Share capital 178,464,000 euros fully paid up

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

Mantova Register of Companies – Tax code and VAT number 07918540019

Half-year Financial Report of the Immsi Group at 30 June 2017

This Interim Financial Report as of 30 June 2017 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.

Contents

This document was approved by the Board of Directors of Immsi S.p.A. on 1 September 2017 and is available for the public to consult at the Registered Office of the Company, on the website of Borsa Italiana S.p.A. www.borsaitaliana.it, in the centralised storage system www.emarketstorage.com and on the Issuer's website www.immsi.it (section: "Investors/Financial statements and reports/2017") according to legislation.

COMPANY BOARDS

The Board of Directors and the Board of Statutory Auditors of Immsi S.p.A. were appointed by shareholders' resolution of 13 May 2015 and will remain in office until the date the Shareholders' Meeting is convened to approve the financial statements for the year ending 31 December 2017.

BOARD OF DIRECTORS

Roberto Colaninno	***Chairman***
Daniele Discepolo	***Deputy Chairman***
Michele Colaninno	***Chief Executive Officer***
Matteo Colaninno	***Director***
Ruggero Magnoni	***Director***
Livio Corghi	***Director***
Rita Ciccone	***Director***
Giovanni Sala	***Director***
Patrizia De Pasquale	***Director***

BOARD OF STATUTORY AUDITORS

Alessandro Lai	***Chairman***
Daniele Girelli	***Statutory Auditor***
Silvia Rodi	***Statutory Auditor***
Gianmarco Losi	***Alternate Auditor***
Elena Fornara	***Alternate Auditor***

EXTERNAL AUDITORS

PricewaterhouseCoopers S.p.A.	***2012 - 2020***

GENERAL MANAGER

Michele Colaninno

In accordance with the principles of Corporate Governance recommended by the Corporate Governance Code for Listed Companies, and pursuant to Italian Legislative Decree No. 231/01, the Board of Directors has established the following bodies:

REMUNERATION COMMITTEE

Daniele Discepolo	***Chairman***
Giovanni Sala	
Rita Ciccone	

NOMINATIONS COMMITTEE

Giovanni Sala	***Chairman***
Daniele Discepolo	
Rita Ciccone	

CONTROL AND RISKS COMMITTEE

Daniele Discepolo	***Chairman***
Giovanni Sala	
Rita Ciccone	

RELATED-PARTIES COMMITTEE

Giovanni Sala	***Chairman***
Rita Ciccone	
Patrizia De Pasquale	

COMPLIANCE COMMITTEE

Marco Reboa	***Chairman***
Alessandro Lai	
Maurizio Strozzi	

LEAD INDEPENDENT DIRECTOR

Daniele Discepolo

DEPUTY CHAIRMAN

Michele Colaninno

INTERNAL AUDIT MANAGER

Maurizio Strozzi

FINANCIAL REPORTING OFFICER

Andrea Paroli

INVESTOR RELATOR

Andrea Paroli

Interim management report of the Immsi Group

The Half-year Financial Report for the six months to 30 June 2017 was prepared in accordance with Italian Legislative Decree No. 58/1998 as amended, and the Consob Regulation on Issuers.
This Financial Report was prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union, and according to IAS 34 –*Interim Financial Reporting*, applying the same accounting principles as those adopted when preparing the Consolidated Financial Statements at 31 December 2016 of the Immsi Group (to which reference is made for any further details required), excluding the early adoption as from 1 January 2017 of IFRS 9 "*Financial Instruments*", as discussed below, as well as the amendments and interpretations applied by the IASB for annual periods beginning on or after 1 January 2017 (for more details, reference is made to the Notes to this document).
The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"), were also taken into account.

Information on operations

In the first half of 2017, the Immsi Group recorded a significant improvement compared to the same period of the previous year, both in economic and financial terms. All indicators increased: revenues (+5.9%), EBITDA (+24.5%), EBIT (+36.8%) and earnings for the period from 2.6 million euros to 11.3 million euros. Net financial debt decreased by over 40 million euros compared to 30 June 2016.

Results for the period have different trends with reference to the sectors comprising the Group, based on the different business trends of the period in question.
For a clearer interpretation, the following is reported on a preliminary basis:

- the "property and holding sector" consolidated the financial position and performance of Immsi S.p.A., Immsi Audit S.c.a r.l., ISM Investimenti S.p.A., Is Molas S.p.A., Apuliae S.r.l., Pietra S.r.l., Pietra Ligure S.r.l. and RCN Finanziaria S.p.A.;

- the "industrial sector" includes the companies owned by the Piaggio group, while

- the "marine sector" includes Intermarine S.p.A. and other minor subsidiaries or associated companies of Intermarine S.p.A..

Some of the main financial data of the Immsi Group are presented below, divided by business segment and determined, as already stated, in accordance with international accounting standards (IAS/IFRS). A more detailed description of the figures below may be found later on in this document.

Immsi Group at 30 June 2017

In thousands of Euros	*Property and holding sector*	*as a %*	*Industrial sector*	*as a %*	*Marine sector*	*as a %*	*Immsi Group*	*as a %*
Net revenues	1,986		725,306		52,394		779,686	
Operating income before depreciation and amortisation (EBITDA)	-1,757	-88.5%	113,977	15.7%	10,297	19.7%	122,517	15.7%
Operating income (EBIT)	-1,992	-100.3%	52,974	7.3%	9,153	17.5%	60,135	7.7%
Profit before tax	-6,386	-321.6%	36,944	5.1%	8,089	15.4%	38,647	5.0%
Earnings for the period including non-controlling interests	-6,110	-307.7%	21,516	3.0%	4,910	9.4%	20,316	2.6%
Group earnings for the period (which may be consolidated)	-3,124	-157.3%	10,863	1.5%	3,560	6.8%	11,299	1.4%
Net debt	-353,606		-454,612		-55,128		-863,346	
Personnel (number)	97		6,584		278		6,959	

Hereunder we give the same table referring to the first half of the preceding year. A comparison between the two periods is made in the specific comment related to the single business sectors presented further on:

Immsi Group at 30 June 2016

In thousands of Euros	*Property and holding sector*	*as a %*	*Industrial sector*	*as a %*	*Marine sector*	*as a %*	*Immsi Group*	*as a %*
Net revenues	2,192		706,496		27,436		736,124	
Operating income before depreciation and amortisation (EBITDA)	-2,909	n/m	101,472	14.4%	-119	-0.4%	98,444	13.4%
Operating income (EBIT)	-3,153	n/m	47,762	6.8%	-664	-2.4%	43,945	6.0%
Profit before tax	-9,871	n/m	30,019	4.2%	-1,543	-5.6%	18,605	2.5%
Earnings for the period including non-controlling interests	-8,488	n/m	18,011	2.5%	-1,798	-6.6%	7,725	1.0%
Group earnings for the period (which may be consolidated)	-5,326	n/m	9,084	1.3%	-1,136	-4.1%	2,622	0.4%
Net debt	-337,656		-479,885		-86,172		-903,713	
Personnel (number)	97		7,025		277		7,399	

It should be noted that the data given in the preceding tables refer to results eligible for consolidation, i.e. net of the intergroup revenues and costs and dividends from subsidiaries.

Alternative non-GAAP performance measures

This Report contains some measures that, albeit not laid down in the IFRS ("Non-GAAP Measures"), derived from IFRS financial measures.

These measures – which are presented to allow a better assessment of the Group's operating performance – should not be considered as an alternative to IFRS measures. They are identical to those contained in the Annual Report and Financial Statements at 31 December 2016 and in the periodical quarterly reports of the Immsi Group.

It should also be noted that the methods for calculating these measures might not be the same as those adopted by others, as they are not specifically governed by the reference accounting standards and therefore might not be sufficiently comparable.

In particular, the following alternative performance measures have been used:

- **EBITDA**: defined as operating income before amortisation/depreciation and impairment costs of intangible assets and property, plant and equipment, as reported in the consolidated income statement;

- **Net financial debt**: represented by (current and non-current) financial liabilities, minus cash on hand and other cash and cash equivalents, as well as other current financial receivables. The other financial assets and liabilities arising from the valuation at fair value of the derivative financial instruments designated as hedges and the fair value adjustment of the related hedged items do not, however, enter into determining net financial debt. The Notes include a table showing the breakdown of this aggregate. in this respect, in conformity with the CESR recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", the indicator, as formulated, represents the items and activities monitored by the Group's management.

Property and holding sector

In thousands of Euros	*30.06.2017*	*as a %*	*30.06.2016*	*as a %*	*Change*	*as a %*
Net revenues	1,986		2,192		-206	-9.4%
Operating income before depreciation and amortisation (EBITDA)	-1,757	n/m	-2,909	n/m	1,152	39.6%
Operating income (EBIT)	-1,992	n/m	-3,153	n/m	1,161	36.8%
Profit before tax	-6,386	n/m	-9,871	n/m	3,485	35.3%
Earnings for the period including non-controlling interests	-6,110	n/m	-8,488	n/m	2,378	28.0%
Group earnings for the period (which may be consolidated)	-3,124	n/m	-5,326	n/m	2,202	41.3%
Net debt	-353,606		-337,656		-15,950	-4.7%
Personnel (number)	97		97		0	0.0%

The “property and holding sector” consolidates the financial position and performance of Immsi S.p.A., Immsi Audit S.c.a r.l., ISM Investimenti S.p.A., Is Molas S.p.A., Apuliae S.r.l., Pietra S.r.l., Pietra Ligure S.r.l. and RCN Finanziaria S.p.A..

Overall, the **property and holding sector** reported a net loss for consolidation purposes of approximately 3.1 million euros in the first half of 2017, improving on figures for the same period of the previous year, mainly due to financial income of 3.35 million euros in February 2017 arising from the sale of option rights assigned to Immsi as part of the UniCredit capital increase which the Parent Company did not take part in.
Net Debt of the sector was negative at 353.6 million euros, compared to -337.7 million euros at 30 June 2016.

The **Parent Company Immsi S.p.A.** recorded a net profit for the period of approximately 12.1 million euros, compared to approximately 8.4 million euros at 30 June 2016. This was mainly due to the increase in financial income in the first half of 2017 compared to the same period of the previous year. In particular, the Company received 9.9 million euros of dividends in April 2017, compared to 9 million euros received in the first half of 2016, from the subsidiary Piaggio & C. S.p.A. and in February 2017 Immsi S.p.A. realised income equal to 3.35 million euros for the sale of the above mentioned UniCredit option rights.
With reference to non-financial income components, net revenues realised in the first half of 2017 from real-estate operations and services amounted to 2.2 million euros, basically unchanged compared to the same period of the previous year.
Net financial debt stood at 72.7 million euros, down by approximately 6.9 million euros compared to 31 December 2016, mainly due to cash flows from operations totalling around 7.7 million euros including cash flows from the above mentioned financial operations, partially offset by the payment of 0.8 million euros relative to the last tranche of the capital increase, made in May 2017, in compliance with the Stand-by Equity Commitment undertaken in September 2014 to subscribe and pay for a maximum of 10 million euros the capital increase decided by the shareholders' meeting of Alitalia - CAI on 25 July 2014.
Shareholders’ equity of the Parent Company Immsi S.p.A. at 30 June 2017 amounted to approximately 365.2 million euros. The decrease compared to the figure at the end of 2016, equal to 370.8 million euros, partially offset by earnings for the period, is attributable to the adjustment of

the carrying amount of the UniCredit equity package to the value recorded at 30 June 2017, equal to 3.1 million euros, and the carrying amount of the investment held in Alitalia - Compagnia Aerea Italiana S.p.A., resulting from 2016 figures approved by the investee, equal to the entire value of assets of 14.8 million euros, being recognised in other comprehensive income. These value adjustments were recognised in the statement of comprehensive income following the early adoption of IFRS 9 as from 1 January 2017, to which reference is made in the section on Accounting Standards in the notes of this Report.

In preparing this Half-year Financial Report at 30 June 2017, the Parent Company did not carry out any specific impairment testing on the carrying amount of investments held in companies consolidated on a line-by-line basis, as these investments and any changes resulting from relative impairment tests would have been eliminated in full during consolidation.

With regard to the subsidiary **Is Molas S.p.A**., it is pointed out that works on the construction of 15 villas in the FCn10 sector and the primary infrastructure works are ongoing. The construction of 4 show villas has been substantially completed and the sales activities aimed at identifying buyers are in progress internationally.
Revenues relating to tourist/hotel and golf activities for the first half 2017 were in line with figures for the same period of 2016, despite the early closure of the hotel compared to 2016 , while in terms of margins, the company recorded an operating loss of 1.3 million euros and a net loss for consolidation purposes of 1 million euros. The improvement over the first six months of 2016 (operating loss and net loss for consolidation purposes of -2.4 and -1.4 million euros respectively) is mainly attributable to the reduction in operating costs.
The company's net financial debt amounted to 51 million euros, up on the figure at the end of 2016 (42.9 million euros). The change in the period is attributable to net cash flows used in operations.

With reference to the **Pietra Ligure project**, the Final Design of Infrastructure Works required by area town planning was filed with the Municipality of Pietra Ligure, and activities continued to identify potential parties interested in project development.
Net profit for consolidation purposes of **Pietra S.r.l.** in the first half of 2017 was substantially in line with the same period of the previous year, while net financial debt remained unchanged from 31 December 2016 amounting to 2.6 million euros. **Pietra Ligure S.r.l.**, a subsidiary of Pietra S.r.l. and which incorporates the property complex of Pietra Ligure with related Planning Permissions and Agreements, recorded an operating loss of 0.2 million euros (as in the first half of 2016), and net financial debt amounted to 0.8 million euros (0.5 million euros at 31 December 2016).

