Interim Report on Operations
as of 30 September 2013

Disclaimer

This Interim Report on Operations as of 30 September 2013 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.

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

PIAGGIO &C.s.p.a.

Management and Coordination

IMMSI S.p.A.

Share capital €206,026,903.84 fully paid up

Registered office: Viale R. Piaggio 25, Pontedera (Pisa)

Pisa Register of Companies and Tax Code 04773200011

Pisa Economic and Administrative Index no. 134077

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REPORT ON OPERATIONS

Introduction

This unaudited Interim Report on Operations as of 30 September 2013 has been prepared in compliance with Italian Legislative Decree no. 58/1998 as amended, and with Consob Regulation on Issuers.

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

Key operating and financial data

	First nine months		
	2013	**2012**	**2012**
In millions of Euro			
Data on financial position			
Net sales revenues	955.0	1,112.3	1,406.2
Gross industrial margin	290.6	337.3	417.9
Operating income	71.4	95.8	96.6
Profit before tax	46.3	71.6	67.9
Net profit	27.8	44.4	42.1
.Non-controlling interests	0.1	0.1	0.1
.Group	27.7	44.3	42.0
Data on financial performance			
Net capital employed (NCE)	881.8	815.3	831.7
Net debt	(454.6)	(365.3)	(391.8)
Shareholders' equity	427.2	450.0	439.9
Balance sheet figures and financial ratios			
Gross margin on net revenues	30.4%	30.3%	29.7%
Net profit as a percentage of net revenues	2.9%	4.0%	3.0%
ROS (Operating income/net revenues)	7.5%	8.6%	6.9%
ROE (Net profit/shareholders' equity)	6.5%	9.9%	9.6%
ROI (Operating income/NCE)	8.1%	11.7%	11.6%
EBITDA	133.7	156.0	176.2
EBITDA on Net Revenues	14.0%	14.0%	12.5%
Other information			
Sales volumes (unit/000)	429.9	475.2	615.5
Investments in property, plant and equipment and intangible assets	60.9	107.1	147.8
Research and Development[1]	45.1	51.7	59.6
Employees at the end of the period (number)	8,139	8,626	8,129

[1] 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**
	1-1 / 30-9-2013	184.0	176.4	69.6	**429.9**
Sales volumes	1-1 / 30-9-2012	238.8	158.4	78.0	**475.2**
(units/000)	Change	(54.8)	18.0	(8.5)	**(45.3)**
	Change %	-22.9%	11.3%	-10.8%	**-9.5%**
	1-1 / 30-9-2013	579.3	243.4	132.4	**955.0**
Turnover	1-1 / 30-9-2012	706.3	259.7	146.3	**1,112.3**
(million Euro)	Change	(127.0)	(16.4)	(13.9)	**(157.3)**
	Change %	-18.0%	-6.3%	-9.5%	**-14.1%**
	1-1 / 30-9-2013	4,227	3,080	942	**8,249**
Average number of staff	1-1 / 30-9-2012	4,587	2,813	949	**8,349**
(no.)	Change	(360)	267	(7)	**(100)**
	Change %	-7.8%	9.5%	-0.7%	**-1.2%**
	1-1 / 30-9-2013	43.0	7.2	10.6	**60.9**
Investments	1-1 / 30-9-2012	61.3	29.0	16.8	**107.1**
(million Euro)	Change	(18.3)	(21.8)	(6.2)	**(46.2)**
	Change %	-29.8%	-75.1%	-36.8%	**-43.2%**
	1-1 / 30-9-2013	34.2	5.9	5.0	**45.1**
Research and Development[2]	1-1 / 30-9-2012	33.1	12.0	6.7	**51.7**
(million Euro)	Change	1.2	(6.1)	(1.7)	**(6.6)**
	Change %	3.5%	-50.7%	-25.4%	**-12.8%**

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

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 in the first nine months of 2013

In **February 2013**, Piaggio &C. decided to move the production of Derbi brand vehicles to Italy, in order to streamline its own production activities, and to gradually close the production facility in Martorelles, Spain and transfer the production carried out there to Italian sites.

Consequently, on 15 February 2013 Nacional Motor appealed against the "E.R.E." procedure (Expediente de Regulacion de Empleo - Employment Regulations Plan) which became operative in March. The implementation of this plan involved leaving incentives for nearly all employees, based on agreements made with trade unions and signed in 2009, 2011 and 2012. In particular, the purpose of agreements made in July 2012 was to define the procedures and remuneration for employees if production activities stopped. The plan, shared with Government representatives and Trade Union Organisations, involved restructuring costs for the Group amounting to approximately €6 million These costs, based on IAS 37 requirements, refer to 2013 and have already had an effect on first half results.
As from March 2013, the Spanish company Nacional Motor permanently stopped all activities: the production of Derbi vehicles has been transferred to Italian sites, and nearly all employee contracts have been terminated.
The Group is currently in the final stages of negotiations with third parties to rent the plant and sell the equipment.

9 April 2013 The Aprilia Caponord 1200, the road enduro bike boasting an exclusive, patented technological content, such as ADD, the semi-active suspension system that can automatically regulate calibration to road surface and driving style, was presented to the international press.

24 April 2013 The National Hospital for Pediatrics of Hanoi and the Pediatric Hospital Bambino Gesù of Rome launched a partnership project to treat over 2,000 Vietnamese children from 0 to 18 years of age; the project was set up with the help of Piaggio Vietnam and is the first in a number of "**Vespa for Children**" social initiatives, recently announced by the Piaggio Group.

15 May 2013 The new **Vespa 946**, the most exclusive and technologically advanced scooter ever designed, can now be booked on the new Vespa.com site

14 June 2013 Moody's lowered Piaggio's rating from Ba2 to Ba3, giving it a stable outlook.

20 June 2013 The Piaggio Group unveiled the new Vespa VX in Bombay, which is produced in India at the Baramati plant, and announced an important programme to expand the Vespa range on the Indian market. Developed specifically for the Indian market, the Vespa VX has evolved from the Vespa LX and flanks the Vespa model currently sold in India; it features even greater comfort, new design elements and a new braking system with front disc brake. The new VX has a 3 valve, 4-stroke 125cc engine purposely developed by the Piaggio Group for the Indian two-wheeler market: the engine is particularly quiet and eco-friendly, with a considerable reduction in gaseous and sound emissions, and one of the world's lowest fuel consumptions - 60 km on one litre of petrol. The Piaggio Group's scooter range on the Indian market will expand further in 2013 with the new Vespa S going into production at Baramati. Piaggio Vehicles Private Ltd. (PVPL), the Indian subsidiary wholly owned by the Piaggio Group, is also due to launch the Vespa 946, the stunning scooter that made its début in early June on all European markets.

27 June 2013 A Paris Court acknowledged Piaggio's copyright to the exterior forms of the Vespa, ordering the company responsible for making imitations to destroy all vehicles on display at the "Salon de Moto et du Scooter" in Paris, and to pay legal fees.

3 July 2013 The Group presented the new Ape Calessino 200, with new stylish shades and finishes, fitted with a new Piaggio 200cc, 4 stroke, single cylinder petrol engine, capable of 7.5 KW, with four gears (plus reverse), making the Ape Calessino possible to drive in Italy at 16 years with an A1 licence and at 18 years with a normal B licence.

5 July 2013 The fourth generation Piaggio Liberty made its début, with the new Piaggio 3V engine, available in 125 and 150cc versions. This 4-stroke, electronic injection engine, which is one of the most sophisticated of its kind worldwide, is air cooled and has a single overhead 3 valve cam (2 intake valves and 1 outlet valve); it was designed at the Piaggio Group's research and development centre. The 3 valve technology allows for even better torque and power values compared to previous generation engines and a drastic decrease in fuel consumption: the Liberty 3V 125 can travel at 59 km/l at a speed of 50 km/h, while the Liberty 3V 150 can reach 57 km/l in the same conditions. The seat is entirely new and riders of any height can rest both feet on the ground. The load capacity of the seat compartment has been increased by 23%, from 8.8 to 10.8 litres.

9 July 2013 In a survey conducted by CNN, the American television network and point of reference for information on a planetary level, for the 2013 World Industrial Design Day, the Vespa was included among the twelve best designs worldwide from the last 100 years.

19 July 2013 Piaggio received AEO-F (Authorised Economic Operator - Full) certification from the Customs' Authorities. Accreditation as an AEO means that Piaggio meets all administrative, financial and customs' requirements, as well as safety standards for the handling of goods to and from abroad, in line with EU regulations on relations between private entities and regulators of international trade.

Financial position and performance of the Group

Consolidated income statement

	First nine months of 2013		First nine months of 2012		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	955.0	100.0%	1,112.3	100.0%	(157.3)	-14.1%
Cost to sell	664.4	69.6%	775.0	69.7%	(110.6)	-14.3%
Gross industrial margin	**290.6**	**30.4%**	**337.3**	**30.3%**	**(46.7)**	**-13.9%**
Operating expenses	219.2	23.0%	241.5	21.7%	(22.3)	-9.2%
EBITDA	**133.7**	**14.0%**	**156.0**	**14.0%**	**(22.3)**	**-14.3%**
Depreciation	62.4	6.5%	60.3	5.4%	2.1	3.5%
Operating income	**71.4**	**7.5%**	**95.8**	**8.6%**	**(24.4)**	**-25.5%**
Result of financial items	(25.1)	-2.6%	(24.2)	-2.2%	(0.9)	3.7%
Profit before tax	**46.3**	**4.8%**	**71.6**	**6.4%**	**(25.3)**	**-35.4%**
Taxes	18.5	1.9%	27.2	2.4%	(8.7)	-32.0%
Net profit	**27.8**	**2.9%**	**44.4**	**4.0%**	**(16.6)**	**-37.5%**

Vehicles

	First nine months of 2013	First nine months of 2012	Change
In thousands of units			
EMEA and Americas	184.0	238.8	(54.8)
India	176.4	158.4	18.0
Asia Pacific 2W	69.6	78.0	(8.5)
TOTAL VEHICLES	**429.9**	**475.2**	**(45.3)**
Two-wheeler	279.9	321.3	(41.4)
Commercial Vehicles	150.1	153.9	(3.9)
TOTAL VEHICLES	**429.9**	**475.2**	**(45.3)**

Net revenues

	First nine months of 2013	First nine months of 2012	Change
In millions of Euro			
EMEA and Americas	579.3	706.3	(127.0)
India	243.4	259.7	(16.4)
Asia Pacific 2W	132.4	146.3	(13.9)
TOTAL NET REVENUES	**955.0**	**1,112.3**	**(157.3)**
Two-wheeler	685.1	804.8	(119.7)
Commercial Vehicles	269.9	307.5	(37.6)
TOTAL NET REVENUES	**955.0**	**1,112.3**	**(157.3)**

In the first nine months of 2013, the Piaggio Group sold 429,900 vehicles worldwide, registering a decrease of approximately 9.5% in volume over the same period of the previous year, when 475,200 vehicles were sold. The number of vehicles sold in India went up considerably (+ 11.3%) as the Vespa production site was fully operative, with sales starting in the second quarter of 2012. Sales fell instead in Asia Pacific (- 10.8%) and in EMEA and the Americas (- 22.9%). As regards the type of products sold, the main downturn occurred in the two-wheeler segment (- 12.9%).

