).

This performance resulted in a consolidated **EBITDA** which was lower than the previous period, and equal to € 94.0 million (€ 100.6 million in the first half of 2013). In relation to turnover, EBITDA was equal to 15.0%, as in the first half of 2013. In terms of Operating Income (**EBIT**), performance was negative compared to the first half of 2013, with a consolidated EBIT equal to € 51.1 million, down € 6.5 million; in relation to turnover, EBIT fell from 8.6% in the previous period to 8.1%.

The result of financing activities worsened compared to the first half of the previous year, with net financial borrowing costs amounting to € 23.6 million. This negative performance is due to non-recurrent costs relating to the early repayment of a debenture loan maturing in 2016[6], estimated as €2.9 million, a lower capitalisation of interest, of €1.1 million and an increase in average debt.

Adjusted net profit, calculated excluding the effect arising from the above-mentioned non-recurrent costs and their related tax impact, amounted to €18.3 million (2.9% of turnover), down on the figure for the same period of the previous year of €25.0 million (3.7% of turnover). The impact on profit before tax was estimated as equal to 40%.

6_For more details, see sections 30 and 41 of the Notes.

Consolidated statement of financial position[7]

Statement of financial position	As of 30 June 2014	As of 31 December 2013	Change
In millions of euros			
Net working capital	(19.4)	(30.4)	11.0
Net property, plant and equipment	308.6	310.1	(1.6)
Net intangible assets	659.2	654.5	4.7
Financial assets	9.6	9.9	(0.3)
Provisions	(74.0)	(76.4)	2.4
Net capital employed	**884.0**	**867.7**	**16.2**
Net Financial Debt	472.3	475.6	(3.3)
Shareholders' equity	411.7	392.1	19.5
Sources of funds	**884.0**	**867.7**	**16.2**
Non-controlling interests	0.9	0.9	0.0

7_For a definition of individual items, see the Economic Glossary.

Net working capital as of 30 June 2014 was negative for € 19.4 million, using cash flows of approximately € 11.0 million during the period.

Property, plant and equipment amounted to € 308.6 million as of 30 June 2014, with a decrease equal to approximately € 1.6 million compared to 31 December 2013. Depreciation was equal to approximately €20.6 million and more than offset investments for the period (€12.5 million). The revaluation of property investments (measured at fair value) generated an increase of €4.8 million. The value adjustment of the balance sheet item to the exchange rate in effect at the end of the reporting period generated an increase in the carrying amount of approximately €2.5 million.

Intangible assets totalled € 659.2 million, up by approximately € 4.7 million compared to 31 December 2013. This increase is due to investments for the period (€25.7 million) that exceeded amortisation (€22.1 million). Moreover, the value adjustment of the balance sheet item to the exchange rate in effect at the end of the reporting period generated an increase in the carrying amount of approximately €1.1 million.

Financial assets totalled € 9.6 million.

Provisions totalled € 74.0 million, decreasing compared to 31 December 2013 (€ 76.4 million).

As fully described in the next section on the "Consolidated Statement of Cash Flows", **net financial debt** as of 30 June 2014 was equal to € 472.3 million, compared to € 475.6 million as of 31 December 2013. The improvement of approximately €3.3 million in net debt is mainly due to the positive trend of operating cash flow, which allowed for the self-financing of investments.

Shareholders' equity as of 30 June 2014 amounted to €411.7 million, up by approximately €19.5 million compared to 31 December 2013.

Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows, prepared in accordance with the schedules envisaged by international financial reporting standards, is presented in the "Consolidated Financial Statements and Notes as of 30 June 2014"; the following is a comment relating to the summary statement shown.

Change in consolidated net debt	1st half of 2014	1st half of 2013	Change
In millions of euros			
Opening consolidated net debt	**(475.6)**	**(391.8)**	**(83.8)**
Cash flow from operating activities	57.1	66.0	(8.9)
(Increase)/Reduction in Working Capital	(11.0)	(60.4)	49.3
(Increase)/Reduction in net investments	(45.8)	(36.3)	(9.5)
Change in shareholders' equity	3.1	(35.7)	38.7
Total change	**3.3**	**(66.3)**	**69.6**
Closing consolidated net debt	**(472.3)**	**(458.2)**	**(14.1)**

During the first half of 2014 the Piaggio Group generated financial resources amounting to €3.3 million.

Cash flow from operating activities, defined as net profit, minus non-monetary costs and income, was equal to €57.1 million.

Working capital involved a cash flow of €11.0 million; in detail:
- the collection of trade receivables used financial flows for a total of €52.0 million;
- stock management absorbed financial flows for a total of approximately €38.8 million;
- supplier payment trends generated financial flows of approximately € 73.8 million;

› the movement of other non-trade assets and liabilities had a positive impact on financial flows by approximately € 6.0 million.

Investing activities involved a total of €45.8 million of financial resources. The investments refer to approximately € 23.8 million for capitalised research and development expenditure, and approximately € 14.4 million for plant, property and equipment and intangible assets.

The impact on cash flow relative to the increase in capital connected to the exercising of stock options was equal to €5.1 million.

As a result of the above financial dynamics, which generated a use of €3.3 million, the net debt of the Piaggio Group amounted to €- 472.3 million.

Alternative non-GAAP performance measures

In accordance with CESR/05-178b recommendation on alternative performance measures, in addition to IFRS financial measures, Piaggio has included other non-IFRS measures in its Report on Operations. These are presented in order to measure the trend of the Group's operations to a better extent and should not be considered as an alternative to IFRS measures.
In particular the following alternative performance measures have been used:
› **EBITDA:** defined as operating income gross of amortisation/depreciation;
› **Gross industrial margin** defined as the difference between net revenues and the cost to sell;
› **Cost to sell**: this includes costs for materials (direct and consumables), accessory purchase costs (transport of incoming material, customs, warehousing), employee costs for direct and indirect manpower and related expenses, work carried out by third parties, energy costs, depreciation of property, plant, machinery and industrial equipment, maintenance and cleaning costs net of sundry cost recovery recharged to suppliers;
› **Consolidated net debt:** gross financial debt, minus cash on hand and other cash and cash equivalents, as well as other current financial receivables. Consolidated net debt does not include other financial assets and liabilities arising from the fair value measurement of financial derivatives used as hedging and the fair value adjustment of related hedged items. The notes to the Consolidated Financial Statements include a table indicating the statement of financial position items used to determine the measure.

Results by type of product

The Piaggio Group is comprised of and operates by geographic segments - EMEA and the Americas, India and Asia Pacific - to develop, manufacture and distribute two-wheeler and commercial vehicles. Each Geographic Segment has production sites and a sales network dedicated to customers in the relative segment. Specifically:

- Emea and the Americas have production sites and deal with the distribution and sale of two-wheeler and commercial vehicles;
- India has production sites and deals with the distribution and sale of two-wheeler and commercial vehicles;
- Asia Pacific 2W has production sites and deals with the distribution and sale of two-wheeler vehicles.

For details of results and final capital invested by each operating segment, reference is made to the Notes to the Consolidated Financial Statements.

The volumes and turnover in the three geographic segments, also by product type, are analysed below.

Two-wheeler

	1st half of 2014		1st half of 2013		Change %		Change	
	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes	Turnover	Volumes	Turnover
EMEA and Americas	127.4	374.9	128.0	382.1	-0.5%	-1.9%	(0.6)	(7.2)
of which EMEA	117.6	337.9	118.0	337.0	-0.3%	0.3%	(0.4)	0.9
(of which Italy)	*22.2*	*70.1*	*23.4*	*75.3*	*-5.2%*	*-7.0%*	*(1.2)*	*(5.2)*
of which America	9.8	37.0	10.1	45.1	-2.5%	-17.9%	(0.2)	(8.1)
India	12.7	8.3	25.4	16.0	-50.1%	-47.8%	(12.7)	(7.6)
Asia Pacific 2W	41.1	75.8	48.5	91.7	-15.4%	-17.4%	(7.5)	(15.9)
TOTAL	**181.1**	**459.0**	**202.0**	**489.8**	**-10.3%**	**-6.3%**	**(20.9)**	**(30.8)**
Scooters	163.4	321.9	184.8	333.8	-11.5%	-3.6%	(21.3)	(11.9)
Motorcycles	17.7	77.3	17.2	89.9	2.9%	-14.1%	0.5	(12.7)
Spare parts and Accessories		58.5		59.9		-2.3%		(1.4)
Other		1.4		6.2		-77.7%		(4.8)
TOTAL	**181.1**	**459.0**	**202.0**	**489.8**	**-10.3%**	**-6.3%**	**(20.9)**	**(30.8)**

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

Market positioning

The Piaggio Group maintained its leadership position on the European two-wheeler market in the first half of 2014, with a 15.5% market share (17.0% in the first half of 2013). In the scooter segment, the Group consolidated this position, with a 25.4% market share.

The Group also consolidated its position as the main manufacturer on the North American scooter market, with a share of 21.3% (20.6% in the first half of 2013). In this context, the Piaggio Group is steadfastly committed to consolidating its presence in the motorcycle segment, with its Moto Guzzi and Aprilia brands.

Brands and products

The Piaggio Group operates on the two-wheeler market with a portfolio of 7 brands that have enabled it to establish and consolidate a leadership position in Europe: Piaggio, Vespa, Gilera, Aprilia, Scarabeo, Moto Guzzi and Derbi.
The brands offer a complementary product assortment, so that the Group can supply the market with a fully comprehensive range to target the needs of different customer groups.

In the first six months of 2014, the Piaggio Group was absolute market leader, thanks to the introduction of vehicles with a style and content placing them at the top of their segments.

Piaggio
With a wide range of models covering all main scooter segments, Piaggio is one of Europe's and the world's leading brands. The huge success of the brand has been built up around a thoroughly Italian design and technical innovation which mean ease of use and an outstanding functionality for customers, plus consumption and emission levels which are among the best on the market.

In May 2014, the new Piaggio MP3 500 was unveiled to the international press in Paris.
In 2014, the Piaggio MP3, a market leader with 150,000 models sold worldwide, evolved further to consolidate its leadership position in the Group for urban mobility.
The Piaggio MP3 500 now features a new more sophisticated and contemporary style, plus a technological first worldwide - an ABS anti-locking system integrated with ASR traction control. The dashboard is new, with more details and enhanced styling, the ergonomics are streamlined and load capacity is even better.
The powertrain has also been re-engineered and now features the Ride by wire system and the possibility to select "standard" or "eco" maps for even greater fuel savings.

Vespa
Synonymous with style and elegance, the Vespa has been taking Italian design around the world in its 67 years of history, with its inimitable spirit.
In 2014, the Vespa range continued its evolution and restyling launched in 2013 with the Vespa 946 and Vespa Primavera.
The Vespa Primavera has been joined by the sports version **Sprint**, featuring an eye-catching design with new headlight, various instruments and 12-inch aluminium alloy wheel rims.
The new GTS 2014 range The new Vespa GTS and Vespa GTS Super have been restyled, with even more features such as front indicators with LED lights and a new digital analogue instrument panel. The helmet compartment has been entirely redesigned to make the most of available space, and now has room for two Vespa demi-jet helmets and lots more.
All models in the new Vespa GTS and Vespa GTS Super range have a USB port as standard, inside the rear shield box. The new Vespa GTS and Vespa GTS Super range is compatible with the innovative Vespa Multimedia Platform (VMP), which introduces a new approach to two-wheeler communication. For the first time ever, the Vespa GTS and Vespa GTS Super incorporate important technological features in the name of safety and comfort: ABS and ASR, and the new ESS front suspension system, successfully introduced on the Vespa Primavera and Vespa Sprint.

Gilera
The Gilera brand features models in both the scooter and motorcycle segments. The brand came into being in 1909 and was acquired by the Piaggio Group in 1969. Gilera is known for its successes in racing, winning six world championship manufacturer's titles and eight world championship rider's titles. Gilera is a brand designed for a young, vibrant market and dynamic motorcyclists.

Aprilia
Aprilia includes a 50cc to 300cc scooter range, and a 50cc to 1200cc motorcycle range. The brand is known for its sporting style worldwide, winning many important competitions, the excellent performance of its products, and a cutting-edge innovation and design.

Scarabeo
The Scarabeo brand offers a wide range of scooters from 50cc to 500cc, and is the Group's premium brand, along with the Vespa. The Scarabeo brand was launched by Aprilia in 1993, and is the first brand to have introduced high-wheeled scooters in Europe.
The 50 2s, 50 4s and 100 Scarabeo range has been entirely restyled.

Derbi
The Derbi brand features a range of 50cc to 300cc scooters and a range of 50cc and 125cc motorcycles. Its target customers, aged 14-17 years, have made it one of the biggest manufacturers in the 50cc segment. The brand has made a name for itself winning 21 world titles, gaining a leadership position in Spain on the 50cc and 125cc motorcycle market.

Moto Guzzi
The Moto Guzzi brand came into being in 1921, and is one of the most well-known motorcycle brands in Europe, with a strong brand loyalty among customers. Moto Guzzis, which have always been unique with their distinctive 90° V twin cylinder engines, are perfect for touring and combine a stylish traditional design with the latest technologies in the world of motorcycles. During 2014, the new Moto Guzzi V7 range made its début, with new technical and style features.

The distribution network

EMEA
In the EMEA area (Europe, the Middle East, Africa) the Piaggio Group operates directly in main European countries and through importers on other markets: in June 2014, the Group's sales network accounted for just under 1,600 dealers.

Nearly 3,400 agreements to market the Group's brands are managed by the dealer network, of which 37% are sole agency agreements, where the partner only sells the Group's brand(s), and no products of other competitors.

At present, the Piaggio Group is active in 86 countries in the EMEA area and in the first six months of 2014 it further consolidated its sales network, appointing 46 new business partners, and expanding sales operations to some countries previously not covered.

In 2014, actions for the Group's distribution structure took into account market changes in the area and continued the process for a better quality/quantity balance of the sales network, with a particular focus on Group dealers managing motorcycle brands. In the first six months of the year, the process continued to implement new standards recently introduced in order to increase the quality levels of Group dealers and guarantee a high standard of service to end customers.
Distribution-related choices are based on two strategies:
1. Consolidating local coverage, through a quality-based selection of the network, with the objective of increasing the weight and retention of exclusive Group dealers.
2. Empowering the distribution network, by improving the economic and financial performance of dealers, raising quality standards for end customers and developing services and tools to support the network.

AMERICAS
The Piaggio Group is directly present in the United States and Canada, while in Latin America it operates through a network of importers. In June 2014, the Group had over 310 partners in the Americas, of which 248 in the United States, 38 in Canada and a network of 24 importers in Central and South America.
In 2014, measures continued to strengthen the sales network in order to further support the Group's

objectives for growth. In the USA and Canada, main actions for distribution in the first six months of 2014 concerned the implementation of a plan to consolidate the sales network in order to boost the motorcycle segment and consolidate results in the scooter segment. To support the sales penetration of the Group's brands in the USA, 6 new dealers were appointed in 2014, while 5 dealers were appointed in Canada.
In Latin America, the Piaggio Group continued to improve and expand its distribution network. In the first six months of 2014, business agreements were signed with 2 new importers in Paraguay and Panama.

Asia Pacific
In the Asia Pacific Area, the Piaggio Group has a direct commercial presence in Vietnam, Indonesia, and - for the Aprilia brand only - in Japan. On other markets in this area, it operates through importers. In line with the Group's strategic objectives, which plan to expand operations in the region, the distribution network is being built up.

In Vietnam, the Group increased its importers from 4 in 2008 (when a different business model was adopted) to more than 40 dealers, and 80 sales outlets. The Group has aimed and is aiming to develop its network in quantitative terms, by stepping up its presence in smaller areas of the country, and in qualitative terms, with a particular focus on corporate identity.

In Japan, the Group directly manages the Aprilia network and operates through importers and dealers for other brands. In total, the distribution network in the country has 200 sales outlets.

The Group is also present in Malaysia, Taiwan, Thailand, Korea, Hong Kong, Singapore, the Philippines, China, Australia and New Zealand through importers.

India
In India, the network covers main areas throughout the country. As of 30 June 2014, Piaggio Vehicles Private Limited had approximately 80 dealers.

Comments on main results and significant events of the sector

During the first half of 2014, the Piaggio Group sold a total of 181,100 units in the two-wheeler segment worldwide, accounting for a net turnover equal to approximately €459.0 million (- 6.3%), including spare parts and accessories (€ 58.5 million, - 2.3%). Sales in EMEA and the Americas basically held up (-0.5), while they dropped considerably in both Asia Pacific (-15.4%) and India (-50.1%).
In Asia Pacific, the decline in sales is due to a particularly aggressive sales policy adopted by the main competitor, that launched some new models in 2014. Thanks to the launch of the new version of the Liberty in June, the Group expects to regain market shares.
The downturn in volumes in India is related to the increase in the sales price of the Vespa adopted as from July 2013. The fall in turnover is also due the devaluation of the Indian Rupee against the euro by approximately 8%.

Investments

Investments mainly targeted the following areas:

› Development of new products and face lifts of existing products.
› Improvements in and modernisation of current production capacity.

Industrial investments were also made, targeting safety, quality and the productivity of production processes.

Commercial Vehicles

Commercial Vehicles	1st half of 2014		1st half of 2013		Change %		Change	
	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes	Turnover	Volumes	Turnover
EMEA and Americas	4.3	32.7	4.5	31.9	-3.3%	2.6%	(0.1)	0.8
(of which Italy)	1.9	18.6	1.7	16.5	12.1%	12.8%	0.2	2.1
(of which the Americas)	0.2	0.6	0.4	0.9	-60.0%	-34.9%	(0.3)	(0.3)
India	93.1	137.2	92.1	149.9	1.1%	-8.4%	1.0	(12.7)
Total	**97.4**	**169.9**	**96.5**	**181.7**	**0.9%**	**-6.5%**	**0.9**	**(11.8)**
Ape	92.5	131.1	93.4	145.9	-0.9%	-10.2%	(0.9)	(14.8)
Porter	1.2	13.2	1.2	13.4	-0.1%	-1.6%	(0.0)	(0.2)
Quargo	0.3	2.4	0.3	2.0	-0.6%	18.5%	(0.0)	0.4
Mini Truk	3.3	6.3	1.6	3.3	111.8%	94.8%	1.7	3.1
Spare parts and Accessories		16.9		17.1		-1.4%		-0.2
Total	**97.4**	**169.9**	**96.5**	**181.7**	**0.9%**	**-6.5%**	**0.9**	**(11.8)**

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

Market positioning

The Piaggio Group operates in Europe and India on the light commercial vehicles market, with vehicles designed for short range mobility in urban areas (European urban centres) and suburban areas (the product range for India).
The Group distributes its products mainly in Italy (which accounted for 47% of the Group's volumes in Europe in the first half of 2014), as well as in Germany (26%), France (5%) and Spain (3%). The Group acts as operator on these markets in a niche segment (urban mobility), thanks to its range of low environmental impact products.
The Group is also present in India, in the passenger vehicle and cargo sub-segments of the three-wheeler market, where it currently holds a leadership position, with a market share of 52.6 %.
The traditional three-wheeler market in India is flanked by the four-wheeler light commercial vehicles (LCV) market (cargo vehicles for goods transport) where Piaggio Vehicles Private Limited operates with the new Porter 600 and 1000.

Brands and products

The Ape is the Group's best-selling brand in the commercial vehicles sector. The Ape is highly regarded because of its outstanding versatility, and is the ideal solution for door-to-door deliveries and short-range mobility requirements.
The Piaggio Group range also includes the compact, robust Porter and Quargo models.
European range vehicles are currently manufactured at production sites in Pontedera, while the range of vehicles intended for the Indian market is manufactured entirely at the production site in Baramati.

Europe

The Piaggio Group's commercial vehicles are intended for the intracity transport niche market, which typically means an average daily mileage of 40 km.

The product range, comprising the Ape 50, Ape TM, Ape Calessino, Quargo, Porter and Porter Maxxi, combines low running costs, an excellent specific load capacity and extremely easy handling, for access to areas that normal vehicles cannot reach because of their standard size, particularly in historic town and city centres.

The "star in the range" is the Porter, the light commercial vehicle with engine configurations for the most commonly used fuel options: diesel (D120), petrol (MultiTech) and eco-friendly (EcoSolution): bifuel petrol + GPL (EcoPower), bifuel petrol + methane (GreenPower), zero emission electric (ElectricPower).

The chassis version of the Porter is the ideal starter vehicle for adding increasingly specialised fittings to cater for customer needs. Specialisation is the key to Piaggio's success to reach new niche market segments.

The fully comprehensive engine range means all customer needs can be met, whether from the private domain or public fleet sector, and new trends targeting alternative fuels can be harnessed (pump price tensions, incentive campaigns).

Products include the Quargo, a heavy four-wheeler, which levers important component and production process synergies with the Porter, extending the range to include intracity models designed for users who are traditionally served by the Ape 50 and TM, but need to switch to an equivalent four-wheeler vehicle.

India

The Group has been in India since 1999, achieving a considerable level of brand awareness over the years and developing an extensive network of dealers, as well as establishing an excellent reputation for its customer service, quality and style.

The distribution network

Europe

The Piaggio Group has some 500 dealers in Europe.

Developing and improving the sales network quality standards has been a major focus, with particular attention paid to the efficiency of the service network, standards of corporate identity, the training of salesmen and technicians and approach to customer care.

On the Italian market, Piaggio Veicoli Commerciali has 115 dealers, 80% of which are exclusive dealers of Piaggio vehicles. The rest of the network comprises multibrand dealers (mainly cars and commercial vehicles). The 115 dealers are the result of a process to streamline the network which got underway in 2013 and has optimised sales efficiency, maximising local coverage and guaranteeing dealer proximity for end customers.

The 115 dealers manage a sub-network of more than 650 sales outlets and dedicated repair centres, with the aim of providing a top level professional service which is close to end users.

Latin America and Africa continue to be strategically important areas, where the Group is aiming to seize on new business opportunities stemming from the diverse mobility needs of emerging markets, through its Indian range, and on more developed markets, through its European range.

India

In India, Piaggio Vehicles Private Limited has 300 dealers, as well as 400 authorised after-sales centres.

Comments on main results and significant events of the sector[8]

In the first half of 2014, the Commercial Vehicles category reported a 0.9% increase in sales compared to the first half of 2013. Growth was mainly concentrated in India, with 93,100 units sold and a 1.1% increase, while volumes fell by 3.3% in EMEA and the Americas.
In the first half of 2014, the Group realised a turnover of approximately €169.9 million, including approximately €16.9 million related to spare parts and accessories, registering a 6.5% decrease over the same period of the previous year.
On the Indian three-wheeler market, down by 3.5% over the previous half year, Piaggio Vehicles Private Limited holds a 32.8% share. Sales of Piaggio three-wheeler vehicles went down from 83,534 units in the first half of 2013 to 77,481 units in the same period of 2014, registering a decrease of 7.2%. Detailed analysis of the market shows that Piaggio Vehicles Private Limited consolidated its role as market leader in the cargo segment: thanks to the Piaggio Apé 501, above all, and numerous possibilities for customisation, Piaggio Vehicles Private Limited holds a 52.6% market share (53.5% in the same period in 2013). Its market share, although decreasing slightly, remained steady in the Passenger segment, at 27.6% (29.5% in the same period of 2013). On the four-wheeler market, Piaggio Vehicles Private Limited sold 3,333 units, increasing volumes nearly two-fold compared to the same period of the previous year, with a market share going up from 1.5% to 4.8%.