With reference to the subsidiary **Apuliae S.p.A**, there are no further updates since the Report of Directors and Financial Statements of the Immsi Group at 31 December 2016, to which reference is made. At 30 June 2017, the company posted a substantial break-even position, with a slight downturn in net debt down compared to 31 December 2016 at a negative value of 0.5 million euros. During the Shareholders' Meeting held in February 2017, the Directors resolved to transform the Company into a Limited Liability Company with a view to further reducing operating costs and pending the possible favourable outcome of disputes and resumption of business.
The other major companies falling within the property and holding sector also include RCN Finanziaria S.p.A. and ISM Investimenti S.p.A.. With reference to the main income and balance sheet figures of the company in question, please note that:

- **RCN Finanziaria S.p.A.**, in which Immsi S.p.A. holds a 72.51% stake, and sole shareholder of Intermarine S.p.A., reported a net loss for consolidation purposes for the Immsi Group of approximately 1.9 million euros (1.5 million euros for the first half of 2016) and net financial debt at 30 June 2017 of 124.6 million euros, an increase compared to the figure of 121.5 million euros posted at 31 December 2016, and mainly due to the recognition of interest accrued on shareholder loans at 30 June 2017 being recognised as financial payables (net of intercompany eliminations). During 2016 the company acquired shares held by the shareholder GE Capital Equity in RCN Finanziaria S.p.A. corresponding to a holding of around 12.86% and recognised them as treasury shares. As a result the holding of the other shareholders, Immsi and Intesa Sanpaolo, increased in proportion. The holding of Immsi therefore went up to 72.51% compared to 63.18% at 30 June 2016;

- **ISM Investimenti S.p.A.** recorded a net loss for consolidation purposes for the Immsi Group of approximately 2.2 million euros (with a 0.5 million euros downturn compared to the first half of 2016), and net financial debt at 30 June 2017 equal to 101.5 million euros, up by approximately 0.5 million euros compared to the figure at 31 December 2016. The company, which is the parent of Is Molas S.p.A., with a 92.59% stake at the end of June, is an investee of Immsi S.p.A. which holds a 72.64% share and of IMI Investimenti S.p.A. that holds 27.36% in terms of voting rights. In this regard, considering the different equity rights of the two shareholders established by the co-investment and shareholders agreement signed at the time of the initial investment as supplemented and amended in 2013 - the portion of shareholders' equity of ISM Investimenti S.p.A. consolidated by Immsi S.p.A. was estimated to be 60.39% at 30 June 2017, unchanged compared to the end of 2016.

Industrial sector: Piaggio group

In thousands of Euros	***30.06.2017***	***as a %***	***30.06.2016***	***as a %***	***Change***	***as a %***
Net revenues	725,306		706,496		18,810	2.7%
Operating income before depreciation and amortisation (EBITDA)	113,977	15.7%	101,472	14.4%	12,505	12.3%
Operating income (EBIT)	52,974	7.3%	47,762	6.8%	5,212	10.9%
Profit before tax	36,944	5.1%	30,019	4.2%	6,925	23.1%
Earnings for the period including non-controlling interests	21,516	3.0%	18,011	2.5%	3,505	19.5%
Group earnings for the period (which may be consolidated)	10,863	1.5%	9,084	1.3%	1,779	19.6%
Net debt	-454,612		-479,885		25,273	5.3%
Personnel (number)	6,584		7,025		-441	-6.3%

With regard to the industrial sector, in the first half of 2017 the Piaggio group recorded an increase in net revenues compared to the same period of 2016 (+2.7%). Growth in revenues in EMEA and the Americas (+5.1%) more than offset the downturn in India (-2.5%; -7.4% with constant exchange rates) and the decrease in Asia Pacific (-0.2%; -1.7% with constant exchange rates). As for product type, the increase in turnover from two-wheeler vehicles (+6.8%) considerably made up for the fall in revenues recorded for Commercial Vehicles (-7.8%). Consequently, the impact of

two-wheeler vehicles on turnover went up from 71.8% in the first half of 2016 to the current figure of 74.7%; conversely, the impact of Commercial Vehicles fell from 28.2% in the first half of 2016 to the current figure of 25.3%.
During the first half of 2017, the Piaggio group sold a total of 202.1 thousand units in the two-wheeler segment worldwide, accounting for a net turnover equal to approximately 541.7 million euros (+6.8%), including spare parts and accessories (67.3 million euros, +3.8%). In terms of volumes and turnover, all geographic segments reported positive trends, apart from Asia Pacific. As for turnover, the increases recorded in America (+23.5%) and India (+89.3%) were particularly important. The results recorded on the Indian market are due to the success of the new Aprilia SR 150 scooter unveiled in July 2016.
During the first half of 2017, the Commercial Vehicles business generated a turnover of approximately 183.6 million euros, including around 22.6 million euros relating to spare parts and accessories, a 7.8% decrease compared to the same period in the previous year. 78.7 thousand units were sold during the period, a decrease of around 16.9% compared to the first half of 2016. On the EMEA and Americas market, the Piaggio group sold 7.2 thousand units, with sales increasing by 1.1% and realised a total net turnover of approximately 45.8 million euros, including spare parts and accessories for 9.2 million euros.
The Indian subsidiary Piaggio Vehicles Private Limited (PVPL) sold 64,755 three-wheeler vehicles on the Indian market (78,991 in the first half of 2016) achieving a net turnover of approximately 113.0 million euros (126.3 million euros in the first half of 2016).
The same subsidiary also exported 5,564 three-wheeler vehicles (6,377 in the first half of 2016); the downturn is mainly due to a slowdown in the sales of some African countries.
On the four-wheeler market, PVPL sales in the first half of 2017 fell by 47.3% compared to the first half of 2016, to 1,134 units.
In overall terms, the Indian subsidiary PVPL registered a turnover of 137.8 million euros in the first half of 2017, down by 9.9% compared to the figure of 152.8 million euros for the same period of the previous year.

EBITDA of the Piaggio group rose to 114 million euros (from 101.5 million euros in the first half of 2016). In relation to turnover, EBITDA was equal to 15.7% (14.4% in the first half of 2016). Operating income (EBIT) also improved, increasing from 47.8 million euros (6.8% of net revenues) to 53 million euros (7.3% of net revenues).

Net income from financing activities improved compared to the first half of the previous year by 1.7 million euros, with net financial expenses of 16 million euros (17.7 million in the first half of 2016). This improvement is related to the positive contribution of currency operations, the decrease in average debt for the period and reduction in the cost of funding, partially offset by the lower capitalisation of borrowing costs.

Net profit stood at 21.5 million euros (3% of turnover), a considerable increase on the figure for the same period of the previous year, which amounted to 18 million euros (2.5% of turnover).

Net financial debt at 30 June 2017 was 454.6 million euros, compared to 491 million euros at 31 December 2016. The reduction of approximately 36.4 million euros was mainly due to a good operating performance and greater efficiency in the management of working capital, with a cash generation allowing for the payment of dividends (19.7 million euros) and funding of the investment programme.

The market

<u>Two-wheeler *business*</u>

In the first half of 2017, the global two-wheeler market (scooters and motorcycles), based on available data, recorded sales of around 22 million vehicles, an increase of around 1.5% compared to the same period of the previous year.

India, the most important two-wheeler market, reported a considerable increase, also in the first six months of 2017, closing with sales of nearly 9 million vehicles, up by 2.9% compared to the first half of 2016.
The People's Republic of China recorded a slight loss in the first half of 2017 (-0.7%), closing at just under 3.8 million vehicles sold.
The Asian area, Asean 5, reported an increase of 1.4%, closing with sales of just over 6.1 million units. In Indonesia, the main market in this area, the downturn in sales continued in the first half of 2017, with a drop of 4.8%, and over 2.8 million vehicles sold. Conversely, sales in Vietnam went up (over 1.5 million units sold; +5.7% compared to the first half of 2016). Figures for sales in the Philippines were significant, with an increase of 13.7%, equal to approximately 617 thousand units.
Other countries in the Asian area (Singapore, Hong Kong, South Korea, Japan, Taiwan, New Zealand and Australia) overall recorded a considerable increase compared to the first half of 2016, closing with sales of over 737 thousand units (+9.7%). In this area, Taiwan continued its growth trend, reporting a 17.1% increase compared to the first half of 2016 and closing the period with 411 thousand units sold. The Japanese market picked up, recording a growth of 4.3% and selling over 199 thousand vehicles.

The North American market recorded a downturn compared to the first half of 2016 (-3.8%), selling over 287 thousand vehicles.
Brazil, the most important market in South America, also reported a strong downturn in the first six months of 2017 (-11.1%), closing with sales of just over 402 thousand vehicles.

Europe, which is the reference area for the Piaggio group's operations, reported a fall in sales on the two-wheeler market of 1.5% compared to the first half of 2016 (-0.8% for the motorcycle segment and -2.2% for the scooter segment). On the scooter market, the 50cc segment recorded a positive trend in the first half of 2017 (+3.8%), while the over 50cc segment posted a negative performance (-5.8%). In the motorcycle segment, the over 50cc category reported a downturn (-1.5%), while performance in the 50cc segment was positive (+14%).

The scooter market

<u>Europe</u>
In the first half of 2017, the European scooter market accounted for 346 thousand registered vehicles, equal to a 2.2% drop in sales compared to the same period in 2016.
Vehicle registrations were higher in the over 50cc segment, with 206.9 thousand units against 139.1 thousand units in the 50cc scooter segment. Over 50cc scooters decreased by 5.8% compared to the first six months of 2016, whilst 50cc scooters went up by 3.8%.
Italy was still the most important market in the first half of 2017, with 82 thousand units sold, followed by France with 62.65 thousand and Spain with 48.35 thousand. Holland ranked fourth in terms of sales (36.13 thousand units), ahead of Germany, which is ranked fifth for sales, with 31.18 thousand units. Finally, Greece recorded 13.37 thousand units, while the United Kingdom ended the period with 12.6 thousand vehicles registered.
In the first half of 2017, the Italian market recorded a growth of 5.5% compared to the first half of

the previous year. The increase is due to the over 50cc segment, which went up by 7.1% to 71.8 thousand units, while the 50cc segment, down by 4.5% compared to the first six months of 2016, recorded 10.2 thousand units sold.
France, with 62.65 thousand vehicles, recorded an increase of 2.2% compared to 61.3 thousand vehicles in the same period of the previous year: the increase was generated in the 50cc segment (+4.9%), while the over 50cc segment remained stable (-0.8%).
The greatest increase was recorded in Holland, where the market grew by 8.3%, thanks to the excellent performance of the 50cc segment (+9.4%), which offset the 20.5% decrease in the over 50cc segment, which had little impact, in terms of figures, on the overall Dutch market.
The German and Spanish markets both reported downturns.
The German market registered a decrease of 6.2%, with approximately 31.18 thousand vehicles sold in the first half of 2017, compared to 33.2 thousand in the same period of the previous year. On this market, the 50cc segment performed well (+3.4%), while the over 50cc segment reported a downturn (-16.1%).
Spain continued its negative trend, reporting a decrease of 9%, following the downturn in the over 50cc segment (-12.9%), which was only partially offset by the excellent trend in the 50cc scooter segment (+17.7%).

North America
In the first half of 2017, the United States, which is the main market in the area (accounting for 90% of the reference area) continued its downturn (-5.8%), with 13.15 thousand units sold: this negative trend was greater in the 50cc segment, with sales down by 7.9%, while the over 50cc scooter segment recorded a 3.2% decrease.

India
The automatic scooter market increased by 9.8% in the first half of 2017, closing with nearly 3 million units sold.
The over 90cc range is the main product segment, with nearly 2.9 million units sold in the first half of 2017 (+9% compared to the previous year) and accounting for 98% of the total automatic scooter market. The 50cc scooter segment is not operative in India.

Asia
Vietnam is the Piaggio group's most important market, recording a 6.2% growth, with over 690 thousand automatic scooters sold.

The motorcycle market

Europe
With 354 thousand units registered, the motorcycle market was basically stable in the first half of 2017 (-0.8% compared to the first half of 2016). The 50cc segment recorded an increase of 14%, closing at 18.73 thousand units; the 51-125cc motorcycle segment recorded sales of 36.8 thousand units (-21%), while the 126-750cc segment reported sales of just under 106.3 thousand units (+2.7%). The over 750cc segment was basically stable (+0.9%), selling 192.2 thousand vehicles.
In the first half of 2017, the main European market was Germany with 74.2 thousand units, while France ranked second (69.15 thousand); Italy was in third place with 54.8 thousand vehicles ahead of the United Kingdom which ended the period with just under 44 thousand units; Spain ranked fifth with 28.65 thousand vehicles sold.
In the first half of 2017, sales trends in main countries in the area were as follows: Italy (+7.7%), France (+5.3%), Spain (+2.4%), United Kingdom (-10.1%), and Germany (-11.6%).
North America
In the United States (accounting for 89% of the area), the motorcycle segment recorded a 4.8%

decrease, selling 236 thousand units against 248 thousand units in the first half of 2016. The negative trend in the over 50cc segment (-5%) was only partially offset by the positive performance (+3%) of the 50cc motorcycle segment.

Asia

The most important motorcycle market in Asia is India, which reported sales of more than 5.6 million vehicles in the first half of 2017, with a slight decrease compared to the first six months of 2016 (-0.2%).

The motorcycle market in the Asean 5 region is much less significant than the scooter market: Sales of motorcycles in Vietnam were not significant.

Commercial Vehicles

Europe

In the first six months of 2017, the European market for light commercial vehicles (vehicles with a gross vehicle weight of up to 3.5 tonnes) – in which the Piaggio group is also present – accounted for 1,049.5 thousand units sold, an increase of 4.7% over the first six months of 2016 (source: ACEA data). In detail, the trends of main European reference markets are as follows: Germany (+3.3%), France (+6.4%), Italy (+6.5%) and Spain (+ 16.3%).

India

Performance on the Indian three-wheeler market, where Piaggio Vehicles Private Limited, a subsidiary of Piaggio & C. S.p.A. operates, was still negatively affected by the significant demonetisation policy adopted by the Indian Government in November 2016, with sales going down from 279.3 thousand units in the first half of 2016 to 210.7 thousand in the same period of 2017, registering a 24.6% decrease.

On this market, the trend was generated by the passenger vehicles segment (-31.8%; 154.7 thousand units). Conversely, the cargo segment increased by 7%, from 52.3 thousand units in the first six months of 2016 to 56 thousand units in the first half of 2017. The traditional three-wheeler market is flanked by the four-wheeler light commercial vehicles (LCV) market (cargo vehicles for goods transport) where Piaggio Vehicles Private Limited operates. The size of the LCV cargo market with a mass of less than 2 tons was 62.18 thousand units in the first six months of 2017, an increase of 3.8% over the first half of 2016.

