

IMMSI S.p.A.

Share capital 178,464,000 euro fully paid up

Registered office: P.zza Vilfredo Pareto, 3 – 46100 Mantua

Mantua Register of Companies – Tax code and VAT number 07918540019

Report on the First Quarter of 2007

Index:

| | | |
|---|------|----|
| COMPANY BOARDS | page | 4 |
| KEY FIGURES OF THE IMMSI GROUP..... | page | 6 |
| FORM AND CONTENTS OF THE QUARTERLY REPORT AND SCOPE OF CONSOLIDATION | page | 6 |
| CONSOLIDATED FINANCIAL STATEMENTS AND NOTES..... | page | 8 |
| DIRECTORS' COMMENTS ON THE RESULTS OF OPERATIONS AND THEIR OUTLOOK FOR THE FUTURE..... | page | 18 |
| SUBSEQUENT EVENTS..... | page | 19 |
| SEGMENT REPORTING | page | 20 |
| GROUP AND RELATED PARTY TRANSACTIONS..... | page | 23 |

COMPANY BOARDS

The Board of Directors and the Board of Statutory Auditors were appointed by the Shareholders' Meeting of 12 May 2006 and will remain in office up until the Shareholders' Meeting that will approve the financial statements at 31 December 2008.

BOARD OF DIRECTORS

| | |
|--|--------------------------|
| Roberto Colaninno ^{(1) - (2)} | Chairman |
| Carlo d'Urso | Vice Chairman |
| Luciano La Noce ⁽¹⁾ | Managing Director |
| Matteo Colaninno | Director |
| Mauro Gambaro | Director |
| Giovanni Tamburi | Director |
| Marco Reboa | Director |
| Giorgio Cirla | Director |
| Michele Colaninno | Director |

BOARD OF STATUTORY AUDITORS

| | |
|---------------------------------|--------------------------|
| Alessandro Lai | Chairman |
| Giovannimaria Seccamani Mazzoli | Statutory Auditor |
| Marco Spadacini | Statutory Auditor |
| Leonardo Losi | Alternate Auditor |
| Giovanni Sala | Alternate Auditor |

INDEPENDENT AUDITORS

| |
|--------------------------|
| Deloitte & Touche S.p.A. |
|--------------------------|

(1) Legal representative versus third parties and in court with signature power and powers to supervise the Company's operations, being authorised for this purpose to carry out all deeds and transactions of ordinary administration, as well as to implement the resolutions passed by the Shareholders' Meeting and by the Board of Directors.

(2) Legal representative versus third parties and in court with signature power and powers to carry out all deeds and transactions of extraordinary administration, informing the Board of Directors of any such matters at the next board meeting.

LEAD INDEPENDENT DIRECTOR

Marco Reboa

REMUNERATION COMMITTEE

Carlo d'Urso

President

Mauro Gambaro

Giovanni Tamburi

INTERNAL CONTROL COMMITTEE

Marco Reboa

President

Carlo d'Urso

Mauro Gambaro

APPOINTED DIRECTOR

Luciano La Noce

PERSON IN CHARGE OF INTERNAL CONTROL

Pierantonio Piana

SUPERVISORY BODY

Marco Reboa

President

Alessandro Lai

Alessandro Bertolini

INVESTOR RELATOR

Andrea Paroli

Key figures of the IMMSI Group

| | <i>Property and holding sector</i> | | <i>Industrial sector</i> | | <i>Naval sector</i> | | <i>Immsi Group</i> | |
|--|--|-------------|--------------------------|-------------|---------------------|-------------|--------------------|-------------|
| In thousands of euro | | <i>in %</i> | | <i>in %</i> | | <i>in %</i> | | <i>in %</i> |
| Net sales | 1,004 | | 394,162 | | 25,732 | | 420,898 | |
| Operating income before depreciation and amortisation (EBITDA) | -1,579 | -157.3% | 44,427 | 11.3% | -1,117 | -4.3% | 41,731 | 9.9% |
| Operating income (EBIT) | -1,796 | -178.9% | 25,644 | 6.5% | -2,050 | -8.0% | 21,798 | 5.2% |
| Income before taxation | -2,817 | -280.6% | 17,439 | 4.4% | -3,038 | -11.8% | 11,584 | 2.8% |
| Net income including minority interests | -2,008 | -200.0% | 9,748 | 2.5% | -3,041 | -11.8% | 4,699 | 1.1% |
| Group net income | -1,482 | -147.6% | 5,344 | 1.4% | -1,831 | -7.1% | 2,031 | 0.5% |
| Net financial position | -62,937 | | -344,837 | | -54,855 | | -462,629 | |
| Personnel (number) | 79 | | 7,441 | | 368 | | 7,888 | |

The “property and holding sector” includes the income statement and balance sheet of IMMSI S.p.A., Is Molas S.p.A., Apuliae S.p.A., Pietra S.r.l. and RCN Finanziaria S.p.A.

Form and contents of the quarterly report

This report has been prepared in accordance with Consob resolution 11971 of 14/5/1999 and subsequent amendments and includes the consolidated financial statements and notes of the Group. They have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), referred to collectively as "IFRS", in particular IAS 34 on Interim Financial Reporting, as required by Consob resolution 14990 of 14/4/2005.

The preparation of interim financial statements requires management to make estimates and assumptions that have an impact on the book values of revenues, costs, assets and liabilities, as well as on contingent asset and liability disclosures at the balance sheet date. If in the future these estimates and assumptions, which are based on management's best assessment at the time, turn out to be different from reality, they are adjusted appropriately in the period when management realises that circumstances have changed.

