IMMSI Group

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

Interim Report on Operations
as at 31 March 2009

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COMPANY BOARDS

Board of Directors	
Chairman and Chief Executive	Roberto Colaninno (1)
Deputy Chairman	Matteo Colaninno
Directors	Michele Colaninno
	Franco Debenedetti (3), (4)
	Daniele Discepolo (2), (5)
	Luciano La Noce (3), (4)
	Giorgio Magnoni
	Gianclaudio Neri
	Luca Paravicini Crespi (3), (5)
	Riccardo Varaldo (4), (5)
	Vito Varvaro (6)
	(1) Director in charge of internal audit
	(2) *Lead Independent Director*
	(3) Member of the Appointments Committee
	(4) Member of the Remuneration Committee
	(5) Member of the Internal Control Committee
	(6) In office since 16 April 2009
Board of Statutory Auditors	
Chairman	Giovanni Barbara
Standing auditors	Attilio Francesco Arietti
	Alessandro Lai
Substitute Auditors	Mauro Girelli
	Elena Fornara
Supervisory Body	Enrico Ingrillì
	Giovanni Barbara
	Ulisse Spada (6)
General Managers	Daniele Bandiera
	Michele Pallottini
Manager in charge of preparing the Company's corporate accounting documents	Alessandra Simonotto
Independent auditors	Deloitte & Touche S.p.A.

FINANCIAL HIGHLIGHTS

(amounts in ML€)		1-1 / 31-3 2009	2008	2008 statutory
Income statement (reclassified)				
Net sales		306.3	363.9	1,570.1
Gross industrial margin		87.8	104.1	468.8
Operating costs		-87.6	-91.0	-374.3
Operating income		0.2	13.1	94.5
Earnings before tax		-8.2	5.1	59.6
Net income		-4.7	3.2	43.3
.Minority interest		-0.1	0.1	0.3
.Group		-4.6	3.1	43.0
Gross margin on net revenues	%	28.7	28.6	29.9
Operating income on net revenues	%	0.1	3.6	6.0
Net income on net revenues	%	-1.5	0.9	2.8
Gross operating margin=EBITDA (from operations)		**21.0**	**35.1**	**189.1**
Gross operating margin on net revenues	%	6.9	9.7	12.0
Balance sheet				
Net working capital		80.5	50.0	-3.7
Net tangible assets		248.7	241.2	250.4
Net intangible assets		649.8	637.4	648.2
Financial assets		0.6	0.9	0.6
Provisions		-136.8	-142.1	-137.5
Net capital employed		**842.8**	**787.3**	**757.9**
Net financial position		446.7	311.8	359.7
Shareholders' equity		396.1	475.5	398.2
Sources of funds		**842.8**	**787.3**	**757.9**
Minority interest capital		1.3	1.1	1.5
Change in net financial position				
Opening net financial position		**-359.7**	**-269.8**	**-269.8**
Cash flow from operations (earnings+amortisation)		16.1	25.2	137.9
(Increase)/Decrease in working capital		-84.2	-50.4	3.3
(Increase)/Decrease in net investments		-20.7	-14.4	-106.6
Net change in retirement funds and other provisions		-0.7	-3.3	-7.9
Change in shareholders' equity		2.6	0.9	-116.6
Total Changes		***-86.9***	***-42.0***	***-89.9***
Closing net financial position		**-446.7**	**-311.8**	**-359.7**

KEY FIGURES BY BUSINESS SECTOR AT 31 MARCH 2009

Business unit		Two-Wheeler Vehicles	Commercial vehicles	**Total**
	1-1 / 31-3 2009	77.9	42.2	**120.1**
Sales volumes	1-1 / 31-3 2008	104.8	45.8	**150.6**
(units/000)	Change	(26.9)	(3.6)	**(30.5)**
	Change %	-25.7	-7.8	**-20.2**
	1-1 / 31-3 2009	209.5	96.8	**306.3**
Turnover	1-1 / 31-3 2008	264.7	99.2	**363.9**
(ML €)	Change	(55.2)	(2.3)	**(57.6)**
	Change %	-20.9	-2.4	**-15.8**
	At 31 March 2009	4,895	2,151	**7,046**
Employees	At 31 December 2008	4,672	1,536	**6,208**
(n.)	Change	223	615	**838**
	Change %	4.8	40.0	**13.5**
Investments				
	1-1 / 31-3 2009	5.8	2.2	**8.0**
- Fixed Assets	1-1 / 31-3 2008	5.3	0.4	**5.7**
(ML €)	Change	0.5	1.8	**2.3**
	Change %	9.4	450.0	**40.4**
	1-1 / 31-3 2009	8.2	3.8	**12.0**
- R&D Capex	1-1 / 31-3 2008	9.2	1.7	**10.9**
(ML €)	Change	(1.0)	2.1	**1.1**
	Change %	-10.9	123.5	**10.1**

Data for the first quarter of 2008 as reported last year have been reclassified to meet the current reporting layout.

KEY FIGURES BY GEOGRAPHIC AREA AT 31 MARCH 2009

		ITALY	REST OF EUROPE	AMERICA	INDIA	ASIA PACIFIC	OTHER	**TOTAL**
	1-1 / 31-3 2009	25.3	46.1	6.5	37.9	2.5	1.9	**120.1**
Sales volumes	1-1 / 31-3 2008	38.3	58.2	4.3	40.5	7.7	1.6	**150.6**
(units/000)	Change	(13.0)	(12.1)	2.2	(2.6)	(5.2)	0.3	**(30.5)**
	Change %	-34.0	-20.8	50.2	-6.5	-67.3	16.8	**-20.2**
	1-1 / 31-3 2009	87.7	122.8	21.2	61.3	6.5	6.8	**306.3**
Turnover	1-1 / 31-3 2008	121.1	147.3	13.9	62.2	14.5	4.9	**363.9**
(ML €)	Change	(33.4)	(24.6)	7.3	(0.9)	(8.0)	2.0	**(57.5)**
	Change %	-27.6	-16.7	52.5	-1.4	-55.0	40.6	**-15.8**
	At 31 March 2009	4,541	554	70	1,730	151		**7,046**
Employees	At 31 December 2008	4,269	561	68	1,205	105		**6,208**
(n.)	Change	272	(7)	2	525	46		**838**
	Change %	6.4	-1.2	2.9	43.6	43.8		**13.5**
Investments								
	1-1/31-3 2009	4.8	0.2		2.0	1.0		**8.0**
- Fixed Assets	1-1/31-3 2008	4.6	0.4	0.1	0.3	0.3		**5.7**
(ML €)	Change	0.2	-0.2	-0.1	1.7	0.7		**2.3**
	Change %	4.3	-50.0	-100.0	566.7	233.3		**40.4**
	1-1/31-3 2009	9.1	0.3		2.6			**12.0**
- R&D Capex	1-1/31-3 2008	9.8	0.2		0.9			**10.9**
(ML €)	Change	(0.7)	0.1		1.7			**1.1**
	Change %	-7.1	50.0		188.9			**10.1**

GROUP FINANCIAL HIGHLIGHTS FOR THE FIRST QUARTER OF 2009

In the first quarter of 2009, the Piaggio Group sold 120,100 vehicles in the world, 77,900 of which in the Two-Wheeler business and 42,200 in the Commercial Vehicle business.
With regard to the Two-Wheeler business, such performance was realised within a particularly difficult market context in the Group's main reference areas. In fact demand dropped compared to the same period of the previous year in Italy (- 19.5%), Europe (- 23.1%) as well as in the United States (- 29.1% globally and - 36.7% in the scooter segment). In this context, sales of the Vespa brand exceeded the 2,410 units (+67% with respect to the first quarter of 2008) confirming the world-wide success of the brand on strong-expansion markets.
With regard to the Commercial Vehicle business, in India was recorded a downturn of 2.8%, after years of uninterrupted growth. in the segments wherein Piaggio operates.
As a consequence of the above mentioned factors, first quarter 2009 **consolidated revenues** stood at 306.3 million € (-15.8%, compared to the same period in 2008).
The decrease in turnover was influenced not only by a decrease in sales in the Two-Wheeler sector, but also by the reduction of the five-year BMW order (- 1.2 ML€ with respect to the same period the previous year) and the revaluation of the Euro against the India Rupee and the British Sterling (with a negative impact on turnover of around 3.8 million € compared to the corresponding period of 2008).

The **gross industrial margin** for the period totalled 87.8 million €, compared to 104.1 million € for the first quarter of 2008, rising slightly as a percentage of turnover (28.7% compared to 28.6% for the first quarter of 2008).

Operating expenses fell by 3.4 million € compared to 2008 (-3.6%), due to greater efforts to contain costs and as a result of lower business volumes.

Consolidated EBITDA was 21.0 ML€, equal to 6.9% of revenues, on the decline compared to 35.1 ML€, equal to 9.7% of revenues in the first quarter of 2008.

Despite the negative trend in revenues, **operating income** totalled a positive 0.2 million €, compared to 13.1 million € for the first quarter of 2008, with 20.8 million € recorded in amortisation (down 1.2 ML€ or -5.5% compared to the first quarter of 2008).

In the first quarter of 2009, the Piaggio Group recorded -8.2 million € in **earnings before tax** (down 13.3 ML€ compared to the first quarter of 2008) and a **negative net income** of 4.7 million € (down 7.9 ML€ compared to the first quarter of 2008) after income taxes recorded as a gain of 3.5 million €, calculated on the basis of the average expected tax rate for the year as a whole, as required by IAS 34.

The **Consolidated Net Financial Position** changed from -359.7 million € at 31 December 2008 to -446.7 million € at 31 March 2009. The increase was mainly driven by seasonal factors in the Two-Wheeler business, which, as is widely known, tends to absorb resources in the first half of the year before generating resources in the second. The change was bigger than in past years due to the negative performance of certain key markets in Europe in the first two months of the year, despite the controlled management of working capital.

The 134.9 million € increase in the figure, compared to the -311.8 million € recorded at 31 March 2008, reflects the decision to settle Piaggio 2004-2009 warrants in cash, for a total 64.2 million €, and the distribution of 23.5 million € in dividends.