The Marine sector: Intermarine

In thousands of Euros	*30.06.2017*	*as a %*	*30.06.2016*	*as a %*	*Change*	*as a %*
Net revenues	52,394		27,436		24,958	91.0%
Operating income before depreciation and amortisation (EBITDA)	10,297	19.7%	-119	-0.4%	10,416	n/m
Operating income (EBIT)	9,153	17.5%	-664	-2.4%	9,817	n/m
Profit before tax	8,089	15.4%	-1,543	-5.6%	9,632	n/m
Earnings for the period including non-controlling interests	4,910	9.4%	-1,798	-6.6%	6,708	n/m
Group earnings for the period (which may be consolidated)	3,560	6.8%	-1,136	-4.1%	4,696	n/m
Net debt	-55,128		-86,172		31,044	36.0%
Personnel (number)	278		277		1	0.4%

With reference to economic data for the marine sector, the first half of 2017 saw a significant increase (91%) in net sales revenues (composed of turnover and changes in contract work in progress) compared to the same period of the previous year, with the figure standing at 52.4 million euros, compared to 27.4 million euros in the first half of 2016. This increase consolidated the positive trend following on from the completion of Intermarine's turnaround, and is the result of operations overseen by management in recent years and a growing international recognition of the company's state-of-the-art engineering with a high technological content, above all in its military division. The progress in production, including the activities of research and development, and the completion of the constructions and deliveries have concerned particularly:

- the Defence division, with 51.2 million euros (25.9 million in the first half of 2016), mainly due to progress in the order for construction of an integrated minesweeper platform as sub-contractor in a contract with a leading company operating in the field and in processing relating to the construction of a naval platform in a contract with an Asian shipyard;

- the Fast Ferries and Yachts divisions, with a total of 1.2 million euros (1.5 million during the first half of 2016), mainly for repair activities.

This led to an improvement in both EBIT, which was positive in the first half of 2017 at 9.2 million euros (-0.7 million euros in the same period in 2016), as well as profit before taxes, which amounted to 8.1 million euros compared to a pre-tax loss of 1.5 million euros in the first half of 2016. Net profit for consolidation purposes for the Immsi Group at 30 June 2017 amounted to 3.6 million euros, compared to the loss of 1.1 million euros during the first half of 2016.

The total value of the orders portfolio of the company amounted to 263 million euros at 30 June 2017 (mainly relative to the Defence division), referring to the remaining part of existing contracts still to be developed in terms of revenue.
Commercial activities continued in all business segments of the company, pursuing favourable commercial opportunities. In the Fast Ferries and Yacht sector, no significant sales contracts for

new and previously owned vessels were acquired.

In financial terms, net financial debt amounted to 55.1 million euros at 30 June 2017, decreasing by approximately 12.2 million euros compared to the balance at 31 December 2016 amounting to 67.3 million euros; this was mainly due to the good performance of working capital management, which made it possible to repay a part of bank loans.

Financial situation and financial performance

As already mentioned, during the first half of 2017, the Immsi Group reported an improvement in all growth ratios compared to the same period of the previous year. Net financial debt also decreased compared to 31 December 2016 and 30 June 2016.

At 30 June 2017 the structure of the Immsi Group was that attached to this Half-year Financial Report, to which reference is made. The scope of consolidation compared to the Consolidated Financial Statements at 31 December 2016 was unchanged, while the scope changed compared to 30 June 2016 but without affecting to any considerable extent the comparability of business results between the two reporting periods. For further details of changes, see section B of the Notes. Finally, the portion of consolidated shareholders' equity of the Piaggio group, which at 30 June 2017 stood at 50.49%, was unchanged compared to 31 December 2016, and amounted to 50.44% at 30 June 2016.

The Group prepares reclassified figures as well as the financial statement schedules required by law. A short description of the main balance sheet and income statement items is provided below the reclassified schedules. Further information on these items may be found in the Notes to the consolidated financial statements. Specific notes referring to the mandatory schedule items are omitted since the main aggregates coincide.

Financial performance of the Group

The reclassified consolidated income statement of the Immsi Group shown below is classified by the nature of the income components and is in line with the IAS/IFRS guidelines which consider them entirely arising from ordinary activities, except for those of a financial nature.

In thousands of Euros	*30.06.2017*		*30.06.2016*		*Change*	
Net revenues	**779,686**	**100%**	**736,124**	**100%**	**43,562**	**5.9%**
Costs for materials	435,242	55.8%	410,793	55.8%	24,449	6.0%
Costs for services, leases and rentals	137,741	17.7%	141,870	19.3%	-4,129	-2.9%
Employee costs	123,164	15.8%	122,164	16.6%	1,000	0.8%
Other operating income	54,148	6.9%	52,705	7.2%	1,443	2.7%
Other operating costs	15,170	1.9%	15,558	2.1%	-388	-2.5%
OPERATING EARNINGS BEFORE AMORTISATION AND DEPRECIATION (EBITDA)	**122,517**	**15.7%**	**98,444**	**13.4%**	**24,073**	**24.5%**
Depreciation and write-downs of plant, property and equipment	24,258	3.1%	23,896	3.2%	362	1.5%
Amortisation of goodwill	0	-	0	-	0	-
Amortisation and impairment of intangible assets with a definite useful life	38,124	4.9%	30,603	4.2%	7,521	24.6%
OPERATING INCOME	**60,135**	**7.7%**	**43,945**	**6.0%**	**16,190**	**36.8%**
Earnings on investments	637	0.1%	697	0.1%	-60	-
Financial income	11,802	1.5%	9,607	1.3%	2,195	22.8%
Borrowing costs	33,927	4.3%	35,644	4.8%	-1,717	-4.8%
PROFIT BEFORE TAX	**38,647**	**5.0%**	**18,605**	**2.5%**	**20,042**	**107.7%**
Taxes	18,331	2.4%	10,880	1.5%	7,451	68.5%
EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS	**20,316**	**2.6%**	**7,725**	**1.0%**	**12,591**	**163.0%**
Gain (loss) from assets held for disposal or sale	0	-	0	-	0	-
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	**20,316**	**2.6%**	**7,725**	**1.0%**	**12,591**	**163.0%**
Earnings for the period attributable to non-controlling interests	9,017	1.2%	5,103	0.7%	3,914	76.7%
EARNINGS FOR THE PERIOD ATTRIBUTABLE TO THE GROUP	**11,299**	**1.4%**	**2,622**	**0.4%**	**8,677**	**330.9%**

The consolidated net revenues of the Immsi Group have increased by approximately 43.6 million euros (+5.9%) to around 779.7 million euros, mainly due to the industrial sector, which contributed about 725.3 million euros, and the marine sector, which contributed around 52.4 million euros. Net revenues of the property and holding sector, amounting to approximately 2 million euros recorded a decreased compared to the same period of the previous year (2.2 million euros at 30 June 2016). In particular, the industrial sector reported an increase in net revenues of around 2.7% compared to the same period of the previous year (+18.8 million euros, compared to around 706.5 million euros at 30 June 2016), while net revenues for the marine sector totalled 52.4 million euros at 30 June 2017, with nearly a double-digit increase compared to the figure of 27.4 million euros posted in the first half of 2016. This performance was mainly due to a better production progress in the Defence division.

Operating costs and other consolidated Group net costs in the first half of 2017 totalled 657.2 million euros (equal to 84.3% of net revenues), of which 611.3 million euros relative to the Piaggio group (84.3% of group net revenues).

Costs for materials totalled 435.2 million euros, equal to 55.8% of net revenues. The cost relating to the industrial sector amounted to 420.1 million euros, equal to 57.9% of net revenues of the sector.
Employee costs totalled 123.2 million euros, equal to 15.8% of net revenues. The largest part, 113.3 million euros (15.6% of net revenues of the sector), is attributable to the Piaggio group. The average remunerated workforce amounted to 6,904 units compared to 7,371 units in the first half of 2016. The decrease in the average workforce in the Piaggio group is mainly concentrated in India, where as a result of a decrease in demand for commercial vehicles, less use was made of temporary labour. Average employee numbers were affected by seasonal workers in the summer (on fixed-term employment contracts). the Piaggio group effectively hires temporary staff to cover peaks in demand typical of the summer months.
EBITDA during the first half of 2017 came to around 122.5 million euros, or 15.7% of net revenues, compared to 98.4 million in the first half of 2016 (13.4% of net revenues for the period), an increase of 24.1 million euros (+24.5%).
Depreciation and amortisation for the period stood at 62.4 million euros (of which 61 million euros relative to the industrial sector), representing 8% of turnover, slightly up on the figure of 7.4% for the first half of 2016. Depreciation of property, plant and equipment amounted to 24.3 million euros (+0.4 million euros compared to the first six months of 2016), while amortised intangibles excluding goodwill totalled 38.1 million euros (30.6 million euros in the first half of 2016).

EBIT amounted to 60.1 million euros (+16.2 million euros, or +36.8%, over the first half 2016), equal to 7.7% of net revenues (up on the figure of 6% for the same period of 2016).
Moreover, EBIT does not include impairment of goodwill in the first six months of 2017 or in the same period of the previous year, as i) based on the results forecast in long-term development plans prepared by Group companies and used for impairment tests performed at 31 December 2016, and ii) based on analyses carried out by Group management when preparing this Half-year Financial Report at 30 June 2017, no write-downs were deemed necessary, as goodwill was considered to be recoverable with future cash flows.
Considering that the analyses conducted to determine the recoverable value of Immsi Group cash-generating units has also been determined based on estimates, the Group cannot guarantee that there will be no goodwill impairment losses in future periods. Owing to the current climate of uncertainty on core and financial markets, the various factors – both inside and outside the cash-generating units identified – used in preparing estimates could be revised in the future: the Group will constantly monitor these factors and the possible existence of future impairment losses.

Net financial income – including income from investments and the effects deriving from the early adoption of IFRS 9 (for details see the Accounting Standards section of the Notes) – was 21.5

million euros negative, equal to 2.8% of the Group's net revenues (compared to 25.3 million euros negative in the first half of 2016), and consists of negative balances of 16 million euros relative to the industrial sector (compared to -17.7 million euros in the first half of 2016), 1.1 million euros relative to the marine sector (compared to 0.9 million euros in the first half of 2016) and 4.4 million euros relative to the property and holding sector (an improvement on the figure of 6.7 million euros negative, recorded in the first half of 2016).

Profit before tax stood at 38.6 million euros at 30 June 2017, or 5% of net revenues, compared to 18.6 million euros (2.5% of net revenues) at 30 June 2016, with the industrial sector contributing 36.9 million euros, the marine sector 8.1 million euros and the property and holding sector 6.4 million euros negative.
Taxes for the period totalled approximately 18.3 million euros, compared to 10.9 million at 30 June 2016. The tax rate amounted to 47.4% at 30 June 2017 and 58.5% at 30 June 2016 respectively.

Net profit for the period, after taxation and net of non-controlling interests, totalled 11.3 million euros (1.4% of net revenues), up considerably on the figure of 2.6 million euros at 30 June 2016 (0.4% of net revenues).

Reclassified statement of financial position of the Group

In thousands of Euros	*30.06.2017*	*as a %*	*31.12.2016*	*as a %*	*30.06.2016*	*as a %*
Current assets:						
Cash and cash equivalents	225,384	10.0%	197,919	9.1%	158,902	7.1%
Financial assets	0	0.0%	0	0.0%	0	0.0%
Operating activities	573,894	25.6%	472,518	21.8%	588,564	26.3%
Total current assets	**799,278**	**35.6%**	**670,437**	**31.0%**	**747,466**	**33.4%**
Non-current assets:						
Financial assets	0	0.0%	0	0.0%	0	0.0%
Intangible assets	833,959	37.2%	847,059	39.1%	848,200	37.9%
Plant, property and equipment	319,457	14.2%	336,467	15.5%	336,355	15.0%
Other assets	291,102	13.0%	311,524	14.4%	306,607	13.7%
Total non-current assets	**1,444,518**	**64.4%**	**1,495,050**	**69.0%**	**1,491,162**	**66.6%**
TOTAL ASSETS	**2,243,796**	**100.0%**	**2,165,487**	**100.0%**	**2,238,628**	**100.0%**
Current liabilities:						
Financial liabilities	504,209	22.5%	575,022	26.6%	573,814	25.6%
Operating liabilities	671,341	29.9%	554,157	25.6%	653,340	29.2%
Total current liabilities	**1,175,550**	**52.4%**	**1,129,179**	**52.1%**	**1,227,154**	**54.8%**
Non-current liabilities:						
Financial liabilities	584,521	26.1%	529,749	24.5%	488,801	21.8%
Other non-current liabilities	106,104	4.7%	114,001	5.3%	120,880	5.4%
Total non-current liabilities	**690,625**	**30.8%**	**643,750**	**29.7%**	**609,681**	**27.2%**
TOTAL LIABILITIES	**1,866,175**	**83.2%**	**1,772,929**	**81.9%**	**1,836,835**	**82.1%**
TOTAL SHAREHOLDERS' EQUITY	**377,621**	**16.8%**	**392,558**	**18.1%**	**401,793**	**17.9%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,243,796**	**100.0%**	**2,165,487**	**100.0%**	**2,238,628**	**100.0%**

Current assets at 30 June 2017 amounted to 799.3 million euros, an increase of 128.8 million euros from 31 December 2016 and of 51.8 million euros from 30 June 2016. The increase compared to the end of 2016 is mainly due to the increase in liquid and very short-term bank deposits (+27.5 million euros compared to the previous year, chiefly due to the issue of a new debenture loan in the last few days of June 2017), VAT tax receivables (+2.7 million euros) and inventories (+45.1 million euros), mainly concerning the Piaggio group due to the seasonality of the business.

Non-current assets at 30 June 2017 stood at 1,444.5 million euros against 1,495.1 million at 31 December 2016, a decrease of 50.5 million euros.
Specifically, among non-current assets, intangible assets totalled 834 million euros, a decrease of 13.1 million euros compared to 31 December 2016, while property, plant and equipment stood at 319.5 million euros (down by around 17 million euros compared to the end of 2016). Other assets amounted to 291.1 million euros (against 311.5 million euros at the end of 2016).

Current liabilities at 30 June 2017 amounted to 1,175.6 million euros, up by 46.4 million euros compared to 31 December 2016, with an increase in operating liabilities (+117.2 million euros, of which +109.8 million in the Piaggio group), related primarily to the seasonality of purchases, partially offset by the decrease in current financial liabilities, from 575 million euros to 504.2 million euros, due to less bank debt posted by Piaggio & C. S.p.A. and Immsi S.p.A..
Non-current liabilities at 30 June 2017 stood at 690.6 million euros, up by approximately 46.9 million euros from 643.8 million euros at 31 December 2016. Consolidated Group equity and non-controlling interests totalled 377.6 million euros at 30 June 2017, of which 155.2 million euros attributable to non-controlling interests.

