



PIAGGIO & C.s.p.a.

IMMSI Group

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

**Quarterly Report
at 31 March 2007**

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Summary

COMPANY BOARDS

Board of Directors¹

Chairman

Roberto Colaninno

Deputy Chairman

Matteo Colaninno

Chief Executive Officer

Roberto Colaninno

Directors

Giangiaco­mo Attolico Trivulzio

Michele Colaninno

Franco De­benedetti (3), (4)

Daniele Discepolo (2), (5)

Luciano La Noce (3), (4)

Giorgio Magnoni

Gianclaudio Neri

Luca Paravicini Crespi (3), (5)

Riccardo Varaldo (4), (5)

(2) *Lead Independent Director*

(3) Member of the Nomination Committee

(4) Member of the Remuneration Committee

(5) Member of the Internal Control Committee

Board of Statutory Auditors

Chairman

Giovanni Barbara

Statutory Auditors

Attilio Francesco Arietti

Alessandro Lai

Substitute Auditors

Mauro Girelli

Maurizio Maffeis

Supervisory Body

Enrico Ingrilli

Giovanni Barbara

Alessandro Bertolini

General Managers

Daniele Bandiera

Michele Pallottini

Independent auditors

Deloitte & Touche S.p.A.

¹ Appointed by the ordinary shareholders' meeting held on 28 August 2006, the Board will serve until approval of the financial statements at 31 December 2008.

FINANCIAL HIGHLIGHTS

(amounts in millions of €)	1-1/31-3		2006
	2007	2006	statutory
Income statement (reclassified)			
Net revenues from sales	394.2	374.2	1,607.4
Gross industrial margin	115.7	112.9	483.0
Operating costs	-90.0	-89.9	-368.8
Operating earnings	25.6	23.0	114.2
Earnings before taxation	17.4	15.2	88.2
Net earnings	9.7	10.2	70.3
.Minority interest	0.0	0.0	0.4
.Group	9.7	10.2	70.0
Gross margin as a % of Net revenues	% 29.3	30.2	30.1
Operating earnings as a % of Net revenues	% 6.5	6.1	7.1
Net earnings as a % of Net revenues	% 2.5	2.7	4.4
Gross Operating Margin=EBITDA (from operations)	44.4	43.0	204.0
Gross Operating Margin as a % of Net revenues	% 11.3	11.5	12.7
Balance sheet			
Net working capital	64.7	47.2	20.2
Tangible assets	252.8	253.6	257.0
Intangible assets	634.4	624.7	630.3
Non-current financial assets	1.0	7.2	1.0
Reserves	-151.7	-175.7	-151.8
Net capital employed	801.2	757.0	756.7
Net financial position	344.8	397.7	318.0
Shareholders' equity	456.3	359.3	438.7
Sources of funds	801.2	757.0	756.7
Minority interest capital and reserves	0.6	0.3	0.6
Change in Net financial position			
Opening Net financial position	-318.0	-411.4	-411.4
Operating Cash Flow (Earnings+Depreciation/Amortisation)	28.5	30.2	160.1
(Increase)/Decrease in Working capital	-44.5	-3.2	23.8
(Increase)/Decrease in Net investments	-18.7	-13.3	-85.9
Net change in Reserves for pensions and other reserves	-0.1	-0.6	-24.5
Change in Shareholders' equity	7.9	0.6	19.9
Total Change	-26.8	13.7	93.4
Closing Net financial position	-344.8	-397.7	-318.0

KEY FIGURES BY BUSINESS SECTOR AT 31 MARCH 2007

BUSINESS	2W				LCV	OTHER	TOTAL
	Piaggio Gilera Vespa	Derbi	Aprilia	M. Guzzi			
Sales volumes (units)	76.2	7.8	29.8	2.9	43.0		159.8
Net revenues (million €)	166.9	14.3	91.3	24.1	93.2	4.3	394.2
Employees (n°.)	3,544	371	1,148	260	2,118		7,441
Investments							
- Fixed assets (million €)	2.2	0.6	0.9	0.3	0.2	2.0	6.2
- R&D spending (million €)	4.5	0.5	4.2	1.2	1.0	0.0	11.4

KEY FIGURES BY GEOGRAPHICAL AREA AT 31 MARCH 2007

GEOGRAPHICAL AREA	ITALY	EUROPE	NORTH AMERICA	INDIA	OTHER	TOTAL
Sales volumes (units)	40.8	69.7	4.2	37.8	7.3	159.8
Net revenues (million €)	132.8	175.9	15.6	55.5	14.4	394.2
Employees (n°.)	4,892	674	60	1,777	38	7,441
Investments						
- Fixed assets (million €)	4.9	0.6	0.0	0.3	0.5	6.2
- R&D spending (million €)	9.9	0.5	0.2	0.8	0.0	11.4

GROUP FINANCIAL HIGHLIGHTS FOR THE FIRST QUARTER OF 2007

Consolidated net revenues increase to 394.2 million € (+5.3% compared to the same period in 2006), of which 115.4 million € from the Aprilia and Guzzi brands and 278.8 million € relating to the Piaggio, Gilera Vespa, Derbi brands and the LCV Business Unit. Net revenues of vehicles, parts and accessories relating to the Piaggio Gilera Vespa, Derbi brands increase from 277.2 million € in the first three months of 2006, including 34.6 million € relating to the Italian Post Office contract, to 278.8 million € (+0.6%) in the first three months of 2007, (+14% net of the Post Office contract), while net revenues relating to the Aprilia and Guzzi brands improve overall from 97.0 million € in the first quarter of 2006 to 115.4 million € for the same period in 2007 (+18.9%).

Consolidated EBITDA stands at 44.4 million €, against 43.0 million € of the first quarter of 2006 (+ 3.3%).

Operating earnings improves 11.2%: 25.6 million € compared to 23.0 million € in the first three months of 2006.

In the first quarter of 2007, the Piaggio Group reports a 9.7 million € **profit for the period** compared to 10.2 million € for the same period the previous year.

The **consolidated net financial position** goes from -318.0 million € at 31 December 2006 to -344.8 million € at 31 March 2007, a net negative change of 26.8 million €, and a 52.9 million € positive change compared to the -397.7 million € reported in the first quarter of 2006, which is strictly linked to the seasonal nature of the 2-wheeler business which requires most financial resources in this period of the year.

SIGNIFICANT FACTS IN THE FIRST QUARTER OF 2007

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

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

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

Directors' report

1. FINANCIAL AND BUSINESS PERFORMANCE OF THE PIAGGIO GROUP

Piaggio Group business results in the first quarter of 2007

Net revenues

Amounts in millions of €	1/1-31/3/2007	1/1-31/3/2006	Change
2-wheeler	296.6	284.4	12.2
Light commercial vehicles	93.2	88.1	5.1
Other	4.3	1.7	2.6
TOTAL REVENUES	394.2	374.2	20.0

For the period 1 January – 31 March 2007, consolidated Group net revenues stood at 394.2 million €, a 5.3% increase compared to the same period in 2006, which had been positively influenced by the Post Office supply contract that the parent company Piaggio & C. S.p.A. had signed at the end of 2005, that affected first quarter 2006 by some 34.6 million €.

The increase is attributable to improvements in both the 2-wheeler and the light commercial vehicle businesses. Specifically, compared to the same period the year before, growth was due to increases in net revenues recorded by the Gilera and Vespa brands for 10.5 million €, Aprilia and Moto Guzzi for 15.4 million €, the increase in net revenues achieved by the Light commercial vehicles business unit for 5.1 million €, which together offset the reduction reported by the Derbi brand and the effect of the above mentioned Post Office contract on the Piaggio brand.

The "Other" item essentially refers to net revenues from engines.

The **gross industrial margin**, the difference between "Revenues" and the corresponding "Cost of sales" for the period, is 115,7 million €, a 2.5% increase compared to the first three months of 2006. It is 29.3% of net revenues (30.2% in the same period in 2006).

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

Operating costs at 31 March 2007 stand at 90.0 million €, up by 0.1 million € compared to 89.9 million € for the same period in 2006, and comprise personnel costs, including 2.0 million € of restructuring 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 costs also include 10.1 million € of depreciation and amortisation.

Consolidated EBITDA – defined as "Operating earnings" gross of amortisation of intangible assets and depreciation of tangible assets as they are recorded in the consolidated income statement - totals 44.4 million €, a 3.3% increase compared to 43.0 million € for the same period the previous year. As a percentage of net revenues, EBITDA for the first three months of 2007 stands at 11.3% against 11.5% for the same period in 2006.

Given the above trend of revenues and costs, **operating earnings** at 31 March 2007 total 25.6 million €, a 2.6 million increase compared to 23.0 million € for the same period in 2006.

Profitability (operating earnings divided by net revenues) also slightly improved during the period, 6.5% against 6.1% for the same period in 2006.

Net financial charges total 8.2 million €, against 7.8 million € for the same period in 2006, of which 3.9 million € relating to a bond.

The first three months of 2007 end with a consolidated **net profit** of 9.7 million €, against a net profit of 10.2 million € recorded in the same period last year, after taking into account 7.7 million € of taxation, compared to 5.0 million € for the same period in 2006.

CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement prepared in accordance with IFRS is presented in the "Consolidated financial statements and explanatory notes at 31 March 2007"; the following is a brief comment that refers to the summary statement presented in the Highlights on Page 8.

Cash flow absorbed in the period totals 26.8 million €.