It is also worth mentioning that certain valuation processes, especially the more complex ones such as the determination of impairment losses on non-current assets, as well as the discounting of leaving indemnities,

are generally carried out in detail only when preparing the year-end accounts, when all of the information needed is available, except in cases where there are signs of impairment that require an immediate assessment of the potential loss in value.

The interim financial statements of the subsidiaries used in the consolidation have been suitably adjusted and reclassified, where necessary, to bring them into line with IFRS and the Group's standard classification methods.

Income taxes are recognised on the basis of the best estimate of the weighted average rate expected to apply for the entire year.

The Group carries on activities that, overall, show significant seasonal or cyclical fluctuations in sales during the course of the year.

This report consists of the reclassified consolidated financial statements accompanied by the explanatory notes. As regards the Group, below can be found the income statement for the first quarter of 2007 compared with the same period in 2006, as well as the balance sheet at 31 March 2007 compared with the situation at 31 December 2006 and the cash flow statement at 31 March 2007 compared with the situation at 31 March 2006. There is also a statement of changes in shareholders' equity at 31 March 2007 compared with the figures for the same period last year.

The accounting policies used in preparing this report are the same as those that were used to prepare the consolidated financial statements at 31 December 2006.

The quarterly report is unaudited.

These financial statements are expressed in euros as this is the currency in which the Group carries out most of its transactions.

Unless stated otherwise, the figures in the schedules and notes that follow are expressed in thousands of euros.

Scope of consolidation

For consolidation purposes we have used the financial statements at 31 March 2007 of the companies included in the scope of consolidation, prepared according to Group accounting policies which are based on IFRS. The scope of consolidation includes the companies in which the Parent Company, directly or indirectly, holds more than half of the voting rights at Shareholders' Meetings, or has the power to influence or control the voting rights by contract or according to the articles of association, or can appoint a majority of Board members. Dormant or near-dormant (and therefore insignificant) companies have not been consolidated on a line-by-line basis.

As regards the income statement figures compared with those at 31 March 2006, the scope of consolidation has changed following the liquidation of Motocross Company S.r.l. and Aprilia Research & Development S.A., the sale of Piaggio Holding Netherlands B.V. and the acquisition of Pietra S.r.l. However, these changes are limited and do not alter the comparability of the results between the two periods.

The scope of consolidation did not change during the first quarter of 2007 compared with the consolidated financial statements at 31 December 2006.

Consolidated financial statements and notes

Consolidated reclassified income statement of the IMMSI Group

| In thousands of euro | 1st Quarter 2007 | | 1st Quarter 2006 | | Change | in % |
|--|------------------|-------------|------------------|--------------|---------------|---------------|
| Net sales | 420,898 | 100% | 393,319 | 100% | 27,579 | 7.0% |
| Costs for materials | 244,164 | 58.0% | 220,851 | 56.2% | 23,313 | 10.6% |
| Costs for services and the use of third party assets | 86,918 | 20.7% | 86,592 | 22.0% | 326 | 0.4% |
| Employee costs | 68,716 | 16.3% | 65,405 | 16.6% | 3,311 | 5.1% |
| Other operating income | 27,443 | 6.5% | 29,648 | 7.5% | -2,205 | -7.4% |
| Other operating costs | 6,812 | 1.6% | 9,641 | 2.5% | -2,829 | -29.3% |
| OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION | 41,731 | 9.9% | 40,478 | 10.3% | 1,253 | 3.1% |
| Depreciation | 11,089 | 2.6% | 10,799 | 2.7% | 290 | 2.7% |
| Amortization of goodwill | 0 | - | 0 | - | 0 | - |
| Amortization of finite life intangible assets | 8,844 | 2.1% | 10,307 | 2.6% | -1,463 | -14.2% |
| OPERATING INCOME | 21,798 | 5.2% | 19,372 | 4.9% | 2,426 | 12.5% |
| Loss on equity investments | 9 | 0.0% | 0 | - | 9 | - |
| Financial income | 3,252 | 0.8% | 2,049 | 0.5% | 1,203 | 58.7% |
| Financial charges | 13,475 | 3.2% | 11,425 | 2.9% | 2,050 | 17.9% |
| INCOME BEFORE TAXATION | 11,584 | 2.8% | 9,996 | 2.5% | 1,588 | 15.9% |
| Taxation | 6,885 | 1.6% | 4,738 | 1.2% | 2,147 | 45.3% |
| NET INCOME FROM ONGOING OPERATIONS | 4,699 | 1.1% | 5,258 | 1.3% | -559 | -10.6% |
| Profit (loss) from non-current assets held for sale | 0 | - | 0 | - | 0 | - |
| NET INCOME INCLUDING MINORITY INTERESTS | 4,699 | 1.1% | 5,258 | 1.3% | -559 | -10.6% |
| Minority interests | 2,668 | 0.6% | 4,199 | 1.1% | -1,531 | -36.5% |
| GROUP NET INCOME | 2,031 | 0.5% | 1,059 | 0.3% | 972 | 91.8% |

- At 31 March 2007, costs for materials, services and use of third party assets include costs for intercompany non-consolidated related party transactions of 15.2 million euro, essentially for the purchase of parts from associates of the Piaggio group (Piaggio Foshan Motorcycle).

- At 31 March 2006, net sales include 36.5 million euro of non-recurring revenues that relate to the supply contract between Piaggio & C. S.p.A. and Poste Italiane, while costs for services include 0.6 million euro of non-recurring charges involved in the listing of Piaggio & C. S.p.A.