An analysis of **invested capital** and its financial cover is presented below:

In thousands of Euros	***30.06.2017***	***as a %***	***31.12.2016***	***as a %***	***30.06.2016***	***as a %***
Current operating assets	573,894	42.6%	472,518	33.4%	588,564	41.3%
Current operating liabilities	-671,341	-49.8%	-554,157	-39.2%	-653,340	-45.8%
Net operating working capital	**-97,447**	**-7.2%**	**-81,639**	**-5.8%**	**-64,776**	**-4.5%**
Intangible assets	833,959	61.9%	847,059	59.9%	848,200	59.5%
Plant, property and equipment	319,457	23.7%	336,467	23.8%	336,355	23.6%
Other assets	291,102	21.6%	311,524	22.0%	306,607	21.5%
Capital employed	**1,347,071**	**100.0%**	**1,413,411**	**100.0%**	**1,426,386**	**100.0%**
Non-current non-financial liabilities	106,104	7.9%	114,001	8.1%	120,880	8.5%
Capital and reserves of non-controlling interests	155,195	11.5%	159,771	11.3%	151,992	10.7%
Consolidated shareholders' equity attributable to the Group	222,426	16.5%	232,787	16.5%	249,801	17.5%
Total non-financial sources	**483,725**	**35.9%**	**506,559**	**35.8%**	**522,673**	**36.6%**
Net financial debt	**863,346**	**64.1%**	**906,852**	**64.2%**	**903,713**	**63.4%**

The schedule below illustrates the **cash flow statement** for the period:

In thousands of Euros	*30.06.2017*	*30.06.2016*
Cash generated internally	105,902	72,553
Change in net working capital	-17,254	21,450
Net cash flow generated from operations	**88,648**	**94,003**
Payment of dividends by the Parent Company	0	-5,107
Payment of dividends to non-controlling interests by Group companies	-9,752	-8,921
Acquisition of intangible assets	-26,743	-27,301
Purchase of plant, property and equipment	-12,532	-20,324
Net decrease from property disposals	84	128
Acquisition of non-controlling investments, net of disposal	2,569	-1,106
Acquisition of controlling investments and business complexes, net of disposals	0	-4,980
Other net movements	1,232	-3,453
Change in net debt	**43,506**	**22,939**
Initial net debt	**-906,852**	**-926,652**
Closing net debt	**-863,346**	**-903,713**

Net financial debt fell from 906.9 million euros at 31 December 2016 to 863.3 million at 30 June 2017, mainly due to cash generated internally (+105.9 million euros), partially offset by cash used in working capital dynamics (17.3 million euros), net investments in property, plant and equipment and intangible assets for the period, almost entirely relating to the Piaggio group (-38.8 million euros), and dividends paid to non-controlling interests (-9.8 million euros).

Net financial debt at 30 June 2017 is analysed below and compared to the figures at 31 December 2016 and 30 June 2016.

In thousands of Euros	*30.06.2017*	*31.12.2016*	*30.06.2016*
Short-term financial assets			
Cash and cash equivalents	-225,384	-197,919	-158,902
Financial assets	0	0	0
Total short-term financial assets	**-225,384**	**-197,919**	**-158,902**
Short-term financial payables			
Bonds	9,624	9,617	0
Payables due to banks	423,782	512,778	515,547
Amounts due for finance leases	1,135	1,114	32
Amounts due to other lenders	69,668	51,513	58,235
Total short-term financial payables	**504,209**	**575,022**	**573,814**
Total short-term financial debt	**278,825**	**377,103**	**414,912**
Medium/long-term financial assets			
Receivables for loans	0	0	0
Other financial assets	0	0	0
Total medium/long-term financial assets	**0**	**0**	**0**
Medium/long-term financial payables			
Bonds	317,832	282,442	291,058
Payables due to banks	256,597	236,319	196,898
Amounts due for finance leases	9,740	10,311	163
Amounts due to other lenders	352	677	682
Total medium/long-term financial payables	**584,521**	**529,749**	**488,801**
Total medium-/long-term financial debt	**584,521**	**529,749**	**488,801**
Net financial debt *)	**863,346**	**906,852**	**903,713**

*) The indicator does not include financial assets and liabilities arising from the fair value valuation of derivative financial instruments designated as hedges and the adjustment to fair value of the related hedged items and related expenses, entirely referable to the Piaggio group (see note G2 – “Financial liabilities” in the Explanatory Notes).

With reference to the breakdown of debt, compared to 31 December 2016, short-term financial debt decreased from a balance of 377.1 million euros to a balance of 278.8 million euros (i.e. -98.3 million euros), with a corresponding increase in medium-long term financial debt from 529.7 million euros to 584.5 million euros (+54.8 million euros). This trend was mainly due to the change in bank debt, of which details are given in the relative notes to the Condensed Interim Financial Statements.

Research & development

The Immsi Group carries out research and development activities through the Piaggio group and the subsidiary Intermarine S.p.A.: below is a summary of the main activities in each sector (industrial and marine). For further information, reference is made to the section on "Research and development" in the Immsi Group Annual Report at 31 December 2016.

With reference to the **industrial sector**, in the first half of 2017 the Piaggio group continued its policy of consolidating technological leadership in the sector, allocating total resources of 33.9 million euros to research and development, of which 24.2 million capitalised under intangible assets as development costs.

As regards the **marine sector**, it should be recalled that in the last few years, Intermarine S.p.A. has embarked on several major research projects: the first project involves the design and construction of two prototypes for a new submerged-foil hydrofoil, while the second project, named "*Enviroaliswath*", involves the design and construction of an innovative vessel with less environmental impact in terms of wake wash reduction. At 30 June 2017, the company had capitalised 7.4 million euros in intangible assets, net of amortisation and deferred income, while 24.8 million had been recorded under inventories for the value of prototypes under construction.

Risk factors

With reference to the risk factors characterising the business of the Immsi Group, no significant variations occurred during the first half of 2017 in relation to the contents of the Report of the Directors and the Financial Statements of the Immsi Group at 31 December 2016, to which reference is made for further details.

Human resources

At 30 June 2017, the Immsi Group employed 6,959 staff, of which 97 in the property and holding sector, 6,584 in the industrial sector (Piaggio group) and 278 in the naval sector (Intermarine S.p.A.). The following tables divide resources by category and geographical area:

Human resources by category

numbers	30.06.2017			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Senior management	5	98	7	110
Middle managers and white collars	38	2,305	151	2,494
Manual workers	54	4,181	120	4,355
TOTAL	**97**	**6,584**	**278**	**6,959**

numbers	31.12.2016			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Senior management	5	97	8	110
Middle managers and white collars	36	2,330	148	2,514
Manual workers	30	4,279	121	4,430
TOTAL	**71**	**6,706**	**277**	**7,054**

numbers	Changes			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Senior management	0	1	-1	0
Middle managers and white collars	2	-25	3	-20
Manual workers	24	-98	-1	-75
TOTAL	**26**	**-122**	**1**	**-95**

Human resources by geographic segment

numbers	30.06.2017			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Italy	97	3,496	278	3,871
Rest of Europe	0	174	0	174
Rest of the World	0	2,914	0	2,914
TOTAL	**97**	**6,584**	**278**	**6,959**

numbers	31.12.2016			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Italy	71	3,518	277	3,866
Rest of Europe	0	174	0	174
Rest of the World	0	3,014	0	3,014
TOTAL	**71**	**6,706**	**277**	**7,054**

numbers	Changes			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Italy	26	-22	1	5
Rest of Europe	0	0	0	0
Rest of the World	0	-100	0	-100
TOTAL	**26**	**-122**	**1**	**-95**

The decrease in staff at 30 June 2017 is attributable to the industrial sector, where rationalisation and organisational efficiency measures continued. The decrease in the average workforce of 122 is mainly concentrated in India, where the fall in demand for commercial vehicles led to less use of temporary labour.

Stock options

At 30 June 2017, Immsi S.p.A. had no existing stock option plan.

With reference also to the subsidiary Piaggio & C. S.p.A., at 30 June 2017 there were no incentive plans based on the allocation of financial instruments.

Other information

Treasury shares

At 30 June 2017, Immsi S.p.A. held no treasury shares. The share capital of Immsi S.p.A. is unchanged at 178,464,000.00 euros, represented by 340,530,000 ordinary shares with no nominal value.

Furthermore, the Ordinary Shareholders' Meeting of Immsi S.p.A. of 12 May 2017 approved a plan for the purchase and disposal of ordinary shares of the Company, revoking the previous authorisation of the Ordinary Shareholders' Meeting of Immsi S.p.A. of 29 April 2016.
The Board of Directors of Immsi S.p.A. in the meeting held on 12 May 2017 – following the above approval from the shareholders' meeting - resolved to launch a programme to purchase treasury shares as a strategic investment strategy for all purposes allowed by applicable laws, including the purposes indicated in article 5 of Regulation (EU) 596/2014 (Market Abuse Regulation, "MAR"), including the purchase of treasury shares based on their subsequent cancellation, and according to practices permitted by article 13 of the MAR.
The purchase of shares connected with the adoption of the programme will be based on the procedures and limits established by the above mentioned resolution of the shareholders' meeting and specifically:

- the purchase may be for a maximum of 10,000,000 ordinary Immsi shares, with no nominal value indicated, for a maximum value of 7 million euros;
- the purchase of treasury shares must be within the limits of profit that may be distributed and available reserves as resulting from the last, also interim, financial statements approved at the time the operation takes place;
- treasury shares will be purchased on regulated markets with appropriate procedures that ensure equal treatment for all shareholders pursuant to article 132 of Legislative Decree no. 58/1998, with a gradual approach that is considered suitable for the interests of the Company and as permitted by applicable laws, according to the procedures established in article 144-*bis*, paragraph 1, letter b) of Consob Regulation 11971/1999, as amended, and considering trading conditions as of article 3 of Commission Delegated Regulation (EU) 2016/1052 ("Regulation 1052") implementing the MAR (i) at a price higher than the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out, save for the unit amount not being less than 20% and being greater than 10% the arithmetic mean of official prices registered for the Immsi share in the ten trading days prior to each single purchase transaction; (ii) for volumes of more than 25% the average daily volume of Immsi S.p.A. shares traded on a regulated market on which the purchase is carried out, calculated according to the parameters as of article 3 of Regulation 1052;

- the purchase programme may also take place in several tranches, ending by 12 November 2018.

With reference to the subsidiary Piaggio & C. S.p.A., on 12 April 2017, the Extraordinary Shareholders' Meeting resolved to cancel 3,054,736 treasury shares. Therefore, at 30 June 2017 Piaggio & C. did not hold any treasury shares.

Disputes in progress

For information on disputes and litigation taking place at a Group level, in addition to that described below, reference is made to the Directors' Report on Operations of the Immsi Group at 31 December 2016, in the section entitled "Disputes in progress".

As far as the **property sector** is concerned, below is a summary of events during the first half of 2017 concerning the company Is Molas S.p.A.:

- as regards the appeal filed with the Court by Is Molas against Italiana Costruzioni and in particular concerning the injunction to pay notified by the company for costs incurred for clearing the construction site, in the hearing of 26 October 2016, the Judge proposed a settlement between the parties forgoing the ruling and with the parties paying legal fees. In the hearing of 15 June 2017, the parties agreed to the proposed settlement, overseeing the relative proceedings.
- With regard to lawsuit concerning the "Le Ginestre" property, on 19 May 2016, the Brescia Court of Appeal upheld the validity of the expert opinion of the first instance, rejecting the appeal of Is Molas. On 19 June 2017, the company filed an appeal with the Court of Cassation.

As regards Apuliae S.r.l.:

- in the proceedings brought by the company against the Province of Lecce for the harmful consequences incurred from the costs borne for works and investments undertaken, on 28 June 2017 in the hearing set to examine evidence, the Judge adjourned the hearing to the end of January 2018.

Regarding the industrial sector (Piaggio group):

- in the dispute with Altroconsumo, the Judge, after examining evidence in the hearing of 6 April 2017, adjourned the case to 3 October 2017 for closing arguments.
- In the proceedings brought by Elma S.r.l., the Judge set the hearing for 11 April 2017 to reach a settlement between the parties, which was not successful. The Judge therefore admitted an accounting expert requested by Elma, although with a far more limited scope than the petition filed by the counterparty, adjourning the case to the hearing of 16 October 2017 to appoint the expert witness.
- As regards the company Taizhou Zhongneng which brought Piaggio before the Court of Turin, in the sentence of 6 April 2017, the Court declared that the 3D Vespa mark of Piaggio was valid and that said mark had been counterfeited by the Znen "VES" scooter, also declaring that the latter scooter had infringed Piaggio copyright. The other party challenged the ruling before the Appeal Court of Turin.
- In proceedings brought before the Court of Milan with the companies Peugeot Motocycles Italia S.p.A., Motorkit S.a.s. di Turcato Bruno e C., Gi.Pi. Motor di Bastianello Attilio and GMR Motor S.r.l., the expert witness filed his final report on 2 May 2017. The judge adjourned the

case to the hearing of 28 February 2018 for closing arguments.

- As regards Piaggio Hellas S.A., the sentence handed down by the Administrative Court of Appeal on 27 April 2017 was in favour of the local tax authorities. The Company therefore appealed before the Supreme Court.

As regards the **marine sector** (Intermarine Group):

- in the proceedings against Atisa, the expert witness filed his report, based on which Intermarine presented its own observations and counter-deductions. The next hearing is set for 28 September 2017.
- As regards the Scoppa Charter proceedings, following the appeal filed by the counter party and petition to stop sentence enforcement presented by Intermarine, the Judge upheld Intermarine's application, adjourning the case to 10 September 2020.
- With reference to the criminal trial of the first instance at the Court of Messina relative to the non-payment of excise duties for 32,000 euros, the latest hearing took place on 27 June 2017; after council chambers, the Judge, pursuant to article 530 of the Code of Criminal Procedure, issued a sentence of acquittal.
  For a second assessment notified by Customs, based on the sentence of the Provincial Tax Tribunal of Messina in favour of Intermarine and not challenged by the Customs' Agency, and the appeal of the company for the amount paid in 2013 to be reimbursed, on 20 June 2017 the Customs' Agency notified authorisation to return sums paid for a total of 17,000 euros.
- As for the tax dispute of 2003 concerning the subsidiary Rodriquez do Brasil and VAT, income tax and contributions on profits (for a value of approximately 2.8 million euros at 30 June 2017, comprising taxes, sanctions, interest and charges), the Brazilian tax authorities completed a settlement programme at the end of June, to be accepted by 31 August 2017. During August, the company therefore opted to make a payment reduced to 50% of the total, comprising sanctions and interests, to close the proceedings.

As regards the Pietra Ligure S.r.l. project:

- regarding the dispute with Como S.r.l., relative to the sums for compensation, brought by Intermarine, on 22 June 2017, the Judge lifted reservations made in the previous hearing of 3 April 2017, considering the case ready for completion based only on documents produced and set the hearing for closing arguments for 2 October 2018.