Cash flow, i.e. net earnings plus depreciation and amortisation, totals 28.5 million €. The positive effect of this flow, which also benefited from the last portion of the increase in share capital as a result of 6.3 million € of stock options exercised, was absorbed by the increase in working capital, which, also affected by the seasonal nature of the 2-wheeler business which concentrates the greatest financial requirements in this part of the year, moves from 20.2 million € at 31 December 2006 to 64.7 million € at 31 March 2007 (+44.5 million €), from 18.7 million € of investments and from the 0.1 million € change in reserves.

The increase in **non-current assets**, totalling 18.7 million €, essentially comprises 6.2 million € of investments in tangible assets and 11.4 million € of investments in intangible assets, as well as 1.2 million € from the revaluation of the "Aprilia Shareholder" financial instrument issued upon acquiring Aprilia in 2004.

PIAGGIO GROUP BALANCE SHEET AT 31 MARCH 2007

Working capital – defined as the net sum of: Current and non-current trade receivables and other receivables, Inventories, Trade payables and other long-term payables and current trade payables, Other receivables (Current and non-current amounts due from the tax authorities, Deferred tax assets) and Other payables (Amounts due to the tax authorities and Other short-term payables) – stands at 64.7 million €, an increase compared to 31 December 2006 (a 44.5 million € net increase), and compared to the same period of the previous year (+17.5 million € the actual difference). The increase is essentially due to the seasonal nature of the 2-wheeler business, added to which is the fact that, compared to first quarter 2006, the without recourse factoring programme was fully implemented in 2006, while use of the same without recourse factoring programmes is in the test stage in European markets (France and Spain) and will provide the expected results, concerning working capital as well, no earlier than the end of this year.

Tangible assets comprise Property, plant, machinery and industrial equipment, net of cumulative depreciation, and assets intended for sale, as detailed in the explanatory notes to the consolidated financial statements in notes 16 and 27. At 31 March 2007, they total 252.8 million €, down 4.2

million € compared to 31 December 2006 and 0.8 million € compared to the same period the previous year.

Intangible assets comprise capitalised research and development costs and the goodwill arising from mergers and acquisitions carried out within the Group from 2000 onwards, as detailed in the specific note of the explanatory notes to the consolidated financial statements. At 31 March 2007, they total 634.4 million €, up 4.1 million € compared to 31 December 2006, mainly due to new product development costs capitalised during the period.

Non-current financial assets, defined by the Directors as the sum of the Equity investments and the Other non-current financial assets (see explanatory notes 18 and 19) headings, total 1.0 million €, no change compared to 31 December 2006 and down 6.2 million € compared to the same period the previous year.

Reserves comprise the sum of Reserves for pension and employee benefits (see explanatory note 33), Other long-term reserves (see explanatory note 31), Current portion of other long-term reserves (see explanatory note 31), Deferred tax liabilities (see explanatory note 32) and total 151.7 million € with no significant change compared to 31 December 2006, and down 24.0 million € compared to the same period in 2006.

The **net debt** at 31 March 2007 stood at 344.8 million €, against 318.0 million € at 31 December 2006 and against 397.7 million € for the same period in 2006. The 26.8 million € increase compared to 31 December 2006 is due mainly to the trend of operating cash flow mentioned above.

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 millions of €	<i>31 March 2007</i>	<i>31 December 2006</i>
Medium- and long term financial payables	213.5	211.3
Bond	144.6	144.6
Short-term financial payables	56.7	42.8
(Financial assets)	(3.1)	(11.9)
(Cash and cash equivalents)	(66.9)	(68.9)
Total	344.8	318.0

Shareholders' equity at 31 March 2007 stands at 456.3 million €, against 438.7 million € at 31 December 2006. Following the exercising of 5,328,760 options by beneficiaries of the stock option plan on 26 January 2007, effective 31 January 2007, the share capital and the share premium reserve increased by 2.8 million € and 3.5 million €, respectively.

EMPLOYEES

There are 7,441 Group **employees** at 31 March 2007, against 6,774 at 31 December 2006.

Staff levels are consistent with the seasonal nature of production, for which people are hired on term contracts.

<i>Level</i>	<i>Average number</i>		<i>Number at</i>	
	<i>01.01-31.03.2007</i>	<i>01.01-31.03.2006</i>	<i>31-Mar-07</i>	<i>31-Dec-06</i>
Senior managers	114	115	113	113
Middle managers	389	357	388	382
Clerical staff	1,836	1,759	1,848	1,805
Manual workers	4,898	4,580	5,092	4,474
Total	7,237	6,811	7,441	6,774

2. SIGNIFICANT EVENTS AFTER THE FIRST QUARTER OF 2007

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

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

- Consolidating its leadership in Europe in the scooter and light commercial vehicle businesses;
- Expanding its motorbike business internationally;
- Further innovating both the product line and the engine line;
- Further penetrating the Indian and North American markets;
- Developing the Chinese joint venture;
- Constructing the new facility in India for diesel engines;
- Planning the entry into new international markets.

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

On 3 May 2007, P & D SPA in liquidation was notified that the provisions ordering the collection of taxes issued by the competent tax office had been suspended in relation to the two tax assessment notices containing the entry in the tax rolls of the amounts connected with the ongoing tax disputes regarding the years from 1995 to 1997 and from 2000 to 2002.

3. OPERATING OUTLOOK FOR 2007

Throughout 2007, the Piaggio Group will pursue the objective of consolidating and developing internationally its leadership in the light wheeled transport sector as regards innovation, design and creativity.

Furthermore, it is pointed out that the shareholders' meeting of 7 May 2007 passed a resolution approving a new stock option plan intended for Piaggio Group top management, after having cancelled the resolutions passed at the shareholders' meeting of 8 March 2006 regarding a previous incentive scheme, and authorised the purchase of up to 10,000,000 own shares in order to implement said plan.

4. RELATED PARTY DEALINGS

Revenues, costs, receivables and payables at 31 March 2007 involving parent companies, subsidiaries and associated companies all relate to the sale of goods or services and are the result of arm's-length transactions.

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

Main income statement and balance sheet items

Amounts in €/000	Regarding:			Nature of the transaction
	Associated companies	Parent companies	Other related parties	
Other revenues and income	908			Other revenues and income (Piaggio Foshan)
Consumption of raw materials and services	15,099	269	25	Purchase of components from associated companies, purchase of services from parent companies
Financial receivables	93			Amounts due from Fondazione Piaggio
Trade receivables and other receivables	5,816			Receivables arising from the sale of vehicles, parts and/or the recovery of sundry costs
Trade payables and other payables	7,422	302	910	Payables arising from the purchase of components and/or vehicles and for the provision of services

5. THE PIAGGIO GROUP

2-WHEELER BUSINESS

	1/1-31/3/2007		1/1-31/3/2006		% change	
	Sell-in volumes ('000 units)	Net revenues (million €)	Sell-in volumes ('000 units)	Net revenues (million €)	Volumes	Net revenues
Piaggio	46.2	84.3	61.0	101.4	-24.3	-16.7
Gilera	8.2	15.8	7.2	12.1	14.5	30.5
Vespa	21.8	45.1	18.5	38.3	18.1	17.7
Derbi	7.8	12.3	9.3	15.2	-15.6	-18.8
Aprilia	29.8	81.2	26.7	72.1	11.3	12.6
M. Guzzi	2.9	22.1	2.3	15.8	27.0	40.2
Parts and accessories	N.S.	35.7	N.S.	29.4	N.S.	21.5
TOTAL	116.7	296.6	125.0	284.4	-6.6	4.4

The European 2-wheeler market at 31 March 2007 improved compared to the same period in 2006 (+13%), with volumes totalling some 489 thousand units.

Both the scooter and motorbike segments confirm this positive trend with increases of 17% (about 270 thousand units sold) and 8% (some 219 thousand units), respectively. All market segments are progressing: in the scooter sector, the over 50cc segment improves 25% (excluding the first quarter 2006 sales of the Post Office contract); as regards the motorbike segment, the greatest improvements are in the over 750cc (+14%) and the 51-125cc (+6%), while the 126-750cc segment recorded a smaller improvement (+2%).

In the first quarter of 2007, the Piaggio Group, considering the brands managed, Piaggio, Gilera, Vespa, Derbi, Aprilia and Guzzi, sold a total of 116,700 vehicles in the 2-wheeler business (-6.6% compared to the same period in 2006), with net revenues of 296.6 million € (+4.4%) including parts and accessories. In the first quarter 2006, Group figures also included the net revenues for the Post Office contract regarding some 22,000 vehicles and 34.6 million € of revenues for the Piaggio brand.

Looking at the individual brands, the first three months of 2007 show growth for Vespa which sold more than 21,800 vehicles with 45.1 million € of net revenues (+18.1% and +17.7% on the same period the previous year, respectively).

The Piaggio brand reported a reduction in volumes and net revenues compared to first quarter 2006, 24.3% and 16.7%, respectively. Net of the Post Office contract effect on the first quarter 2006 and also benefiting from the launch of new products, amongst which the MP3 and the Carnaby, volumes increased by 18.5%. Gilera also ended the first three months of 2007 positively, with more than 8,200 vehicles sold (+14.5%).

As regards Derbi, both volumes and net revenues are down, with 7,800 vehicles sold (-15.6%) and revenues stand at 12.3 million € (-18.8%), respectively. It is pointed out that the first quarter 2006 had not yet felt the effects of some negative factors, such as the termination of the

collaboration agreement to distribute Kawasaki motorbikes on the Spanish market and the termination of the main collaboration agreement with the importer for the Austrian market.

In the first quarter of 2007, activities are underway to recover sales volumes and net revenues, and the results of Derbi are essentially as expected.