8_SIAM data data estimated on the basis of January - May data

Investments

In addition, investments to develop and industrialise new products for the Indian market continued.

Operating outlook

As outlined in the new 2014-2017 Industrial Plan, approved on 19 March 2014, and as regards business and industrial operations:

› the Group's leadership position on the European two-wheeler market has been confirmed, levering the expected recovery by further consolidating the product range and targeting growth in sales and margins in the motorcycle segment, with the Moto Guzzi and Aprilia ranges; current positions on the European commercial vehicles market will be maintained;
› growth in the Asia Pacific area will be targeted, exploring new opportunities in medium and large sized motorcycle segments, and replicating the premium strategy for Vietnam, throughout the region. During 2014, direct sales activities of the Group started up in China, with the aim of penetrating the premium two-wheeler market;
› sales on the Indian scooter market will be consolidated, and will focus on an increase in Vespa products and the introduction of new models in the premium scooter and motorcycle segments;
› an increase in sales of commercial vehicles in India will be targeted, also through the consolidation of new segments of the Indian three-wheeler market with the Apè City Pax and the introduction of new models in the four-wheeler segment - and a further development in exports to African and Latin American markets will be targeted in emerging countries.

In technological terms, the Piaggio Group is continuing to develop technologies and platforms that underline the functional aspects and emotional appeal of vehicles with ongoing developments to engines, extended use of vehicle/user digital platforms and the trialling of new product and service configurations.

More in general, the Group is committed - as in the past and for operations in 2014 - to increasing productivity with a strong focus on efficient costs and investments, while complying with its business ethics.

Transactions with related parties

Revenues, costs, payables and receivables as of 30 June 2014 involving parent, subsidiaries and affiliated companies, refer to the sale of goods or services which are a part of normal operations of the Group.
Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.
The information on transactions with related parties, including information required by Consob in its communication of 28 July 2006, is given in the notes of the Consolidated Financial Statements.
The procedure for transactions with related parties, pursuant to article 4 of Consob Regulation no. 17221 of 12 March 2010 as amended, approved by the Board on 30 September 2010, is published on the institutional site of the Issuer www.piaggiogroup.com, under Governance.

Relations with Parent Companies

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

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

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

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

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

In 2013, for a further three years, the Parent Company signed up for the National Consolidated Tax Convention pursuant to articles 117 - 129 of the Consolidated Income Tax Act (T.U.I.R) of which IMMSI S.p.A. is the consolidating company, and to whom other IMMSI Group companies report to. The consolidating company determines a single global income equal to the algebraic sum of taxable amounts (income or loss) realised by individual companies that opt for this type of group taxation.
The consolidating company recognises a receivable from the consolidated company which is equal to the corporate tax to be paid on the taxable income transferred by the latter. Whereas, in the case of companies reporting tax losses, the consolidating company recognises a payable related to corporate tax on the portion of loss actually used to determine global overall income. Under the National Consolidated Tax Convention, companies may, pursuant to Article 96 of Presidential Decree no. 917/86, allocate the excess of interest payable which is not deductible to one of the companies so that, up to the excess of Gross Operating Income produced in the same tax period by other subjects party to consolidation (or, in the presence of specific legal requirements, from foreign companies), it may be used to reduce the total income of the Group.

Piaggio & C. S.p.A. has undertaken a rental agreement for offices owned by Omniaholding S.p.A.. This agreement, signed in normal market conditions, was previously approved by the Related Parties Transactions Committee, as provided for by the procedure for transactions with related parties adopted by the Company.
Piaggio Concept Store Mantova Srl has a lease contract for its sales premises and workshop with

Omniaholding S.p.A.. This agreement was signed in normal market conditions.
Omniaholding S.p.A. has undersigned Piaggio & C. bonds for a value of € 2.9 million on the financial market, and collected related interest.

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

Transactions between Piaggio Group companies

The main relations with subsidiaries, eliminated in the consolidation process, refer to the following transactions:

Piaggio & C. S.p.A.

› sells vehicles, spare parts and accessories to sell on respective markets, to:
  · Piaggio Hrtvaska
  · Piaggio Hellas
  · Piaggio Group Americas
  · Piaggio Vehicles Private Limited
  · Piaggio Vietnam
  · Piaggio Concept Store Mantova

› sells components to:
  · Piaggio Vehicles Private Limited
  · Piaggio Vietnam

› grants licences for rights to use the brand and technological know how to:
  · Piaggio Vehicles Private Limited
  · Piaggio Vietnam

› provides support services for scooter and engine industrialisation to:
  · Piaggio Vehicles Private Limited
  · Piaggio Vietnam

› provides support services for staff functions of other Group companies;

› issues guarantees for the Group's subsidiaries, for medium-term loans.

Piaggio Vietnam sells vehicles, spare parts and accessories, which it has manufactured in some cases, for sale on respective markets, to:
  · Piaggio Indonesia
  · Piaggio Group Japan
  · Piaggio & C. S.p.A.
  · Foshan Piaggio Vehicles Tecnologies R&D

Piaggio Vehicles Private Limited sells vehicles, spare parts and accessories, for sale on respective markets, and components and engines to use in manufacturing, to Piaggio & C. S.p.A..

Piaggio Vespa
  · provides back office business and administration services as well as credit management services to Piaggio & C. S.p.A.

Piaggio Hrtvaska, Piaggio Hellas, Piaggio Group Americas and Piaggio Vietnam
  · distribute vehicles, spare parts and accessories purchased by Piaggio & C. on their respective markets.

Piaggio Indonesia and Piaggio Group Japan

- provide a vehicle, spare part and accessory distribution service to Piaggio Vietnam for their respective markets.

Piaggio France, Piaggio Deutschland, Piaggio Limited, Piaggio Espana and Piaggio Vespa

- provide a sales promotion service and after-sales services to Piaggio & C. S.p.A. for their respective markets.

Piaggio Asia Pacific

- provides a sales promotion service and after-sales services to Piaggio Vietnam in the Asia Pacific region.

Piaggio Group Canada

- provides a sales promotion service and after-sales services to Piaggio Group Americas in Canada.

Foshan Piaggio Vehicles Technologies R&D provides to:

› Piaggio & C. S.p.A.:
  - with a component and vehicle design/development service;
  - scouting of local suppliers;

› Piaggio Vietnam:
  - scouting of local suppliers;
  - a distribution service for vehicles, spare parts and accessories on its own market.

Piaggio Advanced Design Center:

- provides a vehicle and component research/design/development service to Piaggio & C. S.p.A.

Aprilia Racing:

- a racing team management service;
- provides a vehicle design service to Piaggio & C. S.p.A.

Atlantic 12

- rents a property to Piaggio & C. S.p.A.

Relations between Piaggio Group companies and JV Zongshen Piaggio Foshan Motorcycle Co. Ltd

Main intercompany relations between subsidiaries and JV Zongshen Piaggio Foshan Motorcycle Co. Ltd, refer to the following transactions:

Piaggio & C. S.p.A.

› grants licences for rights to use the brand and technological know how to Zongshen Piaggio Foshan Motorcycle Co. Ltd

Zongshen Piaggio Foshan Motorcycle Co. Ltd

› sells vehicles, spare parts and accessories, which it has manufactured in some cases, to the following companies for sale on their respective markets:
  - Piaggio Vietnam
  - Piaggio & C. S.p.A.

Investments of members of the board of directors and members of the control committee

Members of the board of directors and members of the control committee of the Issuer do not hold shares in the Issuer.

Piaggio and its production sites

The Piaggio Group has a strong international presence.
At its Italian site located in Pontedera (in the province of Pisa), the Group has four plants, one for the manufacture of commercial vehicles, one for the manufacture scooters and engines for two-wheelers, one for the supply of aluminium and steel components for vehicles and engines and one - inaugurated last April, for mechanical processing and the assembly of scooter cases, crankcases, and scooter and motorcycle cylinder heads.
In addition to the latter, which comprise the most important industrial complex of the two-wheeler segment in Europe, two other sites operate in Italy for European production (Scorzè and Mandello del Lario).
The Group also has its own production sites in Vietnam (at Vinh Phuc), with a site for the manufacture of two-wheeler vehicles and a site for the production of 3V engines, and in India (at Baramati, in the state of Maharashtra) with a site for the manufacture of commercial vehicles and engines, in addition to a production site for Vespas for the Indian market.

The main operations taking place during the first half of 2014 at these sites, to develop and make production capacity even more efficient, are outlined below.

Pontedera Sites

Two-Wheeler and Engine production sites

As regards Mechanical Processing, an automated island for milling traditional crankshafts was installed and tested.
The new QUASAR (125cc, 250cc and 300cc) and MASTER camshafts and cylinder heads were industrialised, for a new distribution with roller rockers.
Programmes were completed to control the profiles of new cast iron cams sourced from external suppliers, and production of chrome plated rockers and connecting rods for 1000cc RSV4 engines was restarted.
Industrialisation for the production of camshafts for the Aprilia 1200cc Dorsoduro engine was completed, with an opposed plane phasing system rather than conical broaching.

As regards Engine Assembly and Testing, activities were started to renovate the assembly and testing line for industrialisation of the Aprilia 1000cc MY2015 and Tuono 1100cc engine, and activities to develop a new engine assembly and testing line for new vehicles also got underway.

As regards Two-Wheeler Painting, industrialisation of the painting process for the Vespa Primavera was completed, a new cycle to improve the touch-up/polishing stage was defined, new software for monitoring and registration was adopted, electrostatic guns were replaced by new generation guns, and a laboratory for the routine testing of painted items was set up.
As regards the vehicle assembly process, the Vespa 946 MY2014 went into production.
The layout for the Vespa and MP3 front suspension assembly lines was redesigned, with new panelling, resin flooring and cooling system.
The ABS version for the Vespa Primavera and GTS was industrialised and went into production. In particular, end of line test benches were adapted to implement and test the ABS system.
Industrialisation of the MP3 MY 2014 was completed, with the vehicle going into production.

Commercial Vehicles Plants

In the assembly area, the Porter Multitech EURO6 engine is being industrialised, along with the Ape Classic Europe - soon to go onto the market - and the Ape Calessino Highline.

As regards Commercial Vehicles Painting, new equipment to lift the Ape TM deck was installed.

Polo Meccanica Site

At Pontedera, operations to move the Polo Meccanica workshops inside building 36 at the Piaggio site were completed, to create the new Meccanica SM01 plant.

The relocation, which began in mid-December 2013 was completed in April 2014; on 15 April 2014, the new Meccanica Plant was inaugurated, for the mechanical processing of scooter cases, engine crankcases and scooter and engine cylinder heads (including assembly).

The project was developed and re-engineered to improve quality and product costs. In particular, the layout was redesigned, from a Job-Shop to a Flow-Shop production system, with evident benefits for material flows, an increase in added value activities, and a more streamlined use of spaces.
To optimise the manufacturing process, the building - which had previously been used to store end products, was entirely renovated and an additional 16 items of equipment were purchased.

In May, at the new Meccanica Plant, processing of the three versions of the chassis for the RSV4 and Tuono Aprilia was industrialised. In July, industrialisation of processing for the gear box and clutch housing for the new gear box of the V7 Moto Guzzi engine will be completed, while all changes to the production cycle to develop the new RSV4 MY 2015 engine cylinder head will be made. These technological changes, which concern the complete working of the combustion chamber and partial working of the exhaust and intake pipes are necessary to guarantee the performance of the new 200cv RSV4 MY 2015 engine.

Work Times and Methods Analysis

During the first half of 2014, the analysis programme of work duties based on OCRA and NIOSH methods continued at all Italian sites. The method evaluates and minimises the risk of occupational disease caused by repetitive movements and strain on the spine.

General Systems

In 2014, targeted research into avoiding and reducing energy waste got off the ground, along with activities to identify, develop and implement plant re-engineering measures in order to increase efficiency.
Thanks to operating changes and adjustments, such as lowering the heating system temperature, optimising delays in plant start-ups and not using plants proven to have no added value, an annual saving of 400,000 KWh has been estimated.
As regards plant engineering changes, which will start when the Plant closes for August, inverters will be added, pumping units replaced and the air compression system will be partially upgraded, for an estimated energy saving of approximately 1,000,000 KWh per year, as from 2015.
In general, the strategy adopted, starting from a proactive approach involving plant engineering, will be extended to cover the control and rational management of energy, as part of an initiative that will lead to ISO 50001 certification of the Pontedera site in 2015.

Property management

The property management unit operates as a service within the Piaggio Group.
Its main activities during the first half of 2014 concerned:

- the total clearance of the property of the former Polo Meccanica site, covering a total floor area of approximately 4,000 m^2, along with the restructuring of building no. 36 and relocation of the Polo Officine Meccaniche (Mechanical Workshops Complex) at the Pontedera industrial site, in order to return the buildings to the owners ahead of contract deadlines;
- assistance and service for the company Piaggio Concept Store Mantova, for the opening of the new sales outlet in Mantua in June 2014. The service concerned managing the building site, preparing the lease agreement, preparing property surveys, and assisting with applications for all necessary authorisations to open the Piaggio Group’s new multi-brand store;

- management of the property at Martorelles in Spain (the former production site of the DERBI brand). During the half year, all activities and services related to the functioning of the industrial site where the building was located for production purposes were stopped. The property is not used at present, and has been protected by new boundary fencing, a new alarm and TV camera system to prevent theft or unauthorised entry. At the same time, potential buyers for the assets (machinery, equipment, benches, furnishings, etc.), inside the building and which can no longer be used by the Group are being sourced. Following the change in use of the Nacional Motor site, from an industrial unit to an industrial and commercial unit, the Property Management Service has prepared a plan for the site's transformation. The feasibility project has been presented to and accepted by the Local Authorities at Martorelles.

The environment and main relations with control authorities

Besides legal compliance (dispatch of the annual MUD report on waste and annual certification of CO_2 emissions - Emission Trading), the Pontedera site complied with requirements in the Integrated Environmental Authorisation (AIA) for the site, sending the Solvent Management report, report on inspections conducted in 2013 and results of the groundwater survey along with relative analyses.

Scorzè Plant

For greater security, the burglar alarm system has been improved and fencing raised. Lifelines in building 11 and parapets for building 12 are being installed.
As regards vehicle assembly, equipment to assemble the SR Max 125/300 transferred from Pontedera was completed, all Derbi equipment was dispatched to the Joint Venture in China and the SKD Shiver pre-production series for the Malaysian market was completed.
Production of the Scarabeo 50 and 100 (all versions) got underway.

Noale Plant

A UPS for building 6 (Technical Departments) is being replaced, to guarantee a better autonomy during blackouts.
Replacement of the old compressors in the buildings has begun, with new models to be installed in one building.

Mandello Del Lario Plant

In conjunction with competent public authorities (the Local Authorities - Arpal (the Regional Agency for environmental protection in Liguria - the Provincial authorities), the company is continuing the project to classify industrial land inside the plant, in order to remove and clean up the subsurface after previous industrial production.
At the same time, an application was made to the Regional and Provincial public authorities (the Regional Agency for State Property and the Province of Lecco), to eliminate state ownership of the former irrigation ditch which runs through the site, mostly underground - prior to future expansion of the site, with examination of the application now ongoing.

The project to renovate and reorganise the entire Moto Guzzi Plant at Mandello del Lario has been constantly updated. An Engineering and Architectural Practice (Politecnica Srl) has been appointed to oversee the final design of all changes concerning the project (the Arrocco project) as well as the new Moto Guzzi Museum.
The final design is being defined; the delivery of all design documents has been scheduled for the end of July.

As regards vehicle assembly, all versions of the Moto Guzzi V7 have been introduced, while the Moto Guzzi V7 ABS with the new six-gear gearbox and new transmission, which will also feature on the new 850 models, is in pre-production.

Baramati Plant

At the Engines Plant, the cylinder head processing and assembly line for HE/Pax engines will soon go into production, while renovation of the mechanical processing, assembly and testing lines is being industrialised, with a “long wheel base” and “short wheel base” version for the Vespa 150cc.

At the two-wheeler plant, production of the Vespa S got underway in January.

As regards the Three-wheeler/Four-wheeler Vehicles Plant, the complete set of moulds and gauges for Porter vehicle skin panels was transferred from Italy to India. The skin panels will go into production at Indian suppliers in the second half of 2014.

Vinh Phuc Plant

As part of activities at the Two-Wheeler Plant and specifically in the Vespa Primavera body welding area, skin panels are now supplied locally, and no longer from European suppliers, which has involved a considerable set-up of specific line equipment.

A new vehicle is being industrialised.

Piaggio Production System (PPS) within the PMS (Piaggio Manufacturing System)

The results achieved in the 2012-2014 period reflect the breadth of the PMS and its effectiveness. As the potential of the WCM had been fully exploited, it was considered appropriate to raise the organisation’s level of competence even further.
In the first half of 2014, the three-year Lean Six Sigma (LSS) programme was therefore launched, with an integrated strategy for a greater effectiveness of the continual improvement model. The advantages of the Lean and Six Sigma approaches are combined to form a single and more powerful strategy to drive processes in terms of flexibility and the speed of lean thinking, plus the statistical control capacity of Six Sigma.
The introduction of LSS in the PMS has been a consistent step forward. In detail, 6 LSS improvement pilot projects have been launched, along with a visual management programme for factories, while a higher standard for Workplace Organization activities has been defined.

Environmental, Quality and Occupational Safety certification

The Piaggio Group possesses excellent environmental, quality and occupational management systems at all its production sites.
In the first half of the year, all internal activities, such as audits and procedure review, were carried out in order to maintain the Quality, Safety and Environment Management Systems.

	Production sites						
	Pontedera	**Noale and Scorzè**	**Mandello del Lario**	**Baramati-Engine Plant**	**Baramati-Two-Wheeler Site**	**Baramati-Commercial Vehicles Site.**	**Vinh Phuc**
Certification							
UNI EN ISO 9001:2008 - Quality management systems	since 1995	since 2006	since 2010	since 2010	since 2013		since 2009
EN ISO 14001:2004 - Environmental management systems	since 2008	since 2008	since 2010		since 2013		since 2011
BS OHSAS 18001:2007- Occupational Health and Safety Management System	since 2007	since 2007	since 2010		since 2013		since 2013
ISOTS 16946:2009 Suppliers' quality systems				since 2012		since 2013	

Piaggio is one of a handful of Italian manufacturers awarded all three types of certification for Quality, Health and Safety and the Environment.

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Piaggio and research and development

Anticipating customer requirements, creating products that are innovative in terms of their technology, style and functionality, pursuing research for a better quality of life are all fields of excellence in which the Piaggio Group excels, as well as a means for measuring its leadership position on the market.
The Piaggio Group develops these areas through research and development at 6 centres in Italy, India, Vietnam and China.

In particular, the main objective of the Piaggio Group is to meet the most progressive needs for mobility, while reducing the environmental impact and consumption of its vehicles, guaranteeing their performance and levels of excellence. A constant focus is placed on research into vehicles that are at the forefront in terms of:

- **environmental credibility**; products that can reduce pollutant gas and CO_2 emissions in town and out-of-town use; this is achieved by further developing traditional engine technologies (increasingly sophisticated internal combustion engines), as well as making more use of renewable, sustainable energy sources;
- **reliability and safety**; vehicles that enable a growing number of users to get about town easily, helping to reduce traffic congestion and guaranteeing high standards of active, passive and preventive safety;
- **recyclability**, i.e. products that minimise environmental impact at the end of their useful life cycle;
- **cost-effectiveness**, vehicles with lower running and maintenance costs.

Piaggio's research and development is strongly focussed on two main themes: developing engines that are even more environmentally friendly and with an even better performance, and vehicles with an improved functionality and safety.

	1st half of 2014			1st half of 2013		
	Capitalised	Expenses	Total	Capitalised	Expenses	Total
In millions of euros						
Two-wheeler	21.7	8.3	**30.0**	19.0	7.1	**26.1**
Commercial Vehicles	2.1	1.4	**3.5**	3.8	1.9	**5.7**
Total	**23.8**	**9.7**	**33.5**	**22.8**	**9.0**	**31.8**
EMEA and Americas	21.5	8.4	**29.9**	16.2	7.3	**23.5**
India	1.1	0.6	**1.8**	3.7	1.1	**4.8**
Asia Pacific 2W	1.2	0.6	**1.9**	2.9	0.5	**3.4**
Total	**23.8**	**9.7**	**33.5**	**22.8**	**9.0**	**31.8**

In the first half of 2014, the Piaggio Group continued its policy of retaining technological leadership in the sector, allocating total resources of € 33.5 million to research and development, of which € 23.8 million capitalised under intangible assets as development costs.


Vespa
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Piaggio and human resources

Staff

As of 30 June 2014, the Group's total workforce numbered 7,734 against 8,150 in the same period in 2013, of which 3,785 operating at Italian sites against 3,840 as of 30 June 2013, with a decrease of 416 units in the Group and of 55 in Italy.

The total number of stable employees of the Group was equal to 6,280 as of 30 June 2014, of which 3,785 work at Italian facilities. the workforce increased by 105 in the Group, and decreased by 53 in Italy compared to 30 June 2013.

Despite an overall decrease in the workforce, industrial activities in the Far East have been consolidated, with an increase in personnel employed at Piaggio Vietnam Co. Ltd., from 474 as of 30 June 2013 to 652 as of 30 June 2014, and at Piaggio Vehicles Private Ltd., from 1,448 as of 30 June 2013 to 1,491.