Sales of two-wheeler vehicles were affected by a particularly complex market context and competitive scenario, at least as regards European markets. In particular, the two-wheeler market in EMEA registered a downturn equal to approximately 13.1% (- 17.8% for scooters and - 5.5% for motorcycles). In the EMEA area, the Piaggio Group retained its market leadership position, with a 17.5% share. Sales of the Vespa in India totalled 33,200 units. The Group achieved excellent results on the American market, where sales went up by 7.8%.

Sales of commercial vehicles fell slightly (-2.5%). The decline in EMEA and the Americas was more considerable following the concurrent downturn on main reference markets: Italy (- 16.3%), Germany (- 6.4%) and France (- 6.9%).

In terms of consolidated turnover, the Group ended the first nine months of 2013 with net revenues down by 14.1% compared to the same period in 2012, and equal to €955.0 million.
Revenues of all geographic segments went down (India -6.3%, Asia Pacific - 9.5%, EMEA and Americas - 18.0%).
Such performance was affected by the general revaluation of the Euro. The reduction in turnover attributable to the exchange rate effect was estimated as being equal to €34.3 million, of which €25.5 million for the devaluation of the Indian Rupee and €2.5 million for the devaluation of the Vietnamese Dong.
As regards product type, sales of commercial vehicles fell by 12.2% and two-wheelers by 14.9%. As a result, the impact of two-wheeler vehicles on overall turnover went down from 72.4% in the first nine months of 2012 to the current figure of 71.7%; vice versa, the impact of commercial vehicles went up from 27.6% to 28.3%.

The Group's **gross industrial margin**, defined as the difference between “net revenues” and “cost to sell” decreased by €46.7 million in absolute terms compared to the first nine months of 2012, while in relation to net turnover, it went up slightly (30.4% compared to 30.3%), against 30 September 2012.
For example, the "cost to sell" includes costs for materials (direct and consumables), accessory purchase costs (transport of incoming material, customs, warehousing), employee costs for direct and indirect manpower and 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. Amortisation/depreciation included in the gross industrial margin was equal to €24.8 million (€24.3 million in the first nine months of 2012).

Operating expenses incurred during the first nine months of 2013 totalled €219.2 million, €22.3 million less compared to the same period of the previous year (€241.5 million), and confirm the Group's constant focus on keeping costs down and maintaining high profitability levels. This saving benefited from the decrease in the amortisation of intangible assets, due to the change in the useful life of the Aprilia and Moto Guzzi brands as from December 2012, amounting to €3.2 million.
For example, operating expenses include employee costs, costs for services, leases and rentals, as well as operating costs net of operating income not included in the gross industrial margin. Operating expenses also include amortisation/depreciation not included in the gross industrial margin, amounting to €37.6 million (€36.0 million in the first nine months of 2012).

These trends in the income statement resulted in a consolidated **EBITDA** – defined as operating income gross of amortisation/depreciation – which was lower than the previous period, and equal to €133.7 million (€156.0 million in the first nine months of 2012). In relation to turnover, EBITDA was equal to 14.0%, as in the first nine months of 2012. In terms of Operating Income (**EBIT**), performance was negative compared to the first nine months of 2012, with a consolidated EBIT equal to €71.4 million, down €24.4 million; in relation to turnover, EBIT fell to 7.5% from 8.6% for the same period of the previous year.

The result of financial assets worsened compared to the first nine months of the previous year, with Net Charges amounting to €25.1 million (€24.2 million in the first nine months of 2012). This increase was affected by higher debt, the negative impact of currency management and lower revaluation of the investment in the Chinese joint venture, while it was offset by the capitalisation of €3.2 million with the adoption of IAS 23, and by the reduction in the cost of funding.

Consolidated net profit stood at €27.8 million (2.9% of turnover), down on the figure for the same period of the previous year of €44.4 million (4.0% of turnover). Income taxes for the period are estimated at €18.5 million, equivalent to 40% of profit before tax.

Consolidated statement of financial position

	As of 30 September 2013	As of 31 December 2012	Change
In millions of Euro			
Statement of financial position			
Net working capital	(15.7)	(81.1)	65.4
Net tangible assets	308.8	321.0	(12.2)
Net intangible assets	653.3	661.0	(7.7)
Financial assets	8.4	6.7	1.7
Provisions	(72.9)	(75.9)	2.9
Net capital employed	**881.8**	**831.7**	**50.1**
Net Financial Debt	454.6	391.8	62.8
Shareholders' equity	427.2	439.9	(12.7)
Sources of funds	**881.8**	**831.7**	**50.1**
Minority interest capital	1.0	1.2	(0.3)

Net working capital as of 30 September 2013 was negative for €15.7 million, using cash flows of approximately €65.4 million during the period. Specifically, net working capital is defined as the sum of trade receivables, inventories, trade payables and other non-trade assets and liabilities.

Property, plant and equipment, comprising property, plant, machinery and industrial equipment, net of accumulated depreciation, investment property and assets held for sale, amounted to €308.8 million as of 30 September 2013, with a decrease of approximately €12.2 million compared to 31 December 2012. Depreciation was equal to approximately €28.8 million and offset investments for the period (€26.0 million). The value adjustment of the balance sheet item to the exchange rate in effect at the end of the reporting period generated a decrease in the carrying amount of approximately €11.9 million.

Intangible assets, comprising capitalised development costs, costs for patents and know-how, as well as goodwill arising from acquisitions/mergers taking place within the Group over the last few years, totalled €653.3 million, with a decrease of approximately €7.7 million compared to 31 December 2012. The decrease is mainly due to the value adjustment of the balance sheet item to the exchange rate in effect at the end of the reporting period, which generated a decrease in the carrying amount of approximately €5.8 million. Investments for the period (€34.8 million) were offset by amortisation (€33.6 million).

Financial assets, defined as the sum of "investments" and "other non-current financial assets" totalled €8.4 million. The increase essentially refers to the equity valuation of the Zongshen Piaggio Foshan joint venture (€ 1.0 million).

Provisions, comprising retirement funds and employee benefits, other long term provisions and the current portion of other long term provisions, totalled €72.9 million, registering a decrease compared to 31 December 2012 (€75.9 million).

As fully described in the next section on the "Consolidated Statement of Cash Flows", **net financial debt** as of 30 September 2013 was equal to €454.6 million, compared to €391.8 million as of 31 December 2012. The increase in debt of €62.8 million is due to the investments programme, distribution of dividends and increase in working capital.

Shareholders' equity as of 30 September 2013 amounted to €427.2 million, down €12.7 million compared to 31 December 2012.

Consolidated Statement of Cash Flows

The consolidated statement of cash flows, prepared in accordance with international financial reporting standards (IFRS), is presented in the "Consolidated Financial Statements and Notes as of 30 September 2013". The following is a comment relating to the summary statement shown.

In millions of Euro	First nine months of 2013	First nine months of 2012	Change
Change in consolidated net debt			
Opening consolidated net debt	**(391.8)**	**(335.9)**	**(55.9)**
Cash flow from operating activities	87.2	106.6	(19.4)
(Increase)/reduction in working capital	(65.4)	12.1	(77.5)
(Increase)/reduction in net investments	(44.2)	(107.6)	63.4
Change in shareholders' equity	(40.4)	(40.6)	0.2
Total change	**(62.8)**	**(29.4)**	**(33.3)**
Closing consolidated net debt	**(454.6)**	**(365.3)**	**(89.3)**

In the first nine months of 2013 the Piaggio Group used **financial resources** amounting to €62.8 million.

Cash flow from operating activities, defined as net profit, minus non-monetary costs and income, was equal to €87.2 million.

Working capital involved a cash flow of €65.4 million; in detail:

- the collection of trade receivables[3] used financial flows for a total of €29.7 million;
- stock management absorbed financial flows for a total of approximately €13.5 million;
- supplier payment trends used financial flows of approximately €9.5 million;
- the movement of other non-trade assets and liabilities had a negative impact on financial flows by approximately €12.7 million.

Investing activities involved a total of €44.2 million of financial resources. Investments for the period refer to approximately €31.5 million for capitalised research and development expenditure, and approximately €29.4 million for property, plant and equipment and intangible assets. The exceptionally high values of the previous year were affected by the development of the spare parts warehouse at Pontedera and the completion of the Vespa plant in India and Engines plant in Vietnam.

The impact of the distribution of dividends in May 2013 on cash flow was equal to approximately €33.1 million, while the impact of the net purchase of treasury shares was equal to €0.5 million.

[3] Net of customer advances.

As a result of the above financial dynamics, which involved a cash flow of €62.8 million, the **net debt** of the Piaggio Group amounted to €-454.6 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. These 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.
For a greater understanding of results achieved, sales and turnover data are analysed separately by product type.

Two-wheeler

Two-wheeler	First nine months of 2013		First nine months of 2012		*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	177.1	531.9	230.4	649.2	-23.1%	-18.1%	(53.3)	(117.3)
of which EMEA	163.7	474.0	218.0	586.7	-24.9%	-19.2%	(54.3)	(112.8)
(of which Italy)	*32.5*	*105.5*	*60.8*	*170.7*	*-46.5%*	*-38.2%*	*(28.3)*	*(65.2)*
of which America	13.3	57.9	12.4	62.5	7.8%	-7.3%	1.0	(4.5)
India	33.2	20.8	12.9	9.3	158.4%	123.3%	20.4	11.5
Asia Pacific 2W	69.6	132.4	78.0	146.3	-10.8%	-9.5%	(8.5)	(13.9)
TOTAL	**279.9**	**685.1**	**321.3**	**804.8**	**-12.9%**	**-14.9%**	**(41.4)**	**(119.7)**
Scooters	258.0	472.8	294.2	568.2	-12.3%	-16.8%	(36.2)	(95.5)
Motorcycles	21.9	112.2	27.1	115.5	-19.2%	-2.9%	(5.2)	(3.3)
Spare parts and Accessories		92.8		103.1		-10.0%		(10.3)
Other		7.3		18.0		-59.2%		(10.6)
TOTAL	**279.9**	**685.1**	**321.3**	**804.8**	**-12.9%**	**-14.9%**	**(41.4)**	**(119.7)**

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.

Comments on main results and significant events of the sector

During the first nine months of 2013, the Piaggio Group sold a total of 279,900 units in the two-wheeler segment worldwide, accounting for a net turnover equal to approximately €685.1 million (- 14.9%), including spare parts and accessories (€92.8 million, - 10.0%). As explained in the previous paragraphs, the Piaggio Group's performance in 2013 was highly penalised by the drop in demand on the European market. This downturn concerned both the scooter and motorcycle segments.
Results in the Asian area were also down compared to the first nine months of 2012, with sales and turnover falling by 10.8% and 9.5% respectively.

The number of Vespas sold in India reached 33,200. As regards India, data for 2012 were not entirely comparable as the Vespa was first sold in India in May 2012.

The Piaggio Group maintained its leadership position on the European two-wheeler market in the first nine months of 2013, with a 17.5% market share, (18.7% in 2012) and a 26.3% share in the scooter segment.

The downturn in sales in the Asia Pacific area was affected by a weakening in demand and by dealers reducing stock while waiting for the upcoming launch of new key products.

The Group also consolidated its position as the main manufacturer on the North American scooter market, with a 23.0% market share (25% in 2012). In this context, the Piaggio Group is steadfastly committed to consolidating its presence in the motorcycle segment, with its Moto Guzzi and Aprilia brands.