Net sales

Consolidated net sales at 31 March 2007 amount to 420.9 million euro, of which 93.6% (394.2 million) are attributable to the industrial sector (Piaggio group), 6% (25.7 million euro) to the naval sector (Rodriguez group) and the balance (1 million euro) to the property and holding sector (IMMSI S.p.A. and Is Molas S.p.A.).

The type of products sold and the sectors in which the Group operates means that revenues follow a seasonal trend during the year, the first half being more favourable than the second.

As regards the industrial sector, net sales in the first three months of 2007 have grown by 5.3% on the same period of 2006 thanks to a better trend in both the two-wheeler business and in the light commercial vehicle (LCV) market. In particular, compared with the same period last year, growth is due to increased turnover by the Gilera and Vespa brands of 10.5 million euro, by Aprilia and Moto Guzzi of 15.4 million euro, and by the LCV Business Unit of 5.1 million euro, which together offset the reduction by the Derbi brand and the fact that there were no longer the 36.5 million euro of revenues that there were in the first quarter of 2006 from the sale of scooters to Poste Italiane.

As regards the naval sector, consolidated revenues come to 25.7 million euro at 31 March 2007, up by 41.6% on 18.2 million euro at 31 March 2006, mainly thanks to the considerable number of sales contracts acquired at the end of 2006. The order book of the Rodriquez Cantieri Navali group at 31 March 2007 amounts to 483 million euro.

At 31 March 2007, the property sector is showing sales that are substantially in line with those made in the first three months of 2006.

Operating income before depreciation and amortisation (EBITDA)

Consolidated operating income before depreciation and amortisation (EBITDA) amounts to 41.7 million euro at 31 March 2007 (9.9% of net sales). Compared with operating income before depreciation and amortisation (EBITDA) for the first three months of 2006, it has increased by 1.3 million euro (+3.1%). At 31 March 2006 this figure amounted to 40.5 million euro (10.3% of net sales).

The portion attributable to the industrial sector amounts to 44.4 million euro, up 1.4 million euro on the balance at 31 March 2006 (43 million euro), also thanks to lower provisions for risks. Note that costs for the first quarter of 2006 included 0.6 million euro of non-recurring charges incurred for the listing of Piaggio & C. S.p.A.

One of the main cost items is employee costs of 68.7 million euro, 16.3% of net sales compared with 16.6% in the same period last year, mainly because of a rise in the average number of employees.

Operating income

Operating income amounts to 21.8 million euro (5.2% of net sales). The increase on 2006 is 2.4 million euro. Consolidated operating income for the first three months of last year came to 19.4 million euro (4.9% of net sales).

Depreciation and amortisation for the period come to a total of 19.9 million euro (4.7% of net sales), being made up of 11.1 million euro of depreciation and 8.8 million euro of amortisation.

No writedowns of goodwill were booked either in the first quarter of 2007 or in the same period last year. The impairment test carried out at 31 December 2006 confirmed that the amounts booked in the financial statements could all be recovered in full.

Income before taxation

Income before taxation amounts to 11.6 million euro at 31 March 2007 (2.8% of net sales). The corresponding figure for the previous year was 10 million euro (2.5% of net sales).

Net financial charges in 2007 come to 10.2 million euro (with the same percentage of net sales as last year). At 31 March 2006, net financial charges amounted to -9.4 million euro (2.4% of net sales).

Net financial charges were 8.2 million euro for the Piaggio group (net of 2.9 million of income), 1 million euro for the Rodriquez group (net of 0.3 million of income) and 1 million euro for the rest of the Group.

Net income

Net income after taxation and minority interests comes to 2 million euro at 31 March 2007 (0.5% of net sales). In the first three months of the previous year, this figure was 1.1 million euro (0.3% of net sales).

Earnings per share

In euros

| From continuing operations: | 31.03.2007 | 31.03.2006 |
|-----------------------------|-------------|-------------|
| Basic | 0.006 | 0.004 |
| Diluted | 0.006 | 0.004 |
| Average number of shares: | 343,200,000 | 286,000,000 |

Diluted EPS is the same as basic EPS as there are no potential shares outstanding that could have a dilutive effect.

At the closing date of the quarterly financial statements there are no profits or losses from non-current assets held for sale or to be discontinued.

Balance sheet of the IMMSI Group

| In thousands of euro | 31.03.2007 | in % | 31.12.2006 | in % |
|---|------------------|---------------|------------------|---------------|
| Current assets: | | | | |
| Cash and cash equivalents | 92,417 | 4.5% | 101,941 | 5.2% |
| Financial assets | 3,367 | 0.2% | 12,594 | 0.6% |
| Operating assets | 684,997 | 33.3% | 565,250 | 28.9% |
| Total current assets | 780,781 | 38.0% | 679,785 | 34.8% |
| Non-current assets: | | | | |
| Financial assets | 1,015 | 0.0% | 1,015 | 0.1% |
| Intangible assets | 806,219 | 39.2% | 802,112 | 41.1% |
| Property, plant and equipment | 312,611 | 15.2% | 318,135 | 16.3% |
| Other assets | 155,128 | 7.5% | 151,752 | 7.8% |
| Total non-current assets | 1,274,973 | 62.0% | 1,273,014 | 65.2% |
| TOTAL ASSETS | 2,055,754 | 100.0% | 1,952,799 | 100.0% |
| Current liabilities: | | | | |
| Financial liabilities | 139,751 | 6.8% | 120,039 | 6.1% |
| Operating liabilities | 661,534 | 32.2% | 591,558 | 30.3% |
| Total current liabilities | 801,285 | 39.0% | 711,597 | 36.4% |
| Non-current liabilities: | | | | |
| Financial payables | 419,677 | 20.4% | 409,827 | 21.0% |
| Other non-current liabilities | 188,345 | 9.2% | 185,772 | 9.5% |
| Total non-current liabilities | 608,022 | 29.6% | 595,599 | 30.5% |
| TOTAL LIABILITIES | 1,409,307 | 68.6% | 1,307,196 | 66.9% |
| TOTAL SHAREHOLDERS' EQUITY | 646,447 | 31.4% | 645,603 | 33.1% |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 2,055,754 | 100.0% | 1,952,799 | 100.0% |
| | | | | |