SIGNIFICANT FACTS IN THE FIRST QUARTER OF 2009

During February, the Council of Ministers approved a law by decree that provided an incentive of 500 Euros for the purchase of motorcycles up to 400 cc under category Euro 3 by simultaneously trading-in (through a scrapping programme) a moped or a small motorbike under category Euro 0 or Euro 1.

18 March 2009 Standard & Poor’s confirmed its BB corporate rating of the Parent Company, though downgraded the outlook from “stable” to “negative”.

Interim Report on Operations

1. PIAGGIO GROUP FINANCIAL AND BUSINESS PERFORMANCE

1.1 Piaggio Group business results in the first quarter of 2009

Net revenues

Amounts in ML€	*1-1 / 31-3-2009*	*1-1 / 31-3-2008*	*Change*
Two-Wheeler Vehicles	209.5	264.7	(55.2)
Commercial vehicles	96.8	99.2	(2.3)
TOTAL REVENUES	**306.3**	**363.9**	**(57.6)**

In the first quarter of 2009, the Piaggio Group sold 120,100 vehicles in the world, 77,900 of which in the Two-Wheeler business and 42,200 in the Commercial Vehicle business.
With regard to the Two-Wheeler business, such performance was realised within a particularly difficult market context in the Group’s main reference areas. Demand has indeed decreased compared to the first quarter of the previous financial year both in Italy (-19.5%) and in Europe (-23.1%).
The results achieved in America were very flattering, with sales up by 2,143 units (+50.5%), which proved the Group’s product success internationally.
However, sales in the Italian and European markets (respectively -35.2% and - 20.1%) declined due to a widespread decline in demand compared to the previous financial year.
The Commercial Vehicle division sold 42,200 vehicles in the first quarter of 2009, down 7.8% on the same period of 2008. Declining sales were recorded in India, which after years of uninterrupted domestic market growth recorded a downturn in January, and the Rest of the World.
Consolidated revenues in the first quarter of 2009 totalled 306.3 million €, down 15.8% compared to the first quarter of 2008. The breakdown of revenues by sub-segments of reference reveals that the decline was mostly driven by falling demand in the Two-Wheeler segment, which was negatively affected by the reduction in the five-year BMW contract, which dropped by 1.2 million € compared to the same period last year. Compared to the first quarter of last year, the downturn in the Two-Wheeler segment is essentially the result of lower net sales in both the scooter sector (-29.0 ML€ or -17.0% compared to the first quarter of 2008) and the motorcycle sector (-19.4 ML€ or -34.9%).
The geographic breakdown of the figure shows strong growth in Group sales in the United States. We also report that construction works are continuing on the new production plant in Vietnam, which is expected to become operative in the second half of the year.

The **gross industrial margin,** defined as the difference between “Revenues” and the corresponding “Cost of sales” for the period, totalled 87.8 million €, representing a 15.7% drop on the first quarter of 2008, though still rising slightly as a percentage of turnover (28.7% compared to 28.6% for the same period of 2008), thanks to greater efforts to contain production costs. The gross industrial margin includes 8.5 million € in amortisation in the two quarters under comparison.

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

Operating expenses at 31 March 2009 totalled 87.6 million €, down 3.4 million € compared to the 91.0 million € for the same period in 2008, and consist of employee costs, costs for services and use of third party assets and operating costs, net of operating income not included in the gross industrial margin. Operating expenses also include amortisation for 12.4 million € (13.5 ML€ in the first quarter of 2008).

The above-reported trend in revenues and costs results in a **consolidated EBITDA** - defined as “Operating income” gross of the amortisation of intangible assets arising from the consolidated income statement - on the decline compared to the first quarter of 2008 (21.0 ML€, 6.9% of revenues compared to 35.1 ML€, 9.7% of revenues).

Despite the aforementioned trend in revenues and costs, **operating income** in the first quarter of 2009 stood at 0.2 million €, a 12.9 million € decrease compared to the 13.1 million € recorded in the first quarter of 2008. Profitability (measured as operating income divided by net sales) also dropped, falling to 0.1%, from the 3.6% recorded in the first quarter of 2008.

Net financial charges amounted to 8.4 million €, compared to 8.0 million € for the first quarter of 2008, and include 3.1 million € in bonds issued in 2005. The increase was largely due to higher average financial debt, which was not entirely offset by the fall in interest rates.

In the first quarter of 2009, the Piaggio Group reported a negative **earnings before tax** of 8.2 million € (-13.3 ML€, compared to the same period in 2008). The decrease is related to lower operating income.

Income taxes for the period recorded a gain of 3.5 million € under the application of IAS (compared to a cost of 1.9 ML€ in the first quarter of 2008), calculated on the basis of the average expected tax rate for the year as a whole.

Net income at 31 March 2009 totalled a negative 4.7 million € (+3.2 ML€ for the first quarter of 2008).

1.2 Consolidated cash flow statement

The consolidated cash flow statement prepared in accordance with the models provided by the international accounting standards (IFRS) is shown in the “Consolidated financial statements and Explanatory notes at 31 March 2009”; the following is a comment relating to the summary statement shown in the Highlights.

Cash flow generated in the period was equal to 86.9 million €.

Cash flow from operations, i.e. net income plus amortisation and depreciation, was 16.1 million €. The positive effect of the cash flow was absorbed by growth in working capital, which rose from -3.7 million € at 31 December 2008 to 80.5 million € at 31 March 2009, by investment activities totalling 20.7 million € and by the purchase of own shares for a total of 1.0 million €.

1.3 Piaggio Group balance sheet at 31 March 2009

The **working capital** – defined as the net sum of: Trade receivables and other current and non-current receivables, inventories, trade payables and other long-term payables and current trade payables, other receivables (short and long-term tax receivables, deferred tax assets) and other payables (tax payables and other short-term payables) - stood at 80.5 million €, rising both compared to the values at 31 December 2008 (84.2 ML€ net growth) and compared to the same period the year before (+30.5 ML€).

Tangible assets consist of property, plant, machinery and industrial equipment, net of accumulated depreciation, and assets held for sale, as set out in more detail in the "Explanatory notes" to the consolidated financial statements in Notes 16 and 27. At 31 March 2009, tangible assets totalled 248.7 million €, a decrease of 1.7 million € compared to 31 December 2008 and an increase of 7.5 million € compared to the same period the year before. The reduction when compared to 31 December 2008 was due solely to the temporary misalignment between the impact of depreciation and the new capitalisation of works in progress, while the increase when compared to 31 March 2008 was due to investments in projects underway, in particular internationalisation initiatives (in India and Vietnam).

Intangible assets consist of capitalised research and development costs and the goodwill arising from the merger and acquisitions operations undertaken within the Group since 2000 onwards, as set out in more detail in the Explanatory notes to the consolidated financial statements in the specific note. At 31 March 2009, they total 649.8 million €, up 1.6 million € compared to 31 December 2008.

Financial assets, defined by the directors as the total of equity investments and other non-current financial assets (refer to Notes 18 and 19), totalled 0.6 million €, showing no significant change compared to 31 December 2008.

Provisions consist of retirement funds and employee benefits (see Note 33), other long-term provisions (see Note 31), the current portion of other long-term provisions (see Note 31), and deferred tax liabilities (see Note 32), and totalled 136.8 million €, a decrease of 0.7 million € compared to 31 December 2008.

The net **financial position** at 31 March 2009 recorded a negative 446.7 million €, compared to -359.7 million € at 31 December 2008, and -311.8 million € for the first quarter of 2008. The 86.9 million € increase on the 31 December 2008 figure was mainly due to seasonal factors in the Two-Wheeler business, which, as is widely known, tends to absorb resources in the first half of the year before generating resources in the second. The change was bigger than in past years due to the negative performance of certain key markets in Europe in the first two months of the year, despite the controlled management of working capital.

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

Amounts in ML€	*31 March 2009*	*31 December 2008*
Medium/long-term financial payables	(269.7)	(143.9)
Bonded loan	(118.9)	(120.9)
Short-term financial payables	(148.0)	(140.7)
Financial assets	19.1	5.8
Cash	70.8	40.0
Total	**(446.7)**	**(359.7)**

Shareholders' equity at 31 March 2009 totalled 396.1 million €, against 398.2 million € at 31 December 2008.

At 31 March 2009 the fully subscribed and paid-up share capital consisted of 396,040,908 ordinary shares with a nominal value of € 0.52 each, totalling € 205,941,272.16.

During the period, following resolutions passed at the Shareholders' Meeting on 24 June 2008, the Parent Company purchased 906,208 own shares. Thus, at 31 March 2009, the Parent Company held 27,432,542 own shares, corresponding to 6.927% of share capital.

1.4 Employees

Group **employees** at 31 March 2009 numbered 7,046, compared to 6,208 at 31 December 2008. The number of staff is in line with the seasonal nature of the business, where production and sales are concentrated in the months of spring and summer, when staff are hired on term contracts.

	Average number		Number at	
Number of people	*1-1 / 31-3-2009*	*1-1 / 31-3-2008*	*31-Mar-09*	*31-Dec-08*
Senior Management	111	109	108	112
Middle Management	429	418	428	430
Clerical staff	1,967	1,919	2,014	1,995
Manual labour	4,797	4,909	4,496	3,671
Total	**7,304**	**7,355**	**7,046**	**6,208**

2. SIGNIFICANT EVENTS AFTER MARCH 2009

16 April 2009: the new Piaggio Porter, with its radically new design, technical features and internal fittings, was unveiled to the international media. The new Porter has been released with a range of ecological engines, including the Eco-Power model (petrol/LPG bi-fuel), the Green Power (methane gas/petrol) and the Electric Power model (zero-emission electricity).

22 April 2009: incentives introduced by the Ministry for the Environment became effective for bicycles, mopeds and electric vehicles.

3. OPERATING OUTLOOK: PROSPECTIVE FOR THE CURRENT FINANCIAL YEAR

The first quarter of 2009 was strongly influenced by difficulties affecting the economies and markets in which the Piaggio Group operates, though in March the first important signs of recovery were seen. Thanks to its portfolio of products in the Two-wheeler and Commercial Vehicle sectors – featuring a broad range of vehicles of low environmental impact and reduced fuel consumption – the Group is also in a position to take full advantage of the eco-incentives introduced by the Italian government in both sectors.