Commercial Vehicles

Commercial Vehicles	First nine months of 2013		First nine months of 2012		*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	6.9	47.4	8.4	57.1	-17.2%	-17.0%	(1.4)	(9.7)
(of which Italy)	*2.5*	*24.1*	*3.8*	*32.6*	*-35.0%*	*-26.2%*	*(1.3)*	*(8.5)*
(of which the Americas)	*1.0*	*2.3*	0.9	2.2	9.8%	6.0%	0.1	0.1
India	143.1	222.5	145.6	250.4	-1.7%	-11.1%	(2.4)	(27.9)
TOTAL	**150.1**	**269.9**	**153.9**	**307.5**	**-2.5%**	**-12.2%**	**(3.9)**	**(37.6)**
Ape	144.3	215.6	147.3	243.4	-2.0%	-11.4%	(2.9)	(27.8)
Porter	1.8	19.6	2.4	24.5	-23.4%	-19.8%	(0.6)	(4.8)
Quargo	0.5	2.9	1.3	6.0	-60.7%	-51.5%	(0.8)	(3.1)
Mini Truk	3.4	6.9	3.0	5.8	13.2%	19.0%	0.4	1.1
Spare parts and Accessories		24.9		27.8		-10.4%		-2.9
TOTAL	**150.1**	**269.9**	**153.9**	**307.5**	**-2.5%**	**-12.2%**	**(3.9)**	**(37.6)**

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

Comments on main results and significant events of the sector

In the first nine months of 2013, the Commercial Vehicles business generated a turnover of approximately €269.9 million, including approximately €24.9 million relative to spare parts and accessories, down 10.4% over the previous year. As already stated, the decrease in turnover was affected by the devaluation of the Rupee in relation to the euro. 150,100 units were sold during the first nine months of 2013, down 2.5% compared to the first nine months of 2012.

On the EMEA and Americas market, the Piaggio Group sold 6,900 units in the first nine months of 2013, generating a net total turnover of approximately €47.4 million, including spare parts and accessories for €11.5 million. The 17.2% decrease in sales is mainly due to the negative trend of the reference market and difficult macro-economic situation affecting main European markets.
On the Indian three-wheeler market, down slightly (-1.3% over the first nine months of the previous year), Piaggio Vehicles Private Limited holds a 34.3% share. Sales of Piaggio three-wheeler vehicles went down from 131,900 units in the first nine months of 2012 to 128,700 units in the same period of 2013, registering a decrease of 2.4%. 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 53.6% market share (52.0% in the same period in 2012). Its market share, although decreasing slightly, remained steady in the Passenger segment, at 29.9% (30.5% in the same period of 2012). On the four-wheeler market, Piaggio Vehicles Private Limited sold 3,600 units in the first nine months of 2013, holding a 2.4% in the reference segment.

Operating outlook

Despite the slowdown in growth at a global level and of western economies in particular, the Group is committed to the strategies outlined in its industrial plan presented in December 2011, also in view of results for the first nine months of the year.
Thus it is committed to generating strong growth for productivity (harnessing its increased international presence, to increase the competitiveness of product costs in key processes such as purchasing, manufacturing and design), to its strategy of industrial and business development in Asia and to consolidating its leadership position on western markets.

In view of continuing difficulties in the macroeconomic context, the company will however confirm to present a new 2014-2018 Strategic Plan within the next few months, before the expiry of the previous 2011-2014 Plan.

Transactions with related parties

Net sales, costs, payables and receivables as of 30 September 2013 involving parent companies, 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 Council on 30 September 2010, is published on the institutional site of the Issuer www.piaggiogroup.com, under *Governance*.

Relations with Parent Companies

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

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

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

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

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

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

In addition, Omniaholding S.p.A. has undersigned Piaggio & C. bonds for a value of € 2.9 million 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 with subsidiaries

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 Vietnam

- 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.

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.

Foshan Piaggio Vehicles Technologies R&D provides to:

- Piaggio & C. S.p.A.

  - a component and vehicle design/development service;
  - scouting local suppliers;

- Piaggio Vietnam:

  - scouting of local suppliers;

Piaggio Advanced Design Center

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

Aprilia Racing provides a

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

Atlantic 12

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

Relations between subsidiaries 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.

Stock Option Plan

With regard to the 2007-2009 incentive plan approved by the General Meeting of Shareholders on 7 May 2007 and subsequently amended, for executives of the Company or of its Italian and/or foreign subsidiaries, in compliance with article 2359 of the Italian Civil Code, as well as for directors having powers in the aforesaid subsidiaries ("2007-2009 Plan") during the first nine months of 2013, 500,000 options rights were exercised, while 70,000 option rights were waived.

As of 30 September 2013, 3,370,000 option rights had been assigned for a corresponding number of shares.

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

Rights	**No. of options**	**Average exercise price (euro)**	**Market price (euro)**
Rights existing as of 31/12/2012	3,940,000		
° of which exercisable as of 31/12/2012	3,940,000		
New rights assigned in the first nine months of 2013			
Rights exercised in the first nine months of 2013	(500,000)	1.61	2.04
Rights waived in the first nine months of 2013	(70,000)		
Rights existing as of 30.09.2013	3,370,000		
° of which exercisable as of 30.09.2013	3,370,000		

Economic glossary

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 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 accumulated and depreciation of property, plant and equipment, as resulting from the consolidated income statement.

Net capital employed: determined as the algebraic sum of "Net long-term assets", "Net working capital" and 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.

Piaggio Group

Condensed Interim Financial Statements as of 30 September 2013

Consolidated Income Statement

		First nine months of 2013		First nine months of 2012	
		Total	*of which related parties*	**Total**	*of which related parties*
In thousands of euros	*Notes*				
Net revenues	4	**955,006**	**214**	**1,112,310**	**449**
Cost for materials	5	553,912	16,871	655,497	27,859
Cost for services and leases and rentals	6	158,124	2,998	192,807	3,019
Employee costs	7	162,875		170,490	
Depreciation of property, plant and equipment	8	28,812		27,151	
Amortisation of intangible assets	8	33,569		33,111	
Other operating income	9	68,749	504	76,952	175
Other operating costs	10	15,100	11	14,424	
Operating income		**71,363**		**95,782**	
Income/(loss) from investments	11	1,164		3,565	
Financial income	12	2,286		1,682	
Borrowing Costs	12	27,093	209	29,865	299
Net exchange gains/(losses)	12	(1,458)		415	
Profit before tax		**46,262**		**71,579**	
Taxes for the period	13	18,505		27,201	
Profit from continuing operations		**27,757**		**44,378**	
Assets held for disposal:					
Profits or losses arising from assets held for disposal	14				
Net Profit (loss) for the period		**27,757**		**44,378**	
Attributable to:					
Shareholders of the Parent Company		**27,690**		**44,296**	
Non-controlling interests		**67**		**82**	
Earnings per share (figures in €)	15	**0.077**		**0.122**	
Diluted earnings per share (figures in €)	15	**0.077**		**0.122**	

Consolidated Statement of Comprehensive Income

In thousands of Euros	Notes	First nine months of 2013	First nine months of 2012
Net Profit (Loss) for the period (A)		**27,757**	**44,378**
Items that will not be reclassified in the income statement			
Remeasurements of post employment benefit	29	198	(3,962)
Total		**198**	**(3,962)**
Items that may be reclassified in the income statement			
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	29	(9,055)	274
Total profits (losses) on cash flow hedge instruments	29	1,713	(1,074)
Total		**(7,342)**	**(800)**
Other components of the Statement of Comprehensive Income (B)*		**(7,144)**	**(4,762)**
Total Profit (loss) for the period (A + B)		**20,613**	**39,616**

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

Attributable to:			
Shareholders of the Parent Company		**20,556**	**39,519**
Non-controlling interests		**57**	**97**

Consolidated Statement of Financial Position

		As of 30 September 2013		As of 31 December 2012	
		Total	*of which related parties*	Total	*of which related parties*
In thousands of euros	*Notes*				
ASSETS					
Non-current assets					
Intangible assets	16	653,268		660,968	
Property, plant and equipment	17	301,471		321,015	
Investment property	18	7,346			
Investments	19	7,052		6,049	
Other financial assets	20	12,065		13,047	
Long-term tax receivables	21	4,988		1,195	
Deferred tax assets	22	38,363		36,714	
Trade receivables	23			28	
Other receivables	24	12,982	231	13,781	372
Total non-current assets		**1,037,535**		**1,052,797**	
Assets held for sale	28				
Current assets					
Trade receivables	23	90,858	1,000	63,079	946
Other receivables	24	27,752	6,850	37,301	6,610
Short-term tax receivables	21	26,833		18,592	
Inventories	25	234,608		221,086	
Other financial assets	26			1,260	
Cash and cash equivalents	27	65,552		86,110	
Total current assets		**445,603**		**427,428**	
TOTAL ASSETS		**1,483,138**		**1,480,225**	

		As of 30 September 2013		As of 31 December 2012	
		Total	*of which related parties*	**Total**	*of which related parties*
In thousands of euros	*Notes*				
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital and reserves attributable to the shareholders of the Parent Company	29	426,246		438,628	
Share capital and reserves attributable to non-controlling interests	29	958		1,245	
Total shareholders' equity		**427,204**		**439,873**	
Non-current liabilities					
Financial liabilities falling due after one year	30	407,217	2,900	376,574	2,900
Trade payables	31			259	
Other long-term provisions	32	11,804		12,352	
Deferred tax liabilities	33	7,251		6,639	
Retirement funds and employee benefits	34	49,877		50,470	
Tax payables	35	464		555	
Other long-term payables	36	4,702	448	6,423	
Total non-current liabilities		**481,315**		**453,272**	
Current liabilities					
Financial liabilities falling due within one year	30	123,690		115,042	
Trade payables	31	381,634	13,979	392,893	17,382
Tax payables	35	16,776		15,757	
Other short-term payables	36	41,271	1,178	50,345	187
Current portion of other long-term provisions	32	11,248		13,043	
Total current liabilities		**574,619**		**587,080**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,483,138**		**1,480,225**	