Events occurring after 30 June 2017 and operating outlook

As regards significant events after 30 June 2017, the Brazilian tax authorities, in relation to the tax dispute of the subsidiary Rodriquez do Brasil, which is no longer operative, completed a settlement programme at the end of June 2017 which the company agreed to in August, making it possible to close the proceedings with an amounted reduced by around 50% compared to the total value of the claim of approximately 2.8 million euros (at the exchange rate in effect at 30 June 2017).

No additional significant events occurred after 30 June 2017.

As regards the operating outlook of the Immsi Group, with reference to the subsidiary **Is Molas S.p.A.**, the company will proceed with the urban infrastructure works and works for completion of the first phase of 15 villas, along with the sales activities of the same.

As far as the **industrial sector** is concerned, in a macroeconomic context in which the global economic recovery will probably strengthen, but is still weighed by uncertainties over the pace of growth in Europe and risks of a slowdown in some countries in Far East Asia, the Piaggio group is committed, in commercial and industrial terms, to:

- confirm its leadership position on the European two-wheeler market, optimally levering expected recovery by:
  - further consolidating its product range;
  - current positions on the European commercial vehicles market will be maintained;
- consolidating operations in Asia Pacific, thanks also to the opening of new Motoplexes, exploring new opportunities in medium and large sized motorcycle segments, and replicating the premium strategy for Vietnam, throughout the region, with particular reference to the Chinese market;
- boosting sales of scooters on the Indian market, thanks to the Vespa range and success of the new Aprilia SR 150;
- increasing sales of commercial vehicles in India and in emerging countries, targeting a further development of exports to African and Latin American markets.

In terms of technology, the Piaggio group will continue to seek new solutions for the problems of current and future mobility, through the work of Piaggio Fast Forward (Boston) and the new frontiers of the design by the PADc (Piaggio Advanced Design Center) in Pasadena.
In Europe, the group's Research and Development Centres traditionally more focussed on defining new products and on their production start up, will target the development of technologies and platforms that emphasize the functional and emotional aspects of vehicles, with constant updates to engines and in particular electric engines, a sector where Piaggio has been a pioneer since the mid-nineteen seventies.
More in general, the group is committed - as in recent years and for operations in 2017 - to increasing productivity with a strong focus on efficient costs and investments, while complying with its business ethics.

With reference to the **marine sector** (Intermarine S.p.A.), it is pointed out that– in the current context of a global economic crisis – the company aims to grow significantly in the Defence sector, which does not appear to be experiencing the same problems as the pleasure craft and passenger transport markets. During 2017, a steady focus was maintained on international sales, and in particular on Asian and European countries. Pending start of production of all new contracts, particularly in the Defence sector, Company Management:

- will rigorously monitor the progress of production of the contracts in place;
- will continue to pursue all opportunities to keep organisation costs down.

In view of the production progress that will be made in 2017, concerning ongoing contracts and planned developments for new contracts, growth in revenues and an improvement in operating income is expected for 2017 compared to 2016.
In financial terms, financial exposure is expected to be in line with forecasts for the second half of the year; based on payments received in advance and milestones of new contracts, financial flows at an annual level will make it possible to pay advances to suppliers for the development of new production and settle most trade payables.

Immsi Group

Condensed Interim Financial Statements

at

30 June 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

In thousands of euros

ASSETS		30 June 2017	31 December 2016
NON-CURRENT ASSETS			
Intangible assets	*F1*	833,959	847,059
Plant, property and equipment	*F2*	319,457	336,467
Investment property	*F3*	85,731	85,765
Investments	*F4*	7,559	7,464
Other financial assets	*F5*	13,629	33,205
Tax receivables	*F6*	17,090	15,680
Deferred tax assets	*F7*	125,117	126,640
Trade receivables and other receivables	*F8*	14,793	15,587
- of which with Related Parties		*115*	*133*
TOTAL NON-CURRENT ASSETS		1,417,335	1,467,867
ASSETS HELD FOR DISPOSAL	*F9*	27,183	27,183
CURRENT ASSETS			
Trade receivables and other receivables	*F8*	194,521	134,382
- of which with Related Parties		*5,900*	*7,487*
Tax receivables	*F6*	32,081	29,386
Inventories	*F10*	339,169	294,057
Other financial assets	*F5*	8,123	14,693
Cash and cash equivalents	*F11*	225,384	197,919
TOTAL CURRENT ASSETS		799,278	670,437
TOTAL ASSETS		2,243,796	2,165,487

LIABILITIES		30 June 2017	31 December 2016
SHAREHOLDERS' EQUITY			
Consolidated shareholders' equity attributable to the Group		222,426	232,787
Capital and reserves of non-controlling interests		155,195	159,771
TOTAL SHAREHOLDERS' EQUITY	*G1*	377,621	392,558
NON-CURRENT LIABILITIES			
Financial liabilities	*G2*	597,771	548,512
- of which with Related Parties		*2,900*	*2,900*
Trade payables and other payables	*G3*	6,767	6,907
- of which with Related Parties		*162*	*162*
Retirement fund and similar obligations	*G4*	49,671	53,482
Other long-term provisions	*G5*	12,801	11,739
Deferred tax liabilities	*G6*	23,615	23,110
TOTAL NON-CURRENT LIABILITIES		690,625	643,750
LIABILITIES RELATED TO ASSETS HELD FOR DISPOSAL		0	0
CURRENT LIABILITIES			
Financial liabilities	*G2*	507,881	582,096
- of which with Related Parties		*12*	*12*
Trade payables	*G3*	569,481	469,314
- of which with Related Parties		*17,170*	*10,298*
Current taxes	*G7*	17,706	9,314
Other payables	*G3*	62,098	52,267
- of which with Related Parties		*205*	*215*
Current portion of other long-term provisions	*G5*	18,384	16,188
TOTAL CURRENT LIABILITIES		1,175,550	1,129,179
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,243,796	2,165,487

CONSOLIDATED INCOME STATEMENT AT 30 JUNE 2017

In thousands of euros

		30.06.2017	30.06.2016
Net revenues	*H1*	779,686	736,124
- of which with Related Parties		*998*	*685*
Costs for materials	*H2*	435,242	410,793
- of which with Related Parties		*16,424*	*14,825*
Costs for services, leases and rentals	*H3*	137,741	141,870
- of which with Related Parties		*450*	*365*
Employee costs	*H4*	123,164	122,164
Depreciation of plant, property and equipment	*H5*	24,258	23,896
Amortisation of goodwill		0	0
Amortisation of intangible assets with a definite life	*H6*	38,124	30,603
Other operating income	*H7*	54,148	52,705
- of which with Related Parties		*121*	*433*
Other operating costs	*H8*	15,170	15,558
OPERATING INCOME		60,135	43,945
Earnings on investments	*H9*	637	697
Financial income	*H10*	11,802	9,607
Borrowing costs	*H11*	33,927	35,644
- of which with Related Parties		*73*	*67*
PROFIT BEFORE TAX		38,647	18,605
Taxes	*H12*	18,331	10,880
EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS		20,316	7,725
Gain (loss) from assets held for disposal or sale	*H13*	0	0
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS		20,316	7,725
Earnings for the period attributable to non-controlling interests		9,017	5,103
EARNINGS FOR THE PERIOD ATTRIBUTABLE TO THE GROUP	*H14*	11,299	2,622

EARNINGS PER SHARE

In euros

From continuing and discontinued operations:	30.06.2017	30.06.2016
Basic	0.033	0.008
Diluted	0.033	0.008

From continuing operations:	30.06.2017	30.06.2016
Basic	0.033	0.008
Diluted	0.033	0.008

Average number of shares:	340,530,000	340,530,000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 30 JUNE 2017

In thousands of euros

	30.06.2017	30.06.2016
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	20,316	7,725
Items that will not be reclassified to profit or loss		
Profit (losses) arising from the fair value measurement of assets and liabilities recognised in the statement of comprehensive income	(21,606)	0
Actuarial gains (losses) on defined benefit plans	1,923	(3,504)
Total	(19,683)	(3,504)
Items that may be reclassified to profit or loss		
Gains/(losses) on cash flow hedges	164	261
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	(5,982)	(2,951)
Gains/(Losses) on evaluation at fair value of assets available for sale and property investments	0	(8,825)
Total	(5,818)	(11,515)
Other Consolidated Comprehensive Income (Expense)	(25,501)	(15,019)
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	(5,185)	(7,294)
Comprehensive earnings for the period attributable to non-controlling interests	5,176	1,979
COMPREHENSIVE EARNINGS FOR THE PERIOD ATTRIBUTABLE TO THE GROUP	(10,361)	(9,273)

The values presented in the table are all stated net of the corresponding fiscal effect.

STATEMENT OF CONSOLIDATED CASH FLOWS AT 30 JUNE 2017

In thousands of euros

		30.06.2017	30.06.2016
Operating activities			
Profit before tax		38,647	18,605
Depreciation of plant, property and equipment (including investment property)	*H5*	24,258	23,896
Amortisation of intangible assets	*H6*	38,124	30,603
Provisions for risks and for severance indemnity and similar obligations	*H4 - H8*	13,324	10,978
Write-downs (reversals of fair value measurements)	*H7 – H8*	776	576
Losses / (Gains) on the disposal of plant, property and equipment (including investment property)	*H7 – H8*	(77)	(89)
Capital losses / (Gains) on the disposal of intangible assets	*H7 – H8*	(2)	0
Losses / (Gains) on the disposal of securities	*H10*	(3,350)	0
Interest income	*H10*	(858)	(2,145)
Dividend income	*H10*	0	(7)
Interest expense	*H11*	24,723	25,709
Amortisation of grants	*H7*	(2,405)	(2,150)
Portion of earnings before taxes of affiliated companies (and other companies valued using the equity method)	*H9*	(637)	(697)
Change in working capital:			
(Increase) / Decrease in trade receivables	*F8*	(50,400)	(29,050)
(Increase)/Decrease in inventories	*F10*	(45,112)	(50,311)
Increase / (Decrease) in trade payables	*G3*	100,167	87,490
(Increase) / Decrease in contract work in progress	*F8*	(8,286)	25,274
Increase / (Decrease) in provisions for risks	*G5*	(5,720)	(6,323)
Increase / (Decrease) in reserves for severance indemnity and similar obligations	*G4*	(7,916)	(238)
Other changes		6,111	(7,760)
Cash generated from operating activities		121,367	124,361
Interest paid		(20,915)	(22,439)
Taxes paid		(6,779)	(10,687)
Cash flow from operations		93,673	91,235
Investing activities			
Acquisition of subsidiaries, net of cash and cash equivalents	*F1*	0	(4,980)
Investments in plant, property and equipment	*F2*	(12,532)	(20,323)
Sale price, or repayment value, of plant, property and equipment (including investment property)	*F2*	161	217
Investments in intangible assets	*F1*	(26,743)	(27,301)
Sale price, or repayment value, of intangible assets		467	0
Sale price of non-consolidated investments		0	1
Purchase of financial assets	*F5*	(781)	(1,107)
Sale price of financial assets		3,350	(3)
Collected interests		399	311
Other flows from assets held for disposal or sale		0	(1)
Grants received		584	0
Cash flow from investing activities		(35,095)	(53,186)
Financing activities			
Loans received		115,607	109,083
Outflow for repayment of loans		(130,237)	(103,125)
Repayment of finance leases		(561)	(15)
Outflow for dividends paid to Parent Company Shareholders	*G1 - N*	0	(5,107)
Outflow for dividends paid to non-controlling interests		(9,752)	(8,921)
Cash flow from financing activities		(24,943)	(8,085)
Increase / (Decrease) in cash and cash equivalents		33,635	29,964
Opening balance		173,223	104,415
Exchange differences		(5,354)	(1,236)
Closing balance		201,504	133,143

Changes in working capital include an increase in trade payables and other payables towards Related Parties for 6,811 thousand euros and a decrease in trade receivables and other receivables from Related Parties for 1,587 thousand euros. For greater details on the relations between Related Parties taking place during the first half of 2017, reference is made to the tables at the end of this Report.

This schedule illustrates the changes in cash and cash equivalents totalling 225.4 million euros at 30 June 2017, gross of short-term bank overdrafts of 23.9 million euros.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AT 30 JUNE 2017

In thousands of euros

	Share capital	*Reserves and retained earnings(losses)*	*Earnings for the period*	*Shareholders' equity attributable to the Group*	*Capital and reserves of non-controlling interests*	*Shareholders' equity attributable to the Group and non-controlling interests*
Balances at 31 December 2015	***178,464***	***96,724***	***(9,554)***	***265,634***	***162,460***	***428,094***
Allocation of Group earnings to the Legal Reserve		775	(775)			0
Allocation of Group earnings to Dividends			(5,107)	(5,107)	(8,921)	(14,028)
Allocation of Group earnings to Retained Earnings/Losses		(15,436)	15,436			0
Purchase of treasury shares by Piaggio & C. S.p.A.		(2,512)		(2,512)	(2,468)	(4,980)
Other changes		1,059		1,059	(1,058)	1
Overall earnings for the period		(11,895)	2,622	(9,273)	1,979	(7,294)
Balances at 30 June 2016	***178,464***	***68,715***	***2,622***	***249,801***	***151,992***	***401,793***

In thousands of Euros	*Share capital*	*Reserves and retained earnings(losses)*	*Earnings for the period*	*Shareholders' equity attributable to the Group*	*Capital and reserves of non-controlling interests*	*Shareholders' equity attributable to the Group and non-controlling interests*
Balances at 31 December 2016	***178,464***	***62,986***	***(8,663)***	***232,787***	***159,771***	***392,558***
Allocation of Group earnings to the Legal Reserve		275	(275)			0
Allocation of Group earnings to Dividends					(9,752)	(9,752)
Allocation of Group earnings to Retained Earnings/Losses		(8,938)	8,938			0
Other changes						0
Overall earnings for the period		(21,660)	11,299	(10,361)	5,176	(5,185)
Balances at 30 June 2017	***178,464***	***32,663***	***11,299***	***222,426***	***155,195***	***377,621***

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2017

Note	Description
TO	**General aspects**
B	**Scope of consolidation**
C	**Consolidation principles**
D	**Accounting standards and measurement criteria**
E	**Segment reporting**
F	**Information on main assets**
F1	Intangible assets
F2	Plant, property and equipment
F3	Investment property
F4	Investments
F5	Other financial assets
F6	Tax receivables
F7	Deferred tax assets
F8	Trade receivables and other receivables
F9	Assets held for disposal
F10	Inventories
F11	Cash and cash equivalents
G	**Information on main liabilities**
G1	Shareholders' equity
G2	Financial liabilities
G3	Trade payables and other payables
G4	Reserves for severance indemnity and similar obligations
G5	Other long-term provisions
G6	Deferred tax liabilities
G7	Current taxes
H	**Information on main Income Statement items**
H1	Net revenues
H2	Costs for materials
H3	Costs for services, leases and rentals
H4	Employee costs
H5	Depreciation of plant, property and equipment
H6	Amortisation of finite life intangible assets
H7	Other operating income
H8	Other operating costs
H9	Earnings on investments
H10	Financial income
H11	Borrowing costs
H12	Taxes
H13	Gain/loss on the disposal of assets
H14	Earnings for the period attributable to the Group
I	**Commitments, risks and guarantees**
L	**Related Party Transactions**
M	**Consolidated debt**
N	**Dividends paid**
O	**Earnings per share**
P	**Information on financial instruments**

- A - GENERAL ASPECTS

Immsi S.p.A. (the "Company") is a limited company established under Italian law with its registered office at P.zza Vilfredo Pareto, 3, Centro Direzionale Boma, Mantova. The main activities of the Company and its subsidiaries (the "Immsi Group"), and information on significant events after 30 June 2017 and operating outlook are described in the Half-year Financial Report. At 30 June 2017, Immsi S.p.A. was directly and indirectly controlled, pursuant to Article 93 of the Consolidated Law on Finance, by Omniaholding S.p.A., a company wholly owned by the Colaninno family, through the subsidiary Omniainvest S.p.A.