In forthcoming quarters, special emphasis will be placed on developing the Group's motorcycle business in Europe, thanks to new high-tech products scheduled to be launched, and on consolidating the Group's leadership of the scooter sector in Europe and America, as well as the market launch of the Vespa scooter in Vietnam.

4. DEALINGS WITH RELATED PARTIES

Revenues, costs, payables and receivables at 31 March 2009 involving parent companies, subsidiaries and affiliated companies relate to the sale of goods or services and are part of normal Group activities.

Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.

Information about dealings with related parties, including those requested by the Consob communication of 28 July 2006, are shown in the Annex E of the Explanatory Notes to the consolidated financial statement.

5. THE PIAGGIO GROUP

5.1 THE TWO-WHEELER BUSINESS

	1-1 / 31-3 2009		1-1 / 31-3 2008		Change %		Change	
	Volumes Sell in (units/000)	Turnover (ML €)	Volumes Sell in (units/000)	Turnover (ML €)	Volumes	Turnover	Volumes	Turnover
Scooters	68.5	141.4	88.7	170.4	-22.8%	-17.0%	(20.2)	(29.0)
Motorcycles	9.4	36.1	15.7	55.5	-39.8%	-34.9%	(6.2)	(19.4)
Spare parts and Accessories		30.9		35.1		-12.1%	0.0	(4.2)
Other	0.0	1.1	0.4	3.7		-70.5%	(0.4)	(2.6)
TOTAL	**77.9**	**209.5**	**104.8**	**264.7**	**-25.7%**	**-20.9%**	**(26.9)**	**(55.2)**
Italy	22.4	62.1	34.6	94.0	-35.2%	-33.9%	(12.2)	(31.8)
Europe + MEA	46.6	119.9	58.3	142.6	-20.1%	-15.9%	(11.7)	(22.7)
Asia	2.5	6.5	7.7	14.5	-67.3%	-54.9%	(5.2)	(8.0)
America	6.4	21.0	4.2	13.7	50.5%	53.0%	2.1	7.3
TOTAL	**77.9**	**209.5**	**104.8**	**264.7**	**-25.7%**	**-20.9%**	**(26.9)**	**(55.2)**

In the first quarter of 2009, the Piaggio Group marketed the Two-Wheeler business for a total of 77,900 units (-25.7% compared to the first quarter of 2008), with a turnover of 209.5 ML€ (-20.9%), including spare parts and accessories, after the BMW contract and motor sales of 1.1 million €. It should be noted that by 'marketed' we intend the number of vehicles sold to dealers (sell-in volumes), which differs from the number of new vehicles registered (sell-out volumes), due to stocks held by the sales network.

As mentioned above, the Piaggio Group's performance in the first quarter of 2009 was strongly penalised by declining world demand, especially on the Italian, European, and Asian markets.

As regards sell-out volumes to final customers, the Italian Two-Wheeler market recorded a 19.5% downturn in the first quarter of 2009. Given the context, the Piaggio Group performed strongly, raising its market share to 28.3%, two percentage points higher than in the first quarter of 2008, thanks to the introduction of eco-incentives for vehicles with engines of up to 400cc.

The results achieved in America were also very flattering, where, mainly thanks to the success of the Vespa, sales volumes and turnover went up by 50.5% and 53.0%, respectively.

5.2 THE COMMERCIAL VEHICLE BUSINESS

	1-1/31-3 2009		1-1/31-3 2008		Change %		Change	
	Volumes Sell-in	Turnover	Volumes Sell-in	Turnover				
	(units/000)	(ML €)	(units/000)	(ML €)	Volumes	Turnover	Volumes	Turnover
Ape	38.2	60.7	40.9	62.4	-6.7%	-2.8%	(2.8)	(1.7)
Minivan	1.9	19.8	1.7	15.6	10.5%	26.9%	0.2	4.2
Quargo/Ape Truk	2.1	7.2	3.1	11.2	-30.2%	-35.9%	(0.9)	(4.0)
Microcars	0.0	0.2	0.0	0.3	-56.4%	-53.3%	(0.0)	(0.2)
Atv			0.1	0.2	-100.0%	-100.0%	(0.1)	(0.2)
Spare parts and Accessories		9.0		9.4		-4.2%		(0.4)
TOTAL	**42.2**	**96.8**	**45.8**	**99.2**	**-7.8%**	**-2.4%**	**(3.6)**	**(2.3)**
Of which India								
Vehicles	37.9	57.8	40.5	58.6	-6.5%	-1.4%	(2.6)	(0.8)
Spare parts and Accessories		3.6		3.6		-1.5%		(0.1)
Total India	**37.9**	**61.3**	**40.5**	**62.2**	**-6.5%**	**-1.4%**	**(2.6)**	**(0.9)**
Of which Europe and the Rest of the World								
Vehicles	*4.3*	*30.0*	*5.3*	*31.2*	-18.1%	-3.5%	*(1.0)*	*(1.1)*
Spare parts and Accessories		*5.4*		*5.8*		-5.8%		*(0.3)*
Total Europe and the Rest of the World	**4.3**	**35.5**	**5.3**	**36.9**	**-18.1%**	**-3.9%**	(1.0)	(1.4)
TOTAL	**42.2**	**96.8**	**45.8**	**99.2**	**-7.8%**	**-2.4%**	**(3.6)**	**(2.3)**

The Commercial Vehicle division ended the first quarter of 2009 with 42.2 thousand units sold, a 7.8% decrease compared to the first quarter of 2008, while the turnover fell from the 99.2 million € recorded in the first quarter of 2008 to 96.8 million € in the first quarter 2009 (-2.4%). The turnover generated in India recorded 61.3 million €, while n Europe and the Rest of the World reached 35.5 million €.

The Indian market recorded a drop in sales in January, before slowly recovering in the following months. Overall, the Three-Wheeler segment in the first quarter grew by 1.3%, while the Ape Truck segment recorded a drop of 10.7%.

Sales in the Three-Wheeler segment fell by 5.4% from 38,121 in the first quarter of 2008 to 36,053 in the first quarter of 2009.

In the Four-Wheel Vehicle segment, sales of Ape Truk fell from 2,370 in the first quarter of 2008 to 1,807 in the first quarter of 2009.

In Europe and the Rest of the World, Piaggio sold 4,300 units, a drop of 18.1% on the same period in 2008. It is to be pointed out the "mix effect" on turnover. The good success of the Porter product line, also thanks to the new low environmental impact "eco-solution" range, stabilised the turnover trend (a slight 3.9% decline with 35.5 ML€ in the first quarter of 2009 against 36.9 ML€ in the same period of 2008).

As concerns the product range in Europe, the focus on the environment friendly range and the company's commitment to the development of eco-friendly solutions, ideal for professional and commercial use in urban areas, is securing positive results for the Porter range, both in terms of sold units and in terms of the turnover generated. It should be noted that the first quarter of this year did not benefit from the new Piaggio Porter, as it was launched in April.

6. OTHER INFORMATION

6.1 Corporate

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

- On 1 January 2009, Aprilia Racing S.r.l. increased its share capital from Euro 21,000 to Euro 150,000, by means of the contribution by Piaggio & C. S.p.A. of its "racing" business line and the resulting subscription of an increase in share capital of 86%.
- On 21 January 2009, Aprilia Moto UK Limited was cancelled from the local Registry of Companies.

6.2 Stock Option Plan

With reference to the Incentive Scheme 2007-2009 approved by the Shareholders' Meeting on 7 May 2007 and reserved to the Directors of the Company or of Italian and/or foreign subsidiary companies pursuant to article 2359 of the Italian Civil Code, as well as to the managing directors of the aforementioned subsidiaries ("**2007-2009 Scheme**"), it should be noted that on 15 January 2009, 390,000 options were granted at a call price of 1.2218 €. At the grant date, the market price for the underlying financial instruments was 1.1569 €.

Detailed information on the 2007-2009 Scheme is available in the documents published by the Issuer in accordance with article 84-*bis* of the Consob Issuers Regulation. These documents can be viewed on the institutional website of the Issuer at www.piaggiogroup.com, under the Investor Relations section.

Rights	No. options	Average exercise price (Euros)	Market price (Euro)
Rights existing at 31.12.2008	9,415,000		
° of which exercisable in 2008	0		
New rights assigned between 1-1 / 31-3-2009	390,000	1.2218	1.1569
Rights existing at 31.3.2009	9,805,000		
° of which exercisable at 31.3.2009	0		

In accordance with paragraph 2 of article 154-bis of the Consolidated Finance Law, the manager in charge of preparing the corporate accounting documents, Alessandra Simonotto, states that the accounting information contained in this document reflects the books and the accounting entries.

* * *

Mantova, 29 April 2009

for the Board of Directors
Chairman and Chief Executive
Roberto Colaninno

Piaggio Group

Piaggio Group – Consolidated financial statements and explanatory notes at 31 March 2009

INCOME STATEMENT

In thousands of Euros	Notes	1st quarter 2009	1st quarter 2008	Change
Net Revenues	4	**306,344**	**363,910**	**(57,566)**
of which with related parties				
Cost for materials	5	182,353	214,050	(31,697)
of which with related parties		*8,763*	*11,750*	*(2,987)*
Costs for services and use of third party assets	6	63,403	73,859	(10,456)
of which with related parties		*456*	*278*	*178*
Employee costs	7	61,059	65,709	(4,650)
Depreciation of property, plant and machinery	8	9,437	9,940	(503)
Amortisation of intangible assets	8	11,361	12,072	(711)
Other operating income	9	27,055	30,828	(3,773)
of which with related parties		*559*	*529*	*30*
Other operating costs	10	5,572	5,988	(416)
of which with related parties			*3*	*(3)*
Operating income		**214**	**13,120**	**(12,906)**
Income/(loss) from equity investments		(6)	4	(10)
Financial income	11	900	7,632	(6,732)
Financial charges	11	(9,339)	(15,645)	6,306
Earnings before tax		**(8,231)**	**5,111**	**(13,342)**
Taxation for the period	12	**(3,544)**	**1,942**	**(5,486)**
Earnings from continuing activities		**(4,687)**	**3,169**	**(7,856)**
Assets held for disposal:				
Profits or losses arising from assets held for disposal	13			**0**
Consolidated net income		**(4,687)**	**3,169**	**(7,856)**
Attributable to:				
Shareholders of the Parent Company		**(4,582)**	**3,116**	**(7,698)**
Minority Shareholders		**(105)**	**53**	**(158)**
Earnings per share (figures in €)	14	**(0.012)**	**0.008**	**(0.020)**
Diluted earnings per share (figures in €)	14	**(0.012)**	**0.007**	**(0.019)**