Consolidated Statement of Cash Flows

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

		First nine months of 2013		First nine months of 2012	
		Total	of which related parties	Total	of which related parties
In thousands of euros	*Notes*				
Operating activities					
Consolidated net profit		27,690		44,296	
Allocation of profit to non-controlling interests		67		82	
Taxes for the period	13	18,505		28,882	
Depreciation of property, plant and equipment	8	28,812		27,151	
Amortisation of intangible assets	8	33,569		33,111	
Non-monetary costs for stock options		0		535	
Provisions for risks and retirement funds and employee benefits		13,271		16,646	
Write-downs / (Reversals)		1,308		816	
Losses / (Gains) on the disposal of property, plants and equipment		231		(416)	
Losses / (Gains) on the disposal of intangible assets		0		0	
Financial income	12	(1,125)		(1,449)	
Dividend income		(154)		(15)	
Borrowing Costs	12	23,792		26,376	
Income from public grants		(3,802)		(1,410)	
Portion of earnings of affiliated companies		(1,010)		(3,550)	
Change in working capital:		0			
(Increase)/Decrease in trade receivables	23	(27,751)	(54)	(32,586)	1,036
(Increase)/Decrease in other receivables	24	10,348	(99)	3,137	(27)
(Increase)/Decrease in inventories	25	(13,522)		(16,647)	
Increase/(Decrease) in trade payables	31	(11,518)	(3,403)	70,632	2,970
Increase/(Decrease) in other payables		(10,795)	1,439	(15,301)	4
Increase/(Decrease) in provisions for risks	32	(9,376)		(10,830)	
Increase/(Decrease) in retirement funds and employee benefits	34	(6,674)		(3,833)	
Other changes		(9,674)		(20,178)	
Cash generated from operating activities		**62,192**		**145,449**	
Interest paid		(24,244)		(16,958)	
Taxes paid		(12,086)		(16,510)	
Cash flow from operating activities (A)		**25,862**		**111,981**	
Investing activities					
Investment in property, plant and equipment	17	(26,030)		(54,044)	
Sale price, or repayment value, of property, plant and equipment		240		973	
Investment in intangible assets	16	(34,826)		(43,267)	
Acquisition of Tecnocontrol		0		(11,323)	
Sale price, or repayment value, of intangible assets		53		32	
Purchase of financial assets		0		(27,268)	
Sale price of financial assets		1,260		5	
Collected interests		871		605	
Cash flow from investing activities (B)		**(58,432)**		**(134,287)**	
Financing activities					
Exercise of stock options	29	274			
Purchase of treasury shares	29	(469)		(6,508)	
Outflow for dividends paid	29	(33,087)		(29,877)	
Loans received	30	98,405		149,240	
Outflow for repayment of loans	30	(53,888)		(120,064)	
Repayment of finance leases	30	(698)		(667)	
Cash flow from funding activities (C)		**10,537**		**(7,876)**	
Increase / (Decrease) in cash and cash equivalents (A+B+C)		(22,033)		(30,182)	
Opening balance		**84,140**		**151,802**	
Exchange differences					
Closing balance		**62,107**		**121,620**	

The following table shows the detailed balances of cash and cash equivalents on 30 September 2013 and on 30 September 2012.

		As of 30 September 2013	As of 30 September 2012	Change
In thousands of euros	*Notes*			
Cash and cash equivalents	27	65,552	122,154	(56,602)
Current account overdrafts	30	(3,445)	(534)	(2,911)
Closing balance		**62,107**	**121,620**	**(59,513)**

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

In thousands of Euros	
Increase/decrease in cash and cash equivalents from the consolidated statement of cash flows	**(22,033)**
Outflow for repayment of loans	53,888
Repayment of finance leases	698
Loans received	(98,405)
Amortised cost on medium-/long-term financing	732
Purchase of financial assets	
Sale of financial assets	(1,260)
Exchange differences	3,616
Change in net debt	**(62,764)**

Consolidated Net Debt (Net Financial Debt)

		As of 30 September 2013	As of 31 December 2012	Change
In thousands of euros	*Notes*			
Liquidity	27	**65,552**	**86,110**	**(20,558)**
Securities	26		1,260	(1,260)
Current financial receivables		**0**	**1,260**	**(1,260)**
Payables due to banks	30	(45,949)	(61,943)	15,994
Current portion of bank financing	30	(47,769)	(31,363)	(16,406)
Amounts due to factoring companies	30	(27,374)	(19,179)	(8,195)
Amounts due under leases	30	(968)	(936)	(32)
Current portion of payables due to other lenders	30	(1,630)	(1,621)	(9)
Current financial debt		**(123,690)**	**(115,042)**	**(8,648)**
Net current financial debt		**(58,138)**	**(27,672)**	**(30,466)**
Payables due to banks and financing institutions	30	(194,066)	(160,277)	(33,789)
Debenture loan	30	(194,419)	(193,550)	(869)
Amounts due under leases	30	(5,079)	(5,809)	730
Amounts due to other lenders	30	(2,902)	(4,532)	1,630
Non-current financial debt		**(396,466)**	**(364,168)**	**(32,298)**
NET FINANCIAL DEBT*		**(454,604)**	**(391,840)**	**(62,764)**

***** 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 10,751 and relative accruals (see note 30 of the Notes).

Changes in Consolidated Shareholders’ Equity

Movements from 1 January 2013 / 30 September 2013

	Notes	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group consolidation reserve	Group conversion reserve	Stock option reserve	Earnings reserve	Consolidated Group shareholders’ equity	Share capital and reserves attributable to non-controlling interests	TOTAL SHAREHOLDERS’ EQUITY
In thousands of Euros													
As of 1 January 2013		199,504	3,493	14,593	(3,269)	(5,859)	993	(16,902)	13,385	232,690	**438,628**	**1,245**	**439,873**
Profit for the period										27,690	**27,690**	**67**	**27,757**
Other components of the Statement of Comprehensive Income					1,713			(9,045)		198	**(7,134)**	**(10)**	**(7,144)**
Total profit (loss) for the period		**0**	**0**	**0**	**1,713**	**0**	**0**	**(9,045)**	**0**	**27,888**	**20,556**	**57**	**20,613**
Charges for the period for stock option plans	29										**0**		**0**
Allocation of profits	29			2,309						(2,309)	**0**		**0**
Distribution of dividends	29									(33,087)	**(33,087)**		**(33,087)**
Annulment of treasury shares	29	6,066								(6,066)	**0**		**0**
Exercise of stock options	29	86	188								**274**		**274**
Purchase of treasury shares	29	(286)								(716)	**(1,002)**		**(1,002)**
Sale of treasury shares	29	200								333	**533**		**533**
Other changes	29									344	**344**	**(344)**	**0**
As of 30 September 2013		**205,570**	**3,681**	**16,902**	**(1,556)**	**(5,859)**	**993**	**(25,947)**	**13,385**	**219,077**	**426,246**	**958**	**427,204**

Movements from 1 January 2012 / 30 September 2012

	Notes	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group consolidation reserve	Group conversion reserve	Stock option reserve	Earnings reserve	Consolidated Group shareholders' equity	Share capital and reserves attributable to non-controlling interests	TOTAL SHAREHOLDERS' EQUITY
In thousands of Euros													
As of 1 January 2012		202,209	3,493	12,241	(1,510)	(5,859)	993	(13,087)	12,700	233,856	**445,036**	**1,182**	**446,218**
Profit for the period										44,296	**44,296**	**82**	**44,378**
Other components of the Statement of Comprehensive Income					(1,074)			259		(3,962)	**(4,777)**	**15**	**(4,762)**
Total profit (loss) for the period		**0**	**0**	**0**	**(1,074)**	**0**	**0**	**259**	**0**	**40,334**	**39,519**	**97**	**39,616**
Charges for the period for stock option plans	29								535		**535**		**535**
Allocation of profits	29			2,352						(2,352)	**0**		**0**
Distribution of dividends	29									(29,877)	**(29,877)**		**(29,877)**
Purchase of treasury shares	29	(1,891)								(4,617)	**(6,508)**		**(6,508)**
As of 30 September 2012		**200,318**	**3,493**	**14,593**	**(2,584)**	**(5,859)**	**993**	**(12,828)**	**13,235**	**237,344**	**448,705**	**1,279**	**449,984**

Notes to the Condensed Consolidated Interim Financial Statements as of 30 September 2013

A) GENERAL ASPECTS

Piaggio & C. S.p.A. (the Company) is a corporation established in Italy at the Company Registry Office of Pisa. The addresses of its registered office and the locations where the Group's main activities are conducted are shown in the introduction to the financial statements file. 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.

1. Scope of consolidation

The scope of consolidation has not changed compared to the Consolidated Financial Statements as of 31 December 2012. Compared to the first nine months of 2012, the scope of consolidation as of September 2013 had changed due to the establishment of a new company in California on 8 October 2012. As the change is of a limited extent, comparability with data from previous periods has not been affected.

2. Compliance with International Accounting Standards

These Condensed Interim Financial Statements have been drafted in compliance with the International Accounting Standards (IAS/IFRS) in force at that date, issued by the International Accounting Standards Board and approved by the European Union, as well as in compliance with the provisions established in Article 9 of Legislative Decree no. 38/2005 (Consob Resolution no. 15519 dated 27 July 2006 containing the "Provisions for the presentation of financial statements", Consob Resolution no. 15520 dated 27 July 2006 containing the "Changes and additions to the Regulation on Issuers adopted by Resolution no. 11971/99", Consob communication no. 6064293 dated 28 July 2006 containing the "Corporate reporting required in accordance with Article 114, paragraph 5 of Legislative Decree no. 58/98"). The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously 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 2012 were applied, with the exception of the paragraph "New accounting standards, amendments and interpretations applied as from 1 January 2013" and property investment.

The Group had no investment property in previous financial statements. As from these Interim Statements, this item comprises the reclassification of the Spanish site previously used for the manufacture and storage of vehicles which, following the transfer of production activities to Italy, is now available for rent or sale, as decided by the Board of Directors of Nacional Motor in July. During the first-time adoption of this standard, also with the support of the Parent Company Immsi SpA, a more appropriate criterion to represent fair value was identified (IAS 40). The adoption of IAS 40 did not result in the recognition of capital gains or losses.

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.

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.

New accounting standards, amendments and interpretations applied as from 1 January 2013

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

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

It should be noted that the Group adopted IAS 19 revised in advance, as from 30 June 2012.

<u>Amendments and interpretations applied as from 1 January 2013 and not relevant to the Group</u>

The following amendments and interpretations, applicable as from 1 January 2013, regulate specific cases and case histories which are not present within the Group at the date of these Condensed Interim Financial Statements:

- On 20 December 2010 the IASB issued a minor amendment to IAS 12 – *Income Taxes* which requires entities to measure deferred tax assets and liabilities arising from an asset based on the manner in which the carrying amount of the asset will be recovered (through continual use or sale). Consequently SIC-21 *Income taxes – Recovery of Revalued Non-Depreciable Assets* – will no longer be applicable. The amendment is applicable in a retrospective manner from 1 January 2013.

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

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

The competent bodies of the European Union approved the following accounting standards and amendments:

- On 12 May 2011 the IASB issued standard IFRS 10 - *Consolidated Financial Statements* which will replace SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 - *Consolidated and Separate Financial Statements* that will be renamed *Separate Financial Statements* and will regulate the accounting treatment of investments in separate financial statements. The new standard deviates from existing standards by identifying the concept of control, according to a new definition, as the determinant factor for the purposes of consolidation of a company in the consolidated financial statements of the parent company. It also provides a guide for determining the existence of control where this is difficult to establish (effective control, potential votes, specific-purpose company, etc.). The standard is applicable in a retrospective manner from 1 January 2014.

- On 12 May 2011 the IASB issued the standard IFRS 11 – *Joint arrangements* which will replace IAS 31 – *Interests in Joint Ventures* and SIC-13 – *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. The new standard provides methods for identifying joint arrangements based on the rights and obligations under such arrangements rather than their actual legal form and establishes the equity method as the only accounting treatment for jointly controlled entities in consolidated financial statements. The standard is applicable in a retrospective manner from 1 January 2014. After its issue *IAS 28 – Investments in Associates* was amended to include jointly controlled entities within its scope of application, as of the date the standard became effective.

- On 12 May 2011 the IASB issued standard IFRS 12 – *Disclosure on interests in other entities* which is a new and complete standard on disclosures to provide on all types of investments including in subsidiaries, joint arrangements, associates, special purpose entities and unconsolidated structured entities. The standard is applicable in a retrospective manner from 1 January 2014.