The condensed half-year financial statements of the Immsi Group include the financial statements of the Parent Company Immsi S.p.A. and the Italian and international companies directly and indirectly controlled by it, approved by the relevant corporate functions of the respective companies, suitably reclassified and adjusted where necessary to adapt them to the Group's accounting principles.
The financial statements are expressed in euros as this is the currency in which most of the Group's transactions take place.
The amounts in the above schedules and in the Notes on the consolidated financial statements are stated in thousands of euros (if not otherwise indicated).

Note that the Group carries out activities that, with main reference to the industrial sector, are characterized by significant seasonal changes of sales during the year.

These condensed interim financial statements are subject to limited auditing by the independent auditors PricewaterhouseCoopers S.p.A. pursuant to the mandate granted by the Shareholders' Meeting on 11 May 2012 for the period 2012-2020.

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

The condensed interim financial statements were prepared in compliance with the International Accounting Standards (IAS/IFRS) in force at that date, issued by the International Accounting Standards Board and approved by the European Union, as well as in compliance with the provisions established in Article 9 of Legislative Decree No. 38/2005 (Consob Resolution No. 15519 dated 27 July 2006 containing the "Provisions for the presentation of financial statements", Consob Resolution No. 15520 dated 27 July 2006 containing the "Changes and additions to the Regulation on Issuers adopted by Resolution No. 11971/99", and Consob Communication No. 6064293 dated 28 July 2006 containing the "Corporate reporting required in accordance with Article 114, paragraph 5 of Legislative Decree No. 58/98"). The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"), were also taken into account.

In preparing these Condensed Interim Financial Statements, drawn up in compliance with IAS 34 – Interim Financial Reporting, the accounting standards used to prepare the Consolidated Financial Statements at 31 December 2016 were adopted, save for information in the next section on Accounting standards and measurement criteria.

The information provided in the Half-Year Report should be read together with the Consolidated Financial Statements at 31 December 2016, prepared according to IFRS.

The preparation of the interim financial statements requires the company Management to make estimates and assumptions that affect, among other things, the reported amounts of revenues,

expenses, assets and liabilities recorded and disclosure of contingent assets and liabilities at the date of the end of the period. If in the future such estimates and assumptions, carried out by the management, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances may occur to change.
For a more detailed description of the most significant measurement methods of the Group, reference is made to the section "*Accounting standards and measurement criteria – Use of estimates*" in the Consolidated Financial Statements of the Immsi Group at 31 December 2016.

In addition, some evaluative processes, particularly the more complex ones such as the determination of any losses in value of fixed assets ("impairment"), are generally carried out completely only at the time of drawing up the annual financial statements, when all the potentially necessary information is available, saving the cases in which there are indicators that require immediate evaluation of possible losses of value.

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Group has chosen to highlight all changes generated by transactions with non-shareholders within two statements reporting trends of the period, respectively named the "Consolidated Income Statement" and "Consolidated Statement of Comprehensive Income". These Condensed Interim Financial Statements are therefore composed of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and these Notes to the consolidated financial statements.
With reference to Consob Resolution no. 15519 of 27 July 2006 it is pointed out that, as regards the financial schedules, specific Income statement and Statement of financial position schedules have been inserted with the evidence of significant Related Party transactions and non-recurring transactions. In both the first half of 2016 as well as 2017 there were no significant non-recurring transactions, as defined by Consob Communication no. DEM/6064293 of 28 July 2006.
Moreover, there were no significant atypical transactions during the first half of 2017 and of the corresponding period of the previous year, as defined in Consob Communication no. DEM/6037577 of 28 April 2006 and no. DEM/6064293 of 28 July 2006.

Consolidated income statement (reclassified)
The Consolidated income statement is presented with the items classified by nature. The overall Operating Income is shown, which includes all income and cost items, irrespective of their repetition or fact of falling outside normal operations, except for the items of financial operations included under Operating Income and Earnings before tax. In addition, the income and cost items arising from assets held for disposal or sale, including any capital gains or losses net of the tax element, are recorded in a specific item of the consolidated statement of financial position which precedes Group net income and non-controlling interest.

Consolidated Statement of Comprehensive Income
The Consolidated Statement of Comprehensive Income is presented as provided for in IAS 1 revised. It requires the indication of the Income attributable to the parent company shareholders and to non-controlling interests to be recorded net of the corresponding fiscal effect. In this respect, it should be noted that on 16 June 2011, the IASB issued an amendment to IAS 1 – *Presentation of financial statements* to require entities to group all items presented in Other comprehensive income based on whether they are potentially reclassifiable to profit or loss.

Consolidated statement of financial position

The Consolidated statement of financial position is presented in opposite sections with separate indication of assets, liabilities, and shareholders' equity. In turn, assets and liabilities are reported in the Consolidated Financial Statements on the basis of their classification as current and non-current.

Consolidated Statement of Cash Flows

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

Statement of changes in consolidated shareholders' equity

The Statement of Changes in consolidated Shareholders' equity is presented as required by IAS 1 revised. It includes total comprehensive income, while separately reporting the amounts attributable to owners of the Parent Company as well as the quota pertaining to non-controlling interests, amounts of operations with shareholders acting in this capacity and any potential effects of retroactive application or of the retroactive calculation pursuant to IAS 8. Reconciliation between the opening and closing balance of each item for the period is presented.

Other information

The following exchange rates were used to translate the financial statements of companies included in the scope of consolidation into euros:

	Exchange rate at 30 June 2017	Average exchange rate 1st half of 2017	Exchange rate at 31 December 2016	Average exchange rate 1st half of 2016
US Dollar	1.1412	1.08302	1.0541	1.11594
Pounds Sterling	0.87933	0.86059	0.85618	0.77877
Indian Rupee	73.7445	71.17602	71.5935	75.00187
Singapore Dollars	1.5710	1.52076	1.5234	1.53997
Chinese Renminbi	7.7385	7.44483	7.3202	7.29646
Croatian Kuna	7.4103	7.44860	7.5597	7.55941
Japanese Yen	127.75	121.78039	123.40	124.41362
Vietnamese Dong	25,837.39	24,408.40899	23,894.71	24,728.10126
Canadian Dollars	1.4785	1.44529	1.4188	1.48444
Indonesian Rupiah	15,201.92	14,437.95142	14,167.10	14,968.97504
Brazilian Real	3.7600	3.44311	3.4305	4.12955

- B - SCOPE OF CONSOLIDATION

At 30 June 2017, the Immsi Group structure was that attached at the end of these Notes. The scope of consolidation compared to the Consolidated Financial Statements at 31 December 2016 has not changed, while compared to 30 June 2016, it has changed as follows:

- on 30 June 2016 the company Rodriquez Engineering S.r.l., a subsidiary of Intermarine S.p.A., was liquidated;
- on 5 August 2016 RCN Finanziaria S.p.A. purchased ordinary treasury shares held by the minority shareholder GE Capital Equity Holdings LLC equal to 12.86%;

- in Is Molas S.p.A. a capital increase was subscribed and paid up by the shareholder ISM Investimenti S.p.A. which increased its holding from 89.48% to 92.59%.

These changes are limited and did not affect the comparability of the balance sheet and income statement between the two reporting periods.

Lastly, following the purchase of treasury shares by Piaggio & C. S.p.A., the portion of consolidated shareholders' equity in the Piaggio group stood at 50.44% at 30 June 2016 (50.49% as of 31 December 2016).

- C - CONSOLIDATION PRINCIPLES

Reference is made to the Notes to the Consolidated Financial Statements at 31 December 2016 for details of the consolidation principles adopted by the Company to prepare the condensed interim financial statements of the Immsi Group.

- D - ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA

The accounting standards adopted in preparing the Condensed Interim Financial Statements of the Immsi Group are the same as those used in preparing the Consolidated Financial Statements at 31 December 2016 (to which reference is made), excluding the early adoption of IFRS 9 "*Financial Instruments*" as from 1 January 2017, as resolved by the Board of Directors of Immsi S.p.A. on 12 May 2017, also in order to eliminate the even prospective lack of uniformity in the measurement of financial assets at initial recognition and subsequent measurements, as shown below. In July 2014, the IASB finalised its project to revise the accounting standard for financial instruments, with the issue of the complete version of IFRS 9 "*Financial Instruments*". In particular, the new provisions of IFRS 9: (i) amend the model that classifies and measures financial assets; (ii) introduce a new method for writing down financial assets that takes account of expected credit losses; and (iii) amend hedge accounting provisions. The provisions of IFRS 9 will be applicable for years commencing on or after 1 January 2018, but early adoption is granted on 1 January 2017.
The main impacts on the financial statements of the Immsi Group arising from the early application of IFRS 9 concern:

- the measurement of financial instruments representing capital not held for trading (i.e. the Immsi S.p.A. investment in UniCredit and Alitalia – Compagnia Aerea Italiana). The new international standard allows the entity to irrevocably choose to present changes in the fair value of the above-mentioned investments in other comprehensive income. Moreover, IFRS 9 defines the three categories in which financial assets are classified:
  a) financial assets measured at amortised cost (AC);
  b) financial assets measured at fair-value-through-other comprehensive income (FVTOCI);
  c) financial assets measured at fair-value-through-profit-or-loss (FVTPL).

  IFRS 9 requires the entity to test the business model relative to financial management and contractual cash flows and classify financial assets accordingly. Under IFRS 9, the requirements for classifying a financial asset at AC or FVTOCI are tested; if a financial asset cannot be classified as either AC or FVTOCI, it is classified as FVTPL. It is also possible to exercise the fair value option, i.e. irrevocably designate a financial asset on initial recognition (which would otherwise be classified at AC or as FVTOCI) as FVTPL, if this classification eliminates or reduces a lack of uniformity in the measurement or recognition that would otherwise result from the measurement of the asset or recognition of relative profit and losses on different bases.

The investments of Immsi S.p.A. in UniCredit and Alitalia – Compagnia Aerea Italiana, following the early adoption of IFRS 9 are recognised as financial assets measured at fair value through other comprehensive income, as resolved by the Board of Directors of Immsi S.p.A. on 12 May 2017. The amounts presented in other comprehensive income will not be subsequently transferred to operating profit, although the entity may transfer accumulated profit or accumulated loss to equity. If the Company had not opted for the early adoption of IFRS 9, it would have recognised a charge for adjustment of the value of the above investments totalling 26.2 million euros, while recognition in the statement of assets and liabilities would have remained unchanged. Immsi has aligned its own procedure to requirements of the new accounting standards;

- the determination of the amortised cost of financial liabilities subject to subsequent renegotiation. The new international standard requires this value to be redetermined using the original contractual effective interest rate. The amounts presented in other comprehensive income will not be subsequently transferred to operating profit, although the entity may transfer accumulated profit or accumulated loss to equity. The effects arising from the early adoption concern in particular the determination of the amortised cost of the debenture loan issued by Piaggio & C. S.p.A. in 2009 for a total of 150 million euros and refinanced in 2014. The effects arising from the early adoption of the new standard have generated, at balance-sheet level, greater financial liabilities (of 4.5 million euros), at an income-statement level, fewer borrowing costs (equal to 0.5 million euros - gross tax effect), with a countra entry to shareholders' equity totalling 3.4 million euros, net of the relative tax effect.
- The adoption of a new receivable impairment model. The IASB replaced the incurred loss model of IAS 39 with the expected loss model of IFRS 9. IFRS 9 introduces the "expected loss" logic, which makes it possible to recognise adjustments to receivables in proportion to the increase in risks. This new model classifies financial assets into three categories, each of which corresponds to a different risk level and specific procedures for calculating value adjustments. Specifically: i) exposures with a good credit quality or low risk. Value adjustments correspond to expected credit losses that result from default events within 12 months after the reporting date; ii) exposures whose credit rating has significantly deteriorated but that do not have objective evidence of impairment Value adjustments are calculated considering the expected loss of the exposure over its lifetime or the estimate of the current value of losses over the expected life of the financial instrument; iii) all impaired assets, i.e. exposures with objective evidence of impairment and that must be adjusted using the expected loss model. The early adoption of IFRS 9 has had no impact on the property, holding and marine sectors in particular, as the measurement of risk, given the low number of customers, is already based on a name-centric method. In the industrial sector, there has been no impact on the Piaggio group either, which regularly sells most of its trade receivables without recourse, and the most significant positions are already subject to spot measurement by the group.

As for hedge accounting, the new international standard has revised provisions in relation to IAS 39, aligning accounting treatment with risk management activities. As part of the early adoption of IFRS 9, the Group opted to use IAS 39 requirements for 2017.

Accounting standards amendments and interpretations not yet adopted

At the date of these Financial Statements, competent bodies of the European Union had not completed the approval process necessary for the adoption of the following accounting standards and amendments:

- In May 2014, the IASB and FASB jointly published IFRS 15 “Revenue from Contracts with Customers”. The purpose of this standard is to improve reporting on revenues and their comparability between different financial statements. The new standard is applicable in a retrospective manner for years commencing from or after 1 January 2018. Early adoption is possible. The Group has started analysis of different types of contracts. Management considers that it will be able to make a more reliable evaluation in the next 6 months.