BALANCE SHEET

In thousands of Euros	Notes	At 31 March 2009	At 31 December 2008	Change
ASSETS				
Non-current assets				
Intangible assets	15	649,848	648,234	1,614
Property, plant and machinery	16	248,682	250,354	(1,672)
Real estate investments	17			0
Equity investments	18	239	239	0
Other financial assets	19	333	359	(26)
Long-term tax receivables	20	9,834	8,166	1,668
Deferred tax assets	21	44,748	36,227	8,521
Trade receivables	22	0	0	0
Other receivables	23	12,310	12,587	(277)
of which with related parties		*497*	*799*	*(302)*
Total non-current assets		**965,994**	**956,166**	**9,828**
Assets held for sale	27			**0**
Current assets				
Trade receivables	22	151,009	90,278	60,731
of which with related parties		*818*	*460*	*358*
Other receivables	23	21,051	21,380	(329)
of which with related parties		*1,915*	*1,961*	*(46)*
Short-term tax receivables	20	20,917	27,772	(6,855)
Inventories	24	286,519	257,961	28,558
Other financial assets	25	19,059	5,787	13,272
of which with related parties		*45*	*45*	*0*
Cash and cash equivalents	26	70,845	39,985	30,860
Total current assets		**569,400**	**443,163**	**126,237**
TOTAL ASSETS		**1,535,394**	**1,399,329**	**136,065**

In thousands of Euros	Notes	At 31 March 2009	At 31 December 2008	Change
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital and reserves attributable to the shareholders of the Parent Company	28	394,829	396,767	(1,938)
Share capital and reserves attributable to minority shareholders	28	1,277	1,454	(177)
Total shareholders' equity		**396,106**	**398,221**	**(2,115)**
Non-current liabilities				
Financial liabilities falling due beyond one year	29	388,596	264,789	123,807
Trade payables	30			0
Retirement funds and employee benefits	33	64,447	64,160	287
Other long-term provisions	31	21,814	21,678	136
Tax payables	34	235	166	69
Other long-term payables	35	5,969	5,965	4
Deferred tax liabilities	32	31,159	31,795	(636)
Total non-current liabilities		**512,220**	**388,553**	**123,667**
Current liabilities				
Financial liabilities falling due within one year	29	147,965	140,691	7,274
Trade payables	30	355,887	362,224	(6,337)
of which with related parties		*14,311*	*8,712*	*5,599*
Tax payables	34	21,639	19,065	2,574
Other short-term payables	35	82,199	70,677	11,522
of which with related parties		*588*	*600*	*(12)*
Current portion other long-term provisions	31	19,378	19,898	(520)
Total current liabilities		**627,068**	**612,555**	**14,513**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,535,394**	**1,399,329**	**136,065**

CASH FLOW STATEMENT

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

In thousands of Euros	1st quarter 2009	1st quarter 2008
Operating activities		
Consolidated net income	(4,582)	3,116
Minority shareholders	(105)	53
Taxation for the period	(3,544)	1,942
Depreciation of property, plant and machinery	9,437	9,940
Amortisation of intangible assets	11,361	12,072
Non-monetary costs for stock options	506	437
Provisions for risks and retirement funds and employee benefits	5,537	6,740
Write-downs / (Revaluations)	754	791
Losses / (Gains) on the disposal of property, plants and machinery	(2)	(9)
Financial income	(900)	(570)
Financial charges	9,339	8,887
Income from public grants	(1,510)	(118)
Change in working capital:		
(Increase)/Decrease in trade receivables	(60,731)	(62,955)
(Increase)/Decrease other receivables	606	1,113
(Increase)/Decrease in inventories	(28,558)	(53,792)
Increase/(Decrease) in trade payables	(6,337)	57,822
Increase/(Decrease) other payables	11,526	(389)
Increase/(Decrease) in provisions for risks	(3,446)	(5,506)
Increase/(Decrease) in retirement funds and employee benefits	(2,188)	(3,363)
Other changes	4,167	(127)
Cash generating by operating activities	(58,670)	(23,916)
Interest paid	(2,000)	(3,995)
Taxation paid	(5,658)	(2,628)
Cash flow from operating activities (A)	(66,328)	(30,539)
Investment activity		
Investment in property, plant and machinery	(7,376)	(5,438)
Sale price, or repayment value, of property, plant and machinery	73	236
Investment in intangible assets	(12,637)	(11,192)
Sale price, or repayment value, of intangible assets	24	
Loans provided		58
Purchase of financial assets	(13,272)	(3,247)
Sale price of financial assets		12
Collected interests	740	4,482
Cash flow from investment activities (B)	(32,448)	(15,089)
Financing activities		
Purchase of own shares	(1,024)	
Loans received	156,352	29,973
Outflow for repayment of loans	(16,112)	(22,230)
Repayment of finance leases	(180)	(171)
Cash flow from funding activities (C)	139,036	7,572
Increase / (Decrease) in cash (A+B+C)	40,260	(38,056)
Opening balance	25,976	94,862
Exchange differences	(421)	545
Closing balance	65,815	57,351

The table below shows the breakdown of the cash and cash equivalents balance at 31 March 2009 and at 31 March 2008.

In thousands of Euros	At 31 March 2009	At 31 March 2008	Change
Cash and cash equivalents	70,845	59,548	11,297
Current account overdrafts	(5,030)	(2,197)	(2,833)
Final balance	65,815	57,351	8,464

NET FINANCIAL POSITION

In thousands of Euros	Notes	At 31 March 2009	At 31 December 2008	Change
Medium/long-term financial payables:				
Medium/long-term bank loans	29	(242,151)	(117,056)	(125,095)
Amounts due under leases	29	(8,831)	(9,019)	188
Amounts due to other lenders	29	(9,389)	(8,842)	(547)
Aprilia Instruments	29	(9,303)	(8,999)	(304)
Total		*(269,674)*	*(143,916)*	*(125,758)*
Bond	29	(118,922)	(120,873)	1,951
Short-term financial payables:				
Current account overdrafts	29	(5,030)	(14,009)	8,979
Current account payables	29	(38,714)	(52,369)	13,655
Amounts due to factoring companies	29	(17,923)	(13,020)	(4,903)
Bank loans	29	(82,287)	(57,734)	(24,553)
Amounts due under leases	29	(735)	(727)	(8)
Amounts due to other lenders	29	(3,013)	(2,569)	(444)
Aprilia Instruments	29	(263)	(263)	0
Total		*(147,965)*	*(140,691)*	*(7,274)*
Other current financial assets				
Financial receivables due from third parties	25		4,137	(4,137)
Financial receivables due from affiliated companies	25	45	45	0
Securities	25	19,014	1,605	17,409
Total		*19,059*	*5,787*	*13,272*
Cash	26	70,845	39,985	30,860
Total net financial position		**(446,657)**	**(359,708)**	**(86,949)**

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

Amounts in €/000	
Increase/decrease in cash from the cash flow statement	**40,260**
Outflow for repayment of loans	16,112
Repayment of finance leases	180
Loans received	(156,352)
Loans on leases received	0
Repayment of loans provided	0
Purchase of financial assets	13,272
Sale of financial assets	0
Exchange differences	(421)
Change in net financial position	**(86,949)**

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

In thousands of Euros	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group consolidation reserve	Group conversion reserve	Stock option reserve	Earnings (losses) for previous periods	Earnings (losses) for the period	***Consolidated Group shareholders' equity***	***Minority interest capital and reserves***	**TOTAL SHAREHOLDERS' EQUITY**
At 1 January 2009	**192,147**	**3,493**	**7,497**	**(405)**	**(5,859)**	**993**	**(6,372)**	**8,556**	**153,716**	**43,001**	**396,767**	**1,454**	**398,221**
Translation of financial statements in foreign currency							(349)				(349)	(72)	(421)
Change in IAS reserves				3,511				506			4,017		4,017
Allocation of profits									43,001	(43,001)	0		0
Distribution of dividends											0		0
Purchase of own shares	(471)								(553)		(1,024)		(1,024)
Net income of period										(4,582)	(4,582)	(105)	(4,687)
At 31 March 2009	**191,676**	**3,493**	**7,497**	**3,106**	**(5,859)**	**993**	**(6,721)**	**9,062**	**196,164**	**(4,582)**	**394,829**	**1,277**	**396,106**

CHANGES IN SHAREHOLDERS' EQUITY 1 January 2008 / 31 March 2008

In thousands of Euros	Share capital	Share premium reserve	Legal reserve	Reserve for assessment of derivatives	IAS transition reserve	Group consolidation reserve	Group conversion reserve	Stock option reserve	Earnings (losses) for previous periods	Earnings (losses) for the period	***Consolidated Group shareholders' equity***	***Minority interest capital and reserves***	**TOTAL SHAREHOLDERS' EQUITY**
At 1 January 2008	**202,124**	**3,493**	**4,273**	**62,703**	**(5,859)**	**993**	**(293)**	**6,576**	**136,826**	**59,561**	**470,397**	**1,050**	**471,447**
Translation of financial statements in foreign currency							(2,647)				(2,647)	8	(2,639)
Change in IAS reserves				3,059				437			3,496		3,496
Allocation of profit									59,561	(59,561)	0		0
Net income of period										3,116	3,116	53	3,169
At 31 March 2008	**202,124**	**3,493**	**4,273**	**65,762**	**(5,859)**	**993**	**(2,940)**	**7,013**	**196,387**	**3,116**	**474,362**	**1,111**	**475,473**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 March 2009

A) GENERAL ASPECTS

Piaggio & C. S.p.A. (the Company) is a joint-stock company 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 Interim Report on Operations. The main operations of the company and its subsidiaries (the Group) are described in the Report on Operations.