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

At the date of issue of this Interim Report, 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 the new standard adopts a single approach for financial assets, based on financial instrument management and the characteristics of contractual cash flows of financial assets, to determine measurement criteria, replacing the rules of IAS 39. For financial liabilities instead, the main change concerns the accounting treatment of fair value changes of a financial liability designated as a financial liability measured at fair value through profit or loss, in the case where changes are due to a change in the creditworthiness of the liability. According to this new standard, the changes will be recognised as "Other comprehensive income" and will no longer be recorded in the income statement.

- On 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 current obligation of the entity as the result of a past event (known as the binding fact). The interpretation clarifies that the binding fact, which gives rise to a liability for the payment of the tax, is described in the reference standard from which the payment arises. IFRIC 21 is effective from years starting on or after 1 January 2014.

- On 29 May 2013, IASB issued an amendment to IAS 36 – *Recoverable Amount Disclosures for Non-Financial Assets*, which regulates disclosure on the recoverable amount of assets subject to impairment, if the amount is based on the fair value net of costs to sell. The amendments must be adopted retroactively, starting from 1 January 2014. Application in advance is permitted for periods in which the entity has already adopted IFRS 13.

- 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 certain conditions are met. This amendment will also be included in IFRS 9 - *Financial instruments* The amendments must be adopted retroactively, starting from 1 January 2014.

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 September 2013**	**Average exchange rate First nine months of 2013**	**Spot exchange rate 31 December 2012**	**Average exchange rate First nine months of 2012**
US Dollar	1.3505	1.31717	1.3194	1.28168
Pounds Sterling	0.8361	0.85218	0.8161	0.81225
Indian Rupee	84.844	75.69265	72.560	68.07503
Singapore Dollars	1.6961	1.64872	1.6111	1.61285
Chinese Renminbi	8.2645	8.12404	8.2207	8.11037
Croatian Kuna	7.6153	7.56225	7.5575	7.51861
Japanese Yen	131.78	127.32638	113.61	101.70448
Vietnamese Dong	28,216.69	27,848.2302	27,776.32	26,956.10825
Canadian Dollars	1.3912	1.34846	1.3137	1.28449
Indonesian Rupiah	15,425.3	13,240.48601	12,714.00	11,909.85501
Brazilian Real	3.041	2.78978	2.7036	2.456166

B) SEGMENT REPORTING

3. Operating segment reporting

Reporting by operating segments presented below reflects the internal reporting utilised by management for making strategic decisions. Since 24 January 2012, the Piaggio Group's organisation has been based on the geographic areas EMEA and Americas, India and Asia Pacific 2W.

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

INCOME STATEMENT BY GEOGRAPHIC SEGMENT

		EMEA and Americas	India	Asia Pacific 2W	**Total**
Sales volumes (unit/000)	1-1 / 30-9-13	184.0	176.4	69.6	**429.9**
	1-1 / 30-9-12	238.8	158.4	78.0	**475.2**
	Change	(54.8)	18.0	(8.5)	**(45.3)**
	Change %	-22.9%	11.3%	-10.8%	**-9.5%**
Net turnover (millions of euros)	1-1 / 30-9-13	579.3	243.4	132.4	**955.0**
	1-1 / 30-9-12	706.3	259.7	146.3	**1,112.3**
	Change	(127.0)	(16.4)	(13.9)	**(157.3)**
	Change %	-18.0%	-6.3%	-9.5%	**-14.1%**
Gross margin (millions of euros)	1-1 / 30-9-13	187.0	53.5	50.1	**290.6**
	1-1 / 30-9-12	221.6	59.6	56.1	**337.3**
	Change	(34.7)	(6.1)	(6.0)	**(46.7)**
	Change %	-15.6%	-10.2%	-10.7%	**-13.9%**
EBITDA (millions of euros)	1-1 / 30-9-13				**133.7**
	1-1 / 30-9-12				**156.0**
	Change				**(22.3)**
	Change %				**-14.3%**
EBIT (millions of Euro)	1-1 / 30-9-13				**71.4**
	1-1 / 30-9-12				**95.8**
	Change				**(24.4)**
	Change %				**-25.5%**
Net profit (millions of euros)	1-1 / 30-9-13				**27.8**
	1-1 / 30-9-12				**44.4**
	Change				**(16.6)**
	Change %				**-37.5%**

C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

4. Net revenues €/000 955,006

Revenues are shown net of premiums recognised to customers (dealers).
This item does not include transport costs, which are recharged to customers (€/000 18,479) and invoiced advertising cost recoveries (€/000 3,624), which are posted under other operating income.
The revenues for disposals of Group core business assets essentially refer to the marketing of vehicles and spare parts on European and non-European markets.
Revenues by geographic segment
The breakdown of revenues by geographical segment is shown in the following table:

	First nine months of 2013		First nine months of 2012		Changes	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
In thousands of Euros						
EMEA and Americas	579,287	60.7	706,313	63.5	(127,026)	-18.0
India	243,355	25.5	259,706	23.3	(16,351)	-6.3
Asia Pacific 2W	132,364	13.8	146,291	13.2	(13,927)	-9.5
Total	**955,006**	**100.0**	**1,112,310**	**100.0**	**(157,304)**	**-14.1**

In the first nine months of 2013, net sales revenues generally decreased compared to figures for the same period of the previous year.
Performance was affected by the general revaluation of the Euro over other currencies and in particular the Indian Rupee. The reduction in turnover is attributable to the exchange rate effect and is estimated as €34.3 million.

5. Costs for materials €/000 553,912

The percentage accounting for net revenues decreased, from 58.9% in the first nine months of 2012 to 58.0% in the current period following the lower impact of purchases of scooters from the Chinese subsidiary Zongshen Piaggio Foshan, which are sold on European and Asian markets and whose value during the period amounted to €/000 16,871 (€/000 27,859 in the first nine months of 2012).

6. Costs for services, leases and rentals €/000 158,124

The decrease was mainly due to the reduction in the volume of activities.
The item includes costs for temporary work of €/000 688.
The saving of €/000 2,040 in costs for leases and rentals is due to the concentration of spare parts at the new warehouse, which made it possible to close other logistics warehouses rented in Italy

and France. Costs for leases and rentals include lease rentals for business properties of €/000 6,418, as well as lease payments for car hire, computers and photocopiers.

7. Employee costs €/000 162,875

Employee costs include €/000 8,626 mainly relating to costs for mobility plans for the Pontedera, Noale and Martorelles production sites.

The reduction during the year is due, among other things, to a considerable part of variable costs related to incentive systems for personnel at all levels, not being included, due to personnel failing to reach their objectives.

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

	Average number		
	First nine months of 2013	**First nine months 2012**	**Change**
Level			
Senior Management	96	95	1
Middle Management	573	574	(1)
White collars	2,172	2,198	(26)
Manual labour	5,408	5,482	(74)
Total	**8,249**	**8,349**	**(100)**

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.

	Number as of		
	30 September 2013	**31 December 2012**	**Change**
Level			
Senior Management	97	96	1
Middle Management	566	573	(7)
White collars	2,139	2,214	(75)
Manual labour	5,337	5,246	91
Total	**8,139**	**8,129**	**10**

The increase in employee numbers is mainly attributable to the new two-wheeler plant in India, which offset the reductions in other geographic segments.

	Number as of		
	30 September 2013	**31 December 2012**	**Change**
Employee/staff numbers			
EMEA and Americas	4,123	4,318	(195)
India	3,100	2,814	286
Asia Pacific 2W	916	997	(81)
Total	**8,139**	**8,129**	**10**

8. Amortisation, depreciation and impairment costs **€/000 62,381**

The increase in depreciation of property, plant and equipment is due to the new Vespa production site in India and the engine production site in Vietnam, which went into operation in 2012.
As set out in more detail in the paragraph on intangible assets, as from 1 January 2004, goodwill is no longer amortised, but tested annually for *impairment*.
As of 30 June 2013, the Group verified that EBIT indicated in the approved budget and in the impairment testing plan as of 31 December 2012 was reached for all CGUs, and the rates used were still valid. Therefore no impairment of goodwill occurred.

9. Other operating income **€/000 68,749**

The decrease in other operating income is mainly due to a reduction in assets.
This item includes €/000 3,067 for state and EU contributions 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 (€/000 735) received from the Indian subsidiary.

10. Other operating costs **€/000 15,100**

Overall, this item is basically in line with the trend of 2012.
It includes €/000 341 for losses realised from the sale of equipment of the Spanish site, which is no longer operative.

11. Income/(loss) from investments **€/000 1,164**

Net income from investments refers to €/000 1,000 related to the equity valuation of the investment in the Zongshen Piaggio Foshan joint venture, €/000 154 for dividends from non-controlling interests and €/000 10 from the equity valuation of affiliated companies.

12. Net financial income (borrowing costs) **€/000 (26,265)**

The balance of financial income (borrowing costs) for the first nine months of 2013 was negative by €/000 26,265, registering a decrease compared to the sum of €/000 27,768 for the same period of the previous year. This decrease was due to the capitalisation of €/000 3,186 from the adoption of IAS 23 and reduction in the cost of funding, which fully offset negative effects arising from the increase in debt and currency management.

13. Taxes **€/000 18,505**

Taxes for the first nine months of 2013 were estimated assuming a tax rate on profit before tax accounting for 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:

		First nine months 2013	First nine months 2012
Net income	€/000	27,757	44,378
Earnings attributable to ordinary shares	€/000	27,757	44,378
Average number of ordinary shares in circulation		359,817,808	363,884,183
Earnings per ordinary share	€	0.077	0.122
Adjusted average number of ordinary shares		360,403,483	364,494,413
Diluted earnings per ordinary share	€	0.077	0.122

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 €/000 653,268

The table below shows the breakdown of intangible assets as of 30 September 2013 and 30 September 2012, as well as movements during the period.

In thousands of euros	***Development costs***	***Patent rights***	***Concessions, licences and trademarks***	***Goodwill***	***Other***	***Assets under development and advances***	***Total***
Assets as of 01.01.2013	**50,060**	**42,460**	**67,512**	**446,940**	**1,272**	**52,724**	**660,968**
Investments	12,224	202			235	22,165	34,826
Transitions in the period	34,047	370			7	(34,424)	0
Depreciation	(17,255)	(11,887)	(3,617)		(810)		(33,569)
Disposals	(35)	(18)	0		0	0	(53)
Write-downs							0
Exchange differences	(3,892)	(401)			(34)	(1,496)	(5,823)
Other changes	(3,029)	(1,182)			679	451	(3,081)
Assets as of 30.09.2013	**72,120**	**29,544**	**63,895**	**446,940**	**1,349**	**39,420**	**653,268**
Assets as of 01.01.2012	**45,397**	**39,509**	**72,335**	**446,940**	**1,436**	**43,803**	**649,420**
Investments	14,179	1,596			197	27,295	43,267
Transitions in the period	10,976	2,024				(13,000)	
Depreciation	(15,582)	(11,330)	(5,617)		(582)		(33,111)
Disposals		(25)				(7)	(32)
Write-downs							
Exchange differences	150	6			33	149	338
Other changes	(4,004)	129			(10)	39	(3,846)
Assets as of 30.09.2012	**51,116**	**31,909**	**66,718**	**446,940**	**1,074**	**58,279**	**656,036**

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

	Value as of 30 September 2013			**Value as of 31 December 2012**			**Change**		
In thousands of euros	**For the period**	**Under development and advances**	**Total**	**For the period**	**Under development and advances**	**Total**	**For the period**	**Under development and advances**	**Total**
R&D costs	72,120	32,895	105,015	50,060	49,158	99,218	22,060	(16,263)	5,797
Patent rights	29,544	6,068	35,612	42,460	3,095	45,555	(12,916)	2,973	(9,943)
Concessions, licences and trademarks	63,895		63,895	67,512		67,512	(3,617)	0	(3,617)
Goodwill	446,940		446,940	446,940		446,940	0	0	0
Other	1,349	457	1,806	1,272	471	1,743	77	(14)	63
Total	**613,848**	**39,420**	**653,268**	**608,244**	**52,724**	**660,968**	**5,604**	**(13,304)**	**(7,700)**

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

As of 31 December 2012, the residual useful life of the Moto Guzzi and Aprilia brands was revised, in compliance with IAS 38, section 104 (as of 31.12.2011, the residual useful life for both brands was 8 years), and extended to 2026, changing the annual amortisation charge calculated on the residual net book value. This change was applied on an annual and prospective basis starting from 2012, as provided for by IAS 8.