The Aprilia brand results of the first three months of 2007, with 29,800 vehicles sold and 81.2million € of net revenues (+11.3% and + 12.6%, respectively), are affected by a slight reduction in volumes in the scooter sub-segment, offset by strong performance in the motorbike sub-segment.

While the scooter result is affected by a product range being renewed and technologically updated, the positive result of the motorbikes is attributable to the strong performance in Italy of the new RS 125, entry into the 126cc – 750cc sub-segment with the new Pegaso 650 Strada and Trail and the 2007 version of the Tuono, and the positive contribution of the off-road bikes.

In the first quarter of 2007, Moto Guzzi achieved volumes of 2,900 motorbikes sold against 2,300 motorbikes in the same period in 2006 (+27%) and net revenues of 22.1 million € compared to 15.8 million € for the same period the previous year (+40.2%), helped by the introduction of the Norge and 1200 sport.

LCV BUSINESS

	1/1-31/3/2007		1/1-31/3/2006		% change	
	Sell-in volumes ('000 units)	Net revenues (million €)	Sell-in volumes ('000 units)	Net revenues (million €)	Volumes	Net revenues
Ape	40.3	61.1	33.9	56.1	19.1	9.5
<i>Of which India</i>	37.8	52.5	31.3	46.7	21.0	12.2
Minivan	1.8	16.3	1.6	14.1	15.1	16.2
Quargo	0.7	5.3	1.0	7.2	-27.6	-25.5
Microcars	0.1	1.1	0.1	0.9	-18.2	-14.7
Parts and accessories (1)	N.S.	9.4	N.S.	9.9		-5.0
TOTAL	43.0	93.2	36.6	88.1	17.5	5.7

(1) Includes India parts

In the first three months of 2007, the European market for light commercial vehicles (vehicles with a gross weight of up to 3.5 tonnes) recovered, +4.9% compared to the same period in 2006 (source : Acea March 2007).

On the Italian domestic market, growth for the period January-March was +4.8% with 58,117 units reported in 2007 against 55,415 for the first quarter of 2006 (source: ANFIA deliveries declared by the manufacturers).

The Indian market, where Piaggio Vehicles Private Limited (PVPL), a subsidiary of Piaggio & C. S.p.A., successfully operates, appears to have stabilised after years of continuous expansion. In the period January-March 2007, sales to end customers in the 3-wheeler market totalled 104,276

units against some 105,586 units recorded in the same period in 2006. Within this 3-wheeler market, the passenger vehicle sub-segment (3- and 6-seaters), reached 63,258 units (+1.0%), while the cargo sub-segment reached 41,018 units. At the end of the first three months, PVPL has an overall 36% share of the Indian market, up from the 29.2% of the first quarter 2006, of which 40.3% in the cargo segment and 33.2% in the passenger segment.

Globally, the Light Commercial Vehicle (LCV) Division ended the first three months of 2007 with 43,000 units sold, a 17.5% increase compared to the same period in 2006, and overall net revenues of 93.2 million €, an increase of 5.7% compared to 2006 (88.1 million €). This growth is attributable mainly to the success of the Indian subsidiary PVPL, which improves from 31,270 vehicles to 37,800 vehicles in the first three months of the year (+21.0%). As regards Piaggio's presence on the European market, the first quarter of 2007 records a slight reduction in both volumes and net revenues. Sales went from 5,371 to 5,118 units (-4.7%) and net revenues at 31 March 2007 total 37.4 million € against 38.3 million € for the same period the previous year (-2.3%).

Piaggio Group

**Consolidated financial statements
and explanatory notes at 31 March 2007**

INCOME STATEMENT

Amounts in €/000	Note	1st quarter 2007	1st quarter 2006	Change
Net revenues	4	394,162	374,189	19,973
Costs for materials	5	233,390	217,010	16,380
<i>of which with related parties</i>	15,099	0	15,099	
Costs for services and use of third party assets	6	74,627	72,679	1,948
<i>of which with related parties</i>	294	1,153	(859)	
<i>of which non-recurring transactions</i>	0	610	(610)	
Personnel costs	7	62,748	59,795	2,953
Depreciation of tangible assets	8	10,079	9,738	341
Amortisation of intangible assets	8	8,704	10,219	(1,515)
Other operating income	9	26,933	26,691	242
<i>of which with related parties</i>	908	0	908	
Other operating costs	10	5,903	8,444	(2,541)
Operating earnings		25,644	22,995	2,649
Gain (loss) on equity investments		9		9
Financial income	11	2,916	1,864	1,052
Financial charges	11	(11,130)	(9,662)	(1,468)
<i>of which with related parties</i>	0	71	(71)	
Earnings before taxation		17,439	15,197	2,242
Taxation for the period	12	7,691	4,957	2,734
Earnings from continuing activities		9,748	10,240	(492)
Assets intended for disposal:				
Gain or loss from assets intended for disposal	13			0
Consolidated net earnings		9,748	10,240	(492)
Attributable to:				
Parent company shareholders		9,713	10,222	(509)
Minority interest		35	18	17
Earnings per share (in €)	14	0.025	0.027	(0.002)
Diluted earnings per share (in €)	14	0.024		

BALANCE SHEET

In thousands of euros	Note	At 31 March 2007	At 31 December 2006	Change
ASSETS				
Non-current assets				
Intangible assets	15	634,358	630,316	4,042
Property, plant and machinery	16	252,846	256,966	(4,120)
Property investments	17			0
Equity investments	18	734	754	(20)
Other financial assets	19	235	240	(5)
<i>of which with related parties</i>	58	63	(5)	
Long-term amounts due from the tax authorities	20	7,291	7,716	(425)
Deferred tax assets	21	47,051	46,742	309
Trade receivables and other receivables	22	6,605	6,576	29
<i>of which with related parties</i>	848	803	45	
Total non-current assets		949,120	949,310	(190)
Assets intended for sale	27			0
Current assets				
Trade receivables and other receivables	23	229,128	170,604	58,524
<i>of which with related parties</i>	4,968	4,685	283	
Short-term amounts due from the tax authorities	20	48,716	35,383	13,333
Inventories	24	278,250	233,306	44,944
Other financial assets	25	3,138	11,866	(8,728)
<i>of which with related parties</i>	35	30	5	
Cash and cash equivalents	26	66,911	68,857	(1,946)
Total current assets		626,143	520,016	106,127
TOTAL ASSETS		1,575,263	1,469,326	105,937

Amounts in €/000	Note	At 31 March 2007	At 31 December 2006	Change
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Capital and reserves attributable to parent company shareholders	28	455,703	438,091	17,612
Capital and reserves attributable to minority interest	28	637	607	30
Total shareholders' equity		456,340	438,698	17,642
Non-current liabilities				
Financial liabilities falling due beyond one year	29	358,159	355,935	2,224
Trade payables	30	0	0	0
Reserves for pension and employee benefits	33	79,400	78,148	1,252
Other long-term reserves	31	20,658	21,906	(1,248)
Amounts due to the tax authorities	34	436	188	248
Other long-term payables	35	14,955	17,499	(2,544)
Deferred tax liabilities	32	34,250	34,822	(572)
Total non-current liabilities		507,858	508,498	(640)
Current liabilities				
Financial liabilities falling due within one year	29	56,727	42,794	13,933
Trade payables	30	438,905	394,709	44,196
<i>of which with related parties</i>	8,436	10,225	(1,789)	
Amounts due to the tax authorities	34	30,719	15,375	15,344
Other short-term payables	35	67,361	52,370	14,991
<i>of which with related parties</i>	198	156	42	
Current portion of other long-term reserves	31	17,353	16,882	471
Total current liabilities		611,065	522,130	88,935
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,575,263	1,469,326	105,937

CASH FLOW STATEMENT

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

In thousands of euros	1st quarter 2007	1st quarter 2006
<i>Operating activities</i>		
Consolidated net earnings	9,713	10,240
Minority interest	35	18
Taxation for the period	7,691	4,957
Depreciation of property, plant and machinery	10,079	9,738
Amortisation of intangible assets	8,704	10,219
Non-monetary costs for stock options		324
Provision to reserves for risks and reserves for pension and employee benefits	5,066	7,917
Write-downs / (Revaluations)	376	748
Losses / (Gains) on the disposal of property, plant and machinery	(25)	(105)
Losses / (Gains) on the disposal of intangible assets	(170)	
Financial income	(2,916)	(1,864)
Financial charges	11,130	9,662
<i>Change in working capital:</i>		
(Increase)/Decrease in trade receivables	(66,595)	(58,173)
(Increase)/Decrease in other receivables	(3,841)	(4,306)
(Increase)/Decrease in inventories	(44,944)	(34,440)
Increase/(Decrease) in trade payables	44,238	80,255
Increase/(Decrease) in other payables	23,764	2,329
Increase/(Decrease) in reserves for risks	(3,237)	(6,973)
Increase/(Decrease) in reserves for pension and employee benefits	(1,334)	(338)
Other changes	(6,934)	4,126
Cash generated by operating activities	(9,200)	34,334
Interest paid	(2,773)	(5,282)
Taxation paid	(4,696)	(4,061)
Cash flow from operating activities (A)	(16,669)	24,991
<i>Investing activities</i>		
Investment in property, plant and machinery	(6,076)	(4,500)
Sale price, or repayment value, of property, plant and machinery	135	189
Investment in intangible assets	(11,523)	(9,555)
Sale price, or repayment value, of intangible assets	170	181
Sale price of equity investments	20	46
Loans provided	(5)	
Repayment of loans provided		376
Sale price of financial assets	8,733	
Interest received	1,211	1,764
Cash flow from investing activities (B)	(7,335)	(11,499)
<i>Financing activities</i>		
Increase in share capital	6,264	
Loans received	31,774	36,266
Outflow for repayment of loans	(15,400)	(40,796)
Repayment of finance leases	(232)	(224)
Cash flow from financing activities (C)	22,406	(4,754)
Increase / (Decrease) in cash (A+B+C)	(1,598)	8,738
Opening balance	66,639	30,655
Exchange differences	(40)	240
Closing balance	65,001	39,633

The following table shows the details of the cash and cash equivalents at 31 March 2007 and at 31 March 2006.