Employees by geographical segment at the end of the period

	As of 30 June 2014	As of 31 December 2013	As of 30 June 2013
EMEA and Americas	4,058	4,098	4,179
of which Italy	*3,785*	*3,805*	*3,840*
India	2,783	2,677	3,037
Asia Pacific	893	913	934
Total	**7,734**	**7,688**	**8,150**

Average number of Company employees by professional category

	1st half of 2014	1st half of 2013	Change
Senior management	96	96	-
Middle management	572	573	(1)
White collars	2,126	2,185	(59)
Blue collars	4,899	5,480	(581)
Total	**7,693**	**8,334**	**(641)**

Organisational development

In the first six months of 2014, the Piaggio Group continued to develop its global organisation in order to consolidate and disseminate the Group's brands, with products at the cutting edge of technology and innovation. The main organisational changes taking place in the period are detailed below:

- the Marketing and Communication Department has a new organisation, with units mainly dedicated to the management and coordination at a global level of marketing strategies and Group brand communication (advertising campaigns, licensing, merchandising, co-branding and sponsorships), the surveying and analysis of customer experience, the marketing and development of accessories, the definition of marketing and digital communication strategies and the CRM global platform, as well as events' management (sales launches, trade shows, etc.) and the development of communities worldwide. In order to strengthen the image and heritage of the Group, the Marketing and Communication Department has also been tasked with managing the Group's Museums and Historical Brand Archives, ensuring the coordinated management of communication and image activities;

- two new Departments - Two-Wheeler Product Development and Three-Wheeler/Four-Wheeler Product Development - were established reporting directly to the CEO of Piaggio & C., in order to achieve a greater focus on design and development of two-, three- and four-wheeler products;

- a new Group company, “Piaggio Concept Store Mantova S.r.l.” has been established, to operate the first concept store, called Motoplex, inaugurated at Mantua. The company sells motorcycles, spare parts, accessories and clothing; it provides technical service, organises exhibitions and events to publicise products, and also offers a catering service;

- completion of the process to integrate the Meccanica Sites, for the working of aluminium components for engines and arising from the acquisition of the company Tecnocontrol, as part of EMEA Plant Management, which was finalised with the actual relocation of equipment, machinery and resources to the Pontedera site;

- activities of the Legal and Corporate Department have been re-organised, with the “Corporate” organisational unit established to oversee company obligations and assist with extraordinary company operations, and the “Legal & Compliance” unit established to provide legal assistance for Group activities, prevent and manage litigation and supervise and manage legal compliance activities.

Developing Human Capital

Developing core competencies required by business developments and the market is a priority and this is why the professional development of the Group’s employees is based on this strategy.

Reviews

In the first half of 2014, the Piaggio evaluation process, Evaluation Management System, involving all Group white collar staff and middle and senior management, was completed for Asia and India. The process relative to the EMEA is being completed.

Piaggio Way

The Piaggio Way talent programme, lasting a maximum of four years, trains resources with managerial potential from Europe, the United States, Asia and India.
Participants, classified as Young Talent and Managerial Talent, are given the chance to take part in fast-track development programmes (job rotation, strategic and international projects, events with the involvement of top management, coaching and bespoke training).
During 2014, career development activities continued for persons taking part in the programme. In particular, two global training sessions were held for participants in different geographic segments of the Piaggio Group.

Training

The training plan is based on gap analysis of competencies relative to the annual appraisal system and the specific needs of organisational structures.
Data obtained in the first half of 2014 (in terms of hours of training provided) basically confirm figures for the first half of 2013.
The number of hours of managerial training and professional/technical training both increased: professional/technical training increased mainly due to training provided for workers in India.
Figures for the first half of 2013 concerning Safety and the Environment were impacted by an extensive, mandatory training programme which was completed in Italy in December 2013.

Hours of training by training area

Thematic area	1st half of 2014	1st half of 2013
Managerial training	13,447	11,351
Technical – professional training	22,327	12,565
Language training	2,916	3,389
Safety and environmental training	14,645	27,979
Total	**53,335**	**55,284**

Total training hours by professional category

Professional category	1st half of 2014	1st half of 2013
Senior management	195	1,196
Middle management	5,974	5,651
White collars	21,211	25,760
Blue collars	14,587	19,511
Project workers	11,368	3,166
Total	**53,335**	**55,284**

During 2014, important broad-reaching technical/professional training plans were put in place, including training on quality systems, which is part of the extensive training programme involving the entire manufacturing area and focussing on Six Sigma methodologies; new skills required for the insourcing of Front Office Dealer and Credit Management activities were aligned and managerial training was held in 2014 at the Noale and Scorzè sites.
Managerial training included new actions mainly targeting the improvement of some behavioural skills.
In the first half of 2014, investments were approved for a common platform (Learning Management System), which will be made available at all Group operating units and will enable all countries worldwide to use innovative training procedures such as remote learning, interaction among learner groups and the creation of practical training communities.

Health and Safety

During the first half of 2014, the Group set up a structured safety training plan for work equipment in Italy, in line with directives of the State-Regions Agreement no. 53 of 22 February 2012.
This agreement, enacting article 73, section 5 of Legislative Decree no. 81/08 as amended, identifies the work equipment (in the case of Piaggio, fork lift trucks with operators on board and mobile elevating work platforms), for which specific operator qualification is required, as well as the procedures for acknowledging this qualification, trainers, the duration of training, its content and minimum validity requirements. Based on previous experience and provisions of the above decree, a training plan has been devised, which will involve all operators using fork lifts and mobile elevating work platforms at all Italian sites, with refreshers courses (4 hours for fork lift operators) and complete training courses (10 hours for elevating platform operators).

The training project is scheduled to start in June at various operating sites in Italy, for a total of approximately 2,400 hours, and will be completed by the end of the year well ahead of deadlines, set for March 2015.

During the period, the Meccanica Plant, relocated to the Pontedera production site, was fully integrated to meet Piaggio company standards for its safety and environmental management system, also in view of extending OHSAS 18001 and ISO 14001 certification to this production plant during the maintenance audit that will be held during the second half of the year.

Total injury statistics for all operating sites in Italy remained the same compared to the first half of 2013, with a frequency index of 2.5 (the first five months of 2014) against 2.6 (the first five months of 2013), confirming the positive trend compared to the past (2.9 in the first five months of 2012).
As regards other production sites, activities continued in Vietnam, after OHSAS 18000 certification obtained in December 2013, to step up awareness of safety issues, to provide behavioural and specialist training (approximately 4,000 hours in total, a considerable increase compared to the same period of the previous year), and to adopt initiatives to reward and empower exemplary behaviour (for example “The Best Safety Coordinator of PVN” initiative, safety workshops, periodic safety audits). The number of injuries was extremely low. Activities of the medical centre continued, which provides medical assistance for employees in cases of minor illnesses, medical check-ups and administers medicines that, thanks to an agreement with the Social Insurance Department, are reimbursed.

A strong focus on safety at Indian sites was maintained, as demonstrated. by the low number of injuries (3), training provided (approximately 9,000 hours), up on the same period of the previous year, and the many initiatives to increase awareness of safety issues, including the Road Safety Week Celebration held in January, the Safety Week Celebration held in the first week of March, and the Vendor Safety Meeting involving more than 50 suppliers. As regards activities at the medical centre, besides assisting employees, a medical check up was administered for all workers on open-ended contracts.

Industrial relations

At the end of 2013 and start of 2014, issues concerning a reduction in production volumes and staff activities at various production sites in Italy, as a result of the ongoing economic and financial crisis, were discussed with trade union organisations.

As regards the Pontedera site, a trade union agreement was signed in January 2014 to continue the Solidarity Contract for another year (February 2014 – February 2015), for employees working on the production of Commercial Vehicles and for employees (blue collars, white collars and middle managers) of technical, administrative and staff activities. A solidarity contract has already been adopted for two-wheeler production employees (both engines and vehicles), running from December 2013 to July 2014.
With signs of a recovery in sales of motorcycles and scooters, on various European markets and partly in Italy, a trade union agreement was signed on 28 April 2014 to stop the solidarity contract for the engine and two-wheeler vehicle departments, and for the commercial vehicles departments, and employ 100 workers for 3 months on temporary contracts.

At the Noale and Scorzè sites, a new trade union agreement was signed in January 2014, in which the parties outlined a need to rebalance costs and downsize staff in relation to a market that has declined in overall terms, and to restore the efficiency and productivity of the technical structure; at the same time, the company committed to continuing its innovation and production development plans, motorcycling races and business development.
At the Noale site, activities continued to streamline staff and staff activities, with a new mobility procedure affecting 25 people. The solidarity contract at the Noale site will continue throughout 2014, so that volumes may be adjusted to demand.
The production mission of the Scorzè site was confirmed, supported by the production of Derbi vehicles, relocated from the Spanish site at Martorelles, which has closed down.
Considering the continual changes in orders and resulting production programmes, the workforce has been downsized, with a mobility programme for 100 persons. At the same time, social measures of Solidarity Contracts have ended, and so the temporary unemployment fund has been used to deal with lower work volumes.

As regards the production site at Mandello del Lario, sales volumes have increased, and in agreement with trade union organisations, temporary employment contracts have been adopted to deal with this trend.

In Italy, during the first half of 2014, the number of hours lost through strikes (approximately 7,000) was in line with figures for the first half of 2013, confirming the trend of decreasing hours compared to previous years and which is mainly attributable to only one trade union organisation at the Pontedera site.

As regards Piaggio Vietnam, elections were held on 7 February 2014 to appoint the 15 members of the Trade Union Committee, that will remain in office for 5 years. As from 1 January 2014, the minimum wage in the province of Vinh Phuc has been increased from 2.1 million VND to 2.4 million VND. Piaggio Vietnam has reviewed its salary policies so that it can continue to be competitive on the labour market.

As regards the Indian Company Piaggio Vehicles Private Ltd, there are no significant trade union events or activities to report. Implementation of the trade union agreement signed in July 2013, to improve productivity and efficiency indicators, continued successfully.

Corporate Governance

Profile

The Company is organised in accordance with the traditional administration and control model mentioned in articles 2380 bis et seq. of the Italian Civil Code, with the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

The Chairman and Chief Executive Officer of the Company is Roberto Colaninno and the Deputy Chairman is Matteo Colaninno. The Chief Financial Officer, Gabriele Galli.

The Company has adopted the Corporate Governance Code of Borsa Italiana S.p.A. and observes principles of corporate governance contained in the code.
The Company is subject to the management and coordination of IMMSI S.p.A. pursuant to article 2497 et seq. of the Italian Civil Code.

Board of Directors

The Board of Directors of the Company in office at the date of this Report comprises 11 members appointed by the Ordinary General Meeting of Shareholders of 13 April 2012, based on the one candidate list submitted by the majority shareholder IMMSI S.p.A.. The Board of Directors will remain in office until the date of the Shareholders' Meeting called for approval of the financial statements for the financial year ending 31 December 2014.

The majority of the Board of Directors are non-executive, independent directors, and their number and authority are such that they ensure that their opinion has a significant weight in the Issuer's Board decisions. Non-executive directors and independent directors bring their specific competencies to Board discussions, contributing to the making of decisions that conform to corporate interests.

Committees

The Appointment Proposal Committee, the Remuneration Committee, the Internal Control and risk management Committee and the Related Parties Transactions Committee have been established within the Board.

Internal control and risk management system

The internal control and risk management system comprises rules, procedures and organisational structures to identify, measure, manage and monitor main risks. This system is integrated at various levels with general organisational and corporate governance strategies adopted by the company, and contributes to safeguarding corporate assets, the efficiency and effectiveness of company processes, the reliability of financial information, and compliance with laws, regulations, the company's articles of associations and internal procedures.

As part of this system, the Board, after consulting with the Internal Control and Risk Management Committee:
a. defines the nature and level of risk compatible with the Issuer's strategic objectives;
b. defines the guidelines for the internal control and risk management system, so that main risks concerning the Issuer and its subsidiaries are correctly identified, and adequately measured, managed and monitored, also determining the level of compatibility of these risks with a business management in line with strategic objectives identified;
c. evaluates, at least annually, the effectiveness of the internal control and risk management system and its adequacy in relation to the company's characteristics and the risk profile adopted;
d. approves, at least annually, the work plan prepared by the Internal Audit Function Manager, after consulting with the Board of Statutory Auditors and the Internal Control and Risk Management Director;

e. describes, in the corporate governance report, the main characteristics of the internal control and risk management system, evaluating its adequacy;
f. evaluates, after consulting with the Board of Statutory Auditors, the results of the independent auditors in their letter of findings and fundamental issues identified during auditing.

In exercising these functions, the Board works with a director who is in charge of overseeing the functioning of the internal control and risk management system (the **Director in Charge**), and with the Internal Control and Risk Management Committee; the Board also takes into consideration the compliance programmes adopted by the Issuer and Companies of the Group of which the Issuer is Parent Company, in accordance with Legislative Decree 231/2001.
Following the proposal of the Director in Charge and having obtained the opinion of the Control and Risk Management Committee, the Board appointed the Internal Auditing Supervisor, ensuring that this person is supplied with the resources suitable to carry out his/her functions – resources that also regard the operating structure and internal organisational procedures to access the information necessary for the role – granting powers to the Chief Executive Officer to formalise the terms and conditions of this appointment.

Board of Statutory Auditors

The Board of Statutory Auditors in office at the date of this Report was elected by unanimous vote of the Shareholders' Meeting held on 13 April 2012. The statutory auditors were elected from a single slate of candidates filed by the majority shareholder IMMSI S.p.A., in accordance with the provisions of Article 24.2 of the Articles of Association, and will hold office until approval of the annual financial statements for the year ending 31 December 2014.

Corporate Governance Report

The Company produces an annual Report on Corporate Governance and Corporate Ownership, describing the corporate governance system adopted by the Issuer, and containing information on corporate ownership and the internal control and risk management system. The 2013 Report is available on the website of the Issuer www.piaggiogroup.com under Governance.

Economic glossary

Net working capital defined as the net sum of: Current and non-current trade and other receivables, inventories, trade and other long term payables and current trade payables, other receivables (short and long term tax receivables, deferred tax assets) and other payables (tax payables, other short term payables and deferred tax liabilities).

Net tangible assets: consist of property, plant, machinery and industrial equipment, net of accumulated depreciation, investment property and assets held for sale.

Net intangible assets: consist of capitalised development costs, costs for patents and know-how and goodwill arising from acquisition/merger operations carried out by the Group.

Financial assets: defined by the Directors as the sum of investments and other non-current financial assets.

Provisions: consist of retirement funds and employee benefits, other long-term provisions and the current portion of other long-term provisions.

Gross industrial margin defined as the difference between “Revenues” and corresponding “Cost to sell” of the period.

Cost to sell 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 related expenses, work carried out by third parties, energy costs, depreciation of property, plant, equipment and industrial equipment, external maintenance and cleaning costs net of sundry cost recovery recharged to suppliers.

Operating expenses: consist of employee costs, costs for services, lease and rentals, and additional operational expenditure net of operating income not included in the gross industrial margin Operating expenses also include amortisation and depreciation not included in the calculation of the gross industrial margin.

Consolidated Ebitda: defined as “Operating income” before the amortisation of intangible assets and depreciation of plant, property and equipment as resulting from the income statement.

Net capital employed: determined as the algebraic sum of “Net long-term assets” and “Net working capital”, of other provisions previously considered.

In some cases, data could be affected by rounding off defects due to the fact that figures are represented in millions of euros; changes and percentages are calculated from figures in thousands of euros and not from rounded off figures in millions of euros.


MOTO GUZZI
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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF 30 JUNE 2014

Consolidated Income Statement

Notes	In thousands of euros	1st half of 2014 Total	1st half of 2014 of which related parties	1st half of 2013 Total	1st half of 2013 of which related parties
4	**Net revenues**	**628,977**	**58**	**671,549**	**32**
5	Cost for materials	360,794	12,405	386,266	13,991
6	Cost for services and leases and rentals	109,201	1,811	107,393	2,020
7	Employee costs	110,424		116,202	
8	Depreciation of property, plant and equipment	20,909		19,945	
8	Amortisation of intangible assets	22,055		23,084	
9	Other operating income	54,770	2,287	49,385	438
10	Other operating costs	9,283	11	10,479	7
	Operating income	**51,081**		**57,565**	
11	Income/(loss) from investments			1,146	
12	Financial income	498		1,082	
12	Borrowing costs	23,591	215	17,513	102
	of which non-recurrent	*2,947*			
12	Net exchange gains/(losses)	(511)		(680)	
	Profit before tax	**27,477**		**41,600**	
13	Taxes for the period	10,990		16,640	
	Profit from continuing operations	**16,487**		**24,960**	
	Assets held for disposal:				
14	Profits or losses arising from assets held for disposal				
	Net Profit (loss) for the period	**16,487**		**24,960**	
	Attributable to:				
	Owners of the Parent	**16,454**		**24,918**	
	Non-controlling interests	**33**		**42**	
15	**Earnings per share (figures in €)**	**0.046**		**0.069**	
15	**Diluted earnings per share (figures in €)**	**0.046**		**0.069**	

Consolidated Statement of Comprehensive Income

Notes	In thousands of euros	1st half of 2014	1st half of 2013
	Net Profit (Loss) for the period (A)	**16,487**	**24,960**
	Items that will not be reclassified to profit or loss		
29	Remeasurements of defined-benefit plans	(2,191)	491
	Total	**(2,191)**	**491**
	Items that may be reclassified to profit or loss		
29	Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	1,040	(3,944)
29	Total profits (losses) on cash flow hedges	(929)	1,798
	Total	**111**	**(2,146)**
	Other Comprehensive Income (Expense) (B)*	**(2,080)**	**(1,665)**
	Total Comprehensive Income (Expense) for the period (A + B)	**14,407**	**23,305**
	Attributable to:		
	Owners of the Parent	**14,393**	**23,270**
	Non-controlling interests	**14**	**35**

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

Consolidated Statement of Financial Position

Notes	In thousands of euros	As of 30 June 2014 Total	of which related parties	As of 31 December 2013 Total	of which related parties
	Assets				
	Non-current assets				
16	Intangible assets	659,232		654,528	
17	Property, plant and equipment	296,410		302,767	
18	Investment property	12,141		7,346	
19	Investments	8,152		8,152	
20	Other financial assets	10,555		10,468	
21	Long-term tax receivables	6,158		2,974	
22	Deferred tax assets	37,776		33,660	
23	Trade receivables	387			
24	Other receivables	12,329	197	13,368	231
	Total non-current assets	**1,043,140**		**1,033,263**	
28	**Assets held for sale**				
	Current assets				
23	Trade receivables	127,737	776	75,722	864
24	Other receivables	29,688	10,216	26,514	7,162
21	Short-term tax receivables	26,822		23,615	
25	Inventories	246,641		207,808	
26	Other financial assets			838	
27	Cash and cash equivalents	104,029		66,504	
	Total current assets	**534,917**		**401,001**	
	Total assets	**1,578,057**		**1,434,264**	
	Shareholders' equity and liabilities				
	Shareholders' equity				
29	Share capital and reserves attributable to the owners of the Parent	410,715		391,183	
29	Share capital and reserves attributable to non-controlling interests	946		932	
	Total shareholders' equity	**411,661**		**392,115**	
	Non-current liabilities				
30	Financial liabilities falling due after one year	447,327	2,900	434,865	2,900
31	Trade payables				
32	Other long-term provisions	10,883		11,083	
33	Deferred tax liabilities	6,568		5,722	
34	Retirement funds and employee benefits	52,485		49,830	
35	Tax payables	0		0	
36	Other long-term payables	3,744		4,148	
	Total non-current liabilities	**521,007**		**505,648**	
	Current liabilities				
30	Financial liabilities falling due within one year	138,171		116,872	
31	Trade payables	419,982	14,937	346,164	11,204
35	Tax payables	21,353		12,587	
36	Other short-term payables	55,247	8,441	45,416	6,474
32	Current portion of other long-term provisions	10,636		15,462	
	Total current liabilities	**645,389**		**536,501**	
	Total shareholders' equity and liabilities	**1,578,057**		**1,434,264**	

Consolidated Statement of Cash Flows

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

		1st half of 2014		1st half of 2013	
		Total	of which related parties	Total	of which related parties
Notes	In thousands of euros				
	Operating activities				
	Consolidated net profit	16,454		24,918	
	Allocation of profit to non-controlling interests	33		42	
13	Taxes for the period	10,990		16,640	
8	Depreciation of property, plant and equipment	20,621		19,945	
8	Amortisation of intangible assets	22,055		23,084	
	Provisions for risks and retirement funds and employee benefits	8,964		9,132	
	Write-downs / (Reversals/Fair value adjustments)	(4,285)		1,352	
	Losses / (Gains) on the disposal of property, plants and equipment	(833)		17	
12	Financial income	(460)		(814)	
	Dividend income			(146)	
12	Borrowing costs	22,092		15,543	
	Income from public grants	(861)		(3,340)	
	Portion of earnings of affiliated companies			(1,000)	
	Change in working capital:				
23	(Increase)/Decrease in trade receivables	(51,793)	88	(63,286)	62
24	(Increase)/Decrease in other receivables	(2,135)	(3,020)	10,290	(136)
25	(Increase)/Decrease in inventories	(38,833)		(35,906)	
31	Increase/(Decrease) in trade payables	73,818	3,733	32,073	(1,529)
	Increase/(Decrease) in other payables	9,427	1,967	(1,362)	264
32	Increase/(Decrease) in provisions for risks	(10,202)		(6,489)	
34	Increase/(Decrease) in retirement funds and employee benefits	(1,175)		(4,617)	
	Other changes	(19,651)		17,843	
	Cash generated from operating activities	**54,226**		**53,919**	
	Interest paid	(16,596)		(13,277)	
	Taxes paid	(6,776)		(33,363)	
	Cash flow from operating activities (A)	**30,854**		**7,279**	
	Investing activities				
17	Investment in property, plant and equipment	(12,528)		(18,333)	
	Sale price, or repayment value, of property, plant and equipment	1,103		72	
16	Investment in intangible assets	(25,702)		(25,026)	
	Sale price, or repayment value, of intangible assets	44		11	
	Purchase of financial assets				
	Sale price of financial assets	838		1,260	
	Interest collected	370		517	
	Cash flow from investing activities (B)	**(35,875)**		**(41,499)**	
	Financing activities				
29	Exercise of stock options	5,139		35	
29	Purchase of treasury shares			(962)	
29	Outflow for dividends paid			(33,087)	
30	Loans received	146,452		100,495	
30	Outflow for repayment of loans	(98,309)		(16,583)	
30	Financing received for leases	267			
30	Repayment of finance leases	(491)		(463)	
	Cash flow from financing activities (C)	**53,058**		**49,435**	
	Increase / (Decrease) in cash and cash equivalents (A+B+C)	48,037		15,215	
	Opening balance	**52,816**		**84,140**	
	Exchange differences	758			
	Closing balance	**101,611**		**99,355**	

Changes in Consolidated Shareholders' Equity

Movements from 1 January 2014 / 30 June 2014

Notes	In thousands of euro	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve
	As of 1 January 2014	**205.570**	**3.681**	**16.902**	**(1.565)**	**(5.859)**
	Profit for the period					
	Other Comprehensive Income				(929)	
	Total Comprehensive Income (Expense) for the period	**0**	**0**	**0**	**(929)**	**0**
29	Allocation of profits					
29	Distribution of dividends					
29	Exercise of stock options	1,644	3,364			
29	Purchase of treasury shares					
29	Other changes					
	As of 30 June 2014	**207,214**	**7,045**	**16,902**	**(2,494)**	**(5,859)**

Movements from 1 January 2013 / 30 June 2013

Notes	In thousands of euro	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve
	As of 1 January 2013	**199,504**	**3,493**	**14,593**	**(3,269)**	**(5,859)**
	Profit for the period					
	Other Comprehensive Income				1,798	
	Total Comprehensive Income (Expense) for the period	**0**	**0**	**0**	**1,798**	**0**
29	Allocation of profits			2,309		
29	Distribution of dividends					
29	Annulment of treasury shares	6,066				
29	Exercise of stock options	11	24			
29	Purchase of treasury shares	(274)				
29	Other changes					
	As of 30 June 2013	**205,307**	**3,517**	**16,902**	**(1,471)**	**(5,859)**

Group consolidation reserve	Group conversion reserve	Stock option reserve	Earnings reserve	Consolidated Group shareholders' equity	Share capital and reserves attributable to non-controlling interests	Total shareholders' equity
993	**(27,063)**	**13,385**	**185,139**	**391,183**	**932**	**392,115**
			16,454	**16,454**	**33**	**16,487**
	1,059		(2,191)	**(2,061)**	**(19)**	**(2,080)**
0	**1,059**	**0**	**14,263**	**14,393**	**14**	**14,407**
				0		**0**
				0		**0**
			131	**5,139**		**5,139**
				0		**0**
				0		**0**
993	**(26,004)**	**13,385**	**199,533**	**410,715**	**946**	**411,661**

Group consolidation reserve	Group conversion reserve	Stock option reserve	Earnings reserve	Consolidated Group shareholders' equity	Share capital and reserves attributable to non-controlling interests	Total shareholders' equity
993	**(16,902)**	**13,385**	**232,690**	**438,628**	**1,245**	**439,873**
			24,918	**24,918**	**42**	**24,960**
	(3,937)		491	**(1,648)**	**(7)**	**(1,655)**
0	**(3,937)**	**0**	**25,409**	**23,270**	**35**	**23,305**
			(2,309)	**0**		**0**
			(33,087)	**(33,087)**		**(33,087)**
			(6,066)	**0**		**0**
				35		**35**
			(688)	**(962)**		**(962)**
			337	**337**	**(337)**	**0**
993	**(20,839)**	**13,385**	**216,286**	**428,221**	**943**	**429,164**

Notes to the Condensed Consolidated Interim Financial Statements as of 30 June 2014

A) General aspects

Piaggio & C. S.p.A. (the Company) is a joint-stock company established in Italy at the Register of Companies of Pisa. The addresses of the registered office and places where the Group conducts its main business operations are listed in the introduction to the financial statements. The main operations of the Company and its subsidiaries (the Group) are described in the Report on Operations.
These Financial Statements are expressed in euros (€) since this is the currency in which most of the Group's transactions take place. Foreign operations are included in the consolidated financial statements according to the standards indicated in the notes below.