- At 31 March 2007 current trade and other receivables include receivables for transactions with non-consolidated related parties and other Group companies totalling 5.8 million euro, substantially related to the sale of vehicles and spare parts or the recovery of miscellaneous costs from Piaggio Foshan Motorcycles (5.5 million euro at 31 March 2006); while trade and other payables include payables arising from transactions with non-consolidated related parties and other Group companies amounting to 17.6 million euro, mainly resulting from the tax payable by the Parent Company to holding companies (for the Group tax filing) and the purchase of parts and vehicles from associates (9.9 million euro at 31 March 2006).

Analysis of capital employed by the IMMSI Group

| In thousands of euro | 31.03.2007 | in % | 31.12.2006 | in % | 31.03.2006 | in % |
|--|------------------|---------------|------------------|---------------|------------------|---------------|
| Current operating assets | 684,997 | 52.8% | 565,250 | 45.4% | 618,500 | 50.5% |
| Current operating liabilities | -661,534 | -51.0% | -591,558 | -47.5% | -567,201 | -46.3% |
| Net operating working capital | 23,463 | 1.8% | -26,308 | -2.1% | 51,299 | 4.2% |
| Intangible assets | 806,219 | 62.1% | 802,112 | 64.4% | 738,094 | 60.2% |
| Property, plant and equipment | 312,611 | 24.1% | 318,135 | 25.5% | 317,686 | 25.9% |
| Other assets | 155,128 | 12.0% | 151,752 | 12.2% | 118,592 | 9.7% |
| Capital employed | 1,297,421 | 100.0% | 1,245,691 | 100.0% | 1,225,671 | 100.0% |
| Non-current non-financial liabilities | 188,345 | 14.5% | 185,772 | 14.9% | 213,164 | 17.4% |
| Minority interests' capital and reserves | 256,972 | 19.8% | 243,784 | 19.6% | 280,095 | 22.9% |
| Group shareholders' equity | 389,475 | 30.0% | 401,819 | 32.3% | 230,403 | 18.8% |
| Total non-financial sources | 834,792 | 64.3% | 831,375 | 66.7% | 723,662 | 59.0% |
| Net debt | 462,629 | 35.7% | 414,316 | 33.3% | 502,009 | 41.0% |
| | | | | | | |

Capital employed

Capital employed amounts to 1,297.4 million euro at 31 March 2007, for an increase on 31 December 2006 of 51.7 million euro and 71.7 million euro on 31 March 2006 (1,245.7 million euro and 1,225.7 million euro respectively). Compared with the beginning of the year, net working capital has risen by 49.8 million euro, largely because of the seasonal trend in the industrial sector's business. The decrease in property, plant and equipment amounts to 5.5 million euro compared with 31 December 2006, whereas intangible assets have increased by 4.1 million euro compared with 31 December 2006.

Net debt

Group net debt at 31 March 2007 amounts to 462.6 million euro, which is higher than at 31 December 2006 (by 48.3 million euro) and lower than at 31 March 2006 (by 39.4 million euro). Moreover, as regards the debt mix, it is possible to see a deterioration in the short-term financial position at 31 December 2006, which has gone from a negative balance of 5.5 million euro to one of 44.0 million euro; at the same time, long-term debt has gone from 408.8 million euro at 31 December 2006 to 418.7 million euro at 31 March 2007. The deterioration of the Group's financial position is, as we said, due to the seasonal nature of the business, with the result that funding requirements tend to be at their highest at this time of year. In this context, and with particular reference to the Piaggio group, steps have been taken to use various forms of short-term borrowing, such as overdrafts, revolving lines of credit and factoring.

Capital investment

Capital investment during the period to 31 March 2007 totalled 18.4 million euro, made up of property, plant and equipment for 6.7 million euro and intangible assets for 11.7 million euro, mainly by the Piaggio group (6.1 million euro and 11.5 million euro, respectively).

Total shareholders' equity and equity pertaining to the IMMSI Group

| In thousands of euro | Group Shareholder' Equity | Minority interests' capital & reserves | Total equity |
|--|---------------------------------|---|-----------------|
| Balances at 1st January 2006 | 236,748 | 275,706 | 512,454 |
| Allocation of Group net income | (8,580) | 0 | (8,580) |
| Increases in share capital against payment | 0 | 0 | 0 |
| Translation differences | (182) | (277) | (459) |
| Measurement of financial assets at fair value, net of taxation | 1,226 | 194 | 1,420 |
| Figurative cost of stock options | 130 | 450 | 580 |
| Other changes | 2 | (177) | (175) |
| Net income for the period | 1,059 | 4,199 | 5,258 |
| Balances at 31st March 2006 | 230,403 | 280,095 | 510,498 |

| In thousands of euro | Group Shareholder' Equity | Minority interest capital & reserves | Total equity |
|--|---------------------------------|--|-----------------|
| Balances at 1st January 2007 | 401,819 | 243,784 | 645,603 |
| Allocation of Group net income | (10,296) | 0 | (10,296) |
| Increases in share capital against payment | 0 | 0 | 0 |
| Translation differences | 74 | 54 | 128 |
| Measurement of financial assets at fair value, net of taxation | (4,169) | 1,221 | (2,948) |
| Figurative cost of stock options | 0 | 0 | 0 |
| Other changes | 16 | 9,245 | 9,261 |
| Net income for the period | 2,031 | 2,668 | 4,699 |
| Balances at 31st March 2007 | 389,475 | 256,972 | 646,447 |