Amounts in €/000	At 31 March 2007	At 31 March 2006
Cash and cash equivalents	66,911	47,291
Current account overdrafts	(1,910)	(7,658)
Closing balance	65,001	39,633

NET FINANCIAL POSITION

In thousands of euros	Note	At 31 March 2007	At 31 December 2006	Change
Medium- and long-term financial payables:				
Medium- and long-term bank loans	29	172,031	169,740	2,291
Amounts due under leases	29	10,260	10,430	(170)
Amounts due to other lenders	29	12,458	12,607	(149)
Aprilia instruments	29	18,782	18,530	252
<i>Total</i>		<i>213,531</i>	<i>211,307</i>	<i>2,224</i>
Bond	29	144,628	144,628	0
Short-term financial payables:				
Current account overdrafts	29	1,910	2,218	(308)
Current account payables	29	29,927	952	28,975
Amounts due to factors	29	4,539	4,464	75
Bank loans	29	16,199	19,236	(3,037)
Amounts due under leases	29	878	940	(62)
Amounts due to other lenders	29	3,274	14,984	(11,710)
<i>Total</i>		<i>56,727</i>	<i>42,794</i>	<i>13,933</i>
Other current financial assets				
Financial receivables due from associated companies	25	(35)	(30)	(5)
Securities	25	(3,103)	(11,836)	8,733
<i>Total</i>		<i>(3,138)</i>	<i>(11,866)</i>	<i>8,728</i>
Cash and cash equivalents	26	(66,911)	(68,857)	1,946
Total Net financial position		344,837	318,006	26,831

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

Amounts in €/000

Increase /decrease in cash from the cash flow statement	(1,598)
Outflow for repayment of loans	15,400
Repayment of finance leases	232
Loans received	(31,774)
Sale price of financial assets	(8,733)
Loans provided	5
Exchange differences	(40)
Present value effect of EMH financial instrument not included in the IAS cash flow statement in that it does not involve a monetary change	(100)
Present value effect of APRILIA SHAREHOLDERS financial instrument not included in the IAS cash flow statement in that it does not involve a monetary change	(152)
Non-monetary change in financial receivables and financial payables (amount included in the other changes in the operating activities in the cash flow statement)	(71)
Change in the net financial position	(26,831)

CHANGES IN SHAREHOLDERS' EQUITY 1 January 2007 / 31 March 2007

In thousands of euros	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group consolidation reserve	Group conversion reserve	Stock option reserve	Retained earnings	Earnings for the period	Consolidated Group shareholders' equity	Minority interest capital and reserves	TOTAL SHAREHOLDERS' EQUITY
At 1 January 2007	203,170	32,961	723	59,819	(4,113)	993	(852)	4,827	70,587	69,976	438,091	607	438,698
Translation of accounts in foreign currency							127				127	(5)	122
Change in IAS reserves				1,508							1,508		1,508
Allocation of profit									69,976	(69,976)	0		0
Exercising of stock options	2,771	3,493									6,264		6,264
Other movements											0		0
Earnings for the period										9,713	9,713	35	9,748
At 31 March 2007	205,941	36,454	723	61,327	(4,113)	993	(725)	4,827	140,563	9,713	455,703	637	456,340

CHANGES IN SHAREHOLDERS' EQUITY 1 January 2006 / 31 March 2006

Amounts in €/000	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group consolidation reserve	Group conversion reserve	Stock option reserve	Retained earnings	Earnings for the period	Consolidated Group shareholders' equity	Minority interest capital and reserves	TOTAL SHAREHOLDERS' EQUITY
At 1 January 2006	194,827	24,500	723	56,898	(4,113)	993	1,532	2,266	32,704	37,883	348,213	254	348,467
Exercising of stock options													0
Translation of accounts in foreign currency							(469)				(469)		(469)
Change in IAS reserves				751				324			1,075		1,075
Allocation of profit									37,883	(37,883)	0		0
Earnings for the period										10,222	10,222	18	10,240
At 31 March 2006	194,827	24,500	723	57,649	(4,113)	993	1,063	2,590	70,587	10,222	359,041	272	359,313

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 March 2007

Chapter	Note n.º	DESCRIPTION
A		<i>GENERAL ASPECTS</i>
	1	Compliance with international accounting standards
	2	Consolidation area
	3	New accounting standards
B		<i>INFORMATION BY SECTOR</i>
C		<i>INFORMATION ON THE CONSOLIDATED INCOME STATEMENT</i>
	4	Net revenues
	5	Costs for materials
	6	Costs for services and use of third party assets
	7	Personnel costs
	8	Depreciation, amortisation and impairment costs
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	10	Other operating costs
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	12	Taxation
	13	Gain / (loss) on assets intended for disposal or sale
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D		<i>INFORMATION ON THE CONSOLIDATED BALANCE SHEET:</i>
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	16	Property, plant and machinery
	17	Property investments
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	19	Other non-current financial assets
	20	Amounts due from the tax authorities (current and non-current)
	21	Deferred tax assets
	22	Non-current trade receivables and other receivables
	23	Current trade receivables and other receivables
	24	Inventories
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	27	Assets intended for sale

D2 *LIABILITIES*

- 28 Share capital and reserves
- 29 Financial liabilities (current and non-current)
- 30 Trade payables (current and non-current)
- 31 Reserves (current and non-current portions)
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E *RELATED PARTY DEALINGS*

F *COMMITMENTS AND RISKS*

- 36 Guarantees provided

G *NON-RECURRING TRANSACTIONS*

H *SUBSEQUENT EVENTS*

A) GENERAL ASPECTS

The quarterly report and the consolidated financial statements have been prepared in accordance with the provisions of Consob regulation n° 11971 of 14 May 1999, as amended by Consob resolution n.° 14990 of 14 April 2006.

The figures in these financial statements are expressed in euros (€) since that is the currency in which most of the Group's business is conducted. Foreign operations are included in the financial statements following the principles detailed in the notes below.

ACCOUNTING PRINCIPLES

1. Compliance with international accounting standards

With the coming into force of European Regulation n.° 1606 in July 2002, the preparation of the report of the first half of 2006 was the first time the Piaggio Group adopted the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB), which are approved by the European Commission and comply with the provisions of article 9 of Law n°. 38/2005 (Consob resolution n°. 15519 of 27/7/06 concerning "Provisions regarding financial statement schedules", Consob resolution n°. 15520 of 27/7/06 regarding "Amendments and additions to the Issuers' Regulation adopted with resolution n°. 11971/99", Consob communication n°. 6064293 of 28/7/06 regarding "Corporate disclosure required in accordance with article 114, paragraph 5 of Law 58/98"). Account has also been taken of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously named the Standing Interpretations Committee ("SIC").

This quarterly report has therefore been prepared in accordance with IAS 34 – *Interim financial reporting*.

International accounting standards have been applied uniformly throughout all Group companies. The interim financial statements of subsidiaries that were used for the consolidation were suitably modified and reclassified, wherever necessary, to adapt them to the international accounting standards and to the uniform classification criteria of the Group.

The preparation of the interim financial statements requires management to make estimates and assumptions that have an impact on the figures relating to revenues, costs, assets and liabilities in the financial statements and on the information relating to contingent assets and liabilities at the financial statement date. If such estimates and assumptions, which are based on management's best valuation, should differ from actual future circumstances, they would be suitably adjusted in the period in which such circumstances were to change.

Furthermore, it is pointed out that some measurement processes, particularly the more complex ones such as the determination of any loss in value of non-current assets and the discounting of employee leaving indemnity, are generally carried out fully only upon preparing the annual report,

when all the required information is available, unless there are indicators that warrant immediate impairment.

The Group's businesses, especially the 2-wheeler sub-sector, undergo significant seasonal changes in sales during the year.

Taxation on earnings is recognised using the best estimate of the weighted average rate forecast for the whole year.

2. Consolidation area

The consolidation area remains unchanged with respect to the consolidated financial statements at 31 December 2006.

As regards the income statement figures, compared to 31 March 2006, the consolidation perimeter has changed as a result of the completion of the liquidation of Motocross Company S.r.l. and Aprilia Research & Development S.A.. These somewhat minor changes do not alter the comparability of the earnings figures between the two periods concerned.

3. New accounting standards

Effective as of 1 January 2007, no accounting standards or interpretations have been issued or reviewed that have a significant impact on the financial statements of the Group.