The accounting effects are as follows:

		Aprilia trademark	Moto Guzzi trademark
Expected useful life			
	Previous valuation	Up to 2019	Up to 2019
	New valuation	Up to 2026	Up to 2026
Annual amortisation			
€/000	Previous valuation	5,987	3,047
	New valuation	3,193	1,625
Annual charge of deferred taxes			
€/000	Previous valuation	(794)	(955)
	New valuation	(423)	(509)
Annual net impact on the Income Statement			
€/000	Previous valuation	5,193	2,092
	New valuation	2,770	1,116
	Difference	2,423	976

17. Property, plant and equipment €/000 301,471

The table below shows the breakdown of property, plant and equipment as of 30 September 2013 and 30 September 2012, as well as movements during the period.

In thousands of euros	***Land***	***Buildings***	***Plant and equipment***	***Equipment***	***Other assets***	***Assets under development and advances***	***Total***
Assets as of 01.01.2013	**31,586**	**97,399**	**95,352**	**29,874**	**6,549**	**60,255**	**321,015**
Investments		184	2,470	4,205	411	18,760	26,030
Transitions in the period		13,397	24,299	4,954	633	(43,283)	0
Depreciation		(3,594)	(13,288)	(10,586)	(1,344)		(28,812)
Disposals		0	(365)	(17)	(90)	0	(472)
Write-down				(6)			(6)
Exchange differences		(2,520)	(7,370)	(8)	(393)	(1,626)	(11,917)
Transfer to investment property	(3,522)	(3,053)	(771)				(7,346)
Other changes			3,021	(151)	109	0	2,979
Assets as of 30.09.2013	**28,064**	**101,813**	**103,348**	**28,265**	**5,875**	**34,106**	**301,471**
Assets as of 01.01.2012	**31,586**	**84,810**	**69,589**	**31,140**	**6,230**	**51,516**	**274,871**
Investments		265	2,946	5,620	765	44,447	54,043
Transitions in the period		7,241	22,562	2,186	909	(32,898)	
Depreciation		(3,248)	(11,272)	(11,234)	(1,397)		(27,151)
Disposals		0	(402)	(59)	(61)	(34)	(556)
Write-downs							
Exchange differences		131	258	(5)	19	253	656
Other changes		2,113	6,436	1,032	26		9,607
Assets as of 30.09.2012	**31,586**	**91,312**	**90,117**	**28,680**	**6,491**	**63,284**	**311,470**

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

	Value as of 30 September 2013			**Value as of 31 December 2012**			**Change**		
In thousands of euros	**For the period**	**Under development and advances**	**Total**	**For the period**	**Under development and advances**	**Total**	**For the period**	**Under development and advances**	**Total**
Land	28,064		28,064	31,586		31,586	(3,522)	0	(3,522)
Buildings	101,813	2,598	104,411	97,399	14,806	112,205	4,414	(12,208)	(7,794)
Plant and equipment	103,348	16,853	120,201	95,352	31,460	126,812	7,996	(14,607)	(6,611)
Equipment	28,265	13,958	42,223	29,874	13,189	43,063	(1,609)	769	(840)
Other assets	5,875	697	6,572	6,549	800	7,349	(674)	(103)	(777)
Total	**267,365**	**34,106**	**301,471**	**260,760**	**60,255**	**321,015**	**6,605**	**(26,149)**	**(19,544)**

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.

During the period, land and property of the Spanish site at Martorelles was reclassified under non-instrumental investment property, as defined by IAS 40. The reason for this change in use is due to the decision taken by Management to permanently stop production at the Spanish site and to start negotiations to rent the property and sell equipment to third parties. Production stopped as from March 2013. Management is in the final stages of negotiations to rent the plant and sell equipment.

18. Investment property €/000 7,346

As indicated above, Management decided to reclassify land and property of the Spanish site at Martorelles under non-instrumental investment property, as defined by IAS 40. The fair value recognised as of 30 September 2013 was confirmed by an independent expert, who made an evaluation of the "Fair Value less cost of disposal" based on a market approach (as provided for in IFRS 13).

19. Investments €/000 7,052

The Investments heading comprises:

	As of 30 September 2013	As of 31 December 2012	Change
In thousands of Euros			
Interests in joint ventures	6,838	5,838	1,000
Investments in affiliated companies	214	211	3
Total	**7,052**	**6,049**	**1,003**

The value of investments in joints 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.

20. Other non-current financial assets €/000 12,065

	As of 30 September 2013	As of 31 December 2012	Change
In thousands of Euros			
Financial receivables due from third parties		30	(30)
Fair Value of hedging derivatives	11,902	12,854	(952)
Investments in other companies	163	163	0
Total	**12,065**	**13,047**	**(982)**

The item Fair Value of hedging derivatives refers to €/000 5,626 from the fair value of the Cross Currency Swap on a private debenture loan, and €/000 6,276 from the fair values of Cross Currency Swaps on medium-term loans of the Indian subsidiary.

21. Current and non-current tax receivables €/000 31,821

Receivables due from tax authorities consist of:

	As of 30 September 2013	As of 31 December 2012	Change
In thousands of Euros			
VAT receivables	27,788	16,412	11,376
Income tax receivables	1,474	1,636	(162)
Other receivables due from the public authorities	2,559	1,739	820
Total tax receivables	**31,821**	**19,787**	**12,034**

Non-current tax receivables totalled €/000 4,988, compared to €/000 1,195 as of 31 December 2012, while current tax receivables totalled €/000 26,833 compared to €/000 18,592 as of 31 December 2012. The increase is due to higher VAT receivables of the Parent Company and Indian subsidiary.

22. Deferred tax assets €/000 38,363

These totalled €/000 38,363 compared to €/000 36,714 as of 31 December 2012.

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 90,858**

As of 30 September 2013 current trade receivables amounted to €/000 90,858 compared to €/000 63,079 as of 31 December 2012.
No non-current trade receivables were recognised at the same date, while this item amounted to €/000 28 as of 31 December 2012.

Their breakdown was as follows:

	As of 30 September 2013	As of 31 December 2012	Change
In thousands of Euros			
Trade receivables	89,858	62,161	27,697
Receivables due from Group companies valued at equity	860	946	(86)
Receivables due from affiliated companies	140		140
Total	**90,858**	**63,107**	**27,751**

Receivables due from Group companies valued at equity comprise amounts due from Zongshen Piaggio Foshan Motorcycles.
Receivables due from affiliated companies regard amounts due from Immsi Audit.

The item "Trade receivables" comprises receivables referring to normal sales transactions, recorded net of the provision for bad debts of €/000 26,749.

The Group sells 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 September 2013, trade receivables still due sold without recourse totalled €/000 78,861.
Of these amounts, Piaggio received payment prior to natural expiry, of €/000 72,318.
As of 30 September 2013, advance payments received from factoring companies and banks, for trade receivables sold with recourse totalled €/000 27,374 with a counter entry recorded in current liabilities.

24. Other current and non-current receivables **€/000 40,734**

Other receivables included in non-current assets totalled €/000 12,982 against €/000 13,781 as of

31 December 2012, whereas other receivables included in current assets totalled €/000 27,752 compared to €/000 37,301 as of 31 December 2012. They consist of:

	As of 30 September 2013	As of 31 December 2012	Change
In thousands of Euros			
Other non-current receivables:			
Receivables due from Group companies		138	(138)
Receivables due from affiliated companies	231	234	(3)
Prepaid expenses	9,718	10,643	(925)
Advances to employees	77	84	(7)
Security deposits	628	443	185
Receivables due from others	2,328	2,239	89
Total non-current portion	**12,982**	**13,781**	**(799)**

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

	As of 30 September 2013	As of 31 December 2012	Change
In thousands of Euros			
Other current receivables:			
Receivables due from the Parent Company	6,497	6,359	138
Receivables due from Group companies valued at equity	347	194	153
Receivables due from affiliated companies	6	57	(51)
Accrued income	1,182	631	551
Prepaid expenses	5,101	8,162	(3,061)
Advance payments to suppliers	458	5,503	(5,045)
Advances to employees	504	2,136	(1,632)
Fair Value of hedging derivatives	41		41
Security deposits	218	263	(45)
Receivables due from others	13,398	13,996	(598)
Total current portion	**27,752**	**37,301**	**(9,549)**

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

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

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

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

25. Inventories **€/000 234,608**

This item comprises:

	As of 30 September 2013	As of 31 December 2012	Change
In thousands of Euros			
Raw materials and consumables	114,915	97,750	17,165
Provisions for write-down	(13,084)	(13,352)	268
Net value	*101,831*	*84,398*	17,433
Work in progress and semifinished products	16,004	20,678	(4,674)
Provisions for write-down	(852)	(852)	0
Net value	*15,152*	*19,826*	(4,674)
Finished products and goods	137,323	143,049	(5,726)
Provisions for write-down	(19,888)	(26,264)	6,376
Net value	*117,435*	*116,785*	650
Advances	190	77	113
Total	**234,608**	**221,086**	**13,522**

The increase is related to the production peak during summer months.
The reduction in the provision for end products is mainly due to the scrapping of some obsolete spare parts.

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

This item comprises:

	As of 30 September 2013	As of 31 December 2012	Change
In thousands of Euros			
Time deposits		1,260	(1,260)
Total		**1,260**	(1,260)

The value as of 31 December 2012 referred to the sum collected from the sale of a licence in France, which according to local legislation, had been frozen in a bank deposit, until expiry of the three-year period granted by law for any claimants.

27. Cash and cash equivalents €/000 65,552

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

	As of 30 September 2013	As of 31 December 2012	Change
In thousands of Euros			
Bank and postal deposits	47,768	71,424	(23,656)
Cash on hand	57	59	(2)
Securities	17,727	14,627	3,100
Total	**65,552**	**86,110**	**(20,558)**

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 September 2013, there were no assets held for sale.

INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION - LIABILITIES

29. Share capital and reserves **€/000 427,204**

Share capital €/000 205,570

The change in share capital during the first nine months of 2013 was as follows:

In thousands of Euros	
Subscribed and paid up capital	205,941
Treasury shares purchased as of 31 December 2012	(6,437)
Share capital as of 1 January 2013	199,504
Exercise of stock options	86
Cancellation of treasury shares	6,066
Purchase of treasury shares	(286)
Sale of treasury shares	200
Share Capital as of 30 September 2013	**205,570**

On 15 April 2013 the General Shareholders' Meeting of Piaggio & C, resolved to annul 11,049,021 treasury shares of the Company, subject to elimination of the nominal value of ordinary shares in circulation and without a reduction in the amount of share capital.
During the period, 150,000 new ordinary shares were issued, offered to and subscribed by stock option plan beneficiaries.