Scope of consolidation

As of 30 June 2014, the structure of the Piaggio Group was as indicated in the Report on Operations and is the structure referred to herein.
The scope of consolidation has changed compared to the Consolidated Financial Statements as of 31 December 2013 and the Condensed Interim Financial Statements as of 30 June 2013, following the establishment of a new company, Piaggio Concept Store Mantova Srl, on 14 April 2014, which will manage the Group's first flagship store in Mantua.

1. Compliance with international accounting standards

These Condensed Consolidated Interim Financial Statements have been drafted in compliance with the International Accounting Standards (IAS/IFRS) in force at that date, issued by the International Accounting Standards Board and approved by the European Commission, as well as in compliance with the provisions established in Article 9 of Legislative Decree no. 38/2005 (CONSOB Resolution no. 15519 dated 27 July 2006 containing the "Provisions for the presentation of financial statements", CONSOB Resolution no. 15520 dated 27 July 2006 containing the "Changes and additions to the Regulation on Issuers adopted by Resolution no. 11971/99", CONSOB communication no. 6064293 dated 28 July 2006 containing the "Corporate reporting required in accordance with Article 114, paragraph 5 of Leg. Decree no. 58/98"). The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"), were also taken into account.
During the drafting of these Condensed Consolidated Interim Financial Statements, prepared in compliance with IAS 34 - Interim Financial Reporting, the same accounting standards adopted in the drafting of the Consolidated Financial Statements as of 31 December 2013 were applied, with the exception of paragraph "New accounting standards, amendments and interpretations applied as from 1 January 2014".
The information provided in the Half-Year Report should be read together with the Consolidated Financial Statements as of 31 December 2013, prepared according to IFRS.

The preparation of the interim financial statements requires management to make estimates and assumptions which have an impact on the values of revenues, costs, consolidated balance sheet assets and liabilities and on the information regarding contingent assets and liabilities at the reporting date. If these management estimates and assumptions should, in future, differ from the actual situation, they will be changed as appropriate in the period in which the circumstances change. For a more detailed description of the most significant measurement methods of the Group, reference is made to the section "Use of estimates" of the Consolidated Financial Statements as of 31 December 2013.

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

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

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

These Condensed Consolidated Interim Financial Statements have been subject to a review by PricewaterhouseCoopers S.p.A..

Other information

A specific paragraph in this Report provides information on any significant events occurring after the end of the period and on the operating outlook.
The exchange rates used to translate the financial statements of companies included in the scope of consolidation into euros are shown in the table below.

Currency	Spot exchange rate 30 June 2014	Average exchange rate 1st half of 2014	Spot exchange rate 31 December 2013	Average exchange rate 1st half of 2013
US Dollar	1.3658	1.37047	1.3791	1.31346
Pounds Sterling	0.80150	0.82133	0.8337	0.85116
Indian Rupee	82.202	83.29125	85.366	72.30697
Singapore Dollars	1.7047	1.72795	1.7414	1.63315
Chinese Renminbi	8.4722	8.45128	8.3491	8.12938
Croatian Kuna	7.5760	7.62467	7.6265	7.56973
Japanese Yen	138.44	140.41206	144.72	125.46589
Vietnamese Dong	28,879.5	28,746.65381	28,801.07	27,734.49370
Canadian Dollars	1.4589	1.50306	1.4671	1.33454
Indonesian Rupiah	16,225.7	16,015.90159	16,866.39	12,788.88530
Brazilian Real	3.0002	3.14951	3.2576	2.6688

2. Form and content of the financial statements

Form of the consolidated financial statements

The Group has chosen to highlight all changes generated by transactions with non-shareholders within two statements reporting trends of the period, respectively named the "Consolidated Income Statement" and "Consolidated Statement of Comprehensive Income". The Financial Statements are therefore composed of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Statement of Changes in Consolidated Shareholders' Equity, the Consolidated Statement of Cash Flows and these notes.

Consolidated Income Statement

The Consolidated Income Statement is presented with the items classified by nature. The overall Operating Income is shown, which includes all income and cost items, irrespective of their repetition or fact of falling outside normal operations, except for the items of financial operations included under Operating Income and Profit before tax. In addition, the income and cost items arising from assets that are held for disposal or sale, including any capital gains or losses net of the tax element, are recorded in a specific item preceding profit attributable to the owners of parent company and to non-controlling interests.

Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income is presented in accordance with the provisions of IAS

1 amended. It reports the net profit attributable to shareholders of the parent company and to the minority shareholders.

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position is presented in opposite sections with separate indication of assets, liabilities and shareholders' equity.

In turn, assets and liabilities are reported in the Consolidated Financial Statements on the basis of their classification as current and non-current.

Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows is divided into cash-flow generating areas. The Consolidated Statement of Cash Flows model adopted by the Piaggio Group has been prepared using the indirect method. The cash and cash equivalents recorded in the Consolidated Statement of Cash Flows include the Consolidated Statement of Financial Position balances for this item at the reporting date. Financial flows in foreign currency have been converted at the average exchange rate for the period. Income and costs related to interest, dividends received and income taxes are included in the cash flow generated from operations.

Statement of Changes in Consolidated Shareholders' Equity

The Statement of Changes in Consolidated Shareholders' Equity is presented as provided for in IAS 1 revised. It includes the total comprehensive income while separately reporting the amounts attributable to shareholders of the parent company as well as the quota pertaining to minority interests, the amounts of operations with shareholders acting in this capacity and potential effects of retroactive application or of the retroactive calculation pursuant to IAS 8. Reconciliation between the opening and closing balance of each item for the period is presented.

New accounting standards, amendments and interpretations applied as from 1 January 2014

On 12 May 2011, the IASB issued the standard IFRS 10 - Consolidated Financial Statements which replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 - Consolidated and Separate Financial Statements renamed Separate Financial Statements and regulates the accounting treatment of investments in separate financial statements. The new standard deviates from existing standards by identifying the concept of control, according to a new definition, as the determinant factor for the purposes of consolidation of a company in the consolidated financial statements of the parent company. It also provides a guide for determining the existence of control where this is difficult to assess (effective control, potential votes, specific-purpose company, etc.). The standard is applicable in a retrospective manner from 1 January 2014. The Group reviewed the control relationships of its investee companies as of 1 January 2014, without noting any effect caused by the adoption of the new standard.

On 12 May 2011, the IASB issued the standard IFRS 11 – Joint arrangements which replaces IAS 31 – Interests in Joint Ventures and SIC-13 – Jointly Controlled Entities - Non-Monetary Contributions by Venturers. The new standard provides methods for identifying joint arrangements based on the rights and obligations under such arrangements rather than their actual legal form and establishes the equity method as the only accounting treatment for jointly controlled entities (joint ventures) in consolidated financial statements. The standard is applicable in a retrospective manner from 1 January 2014. After its initial issue IAS 28 – Investments in Associates and Joint Ventures was amended to include jointly controlled entities within its field of application, as of the date the standard became effective. The Group reviewed the control relationships of its investees as of 1 January 2014, without noting any effect caused by the adoption of the new standard.

On 12 May 2011, the IASB issued the standard IFRS 12 – Disclosure of interests in other entities which is a new and complete standard on disclosures to provide on all types of investments including in subsidiaries, joint arrangements, associates, special purpose entities and unconsolidated structured entities. The standard is applicable in a retrospective manner from 1 January 2014. The adoption of the new standard has not resulted in any significant effects for the Group.

On 29 May 2013, the IASB issued an amendment to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets, to clarify disclosure on the recoverable amount of assets subject to impairment, if the amount is based on the fair value net of costs of disposal. The standard is applicable in a retrospective manner from 1 January 2014. The adoption of the new standard has not resulted in any significant effects for the Group.

On 16 December 2011, the IASB issued some amendments to IAS 32 – Financial Instruments: presentation, to clarify the use of some criteria for offsetting financial assets and liabilities contained in IAS 32. The standard is applicable in a retrospective manner from 1 January 2014. The adoption of the new standard has not resulted in any significant effects for the Group.

On 27 June 2013, the IASB issued some minor amendments to IAS 39 – Financial Instruments: recognition and measurement "Novation of Derivatives and Continuation of Hedge Accounting". The amendments allow for the continuation of hedge accounting if a financial derivative, designated as a hedging instrument, is novated following the adoption of the law or regulations in order to replace the original counterparty to guarantee the successful outcome of the obligation undertaken and if specific conditions are met. This amendment is also included in IFRS 9 - Financial instruments. The standard is applicable in a retrospective manner from 1 January 2014. The adoption of the new standard has not resulted in any significant effects for the Group.

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

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

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

› On 20 May 2013, the IASB issued IFRIC 21 - Levies, an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 provides clarifications on when an entity must recognise a liability for the payment of levies imposed by governments, other than levies regulated by other standards (e.g. IAS 12 – Income tax). IAS 37 establishes criteria for the recognition of a liability, including the existence of the present obligation of the entity as the result of a past event (known as the obligating event). The interpretation clarifies that the obligating event, which gives rise to a liability for the payment of the levy, is described in the relevant legislation from which the payment arises. IFRIC 21 is effective from years commencing from 1 January 2014.

› On 21 November 2013, the IASB published some minor amendments to IAS 19 – Employee benefits: Defined Benefit Plans: Employee Contributions. These amendments concern the simplification of the accounting treatment of employees or, in specific cases, third-party contributions, to defined benefit plans. The amendments are applicable, retrospectively, for periods beginning on or after 1 July 2014; early adoption is permitted.

› On 12 December 2013, the IASB issued some amendments to IFRS (Annual Improvements to IFRSs - 2010-2012 Cycle and Annual Improvements to IFRSs - 2011-2013 Cycle). The most significant issues addressed in these amendments concern: the definition of accrual conditions in IFRS 2 – Share-based payments, disclosure on estimates and opinions used in grouping operating segments in IFRS 8 – Operating segments, the identification and disclosure of related-party transactions arising when a services company provides a service for the management of key directors that prepare financial statements in IAS 24 – Related party disclosures, the exclusion from the scope of application of IFRS 3 – Business combinations, of all types of joint arrangements (as defined in IFRS 11 – Joint arrangements), and some clarifications about exceptions to the scope of IFRS 13 – Fair value measurement.

› On 6 May 2014, the IASB issued some amendments to IFRS 11 – Joint arrangements: Accounting for Acquisitions of Interests in Joint Operations, providing clarifications on the accounting for the acquisition of an interest in a joint operation that constitutes a business. Amendments are applicable, retrospectively, for years starting on or after 1 January 2016; early adoption is permitted.

The Group will adopt these new standards, amendments and interpretations, based on the application date indicated, and will evaluate potential impact, when the standards, amendments and interpretations are endorsed by the European Union.

B) Segment reporting

3. Operating segment reporting

The organisational structure of the Group is based on 3 Geographical Segments, involved in the production and sale of vehicles, relative spare parts and assistance in areas under their responsibility: EMEA and the Americas, India and Asia Pacific 2W. Operating segments are identified by management, in line with the management and control model used.
In particular, the structure of disclosure corresponds to the structure of periodic reporting analysed by the Chairman and Chief Executive Officer for business management purposes.
Each Geographical Segment has production sites and a sales network dedicated to customers in the relative segment. Specifically:

- Emea and the Americas have production sites and deal with the distribution and sale of two-wheeler and commercial vehicles;
- India has production sites and deals with the distribution and sale of two-wheeler and commercial vehicles;
- Asia Pacific 2W has production sites and deals with the distribution and sale of two-wheeler vehicles.

Central structures and development activities, currently dealt with by EMEA and the Americas, are handled by individual segments.

Income statement by geographical segment

		EMEA and Americas	India	Asia Pacific 2W	Total
Sales volumes (unit/000)	1st half of 2014	131.7	105.7	41.1	**278.5**
	1st half of 2013	132.5	117.4	48.5	**298.5**
	Change	(0.8)	(11.7)	(7.5)	**(20.0)**
	Change %	-0.6%	-10.0%	-15.4%	**-6.7%**
Net turnover (millions of euros)	1st half of 2014	407.6	145.6	75.8	**629.0**
	1st half of 2013	414.0	165.9	91.7	**671.5**
	Change	(6.4)	(20.3)	(15.9)	**(42.6)**
	Change %	-1.5%	-12.2%	-17.4%	**-6.3%**
Gross margin (millions of euros)	1st half of 2014	138.4	30.9	25.1	**194.4**
	1st half of 2013	135.9	35.8	35.6	**207.3**
	Change	2.5	(4.9)	(10.6)	**(12.9)**
	Change %	1.8%	-13.6%	-29.7%	**-6.2%**
EBITDA (millions of euros)	1st half of 2014				**94.0**
	1st half of 2013				**100.6**
	Change				**(6.6)**
	Change %				**-6.5%**
EBIT (millions of euros)	1st half of 2014				**51.1**
	1st half of 2013				**57.6**
	Change				**(6.5)**
	Change %				**-11.3%**

C) Information on the consolidated income statement

4. Net revenues — *€/000 628,977*

Revenues are shown net of premiums recognised to customers (dealers).
This item does not include transport costs, which are recharged to customers (€/000 12,726) and invoiced advertising cost recoveries (€/000 2,547), which are posted under other operating income.
The revenues for disposals of Group core business assets essentially refer to the marketing of vehicles and spare parts on European and non-European markets.

Revenues by geographical segment

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

	1st half of 2014		1st half of 2013		Changes	
	Amount	%	Amount	%	Amount	%
In thousands of euro						
EMEA and Americas	407,616	64.8	413,967	61.6	(6,351)	-1.5
India	145,567	23.1	165,851	24.7	(20,284)	-12.2
Asia Pacific 2W	75,794	12.1	91,731	13.7	(15,937)	-17.4
Total	**628,977**	**100.0**	**671,549**	**100.0**	**(42,572)**	**-6.3**

In the first half of 2014, net sales revenues were down overall compared to the figure of 6.3% for the same period of the previous year. For an analysis of deviations, see comments in the Report on Operations.

5. Costs for materials — *€/000 360,794*

The percentage accounting for net revenues was stable at 57.4%.
The item includes €/000 12,405 (€/000 13,991 in the first half of 2013) for purchases of scooters from the Chinese subsidiary Zongshen Piaggio Foshan, that are sold on European and Asian markets. The following table details the content of this item:

	1st half of 2014	1st half of 2013	Change
In thousands of euro			
Raw, ancillary materials, consumables and goods	398,280	423,049	(24,769)
Change in inventories of raw, ancillary materials, consumables and goods	(21,505)	(28,817)	7,312
Change in work in progress of semifinished and finished products	(15,981)	(7,966)	(8,015)
Total costs for purchases	**360,794**	**386,266**	**(25,472)**

6. Costs for services, leases and rentals *€/000 109,201*

Below is a breakdown of this item:

In thousands of euro	1st half of 2014	1st half of 2013	Change
Employee costs	8,076	8,068	8
External maintenance and cleaning costs	3,850	3,874	(24)
Energy, telephone and telex costs	9,306	10,927	(1,621)
Postal expenses	482	254	228
Commissions payable	687	446	241
Advertising and promotion	13,851	12,466	1,385
Technical, legal and tax consultancy and services	13,822	12,890	932
Company boards operating costs	1,288	1,247	41
Insurance	2,127	1,804	323
Outsourced manufacturing	8,304	8,551	(247)
Transport costs (vehicles and spare parts)	17,702	17,136	566
Sundry commercial expenses	3,460	5,214	(1,754)
Expenses for public relations	1,756	1,496	260
Product warranty costs	4,299	4,370	(71)
Quality-related events	1,515	1,312	203
Bank costs and factoring charges	2,777	2,696	81
Lease and rental costs	6,694	7,797	(1,103)
Other	7,402	4,825	2,577
Insurance from related parties	24	25	(1)
Services from related parties	1,091	1,115	(24)
Costs for leases and rentals of related parties	688	880	(192)
Total costs for services	**109,201**	**107,393**	**1,808**

Costs for leases and rentals include lease rentals for business properties of €/000 3,175, as well as lease payments for car hire, computers and photocopiers.
The item “Other” includes costs for temporary work of €/000 1,113.

7. Employee costs *€/000 110,424*

The reduction in the period is due to the decrease in the average workforce and greater weight of the Indian workforce.
Employee costs include €/000 2,434 mainly relating to costs for mobility plans for the Pontedera, Noale and Martorelles production sites.

In thousands of euro	1st half of 2014	1st half of 2013	Change
Salaries and wages	80,804	82,995	(2,191)
Social security contributions	23,101	22,511	590
Termination benefits	3,790	3,776	14
Other costs	2,729	6,920	(4,191)
Total	**110,424**	**116,202**	**(5,778)**

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

Level	Average number	1st half of 2014	1st half of 2013	Change
Senior management		96	96	0
Middle management		572	573	(1)
White collars		2,126	2,185	(59)
Blue collars		4,899	5,480	(581)
Total		**7,693**	**8,334**	**(641)**

Average employee numbers were affected by seasonal workers in the summer (on fixed-term and temporary employment contracts).
In fact the Group uses fixed-term employment contracts to handle typical peaks in demand in the summer months.

Level	Number as of	30 June 2014	31 December 2013	Change
Senior management		97	95	2
Middle management		570	572	(2)
White collars		2,134	2,132	2
Blue collars		4,933	4,889	44
Total		**7,734**	**7,688**	**46**

Changes in employee numbers in the two periods are compared below:

Level	As of 31.12.13	Incoming	Outgoing	Relocations	As of 30.06.14
Senior management	95	5	(3)		97
Middle management	572	26	(35)	7	570
White collars	2,132	91	(87)	(2)	2,134
Blue collars	4,889	1,278	(1,229)	(5)	4,933
Total (*)	**7,688**	**1,400**	**(1,354)**	**0**	**7,734**
(*) of which fixed-term contracts	1,471	1,290	(1,202)	(105)	1,454

The increase in employee numbers is mainly attributable to consolidation at Indian plants, which more than offset the reductions in other geographical segments.

Employee/staff numbers	Number as of	30 June 2014	31 December 2013	Change
EMEA and Americas		4,058	4,098	(40)
India		2,783	2,677	106
Asia Pacific 2W		893	913	(20)
Total		**7,734**	**7,688**	**46**

8. Amortisation/depreciation and impairment costs *€/000 42,964*

Amortisation and depreciation for the period, divided by category, is shown below:

Property, plant and equipment	1st half of 2014	1st half of 2013	Change
In thousands of euro			
Buildings	2,428	2,410	18
Plant and equipment	9,677	9,157	520
Industrial and commercial equipment	7,600	7,462	138
Other assets	916	916	0
Total depreciation of property, plant and equipment	**20,621**	**19,945**	**676**
Write-down of property, plant and equipment	288		288
Total depreciation of property, plant and equipment and impairment costs	**20,909**	**19,945**	**964**

Intangible assets	1st half of 2014	1st half of 2013	Change
In thousands of euro			
Development costs	12,632	12,311	321
Industrial patent rights and intellectual property rights	6,526	7,822	(1,296)
Concessions, licences, trademarks and similar rights	2,411	2,412	(1)
Other	486	539	(53)
Total amortisation of intangible fixed assets	**22,055**	**23,084**	**(1,029)**
Write-down of intangible assets			
Total amortisation of intangible assets and impairment costs	**22,055**	**23,084**	**(1,029)**

9. Other operating income *€/000 54,770*

This item consists of:

	1st half of 2014	1st half of 2013	Change
In thousands of euro			
Operating grants	861	3,340	(2,479)
Increases in fixed assets from internal work	19,829	17,654	2,175
Other revenue and income:			
- Rent receipts	245	151	94
- Capital gains on assets and investments	871	15	856
- Sale of miscellaneous materials	932	672	260
- Recovery of transport costs	12,726	12,956	(230)
- Recovery of advertising costs	2,547	2,878	(331)
- Recovery of sundry costs	1,758	2,012	(254)
- Compensation	746	1,532	(786)
- Compensation for quality-related events	152		152
- Contingent assets	196	763	(567)
- Licence rights and know-how	2,283	911	1,372
- Sponsorship	1,424	1,632	(208)
- Gains from fair value adjustment of investment property	4,795		4,795
- Other income	5,405	4,869	536
Total other operating income	**54,770**	**49,385**	**5,385**

Operating grants mainly refer to government and EU grants for research projects. The grants are recognised in profit or loss, with reference to the amortisation and depreciation of capitalised costs for which the grants were received. This item also includes contributions for exports (€/000 358) received from the Indian subsidiary.
Gains from fair value adjustment of investment property concerns the Martorelles site, whose value has been increased following the change in use of the entire site, approved by the local authorities. In future the site may also be used for commercial purposes.
The increases relative to capital gains and licence rights and know how mainly refer to the sale to the joint venture ZPFM of know how and some moulds of Derbi motorbikes, that may be sold on the Chinese market.
The sale price was determined also based on an appraisal of an independent expert.