The financial statements are expressed in euro (€) since that is the currency in which most of the Group's transactions take place. Foreign businesses are included in the consolidated financial statements in accordance with the principles indicated in the following notes.

1. Consolidation area

The consolidation area is changed compared to the consolidated financial statements at 31 December 2008 and at 31 March 2008 following the closing of the liquidation procedure of Aprilia Moto UK Ltd. These somewhat limited changes does not alter the comparability of the balance sheet and income results between the two periods.

2. Compliance with INTERNATIONAL ACCOUNTING STANDARDS

The Consolidated Interim Report on Operations of the Piaggio Group at 31 March 2009 has been prepared in compliance with International Accounting Standards (IAS/IFRS), in force at such time and issued by the International Accounting Standards Board, approved by the European Commission and, likewise, in compliance with provisions of article 9 of Legislative Decree no. 38/2005 (Consob Resolution no. 15519 of 27 July 2006 indicating "Provisions for the presentation of financial statements", Consob Resolution no. 15520 of 27 July 2006 regarding "Changes and additions to the Issuer Regulation adopted by Resolution no. 11971/99", Consob communication no. 6064293 of 28 July 2006 regarding "Corporate reporting required in accordance with article 114, paragraph 5 of Legislative Decree 58/98"). The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called the Standing Interpretations Committee ("SIC"), were also taken into account.

This Interim Report on Operations has therefore been prepared in accordance with IAS 34 – *Interim financial reporting*.

In addition, international accounting standards have been uniformly applied for all Group companies.

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

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

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

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

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

3. Other information

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

B) INFORMATION BY SECTOR

Information by business sectors and by geographical area

During the course of 2008, the Piaggio Group adopted a new organisational structure with a view to focusing Group resources by "functional area" and by "geographical area".
As a result, internal reporting has been modified to reflect this organisational change; hence, this is based on functional areas and geographical areas that have been identified, as illustrated further on, as primary and secondary sectors.
The Piaggio Group has established sector reporting based on internal reporting procedures used by management for taking strategic decisions.

Primary sector: functional areas

The "Two-Wheeler" and "Commercial Vehicle" divisions represent the organisational structure of the Group, whose results are considered by management for assessing performances attained.
The business figures and margins reported for the primary sector are in line with those used in internal reporting.

Secondary sector: geographical area

"Italy", "The Rest of Europe", "Americas", "India", "Asia Pacific" and "Other" are the "destination" geographical areas that have been used for breaking down Group business and financial data at 31 March 2009.

Segment data for the first quarter of 2008 as reported last year have been reclassified to meet the current reporting layout.

Primary sector: Business unit

INCOME STATEMENT

In millions of Euros	Two-wheeler vehicles 1st quarter 2009	Two-wheeler vehicles 1st quarter 2008	Commercial vehicles 1st quarter 2009	Commercial vehicles 1st quarter 2008	PIAGGIO GROUP 1st quarter 2009	PIAGGIO GROUP 1st quarter 2008
Income statement						
Revenues	209.5	264.7	96.8	99.2	306.3	363.9
Business margin	**60.7**	**81.4**	**27.1**	**22.7**	**87.8**	**104.1**
Other non allocated revenues						
Non allocated shared costs					87.6	91.0
Operating income					**0.2**	**13.1**
Income from equity investments						
Financial income					1.6	7.6
Financial charges					-10.0	-15.6
Earnings before tax					**-8.2**	**5.1**
Taxation for the period					-3.5	1.9
Consolidated net income					**-4.7**	**3.2**
Attributable to:						
Shareholders of the Parent Company					-4.6	3.1
Minority Shareholders					-0.1	0.1

Secondary sector: geographical area

In millions of Euros		*Italy*	*Rest of Europe*	*America*	*India*	*Asia Pacific*	*Other*	*Piaggio Group*
REVENUES	1st quarter 2009	87.7	122.8	21.2	61.3	6.5	6.8	**306.3**
	1st quarter 2008	121.1	147.3	13.9	62.2	14.5	4.9	**363.9**
INVESTMENTS	1st quarter 2009	13.9	0.5	0.0	4.6	1.0		**20.0**
	1st quarter 2008	14.4	0.6	0.1	1.2	0.3		**16.6**

C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

4. Net revenues €/000 306,344

Revenues are shown net of premiums recognised to customers (dealers).
This item does not include transport costs, which are recharged to customers (€/000 6,738) and advertising cost recoveries invoiced (€/000 1,634), which are shown under other operating income.
The revenues for disposals of Group core business assets essentially refer to the marketing of vehicles and spare parts in European and non-European markets.

Revenues by business sector

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

Amounts in €/000	*1-1 / 31-3-2009*		*1-1 / 31-3-2008*		*Changes*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Two-wheeler vehicles	209,522	68.39	264,754	72.75	(55,232)	-20.86
Commercial vehicles	96,822	31.61	99,156	27.25	(2,334)	-2.35
TOTAL	**306,344**	**100.00**	**363,910**	**100.0**	**(57,566)**	**-15.82**

Revenues by geographic area

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

Amounts in €/000	*1-1 / 31-3-2009*		*1-1 / 31-3-2008*		*Changes*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Italy	87,659	28.61	121,053	33.26	(33,394)	-27.59
Rest of Europe	122,759	40.07	147,319	40.48	(24,560)	-16.67
America	21,212	6.92	13,909	3.82	7,303	52.51
India	61,346	20.03	62,243	17.10	(897)	-1.44
Asia Pacific	6,531	2.13	14,498	3.98	(7,967)	-54.95
Rest of the world	6,837	2.23	4,888	1.34	1,949	39.87
TOTAL	**306,344**	**100.00**	**363,910**	**100.0**	**(57,566)**	**-15.82**

In the first quarter of 2009, net revenues decreased by €/000 57,566, following the decline in general demand for Two-Wheeler vehicles in the European Market due to the economic crisis which has hit the whole of the Western world, the reduction of the BMW order by €/000 1,200, as well as the exchange rate effect linked to the Euro revaluation with an impact of around €/000 3,800.

5. Costs for materials **€/000 182,353**

These totalled an overall €/000 182,353, compared to €/000 214,050 at 31 March 2008. The 14.8% drop was essentially driven by the decrease in production and sales volumes.
This item includes costs for €/000 8,763 relating to the purchase of scooters and engines from the Chinese subsidiary Zongshen Piaggio Foshan, which are respectively distributed on the European and Asian markets and assembled on scooters built in Italy.

6. Costs for services and use of third party assets **€/000 63,403**

In the first quarter of 2009, these totalled €/000 63,403, a saving of €/000 10,456 compared to 31 March 2008.

7. Employee costs **€/000 61,059**

Employee costs for the first quarter of 2009 totalled €/000 61,059, against €/000 65,709 for the same period last year.
It should be noted that the employee costs include €/000 506 relating to stock option costs, as required by the international accounting standards.

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

	Average number		
Level	*1-1 / 31-3-2009*	*1-1 / 31-3-2008*	*Change*
Senior Management	111	109	2
Middle Management	429	418	11
Clerical staff	1,967	1,919	48
Manual labour	4,797	4,909	(112)
Total	**7,304**	**7,355**	**(51)**

	Number at		
Level	*31 March 2009*	*31 December 2008*	*Change*
Senior Management	108	112	(4)
Middle Management	428	430	(2)
Clerical staff	2,014	1,995	19
Manual labour	4,496	3,671	825
Total	**7,046**	**6,208**	**838**

8. Amortisation, depreciation and impairment costs **€/000 20,798**

As set out in more detail in the paragraph on intangible assets, as of 1 January 2004, goodwill is no longer amortised, but is tested annually for *impairment*.
The *impairment test* carried out at 31 December 2008 confirmed the full recoverability of the amounts recorded in the financial statements.
Amortisation under the item "Concessions, licences, trademarks and similar rights" includes €/000 1,497 of amortisation of the Aprilia brand and €/000 762 for the Guzzi brand.

9. Other operating income **€/000 27,055**

Other operating income recorded a drop of €/000 3,773 on the first quarter 2008 figure, in part due to the decrease in business volumes.
The item includes some recovered costs, essentially transport costs and marketing costs recharged to customers, the charges for which are classified under "services".

10. Other operating costs **€/000 5,572**

Other operating costs remained largely in line with the figure for the first quarter of 2008.

11. Net financial income (charges) **€/000 (8,439)**

Net financial income (charges) for the first quarter of 2009 increased to a negative €/000 8,439, compared to a negative €/000 8,013 for the same period of 2008. The €/000 426 increase was due to higher interest charges driven by growth in average net debt for the period, which was almost entirely offset by falling interest rates.

12. Taxes **€/000 (3,544)**

In accordance with IAS 34, the Group recorded a gain of €/000 3,544 in taxes for the quarter, based on an estimate of the average tax rate expected for the entire financial period, equal to 43%. For 2009 as a whole, the Group estimates that profit before taxes will be positive.

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

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

14. Earnings per share

Earnings per share are calculated as follows:

		1-1 / 31-3-2009	*1-1 / 31-3-2008*
Net income	€/000	(4,687)	3,169
Earnings attributable to ordinary shares	€/000	(4,687)	3,169
Number of ordinary shares in circulation at 1/1		396,040,908	396,040,908
Number of shares issued in the period		-	-
Average number of ordinary shares in circulation during the period		396,040,908	396,040,908
Earnings per ordinary share	€	(0.012)	0.008
Adjusted average number of ordinary shares		396,040,908	431,304,025
Diluted earnings per ordinary share	€	(0.012)	0.007

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

D) INFORMATION ON THE CONSOLIDATED BALANCE SHEET - ASSETS

15. Intangible fixed assets €/000 649,848

The table below details the breakdown of intangible assets at 31 March 2009 and at 31 December 2008, as well as the changes for the period.