Net debt of the IMMSI Group

| In thousands of euro | 31.03.2007 | 31.12.2006 | 31.03.2006 |
|--|----------------|-----------------|----------------|
| Short-term liquidity | | | |
| Cash and cash equivalents | -92,417 | -101,941 | -63,206 |
| Financial assets | -3,367 | -12,594 | -1,766 |
| Total short-term financial assets | -95,784 | -114,535 | -64,972 |
| Short-term financial payables | | | |
| Bonds | 0 | 0 | 0 |
| Amounts due to banks | 127,495 | 98,228 | 93,111 |
| Amounts due under finance leases | 924 | 963 | 667 |
| Amounts due to other lenders | 11,332 | 20,848 | 27,200 |
| Total short-term financial payables | 139,751 | 120,039 | 120,978 |
| Total short-term financial debt | 43,967 | 5,504 | 56,006 |
| Medium-long-term financial assets | | | |
| Receivables for loans | -1,015 | -1,015 | -10,805 |
| Other financial assets | 0 | 0 | 0 |
| Total medium-long-term financial assets | -1,015 | -1,015 | -10,805 |
| Medium-long-term financial payables | | | |
| Bonds | 144,628 | 144,628 | 143,951 |
| Amounts due to banks | 227,280 | 217,305 | 266,163 |
| Amounts due under finance leases | 10,529 | 10,757 | 11,735 |
| Amounts due to other lenders | 37,240 | 37,137 | 34,959 |
| Total medium-long-term financial payables | 419,677 | 409,827 | 456,808 |
| Total medium-long-term financial debt | 418,662 | 408,812 | 446,003 |
| Net debt | 462,629 | 414,316 | 502,009 |

Cash flow statement of the IMMSI Group

| In thousands of euros | 1st quarter 2007 | 1st quarter 2006 |
|---|------------------|------------------|
| <i>Operating activities</i> | | |
| Net income | 2,031 | 1,059 |
| Minority interests | 2,668 | 4,199 |
| Taxation | 6,885 | 4,738 |
| Depreciation of property, plant and equipment (including investment property) | 11,089 | 10,799 |
| Amortisation of intangible assets | 8,844 | 10,307 |
| Provisions for risks and retirement benefits | 5,914 | 8,167 |
| Writedowns/(revaluations) | 386 | 605 |
| (Gains)/losses on sale of property, plant and equipment (including investment property) | (4) | (105) |
| (Gains)/losses on sale of intangible assets | (170) | 0 |
| Interest income | (636) | (1,958) |
| Interest expense | 10,449 | 11,407 |
| Amortisation of government grants | (233) | 0 |
| <i>Change in working capital:</i> | | |
| (Increase)/decrease in trade receivables | (70,715) | (59,763) |
| (Increase)/decrease in other receivables | (12,766) | (5,183) |
| (Increase)/decrease in inventories | (46,647) | (38,168) |
| Increase/(decrease) in trade payables | 35,808 | 83,052 |
| Increase/(decrease) in other payables | 34,678 | 9,580 |
| (Increase)/decrease in contract work in progress | 3,855 | 4,993 |
| Increase/(decrease) in risk provisions | (6,054) | (7,161) |
| Increase/(decrease) in provisions for retirement benefits | (1,572) | (161) |
| Other changes | (6,116) | 5,493 |
| <i>Liquid funds generated by operations</i> | (22,306) | 41,900 |
| Interest paid | (1,958) | (6,236) |
| Taxes paid | (4,742) | (4,525) |
| <i>Cash flow from operations</i> | (29,006) | 31,139 |
| | | |

| In thousands of euros | 1st quarter 2007 | 1st quarter 2006 |
|--|------------------|------------------|
| <i>Investment activities</i> | | |
| Acquisition of subsidiaries, net of liquid assets | 0 | (750) |
| Investment in property, plant and equipment | (6,745) | (6,263) |
| Proceeds of sale or reimbursement of property, plant and equipment (including investment property) | 136 | 192 |
| Investment in intangible assets | (11,728) | (9,757) |
| Proceeds of sale or reimbursement of intangible assets | 170 | 181 |
| Purchase of non-consolidated equity investments | 0 | (862) |
| Proceeds of sale of non-consolidated equity investments | 20 | 46 |
| Loans granted | (5) | (109) |
| Repayment of loans granted | 499 | 917 |
| Proceeds of sale of financial assets | 8,733 | 0 |
| Interest received | 388 | 1,800 |
| Other flows from non-current assets held for sale or to be discontinued. | (143) | 0 |
| Government grants received | 0 | 1,288 |
| <i>Cash flow from investment activities</i> | <i>(8,675)</i> | <i>(13,317)</i> |
| <i>Financing activities</i> | | |
| Increase in capital by third parties | 9,261 | 0 |
| Loans received | 66,336 | 43,947 |
| Repayment of loans received | (38,444) | (47,035) |
| Loans received in the form of leasing | 23 | 0 |
| Repayment of finance leases | (290) | (236) |
| Outlay for dividends paid to shareholders of the Parent Company | (10,296) | (8,580) |
| <i>Cash flow from financing activities</i> | <i>26,590</i> | <i>(11,904)</i> |
| | | |
| <i>Increase/(decrease) in cash and cash equivalents</i> | <i>(11,091)</i> | <i>5,918</i> |
| | | |
| <i>Opening balance</i> | <i>80,420</i> | <i>40,989</i> |
| Exchange difference | (34) | 252 |
| <i>Closing balance</i> | <i>69,295</i> | <i>47,159</i> |
| | | |

This table shows the various items that caused changes in cash and cash equivalents, net of bank overdrafts which at 31 March 2007 amounted to 23.1 million euro.