10. Other operating costs *€/000 9,283*

This item consists of:

	1st half of 2014	1st half of 2013	Change
In thousands of euro			
Provision for future risks	149	505	(356)
Total provisions for risks	**149**	**505**	**(356)**
Provisions for product warranties	4,985	4,728	257
Total other provisions	**4,985**	**4,728**	**257**
Duties and taxes not on income	1,990	1,930	60
Various subscriptions	550	520	30
Capital losses from disposal of assets	38	32	6
Miscellaneous expenses	1,349	1,412	(63)
Total sundry operating costs	**3,927**	**3,894**	**33**
Write-down of current receivables	222	1,352	(1,130)
Total impairment	**222**	**1,352**	**(1,130)**
Total	**9,283**	**10,479**	**(1,196)**

11. Income/(loss) from investments *€/000 0*

In the first half of 2014, no income or net charges from investments were recorded.

12. Net financial income (borrowing costs) *€/000 (23,604)*

The balance of financial income (borrowing costs) for the first half of 2014 was negative by €/000 23,604, registering an increase compared to the sum of €/000 17,111 for the same period of the previous year. This increase is due to non-recurrent costs of €/000 2,947 relating to the issue of the new debenture loan (more details are given in notes 30 and 41), the lower capitalisation of borrowing costs in accordance with IAS 23 for €/000 1,714 and the increase in interest due to the increase in average debt.

13. Taxes *€/000 10,990*

Taxes for the first half of 2014 were estimated assuming a profit before tax of 40%, equal to the best estimate of the average weighted rate expected for the entire year.

14. Profit/(losses) from assets held for disposal or sale *€/000 0*

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

15. Earnings per share

Earnings per share are calculated as follows:

		1st half 2014	1st half 2013
Net profit	€/000	16,487	24,960
Earnings attributable to ordinary shares	€/000	16,487	24,960
Average number of ordinary shares in circulation		360,916,239	359,777,816
Earnings per ordinary share	€	0.046	0.069
Adjusted average number of ordinary shares		361,498,965	360,398,207
Diluted earnings per ordinary share	€	0.046	0.069

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

D) Information on the consolidated statement of financial position - assets

16. Intangible assets *€/000 659,232*

The table below shows the breakdown of intangible assets as of 30 June 2014 and 30 June 2013, as well as changes during the period.

	Development costs	Patent rights	Concessions, licences and trademarks	Goodwill	Other	Assets under development and advances	Total
In thousands of euros							
Assets as of 01.01.2013	**50,060**	**42,460**	**67,512**	**446,940**	**1,272**	**52,724**	**660,968**
Investments	10,092	156			181	14,597	25,026
Put into service in the period	35,243	376			26	(35,645)	0
Amortisation	(12,311)	(7,822)	(2,412)		(539)		(23,084)
Disposals	0	(11)	0		0	0	(11)
Write-downs							0
Exchange differences	(2,340)	(192)			(15)	(102)	(2,649)
Other changes	(3,170)	(1,184)			680	452	(3,222)
Assets as of 30.06.2013	**77,574**	**33,783**	**65,100**	**446,940**	**1,605**	**32,026**	**657,028**
Assets as of 01.01.2014	**69,110**	**42,091**	**62,689**	**446,940**	**1,405**	**32,293**	**654,528**
Investments	10,474	1,187			68	13,973	25,702
Put into service in the period	9,023	5,037			181	(14,241)	0
Amortisation	(12,632)	(6,526)	(2,411)		(486)		(22,055)
Disposals	(44)						(44)
Write-downs							0
Exchange differences	901	69			(1)	83	1,052
Other changes	(431)	522	0		(42)		49
Assets as of 30.06.2014	**76,401**	**42,380**	**60,278**	**446,940**	**1,125**	**32,108**	**659,232**

The breakdown of intangible assets put into service and under construction is as follows:

	Value as of 30 June 2014			Value as of 31 December 2013			Change		
	Put into service	Under development and advances	Total	Put into service	Under development and advances	Total	Put into service	Under development and advances	Total
In thousands of euros									
R&D costs	76,401	31,361	107,762	69,110	26,940	96,050	7,291	4,421	11,712
Patent rights	42,380	580	42,960	42,091	5,172	47,263	289	(4,592)	(4,303)
Concessions, licences and trademarks	60,278		60,278	62,689		62,689	(2,411)	0	(2,411)
Goodwill	446,940		446,940	446,940		446,940	0	0	0
Other	1,125	167	1,292	1,405	181	1,586	(280)	(14)	(294)
Total	**627,124**	**32,108**	**659,232**	**622,235**	**32,293**	**654,528**	**4,889**	**(185)**	**4,704**

Increases mainly refer to the capitalisation of development costs for new products and new engines, as well as the purchase of software.

Development costs include costs for products and engines in projects for which there is an expectation, for the period of the useful life of the asset, to see net sales at such a level in order to allow the recovery of the costs incurred. This item also includes assets under construction for €/000 31,361 that represent costs for which the conditions for capitalisation exist, but in relation to products that will go into production in future years.
Borrowing costs related to loans for the development of long-term products are capitalised as a part of the cost of the actual assets.
Development costs included under this item are amortised on a straight line basis over 5 years (founding products) or 3 years, in consideration of their remaining useful life.

During the first half of 2014, development costs of approximately € 9.7 million were charged directly to the consolidated income statement.

The item Industrial patents and intellectual property rights comprises software for €/000 13,966 and patents and know-how. It includes assets under construction for €/000 580.
Patents and know-how mainly refer to the Vespa, GP 800, MP3, RSV4, MP3 hybrid and 1200 cc engine. Industrial patent and intellectual property rights costs are amortised over three years.

The item Concessions, Licences, Trademarks and similar rights, is broken down as follows:

	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
Guzzi trademark	20,312	21,125	(813)
Aprilia trademark	39,913	41,509	(1,596)
Minor trademarks	53	55	(2)
Total Trademark	**60,278**	**62,689**	**(2,411)**

Goodwill derives from the greater value paid compared to the corresponding portion of the subsidiaries shareholders' equity at the time of purchase, less the related accumulated amortisation until 31 December 2003. During first-time adoption of the IFRS, the Group opted not to retroactively apply IFRS 3 - Business Combinations to acquisitions of companies that took place before 1st January 2004. As a result, the goodwill generated on acquisitions prior to the date of transition to IFRSs was maintained at the previous value, determined according to Italian accounting standards, subject to assessment and recognition of any impairment losses.
Following the reorganisation by geographic segments, starting from 24 January 2012 goodwill is broken down as follows:

	EMEA AND AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
In thousands of euro				
As of 30 06 2014	305,311	109,695	31,934	**446,940**
As of 31 12 2013	305,311	109,695	31,934	**446,940**

Goodwill cannot be amortised, but is tested for impairment annually or frequently, if specific events take place or changed circumstances indicate that the asset may have been affected by impairment, to identify impairment as provided for by IAS 36 - Impairment of Assets.
The possibility of reinstating booked values is verified by comparing the net book value of individual cash generating units with the recoverable value (value in use). This recoverable value is represented by the present value of future cash flows which, it is estimated, will be derived from the continual use of goods referring to cash generating units and by the final value attributable to these goods.
The recoverability of goodwill is verified at least once per year (as of 31 December), even in the absence of indicators of impairment losses.
As of 30 June 2014, the Group compared final and estimated figures of the 2014-2017 industrial plan approved by the Board of Directors on 19 March 2014. This analysis did not identify any indicators requiring an update to the impairment test carried out for the financial statements as of 31 December 2013.

The item Other intangible assets totalled €/000 1,292 and mainly consists of charges sustained by Piaggio Vietnam.

17. Property, plant and equipment *€/000 296,410*

The table below shows the breakdown of property, plant and equipment as of 30 June 2014 and 30 June 2013, as well as movements during the period.

	Land	Buildings	Plant and machinery	Equipment	Other assets	Assets under construction and advances	Total
In thousands of euros							
Assets as of 01.01.2013	**31,586**	**97,399**	**95,352**	**29,874**	**6,549**	**60,255**	**321,015**
Investments		165	1,217	2,820	349	13,782	18,333
Put into operation in the period		13,230	21,183	4,205	535	(39,153)	0
Depreciation		(2,410)	(9,157)	(7,462)	(916)		(19,945)
Disposals		0	0	(13)	(76)	0	(89)
Write-downs				0			0
Exchange differences		(1,111)	(3,493)	(6)	(170)	(601)	(5,381)
Other changes		0	3,163	(151)	131	0	3,143
Assets as of 30.06.2013	**31,586**	**107,273**	**108,265**	**29,267**	**6,402**	**34,283**	**317,076**
Assets as of 01.01.2014	**28,040**	**102,029**	**110,474**	**28,883**	**5,701**	**27,640**	**302,767**
Investments		459	1,413	2,863	1,125	6,668	12,528
Put into operation in the period		681	8,253	8,406	300	(17,640)	0
Depreciation		(2,428)	(9,677)	(7,600)	(916)		(20,621)
Disposals	0	0	(75)	(146)	(50)	0	(271)
Write-downs			(167)	(103)	(18)	0	(288)
Exchange differences		502	1,763	0	88	166	2,519
Other changes		2	105	(358)	27	0	(224)
Assets as of 30.06.2014	**28,040**	**101,245**	**112,089**	**31,945**	**6,257**	**16,834**	**296,410**

The breakdown of property, plant and equipment put into operation and under construction is as follows:

	Value as of 30 June 2014			Value as of 31 December 2013			Change		
	Put into operation	Under construction and advances	Total	Put into operation	Under construction and advances	Total	Put into operation	Under construction and advances	Total
In thousands of euros									
Land	28,040		28,040	28,040		28,040	0	0	0
Buildings	101,245	1,765	103,010	102,029	2,328	104,357	(784)	(563)	(1,347)
Plant and machinery	112,089	6,528	118,617	110,474	10,688	121,162	1,615	(4,160)	(2,545)
Equipment	31,945	8,045	39,990	28,883	14,150	43,033	3,062	(6,105)	(3,043)
Other assets	6,257	496	6,753	5,701	474	6,175	556	22	578
Total	**279,576**	**16,834**	**296,410**	**275,127**	**27,640**	**302,767**	**4,449**	**(10,806)**	**(6,357)**

Property, plant and equipment mainly refer to Group production facilities in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Baramati (India) and Vinh Phuc (Vietnam). The increases mainly relate to the construction of moulds for new vehicles launched during the period and to the logistic and industrial reorganisation of external local units. Borrowing costs relative to loans for the construction of assets that are long-term prior to being ready for use are capitalised as a part of the cost of the actual assets.

As of 30 June 2014, the net values of assets held under leases were as follows:

	As of 30 June 2014
In thousands of euro	
Mandello del Lario site (land and building)	12,922
Vehicles	251
Total	**13,173**

Future lease rental commitments are detailed in note 30.

18. Investment property — *€/000 12,141*

Investment property refers to the Spanish site of Martorelles, where production was stopped in March 2013 and relocated to Italian sites.

In thousands of euro	
Opening balance as of 1 January 2014	7,346
Fair value adjustment	4,795
Balance as of 30 June 2014	**12,141**

The net book value as of 30 June 2014 was determined by a specific appraisal conducted by an independent expert who measured the “Fair Value less cost of disposal” based on a market approach (as provided for in IFRS 13). This appraisal identified the total value of investment as €/000 12,141. The Group uses the “fair value model” as provided for in IAS 40, thus the measurement updated at 30 June 2014 resulted in Gains from fair value adjustment, equal to €/000 4,795 being recognised under other operating income in the income statement for the period.
In this regard, the greater value of the investment compared to 31 December 2013 is due to the regulatory change (with the approval of the local authorities of Martorelles on 18 February 2014), whereby the area where the land and building are located may be used for commercial purposes (in addition to industrial purposes). The Group has prepared a project to convert the area, for the development of a retail centre.

This change, along with comparable transactions and the project, was considered for the purposes of measuring the fair value of the site as of 30 June 2014, with the valuation referring however to the current status of the property.
Note 39 includes information required by IFRS 7 on fair value measurement, as well as the sensitivity levels of variables used for the valuation.

19. Investments *€/000 8,152*

The Investments heading comprises:

	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
Interests in joint ventures	7,938	7,938	0
Investments in affiliated companies	214	214	0
Total	**8,152**	**8,152**	**0**

The value of investments in joint ventures refers to the valuation of the portion of shareholders' equity in the Zongshen Piaggio Foshan joint venture held by the Group, adjusted to take account of the measurement criteria adopted by the Group, as well as the recoverable value determined during impairment testing carried out by the Parent Company.

The table below summarises main financial data of the joint ventures:

Zongshen Piaggio Foshan Motorcycle Co.	**Financial Statements as of 30 June 2014**
In thousands of euro	45%*
Working capital	5,982
Total assets	3,863
NET CAPITAL EMPLOYED	**9,845**
Provisions	40
Consolidated debt	1,885
Shareholders' equity	7,920
TOTAL SOURCES OF FINANCING	**9,845**

** Group ownership*

20. Other non-current financial assets *€/000 10,555*

	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
Fair Value of hedging derivatives	10,392	10,305	87
Investments in other companies	163	163	0
Total	**10,555**	**10,468**	**87**

The item Fair Value of hedging derivatives refers to €/000 5,505 from the fair value of the Cross Currency Swap on a private debenture loan, and €/000 4,887 from the fair value of the Cross Currency Swap on a medium-term loan of the Indian subsidiary. For more details, see section 39 "Information on financial instruments".

21. Current and non-current tax receivables — *€/000 32,980*

Receivables due from tax authorities consist of:

	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
VAT receivables	28,603	21,772	6,831
Income tax receivables	2,526	2,915	(389)
Other receivables due from the public authorities	1,851	1,902	(51)
Total tax receivables	**32,980**	**26,589**	**6,391**

Non-current tax receivables totalled €/000 6,158, compared to €/000 2,974 as of 31 December 2013, while current tax receivables totalled €/000 26,822 compared to €/000 23,615 as of 31 December 2013. The increase is due to higher VAT receivables of the Indian and Vietnamese associates.

22. Deferred tax assets — *€/000 37,776*

These totalled €/000 37,776 compared to €/000 33,660 as of 31 December 2013.
As part of measurements to define deferred tax assets, the Group mainly considered the following:

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

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

23. Current and non-current trade receivables *€/000 128,124*

As of 30 June 2014 current trade receivables amounted to €/000 127,737 compared to €/000 75,722 as of 31 December 2013.
At the same date, non-current trade receivables amounted to €/000 387.
Their breakdown was as follows:

	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
Trade receivables due from customers	127,348	74,858	52,490
Trade receivables due from JV	749	848	(99)
Trade receivables due from parent companies	-	10	(10)
Trade receivables due from affiliated companies	27	6	21
Total	**128,124**	**75,722**	**52,402**

Receivables due from joint ventures refer to amounts due from Zongshen Piaggio Foshan Motorcycles.
The item "Trade receivables" comprises receivables referring to normal sales transactions, recorded net of the provision for bad debts of €/000 25,773.

The Group sells, on a rotating basis, a large part of its trade receivables with and without recourse. Piaggio has signed contracts with some of the most important Italian and foreign factoring companies as a move to optimise the monitoring and the management of its trade receivables, besides offering its customers an instrument for funding their own inventories, for factoring classified as without the substantial transfer of risks and benefits. On the contrary, for factoring without recourse, contracts have been formalised for the substantial transfer of risks and benefits. As of 30 June 2014, trade receivables still due sold without recourse totalled €/000 118,268.
Of these amounts, Piaggio received payment prior to natural expiry, of €/000 105,114.

As of 30 June 2014, advance payments received from factoring companies and banks, for trade receivables sold with recourse totalled €/000 31,698 with a counter entry recorded in current liabilities.

24. Other current and non-current receivables *€/000 42,017*

Other non-current receivables totalled €/000 12,329 against €/000 13,368 as of 31 December 2013, whereas other current receivables totalled €/000 29,688 compared to €/000 26,514 as of 31 December 2013. They consist of:

Other non-current receivables	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
Receivables due from affiliated companies	197	231	(34)
Prepaid expenses	9,195	9,864	(669)
Advances to employees	62	67	(5)
Security deposits	587	621	(34)
Receivables due from others	2,288	2,585	(297)
Total non-current portion	**12,329**	**13,368**	**(1,039)**

Receivables due from affiliated companies regard amounts due from the Fondazione Piaggio (Foundation).

Other current receivables	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
Receivables due from parent companies	6,741	6,759	(18)
Receivables due from joint ventures	3,397	372	3,025
Receivables due from affiliated companies	78	31	47
Accrued income	383	701	(318)
Prepaid expenses	4,552	4,751	(199)
Advance payments to suppliers	980	599	381
Advances to employees	443	2,859	(2,416)
Fair Value of hedging derivatives	-	3	(3)
Security deposits	257	215	42
Receivables due from others	12,857	10,224	2,633
Total current portion	**29,688**	**26,514**	**3,174**

Receivables due from Parent Companies regard the assignment of tax receivables that took place within the group consolidated tax procedure.
Receivables due from joint ventures refer to amounts due from Zongshen Piaggio Foshan.
Receivables due from affiliated companies are amounts due from the Fondazione Piaggio and Immsi Audit.

25. Inventories *€/000 246,641*

This item comprises:

	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
Raw materials and consumables	116,068	92,330	23,738
Provision for write-down	(14,146)	(13,522)	(624)
Net value	*101,922*	*78,808*	*23,114*
Work in progress and semifinished products	18,932	19,483	(551)
Provision for write-down	(852)	(852)	0
Net value	*18,080*	*18,631*	*(551)*
Finished products and goods	146,443	129,910	16,533
Provision for write-down	(20,435)	(19,587)	(848)
Net value	*126,008*	*110,323*	*15,685*
Advances	631	46	585
Total	**246,641**	**207,808**	**38,833**

The increase is related to the production peak during summer months.

26. Other current financial assets *€/000 0*

This item comprises:

	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
Securities	-	838	(838)
Total	**0**	**838**	**(838)**

The value as of 31 December 2013 referred to a short-term, guaranteed capital, variable yield investment of the Chinese subsidiary FPVT to effectively use temporary liquidity.

27. Cash and cash equivalents *€/000 104,029*

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

	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
Bank and postal deposits	99,077	57,300	41,777
Cash on hand	80	45	35
Securities	4,872	9,159	(4,287)
Total	**104,029**	**66,504**	**37,525**

The item Securities refers to deposit agreements entered into by the Indian subsidiary to effectively use temporary liquidity.

28. Assets held for sale *€/000 0*

As of 30 June 2014, there were no assets held for sale.

Information on the consolidated statement of financial position - liabilities

29. Share capital and reserves — *€/000 411,661*

Share capital — €/000 207,214

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

In thousands of euro	
Subscribed and paid up capital as of 31 December 2013	206,027
Treasury shares purchased as of 31 December 2013	(457)
Share capital as of 1 January 2014	205,570
Exercise of stock options:	
- Issue of new shares	1,530
- Sale of treasury shares	114
Share capital as of 30 June 2014	**207,214**

During the six-month period, 2,680,000 new ordinary shares were issued, offered to and subscribed by stock option plan beneficiaries.
Therefore, as of 30 June 2014, the nominal share capital of Piaggio & C., fully subscribed and paid up, was equal to € 207,556,856.58 divided into 363,574,880 ordinary shares.
During the period, 200,000 treasury shares were sold to stock option plan beneficiaries. As of 30 June 2014, the Parent Company held 639,669 treasury shares, equal to 0.18% of the share capital.
In accordance with international accounting standards, the acquisitions were recognised as a decrease in shareholders' equity.

no. of shares	2014	2013
Situation as of 1 January		
Shares issued	360,894,880	371,793,901
Treasury shares in portfolio	839,669	11,726,521
Shares in circulation	360,055,211	360,067,380
Movements for the period		
Exercise of stock options	2,680,000	150,000
Cancellation of treasury shares		(11,049,021)
Purchase of treasury shares		512,169
Sale of treasury shares	(200,000)	(350,000)
Situation as of 30 June 2014 and 31 December 2013		
Shares issued	363,574,880	360,894,880
Treasury shares in portfolio	639,669	839,669
Shares in circulation	362,935,211	360,055,211
Treasury shares in portfolio / Shares issued	0.18%	0.23%

As of 30 June 2014, according to the shareholder ledger, notifications received pursuant to article 120 of Italian Legislative Decree no. 58/1998 and other information available, the following shareholders hold voting rights, either directly or indirectly, exceeding 2% of the share capital:

Declarer	Direct shareholder	% of ordinary share capital	% of shares with voting rights
Omniaholding S.p.A.	IMMSI S.p.A.	50.2589	50.2589
	Omniaholding S.p.A.	0.0275	0.0275
	Total	**50.2864**	**50.2864**
Diego della Valle	Diego della Valle & C. S.r.l.	5.4566	5.4566
	Total	**5.4566**	**5.4566**
Financiere de l'Echiquier	Financiere de l'Echiquier[9]	5.0930	5.0930
	Total	**5.0930**	**5.0930**
UBS AG	UBS GLOBAL ASSET MANAGEMENT (UK) LIMITED	0.0021	0.0021
	UBS AG	2.0997[10]	2.0997[11]
	Total	**2.1019**	**2.1019**

9_ In a capacity as manager of the FCP Agressor fund which holds 2.2829% of the share capital.
10_ Of which 0.5518 % without a vote.
11_ Of which 0.5518 % without a vote.

Share premium reserve €/000 7,045

The share premium reserve as of 30 June 2014 had increased by €/000 3,364, following the subscription of 2,680,000 stock options.

Legal reserve €/000 16,902

The legal reserve as of 30 June 2014 was unchanged and was equal to €/000 16,902.

Other reserves €/000 (19,979)

This item consists of:

	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
Translation reserve	(26,004)	(27,063)	1,059
Stock option reserve	13,385	13,385	0
Financial instruments' fair value reserve	(2,494)	(1,565)	(929)
IFRS transition reserve	(5,859)	(5,859)	0
Total other reserves	*(20,972)*	*(21,102)*	*130*
Consolidation reserve	993	993	0
Total	**(19,979)**	**(20,109)**	**130**

The financial instruments fair value reserve is negative and refers to the effects of cash flow hedge accounting in foreign currencies, interest and specific business transactions. These transactions are described in full in the note on financial instruments.

Earnings reserve €/000 199,533

Share capital and reserves attributable to non-controlling interests €/000 946

The end of period figures refer to non-controlling interests in Piaggio Hrvatska Doo and Aprilia Brasil Industria de Motociclos S.A.