Therefore, as of 30 September 2013, the nominal share capital of Piaggio & C., fully subscribed and paid up, was equal to €206,026,903.84 divided into 360,894,880 ordinary shares.
During the period, 512,169 ordinary shares were acquired, of which 350,000 sold to stock option plan beneficiaries. As of 30 September 2013, the Parent Company held 839,669 treasury shares, equal to 0.23% of the share capital.
In accordance with international accounting standards, the acquisitions were recognised as a decrease in shareholders' equity.

As of 30 September 2013, according to the shareholder ledger and notices received pursuant to article 120 of Legislative Decree no. 58/1998 and other information available, the following shareholders held voting rights, either directly or indirectly, exceeding 5% of the share capital:

Declarer	Direct shareholder	% of ordinary share capital	% of shares with voting rights
Omniaholding S.p.A.	IMMSI S.p.A.	52.8488	52.8488
	Omniaholding S.p.A.	0.03	0.03
	Total	**52.8788**	**52.8788**
Diego della Valle	Diego della Valle & C. S.a.p.a.	5.4491	5.4491
	Total	**5.4491**	**5.4491**
Financiere de l'Echiquier	Financiere de l'Echiquier	5.1308	5.1308
	Total	**5.1308**	**5.1308**

At the date of approval of this Report, the percentage of share capital of Piaggio & C. held by Immsi S.p.A. was equal to 51.4634%.

Share premium reserve €/000 3,681

The share premium reserve as of 30 September 2013 had increased by €/000 188, following the subscription of 150,000 new shares.

Legal reserve €/000 16,902

The legal reserve increased by €/000 2,309 as a result of the allocation of earnings for the last period.

Other reserves €/000 (18,984)

This item consists of:

In thousands of Euros	**As of 30 September 2013**	**As of 31 December 2012**	**Change**
Translation reserve	(25,947)	(16,902)	(9,045)
Stock option reserve	13,385	13,385	0
Financial instruments' fair value reserve	(1,556)	(3,269)	1,713
IFRS transition reserve	(5,859)	(5,859)	0
Total other reserves	*(19,977)*	*(12,645)*	*(7,332)*
Consolidation reserve	993	993	0
Total	**(18,984)**	**(11,652)**	**(7,332)**

The financial instruments fair value provision 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.
The consolidation reserve was established following the acquisition in January 2003 by Piaggio & C. S.p.A. of the equity investment held by Daihatsu Motor Co. Ltd in P&D S.p.A., equal to 49% of the share capital.

Distributed dividends €/000 33,087

In May 2013, dividends totalling €/000 33,087 were paid. In May 2012, dividends totalling €/000 29,877 were paid.

Performance reserve €/000 219,077

Share capital and reserves attributable to non-controlling interests €/000 958

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

Other components of the Statement of Comprehensive Income €/000 (7,144)

The figure is broken down as follows:

In thousands of Euros	**First nine months 2013**	**First nine months 2012**	***Change***
Items that will not be reclassified in the income statement			
Remeasurements of post employment benefit	198	(3,962)	4,160
Total	198	(3,962)	4,160
Items that may be reclassified in the income statement			
Total translation gains (losses)	(9,055)	274	(9,329)
Total profits (losses) on cash flow hedge instruments	1,713	(1,074)	2,787
Total	(7,342)	(800)	(6,542)
Other components of the Statement of Comprehensive Income	**(7,144)**	**(4,762)**	**(2,382)**

30. Current and non-current financial liabilities €/000 530,907

In the first nine months of 2013, the Group's overall debt increased by €/000 39,291, from €/000 491,616 to €/000 530,907. Net of the fair value measurement of financial derivatives to hedge the exchange risk and interest rate risk, and the adjustment of relative hedged items, as of 30 September 2013 total financial debt of the Group increased by €/000 40,946.

	Financial liabilities as of 30 September 2013			Financial liabilities as of 31 December 2012			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
In thousands of Euros									
Gross financial debt	123,690	396,466	520,156	115,042	364,168	479,210	8,648	32,298	40,946
Fair Value of hedging derivatives		10,751	10,751		12,406	12,406		(1,655)	(1,655)
Total	**123,690**	**407,217**	**530,907**	**115,042**	**376,574**	**491,616**	**8,648**	**30,643**	**39,291**

The Group's net debt amounted to €/000 454,604 as of 30 September 2013 compared to €/ 000 391,840 as of 31 December 2012, as can be seen in the table on net financial debt included in the financial statements. The decrease of €/000 62,764 million is due to the investments programme, distribution of dividends and increase in working capital. Financial liabilities included in non-current liabilities totalled €/000 396,466 against €/000 364,168 as of 31 December 2012, whereas other financial liabilities included in current liabilities totalled €/000 123,690 compared to €/000 115,042 as of 31 December 2012.

The attached tables summarise the breakdown of financial debt as of 30 September 2013 and as of 31 December 2012, as well as changes for the period.

In thousands of Euros	*Book value as of 31.12.2012*	*Repayments*	*New issues*	*Reclassification to the current portion*	*Exchange delta*	*Other changes*	*Book value As of 30.09.2013*
Non-current portion:							
Bank financing	160,277		70,210	(30,821)	(3,883)	(1,717)	194,066
Bonds	193,550					869	194,419
Other medium-/long-term loans:							
of which leasing	5,809			(730)			5,079
of which amounts due to other lenders	4,532			(1,630)			2,902
Total other loans	*10,341*	*0*	*0*	*(2,360)*	*0*	*0*	*7,981*
Total	**364,168**	**0**	**70,210**	**(33,181)**	**(3,883)**	**(848)**	**396,466**

In thousands of Euros	*Book value as of 31.12.2012*	*Repayments*	*New issues*	*Reclassification to the current portion*	*Exchange delta*	*Other changes*	*Book value As of 30.09.2013*
Current portion:							
Current account overdrafts	1,970		1,485		(10)		3,445
Current account payables	59,973	(17,736)			267		42,504
Bonds	-						-
Payables due to factoring companies	19,179		8,195				27,374
Current portion of medium-/long-term loans:							
of which leasing	936	(698)		730			968
of which due to banks	31,363	(34,531)	20,000	30,821		116	47,769
of which amounts due to other lenders	1,621	(1,621)		1,630			1,630
Total other loans	*33,920*	*(36,850)*	*20,000*	*33,181*	*0*	*116*	*50,367*
Total	**115,042**	**(54,586)**	**29,680**	**33,181**	**257**	**116**	**123,690**

Medium and long-term bank debt amounts to €/000 241,835 (of which €/000 194,066 non-current and €/000 47,769 current) and consists of the following loans:

- a €/000 53,571 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 include covenants. An Interest Rate Swap has been taken out on this loan to hedge the interest rate risk;
- 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%.
- a medium-term revolving syndicated loan of €/000 63,283 (nominal value of €/000 65,000) granted in December 2011 and finalised in January 2012, as suspension conditions had been met. The loan, of a total value of €/000 200,000, 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. Consequently, the loan is classified under non-current liabilities. Contract terms include covenants;
- a €/000 20,000 medium-term revolving loan granted in May 2012 maturing in November 2013. The loan has an irrevocable duration of 18 months, and because of this commitment, inter-annual use may be extended up to final maturity;
- a €/000 9,973 medium-term loan for USD/000 19,000 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 from January 2014. Contract terms include

a guarantee of the Parent Company and some covenants. Cross currency swaps have been taken out on this loan to hedge the exchange risk and interest rate risk;

- a €/000 11,588 medium-term loan for USD/000 17,850 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 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. Cross currency swaps have been taken out on this loan to hedge the exchange risk and interest rate risk;
- a €/000 14,661 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. Cross currency swaps have been taken out on this loan to hedge the exchange risk and interest rate risk;
- €/000 3,832 of loans from various banks pursuant to Italian Law no. 346/88 on subsidised applied research;
- a €/000 3,877 loan from Banca Intesa granted pursuant to Italian Law no. 297/99 on subsidised applied research;
- a €/000 1,050 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 €/000 194,419 (nominal value of €/000 201,799) refers to:

- €/000 142,938 (nominal value of €/000 150,000) related to a high-yield debenture loan issued on 4 December 2009 for a nominal amount of €/000 150,000, falling due on 1 December 2016 and with a semi-annual coupon with fixed annual nominal rate of 7%. Standard & Poor's and Moody's assigned a BB- and Ba3 rating respectively with a stable outlook;
- €/000 51,481 (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 September 2013 the fair value valuation of the debenture loan was equal to €/000 57,588 (the fair value was determined based on IFRS relative to fair value hedging). A Cross Currency Swap has been taken out on this loan to hedge the exchange risk and interest rate risk.

The items Medium-/long-term bank debt and Bonds include loans 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. The amortisation of these costs is determined on an effective interest rate basis, and namely the rate which discounts the future flows of interest payable and reimbursements of capital at the net carrying amount of the financial liability. Some liabilities were recognised at fair value, with relative effects recognised in profit and loss.

Medium-/long-term payables due to other lenders equal to €/000 10,579 of which €/000 7,981 due after the year and €/000 2,598 as the current portion, detailed as follows:

- a property lease for €/000 6,047 granted by Unicredit Leasing (non-current portion equal to €/000 5,079);
- subsidised loans for a total of €/000 4,532 provided by the Italian Ministry of Economic Development and Italian Ministry of Education, University and Research using regulations to encourage exports and investment in research and development (non-current portion of €/000 2,902).

Financial advances received from factoring companies and banks, on the sale of trade receivables with recourse, total €/000 27,374.

<u>Financial instruments</u>

Exchange Risk

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

This policy analyses:

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

As of 30 September 2013, Piaggio & C. S.p.A. had undertaken the following forward purchase contracts (recognised based on the regulation date):

- for a value of CAD/000 550 corresponding to €/000 391 (valued at the forward exchange rate), with average maturity on 31 October 2013;
- for a value of CNY/000 49,750 corresponding to €/000 6,137 (valued at the forward exchange rate), with average maturity on 8 October 2013;
- for a value of GBP/000 400 corresponding to €/000 477 (valued at the forward exchange rate), with average maturity on 29 October 2013;

- for a value of JPY/000 285,000 corresponding to €/000 2,181 (valued at the forward exchange rate), with average maturity on 3 October 2013;
- for a value of USD/000 17,700 corresponding to €/000 13,277 (valued at the forward exchange rate), with average maturity on 13 October 2013;

and forward sales contracts:

- for a value of CAD/000 685 corresponding to €/000 500 (valued at the forward exchange rate), with average maturity on 31 October 2013;
- for a value of CNY/000 20,100 corresponding to €/000 2,463 (valued at the forward exchange rate), with average maturity on 8 October 2013;
- for a value of GBP/000 650 corresponding to €/000 772 (valued at the forward exchange rate), with average maturity on 27 December 2013;
- for a value of JPY/000 252,000 corresponding to €/000 1,928 (valued at the forward exchange rate), with average maturity on 9 October 2013;
- for a value of SEK/000 1,500 corresponding to €/000 173 (valued at the forward exchange rate), with average maturity on 27 December 2013;
- for a value of USD/000 7,250 corresponding to €/000 5,469 (valued at the forward exchange rate), with average maturity on 28 October 2013;

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

- for PT Piaggio Indonesia forward purchase contracts for €/000 2,600, with average maturity on 14 October 2013;
- for Piaggio Vehicles Private Limited forward purchase contracts for €/000 6,000 with average maturity on 31 October 2013 and forward sales contracts for USD/000 1,781 with average maturity on 23 December 2013;
- for Piaggio Group Americas purchases for EUR/000 150, with average maturity on 16 October 2013;
- for Piaggio Vietnam purchases for €/000 4,000 with average maturity on 14 October 2013 and purchases for JPY/000 90,000 with average maturity on 15 October 2013;

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

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

As of 30 September 2013, the Group had undertaken the following hedging transactions on the exchange risk:

- forward purchase contracts for a value of CNY/000 40,000 corresponding to €/000 4,796 (valued at the forward exchange rate), with average maturity on 16 November 2013;

To hedge the 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 September 2013 the total fair value of instruments to hedge the exchange risk accounted for on a cash flow hedge basis was equal to €/000 41.