Human resources

At 31 March 2007, the IMMSI Group had 7,888 employees, split between the property sector with 79, the industrial sector (Piaggio group) with 7,441 and the naval sector (Rodríguez group) with 368.

The breakdown by category and geographical area is shown in the following tables:

Human resources by category

| numbers | 31/03/2007 | | | |
|------------------------------------|-----------------------------|-------------------|--------------|--------------|
| | Property and holding sector | Industrial sector | Naval sector | Immsi Group |
| Senior managers | 7 | 113 | 21 | 141 |
| Middle managers and clerical staff | 33 | 2,236 | 141 | 2,410 |
| Manual workers | 39 | 5,092 | 206 | 5,337 |
| TOTAL | 79 | 7,441 | 368 | 7,888 |

Human resources by geographical area

| numbers | 31/03/2007 | | | |
|-------------------|-----------------------------|-------------------|--------------|--------------|
| | Property and holding sector | Industrial sector | Naval sector | Immsi Group |
| Italy | 79 | 4,892 | 363 | 5,334 |
| Rest of Europe | 0 | 674 | 0 | 674 |
| Rest of the World | 0 | 1,875 | 5 | 1,880 |
| TOTAL | 79 | 7,441 | 368 | 7,888 |

Human resources by category

| numbers | 31/03/2007 | 31/12/2006 | Change |
|------------------------------------|--------------|--------------|------------|
| Senior managers | 141 | 137 | 4 |
| Middle managers and clerical staff | 2,410 | 2,366 | 44 |
| Manual workers | 5,337 | 4,716 | 621 |
| TOTAL | 7,888 | 7,219 | 669 |

Human resources by geographical area

| numbers | 31/03/2007 | 31/12/2006 | Change |
|-------------------|--------------|--------------|------------|
| Italy | 5,334 | 4,748 | 586 |
| Rest of Europe | 674 | 591 | 83 |
| Rest of the World | 1,880 | 1,880 | 0 |
| TOTAL | 7,888 | 7,219 | 669 |

The increase in the number of employees (+ 669) is all attributable to the industrial sector because of the seasonal nature of production, which involves hiring personnel on short-term contracts.

Directors' comments on the results of operations and their outlook for the future

In the first three months of 2007, the IMMSI Group turned in operating results that were better than in the same period last year.

The results of the various sectors making up the Group differ according to their business trends and the impact of seasonality.

Property and holding sector

As regards IMMSI S.p.A., the Parent Company, it is worth pointing out that the net result for the period (-0.6 million euro) is lower than in the same period last year (+14 thousand euro) because of a reduction in the management fees charged to Piaggio & C. S.p.A. in connection with the support provided as part of the listing process. Moreover, the result for the quarter is in line with expectations for the current year, when there should be a higher contribution from financial income (dividends from Group companies) as opposed to income generated by the property business and services provided to subsidiaries. At a financial level, it is worth remembering that in January, the Company paid 10.4 million euro for an increase in capital by Pietra S.r.l. as part of the reorganisation of the Pietra Ligure shipyard, in accordance with the investment plan. The various activities foreseen in the Reorganisation Plan are currently underway.

As regards Is Molas S.p.A., the project in the tourism property sector has been completed and presented to the authorities for approval. In the meantime, marketing and promotion of the complex on the European market has commenced.

Lastly, as regards Apuliae S.p.A., restructuring of the building was suspended in March 2005 as the result of a judicial enquiry. The work is still in suspense, so for prudence sake it was decided in 2006 to write down the investment in proportion to IMMSI's share of the subsidiary's share capital (85%).

Industrial sector

The Piaggio group has increased its sales to 394.2 million euro, + 5.3% on the first three months of 2006, a period that was also positively affected by the 36.5 million euro contract won by Piaggio & C. S.p.A. at the end of 2005 to supply scooters to Poste Italiane.

The increase is attributable to a better trend both in the two-wheeler business, especially on the European market, and in the LCV business, above all in India.

Group net sales by the Aprilia and Guzzi brands amount to 115.4 million euro (+18.9% compared with 97.0 million euro in the first quarter of 2006), whereas the Piaggio, Gilera, Vespa and Derbi brands, together with the LCV business unit, generated 278.8 million euro (+1.2% compared with 275.5 million euro in the first three months of 2006).

Operating income before depreciation and amortisation (EBITDA) is up by 3.3% in the first three months of 2007, coming in at 44.4 million euro (11.3% of net sales) compared with 43 million in the same period of 2006 (11.5% of net sales). Note that at 31 March 2006 there were costs of 0.6 million euro that were incurred as part of the listing process.

Operating income in 2007 amounts to 25.6 million euro compared with 23 million in the first three months of 2006 (+2.6 million euro), respectively 6.5% and 6.1% of net sales.