Amounts in €/000	Book value at 31 December 2008	Increases	Amortisation	Disposals	Reclassifications	Exchange differences	Book value at 31 March 2009
R&D costs	81,820	12,022	(6,261)	(19)	(40)	19	87,541
Patent rights	18,095	122	(2,594)	(5)	40		15,658
Concessions, licences and trademarks	99,606		(2,298)				97,308
Goodwill	446,940	304					447,244
Other	1,773	493	(208)			39	2,097
Total	**648,234**	**12,941**	**(11,361)**	**(24)**	**0**	**58**	**649,848**

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

In relation to agreements for the acquisition of Aprilia, in December 2004, the Company had issued warrants and financial instruments in favour of Aprilia's selling shareholders and creditor banks, exercisable in the periods determined by the respective regulations starting from the approval of the consolidated financial statements at 31 December 2007, of which commitments can be summed up as follows:

- Piaggio 2004/2009 warrants for an overall issue price of €/000 5,350.5, which envisaged a realisable value proportionate to the differential between the Group's economic value at the exercise date and a grid of threshold values variable depending on the different exercise periods. It was also established that the maximum realisable value of the warrant could never exceed the overall issue price by twelve times, equal to €/000 64,206; and could be settled, with reserved faculty by the issuer, both by cash and by the handover of Company's shares if listed on the MTA of the Italian Stock Exchange. The Company, already from the 2005 financial statements, had recorded in a special equity reserve the fair value of this commitment, on the assumption that the realisable value could be settled by handing over shares, after having at the same time started the process for the floatation of the Company and being in possession of the resolution by the Extraordinary Shareholders' Meeting to increase the reserved capital through the issue of up to a maximum of 25 million shares. During 2008, almost all banks holding the warrants had exercised them. The realisable value of the equity's rights due to the owners of the 9,959 exercised warrants was equal to € 63,942,755.40 as from an estimation given by an independent estimator on 5 June 2008. On 3rd July, a cash settlement was made. Following such resolution, steps were taken to reclassify to financial debt what was previously classified among shareholders' equity reserves. On 26 March 2009, the remaining 41 warrants were exercised.

- EMH 2004/2009 financial instruments for a global nominal value of €/000 10,000, with the right to payment following approval of the financial statements at 31 December 2009 of a minimum guaranteed sum of €/000 3,500 in addition to a maximum realisable value of €/000 6,500 in proportion to the differential between the Group's economic value at the exercise date and a grid of threshold values above the values established for Piaggio 2004/2009 warrants, variable in relation to different exercise periods. The realisable value of the equity rights due to the owners of the EMH instruments was equal to € 6,500,000 as from the estimation given by an independent estimator on 5 June 2008. On 3 July 2008, a cash settlement was made.
- Aprilia shareholder 2004/2009 financial instruments which envisage a realisable value that can never exceed €/000 10,000 proportionate to the differential between the Group's economic value at the exercise date and a grid of threshold values and dependent on the total payment by the Company of the maximum amount, inclusive of the minimum guaranteed, of the value envisaged for the Piaggio 2004/2009 warrants and for the EMH 2004/2009 financial instruments.

The initial purchase cost adjustment relating to the payment of Warrants and EMH Financial Instruments equal to €/000 70,706 was entered as goodwill. Moreover, the initial purchase cost adjustment relating to Aprilia Shareholder Instruments, estimated as €/000 9,303 was also entered as goodwill, as it was considered probable in the light of final results and 2008-2010 Plan forecasts.

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

		at 31 March 2009			At 31 December 2008	Change (A-B)
Amounts in €/000	Amount	Present value (A)	Time	Discount rate	Present value (B)	
Warrants	64,206	64,206			64,206	0
EMH instrument	6,500	6,500			6,500	0
Aprilia shareholder instrument	10,000	9,303	1.35	5.49%	8,999	304
Total	**80,706**	**80,009**			**79,705**	**304**

The counter entry for the adjustment to the purchase cost, following the resolution Piaggio's Board of Directors dated 11 June 2008, was recorded to financial payables.

16. Property, plant and machinery €/000 248,682

The following table shows the breakdown of tangible assets at 31 March 2009 and at 31 December 2008, as well as the changes during the period.

Amounts in €/000	*Net value at 31 December 2008*	*Increases*	*Depreciation*	*Disposals*	*Reclassifications*	*Exchange differences*	*Value at 31 March 2009*
Land	32,150						32,150
Buildings	91,426	398	(939)			198	91,083
Plants and machinery	69,267	2,559	(3,121)	(55)	(9)	226	68,867
Equipment	48,983	4,112	(4,817)	(2)	40	12	48,328
Other	8,528	307	(560)	(14)	(31)	24	8,254
Total	**250,354**	**7,376**	**(9,437)**	**(71)**	**0**	**460**	**248,682**

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

Guarantees

At 31 March 2009, the Group had land and buildings encumbered by mortgage liens or privileges in favour of Interbanca to secure a €/000 983 loan provided in accordance with Law 346/88 regarding subsidies for applied research received in previous years.

17. Real estate investments €/000 0

At the close of the quarter, no real estate investments were held.

18. Equity investments €/000 239

The item Equity Investments remains unchanged compared to 31 December 2008, and consists of:

Amounts in €/000	*At 31 March 2009*	*At 31 December 2008*	*Change*
Equity investments in subsidiaries			
Equity investments in joint ventures			
Equity investments in affiliated companies	239	239	0
Total	**239**	**239**	**0**

19. Other non-current financial assets **€/000 333**

This item comprises:

Amounts in €/000	*At 31 March 2009*	*At 31 December 2008*	*Change*
Financial receivables due from third parties	168	194	(26)
Equity investments in other companies	165	165	0
Total	**333**	**359**	**(26)**

20. Current and non-current tax receivables **€/000 30,751**

Tax receivables of €/000 30,751 consist of:

Amounts in €/000	*At 31 March 2009*	*At 31 December 2008*	*Change*
VAT receivables	19,873	27,281	(7,408)
Income tax receivables	2,121	1,932	189
Other receivables due from the public authorities	8,757	6,725	2,032
Total tax receivables	**30,751**	**35,938**	**(5,187)**

Tax receivables included under non-current assets totalled €/000 9,834, compared to €/000 8,166 at 31 December 2008, while tax receivables included under current assets totalled €/000 20,917 compared to €/000 27,772 at 31 December 2008.

21. Deferred tax assets **€/000 44,748**

The item totalled €/000 44,478 compared to €/000 36,227 at 31 December 2008. Deferred tax assets mainly consist of assets from the reversal of unrealised inter-company gains with third parties, tax losses of the Parent Company and Nacional Motor S.A., timing differences, as well as the adjustment of the Group tax burden to the tax rate expected for the entire financial year.

22. Current and non-current trade receivables **€/000 151,009**

In the two periods of reference, no trade receivables were recognised as long-term assets.
At 31 March 2009 current trade payables totalled €/000 151,009 against €/000 90,278 at 31 December 2008. The item includes:

Amounts in €/000	At 31 March 2009	At 31 December 2008	Change
Current trade receivables:			
- due from customers	150,191	89,818	60,373
- due from Group companies valued at equity	752	394	358
- due from affiliated companies	66	66	0
Total	**151,009**	**90,278**	**60,731**

The trade receivables item comprises the receivables, referring to normal sale transactions, recorded net of provisions for risks on receivables of €/000 23,984.

The €/000 60,731 increase is linked to the seasonal nature of the sales, which are concentrated in the spring and summer months.

Trade receivables due from Group companies valued at equity are amounts due from Zongshen Piaggio Foshan relating to the sale of raw and semi-finished materials.

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

The Piaggio Group sells a large part of its trade receivables with and without recourse. The Piaggio Group has signed contracts with some of the most important Italian and foreign factoring companies as a move to optimise the monitoring and the management of its trade receivables, besides offering its clients an instrument for funding their own inventories. At 31 March 2009, the trade receivables sold without recourse totalled €/000 124,845, of which the Piaggio Group received financial advances prior to the natural maturity of the receivables for a total of €/000 93,810. At 31 March 2009 the trade receivables sold with recourse totalled €/000 17,923 and have counter entry in the current liabilities.

23. Other current and non-current receivables **€/000 33,361**

Other receivables recorded under non-current assets totalled €/000 12,310 compared to €/000 12,587 at 31 December 2008, whereas those recorded under current assets are equal to €/000 21,051 against €/000 21,380 at 31 December 2008. They comprise the following:

Amounts in €/000	At 31 March 2009	At 31 December 2008	Change
Other non-current receivables:			
- due from Group companies valued at equity	138	440	(302)
- due from affiliated companies	359	359	0
- due from others	11,813	11,788	25
Total non-current portion	**12,310**	**12,587**	**(277)**

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

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

Amounts in €/000	At 31 March 2009	At 31 December 2008	Change
Other current receivables:			
Receivables due from Parent Company	1,731	1,784	(53)
Receivables due from Group companies valued at equity	7	5	2
Receivables due from affiliated companies	177	172	5
Receivables due from others	19,136	19,419	(283)
Total current portion	**21,051**	**21,380**	**(329)**

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.

24. Inventories €/000 286,519

At 31 March 2009, inventories totalled €/000 286,519, compared to €/000 257,961 at the end of 2008 and consist of:

Amounts in €/000	*At 31 March 2009*	*At 31 December 2008*	*Change*
Raw materials and consumables	138,013	103,314	34,699
Provisions for write-downs	(10,182)	(8,687)	(1,495)
	127,831	*94,627*	33,204
Work in progress	15,614	23,733	(8,119)
Provisions for write-downs	(852)	(852)	0
	14,762	*22,881*	(8,119)
Finished products and goods	164,951	161,766	3,185
Provisions for write-downs	(21,207)	(21,417)	210
	143,744	*140,349*	3,395
Advances	*182*	*104*	78
Total	**286,519**	**257,961**	**28,558**

The overall growth of €/000 28,558 was related to the seasonal nature of the production cycle.

25. Other current financial assets **€/000 19,059**

This item comprises:

Amounts in €/000	*At 31 March 2009*	*At 31 December 2008*	*Change*
Financial receivables due from affiliated companies	45	45	0
Securities	19,014	1,605	17,409
Other	-	4,137	(4,137)
Total	**19,059**	**5,787**	**13,272**

The item refers to certificates of deposit issued by an Indian public social security body and purchased by the subsidiary Piaggio Vehicles Private Ltd. in order to make efficient use of temporary liquidity.