Other Comprehensive Income (Expense) €/000 (2,080)

The figure is broken down as follows:

In thousands of euro	Reserve for measurement of financial instruments	Group conversion reserve	Earnings reserve	Group total	Share capital and reserves attributable to non-controlling interests	Total other Comprehensive Income (Expense)
First half of 2014						
Items that will not be reclassified to profit or loss						
Remeasurements of defined-benefit plans			(2,191)	(2,191)		(2,191)
Total	**0**	**0**	**(2,191)**	**(2,191)**	**0**	**(2,191)**
Items that may be reclassified to profit or loss						
Total translation gains (losses)		1,059		1,059	(19)	1,040
Total profits (losses) on cash flow hedges	(929)			(929)		(929)
Total	**(929)**	**1,059**	**0**	**130**	**(19)**	**111**
Other Comprehensive Income (Expense)	**(929)**	**1,059**	**(2,191)**	**(2,061)**	**(19)**	**(2,080)**
First half of 2013						
Items that will not be reclassified to profit or loss						
Remeasurements of defined-benefit plans			491	491		491
Total	**0**	**0**	**491**	**491**	**0**	**491**
Items that may be reclassified to profit or loss						
Total translation gains (losses)		(3,937)		(3,937)	(7)	(3,944)
Total profits (losses) on cash flow hedges	1,798			1,798		1,798
Total	**1,798**	**(3,937)**	**0**	**(2,139)**	**(7)**	**(2,146)**
Other Comprehensive Income (Expense)	**1,798**	**(3,937)**	**491**	**(1,648)**	**(7)**	**(1,655)**

The tax effect relative to Other Comprehensive Income is broken down as follows:

	1st half of 2014			1st half of 2013		
	Gross value	Tax (expense)/ benefit	Net value	Gross value	Tax (expense)/ benefit	Net value
In thousands of euro						
Remeasurements of defined- benefit plans	(3,023)	832	(2,191)	555	(64)	491
Total translation gains (losses)	1,040		1,040	(3,944)		(3,944)
Total profits (losses) on cash flow hedges	(761)	(168)	(929)	2,210	(412)	1,798
Other Comprehensive Income (Expense)	**(2,744)**	**664**	**(2,080)**	**(1,179)**	**(476)**	**(1,655)**

30. Current and non-current financial liabilities *€/000 585,498*

In the first half of 2014, the Group's overall debt increased by €/000 33,761, from €/000 551,737 to €/000 585,498. Net of the fair value measurement of financial derivatives to hedge the exchange risk and interest rate risk, and the adjustment of relative hedged items, as of 30 June 2014 total financial debt of the Group increased by €/000 33,385.

	Financial liabilities as of 30 June 2014			Financial liabilities as of 31 December 2013			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
In thousands of euro									
Gross financial debt	138,171	438,184	576,355	116,872	426,098	542,970	21,299	12,086	33,385
Fair Value		9,143	9,143		8,767	8,767		376	376
Total	**138,171**	**447,327**	**585,498**	**116,872**	**434,865**	**551,737**	**21,299**	**12,462**	**33,761**

The Group's net debt amounted to €/000 472,326 as of 30 June 2014 compared to €/ 000 475,628 as of 31 December 2013, as can be seen in the table below:

	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
Liquidity	**104,029**	**66,504**	**37,525**
Securities		838	(838)
Current financial receivables	**0**	**838**	**(838)**
Payables due to banks	(38,660)	(52,092)	13,432
Current portion of bank borrowings	(60,528)	(33,180)	(27,348)
Amounts due to factoring companies	(31,698)	(23,871)	(7,827)
Amounts due under leases	(5,359)	(5,809)	450
Current portion of payables due to other lenders	(1,926)	(1,920)	(6)
Current financial debt	**(138,171)**	**(116,872)**	**(21,299)**
Net current financial debt	**(34,142)**	**(49,530)**	**15,388**
Payables due to banks and lenders	(148,300)	(227,587)	79,287
Debenture loan	(287,584)	(195,318)	(92,266)
Amounts due under leases	(226)	0	(226)
Amounts due to other lenders	(2,074)	(3,193)	1,119
Non-current financial debt	**(438,184)**	**(426,098)**	**(12,086)**
NET FINANCIAL DEBT	**(472,326)**	**(475,628)**	**3,302**

** Pursuant to Consob Communication of 28 July 2006 and in compliance with the recommendation of the CESR of 10 February 2005 "Recommendation for the consistent implementation of the European Commission's Regulation on Prospectuses". The indicator does not include financial assets and liabilities arising from the fair value measurement of financial derivatives used as hedging, the fair value adjustment of relative hedged items equal to €/000 9,143 and relative accruals.*

Financial liabilities included in non-current liabilities totalled €/000 438,184 against €/000 426,098 as of 31 December 2013, whereas financial liabilities included in current liabilities totalled €/000 138,171 compared to €/000 116,872 as of 31 December 2013.

The attached tables summarise the breakdown of financial debt as of 30 June 2014 and as of 31 December 2013, as well as changes for the period.

Non-current portion	Accounting balance as of 31.12.2013	Repayments	New issues	Reclassification to the current portion	Exchange delta	Other changes	Accounting balance as of 30.06.2014
In thousands of euro							
Bank borrowings	227,587	(40,000)		(40,410)	744	379	148,300
Bonds	195,318	(41,973)	138,625			(4,386)	287,584
Other medium-/long-term loans:							
of which leases	-		*267*	*(41)*			*226*
of which amounts due to other lenders	*3,193*			*(1,118)*		*(1)*	*2,074*
Total other loans	3,193	0	267	(1,159)	0	(1)	2,300
Total	**426,098**	**(81,973)**	**138,892**	**(41,569)**	**744**	**(4,008)**	**438,184**

Current portion	Accounting balance as of 31.12.2013	Repayments	New issues	Reclassification from the non-current portion	Exchange delta	Other changes	Accounting balance as of 30.06.2014
In thousands of euro							
Current account overdrafts	13,688	(11,270)					2,418
Current account payables	38,404	(2,162)					36,242
Bonds	-						-
Payables due to factoring companies	23,871		7,827				31,698
Current portion of medium-/long-term loans:							
of which leases	*5,809*	*(491)*		*41*			*5,359*
of which due to banks	*33,180*	*(13,062)*		*40,410*			*60,528*
of which amounts due to other lenders	*1,920*	*(1,112)*		*1,118*			*1,926*
Total other loans	40,909	(14,665)	0	41,569	0	0	67,813
Total	**116,872**	**(28,097)**	**7,827**	**41,569**	**0**	**0**	**138,171**

The breakdown of the debt is as follows:

	Accounting balance As of 30.06.2014	Accounting balance As of 31.12.2013	Nominal value As of 30.06.2014	Nominal value As of 31.12.2013
In thousands of euro				
Bank borrowings	247,488	312,859	248,634	314,384
Debenture loan	287,584	195,318	301,799	201,799
Other medium-/long-term loans:				
of which leases	*5,585*	*5,809*	*5,585*	*5,809*
of which amounts due to other lenders	*35,698*	*28,984*	*35,698*	*28,984*
Total other loans	41,283	34,793	41,283	34,793
Total	**576,355**	**542,970**	**591,716**	**550,976**

The table below shows the debt servicing schedule as of 30 June 2014:

	Nominal value as of 30.06.2014	Amounts falling due within 12 months	Amounts falling due after 12 months	Amounts falling due in				
				2nd half year 2015	2016	2017	2018	Beyond
In thousands of euro								
Bank borrowings	248,634	99,188	149,446	66,715	30,863	19,853	18,215	13,800
of which including opening of credit lines and bank overdrafts	*103,660*	*58,660*	*45,000*	*45,000*				
of which medium/long-term bank loans	*144,974*	*40,528*	*104,446*	*21,715*	*30,863*	*19,853*	*18,215*	*13,800*
Debenture loan	301,799	0	301,799			9,669	9,669	282,461
Other medium-/long-term loans:								
of which leases	*5,585*	*5,359*	*226*	*15*	*31*	*33*	*35*	*112*
of which amounts due to other lenders	*35,698*	*33,624*	*2,074*	*812*	*312*	*314*	*317*	*319*
Total other loans	41,283	38,983	2,300	827	343	347	352	431
Total	**591,716**	**138,171**	**453,545**	**67,542**	**31,206**	**29,869**	**28,236**	**296,692**

The following table analyses financial debt by currency and interest rate.

	Accounting balance as of 31.12.2013	As of 30.06.2014		
		Accounting balance	Notional value	Applicable interest rate
In thousands of euro				
Euro	493,245	502,448	517,809	4.15%
Indian Rupee	21,445	22,626	22,626	10.13%
Indonesian Rupiah	2,906	3,020	3,020	10.96%
US Dollar	6,137	5,108	5,108	1.95%
Vietnamese Dong	16,197	39,700	39,700	10.32%
Japanese Yen	3,040	3,453	3,453	2.85%
Total currencies other than euro	49,725	73,907	73,907	9.36%
Total	**542,970**	**576,355**	**591,716**	**4.80%**

Medium and long-term bank debt amounts to €/000 208,828 (of which €/000 148,300 non-current and €/000 60,528 current) and consists of the following loans:

- a €/000 42,857 medium-term loan from the European Investment Bank to finance Research & Development investments planned for the period 2009-2012. The loan will fall due in February 2016 and has an initial amortisation quota of 14 six-monthly instalments to be repaid at a variable rate equal to the six-month Euribor plus a spread of 1.323%. Contract terms require covenants (described below). An interest rate swap was taken out on the loan to hedge the interest rate risk (for more details, see section 39);
- a €/000 60,000 medium-term loan from the European Investment Bank to finance Research & Development investments planned for the period 2013-2015. The loan will fall due in December 2019 and has an amortisation quota of 11 six-monthly instalments at a fixed rate of 2.723%. Contract terms require covenants (described below);
- a medium-term revolving syndicated loan of €/000 63,854 (nominal value of €/000 65,000) granted in December 2011 and disbursed in January 2012, as suspension conditions had been met. The loan, of a total value of €/000 200,000, has an irrevocable duration of 4 years and because of this commitment undertaken by the lenders, inter-annual use may be extended up to final maturity. As a result, the amount due was recognised under non-current liabilities, apart from €/000 20,000 recognised under the current portion, following the scheduled repayment. Contract terms require covenants (described below);
- a €/000 9,141 medium-term loan for USD/000 16,872 granted by International Finance Corporation (a World Bank member) to the subsidiary Piaggio Vehicles Private Limited with interest accruing at a variable rate. The loan will fall due on 15 January 2018 and has an amortisation quota of six-monthly instalments as from January 2014. Contract terms include a guarantee of the Parent Company and some covenants (described below). Cross currency swaps were taken out on the loan to hedge the exchange risk and interest rate risk (for more details, see note 39);
- a €/000 11,960 medium-term loan for USD/000 17,850 granted by International Finance Corporation to the subsidiary Piaggio Vehicles Private Limited with interest accruing at a variable rate. The loan will fall due on 15 July 2019 and has an amortisation quota of six-monthly instalments from July 2015. Contract terms include a guarantee of the Parent Company and some covenants (described below). Cross currency swaps were taken out on the loan to hedge the exchange risk and interest rate risk (for more details, see note 39);
- a €/000 14,325 medium-term loan for USD/000 19,680 granted by International Finance Corporation to the subsidiary Piaggio Vietnam with interest accruing at a variable rate. The loan will fall due on 15 July 2018 and has an amortisation quota of six-monthly instalments from July 2014. Contract terms include a guarantee of the Parent Company and some covenants (described below). Cross currency swaps were taken out on the loan to hedge the exchange risk and interest rate risk (for more details, see note 39);
- €/000 3,427 of loans from various banks pursuant to Italian Law no. 346/88 on subsidised applied research;
- a €/000 2,514 loan from Banca Intesa granted pursuant to Italian Law no. 297/99 on subsidised applied research;
- a €/000 750 eight-year subsidised loan from ICCREA in December 2008 granted under Italian Law 100/90.

All the above financial liabilities are unsecured.

The item Bonds for €/000 287,584 (nominal value of €/000 301,799) refers to:

› €/000 51,516 (nominal value of €/000 51,799) related to a private debenture loan (US Private Placement) issued on 25 July 2011 for $/000 75,000 wholly subscribed by an American institutional investor, payable in 5 annual portions from July 2017, with a semi-annual coupon with fixed annual nominal rate of 6.50%. As of 30 June 2014 the fair value measurement of the debenture loan was negative in the amount of €/000 57,021 (the fair value is determined based on IFRS relative to fair value hedging). Cross currency swaps were taken out on this loan to hedge the exchange risk and interest rate risk (for more details, see note 39);
› €/000 236,068 (nominal value of €/000 250,000) refers to the liability management operation completed by the Parent Company during the second quarter of 2014. In particular, this operation was for the refinancing of a debenture loan issued by the Company on 1 December 2009 for a total of €/000 150,000 maturing on 1 December 2016. Favourable market conditions resulted in improved economic conditions, enabling optimised borrowing costs, a longer average life and greater use of capital.

In particular, the liability management operation concerned the following stages:

1. the launch on 7 April 2014 of an exchange offer for bonds relative to the existing debenture loan with new issue bonds. 72% of bondholders took up the offer, for a total value of €/000 108,027;

2. the issue on 24 April 2014 of a High Yield debenture loan (with the same characteristics as the bond issued in 2009), for a total of €/000 250,000, maturing on 30 April 2021 and six-monthly coupon with nominal annual rate fixed at 4.625% (as mentioned, the issue for €/000 108,027 was on an exchange basis, while the remaining portion concerned inflows of new liquidity for the Group). Standard & Poor's and Moody's assigned a BB- rating with a negative outlook and a Ba3 rating with a stable outlook respectively;

3. given the positive outcome of the operation, in May 2014, the Group exercised the call option of the debenture loan issued in 2009 in order to repay €/000 41,973 in advance to bondholders that had not taken part in the exchange. The operation resulted in the premium for the repurchase of securities in circulation, amounting to €/000 1,469, being recognised under non-recurrent borrowing costs in the income statement. The income statement was also affected by the adjustment of the amortised cost (equal to €/000 1,478) due to the settlement of financial liabilities, as provided for by IAS 39 AG 62.

The company may pay back early the amount of the High Yield debenture loan issued on 24 April 2014, in full or in part, under the conditions indicated in the indenture. The value of prepayment options was not deducted from the original contract, as these are considered as being closely related to the host instrument, as provided for by IAS 39 AG30 g).

The items Medium-/long-term bank debt and Bonds include loans which, in accounting terms, have been recognised on an amortised cost basis (revolving loan, high-yield debenture loan and private debenture loan). According to this criterion, the nominal amount of the liability is decreased by the amount of relative costs of issue and/or stipulation, in addition to any costs relating to refinancing of previous liabilities (in the latter case, the requirements of IAS 39 AG 57 and AG 62 are complied with). The amortisation of these costs is determined on an effective interest rate basis, and namely the rate which discounts the future flows of interest payable and reimbursements of principal at the net carrying amount of the financial liability. Some liabilities were recognised at fair value, with relative effects recognised in profit or loss.

Medium-/long-term payables due to other lenders equal to €/000 9,585 of which €/000 2,300 due after the year and €/000 7,285 as the current portion, are detailed as follows:

› a property lease for €/000 5,325 granted by Unicredit Leasing (including the entire current portion);
› a financial lease of €/000 260 granted by VFS Servizi Finanziari for the use of vehicles (non-current portion equal to €/000 226);

› subsidised loans for a total of €/000 4,000 provided by the Italian Ministry of Economic Development and Italian Ministry of Education, University and Research using regulations to encourage exports and investments in research and development (non-current portion of €/000 2,074).

Financial advances received from factoring companies and banks, on the sale of trade receivables with recourse, totalled €/000 31,698.

Covenants

In line with market practices for borrowers with a similar credit rating, main loan contracts require compliance with:
1. financial covenants, on the basis of which the company undertakes to comply with certain levels of contractually defined financial indices, with the most significant comprising the ratio of net financial debt/gross operating margin (EBITDA), measured on the consolidated perimeter of the Group, according to definitions agreed on with lenders;
2. negative pledges that limit the Company capacity to establish collaterals or other constraints on company assets;
3. "pari passu" clauses, on the basis of which the loans will have the same repayment priority as other financial liabilities, and change of control clauses, which are effective if the majority shareholder loses control of the company;
4. limitations on the extraordinary transactions the company may carry out.

The measurement of financial covenants and other contract commitments is monitored by the Group on an ongoing basis. According to results as of 30 June 2014, all covenants had been fully met.

The high-yield debenture loan issued by the company in April 2014 requires compliance with typical covenants of international high-yield market practices. In particular, the company must observe the EBITDA/Net financial borrowing costs index, based on the threshold established in the Prospectus, to increase financial debt defined during issue. In addition, the Prospectus includes some obligations for the issuer, which limit, inter alia, the capacity to:
1. pay dividends or distribute capital;
2. make some payments;
3. grant collaterals for loans;
4. merge with or establish some companies;
5. sell or transfer own assets.

Failure to comply with the covenants and other contract commitments of the loan and debenture loan, if not remedied in agreed times, may give rise to an obligation for the early repayment of the outstanding amount of the loan.

31. Current and non-current trade payables *€/000 419,982*

As of 30 June 2014, trade payables included under current liabilities totalled €/000 419,982, compared to €/000 346,164 as of 31 December 2013. No non-current trade payables were recorded for either period.

	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
Amounts due to suppliers	405,045	334,960	70,085
Amounts due to JV	14,298	10,492	3,806
Amounts due to parent companies	639	712	(73)
Total	419,982	346,164	73,818
of which reverse factoring	*141,325*	*123,108*	*18,218*
Total	**419,982**	**346,164**	**73,818**

To facilitate credit conditions for its suppliers, the Group has used factoring agreements since 2012, mainly supply chain financing and reverse factoring agreements. These operations did not change the primary obligation, nor substantially changed payment terms, so their nature is the same and they are still classified as trade liabilities.
As of 30 June 2014, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €/000 141,325 (€/000 123,108 as of 31 December 2013).

32. Provisions (current and non-current portion) *€/000 21,519*

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

	Balance as of 31 December 2013	Allocations	Applications	Reclassifications	Delta exchange rate	Balance as of 30 June 2014
In thousands of euro						
Provision for product warranties	12,478	4,985	(4,404)		28	13,087
Provisions for risk on investments	239					239
Provisions for contractual risks	3,916	135	(119)	610	2	4,544
Provisions for risk on guarantees given	58					58
Provision for tax risks	5,130			(5,130)		0
Other provisions for risks	4,724	14	(469)	(690)	12	3,591
Total	**26,545**	**5,134**	**(4,992)**	**(5,210)**	**42**	**21,519**

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

Non-current portion	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
Provision for product warranties	4,050	3,826	224
Provisions for risk on investments	239	239	0
Provision for contractual risks	3,916	3,916	0
Other provisions for risks and charges	2,678	3,102	(424)
Total non-current portion	**10,883**	**11,083**	**(200)**

Current portion	As of 30 June 2014	As of 31 December 2013	Change
In migliaia di euro			
Provision for product warranties	9,037	8,652	385
Provision for contractual risks	628		628
Provisions for risk on guarantees given	58	58	0
Provision for tax risks		5,130	(5,130)
Other provisions for risks and charges	913	1,622	(709)
Total current portion	**10,636**	**15,462**	**(4,826)**

The product warranty provision relates to allocations for technical assistance on products covered by customer service which are estimated to be provided over the contractually envisaged warranty period. This period varies according to the type of goods sold and the sales market, and is also determined by customer take-up to commit to a scheduled maintenance plan.
The provision increased during the period by €/000 4,985 and was used for €/000 4,404 in relation to charges incurred during the period.
The provisions for risk on investments cover the portion of negative shareholders' equity of the subsidiaries Piaggio China Co. Ltd and AWS do Brasil, as well as charges that may arise from said companies.
The provision of contractual risks refers mainly to charges which may arise from the ongoing negotiation of a supply contract.
The provision for tax risks, established in 2013 for the allocation of estimated costs following the assessment started by the Inland Revenue Office for the 2009, 2010 and 2011 tax years, which resulted in the issue of a Formal Notice of Assessment mainly concerning transfer pricing, was reclassified under tax payables, following the start of the assessment which ended with the signing of settlement documents in March 2014.
"Other provisions" include provisions for legal risks for €/000 2,552.

33. Deferred tax liabilities *€/000 6,568*

Deferred tax liabilities totalled €/000 6,568 compared to €/000 5,722 as of 31 December 2013.

34. Retirement funds and employee benefits *€/000 52,485*

	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
Retirement funds	1,122	1,082	40
Termination benefits provision	51,363	48,748	2,615
Total	**52,485**	**49,830**	**2,655**

Retirement funds comprise provisions for employees allocated by foreign companies and additional customer indemnity provisions, which represent the compensation due to agents in the case of the agency contract being terminated for reasons beyond their control. Uses refer to the payment of benefits already accrued in previous years, while allocations refer to benefits accrued in the period.
The item "Termination benefits provision", comprising severance pay of employees of Italian companies, includes post-employment benefits indicated in defined benefit plans.
The economic/technical assumptions used by Group companies operating in Italy to discount the value are shown in the table below:

- Technical annual discount rate 2.64%
- Annual rate of inflation 2.00%
- Annual rate of increase in termination benefits 3.00%

As regards the discount rate, the iBoxx Corporates A rating with a 10+ duration as of 30 June 2014 was used as the valuation reference. If the iBoxx Corporates AA rating with a 10+ duration had been used, the value of actuarial losses and the provision would have been higher by €1,649 thousand.

35. Current and non-current tax payables *€/000 21,353*

"Tax payables" included in current liabilities totalled €/000 21,353, against €/000 12,587 as of 31 December 2013. Non-current tax payables were not recognised in either period.
Their breakdown was as follows:

	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
Due for income tax	10,376	2,870	7,506
Due for non-income tax	32	30	2
Tax payables for:			
- VAT	*4,023*	*2,283*	*1,740*
- Tax withheld at source	*3,284*	*6,140*	*(2,856)*
- other	*3,638*	*1,264*	*2,374*
Total	10,945	9,687	1,258
Total	**21,353**	**12,587**	**8,766**

The item includes tax payables recorded in the financial statements of individual consolidated companies, set aside in relation to tax charges for the individual companies on the basis of applicable national laws. Payables for tax withholdings made refer mainly to withholdings on employees' earnings, on employment termination payments and on self-employed earnings.
The item "Other" includes the recognition of 3 quarterly payments still to be made to the Inland Revenue Office (from September 2014 to March 2015) and relative to costs arising following the assessment started by the Inland Revenue Office for the 2009, 2010 and 2011 tax years, which resulted in the issue of a Formal Notice of Assessment mainly concerning transfer pricing, and the subsequent signing of settlement documents.