OTHER INFORMATION

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

B) INFORMATION BY SECTOR

Primary sector: light wheeled transport market

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

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

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

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

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

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

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

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

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

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

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

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

The table below presents economic and financial figures for the Group at 31 March 2007:

<i>In millions of euros</i>	<i>Consolidated</i>
REVENUES	
Sales to third parties	394.2
Inter-sector sales	
TOTAL REVENUES	394.2
Gross industrial margin	115.7
Net financial charges	(8.2)
Gain / loss on equity investments	
Earnings before taxation	17.4
Income tax	7.7
Minority interest	
NET EARNINGS	9.7
OTHER INFORMATION	
Increases in tangible and intangible assets	17.6

Secondary sector: market segments

<i>In millions of euros</i>	<i>2W</i>	<i>LCV</i>	<i>Other</i>	<i>Consolidated</i>
REVENUES				
Sales to third parties	296.6	93.2	4.3	394.2
Inter-sector sales				
TOTAL REVENUES	296.6	93.2	4.3	394.2
Gross industrial margin				115.7
Net financial charges				(8.2)
Gain / loss on equity investments				
Earnings before taxation				17.4
Income tax				7.7
Minority interest				
NET EARNINGS				9.7
OTHER INFORMATION				
Increases in tangible and intangible assets				17.6

Third sector: geographical area

The following table gives the economic and financial figures for the Group in relation to the geographical "destination" areas at 31 March 2007, that is, based on the nationality of the customer or of the supplier/lender.

<i>In millions of euros</i>	<i>Italy</i>	<i>Europe</i>	<i>India</i>	<i>North America</i>	<i>Rest of the world</i>	<i>Consolidated</i>
REVENUES						
Sales to third parties	132.8	175.9	55.5	15.6	14.4	394.2
Inter-sector sales						
TOTAL REVENUES	132.8	175.9	55.5	15.6	14.4	394.2
BALANCE SHEET						
TOTAL ASSETS	966.3	492.0	59.6	38.3	19.1	1,575.3
TOTAL LIABILITIES	1,031.5	411.6	64.6	38.4	29.2	1,575.3

C) CONTENT AND MAIN CHANGES - INCOME STATEMENT

4. Net revenues

€/000 394,162

Revenues are stated net of bonuses recognised to customers (dealers).

This heading does not include transport costs recharged to customers (€/000 8,484) and the recovery of advertising costs invoiced (€/000 1,720), which are stated under other operating income.

Revenues from the disposal of core Group business assets essentially refer to the marketing of vehicles and parts in European and non-European markets.

Revenues by business sector

The breakdown of revenues by business area is shown in the table below:

<i>Amounts in €/000</i>	<i>1/1-31/3/2007</i>		<i>1/1-31/3/2006</i>		<i>Changes</i>	
	<i>amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>amount</i>	<i>%</i>
2-wheeler	296,613	75.2	284,414	76.0	12,199	4.3
LCV	93,223	23.7	88,146	23.6	5,077	5.8
Other	4,326	1.1	1,629	0.4	2,697	165.6
TOTAL	394,162	100.0	374,189	100.0	19,973	5.3

Revenues by geographical area

The breakdown of revenues by geographical area is shown in the table below:

<i>Amounts in €/000</i>	<i>1/1-31/3/2007</i>		<i>1/1-31/3/2006</i>		<i>Changes</i>	
	<i>amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>amount</i>	<i>%</i>
Italy	132,832	33.7	157,753	42.2	(24,921)	-15.8
Europe	175,879	44.6	140,193	37.5	35,686	25.5
India	55,500	14.1	49,800	13.3	5,700	11.4
North America	15,555	3.9	14,519	3.9	1,036	7.1
Rest of the world	14,396	3.7	11,924	3.1	2,472	20.7
TOTAL	394,162	100.0	374,189	100.0	19,973	5.3

In the first quarter of 2007, net revenues from sales increase by €/000 19,973.

Net of the approximately €/000 34,600 of revenues achieved in the first quarter of 2006 for the sale of motorbikes to the Italian Post Office, the increase would have been €/000 54,573.

The increase is mainly attributable to the increase in sales of 2-wheel vehicles on the European markets and of light commercial vehicles in India.

5. Costs for materials**€/000 233,390**

In the first quarter of 2007, costs for materials increased by €/000 16,380, from €/000 217,010 to €/000 233,390. At 31 March 2007, the costs for purchases of raw materials, components and finished products total €/000 279,080 and are partially offset by a €/000 45,690 increase in inventories.

6. Costs for services and use of third party assets**€/000 74,627**

In the first quarter of 2007, costs for services and use of third party assets increased by €/000 1,948, from €/000 72,679 to €/000 74,627. It is pointed out that costs for services in the first quarter of 2006 included €/000 610 of non-recurring charges connected with the stock exchange listing.

7. Personnel costs**€/000 62,748**

In the first quarter of 2007, personnel costs increased in absolute terms by €/000 2,953 compared to the same period the previous year (+4.9%). The increase is essentially due to the 426 additional staff recorded in the average workforce. In fact, in the first quarter of 2007, the average unit cost slightly fell (- 1.2%) compared to the figures for the corresponding period in 2006.

Below is a breakdown of the average and actual workforce:

<i>Level</i>	<i>Average number</i>		<i>Change</i>
	<i>1st quarter 2007</i>	<i>1st quarter 2006</i>	
Senior managers	114	115	(1)
Middle managers	389	357	32
Clerical staff	1,836	1,759	77
Manual workers	4,898	4,580	318
<i>Total</i>	<i>7,237</i>	<i>6,811</i>	<i>426</i>

<i>Level</i>	<i>Number at</i>		<i>Change</i>
	<i>31 March 2007</i>	<i>31 December 2006</i>	
Senior managers	113	113	0
Middle managers	388	382	6
Clerical staff	1,848	1,805	43
Manual workers	5,092	4,474	618
<i>Total</i>	<i>7,441</i>	<i>6,774</i>	<i>667</i>

8. Depreciation, amortisation and impairment costs

€/000 18,783

As of 1 January 2004, goodwill is no longer amortised but is tested annually for impairment. The impairment test carried out at 31 December 2006 confirmed the full recoverability of the figures recorded in the financial statements.

In the first quarter of 2007, depreciation and amortisation fell €/000 1,174, from €/000 19,957 to €/000 18,783. Amortisation of the "Concessions, licences, trademarks and similar rights" item includes amortisation of €/000 1,497 for the Aprilia brand and €/000 540 for the Guzzi brand.

9. Other operating income

€/000 26,933

In the first quarter of 2007, other operating income remained essentially constant, €/000 26,691 in the first quarter of 2006 and €/000 26,933 in the first quarter of 2007.

10. Other operating costs

€/000 5,903

Overall, in the first quarter of 2007, other operating costs decreased by €/000 2,541, mainly because there was less need to set aside reserves for risks.

11. Net financial income (charges)

€/000 (8,214)

Net financial charges for the first three months of 2007 totalled €/000 8,214, up compared to the €/000 7,798 of the same period in 2006. This €/000 416 increase in charges is a result of the rise in short-term Euro interest rates, to which the variable rate financial payables are linked. This was only partially offset by the reduction in average net debt for the period.

12. Taxation

€/000 7,691

Income tax for the first three months of 2007 is estimated at €/000 7,691, or 44.1% of earnings before taxation. This is the best estimate of the weighted average rate expected for the whole year.

13. Gain/(Loss) on assets intended for disposal or sale

At the date of the interim financial statements, there are no gains or losses on assets intended for disposal or sale.

14. Earnings per share

Earnings per share are calculated based on the following figures:

		<i>1/1-31/3/2007</i>	<i>1/1-31/3/2006</i>
Net earnings	€/000	9,748	10,240
Earnings attributable to ordinary shares	€/000	9,748	10,240
Number of ordinary shares in circulation at 1/1		390,712,148	374,668,137
Number of shares issued during the period		5,328,760	0
Average number of ordinary shares in circulation during the period		394,205,446	374,668,137
Earnings per ordinary share	€	0.025	0.027
Adjusted average number of ordinary shares		414,189,388	na
Diluted earnings per ordinary share	€	0.024	na

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

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

15. Intangible assets

€ / 000 634,358

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

Amounts in €/000	Book value at 31 December 2006	Increases	Amortisation Reclassifications	Exchange differences	Book value at 31 March 2007
R & D costs	58,170	11,130	(4,472)	(15)	64,813
Know how and Patent rights	24,340	390	(2,128)		22,602
Concessions, licences and trademarks	106,516		(2,086)		104,430
Goodwill	441,250	1,238			442,488
Other	40	3	(18)		25
Total	630,316	12,761	(8,704)	(15)	634,358

The increases for the period recorded under development costs and Know How 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 net present value of the financial instruments issued upon acquiring Aprilia.

The value of the trademarks decreases by €/000 2,086 as a result of amortisation for the period. The gross value of the Aprilia brand is €/000 89,803, while that of the Moto Guzzi brand is €/000 32,391. The values of the Aprilia and Moto Guzzi brands are based on the investigation of an independent third party carried out in 2005.

Upon acquiring the Aprilia Group, some financial instruments were issued whose forward commitments are summarised below:

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

In conformity with the main content of the aforementioned contractual agreements, by virtue of which, among other things, the final purchase cost is dependent on the achievement of specific financial and business parameters, in the light of the forecasts of the 2007-2008 Business Plan and the positive stock market performance of the Piaggio security, the adjustment of the initial

purchase cost that has been considered likely for all the financial instruments has been estimated at €/000 75,253 and has been charged to goodwill.

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

<i>Amounts in €/000</i>	Amount	at 31 March 2007			at 31 December 2006	Change (A-B)
		Present value (A)	Time	Discount rate	Present value (B)	
Warrants	64,206	59,971	1.08	6.50%	58,985	986
EMH instruments	6,500	6,039	1.17	6.50%	5,940	99
Aprilia shareholder instruments	10,000	9,243	1.25	6.50%	9,090	153
Total	80,706	75,253			74,015	1,238

The counter-entry for the adjustment to the purchase cost, taking account of the peculiar nature of the underlying financial instruments, has been recorded for €/000 59,971 in the financial instruments fair value reserve and for €/000 15,282 to medium- and long-term financial payables.