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

26. Cash and cash equivalents **€/000 70,845**

Cash and cash equivalents totalled €/000 70,845 against €/000 39,985 at 31st December 2008, as detailed below:

Amounts in €/000	*At 31 March 2009*	*At 31 December 2008*	*Change*
Bank and post office deposits	70,795	39,943	30,852
Cash and assets in hand	50	42	8
Total	**70,845**	**39,985**	**30,860**

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

27. Assets held for sale **€/000 0**

At 31 March 2009, there were no assets held for sale.

INFORMATION ON THE CONSOLIDATED BALANCE SHEET - LIABILITIES

28. Share capital and reserves **€/000 396,106**

Share capital €/000 191,676

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

In thousands of Euros	
Subscribed and paid up capital	205,941
Own shares purchased at 31 December 2008	(13,794)
Share capital at 1 January 2009	192,147
Own shares purchased in the period 1-1 / 31-3 2009	(471)
Share capital at 31 March 2009	191,676

At 31 March 2009 the fully subscribed and paid-up share capital consisted of 396,040,908 ordinary shares with a nominal value of € 0.52 each, totalling € 205,941,272.16.
During the period, following the resolution passed at the Shareholders' Meeting on 24 June 2008, the Parent Company purchased 906,208 own shares.
Thus, at 31 March 2009, the Parent Company held 27,432,542 own shares, corresponding to 6.927% of share capital.

At 31 March 2009, according to the shareholder ledger, notifications received as per article 120 of Legislative Decree No. 58/1998 and other information available, the following shareholders hold voting rights, either directly or indirectly, exceeding 2% of the share capital:

Declarant	Direct shareholder		% of ordinary share capital	% of voting share capital
	Name	Title		
Omniaholding S.p.A.	**IMMSI S.p.A.**	Ownership	53.588	53.588
	Omniaholding S.p.A.	Ownership	0.025	0.025
	Piaggio & C. S.p.A.	Ownership	6.927*	6.927*
		Total	**60.539**	**60.539**
Diego della Valle	Diego della Valle & C. S.a.p.a.	Ownership	5.01	5.01
		Total	**5.01**	**5.01**
Girondi Giorgio	G.G.G. S.p.a.	Ownership	2.103	2.103
	Doutdes S.p.a.	Ownership	0.328	0.328
		Total	**2.431**	**2.431**
State of New Jersey Common Pension Fund D	State of New Jersey Common Pension Fund D	Ownership	2.14**	2.14**
		Total	**2.14**	**2.14**
Intesa Sanpaolo S.p.A.	Banca di Trento e Bolzano S.p.A.	Pledged	0.148	0.148
	Banca Fideuram S.p.A.	Pledged	0.005	0.005
	Banca IMI	Ownership	2.324	2.324
	Cassa di Risparmio del Veneto S.p.A.	Pledged	0.001	0.001
	Cassa di Risparmio di Firenze S.p.A.	Pledged	0.001	0.001
	Cassa di Risparmio di Bologna	Pledged	0.000	0.000
	Intesa Sanpaolo Private Banking	Pledged	0.001	0.001
	Intesa Sanpaolo S.p.A.	Pledged	0.031	0.031
		Total	**2.510**	**2.510**

(*) non-voting shares as per article 2357-ter (2) of the Italian Civil Code.
(**) as notified in accordance with article 120 of Legislative Decree No. 58/1998

Share premium reserve €/000 3,493

The share premium reserve at 31 March 2009 was unchanged and stood at €/000 3,493.

Legal reserve €/000 7,497

The legal reserve at 31 March 2009 was unchanged and stood at €/000 7,497.

Other reserves and retained earnings €/000 196,745

This item consists of:

Amounts in €/000	*At 31 March 2009*	*At 31 December 2008*	*Change*
Conversion reserve	(6,721)	(6,372)	(349)
Stock option reserve	9,062	8,556	506
Financial instruments' fair value reserve	3,106	(405)	3,511
IFRS transition reserve	(5,859)	(5,859)	0
Total other reserves	*(412)*	*(4,080)*	*3,668*
Consolidation reserve	993	993	0
Retained earnings	196,164	153,716	42,448
Total	**196,745**	**150,629**	**46,116**

The financial instruments' *fair value* reserve includes €/000 3,106 relating to the effect of recording the *cash flow hedge*.

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

Group earnings (losses) for the period €/000 (4,582)

Minority interest capital and reserves €/000 1,277

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

29. Current and non-current financial liabilities €/000 536,561

In the first quarter of 2009, the Group's overall debt recorded an increase of €/000 131,081, rising from €/000 405,480 to €/000 536,561. Such growth was mainly due to seasonal factors in the Two-Wheeler business which, as is widely known, tends to absorb resources in the first half of the year before generating resources in the second. The change was bigger than in past years due to the negative performance of certain key markets in Europe in the first quarter of the year, despite the controlled management of working capital.

The Group's net debt rose to €/000 446,657 at 31 March 2009 from €/000 359,708 at 31 December 2008, as can be seen in the table on net financial position included in the financial schedules.

Financial payables included in non-current liabilities totalled €/000 388,596 against €/000 264,789 at 31 December 2008, whereas other payables included in current liabilities totalled €/000 147,965 compared to €/000 140,691 at 31 December 2008.

The attached tables summarise the breakdown of financial debt at 31 March 2009 and at 31 December 2008, as well as the changes for the period.

Amounts in €/000	*At 31 December 2008*	*Repayments*	*New issues*	*Reclassifications to current portion*	*Other changes*	*At 31 March 2009*
Non-current portion:						
Medium-/long-term loans	117,056		150,000	(24,905)		242,151
Bonds falling due over 12 months	120,873	(2,000)			49	118,922
Other medium-/long-term loans						
of which leasing	9,019			(188)		8,831
of which due to other lenders	8,842		1,145	(598)		9,389
of which Aprilia instruments	8,999				304	9,303
Total other loans beyond 12 months	*26,860*	*0*	*1,145*	*(786)*	*304*	***27,523***
Total	**264,789**	**(2,000)**	**151,145**	**(25,691)**	**353**	**388,596**

Amounts in €/000	*At 31 December 2008*	*Repayments*	*New issues*	*Reclass. from noncurrent portion*	*At 31 March 2009*
Current portion:					
Current account overdrafts	14,009	(8,979)			5,030
Current account payables	52,369	(13,655)			38,714
Payables due to factoring companies	13,020		4,903		17,923
Current portion of medium-/long-term loans:					
- of which leases	727	(180)		188	735
- due to banks	57,734	(352)		24,905	82,287
- due to others	2,569	(154)		598	3,013
. of which Aprilia instruments	263				263
Total current portion of medium-/long-term loans	*61,293*	*(686)*	*0*	*25,691*	*86,298*
Total	**140,691**	**(23,320)**	**4,903**	**25,691**	**147,965**

Medium-term bank debt amounts to €/000 324,438 (of which €/000 242,151 non-current and €/000 82,287 current) and consists of the following loans:

- a €/000 150,000 medium-term loan from the European Investment Bank to finance research & development investments planned for the period 2009-2012. The amortisation schedule of the seven-year loan consists of 14 six-monthly instalments to be repaid at a variable rate equal to the six-month Euribor rate plus a spread of 1.323%. The contractual terms envisage loan covenants but exclude guarantees. It should be noted that, in reference to the 2008 period, these parameters were comfortably met;
- a €/000 108,673 loan (nominal value €/000 109,500) to the Parent Company from Mediobanca and Banca Intesa San Paolo. In April 2006, this loan was syndicated to a restricted pool of banks and it is part of a more articulated loan package. The loan package consists of a first *tranche* of €/000 150,000 (nominal value) which has been fully drawn on (at 31 March 2009 €/000 109,500 was still due) and a second *tranche* of €/000 100,000 to be used as a credit line (at 31 March 2009, €/000 20,000 had been drawn). The structure envisages a 7-year term, with a grace period of 18 months and 11 six-monthly instalments with the last maturity on 23rd December 2012 for the loan *tranche*, a variable interest rate linked to the 6 month Euribor rate to which a variable spread between a maximum of 2.10% and a minimum of 0.65% is added depending on the Net Financial Debt/EBITDA ratio. For the *tranche* relating to the credit line there is a commitment fee of 0.25%. The agreement does not envisage the issue of guarantees, while, in line with market practice,

it does require meeting some financial parameters. It should be noted that, in reference to the 2008 period, these parameters were comfortably met;

- a €/000 29,000 loan granted to the Parent Company by a pool of 14 banks at the time of the Aprilia acquisition for the purchase of an amount of 34 million Euros in non self-liquidating financial receivables claimed by the same lenders from Aprilia S.p.A.. The economic terms provide for a fixed interest rate of 3.69% annually compounded and repayment of principal and interest in a sole instalment on final maturity at 31 December 2009 aligned with the exercise date of Piaggio 2004-2009 warrants underwritten by the same lenders during the Aprilia closing;
- a €/000 25,000 five-year unsecured loan from Interbanca entered into in September 2008;
- a €/000 983 loan from Interbanca in accordance with Law 346/88 regarding subsidies for applied research, secured by a mortgage lien on property;
- an interest-free loan of €/000 2,691 from Banca Antonveneta originally to a subsidiary of the Aprilia Group and, following the acquisition, taken on by the Parent Company with a single repayment date in 2011. The conditions envisage a market interest rate over the last two years based on the performance of the Piaggio 2004-2009 warrants;
- a €/000 1,030 subsidised loan from Efibanca, maturing on 28/12/2009;
- a €/000 2,061 subsidised loan from Banca Intesa San Paolo under Law 346/88 regarding applied research;
- €/000 3,500 of payables due to Interbanca in its capacity of provider of the EMH instruments;
- a €/000 1,500 eight-year subsidised loan from ICCREA in December 2008 granted under Law 100/90 and linked to the SIMEST equity investment in the Vietnamese company.

Bonds falling due over 12 months (€/000 118,922 net carrying amount) refer to a *high-yield* bond issued on 27 April 2005 by the subsidiary Piaggio Finance S.A. (Luxembourg), for a nominal amount of €/000 150,000, maturing on 30 April 2012 and with a half-yearly coupon bearing a fixed annual nominal rate of 10%. The bond issue is guaranteed by the Parent Company. In March 2009, Standard & Poor's confirmed its BB rating on the bonds, downgrading its outlook from stable to negative. The rating agency Moody's, in July 2008 confirmed its Ba2 *rating* and "stable" *outlook*. The crisis that impacted financial markets in the latter part of 2008, has been reflected in bond market prices that in these circumstances have been trading under par. The Group has taken advantage of the situation by rolling-over bonds repurchased in the first quarter of 2008. At 31 March 2009, repurchased bonds totalled €/000 28,040. Following the decision not to cancel bonds held in portfolio, repurchased bonds were booked in the balance sheet as a reduction to the initial debt, in accordance with accounting standards.