Interest rate risk
This risk arises from fluctuating interest rates and the impact this may have on future cash flows arising from financial assets and liabilities. The Group regularly measures and controls its exposure to interest rates changes and manages such risks also resorting to derivative instruments, mainly Interest Rate Swaps and Cross Currency Swaps, as established by its own management policies.
As of 30 September 2013, the following hedging derivatives were taken out:

- Interest Rate Swap to hedge the variable rate loan for a nominal amount of €/000 117,857 (as of 30 September for €/000 53,571) granted by the European Investment Bank. The structure has fixed step-up rates, in order to stabilise financial flows associated with the loan; in accounting terms, the instrument is recognised on a cash flow hedge basis, with profits/losses arising from the fair value measurement allocated to a specific reserve in shareholders' equity; as of 30 September 2013, the fair value of the instrument was negative by €/000 2,204;
- 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 and loss. As of 30 September 2013, the fair value of the instrument was equal to €/000 5,626, while the net economic effect arising from the recognition of the instrument and underlying private debenture loan was equal to €/000 (326);
- a Cross Currency Swap to hedge a loan relative to the Indian subsidiary for $/000 19,000 granted by International Finance Corporation. The purpose of the instrument is to hedge the exchange risk and interest rate risk, turning the loan from US dollars to Indian Rupees, and approximately half of the nominal value from a variable rate to a fixed rate. As of 30 September 2013, the fair value of the instrument was equal to €/000 4,371;
- a Cross Currency Swap to hedge the loan related to the Indian subsidiary for $/000 17,850 granted by International Finance Corporation. The purpose of the instrument is to hedge

the exchange risk and interest rate risk, turning the loan from US dollars to Indian Rupees, without changing the variable nature of the interest rate. As of 30 September 2013, the fair value of the instrument was €/000 1,905;

- 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 instrument 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 September 2013, the fair value of the instrument was negative by €/000 144.

	FAIR VALUE
Piaggio & C. S.p.A.	
Interest Rate Swap	(2,204)
Cross Currency Swap	5,626
Piaggio Vehicles Private Limited	
Cross Currency Swap	6,276
Piaggio Vietnam	
Cross Currency Swap	(144)

31. Current and non-current trade payables €/000 381,634

As of 30 September 2013 no trade payables were recognised under non-current liabilities. As of 31 December 2012, this item amounted to €/000 259. "Tax payables" included in current liabilities totalled €/000 381,634, against €/000 392,893 as of 31 December 2012.

	As of 30 September 2013	**As of 31 December 2012**	**Change**
In thousands of Euros			
Amounts due to suppliers	367,655	375,770	(8,115)
Trade payables due to companies valued at equity	13,258	16,613	(3,355)
Amounts due to parent companies	721	769	(48)
Total	**381,634**	**393,152**	**(11,518)**

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

32. Current and non-current portion of provisions €/000 23,052

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

	Balance as of 31 December 2012	Allocations	Applications	Reclassifications	Delta exchange rate	Balance as of 30 September 2013
In thousands of euros						
Provision for product warranties	14,836	6,647	(7,570)		(117)	13,796
Provision for quality-related events	789		(789)			0
Risk provisions on investments	247		(8)			239
Provisions for contractual risks	3,935		(19)			3,916
Provisions for guarantee risks	58					58
Provision for tax risks	17		(17)			0
Other provisions for risks	5,513	543	(1,065)	92	(40)	5,043
Total	**25,395**	**7,190**	**(9,468)**	**92**	**(157)**	**23,052**

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

	As of 30 September 2013	As of 31 December 2012	Change
In thousands of Euros			
Non-current portion:			
Provision for product warranties	4,245	4,501	(256)
Provision for quality-related events		0	0
Risk provisions on investments	239	247	(8)
Provision for contractual risks	3,916	3,935	(19)
Other provisions for risks and charges	3,404	3,669	(265)
Total non-current portion	**11,804**	**12,352**	**(548)**

	As of 30 September 2013	As of 31 December 2012	Change
In thousands of Euros			
Current portion:			
Provision for product warranties	9,551	10,335	(784)
Provision for quality-related events		789	(789)
Provisions for risk on guarantee	58	58	0
Provision for tax risks		17	(17)
Other provisions for risks and charges	1,639	1,844	(205)
Total current portion	**11,248**	**13,043**	**(1,795)**

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 6,647 and was used for €/000 7,570 in relation to charges incurred during the period.
The provision for quality-related incidents, which covers possible costs that could arise from faulty components from suppliers, was completely used as of 30 September, following the positive outcome of an ongoing dispute.
The provision for risks on investments was established for costs that may arise from any foreign companies which currently have a negative shareholders' equity.
The provision of contractual risks refers mainly to charges which may arise from the ongoing negotiation of a supply contract.
"Other provisions" include provisions for legal risks for €/000 3,171.

33. Deferred tax liabilities €/000 7,251

Deferred tax liabilities totalled €/000 7,251 compared to €/000 6,639 as of 31 December 2012.

34. Retirement funds and employee benefits €/000 49,877

	As of 30 September 2013	As of 31 December 2012	Change
In thousands of Euros			
Retirement funds	1,119	1,101	18
Termination benefits provision	48,758	49,369	(611)
Total	**49,877**	**50,470**	**(593)**

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 "Post-employment benefits provision", comprising severance pay of employees of Italian companies, includes post-employment benefits indicated in defined benefit plans.
As regards the discount rate, the iBoxx Corporates A rating with a 10+ duration as of 30 September 2013 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 €1,290 thousand.

35. Current and non-current tax payables €/000 17,240

"Tax payables" included in current liabilities totalled €/000 16,776, against €/000 15,757 as of 31 December 2012. Non-current tax payables totalled €/000 464 compared to €/000 555 as of 31 December 2012.

Their breakdown was as follows:

	As of 30 September 2013	As of 31 December 2012	Change
In thousands of Euros			
Due for income taxes	6,669	4,285	2,384
Due for non-income tax	26	65	(39)
Tax payables for:			
- VAT	4,916	3,076	1,840
- Tax withheld at source	2,884	5,079	(2,195)
- other	2,745	3,807	(1,062)
Total	10,545	11,962	(1,417)
Total	**17,240**	**16,312**	**928**

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.

36. Other current and non-current payables €/000 45,973

	As of 30 September 2013	As of 31 December 2012	Change
In thousands of Euros			
Non-current portion:			
Payables to employees	1	19	(18)
Guarantee deposits	1,728	2,003	(275)
Deferred income	1,002	1,160	(158)
Fair Value of hedging derivatives	1,322	2,841	(1,519)
Sundry payables due to parent	448		448
Other payables	201	400	(199)
Total non-current portion	**4,702**	**6,423**	**(1,721)**

	As of 30 September 2013	As of 31 December 2012	Change
In thousands of Euros			
Current portion:			
Payables to employees	20,635	19,133	1,502
Guarantee deposits		179	(179)
Accrued expenses	6,333	8,450	(2,117)
Deferred income	1,189	1,206	(17)
Amounts due to social security institutions	4,925	8,827	(3,902)
Fair Value of hedging derivatives	881	1,521	(640)
Sundry payables due to affiliated companies	3	33	(30)
Sundry payables due to parent companies	1,175	60	1,115
Payables due to other related parties		94	(94)
Other payables	6,130	10,842	(4,712)
Total	**41,271**	**50,345**	**(9,074)**

Other payables included in non-current liabilities totalled €/000 4,702 against €/000 6,423 as of 31 December 2012, whereas other payables included in current liabilities totalled €/000 41,271 compared to €/000 50,345 as of 31 December 2012.

Amounts due to employees include the amount for holidays accrued but not taken of €/000 8,708 and other payments to be made for €/000 11,928.

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

Payables to parent companies consist of payables to Immsi.

The item Fair Value of hedging derivatives refers to the fair value (€/000 1,322 non-current portion and €/000 881 current portion) of an Interest Rate Swap for hedging, recognised on a cash flow hedge basis as provided for by IAS 39.

The item Accrued liabilities includes €/000 1,355 for interest on hedging derivatives and relative hedged items measured at fair value.

E) TRANSACTIONS WITH RELATED PARTIES

The main business and financial relations of Group companies with related parties have already been described in the specific paragraph in the Report on Operations to which reference is made here. To supplement this information, the following table provides an indication by company of the outstanding items as of 30 September 2013, as well as their contribution to the respective headings.

In thousands of Euros	Fondazione Piaggio	Zongshen Piaggio Foshan	IMMSI Audit	Is Molas	Studio D'Urso	Omniaholding	IMMSI	**Total**	**% of accounting item**
Income statement									
revenues from sales		214						**214**	**0.02%**
costs for materials		16,871					-	**16,871**	**3.05%**
costs for services and lease and rental costs	-	3	610	49	75	49	2,212	**2,998**	**1.90%**
other operating income	-	349	117				38	**504**	**0.73%**
other operating costs		1					10	**11**	**0.07%**
borrowing costs		57				152		**209**	**0.77%**
Assets									
other non-current receivables	231							**231**	**1.78%**
current trade receivables	-	860	140				-	**1,000**	**1.10%**
other current receivables	-	347	6			-	6,497	**6,850**	**24.68%**
Liabilities									
financial liabilities falling due after one year						2,900		**2,900**	**0.71%**
other non-current payables							448	**448**	**9.53%**
current trade payables		13,258	-	-	-	19	702	**13,979**	**3.66%**
other current payables			3		-	-	1,175	**1,178**	**2.85%**

F) SUBSEQUENT EVENTS

20 October 2013 Aprilia won the Manufacturer's title in the 2013 World Superbike Championships, clocking up 5 victories in these championships over the last four years (2 rider's titles and 3 manufacturer's titles), and a total of 52 world titles in just over twenty years of operations.

5 November 2013 the Vespa Primavera, was presented at the EICMA Motor Show in Milan, produced in the Piaggio Group factory in Pontedera and simultaneously in the Vietnamese factory in Vinh Phuc. A radically new design, a new all-steel body, new dimensions, traditional agility but enhanced stability and comfort, powered by latest-generation eco-sustainable 4- and 2-stroke 50cc and 4-stroke 3-valve 125cc and 150cc engines, the Vespa Primavera adopts a number of the styling and technical solutions of the Vespa 946, the most luxurious and technologically advanced model in the history of the Vespa.

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

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This document was published on November 15, 2013 and authorised by the Chairman and Chief Executive Officer.

Milan, 11 November 2013

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