In terms of the net result available for consolidation by the IMMSI Group, in the first three months of 2007 the Piaggio group made a profit of 5.3 million euro, which compares with one of 4.1 million euro in 2006.

The net financial position at 31 March 2007 shows borrowings of 344.8 million euro, compared with 318 million euro at the end of the previous year and 397.7 million euro at the end of the same period in 2006. The difference compared with 31 December 2006 is attributable for 18.7 million euro to capital investments during the quarter, for 44.5 million euro to the increase in working capital, partially offset by the flow generated by the result for the period, depreciation and amortisation for 28.5 million euro and by the proceeds of the increase in capital to service stock options for 6.3 million euro.

Naval sector

Looking at the income statement of the Rodriguez group, on net sales that are up by 7.6 million euro (25.7 million euro in the first three months of 2007 compared with 18.2 million in 2006), the portion of the net result that is available for consolidation by the IMMSI Group has gone from a loss of 2.3 million euro in the first three months of 2006 to one of 1.8 million euro in 2007.

Given the important new contracts acquired in the latter part of 2006, efforts to raise output were stepped up, resulting in a significant increase during the quarter compared with the same period last year. However, the output during the period had margins that were still insufficient to absorb all of the fixed costs.

The operating result in 2007 was a loss of 2 million euro compared with one of 2.8 million euro in the first three months of 2006.

It is also worth remembering that there have been positive developments in the plan to reorganise the Pietra Ligure shipyard, which is currently going through the process of being approved by the authorities.

From a capital point of view, the Group's net debt comes to 54.9 million euro, which is higher than at the end of 2006 when it stood at 33.9 million (-21 million euro), mainly to finance the change in working capital (19 million euro) and to settle past due trade payables.

Subsequent events

No significant events have taken place after 31 March 2007.

Segment reporting

In accordance with IAS 34, the following is information by business area (primary segment) and by geographical area (secondary segment). As regards the business areas, information is provided, where available, for the property, industrial and naval sectors.

Primary segment: business areas

Income statement

| | <i>Property & holding sector</i> | <i>Industrial sector</i> | <i>Naval sector</i> | <i>IMMSI Group</i> |
|---|--------------------------------------|--------------------------|---------------------|--------------------|
| In thousands of euro | | | | |
| Net sales to third parties | 1,004 | 394,162 | 25,732 | 420,898 |
| Intercompany net sales | | | | 0 |
| NET SALES | 1,004 | 394,162 | 25,732 | 420,898 |
| | | | | |
| OPERATING INCOME | -1,796 | 25,644 | -2,050 | 21,798 |
| Results of equity investments | 0 | 9 | 0 | 9 |
| Financial income | | | | 3,252 |
| Financial charges | | | | 13,475 |
| INCOME BEFORE TAXATION | | | | 11,584 |
| Taxation | | | | 6,885 |
| NET INCOME FROM CONTINUING OPERATIONS | | | | 4,699 |
| | | | | |
| Profit (loss) of non-current assets held for sale or to be discontinued | | | | 0 |
| NET INCOME INCLUDING MINORITY INTERESTS | | | | 4,699 |
| Minority interests | | | | 2,668 |
| GROUP NET INCOME | | | | 2,031 |

Balance sheet

| | <i>Property & holding sector</i> | <i>Industrial sector</i> | <i>Naval sector</i> | <i>IMMSI Group</i> |
|---------------------------|--------------------------------------|--------------------------|---------------------|--------------------|
| In thousands of euro | | | | |
| Sector assets | 295,734 | 1,574,529 | 184,734 | 2,054,997 |
| Investments in associates | 0 | 734 | 23 | 757 |
| TOTAL ASSETS | 295,734 | 1,575,263 | 184,757 | 2,055,754 |
| | | | | |
| TOTAL LIABILITIES | 104,325 | 1,118,923 | 186,059 | 1,409,307 |

Other information

| | <i>Property & holding sector</i> | <i>Industrial sector</i> | <i>Naval sector</i> | <i>IMMSI Group</i> |
|--|--------------------------------------|--------------------------|---------------------|--------------------|
| In thousands of euro | | | | |
| Investments in property, plant and equipment and intangible assets | 185 | 17,599 | 689 | 18,473 |
| Depreciation, amortisation and writedowns | 227 | 19,159 | 933 | 20,319 |
| Cash flow generated by operating activities | 6,909 | -15,547 | -20,368 | -29,006 |
| Cash flow generated by investment activities | -132 | -8,457 | -86 | -8,675 |
| Cash flow generated by financing activities | -10,590 | 22,406 | 14,774 | 26,590 |

Secondary segment: geographical areas

Income statement

| | <i>Italy</i> | <i>Rest of Europe</i> | <i>India</i> | <i>United States</i> | <i>Rest of the World</i> | <i>IMMSI Group</i> |
|----------------------------|----------------|-----------------------|---------------|----------------------|--------------------------|--------------------|
| In thousands of euro | | | | | | |
| Net sales to third parties | 312,067 | 32,015 | 55,503 | 18,870 | 2,443 | 420,898 |
| Intercompany net sales | | | | | | 0 |
| NET SALES | 312,067 | 32,015 | 55,503 | 18,870 | 2,443 | 420,898 |