Medium-/long-term payables due to other lenders amount to €/000 49,457 of which €/000 27,523 falling due beyond twelve months (€/000 21,934 is the current portion of other loans). These break down as follows:

- €/000 9,566 in finance leases for the incorporated Moto Guzzi S.p.A., €/000 9,561 of which provided by Locat S.p.A. and €/000 5 by Italease Factoring S.p.A.;
- Piaggio 2004-2009 warrants for €/000 263;
- ex-Aprilia Shareholders' financial instrument for €/000 9,303;
- subsidised loans for a total of €/000 12,402 provided by Simest and by the Ministry of Economic Development using regulations to encourage exports and investment in research and development (non-current portion of €/000 9,389);
- advances from factoring operations with recourse €/000 17,923.

Financial instruments

Exchange rate risk

In the first quarter of 2009, exchange rate risk was managed in line with the *policy* introduced in 2006, which aims to neutralise the possible negative effects of exchange rate changes on company *cash-flow*, by hedging the business risk, which concerns the changes in company profitability compared to the annual business budget on the basis of a key change (the so-called "budget change") and of the settlement risk, which concerns the differences between the exchange rate recorded in the financial statements for receivables or payables in foreign currency and that recorded in the related receipt or payment.

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

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

Referring to contracts which are made to hedge exchange rate risk on receivables and payables in foreign currency (settlement risk), at 31 March 2009 Piaggio & C. S.p.A. had the following forward sale contracts outstanding:

- for a value of USD/000 39,275 equal to €/000 29,951 (valued at the forward exchange rate);
- for a value of GBP/000 5,175 equal to €/000 5,722 (valued at the forward exchange rate);
- for a value of NOK/000 1,960 equal to €/000 218 (valued at the forward exchange rate);
- for a value of DKK/000 6,015 equal to €/000 806 (valued at the forward exchange rate);
- for a value of CHF/000 3,834 equal to €/000 2,560 (valued at the forward exchange rate);
- for a value of CAD/000 3,940 equal to €/000 2,419 (valued at the forward exchange rate);

- for a value of JPY/000,000 400 equal to €/000 3,079 (valued at the forward exchange rate);
- for a value of SGD/000 540 corresponding to €/000 265 (valued at the forward exchange rate);

and forward purchase contracts:

- for a value of CHF/000 2,944 equal to €/000 1,943 (valued at the forward exchange rate);
- for a value of JPY/000,000 885 equal to €/000 7,047 (valued at the forward exchange rate);
- for a value of GBP/000 2,040 equal to €/000 2,201 (valued at the forward exchange rate);
- for a value of NOK/000 315 equal to €/000 36 (valued at the forward exchange rate);
- for a value of SEK/000 880 equal to €/000 82 (valued at the forward exchange rate);
- for a value of USD/000 3,150 equal to €/000 2,393 (valued at the forward exchange rate).

As regards contracts in place to hedge exchange rate risk on *forecast transactions* (business risk), at 31 March 2009 the Parent Company had in place:

- forward purchase contracts for a value of JPY/000,000 868 and CNY/000,000 261, corresponding to €/000 7,028 and €/000 26,252 respectively;
- forward sales contracts for a value of CHF/000 18,050, CAD/000 8,450 and GBP/000 14,700, corresponding to €/000 12,007, €/000 5,202 and €/000 16,424 respectively (all valued at the forward exchange rate).

As for other Group companies, at 31 March 2009, Piaggio Group Americas had forward sale contracts in place for USD/000 11,800, corresponding to €/000 9,052 (valued at the forward exchange rate).

30. Current and non-current trade payables €/000 355,887

At 31 March 2009 and at 31 December 2008 no trade payables were recorded under non-current liabilities.
At 31 March 2009, current trade payables totalled €/000 355,887, compared to €/000 362,224 at 31 December 2008.

Amounts in €/000	*At 31 March 2009*	*At 31 December 2008*	*Change*
Current liabilities:			
Amounts due to suppliers	341,576	353,512	(11,936)
Amounts due to Group companies valued at equity	13,860	8,209	5,651
Amounts due to affiliated companies	199	159	40
Amounts due to parent companies	252	344	(92)
Total current portion	**355,887**	**362,224**	**(6,337)**

The overall €/000 6,337 decrease in trade payables was connected with falling business volumes.

31. Current and non-current portions of provisions €/000 41,192

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

Amounts in €/000	Balance at 31 December 2008	Provisions	Applications	Reclassification	Exchange differences	Balance at 31 March 2009
Product warranty reserve	18,537	2,623	(3,359)	31	24	17,856
Risk provisions on equity investments	5,782			(302)		5,480
Provisions for contractual risks	8,481					8,481
Other provisions for risks and charges	8,776	1,026	(417)	(62)	52	9,375
Total	**41,576**	**3,649**	**(3,776)**	**(333)**	**76**	**41,192**

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

Amounts in €/000	*At 31 March 2009*	*At 31 December 2008*	*Change*
Non-current portion:			
Product warranty reserve	3,077	2,945	132
Risk provisions on equity investments	5,480	5,480	0
Provisions for contractual risks	8,481	8,481	0
Other provisions for risks and charges	4,776	4,772	4
Total non-current portion	**21,814**	**21,678**	**136**

Amounts in €/000	*At 31 March 2009*	*At 31 December 2008*	*Change*
Current portion:			
Product warranty reserve	14,779	15,592	(813)
Risk provisions on equity investments		302	(302)
Provisions for restructuring			
Other provisions for risks and charges	4,599	4,004	595
Total current portion	**19,378**	**19,898**	**(520)**

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

The reserve increased during the period by €/000 2,412 and was used for €/000 3,093 in relation to charges incurred during the period.

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

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

"Other provisions" include the provision for legal risks for an amount of €/000 5,543.

32. Deferred tax liabilities — €/000 31,159

Deferred tax liabilities totalled €/000 31,159 compared to €/000 31,795 at 31 December 2008. The change was mainly due to the reabsorption of timing differences.

33. Retirement funds and employee benefits — €/000 64,447

Amounts in €/000	*At 31 March 2009*	*At 31 December 2008*	*Change*
Retirement funds	2,565	2,562	3
Termination indemnities	61,882	61,598	284
Total	**64,447**	**64,160**	**287**

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.

34. Current and non-current tax payables €/000 21,874

At 31 March 2009, non-current "tax payables" totalled €/000 235, compared to €/000 166 at 31 December 2008.

"Tax payables" included in current liabilities totalled €/000 21,639 compared to €/000 19,065 at 31 December 2008.

Their breakdown was as follows:

Amounts in €/000	*At 31 March 2009*	*At 31 December 2008*	*Change*
Due for income tax	1,443	1,344	99
Tax payables for:			
- VAT	7,186	3,962	3,224
- tax withholdings made	5,198	6,026	(828)
- other	8,047	7,899	148
Total	20,431	17,887	2,544
TOTAL	**21,874**	**19,231**	**2,643**

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

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

35. Current and non-current other payables €/000 88,168

Amounts in €/000	*At 31 March 2009*	*At 31 December 2008*	*Change*
Non-current portion:			
Amounts due to social security institutions	1,002	1,003	(1)
Other payables	4,967	4,962	5
Total non-current portion	**5,969**	**5,965**	**4**

Amounts in €/000	*At 31 March 2009*	*At 31 December 2008*	*Change*
Current portion:			
Amounts due to employees	27,636	24,563	3,073
Amounts due to social security institutions	9,438	9,205	233
Sundry payables due to affiliated companies	218	226	(8)
Sundry payables due to parent companies	370	374	(4)
Others	44,537	36,309	8,228
Total current portion	**82,199**	**70,677**	**11,522**

Other payables included in non-current liabilities totalled €/000 5,969 against €/000 5,965 at 31 December 2008, whereas other payables included in current liabilities total €/000 82,199 compared to €/000 70,677 at 31 December 2008.

Amounts due to employees include the amount for holidays accrued but not taken of €/000 14,221 and other payments to be made for €/000 13,415.
Payables due to affiliated companies refer to various amounts due to the Fondazione Piaggio.

Mantova, 29 April 2009

for the Board of Directors
Chairman and Chief Executive
Roberto Colaninno

E) DEALINGS WITH RELATED PARTIES

The main business and financial relations that Group companies had with related parties have already been described in the specific paragraph in the Directors' Report to which reference is made here. To supplement that information, the following table provides an indication by company of the outstanding items at 31 March 2009, as well as their contribution to the respective items.

		Amounts in €/000	% of accounting item
Relations with affiliated companies			
Fondazione Piaggio	other current receivables	172	0.82%
	other current financial assets	45	0.24%
	other non-current receivables	359	2.92%
	current trade receivables	66	0.04%
	current trade payables	19	0.01%
	other current payables	218	0.27%
Piaggio China	current trade payables	6	0.00%
AWS do Brasil	other non-current receivables	138	1.12%
Zongshen Piaggio Foshan	other current receivables	7	0.03%
	costs for materials	8,763	4.81%
	other operating income	542	2.00%
	current trade receivables	752	0.50%
	current trade payables	13,854	3.89%
	costs for services and use of third party assets	20	0.03%
IMMSI Audit	other current receivables	5	0.02%
	current trade payables	180	0.05%
Relations with parent companies			
IMMSI	costs for services and use of third party assets	436	0.69%
	other operating income	17	0.06%
	other operating costs	154	2.76%
	other current receivables	1,731	8.22%
	current trade payables	252	0.07%
	other current payables	370	0.45%

F) <u>SUBSEQUENT EVENTS</u>

To date, no events have occurred after 31 March 2009 that make additional notes or adjustments to these interim financial statements necessary.

In this regard, refer to the Report on Operations for significant events after 31 March 2009.