Accounting standards amendments and interpretations not yet applicable

At the date of these Financial Statements, competent bodies of the European Union had not completed the approval process necessary for the application of the following accounting standards and amendments:

- In the month of January 2016, the IASB published IFRS 16 "Leases". This new standard will replace the current IAS 17. The main change concerns the accounting by lessees that, according to IAS 17, were required to make a distinction between a finance lease (on balance sheet) and an operating leases (off balance sheet). With IFRS 16, operating leases will be treated for accounting purposes as finance leases. The IASB has provided for the optional exemption for certain leasing contracts and low value and short-term leases. This principal will apply from 1 January 2019. Early application will be possible if IFRS 15 "Revenue from contracts with customers" is jointly adopted.
- In January 2016, the IASB issued an amendment to IAS 12 "Income Taxes". These amendments clarify how to recognise deferred taxes related to debt instruments calculated at fair value. These amendments will apply from 1 January 2017, after the EU endorsement process has been completed.
- In January 2016, the IASB issued an amendment to IAS 7 "Statement of Cash Flows". These amendments to IAS 7 introduce additional information that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. These amendments will apply from 1 January 2017, after the EU endorsement process has been completed.
- In June 2016, the IASB issued an amendment to IFRS 2 “Share-based Payment”. These amendments clarify how some share-based payments are recognised. These amendments will apply from 1 January 2018.
- In December 2016, the IASB issued an amendment to IAS 40 "Investment Property". These amendments clarify change in use, which is a necessary condition for transfer from/to Investment Property. These amendments will apply from 1 January 2018.
- In September 2016, the IASB issued an amendment to IFRS 4 "Insurance Contracts", as regards the application of IFRS 9, 'Financial instruments'. These amendments will enable companies that issue insurance contracts to recognise the volatility that may arise when IFRS 9 is adopted before the new standard on insurance contracts is issued in the statement of comprehensive income rather than in the income statement. It will also allow companies whose main activity is related to insurance contracts to

temporarily defer the adoption of IFRS 9 until 2021. Entities that defer the adoption of IFRS 9 will continue to adopt IAS 39. These amendments will apply from 1 January 2018.

- In December 2016, the IASB issued Annual Improvements to IFRS Standards 2014–2016 Cycle. The amendments concern: IFRS 12 - Disclosure of Interests in Other Entities (applicable from 1 January 2017); IFRS 1 “First-time Adoption of International Financial Reporting Standards” (applicable from 1 January 2018); IAS 28 – “Investments in associates and joint ventures” (applicable from 1 January 2018).
  The amendments clarify, correct or remove redundant text in the associated IFRS standards and they are not expected to have a significant impact on the financial statements or the disclosure.
- In December 2016, the IASB issued IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration. which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. The amendment will apply from 1 January 2018.
- In May 2017, IASB issued the new standard IFRS 17 – Insurance Contracts. The new standard will replace IFRS 4 and will be effective from 1 January 2021.

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

- E - SEGMENT REPORTING

The application of IFRS 8 – *Operating Segments* is mandatory at 1 January 2009. This principle requires operating segments to be identified on the basis of an internal reporting system which company management utilises to allocate resources and assess performance.
The information for operating segments presented below reflects the internal reporting system utilised by management for making strategic decisions. In this respect, as regards individual *business* areas, wherever possible information is provided relating to the property and holding, industrial and marine sectors.

Information by business areas

Income statement

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Net revenues to non-controlling interests	1,986	725,306	52,394	779,686
Intercompany net revenues				0
NET REVENUES	**1,986**	**725,306**	**52,394**	**779,686**
OPERATING INCOME	**-1,992**	**52,974**	**9,153**	**60,135**
Earnings on investments	0	637	0	637
Financial income				11,802
Borrowing costs				33,927
PROFIT BEFORE TAX				**38,647**
Taxes				18,331
EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS				**20,316**
Gain (loss) from assets held for disposal or sale				0
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS				**20,316**
Earnings for the period attributable to non-controlling interests				9,017
EARNINGS FOR THE PERIOD ATTRIBUTABLE TO THE GROUP				**11,299**

Statement of Financial Position

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Segment assets	354,143	1,720,644	168,864	2,243,651
Investments in affiliated companies	0	127	18	145
TOTAL ASSETS	**354,143**	**1,720,771**	**168,882**	**2,243,796**
TOTAL LIABILITIES	**355,713**	**1,333,024**	**177,438**	**1,866,175**

Other information

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Investments in plant, property and equipment and intangible assets	**31**	**38,770**	**474**	**39,275**
Depreciation, amortisation and write-downs	**235**	**61,778**	**1,145**	**63,158**

Cash flow from operating activities	**-17,502**	**99,071**	**12,104**	**93,673**
Cash flow from investing activities	**2,539**	**-37,744**	**110**	**-35,095**
Cash flow from financing activities	**15,760**	**-24,708**	**-15,995**	**-24,943**

Information by geographical areas

The following table presents the Group income statement and balance sheet figures or the first half of 2017 in relation to the geographical areas "of origin", that is, with reference to the country of the company which received the revenues or which owns the assets.

It should be noted that the breakdown of revenues by geographic "destination" area, i.e. with reference to the customer's nationality, is analysed under net revenues in the income statement.

Income statement

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Net revenues to non-controlling interests	481,477	14,338	160,841	38,250	84,780	779,686
Intercompany net revenues						0
NET REVENUES	**481,477**	**14,338**	**160,841**	**38,250**	**84,780**	**779,686**

Statement of Financial Position

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Segment assets	1,823,686	32,610	191,380	54,341	141,634	2,243,651
Investments in affiliated companies	110	35	0	0	0	145
TOTAL ASSETS	**1,823,796**	**32,645**	**191,380**	**54,341**	**141,634**	**2,243,796**

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Total receivables *	**127,058**	**30,414**	**30,571**	**10,229**	**16,157**	**214,429**
Total payables **	**447,606**	**37,767**	**97,820**	**1,654**	**53,499**	**638,346**

* Contract works in progress and Amounts due from the Tax authorities are not included.
** Financial liabilities and current tax payables are not included.

Other information

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Investments in plant, property and equipment and intangible assets	**30,712**	**50**	**5,754**	**472**	**2,287**	**39,275**
Depreciation, amortisation and write-downs	**49,245**	**107**	**7,777**	**137**	**5,892**	**63,158**

For comparability, the corresponding tables referring to 30 June 2016 are shown below:

Information by business areas

Income statement

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Net revenues to non-controlling interests	2,192	706,496	27,436	736,124
Intercompany net revenues				0
NET REVENUES	**2,192**	**706,496**	**27,436**	**736,124**
OPERATING INCOME	**-3,153**	**47,762**	**-664**	**43,945**
Earnings on investments	0	697	0	697
Financial income				9,607
Borrowing costs				35,644
PROFIT BEFORE TAX				**18,605**
Taxes				10,880
EARNINGS AFTER TAXES FROM CONTINUING OPERATIONS				**7,725**
Gain (loss) from assets held for disposal or sale				0
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS				**7,725**
Earnings for the period attributable to non-controlling interests				5,103
EARNINGS FOR THE PERIOD ATTRIBUTABLE TO THE GROUP				**2,622**

Statement of Financial Position

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Segment assets	366,669	1,685,342	186,435	2,238,446
Investments in affiliated companies	0	169	13	182
TOTAL ASSETS	**366,669**	**1,685,511**	**186,448**	**2,238,628**
TOTAL LIABILITIES	**344,538**	**1,292,320**	**199,977**	**1,836,835**

Other information

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Investments in plant, property and equipment and intangible assets	**334**	**46,971**	**319**	**47,625**
Depreciation, amortisation and write-downs	**259**	**54,224**	**592**	**55,075**
Cash flow from operating activities	**-11,506**	**88,737**	**14,004**	**91,235**

Cash flow from investing activities	**-6,393**	**-46,475**	**-318**	**-53,186**
Cash flow from financing activities	**-4,044**	**8,951**	**-12,992**	**-8,085**

Information by geographical areas

Income statement

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Net revenues to non-controlling interests	440,870	14,401	165,020	30,823	85,010	736,124
Intercompany net revenues						0
NET REVENUES	**440,870**	**14,401**	**165,020**	**30,823**	**85,010**	**736,124**

Statement of Financial Position

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Segment assets	1,842,223	30,252	177,718	48,045	140,208	2,238,446
Investments in affiliated companies	147	35	0	0	0	182
TOTAL ASSETS	**1,842,370**	**30,287**	**177,718**	**48,045**	**140,208**	**2,238,628**

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Total receivables *	**118,557**	**18,835**	**28,103**	**9,737**	**19,349**	**194,581**
Total payables **	**434,557**	**41,618**	**99,506**	**1,324**	**51,081**	**628,086**

* Contract works in progress and Amounts due from the Tax authorities are not included.
** Financial liabilities and current tax payables are not included.

Other information

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Investments in plant, property and equipment and intangible assets	**40,832**	**64**	**2,950**	**303**	**3,475**	**47,625**
Depreciation, amortisation and write-downs	**42,055**	**150**	**6,572**	**85**	**6,213**	**55,075**

- F - INFORMATION ON THE MAIN ASSET ITEMS

Amounts are stated in thousands of Euros unless otherwise indicated.

- F1 - INTANGIBLE ASSETS 833,959

Net intangible assets at 30 June 2017 amounted to 833,959 thousand euros, a decrease of 13.1 million euros compared to 31 December 2016; the reduction in the half is almost entirely attributable to the intangible assets of the Piaggio group due mainly to amortization accruing in the period that was only partially offset by investments in the half.
Changes in this item are presented below:

In thousands of Euros	*Development costs*	*Concessions, patents, industrial and similar rights*	*Trademarks and licences*	*Goodwill*	*Other intangible assets*	*TOTAL*
Gross amounts at 31 December 2015	**232,130**	**317,609**	**149,200**	**625,421**	**9,692**	**1,334,052**
Increases	24,961	2,285	0	0	55	27,301
Change in the scope of consolidation	0	0	0	0	0	0
Other changes	(2,251)	(230)	0	0	(46)	(2,527)
Gross amounts at 30 June 2016	**254,840**	**319,664**	**149,200**	**625,421**	**9,701**	**1,358,826**
Accumulated amortisation at 31 December 2015	**126,600**	**238,417**	**96,142**	**11,439**	**9,243**	**481,841**
Depreciation	15,800	12,243	2,414	0	146	30,603
Change in the scope of consolidation	0	0	0	0	0	0
Other changes	(1,588)	(187)	0	0	(43)	(1,818)
Accumulated amortisation at 30 June 2016	**140,812**	**250,473**	**98,556**	**11,439**	**9,346**	**510,626**
Net amounts at 30 June 2016	**114,028**	**69,191**	**50,644**	**613,982**	**355**	**848,200**
Gross amounts at 31 December 2016	**264,089**	**345,445**	**149,200**	**625,421**	**9,949**	**1,394,104**
Increases	24,191	2,490	0	0	62	26,743
Change in the scope of consolidation	0	0	0	0	0	0
Other changes	(4,692)	(779)	6,000	0	(567)	(38)
Gross amounts at 30 June 2017	**283,588**	**347,156**	**155,200**	**625,421**	**9,444**	**1,420,809**
Accumulated depreciation at 31 December 2016	**159,394**	**265,556**	**100,970**	**11,439**	**9,686**	**547,045**
Depreciation	20,626	14,983	2,415	0	100	38,124
Change in the scope of consolidation	0	0	0	0	0	0
Other changes	(3,021)	(745)	6,000	0	(553)	1,681
Accumulated amortisation at 30 June 2017	**176,999**	**279,794**	**109,385**	**11,439**	**9,233**	**586,850**
Net amounts at 30 June 2017	**106,589**	**67,362**	**45,815**	**613,982**	**211**	**833,959**

NB: The “Other movements” item includes the reductions for fully amortised intangible assets, translation differences relating to financial statements in foreign currencies, reclassifications and write-downs.

Development costs

Development costs mainly include costs for products and engines in projects for which there is an expectation for the period of the useful life of the asset to see net sales at such a level as to allow the recovery of the costs incurred. This item includes assets under construction for 33,404 thousand euros which instead represent costs for which the conditions for capitalisation exist, but refer to products that will go into production in future years.

With regard to the Piaggio group, during the first half of 2017, development costs of approximately 9.7 million euros were charged directly to the income statement. Borrowing costs related to loans for the development of long-term products are capitalised as a part of the cost of the actual assets. Development costs included under this item are amortised on a straight line basis over 5 years (founding products) or 3 years, in consideration of their remaining useful life.

With reference to the marine sector, at 30 June 2017 Intermarine S.p.A. had capitalised 10.4 million euros as intangible assets, net of amortisation and deferred income.

Concessions, patents, industrial and similar rights

The net balance of this item, equal to 67,362 thousand euros at 30 June 2017, is mainly related to the Piaggio group (66,914 thousand euros) and comprises software, patents and know-how, referring in particular to the Vespa, MP3, RSV4 and Aprilia SR 150 vehicles. Increases for the period mainly refer to new calculation, design and production techniques and methodologies developed by the group, referring to main new products in the 2017-2018 range. Industrial patent and intellectual property rights costs are amortised over three years.