Balance sheet

| | <i>Italy</i> | <i>Rest of Europe</i> | <i>India</i> | <i>United States</i> | <i>Rest of the World</i> | <i>IMMSI Group</i> |
|---------------------------|------------------|-----------------------|---------------|----------------------|--------------------------|--------------------|
| In thousands of euro | | | | | | |
| Sector assets | 1,556,033 | 371,361 | 59,184 | 38,336 | 30,083 | 2,054,997 |
| Investments in associates | 709 | 3 | | | 45 | 757 |
| TOTAL ASSETS | 1,556,742 | 371,364 | 59,184 | 38,336 | 30,128 | 2,055,754 |

| | <i>Italy</i> | <i>Rest of Europe</i> | <i>India</i> | <i>United States</i> | <i>Rest of the World</i> | <i>Immsi Group</i> |
|--------------------------|----------------|-----------------------|---------------|----------------------|--------------------------|--------------------|
| In thousands of euro | | | | | | |
| Total receivables | 240,981 | 35,023 | 6,562 | 9,256 | 3,237 | 295,059 |
| Total payables | 560,262 | 28,088 | 35,497 | 2,846 | 1,404 | 628,097 |

Other information

| | <i>Italy</i> | <i>Rest of Europe</i> | <i>India</i> | <i>United States</i> | <i>Rest of the World</i> | <i>Immsi Group</i> |
|---|--------------|---------------------------|--------------|--------------------------|------------------------------|------------------------|
| In thousands of euro | | | | | | |
| Investments in tangible and intangible assets | 16,677 | 1,086 | 687 | 7 | 16 | 18,473 |
| Depreciation, amortisation and writedowns | 18,091 | 1,488 | 642 | 75 | 23 | 20,319 |
| | | | | | | |

Group and related party transactions

As regards the information to be provided on related party transactions in accordance with IAS 24 (Related Party Disclosures), we would like to point out that such transactions take place as part of normal operations at market conditions or as laid down under specific laws. No atypical or unusual transactions were carried out during the first quarter of 2007.

All intercompany transactions and balances have been eliminated in the consolidated figures.

The following table shows the impact of related party transactions on the income statement (excluding revenues from amounts recharged to subsidiaries and parent companies in accordance with IAS 18) and on the balance sheet of the IMMSI Group at 31 March 2007:

| Main income statement and balance sheet items | Amounts in €000 | Description of the transactions |
|--|--------------------|---|
| Related party transactions: | | |
| Current trade payables | 14 1,015 | Financial advice provided by B&L S.r.l. Legal advice provided to the Group by St. d'Urso Munari Gatti |
| Current trade receivables | 46 | Amounts due from B&L S.r.l. for recharged expenses |
| Costs for services and the use of third party assets | 25 | Legal advice provided to the Group by St. d'Urso Munari Gatti |
| Transactions with parent companies: | | |
| Property, plant and equipment | 107 | Fittings and motor vehicles provided by Omniainvest S.p.A. |
| Other current payables | 9,279 | Tax payables deriving from the 2004-2006 Group tax filing that includes the Parent Company and Omniapartecipazioni S.p.A. |
| Costs for services and the use of third party assets | 57 | Lease of offices in Mantua made available by Omniaholding S.p.A. to the Group |
| Transactions with subsidiaries: | | |
| Other non-current financial assets and receivables | 12,851 | Convertible loan granted to RCN Finanziaria S.p.A. and interest |
| Trade and other current receivables | 649 | Amounts due from the Rodriguez group for recharged expenses, interest, fees and consulting contract |
| | 367 | Amounts due from Piaggio & C. S.p.A. for recharged expenses, lease of the Rome and Milan offices and consulting contract |
| | 206 | Amounts due from Is Molas S.p.A. for recharged expenses and consulting contract |
| Other current financial assets | 710 | Loans granted to RCN Finanziaria S.p.A. and interest |
| | 400 | Loan granted to Rodriguez Cantieri Navali S.p.A. |
| Current financial liabilities | 728 | Interest-bearing deposit granted by Apuliae S.p.A. and interest |
| Trade and other current payables | 13 | Lease of offices in Milan provided by Piaggio & C. S.p.A. |
| Net sales | 250 | Consulting and assistance contract with Piaggio & C. S.p.A. |
| | 150 | Consulting and assistance contract with Is Molas S.p.A. |
| | 25 | Consulting and assistance contract with Rodriguez Cantieri Navali S.p.A. |
| | 24 | Rental income from offices in Rome and Milan leased to Piaggio & C. S.p.A. |
| Other operating costs | 13 | Indemnity for early resolution of the lease on the offices in Milan made available by Piaggio & C. S.p.A. |
| Financial charges | 8 | Interest on the deposit granted by Apuliae S.p.A. |
| Financial income | 188 | Interest income and guarantee fees from the Rodriguez group |

Figures including non-deductible VAT

Banca Popolare di Mantova issued a guarantee on IMMSI S.p.A.'s behalf in favour of Piaggio & C. S.p.A. for 37.5 thousand euro to guarantee the lease of the offices in Via Trebazio, Milan.

Moreover, as part of the contract to supply 5 catamarans to the Sultanate of Oman, for which the Rodriguez group has stipulated an endorsement credit contract with a pool of banks for 84.4 million US dollars to guarantee payment of the amounts due under the contract stipulated with the Sultanate for a total of 90 million US dollars, IMMSI has counterguaranteed the release of a performance bond and advanced payment bond by the said banks for an amount of 60 million US dollars by issuing a surety and, for any excess, a letter of patronage for the channelling obligations of Rodriguez Cantieri Navali S.p.A.

IMMSI S.p.A. has also signed a guarantee for Rodriguez Cantieri Navali S.p.A. in favour of Intesa San Paolo, to guarantee that the company will pay a liability worth 15 million euro.