16. Property, plant and machinery

€/000 252,846

The table below shows the breakdown of tangible assets at 31 March 2007 and at 31 December 2006, as well as the changes for the period.

<i>Amounts in €/000</i>	<i>Value at 31 December 2006</i>	<i>Increases</i>	<i>Depreciation</i>	<i>Disposals</i>	<i>Reclassifications</i>	<i>Exchange differences</i>	<i>Value at 31 March 2007</i>
Land and property	123,425	204	(914)	(33)	(247)	56	122,491
Plant and machinery	69,515	836	(3,113)	(9)	265	102	67,596
Equipment	54,655	4,878	(5,343)	(2)			54,188
Other	9,371	158	(709)	(66)	(182)	(1)	8,571
Total	256,966	6,076	(10,079)	(110)	(164)	157	252,846

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

Guarantees

At 31 March 2007, the group has land and property encumbered by mortgages or pledges to lenders to secure loans obtained in previous years.

17. Property investments

€/000 0

There are no property investments at the date of the interim financial statements.

18. Equity investments

€/000 734

Equity investments comprise:

<i>Amounts in €/000</i>	<i>At 31 March 2007</i>	<i>At 31 December 2006</i>	<i>Change</i>
Equity investments in subsidiaries	0	0	0
Equity investments in joint ventures	0	0	0
Equity investments in associated companies	734	754	(20)
<i>Total</i>	<i>734</i>	<i>754</i>	<i>(20)</i>

As regards equity investments in associated companies, the change recorded in the period relates to the disposal of the entire equity investment in D.E.V. S.r.l., previously recorded under equity investments in associated companies for an amount of €/000 20.

19. Other non-current financial assets

€/000 235

<i>Amounts in €/000</i>	<i>At 31 March 2007</i>	<i>At 31 December 2006</i>	<i>Change</i>
Financial receivables due from third parties			
Financial receivables due from associated companies	58	63	(5)
Receivables due from Group companies valued at equity	0	0	0
Equity investments in other companies	177	177	0
<i>Total</i>	<i>235</i>	<i>240</i>	<i>(5)</i>

Financial receivables due from associated companies includes the non-current portion of the loan provided to Fondazione Piaggio.

There are no changes for the period in equity investments in other companies.

20. Amounts due from the tax authorities (current and non-current)

€/000 56,007

€/000 56,007 of amounts due from the tax authorities comprise:

<i>Amounts in €/000</i>	<i>At 31 March 2007</i>	<i>At 31 December 2006</i>	<i>Change</i>
Amounts due from the tax authorities for VAT	45,291	33,624	11,667
Amounts due from the tax authorities for tax for which a claim has been entered	10,625	9,376	1,249
Other receivables due from the authorities	91	99	(8)
<i>Total amounts due from the tax authorities</i>	<i>56,007</i>	<i>43,099</i>	<i>12,908</i>

Amounts due from the tax authorities included in non-current assets total €/000 7,291, against €/000 7,716 at 31 December 2006, while amounts due from the tax authorities included in current assets total €/000 48,716 compared to €/000 35,383 at 31 December 2006.

21. Deferred tax assets **€/000 47,051**

This item totals €/000 47,051 against €/000 46,742 at 31 December 2006 and mainly includes deferred tax assets relating to the reversal of intercompany gains not realised with third parties, deferred tax assets on tax losses of the parent company and of Nacional Motor S.A., deferred tax assets on parent company timing differences, as well as the adjustment of Group taxable earnings to the tax rate expected for the whole year.

22. Non-current trade receivables and other receivables **€/000 6,605**

Trade receivables and other receivables included in non-current assets total €/000 6,605 compared to €/000 6,576 at 31 December 2006 and comprise:

Amounts in €/000	At 31 March 2007	At 31 December 2006	Change
Trade receivables	70	174	(104)
Receivables due from Group companies valued at equity	440	440	0
Receivables due from associated companies	408	363	45
Other	5,687	5,599	88
<i>Total</i>	<i>6,605</i>	<i>6,576</i>	<i>29</i>

Receivables due from Group companies valued at equity are amounts due from AWS do Brasil.
Receivables due from associated companies are amounts due from Fondazione Piaggio.

23. Current trade receivables and other receivables **€/000 229,128**

Trade receivables and other receivables included in current assets total €/000 229,128 compared to €/000 170,604 at 31 December 2006. The €/000 58,524 increase is linked to the seasonal nature of sales, which are concentrated in the Spring and Summer months.

Current trade receivables and other receivables comprise:

<i>Amounts in €/000</i>	At 31 March 2007	At 31 December 2006	Change
Trade receivables	202,457	136,081	66,376
Receivables due from parent company	-	76	(76)
Receivables due from Group companies valued at equity	4,812	4,453	359
Receivables due from associated companies	156	156	0
Other receivables	20,790	28,992	(8,202)
Other non-financial current assets	913	846	67
<i>Total</i>	<i>229,128</i>	<i>170,604</i>	<i>58,524</i>

Trade receivables comprise receivables due from normal sales transactions, recorded net of a bad debt reserve of €/000 20,763.

The parent company normally sells its receivables with and without recourse. At 31 March 2007, the receivables sold with recourse total €/000 3,747, with a counter-entry in current liabilities. The parent company currently has agreements to sell trade receivables without recourse with three major Italian factoring companies. At 31 March 2007, trade receivables sold without recourse total €/000 119,418, of which €/000 94,431 were discounted.

€/000 3.379 of the receivables due from companies valued at equity refer to a parent company receivable due from Piaggio Foshan relating to agreements contained in the joint venture contract signed with the Chinese partner Zongshen Industrial Group Company Limited which, with reference to this receivable, envisage that under certain conditions Piaggio Foshan should pay 4.5 million USD as soon as possible, even in instalments, between 15 April 2007 and no later than 15 April 2009. In April 2007, Piaggio Foshan repaid said receivable.

The remaining amount of €/000 1,433 refers to trade receivables of the parent company and of Piaggio Asia Pacific due from Piaggio Foshan.

24. Inventories

€/000 278,250

At 31 March 2007, inventories total €/000 278,250 against €/000 233,306 at the end of 2006 and comprise:

<i>Amounts in €/000</i>	<i>At 31 March 2007</i>	<i>At 31 December 2006</i>	<i>Change</i>
Raw materials, supplies and consumables	116,821	97,521	19,300
Write-down provision	(9,267)	(9,177)	(90)
	<i>107,554</i>	<i>88,344</i>	<i>19,210</i>
Work in progress	24,815	27,470	(2,655)
Write-down provision	(852)	(852)	0
	<i>23,963</i>	<i>26,618</i>	<i>(2,655)</i>
Finished products and goods for resale	163,014	133,535	29,479
Write-down provision	(16,484)	(15,287)	(1,197)
	<i>146,530</i>	<i>118,248</i>	<i>28,282</i>
Payments on account	203	96	107
Total	<i>278,250</i>	<i>233,306</i>	<i>44,944</i>

The overall increase of €/000 44,944 is related to the seasonal nature of production.

25. Other current financial assets

€/000 3,138

This item comprises:

<i>Amounts in €/000</i>	<i>At 31 March 2007</i>	<i>At 31 December 2006</i>	<i>Change</i>
Financial receivables due from associated companies	35	30	5
Securities	3,103	11,836	(8,733)
Total	<i>3,138</i>	<i>11,866</i>	<i>(8,728)</i>

Securities refer to €/000 3,103 of certificates of deposit issued by an Indian public social security body purchased by the subsidiary Piaggio Vehicles Private Ltd. in order to efficiently invest temporary liquidity.

Financial receivables due from associated companies includes the current portion of the loan provided to Fondazione Piaggio.

26. Cash and cash equivalents**€/000 66,911**

This item mainly comprises sight and very short-term bank deposits.

Cash and cash equivalents total €/000 66,911 against €/000 68,857 at 31 December 2006, as detailed below:

<i>Amounts in €/000</i>	<i>At 31 March 2007</i>	<i>At 31 December 2006</i>	<i>Change</i>
Bank and post office deposits	66,705	68,433	(1,728)
Cheque	149	346	(197)
Cash on hand	57	78	(21)
<i>Total</i>	<i>66,911</i>	<i>68,857</i>	<i>(1,946)</i>

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

There are no assets intended for sale at 31 March 2007.

CONTENT AND MAIN CHANGES – CONSOLIDATED BALANCE SHEET - LIABILITIES

28. Share capital and reserves

€/000 456,340

Share capital

€/000 205,941

Fully subscribed and paid up share capital at 31 March 2007 consists of 396,040,908 ordinary shares of nominal value € 0.52 each totalling € 205,941,272.16 after the issue of 5,328,760 new ordinary shares offered to and accepted by the beneficiaries of the stock option plan. All options granted under the 2004-2007 Plan have therefore been exercised.

Share premium reserve

€/000 36,454

The share premium reserve at 31 March 2007 stands at €/000 36,454 and increased during the period by € 3,493,150 as a result of 5,328,760 options exercised.

Legal reserve

€/000 723

The legal reserve at 31 March 2007 is €/000 723.