36. Other current and non-current payables *€/000 58,991*

Non-current portion	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
Payables to employees		1	(1)
Guarantee deposits	1,810	1,722	88
Deferred income	1,121	1,123	(2)
Fair Value of hedging derivatives	613	1,102	(489)
Other payables	200	200	0
Total non-current portion	**3,744**	**4,148**	**(404)**

Current portion	As of 30 June 2014	As of 31 December 2013	Change
In thousands of euro			
Payables to employees	25,903	15,807	10,096
Guarantee deposits	3		3
Accrued expenses	7,562	5,956	1,606
Deferred income	741	523	218
Amounts due to social security institutions	5,703	8,388	(2,685)
Fair Value of hedging derivatives	1,157	972	185
Miscellaneous payables to JV	1,784	58	1,726
Sundry payables due to affiliated companies	31	26	5
Sundry payables due to parent companies	6,626	6,390	236
Other payables	5,737	7,296	(1,559)
Total	**55,247**	**45,416**	**9,831**

Other payables included in non-current liabilities totalled €/000 3,744 against €/000 4,148 as of 31 December 2013, whereas other payables included in current liabilities totalled €/000 55,247 compared to €/000 45,416 as of 31 December 2013.
Amounts due to employees include the amount for holidays accrued but not taken of €/000 13,388 and other payments to be made for €/000 12,515.
Payables due to affiliated companies refer to various amounts due to the Fondazione Piaggio and Immsi Audit.
Payables to parent companies consist of payables to Immsi.
The item Fair value of hedging derivatives refers to the fair value (€/000 613 non-current portion and €/000 613 current portion) of an interest rate swap for hedging, recognised on a cash flow hedge basis as provided for in IAS 39 (see section 39) and the fair value of derivatives to hedge the foreign exchange risk on forecast transactions recognised on a cash flow hedge basis (€/000 544 current portion).
The item Accrued expenses includes €/000 4,079 for interest on hedging derivatives and relative hedged items measured at fair value.

37. Share-based incentive plans

Since 2010, Piaggio has no longer approved any incentive plans based on the allocation of financial instruments.
Stock option plans adopted assign rights free of charge to purchase Piaggio shares on a 1:1 ratio.
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") during 2014 2,880,000 option rights were exercised, while 390,000 option rights expired.

Rights	No. of options	Average exercise price (euro)	Market price (euro)
Rights existing as of 31.12.2013	3,370,000	1.72	
of which exercisable as of 31.12.2013	*3,370,000*		
New rights assigned in the first half of 2014			
Rights exercised in the first half of 2014	(2,880,000)	1.78	2.78
Rights expired in the first half of 2014	(390,000)	1.2218	
Rights existing as of 30.06.2014	100,000	1.826	
of which exercisable as of 30.06.2014	*0*		

As of 30 June 2014, 100,000 option rights had been assigned for a corresponding number of shares.

Options are divided as follows, by assignment plan:

	Number of rights as of 30 June 2014	Period when rights may be exercised	Exercise price (€)
Assignment 18 December 2009	100,000	60 days after the second day following the approval of 2014 half-year data of the Company	1.826

Detailed information on the 2007-2009 Plan is available in the documents published by the Issuer in accordance with article 84-bis of Consob Regulation on Issuers. These documents are available on the Issuer's institutional website www.piaggiogroup.com under Governance.

As previously mentioned in the section on consolidation principles, the cost of payments, corresponding to the present value of options which the company determined applying the Black-Scholes valuation model, that uses the average historical volatility of the share of the Company and average interest rate of loans with a maturity equal to the duration of the agreement, is recognised under employee costs on a straight line basis in the period between the date of assignment and date of accrual, with a counter entry directly recognised in shareholders' equity.

As required by Consob, the table below shows the options assigned to Board Members, General Directors and Senior Management with strategic responsibilities:

		Options held as of 31 December 2013			Options held as of 30 June 2014		
	Position	**No. of options**	**Average exercise price**	**Average maturity**	**No. of options**	**Average exercise price**	**Average maturity**
Assignment 18 December 2009	General Manager Finance	250,000	1.826	18.12.2014	-	-	-

38. Transactions with related parties

The main business and financial relations of Group companies with related parties have already been described in the specific paragraph in the Report on Operations to which reference is made here. To supplement this information, the following table provides information by company of outstanding items as of 30 June 2014, as well as their contribution to the respective financial statement items.

In thousands of euros	Fondazione Piaggio	Zongshen Piaggio Foshan	IMMSI Audit	Studio D'Urso	Omniaholding	IMMSI	**Total**	**% incidence on accounting item**
Income statement								
revenues from sales		58					**58**	**0.01%**
costs for materials		12,405					**12,405**	**3.44%**
costs for services, lease and rentals			425	50	40	1,296	**1,811**	**1.66%**
other operating income		2,225	36			26	**2,287**	**4.18%**
other operating costs						11	**11**	**0.12%**
borrowing costs		126			89		**215**	**0.91%**
Assets								
other non-current receivables	197						**197**	**1.60%**
current trade receivables		749	27				**776**	**0.61%**
other current receivables	35	3,397	43			6,741	**10,216**	**34.41%**
Liabilities								
financial liabilities falling due after one year					2,900		**2,900**	**0.65%**
current trade payables		14,298			19	620	**14,937**	**3.56%**
other current payables	25	1,784	6			6,626	**8,441**	**15.28%**

39. Information about financial instruments

This section provides information about financial instruments, their risks, as well as the sensitivity analysis in accordance with the requirements of IFRS 7, effective as of 1 January 2007.
The carrying amount of financial assets and liabilities broken down in IAS 39 categories is indicated below.

Financial assets as of 30 June 2014	Loans and receivables	Investments held to maturity	Hedging derivatives	Financial instruments at fair value available for sale	Total
In thousands of euros					
Non-current assets					
Financial receivables					
Fair value of hedging derivatives			10,392		10,392
Investments in other companies				163	163
Trade receivables	387				387
Total non-current assets	**387**	**0**	**10,392**	**163**	**10,942**
Current assets					
Trade receivables	127,737				127,737
Other financial assets					0
Bank and postal deposits	99,077				99,077
Securities	4,872				4,872
Total current assets	**231,686**	**0**	**0**	**0**	**231,686**
Total	**232,073**	**0**	**10,392**	**163**	**242,628**

Financial assets as of 31 December 2013	Loans and receivables	Investments held to maturity	Hedging derivatives	Financial instruments at fair value available for sale	Total
In thousands of euros					
Non-current assets					
Financial receivables					0
Fair value of hedging derivatives			10,305		10,305
Investments in other companies				163	163
Total non-current assets	**0**	**0**	**10,305**	**163**	**10,468**
Current assets					
Trade receivables	75,722				75,722
Other financial assets	838				838
Bank and postal deposits	57,300				57,300
Securities	9,159				9,159
Total current assets	**143,019**	**0**	**0**	**0**	**143,019**
Total	**143,019**	**0**	**10,305**	**163**	**153,487**

Financial liabilities as of 30 June 2014	Payables at fair value	Hedging derivatives	Other financial liabilities at amortised cost	Total
In thousands of euros				
Non-current liabilities				
Bank borrowings	90,727		57,573	148,300
Bonds			287,584	287,584
Other loans			2,074	2,074
Leases			226	226
Hedging derivatives		9,143		9,143
Total non-current liabilities	**90,727**	**9,143**	**347,457**	**447,327**
Current liabilities				
Bank borrowings	5,479		93,709	99,188
Other loans			33,624	33,624
Leases			5,359	5,359
Hedging derivatives				0
Total current liabilities	**5,479**	**0**	**132,692**	**138,171**
Total	**96,206**	**9,143**	**480,149**	**585,498**

Financial liabilities as of 31 December 2013	Payables at fair value	Hedging derivatives	Other financial liabilities at amortised cost	Total
In thousands of euros				
Non-current liabilities				
Bank borrowings	92,265		135,322	227,587
Bonds			195,318	195,318
Other loans			3,193	3,193
Leases				0
Hedging derivatives		8,767		8,767
Total non-current liabilities	**92,265**	**8,767**	**333,833**	**434,865**
Current liabilities				
Bank borrowings	3,819		81,453	85,272
Other loans			25,791	25,791
Leases			5,809	5,809
Hedging derivatives				0
Total current liabilities	**3,819**	**0**	**113,053**	**116,872**
Total	**96,084**	**8,767**	**446,886**	**551,737**

Current and non-current liabilities

Current and non-current liabilities are covered in detail in the section on financial liabilities of the notes, where liabilities are divided by type and detailed by expiry date.

Fair value measurement

IFRS 13 – Fair value measurement applies as from 1 January 2013. The Standard defines fair value on the basis of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of an active market or market that does not operate regularly, fair value is measured by valuation techniques. The standard defines a fair value hierarchy:

- level 1 – quoted prices in active markets for assets or liabilities measured;
- level 2 – inputs other than quoted prices included within Level 1 that are observable directly (prices) or indirectly (derived from prices) on the market;
- level 3 – inputs not based on observable market data.

The valuation techniques referred to levels 2 and 3 must take into account adjustment factors that measure the risk of insolvency of both parties. To this end, the standard introduces the concepts of Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA): CVA makes it possible to include the counterparty credit risk in the fair value measurement; DVA reflects the risk of insolvency of the Group.

IFRS 7 also requires the fair value of debts recognised on a amortised cost basis to be measured, for disclosure purposes only.
The table below indicates these values:

	Nominal value	Carrying amount	Fair Value *
In thousands of euro			
High yield debenture loan	250,000	236,068	260,263
Private debenture loan	51,799	51,516	60,191
EIB (R&D loan 2009-2012)	42,857	42,857	42,341
EIB (R&D loan 2013-2015)	60,000	60,000	57,467
Revolving syndicated loan	65,000	63,854	64,697

**The value deducts DVA related to the issuer, i.e. it includes the risk of insolvency of Piaggio.*

For liabilities due within 18 months, the carrying amount is basically considered the same as the fair value.

Fair value hierarchy

The table below shows the assets and liabilities measured and recognised at fair value as of 30 June 2014, by hierarchical level of fair value measurement.

	Level 1	Level 2	Level 3
In thousands of euro			
Financial assets			
Investment property			12,141
Hedging financial derivatives		10,392	
Investments in other companies			163
Other assets			
Total		**10,392**	**12,304**
Financial liabilities			
Hedging financial derivatives		(129)	(35)
Financial liabilities at fair value recognised through profit or loss.		(96,206)	
Other liabilities		(1,770)	
Total		**(98,105)**	**(35)**

The valuation of the real estate investment relative to the Martorelles site was classified as having a level 3 hierarchy. This value was confirmed by a specific appraisal conducted by an independent expert who measured the "Fair Value less cost of disposal" based on a market approach (as provided for in IFRS 13). The valuation took account of comparable transactions on the local market, and the project to convert the area (from an industrial to a commercial site, as approved by the local authorities on 18 February 2014), referring however the value of the investment to its current status. Consequently, a 10% increase or decrease of all variables used in the valuation would have generated a greater or lower investment value of approximately €/000 3,700, with an equivalent greater or lower impact on the income statement for the period.

The valuation of the cross currency swap relative to the Vietnamese subsidiary was also assigned the same hierarchy level. This classification reflects the illiquidity of the local market, which does now allow for a valuation based on conventional criteria. If valuation techniques typical of liquid markets had been adopted, which is not the case for the Vietnamese financial market, derivatives would have had a negative fair value totalling €/000 1,910, rather than €/000 (35) (included under financial hedging instruments - level 3) and accrued expenses on financial derivatives equal to €/000 960.

The following tables show Level 2 and Level 3 changes during the first half of 2014:

	Level 2
In thousands of euro	
Balance as of 31 December 2013	(87,850)
Gain (loss) recognised in profit or loss	(16)
Increases/(Decreases)	153
Level 3 reclassification	
Balance as of 30 June 2014	**(87,713)**

	Level 3
In thousands of euro	
Balance as of 31 December 2013	7,234
Gain (loss) recognised in profit or loss	5,035
of which the valuation of Investment Property	*4,795*
Increases/(Decreases)	
Other changes	
Level 2 reclassification	
Balance as of 30 June 2014	**12,269**

FINANCIAL RISKS

The financial risks the Group is exposed to are liquidity risk, exchange risk, interest rate risk and credit risk.
The management of these risks is centralised and treasury operations take place in accordance with formal policies and guidelines which are applicable to all Group companies.

Liquidity risk and capital-management

The liquidity risk arises from the possibility that available financial resources are not sufficient to cover, in due times and procedures, future payments arising from financial and/or commercial obligations. To deal with these risks, cash flows and the Group's credit line needs are monitored or managed centrally

under the control of the Group's Treasury in order to guarantee an effective and efficient management of the financial resources as well as optimise the debt's maturity standpoint.
In addition, the Parent Company finances the temporary cash requirements of Group companies by providing direct short-term loans regulated in market conditions or guarantees. A cash pooling zero balance system is used between the Parent Company and European companies to reset the receivable and payable balances of subsidiaries on a daily basis, for a more effective and efficient management of liquidity in the Eurozone.
As of 30 June 2014 the most important irrevocable credit lines until maturity (including revolving credit facilities) granted to the Parent Company were as follows:
› a debenture loan of €/000 250,000 maturing in April 2021;
› a debenture loan of $/000 75,000 maturing in July 2021;
› a revolving credit facility of €/000 200,000 maturing in December 2015;
› a revolving credit facility of €/000 20,000 maturing in June 2015;
› a loan of €/000 42,857 maturing in February 2016;
› a loan of €/000 60,000 maturing in December 2019.

Other Group companies also have the following irrevocable loans:
› a loan of $/000 36,850 maturing in July 2019;
› a loan of $/000 19,680 maturing in July 2018.

As of 30 June 2014, the Group had a liquidity of €/000 104,029, undrawn irrevocable credit lines of €/000 155,000 and revocable credit lines of €/000 160,876, as detailed below:

	As of 30 June 2014	As of 31 December 2013
In thousands of euro		
Variable rate with maturity within one year - irrevocable until maturity	20,000	0
Variable rate with maturity beyond one year - irrevocable until maturity	135,000	115,000
Variable rate with maturity within one year - cash revocable	131,876	101,350
Variable rate with maturity within one year - with revocation for self-liquidating typologies	29,000	31,000
Total undrawn credit lines	**315,876**	**247,350**

Exchange Risk

The Group operates in an international context where transactions are conducted in currencies different from the euro. This exposes the Group to risks arising from exchange rates fluctuations. For this purpose, the Group has an exchange rate risk management policy which aims to neutralise the possible negative effects of the changes in exchange rates on company cash-flows.
This policy analyses:
› the transaction risk: the policy wholly covers this risk which arises from differences between the recognition exchange rate of receivables or payables in foreign currency in the financial statements and the recognition exchange rate of actual collection or payment. To cover this type of exchange risk, the exposure is naturally offset in the first place (netting between sales and purchases in the same currency) and if necessary, by signing currency future derivatives, as well as advances of receivables denominated in currency;
› the translation risk: arises from the conversion into euro of the financial statements of subsidiaries prepared in currencies other than the euro during consolidation. The policy adopted by the Group does not require this type of exposure to be covered.
› the economic risk: arises from changes in company profitability in relation to annual figures planned in the economic budget on the basis of a reference change (the "budget change") and is covered by derivatives. The items of these hedging operations are therefore represented by foreign costs

and revenues forecast by the sales and purchases budget. The total of forecast costs and revenues is processed monthly and relative hedging is positioned exactly on the average weighted date of the economic event, recalculated based on historical criteria. The economic occurrence of future receivables and payables will occur during the budget year.

Cash flow hedging

As of 30 June 2014, the Group had undertaken the following futures operations (recognised based on the settlement date), relative to payables and receivables already recognised to hedge the transaction exchange risk:

Company	Operation	Currency	Amount in local currency	Value in euro (forward exchange rate)	Average maturity
			In thousands	In thousands	
Piaggio & C.	Purchase	CNY	103,700	20,269	05/07/2014
Piaggio & C.	Purchase	CAD	1,500	1,016	31/07/2014
Piaggio & C.	Purchase	JPY	370,000	2,645	04/07/2014
Piaggio & C.	Purchase	GBP	750	936	29/09/2014
Piaggio & C.	Purchase	USD	10,200	7,447	07/07/2014
Piaggio & C.	Sale	CAD	3,490	2,350	03/09/2014
Piaggio & C.	Sale	GBP	200	250	29/09/2014
Piaggio & C.	Sale	CNY	34,300	4,045	06/07/2014
Piaggio & C.	Sale	JPY	130,000	934	27/07/2014
Piaggio & C.	Sale	SEK	13,700	1,508	24/07/2014
Piaggio & C.	Sale	USD	5,815	4,253	26/07/2014
Piaggio & C.	Sale	SGD	170	98	31/07/2014
Piaggio Indonesia	Purchase	€	5,750	5,750	08/08/2014
Piaggio Indonesia	Purchase	USD	100	74	01/07/2014
Piaggio Vehicles Private Limited	Sale	USD	8,667	6,462	02/10/2014
Piaggio Vehicles Private Limited	Sale	€	1,000	1,000	30/09/2014
PGA	Sale	€	200	200	18/07/2014
PGA	Sale	CAD	150	100	28/07/2014
PGA	Purchase	CAD	1,000	685	26/09/2014
Piaggio Vietnam	Purchase	€	1,000	1,000	07/07/2014

As of 30 June 2014, the Group had undertaken the following hedging transactions on the exchange risk:

Company	Operation	Currency	Amount in local currency	Value in euro (forward exchange rate)	Average maturity
			In thousands	In thousands	
Piaggio & C.	Purchase	CNY	67,550	8,084	21/09/2014
Piaggio & C.	Sale	GBP	7,000	8,366	19/09/2014

To hedge the economic exchange risk alone, cash flow hedging is adopted with the effective portion of profits and losses recognised in a specific shareholders' equity reserve. Fair value is determined based on market quotations provided by main traders.
As of 30 June 2014 the total fair value of hedging instruments for the economic exchange risk recognised on a hedge accounting basis was negative by €/000 543. During the six months of 2014, losses were recognised under other Comprehensive Income amounting to €/000 457 and profits from other Comprehensive Income were reclassified under profit/loss for the period amounting to €/000 147.
The net balance of cash flows during the first half of 2014 in main currencies is shown below:

	Cash Flow 1st half 2014
In millions of euro	
Pound Sterling	11.2
Indian Rupee	(10.7)
Croatian Kuna	2.1
US Dollar	9.2
Canadian Dollar	4.7
Indonesian Rupiah	6.7
Vietnamese Dong	(3.6)
Chinese Yuan*	(12.9)
Japanese Yen	(1.8)
Total cash flow in foreign currency	**4.9**

** cash flow partially in euro*

In view of the above, an assumed appreciation/deprecation of 3% of the Euro would have generated potential losses for €/000 144 and potential profits for €/000 153 respectively.

Interest rate risk

This risk arises from fluctuating interest rates and the impact this may have on future cash flows arising from variable rate financial assets and liabilities. The Group regularly measures and controls its exposure to the risk of interest rate changes, as established by its management policies, in order to reduce fluctuating borrowing costs, and limit the risk of a potential increase in interest rates. This objective is achieved through an adequate mix of fixed and variable rate exposure, and the use of derivatives, mainly interest rate swaps and cross currency swaps.
As of 30 June 2014, the following hedging derivatives were taken out:

Hedging of financial flows (cash flow hedging)

- Interest Rate Swap to hedge the variable rate loan for a nominal amount of €/000 117,857 (as of 30 June 2014 for €/000 42,857) granted by the European Investment Bank. The structure has fixed step-up rates, in order to stabilise financial flows associated with the loan; in accounting terms, the instrument is recognised on a cash flow hedge basis, with profits/losses arising from the fair value measurement allocated to a specific reserve in shareholders' equity; as of 30 June 2014, the fair value of the instrument was negative by €/000 1,227; sensitivity analysis of the instrument, assuming a 1% increase and decrease in the shift of the variable rates curve, shows a potential impact on Shareholders' Equity, net of the relative tax effect, equal to €/000 195 and €/000 -199 respectively.

Fair value hedging derivatives (fair value hedging and fair value options)

- a Cross Currency Swap to hedge the private debenture loan issued by the Parent Company for a nominal amount of $/000 75,000. The purpose of the instrument is to hedge both the exchange risk and interest rate risk, turning the loan from US dollars to euro, and from a fixed rate to a variable rate; the instrument is accounted for on a fair value hedge basis, with effects arising from the measurement recognised in profit or loss. As of 30 June 2014, the fair value of the instrument was €/000 5,505. The net economic effect arising from the measurement of the instrument and underlying private debenture loan was equal to €/000 5; sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on the Income Statement, net of the related tax effect, of €/000 109 and €/000 -91 respectively, assuming constant exchange rates; whereas assuming a 1% reversal and write-down of exchange rates, sensitivity analysis identified a potential impact on the income statement, net of the relative tax effect, of €/000 -8 and €/000 44 respectively;
- a cross currency swap to hedge loans relative to the Indian subsidiary for $/000 16,872 granted by International Finance Corporation. The purpose of the instruments is to hedge the exchange risk and interest rate risk, turning the loan from US dollars to Indian Rupees, and half of said loan from a variable rate to a fixed rate. As of 30 June 2014 the fair value of the instruments was equal to €/000 3,460. Sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on the Income Statement, net of the relative tax effect, of €/000 46 and €/000 -46 respectively, assuming constant exchange rates. Assuming a 1% reversal and write-down of the exchange rate of the Indian Rupee, sensitivity analysis of the instrument and its underlying identified a potential impact on the Income Statement, net of the relative tax effect, of €/000 -4 and €/000 4 respectively;
- a cross currency swap to hedge loans relative to the Indian subsidiary for $/000 17,850 granted by International Finance Corporation. The purpose of the instruments is to hedge the exchange risk, turning the loan from US dollars to Indian Rupees, and to hedge the interest rate risk on the US dollar. As of 30 June 2014 the fair value of the instruments was equal to €/000 1,428. Sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on the Income Statement, net of the relative tax effect, of €/000 -1 and €/000 1 respectively, assuming constant exchange rates. Assuming a 1% reversal and write-down of the exchange rate of the Indian Rupee, sensitivity analysis of the instrument and its underlying identified a potential impact on the Income Statement, net of the relative tax effect, of €/000 -7 and €/000 8 respectively;
- a cross currency swap to hedge a loan relative to the Vietnamese subsidiary for $/000 19,680 granted by International Finance Corporation. The purpose of the instruments is to hedge the exchange risk and partially hedge the interest rate risk, turning the loan from US dollars at a variable rate into Vietnamese Dong at a fixed rate, except for a minor portion (24%) at a variable rate. As of 30 June 2014, the fair value of the instruments was negative by €/000 35. The sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on the Income Statement, net of the relative tax effect of €/000 109 and €/000 -111 respectively, assuming constant exchange rates. Assuming a 1% reversal and write-down of the exchange rate of the Vietnamese Dong, sensitivity analysis of the instrument and its underlying identified a potential impact on the Income Statement, net of the relative tax effect, of €/000 -5 and €/000 5 respectively.

As of 30 June 2014, the Group had a cross currency swap relative to the Indian subsidiary to hedge the intercompany loan of €/000 5,000 granted by the Parent Company. The purpose of the instrument is to hedge the exchange risk and interest rate risk, turning the loan from Euros to Indian Rupees and from a variable to a fixed rate. Based on hedge accounting principles, this derivative is classified as non-hedging and therefore is measured at fair value with measurement effects recognised in profit or loss. As of 30 June 2014, the fair value of the instrument was negative by €/000 129. Sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on the Income Statement, net of the relative tax effect, of €/000 54 and €/000 -55 respectively, assuming constant exchange rates. Assuming a 1% reversal and write-down of the exchange rate of the Indian Rupee, sensitivity analysis of the instrument and its underlying identified a potential impact on the Income Statement, net of the relative tax effect, of €/000 -31 and €/000 32 respectively.