Other reserves and retained earnings

€/000 202,872

This heading comprises the following:

<i>Amounts in €/000</i>	<i>At 31 March 2007</i>	<i>At 31 December 2006</i>	<i>Change</i>
Conversion reserve	(725)	(852)	127
Stock option reserve	4,827	4,827	0
Financial instrument fair value reserve	61,327	59,819	1,508
IFRS transition reserve	(4,113)	(4,113)	0
<i>Total other reserves</i>	<i>61,316</i>	<i>59,681</i>	<i>1,635</i>
Consolidation reserve	993	993	0
Retained earnings	140,563	70,587	69,976
Total	202,872	131,261	71,611

The financial instrument fair value reserve includes €/000 59,971 originating from measuring the Aprilia warrants and €/000 1,356 relating to the effect of recognising the cash flow hedge.

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

Group earnings for the period €/000 9,713

Minority interest capital and reserves €/000 637

The figures at the end of the period refer to minority shareholders in Piaggio Hrvatska Doo.

29. Financial liabilities (current and non-current) **€/000 414,886**

Financial liabilities included in non-current liabilities total €/000 358,159 compared to €/000 355,935 at 31 December 2006, while current financial liabilities total €/000 56,727, against €/000 42,794 at 31 December 2006.

As is shown in the net financial position in the financial schedules, Group net financial debt went from €/000 318,006 at 31 December 2006 to €/000 344,837 at 31 March 2007, an increase of €/000 26,831, due to the seasonal nature of the business.

The tables below summarise the breakdown of financial debt at 31 March 2007 and at 31 December 2006, as well as the changes for the period.

<i>Amounts in €/000</i>	<i>At 31 December 2006</i>	<i>Repay- ments</i>	<i>New issues</i>	<i>Reclassif- ications</i>	<i>Other changes</i>	<i>At 31 March 2007</i>
Non-current portion						
Medium- and long-term loans	169,740		2,291			172,031
Bonds maturing beyond one year	144,628					144,628
Other medium- and long-term loans						
<i>of which leases</i>	10,430			(170)		10,260
<i>of which amounts due to other lenders</i>	12,607			(149)		12,458
<i>of which Aprilia instruments</i>	18,530				252	18,782
Total loans falling due beyond one year	41,567	0	0	(319)	252	41,500
Total	355,935	0	2,291	(319)	252	358,159

<i>Amounts in €/000</i>	<i>At 31 December 2006</i>	<i>Repay- ments</i>	<i>New issues</i>	<i>Reclassi- fications</i>	<i>Other changes</i>	<i>At 31 March 2007</i>
Current portion						
Current account overdrafts	2,218	(308)				1,910
Current account payables	952	(433)	29,408			29,927
Amounts due to factoring companies	4,464		75			4,539
Current portion of medium- and long-term loans:						
of which leases	940	(232)		170		878
of which due to banks	19,236	(3,045)			8	16,199
of which amounts due to other lenders	14,984	(11,922)		149	63	3,274
Total loans falling due within one year	35,160	(15,199)	0	319	71	20,351
Total	42,794	(15,940)	29,483	319	71	56,727

Group debt increased by €/000 16,157 as a result of the seasonal nature of the business. In this context, use has been made of short-term debt instruments, such as current account overdrafts, revolving credit lines and advances from factoring, as well as activating a €/000 2,291 subsidised medium-term loan provided by Sanpaolo Imi S.p.A.

Medium- and long-term bank debt totals €/000 188,230 (of which €/000 172,031 non-current and €/000 16,199 current) and consists of the following loans:

- €/000 148,306 (€/000 150,000 nominal value) loan provided to the parent company by Mediobanca and Banca Intesa. In April 2006, this loan was syndicated to a restricted pool of banks and has a portion of €/000 150,000 nominal fully drawn down and a portion of €/000 100,000 to be used as a credit line, which at 31 March 2007 was completely undrawn. The structure envisages a 7-year duration, with a grace period of 18 months and 11 semi-annual instalments with the last maturity on 23 December 2012 for the loan portion, a variable interest rate linked to the 6-month Euribor rate to which a variable margin of between a maximum of 2.10% and a minimum of 0.65% is added depending on the Financial Debt/ EBITDA ratio. In relation to the improvement in this ratio recorded in the 2006 annual financial statements, this margin has fallen from the initial 1.30% to 1.15% as from the second half of 2007. For the portion relating to the credit line there is a commitment fee of 0.25%. The contract does not envisage the issue of guarantees, while, in line with market practice, it does require meeting some financial parameters. It should be noted that, in reference to the 2006 earnings, these parameters were comfortably met;

- € /000 29,000 loan granted to the parent company by a pool of 14 banks upon acquiring Aprilia, in order to purchase non self-liquidating financial receivables for 34 million euros claimed by the same lenders from Aprilia S.p.A.. The conditions envisage a fixed interest rate of 3.69% annually compounded and repayment in a single instalment of capital and interest at the final maturity of 31 December 2009, aligned with the exercise date of the Piaggio 2004-2009 warrants underwritten by the same lenders during the Aprilia closing;
- € /000 1,045 loan provided by Interbanca in accordance with Law 346/88 regarding subsidies for applied research, secured by a mortgage on property;
- Interest free loan of € /000 2,691 provided by Banca Antonveneta originally to a subsidiary of the Aprilia Group and, following the acquisition, taken on by the parent company with a single repayment date in 2011. The conditions envisage a market interest rate over the last two years on the basis of the performance of the Piaggio 2004-2009 warrants;
- € /000 484 variable rate loan provided to the parent company by Unicredito Italiano with EIB funds, maturing on 1 July 2007;
- € /000 645 variable rate loan provided to the parent company by the European Investment Bank with a guarantee from the Banca Toscana, maturing on 30 June 2007;
- € /000 678 loan provided to the parent company by Mediocredito Centrale at a subsidised rate in accordance with article 7 of Law 49 on international cooperation, maturing on 16 June 2008;
- € /000 3,090 variable rate loan provided to the parent company by Efibanca, maturing on 28 December 2009;
- € /000 2,291 subsidised loan provided by San Paolo IMI S.p.A. for the PAVI project.

Bonds falling due after one year (€ /000 144,628 net book value) refer to the high yield bond issued on 27 April 2005 by the subsidiary Piaggio Finance S.A. (Luxembourg), for a nominal amount of € /000 150,000 maturing on 30 April 2012, with a semi-annual coupon bearing a nominal fixed annual rate of 10%. The bond issue was guaranteed by the parent company and in April 2006 benefited from an upgrade with Moody's assigning a Ba3 rating (previously B2) aligning it to the issuer's rating (previously B1), with a "stable" outlook remark; in September 2006, Standard & Poor's assigned the issue a rating of BB- (previously B+), with a "positive" outlook remark.

Medium- and long-term amounts due to other lenders total € /000 45,652, of which € /000 41,500 falling due beyond one year and € /000 3,274 falling due within 12 months, as follows:

- Finance leases for € /000 11,138, of which € /000 10,927 provided by Locat S.p.A. to Moto Guzzi S.p.A., € /000 197 provided by Italease Factoring S.p.A. to Piaggio & C. S.p.A and € /000 14 provided by Centro Leasing to Piaggio & C. S.p.A.;
- € /000 9,539 due to Interbanca as provider of the EMH financial instruments;
- € /000 9,243 of Aprilia ex-shareholder financial instruments;

- €/000 15,732 of subsidised loans provided by Simest and the Ministry of Production using regulations to encourage exports and investments in research and development (non-current portion of €/000 12,458).

Financial instruments

Exchange risk

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

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

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

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

Referring to contracts which are made to hedge exchange rate risk on receivables and payables in foreign currency (settlement risk), at 31 March 2007, Piaggio & C. S.p.A. had outstanding forward sale contracts for:

- USD/000 27,440 corresponding to €/000 20,574 (valued at the forward exchange rate);
- GBP/000 4,385 corresponding to €/000 6,484 (valued at the forward exchange rate);
- JPY/000,000 109 corresponding to €/000 714 (valued at the forward exchange rate);
- CHF/000 350 corresponding to €/000 218 (valued at the forward exchange rate);

and outstanding forward purchase contracts for:

- GBP/000 850 corresponding to €/000 1,274 (valued at the forward exchange rate)
- JPY/000,000 160 corresponding to €/000 1,034 (valued at the forward exchange rate)

As regards contracts in place to hedge exchange rate risk on forecast transactions (business risk), at 31 March 2007, the parent company had forward purchase transactions for JPY/000,000 1,190 corresponding to €/000 8,099 and forward sales for CHF/000 9,850 corresponding to €/000 6,254 (valued at the forward exchange rate) and GBP/000 24,985 corresponding to €/000 37,002 (valued at the forward exchange rate).

As for Piaggio Group America, at 31 March 2007, there were forward sale contracts for USD/000 46,050 corresponding to €/000 35,856 (valued at the forward exchange rate).

30. Trade payables (current and non-current)

€/000 438,905

There were no non-current trade payables at the end of either period.

At 31 March 2007, current trade payables total €/000 438,905 compared to €/000 394,709 at 31 December 2006.

<i>Amounts in €/000</i>	<i>At 31 March 2007</i>	<i>At 31 December 2006</i>	<i>Change</i>
Current liabilities:			
Trade payables	431,379	385,369	46,010
Trade payables due to companies valued at equity	7,240	9,317	(2,077)
Trade payables due to parent companies	286	23	263
<i>Total current portion</i>	<i>438,905</i>	<i>394,709</i>	<i>44,196</i>

The overall increase in trade payables of €/000 44,196 is linked to the seasonal nature of the production cycle.

31. Reserves (current and non-current portions)

€/000 38,011

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

<i>Amounts in €/000</i>	<i>Balance at 31 December 2006</i>	<i>Provisions</i>	<i>Applications</i>	<i>Reclassifications</i>	<i>Exchange differences</i>	<i>Balance at 31 March 2007</i>
Product warranty reserve	18,681	2,456	(2,780)		(5)	18,352
Reserve for risks on equity investments	5,851					5,851
Restructuring reserves	776		(72)			704
Reserve for contractual risks	5,200					5,200
Other reserves for risks and charges	8,280	24	(385)		(15)	7,904
<i>Total</i>	<i>38,788</i>	<i>2,480</i>	<i>(3,237)</i>	<i>0</i>	<i>(20)</i>	<i>38,011</i>

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

<i>Amounts in €/000</i>	<i>At 31 March 2007</i>	<i>At 31 December 2006</i>	<i>Change</i>
Non-current portion:			
Product warranty reserve	4,117	5,145	(1,028)
Reserve for risks on equity investments	5,851	5,851	0
Reserve for contractual risks	5,200	5,200	0
Other reserves for risks and charges	5,490	5,710	(220)
<i>Total non-current portion</i>	<i>20,658</i>	<i>21,906</i>	<i>(1,248)</i>
Current portion of:			
Product warranty reserve	14,235	13,536	699
Restructuring reserves	704	776	(72)
Other reserves for risks and charges	2,414	2,570	(156)
<i>Total current portion</i>	<i>17,353</i>	<i>16,882</i>	<i>471</i>

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

During the period, the reserve increased by €/000 2,456 and applications of €/000 2,780 were made for costs incurred during the period.

The reserve for risks on equity investments covers the negative portion of shareholders' equity in the subsidiaries Piaggio China Co Ltd and AWS do Brasil, as well as the charges expected to arise from the joint venture Piaggio Foshan.

The reserve for corporate restructuring costs refers to future charges expected to be incurred in relation to suitably identified corporate restructuring initiatives.

The reserve for contractual risks refers mainly to charges that may arise from current negotiations regarding a supply contract.

"Other reserves" include the legal risks reserve of €/000 4,806.

32. Deferred tax liabilities

€/000 34,250

€/000 24,019 of the deferred tax liabilities reserve refers to the tax effect of recognising the Aprilia brand. The remaining part refers to timing differences calculated by other Group companies.

33. Reserves for pension and employee benefits**€/000 79,400**

<i>Amounts in €/000</i>	<i>At 31 March 2007</i>	<i>At 31 December 2006</i>	<i>Change</i>
Reserves for pensions	2,659	2,649	10
Employee leaving indemnity	76,741	75,499	1,242
Total	79,400	78,148	1,252

Reserves for pensions comprises employee reserves set aside by foreign companies and the additional customer indemnity provision, which represents the compensation due to agents in the case of the agency contract being terminated for reasons beyond their control.

The changes in the employee leaving indemnity reserve are as follows:

	<i>Amounts in €/000</i>
Balance at 31 December 2006	75,499
Provisions	2,585
Applications	(1,343)
Discounting effect	
Balance at 31 March 2007	76,741

34. Amounts due to the tax authorities (current and non-current)**€/000 31,155**

"Amounts due to the tax authorities" included in non-current liabilities total €/000 436, against €/000 188 at 31 December 2006, while those included in the current liabilities stand at €/000 30,719 compared to €/000 15,375 at 31 December 2006.

The breakdown is as follows:

<i>Amounts in €/000</i>	<i>At 31 March 2007</i>	<i>At 31 December 2006</i>	<i>Change</i>
Amounts due for income tax for the year	5,610	3,323	2,287
Amounts due for non-income tax	103	107	(4)
Amounts due to the tax authorities for:			
- VAT	18,771	6,124	12,647
- withholdings made	5,309	5,560	(251)
- other	1,362	449	913
Total	25,442	12,133	13,309
TOTAL	31,155	15,563	15,592

This headings includes the tax payables recorded by the individual companies consolidated, set aside in relation to tax charges for the individual companies on the basis of the applicable national laws.

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

35. Other payables (current and non-current)

€/000 82,316

<i>Amounts in €/000</i>	<i>At 31 March 2007</i>	<i>At 31 December 2006</i>	<i>Change</i>
<i>Non-current portion:</i>			
Amounts due to social security institutions	1,084	1,084	0
Other payables	13,871	16,415	(2,544)
Total non-current portion	14,955	17,499	(2,544)
<i>Current portion of:</i>			
Guarantee deposits	615	2,057	(1,442)
Amounts due to employees	35,406	28,056	7,350
Amounts due to social security institutions	6,823	9,503	(2,680)
Sundry amounts due to associated companies	182	156	26
Sundry amounts due to parent companies	16		16
Other	24,319	12,598	11,721
Total	67,361	52,370	14,991

Other non-current payables total €/000 14,955 compared to €/000 17,499 at 31 December 2006 while other payables included in the current liabilities total €/000 67,361 against €/000 52,370 at 31 December 2006.

Guarantee deposits includes the deposit given in 1997 by T.N.T. Automotive Logistics S.p.A. to Piaggio & C. S.p.A. to secure payment of the employee leaving indemnity accrued by those employees belonging to the business unit sold relating to the receipt, packaging, warehousing and physical distribution of parts and accessories. At 31 March 2007, this deposit stands at €/000 1,237.

Amounts due to employees include €/000 14,172 for holidays accrued but not taken and €/000 7,230 for other payments to be made.

Amounts due to associated companies refer to sundry amounts due to Fondazione Piaggio.

Amounts due to parent companies refer to sundry amounts due to IMMSI.

E) RELATED PARTY DEALINGS

The main business and financial dealings that Group companies had with related parties have already been described in the specific paragraph in the Directors' Report to which reference is made here. To supplement that information, the following table provides an indication by company of the outstanding items at 31 March 2007, as well as their contribution to the respective headings.

		As a % of the Amounts statement in €/000 heading	
<u>Dealings with associated companies</u>			
Fondazione Piaggio			
	other non-current financial assets	58	24.68%
	other current financial assets	35	1.12%
	non-current trade receivables and other receivables	408	7.09%
	current trade receivables and other receivables	156	0.07%
	other current payables	182	0.27%
Piaggio China			
	current trade payables	5	0.00%
Piaggio Foshan			
	costs for materials	15,099	6.46%
	other operating income	908	3.37%
	current trade receivables and other receivables	4,812	2.09%
	current trade payables	7,235	1.65%
AWS do Brasil			
	non-current trade receivables and other receivables	440	7.65%
Studio D'Urso			
	costs for services and use of third party assets	25	0.03%
	current trade payables	910	0.21%
<u>Dealings with parent companies</u>			
IMMSI			
	costs for services and use of third party assets	269	0.36%
	current trade payables	286	0.07%
	current other payables	16	0.02%

F) COMMITMENTS AND RISKS

36. Guarantees provided

The main guarantees provided by banks on behalf of Piaggio & C. S.p.A in favour of third parties are as follows:

<u>TYPE</u>	<u>AMOUNT €/000</u>
Bank guarantee from Cassa di Risparmio di Pisa issued on our behalf in favour of the Administration of the Province of Pisa	130
Bank guarantee from Banca Intesa San Paolo issued on our behalf in favour of the Genoa Customs Authority	200
Bank guarantee to secure the credit line of USD 8,100,000 agreed with Banca di Roma for the associated company Piaggio Foshan	6,081
Banca Intesa San Paolo bank guarantee issued in favour of AMIAT – Turin to guarantee contractual obligations for the supply of vehicles	230
Banca Intesa San Paolo bank guarantee issued in favour of the Algerian National Defence Ministry to guarantee contractual obligations for the supply of vehicles	601
Bank guarantee to secure the credit line agreed with Banca Intesa San Paolo to the subsidiary Piaggio Vespa BV for USD 20,000,000	
- of which undrawn	6,558
- of which granted to the associated company	7,358
<u>Piaggio Foshan</u>	
Building insurance guarantee policy of 23-10-03 issued in favour of the Tax Agency of Pisa to secure receivables offset as part of the Group's VAT procedure	839
MPS bank guarantee in favour of ACRAPOVIC /SLOVENIA issued on 07-12-2006 for € 500,000	
- of which undrawn	380
BNL bank guarantee issued in favour of the Venice Customs Authority	206
Banco di Brescia bank guarantee issued in favour of the Municipality of Scorzé to guarantee the payment of town planning charges	166
BNL bank guarantee in favour of Antonveneta to counter-guarantee the syndicated loan provided to Aprilia S.p.A. in 2004	1,228
Banca Toscana bank guarantee issued on 25/01/2006 in favour of the Ministry of Production in Rome for a prize contest	150

The main guarantees issued by banks on behalf of Nacional Motor in favour of third parties are as follows:

<u>TYPE</u>	<u>AMOUNT €/000</u>
BBVA bank guarantee issued in favour of third parties for tax disputes	428

G) NON-RECURRING TRANSACTIONS

For the first quarter 2007, the group has not identified any significant non-recurring transactions. However, as regards the first quarter of 2006, the stock exchange listing had been identified as a non-recurring transaction.

1st quarter 2006	Shareholders' equity		Earnings for the period		Net financial debt		Cash flows	
	€/000	%	€/000	%	€/000	%	€/000	%
Book values	359,313	100%	10,240	100%	397,700	100%	8,738	100%
Listing charges	(610)		(610)					
Total effect of transaction	(610)	-0.2%	(610)	-6.0%	0	0.0%	0	0.0%

H) SUBSEQUENT EVENTS

To date, no events have occurred after 31 March 2007 that make additional notes or adjustments to these interim financial statements necessary.

In this respect, however, refer to the Directors' report as regards significant events after 31 March 2007.