	FAIR VALUE
In thousands of euro	
Piaggio & C. S.p.A.	
Interest Rate Swap	(1,227)
Cross Currency Swap	5,505
Piaggio Vehicles Private Limited	
Cross Currency Swap	3,460
Cross Currency Swap	1,428
Piaggio Vietnam	
Cross Currency Swap	(35)

As of 30 June 2014, variable rate debt, net of financial assets and considering hedging derivatives, was equal to €/000 72,321. Consequently a 1% increase or decrease in the Euribor above this net exposure would have generated higher or lower interest of €/000 723 per year.

Following the launch of the liability management operation, described in detail in note 30, the Group undersigned a hedging derivative on 7 April 2014 to reduce risks related to fluctuating interest rates in the period between the launch of the exchange offer and the definition of pricing for the new issue (pre-hedging).
The operation was completed on 16 April 2014, and recognised on a cash flow hedge basis.

Credit risk

The Group considers that its exposure to credit risk is as follows:

	As of 30 June 2014	As of 31 December 2013
In thousands of euro		
Liquid assets	99,077	57,300
Securities	4,872	9,159
Financial receivables	-	838
Trade receivables	128,124	75,722
Total	**232,073**	**143,019**

The Group monitors or manages credit centrally by using established policies and guidelines. The portfolio of trade receivables shows no signs of concentrated credit risk in light of the broad distribution of our licensee or distributor network. In addition, most trade receivables are short-term. In order to optimise credit management, the Company has established revolving programmes with some primary factoring companies for selling its trade receivables without recourse in Europe and the United States.


MOTO GUZZI
RACER
brembo

40. Disputes

Piaggio opposed the proceedings undertaken by the consumer association Altroconsumo, in accordance with article 140 of the Code of Consumers, opposing, also with the filing of a specific technical report written by an independent expert, the alleged existence of a design defect and hazardous nature of the Gilera Runner first series, which was manufactured and sold by Piaggio from 1997 to 2005. In the case put forward by Altroconsumo, the erroneous design would make the vehicle in question more hazardous in the event of an accident with frontal impact, referring as an example to two accidents occurring in 1999 and 2009 to Mr Gastaldi and Mr Stella respectively, following which the Gilera Runner burst into flames. The trial judge rejected the claim, ordering Altroconsumo to pay Piaggio's legal fees. Following the appeal made by Altroconsumo, a technical appraisal was ordered to ascertain the existence of the design defect claimed by Altroconsumo. Following the results of the appraisal and hearing held on 18 December 2012, the Board informed the parties on 29 January 2013 that Altroconsumo's appeal had been upheld, ruling Piaggio to (i) inform owners of the hazardous nature of the product, (ii) publish the ruling of the Board in some newspapers and specialised magazines (iii) recall the product. The effects of the ruling were subsequently suspended by the Court of Pontedera with a ruling ("inaudita altera parte") of 28 March 2013, concerning the appeal made by Piaggio, in accordance with article 700 of the Italian Code of Civil Proceedings. Following the cross examination with Altroconsumo, the suspension ruling was confirmed by the Court of Pontedera on 3 June 2013. Altroconsumo appealed against the suspension ruling before the Board at the Court of Pisa. The Board therefore ordered a new technical appraisal, having established contradictions between i) the appraisal of the Court-appointed expert Professor Cantore in proceedings brought by Altroconsumo and ii) the appraisal of the Court-appointed expert Professor Cantore in proceedings brought by Mr Stella in a separate ruling for the compensation of damages. The deadline for completing the appraisal and filing the report has been set for October 2014.
Piaggio has also taken action before the Court of Pontedera for a final dismissal of the ruling of the Court of Pisa of 29 January 2013. The case has been adjourned to 6 November 2014 pending the filing of the appraisal relative to the appeal stage.

Canadian Scooter Corp. (CSC), sole distributor of Piaggio for Canada, summoned Piaggio & C. S.p.A., Piaggio Group Americas Inc. and Nacional Motor S.A to appear before the Court of Toronto (Canada) in August 2009 to obtain compensation for damages sustained due to the alleged infringement of regulations established by Canadian law on franchising (the Arthur Wishart Act). Proceedings have been stopped while a settlement of the dispute is being defined.

In 2010, Piaggio took action to establish an arbitration board through the Arbitration Chamber of Milan, for a ruling against some companies of the Case New Holland Group (Italy, Holland and the US), to recover damages under contractual and non-contractual liability relating to the execution of a supply and development contract of a new family of utility vehicles (NUV). In the award notified to the parties on 3 August 2012, the Board rejected the claims made by the Company. The Company has appealed against this award to the Appeal Court of Milan, which has established the first hearing for 4 June 2013. The case has been adjourned to 12 January 2016 for specification of the pleadings.

Da Lio S.p.A., by means of a writ received on 15 April 2009, summoned the Parent Company before the Court of Pisa to claim compensation for the alleged damages sustained for various reasons as a result of the termination of supply relationships. The Company appeared in court requesting the rejection of all opposing requests. Da Lio requested a joinder with the opposition concerning the injunction obtained by Piaggio to return the moulds retained by the supplier at the end of the supply agreement. Judgements were considered and a ruling issued pursuant to article 186-ter of the Italian Code of Civil Proceedings, on 7 June 2011, ordering Piaggio to pay the sum of Euro 109,586.60, in addition to interest relative to sums which were not disputed. During 2012, testimonial evidence was presented. After reaching a decision at the end of testimonial evidence, the Judge admitted a technical/accounting court-appointed expert requested by Da Lio to quantify the amount of interest claimed by Da Lio and value of stock. The report of the court-appointed expert will be completed by the end of 2014.

In June 2011 Elma Srl, a Piaggio dealer since 1995, started two separate proceedings against the Parent Company, claiming the payment of approximately €2 million for alleged breach of the sole agency ensured by Piaggio for the Rome area and an additional €5 million as damages for alleged breach and abuse of economic dependence by the Company. Piaggio opposed the proceedings undertaken by Elma, fully disputing its claims and requesting a ruling for Elma to settle outstanding sums owing of approximately €966,000.
During the case, Piaggio requested the payment of bank guarantees that ensured against the risk of default by the dealer issued in its favour by three banks. Elma attempted to stop payment of the guarantees with preventive proceedings at the Court of Pisa (Pontedera section): the proceedings ended in favour of Piaggio that collected the amounts of the guarantees (over €400,000). Trial proceedings took place and a hearing was held on 24 April 2013 to examine evidence. After reaching a decision at the aforesaid hearing, the Judge rejected requests for preliminary examination of Elma and set the hearing for 17 December 2015 for closing arguments.
As regards the matter, Elma has also brought a case against a former senior manager of the Company with the Court of Rome, claiming compensation for damages: Piaggio appeared in the proceedings, requesting, among others, that the case be moved to the Court of Pisa. At the hearing of 27 January 2014, the Judge ruled on the preliminary exceptions and did not admit preliminary briefs. The hearing for closing arguments has been set for 21.12.2015.

In a writ received on 29 May 2007, Gammamoto S.r.l. in liquidation, an Aprilia licensee in Rome, brought a case against the Parent Company before the Court of Rome for contractual and non-contractual liability. The Company fully opposed the injunction disputing the validity of Gammamoto's claims and objecting to the lack of jurisdiction of the Judge in charge. The Judge, accepting the petition formulated by the Company, declared its lack of jurisdiction with regards to the dispute. Gammamoto has continued proceedings through the Court of Venice. The Judge admitted testimonial evidence and evidence for examination requested by the parties, establishing the hearing for the preliminary investigation on 12 November 2012. After defining the closing arguments of the hearing of 26 June 2013, the terms for final statements and relative replies were granted, and the case was ruled on. The Court of Venice issued a ruling in favour of Piaggio, filed on 17 February 2014.

Leasys–Savarent S.p.A., summoned to appear before the Court of Monza by Europe Assistance in relation to the rental supply of Piaggio vehicles to the Italian Postal System, summoned the Company as a guarantee, also filing for damages against Piaggio for alleged breach of the supply agreement. The Court of Monza declared its lack of jurisdiction concerning the applications filed against Piaggio, and Leasys-Savarent therefore summoned Piaggio to appear before the Court of Pisa. The trial was suspended while awaiting the resolution of the dispute pending before the Court of Monza, which turned down the application of Leasys-Savarent. Leasys-Savarent continued proceedings through the Court of Pisa, applying only for damages against Piaggio. On the hearing of 5 October 2011, the parties requested the admission of preliminary briefs and the Judge deferred its decision. After reaching a decision, the Judge admitted some of the testimonial evidence and rejected the request for a court-appointed expert. After questioning the witnesses, the case was adjourned to the hearing of 10 July 2014 for the specification of closing arguments. During this hearing, the Judge did not issue a decision, giving the parties deadlines for filing final briefs and replies.

In August 2012, the Nigerian company Autobahn Techniques Ltd brought a case against Piaggio & C. S.p.a. and PVPL before the High Court of Lagos (Nigeria) claiming compensation for alleged damage, estimated as over 5 billion Naira (approximately €20 million), arising from the alleged breach by the Company of the exclusive distribution agreement signed between the parties in 2001. Piaggio appeared before the court, preliminarily claiming, inter alia, the lack of jurisdiction of the Nigerian Court to rule on the dispute due to the existence of an arbitration clause in the agreement. After various provisional hearings, the Judge admitted one of the preliminary exceptions made by Piaggio, based on the absence of notification of the writ of summons of the judgement and rejected the appeal. The decision was appealed against by Autobahn. On 4 October 2013 the Judge declared that the action taken by Autobahn could not proceed. The case has closed, as the terms for re-opening proceedings have expired.

Autobahn could take new action against Piaggio, establishing new and independent proceedings relative to the same matter.

The amounts allocated by the Company for the potential risks deriving from the current dispute appear to be consistent with the predictable outcome of the disputes.

As regards tax claim rulings involving the Parent Company Piaggio & C S.p.A. (hereinafter "the Company"), two appeals are ongoing against two tax assessments notified to the Company and relative to the 2002 and 2003 tax years respectively. These assessments originate from an audit conducted by the Inland Revenue Office in 2007 at the Company's offices, following information filed in the Formal Notice of Assessment issued in 2002 following a general audit.
The Company has obtained a favourable ruling concerning these assessments, in both the first and second instance, and with reference to both tax periods, against which the Inland Revenue Office has lodged an appeal with the Supreme Court of Cassation; the Company has filed relative counter claims and is waiting for dates of hearings to be set.
The Company has also received a draft assessment order from the Indian tax authorities after an assessment concerning the income generated by Piaggio & C. S.p.A. in India during the Indian 2009-2010 tax period. On 16 April 2014 the Company lodged an appeal with the Dispute Resolution Panel, a body dealing with pre-litigation that tax payers may use in order to obtain an opinion which is binding on the tax authorities and which the tax authorities have to consider when preparing final documents with the outcome of the assessment, that will take place in the first few months of 2015.
For both cases, as well as the claims relative to income generated in India, the Company has not considered it necessary to allocate provisions, in view of the positive opinions expressed by consultants appointed as counsel.

The main tax disputes of other Group companies concern Piaggio Vehicles PVT Ltd e Piaggio France S.A..

With reference to the Indian subsidiary, some disputes concerning different tax years from 1998 to 2013 are ongoing related to direct and indirect tax assessments and for a part of which, considering positive opinions expressed by consultants appointed as counsel, provisions have not been made in the financial statements. The Indian company has already partly paid the amounts contested, as required by local laws, that will be paid back when proceedings are successfully concluded in its favour.

As regards the French company, a favourable ruling was issued in December 2012 by the *Commission Nationale des Impots directes et des taxes sur le chiffre d'affaires*, the decision-making body ruling prior to legal proceedings in disputes with the French tax authorities concerning a general audit of the 2006 and 2007 periods. The French tax authorities however upheld its claims against the company, requesting payment of the amounts claimed. The company therefore filed an appeal against the claims of the Local Authorities, which however rejected the considerations made by the companies. It therefore filed an appeal with the *Tribunal Administratif* and is waiting for the date of the hearing to be set. The Company has not considered allocating provisions necessary, in view of the positive considerations expressed by consultants appointed as counsel, as well as the opinion of the above *Commission*.

41. Significant non-recurring events and operations

During 2014, the Parent Company exercised the call option of the debenture loan issued by the Company on 1 December 2009 for a total amount of €/000 150,000 and maturing on 1 December 2016. On 9 June, the remaining portion of this loan (equal to approximately € 42 million) was paid back at the price of 103.50%, after the finalisation of the exchange offer launched on 7 April.
The operation led to the recognition of the premium paid to bond holders that did not take up the exchange offer and of costs not yet depreciated of the reimbursed loan under borrowing costs in the income statement for the first half of 2014.
The operation comes under significant non-recurrent transactions, as defined by CONSOB Communication DEM/6064293 of 28 July 2006.
In the first half of 2013, no significant non-recurrent transactions were recorded.

42. Transactions arising from atypical and/or unusual operations

During the first half of 2013 and 2014, the Group did not record any significant atypical and/or unusual operations, as defined by CONSOB Communication DEM/6037577 of 28 April 2006 and DEM/6064293 of 28 July 2006.

43. Events occurring after the end of the period

16 July 2014 Piaggio & C. S.p.A. signed a five-year, € 220 million, credit facility with a pool of banks. The amount may be increased up to € 250 million, with the initial amount of € 220 million undersigned by the Bank of America Merrill Lynch, Banca Nazionale del Lavoro, HSBC, Intesa Sanpaolo, Mediobanca and Unicredit in a capacity as mandated lead arranger and bookrunner.
The main aim of this operation is to refinance the 200 million euros revolving loan maturing in December 2015 and provide financial support necessary for the international growth mapped in the 2014-2017 strategic plan.
The credit facility consists of a revolving portion amounting to € 175 million and a term loan amortising portion, amounting to € 75 million.
The financial conditions of this credit facility are better than the refinanced revolving loan: besides a reduction in the cost of borrowing, the new credit facility will make it possible to improve the Piaggio Group's financial debt quality profile, increasing its financial flexibility and above all average residual life which is 5 years assuming the latest figures approved.

44. Authorisation for publication

This document was published on 8 August 2014 and authorised by the Chairman and Chief Executive Officer.

Mantua, 28 July 2014

For the Board of Directors

/s/ Roberto Colaninno

Chairman and Chief Executive Officer
Roberto Colaninno

Attachments

Piaggio Group companies

In accordance with Consob resolution no. 11971 dated 14 May 1999, and subsequent amendments (article 126 of the Regulation), the list of the Group's companies and major investments is provided below. The list presents the companies divided by type of control and method of consolidation.
The following are also shown for each company: the company name, the registered office, the country of origin and the share capital in the original currency, in addition to the percentage held by Piaggio & C. S.p.A. or by other subsidiaries.
In a separate column there is an indication of the percentage of voting rights at the ordinary general meeting should it be different from the investment percentage in the share capital.

List of companies included in the scope of consolidation on a line-by-line basis as of 30 June 2014.

Company name	Registered office	Country	Share capital	Currency	% Group ownership	Held by	%	% votes
Parent company								
Piaggio & C. S.p.A.	Pontedera (Pisa)	Italy	207,556,856.58	euro				
Subsidiaries								
Aprilia Brasil Industria de Motociclos S.A.	Manaus	Brazil	2,020,000.00	reais	51%	Aprilia World Service Holding do Brasil Ltda	51%	
Aprilia Racing s.r.l.	Pontedera (Pisa)	Italy	250,000.00	euro	100%	Piaggio & C. S.P.A.	100%	
Aprilia World Service Holding do Brasil Ltda.	São Paulo	Brazil	2,028,780.00	reais	99.99995%	Piaggio Group Americas Inc	99.99995%	
Atlantic 12- Property investment fund	Rome	Italy	11,453,890.00	euro	100%	Piaggio & C. S.p.A.	100%	
Derbi Racing S.L.	Barcelona	Spain	3,006.00	euro	100%	Nacional Motor S.A.	100%	
Foshan Piaggio Vehicles Technology Research and Development Co Ltd	Foshan City	China	10,500,000.00	rmb	100%	Piaggio Vespa B.V.	100%	
Nacional Motor S.A.	Barcelona	Spain	1,588,422.00	euro	100%	Piaggio & C. S.P.A.	100%	
Piaggio Advanced Design Center Corp.	California	USA	100,000.00	USD	100%	Piaggio & C. S.P.A.	100%	
Piaggio Asia Pacific PTE Ltd.	Singapore	Singapore	100,000.00	sin$	100%	Piaggio Vespa B.V.	100%	
Piaggio China Co. LTD	Hong Kong	China	12,500,000 auth. capital (12,100,000 subscribed and paid up)	USD	99.99999%	Piaggio & C. S.P.A.	99.99999%	
Piaggio Concept Store Mantova S.r.l.	Mantua	Italy	80,000.00	euro	100%	Piaggio & C. S.p.A.	100%	
Piaggio Deutschland GmbH	Kerpen	Germany	250,000.00	euro	100%	Piaggio Vespa B.V.	100%	
Piaggio Espana S.L.U.	Alcobendas	Spain	426,642.00	euro	100%	Piaggio & C. S.P.A.	100%	
Piaggio France S.A.S.	Clichy Cedex	France	250,000.00	euro	100%	Piaggio Vespa B.V.	100%	
Piaggio Group Americas Inc	New York	USA	2,000.00	USD	100%	Piaggio Vespa B.V.	100%	
Piaggio Group Canada Inc.	Toronto	Canada	10,000.00	CAD	100%	Piaggio Group Americas Inc	100%	
Piaggio Group Japan	Tokyo	Japan	99,000,000.00	yen	100%	Piaggio Vespa B.V	100%	
Piaggio Hellas S.A.	Athens	Greece	2,704,040.00	euro	100%	Piaggio Vespa B.V.	100%	
Piaggio Hrvatska D.o.o.	Split	Croatia	400,000.00	kuna	75%	Piaggio Vespa B.V.	75%	
Piaggio Limited	Bromley Kent	United Kingdom	250,000.00	gbp	100%	Piaggio Vespa B.V. Piaggio & C. S.P.A.	99.9996% 0.0004%	
Piaggio Vehicles Private Limited	Maharashtra	India	349,370,000.00	rupees	100%	Piaggio & C. S.p.A. Piaggio Vespa B.V.	99.9999971% 0.0000029%	
Piaggio Vespa B.V.	Breda	Holland	91,000.00	euro	100%	Piaggio & C. S.P.A.	100%	
Piaggio Vietnam Co Ltd	Hanoi	Vietnam	64,751,000,000.00	Dong	100%	Piaggio & C. S.p.A. Piaggio Vespa B.V.	63.5% 36.5%	
PT Piaggio Indonesia	Jakarta	Indonesia	4,458,500,000.00	Rupiah	100%	Piaggio & C. S.p.A. Piaggio Vespa B.V.	1% 99%	

List of companies included in the scope of consolidation with the equity method as of 30 June 2014

Company name	Registered office	Country	Share capital	Currency	% Group ownership	Held by	%	% votes
Zongshen Piaggio Foshan Motorcycle Co. LTD.	Foshan City	China	29,800,000.00	USD	45%	Piaggio & C. S.p.A. Piaggio China Co. LTD	32.5% 12.5%	

List of investments in affiliated companies as of 30 June 2014

Company name	Registered office	Country	Share capital	Currency	% Group ownership	Held by	%	% votes
Depuradora D'Aigues de Martorelles Soc. Coop. Catalana Limitada	Barcelona	Spain	60,101.21	euro	22%	Nacional Motor S.A.	22%	
Immsi Audit S.c.a.r.l.	Mantua	Italy	40,000.00	euro	25%	Piaggio & C. S.p.A.	25%	
Pont - Tech, Pontedera & Tecnologia S.c.r.l.	Pontedera (Pisa)	Italy	884,160.00	euro	20.44%	Piaggio & C. S.p.A.	20.44%	
S.A.T. Societé d'Automobiles et Triporteurs S.A.	Tunis	Tunisia	210,000.00	TND	20%	Piaggio Vespa B.V.	20%	

Certification of the Condensed Consolidated Interim Financial Statements pursuant to article 154-bis of Italian Legislative Decree no. 58/98

Certification of the Condensed Consolidated Interim Financial Statements pursuant to article 154-bis of Italian Legislative Decree no. 58/98

1. The undersigned Roberto Colaninno (Chairman and Chief Executive Officer) and Alessandra Simonotto (Executive in charge of financial reporting) of Piaggio & C. S.p.A. certify, also in consideration of article 154-bis, sections 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
- the appropriateness with regard to the company's characteristics and
- the actual application of administrative and accounting procedures for the formation of the Condensed Consolidated Interim Financial Statements during the first half of 2014.

2. With regard to the above, no relevant aspects are to be reported.

3. Moreover, it is stated that

3.1 the Condensed Consolidated Interim Financial Statements:

a. have been prepared in compliance with the international accounting standards recognised by the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;

b. correspond to accounting records;

c. give a true and fair view of the consolidated statement of financial position and results of operations of the Issuer and of all companies included in the scope of consolidation.

3.2 the Directors' Interim Report contains references to important events occurring in the first six months of the financial year and to their incidence on the Condensed Consolidated Interim Financial Statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year, as well as information on significant transactions with related parties.

Date: 28 July 2014

/s/ Roberto Colaninno

Roberto Colaninno
Chairman and Chief Executive Officer

/s/ Alessandra Simonotto

Alessandra Simonotto
Executive in charge of financial reporting

Report of the Independent Auditors on the Condensed Consolidated Interim Financial Statements

pwc

AUDITORS' REPORT ON THE REVIEW OF CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2014

To the Shareholders of
Piaggio & C. SpA

1 We have reviewed the consolidated condensed interim financial statements of Piaggio & C. SpA and its subsidiaries ("Piaggio Group") as of 30 June 2014, which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated statement of cash flows and related notes. The directors of Piaggio & C. SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

2 We conducted our review in accordance with the criteria for a review recommended by Consob, the national stock exchange commission, with resolution n° 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the consolidated condensed interim financial statements and about the consistency of the accounting principles utilised therein as well as the application of analytical review procedures on the data contained in the above mentioned consolidated financial statements. The limited review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike the audit on the annual consolidated financial statements, we do not express a professional audit opinion on the consolidated condensed interim financial statements.

Regarding the comparative data of the consolidated financial statements of the prior period and of consolidated condensed interim financial statements of the prior interim period, which are presented for comparative purposes, reference is made to our reports dated 2 April, 2014 and dated 31 July, 2013 respectively.

PricewaterhouseCoopers SpA

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3 Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of the Piaggio Group as of 30 June 2014 have not been prepared, in all material respects, in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Florence, 30 July 2014

PricewaterhouseCoopers SpA

Signed by

Corrado Testori
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

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Contacts

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

Management and Coordination
IMMSI S.p.A.
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