Trademarks and licences

Trademarks and licences with a finite life, totalling 45,815 thousand euros, are broken down as follows:

In thousands of Euros	**At 30 June 2017**	**At 31 December 2016**	**Change**
Guzzi trademark	15,437	16,250	(813)
Aprilia trademark	30,333	31,930	(1,597)
Minor trademarks	45	50	(5)
Total Trademark	**45,815**	**48,230**	**(2,415)**

Goodwill

The goodwill registered by the Group is unchanged compared to 31 December 2016 and is broken down in the following table:

In thousands of Euros	***Net Balance at 30.06.2017***
Acquisition of 100% of Piaggio & C. S.p.A. by Piaggio Holding N. BV (in 2003)	405,985
Acquisition of 2.81% of Piaggio & C. S.p.A. by Piaggio Holding N. BV (in 2006)	14,620
Acquisition of 31.25% of Piaggio Holding N. BV by Immsi S.p.A. (in 2003)	3,480
Acquisition of 5.23% of Piaggio & C. S.p.A. by Immsi S.p.A. (in 2004) / Sale of 2.32% of Piaggio & C. S.p.A. by Immsi S.p.A. in 2008	3,643
Acquisition of 17.7% of Piaggio Holding N. BV by Immsi S.p.A. (in 2004 and 2006)	64,756
Acquisition of 2.22% of Piaggio & C. S.p.A. by Immsi S.p.A. (in 2007 and 2008)	7,143
Acquisition of 100% of Aprilia S.p.A. by Piaggio & C. S.p.A. (in 2004)	79,705
Acquisition of 66.49% of Rodriquez Cantieri Navali S.p.A. by RCN Finanziaria S.p.A. (in 2004)	30,337
Acquisition of 33.51% of Rodriquez Cantieri Navali S.p.A. by RCN Finanziaria S.p.A. (in 2005)	2,001
Acquisition of 2.37% of RCN Finanziaria S.p.A. by Immsi S.p.A. (in 2007)	1,286
Other acquisitions / changes	1,026
TOTAL	**613,982**

- *of which allocated to Piaggio group cash-generating unit* *579,492*
- *of which allocated to Intermarine cash-generating unit* *34,428*

Goodwill derives from the greater value paid compared to the corresponding portion of the investee companies' shareholders' equity at the time of the purchase, reduced by the related cumulative amortisation until 31 December 2003. In adopting international accounting standards for the first time, the Group chose not to apply IFRS 3 – Business Combinations retrospectively to acquisitions carried out prior to 1 January 2004. Accordingly, the goodwill generated by acquisitions made prior to the date of adoption of IFRS was left unchanged as previously calculated under Italian GAAP, subject to determination and reporting of any impairments. At 1 January 2004 goodwill is no longer amortised: the recoverable value of the cash-generating unit to which the goodwill was allocated is verified by determining the recoverable value (value in use) and submitted to an impairment test, applying the method required by the International Accounting Standard IAS 36. Such value has been estimated on the basis of:

- the present value of future financial flows over a multi-year forecasting period that are estimated to be generated by the continuous use of the assets relating to individual cash generating units ("Discounted Cash Flow" method in its "Unlevered" version); and

- by the terminal value attributable to them (estimated according to the perpetual growth method), so as to reflect the residual value that each cash-generating unit is expected to generate beyond the planning timeframe and which is representative of the current value of future cash flows after the specific period of forecast financial data.

It should be borne in mind, lastly, that goodwill's recoverability is checked at least once a year (at 31 December), even failing indicators of a possible loss of value.

When preparing the Financial Statements of the Immsi Group at 31 December 2016, with reference to Piaggio group cash-generating units, impairment testing was arranged in-house by Immsi S.p.A. company management, to produce an impairment report supporting the Parent Company's Board of Directors in the application of the procedure required by IAS 36.
For the Piaggio group, it has been deemed reasonable to consider the Piaggio group cash-generating unit as coinciding with the Piaggio group as a whole (Piaggio & C. S.p.A. and its subsidiaries). Therefore, all considerations relating to the estimated value in use of the cash-generating unit and its use for impairment test purposes were developed by considering the Piaggio group at consolidated level. It should be noted that the book value of the goodwill allocated to such cash-generating unit is equal to around 579.5 million euros.
A s regards the Intermarine cash-generating unit, Intermarine S.p.A. coincides with the "marine sector" identified by the Immsi Group in its segment reporting in accordance with *IFRS 8 – Operating Segments*: the carrying amount of goodwill allocated to the cash-generating unit is equal to approximately 34.4 million euros.
Therefore, reference is made to the Notes on the Consolidated Financial Statements and Report at 31 December 2016 of the Immsi Group for more details on the principal assumptions used in determining the value in use of the cash-generating units Piaggio group and Intermarine. With reference to both cash-generating units, analyses carried out at 31 December 2016 did not indicate any impairment losses for the goodwill tested: therefore no write-down was made in the Consolidated Financial Statements of the Immsi Group at 31 December 2016.

As concerns the Piaggio group cash-generating unit, the management of the group verified, as for all cash-generating units internal to the Piaggio group, that the EBIT forecast in the approved budget and plan used for impairment testing at 31 December 2016 was basically achieved and that rates applied at the time were still valid. Therefore there are no indications of impairment of the goodwill and it was therefore unnecessary to conduct any impairment tests on the carrying value of the goodwill recognised by the Immsi Group and allocated to the cash-generating unit Piaggio group.

With reference to the Intermarine cash-generating unit, there are no indications of goodwill impairment losses: EBIT for the first half of 2017 was better than forecast and the rates applied at 31 December 2016 still seem valid.
As observed during the analysis performed at 31 December 2016, impairment tests are based on forward-looking data that are uncertain and changeable by nature and that reflect changes in the company's order book and its future industrial and commercial strategies. This data, in particular, is essentially based on the acquisition of future contracts, in relation to which negotiations are currently under way with several foreign navies. In this regard, Intermarine's results in previous years showed significant changes with respect to figures forecast in the forward-looking financial data used, also due to several exceptional and unforeseeable events, such as flooding at the Intermarine site in Sarzana: given the intrinsically uncertain nature of the forward-looking data considered, it cannot be ruled out that these variances may continue to occur in the future.

Considering that the analyses conducted to estimate the recoverable value both for the Piaggio group cash-generating unit and for Intermarine cash-generating unit has also been determined on the basis of estimates, the Group cannot assure that there will not be a loss in value of the goodwill in future periods. Owing to the current context of the crunch in the markets of reference and in the financial markets, the different factors – both inside and outside the identified cash-generating units – used in drawing up the estimates could in the future be reviewed. The Group will constantly monitor these factors and the possible existence of future impairment losses.

Other intangible assets

The "Other intangible assets with a finite life" item, totalling 211 thousand euros, mainly includes charges held by Piaggio Vietnam.

- F2 - PLANT, PROPERTY AND EQUIPMENT 319,457

Net plant, property and equipment at 30 June 2017 totalled 319,457 thousand euros, compared to 336,467 thousand euros at 31 December 2016, and comprise assets mainly recognised by the Piaggio group for 284,412 thousand euros, Intermarine S.p.A. for 17,905 thousand euros, and Is Molas S.p.A. for 17,029 thousand euros. The following table details this item:

In thousands of Euros	*Land*	*Buildings*	*Plant and machinery*	*Industrial and commercial equipment*	*Assets to be given free of charge*	*Other assets*	*TOTAL*
Gross amounts at 31 December 2015	**44,865**	**189,146**	**504,326**	**529,419**	**10,415**	**56,224**	**1,334,395**
Increases	0	747	11,119	4,822	0	3,609	20,297
Decreases	0	0	(43)	(5)	0	(348)	(396)
Change in the scope of consolidation	0	0	0	0	0	0	0
Other changes	0	(923)	(6,678)	(3,060)	5,431	(388)	(5,618)
Gross amounts at 30 June 2016	**44,865**	**188,970**	**508,724**	**531,176**	**15,846**	**59,097**	**1,348,678**
Accumulated amortisation at 31 December 2015	**0**	**71,623**	**363,208**	**498,040**	**9,523**	**48,536**	**990,930**
Depreciation	0	2,784	12,251	6,713	24	2,124	23,896
Applications	0	0	(22)	(5)	0	(185)	(212)
Change in the scope of consolidation	0	0	0	0	0	0	0
Other changes	0	(218)	(4,077)	(2,829)	5,431	(598)	(2,291)
Accumulated amortisation at 30 June 2016	**0**	**74,189**	**371,360**	**501,919**	**14,978**	**49,877**	**1,012,323**

Net amounts at 30 June 2016	**44,865**	**114,781**	**137,364**	**29,257**	**868**	**9,220**	**336,355**
Gross amounts at 31 December 2016	**44,865**	**191,631**	**523,050**	**521,598**	**15,924**	**59,736**	**1,356,804**
Increases	0	729	6,690	2,995	92	2,017	12,523
Decreases	0	0	(1,077)	(123)	0	(437)	(1,637)
Change in the scope of consolidation	0	0	0	0	0	0	0
Other changes	0	(1,707)	(7,995)	2	0	(479)	(10,179)
Gross amounts at 30 June 2017	**44,865**	**190,653**	**520,668**	**524,472**	**16,016**	**60,837**	**1,357,511**
Accumulated depreciation at 31 December 2016	**0**	**77,378**	**382,775**	**494,804**	**15,024**	**50,356**	**1,020,337**
Depreciation	0	2,854	12,385	6,264	30	2,725	24,258
Applications	0	0	(1,054)	(120)	0	(320)	(1,494)
Change in the scope of consolidation	0	0	0	0	0	0	0
Other changes	0	(505)	(4,163)	9	(1)	(387)	(5,047)
Accumulated amortisation at 30 June 2017	**0**	**79,727**	**389,943**	**500,957**	**15,053**	**52,374**	**1,038,054**
Net amounts at 30 June 2017	**44,865**	**110,926**	**130,725**	**23,515**	**963**	**8,463**	**319,457**

NB: the "Other movements" item includes the translation differences relating to financial statements in foreign currencies, reclassifications and write-downs.

Property, plant and equipment primarily relate to the Intermarine S.p.A. industrial facility at Sarzana (La Spezia), the hotel and resort managed by Is Molas S.p.A. in Pula (Cagliari) and the Piaggio group's production plants located in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Baramati (India) and Vinh Phuc (Vietnam). The increases mainly relate to the construction of moulds for new vehicles launched during the period. Borrowing costs relative to loans for the construction of assets that are long-term prior to being ready for use are capitalised as a part of the cost of the actual assets.

Plant, property and equipment at 30 June 2017 include 963 thousand euros relative to freely transferable assets wholly owned by Intermarine S.p.A., consisting of light constructions, property and related restructuring costs, built on State land in the Municipality of Messina. Buildings constructed on State land are depreciated according to the residual duration of the concession: following the renewal of the concession for that area, the company adjusted the depreciation calculation based on the new information available. These assets, held because of a concession agreement, at its expiry, must be freely and in a perfect state of operation transferred to the granting body.
Finally, the assets described below – lands excluded – are depreciated at rates considered appropriate to represent their useful life and in any case according to a straight-line depreciation plan, for details of which reference is made to the Annual Report of the Immsi Group at 31 December 2016, in the section on "Accounting standards and measurement criteria".

At 30 June 2017, the net value of assets held under lease agreements was 112,071 thousand euros, comprising the painting plant at Pontedera for the Vespa and vehicles used by the Aprilia Racing Team. Future lease commitments are detailed in the section on financial liabilities.

The Group also uses fully amortised property, plant and equipment for 41,741 thousand euros, of which 25,800 thousand euros relative to plant and machinery, 6,896 thousand euros to industrial and commercial equipment, 4,408 thousand euros to freely transferable assets and 4,637 thousand euros to other assets.

Guarantees
At 30 June 2017, the Group had land and property encumbered by mortgages or pledges in favour of financial institutions to guarantee bank borrowings. For more information, reference is made to the Annual Report of the Immsi Group at 31 December 2016, in the section on "Commitments, risks and guarantees".

- F3 - INVESTMENT PROPERTY	85,731

At 30 June 2017, the Immsi Group recognised investment properties for 85,731 thousand euros, comprising the Immsi S.p.A. building in Via Abruzzi, Rome for 74,064 thousand euros and property, plant and equipment at the Piaggio group's Spanish site in Martorelles for 11,667 thousand euros.

With reference to the building used by the **Parent Company Immsi S.p.A.** (in Via Abruzzi, Rome), as previously mentioned, since 2008 the Company has classified this as investment property, as defined in IAS 40: the carrying amount was reassessed to the market value at the date of change of destination (equal to 72.1 million euros), since it was no longer instrumental to the typical activity, but instead an asset usable to finance other ongoing investment activities. The greater value was entered in a specific reserve of shareholders' equity, net of the related tax effect. The investment is no longer subject to depreciation starting from the year 2009, as required by international accounting standards.
The valuation of the real estate investment is based on an appraisal of an external consultant that estimated the fair value at the end of 2016 in line with the value recognised in the Financial Statements at 31 December 2016. The valuation criteria used in this survey refer to generally accepted valuation methodologies and principles, using discounted cash flow analysis. During the first half of 2017, according to the Company's management, no events or circumstances occurred to suggest that the asset in question could have been significantly impaired. The increase of 9 thousand euros compared to the value recognised at 31 December 2016 relates to engineering works carried out during the first half of the current financial year.

Rental income referred to the building and recognised by Immsi S.p.A. during the first half of 2017 under Net revenues amounts to approximately 1.2 million euros. Connected costs mainly refer to ordinary maintenance and management of the building. Most of these costs are then charged to tenants as of building service regulations.

Mortgages are secured on the property in Rome, for a total of 90 million euros guaranteeing the loan obtained in 2010 and renegotiated at the end of 2015 with Banco BPM (the former Banco Popolare) for 45 million euros, which is expected to be settled in 2025.

As previously mentioned, investment property recognised by the **Piaggio group** refers to the Spanish site of Martorelles, where production was stopped in March 2013 and relocated to Italian sites.
The carrying value at 30 June 2017 was determined by a specific appraisal conducted by an independent expert who measured the fair value less cost of disposal based on a market approach (as provided for in IFRS 13). This analysis identified the total value of the investment as 11,667 thousand euros.

The Group uses the "fair value model" as provided for in IAS 40. Therefore, the measurement updated in 2017 resulted in a charge of 43 thousand euros, adjusted to fair value, being recognised under other costs in the income statement for the period.

For further details on the method used by the Group to measure property investments, reference is made to the Consolidated Financial Statements and Notes at 31 December 2016.
The information required under IFRS 7 concerning the fair value measurement, as well as sensitivity to the variables used as a basis for the assessment, can be found in section P – Information on financial instruments.

- F4 - INVESTMENTS 7,559

Investments, at 7,559 thousand euros, went up slightly compared to the figure of 7,464 thousand euros at 31 December 2016.
The carrying amount of investments held by Immsi S.p.A. in wholly consolidated subsidiaries – equal to 322.3 million euros at 30 June 2017 – is fully eliminated on consolidation.
The item mainly refers to the measurement of the portion of shareholders' equity in the Zongshen Piaggio Foshan joint venture of the Piaggio group, which has a 45% stake.

Main financial data of the joint venture

In thousands of Euros	Balance at 30 June 2017		Balance at 31 December 2016	
		45%		45%
Working capital	3,618	1,628	10,794	4,857
Consolidated debt	1,694	762		
Total assets	16,268	7,321	12,993	5,847
Net capital employed	**21,580**	**9,711**	**23,787**	**10,704**
Provisions	125	56	132	59
Consolidated debt	0	0	2,302	1,036
Shareholders' equity	21,455	9,655	21,353	9,609
Total sources of financing	**21,580**	**9,711**	**23,787**	**10,704**

Shareholders' equity attributable to the Group	9,655	9,609
Elimination of margins on internal transactions	(2,251)	(2,315)
Value of the investment	**7,404**	**7,294**

Reconciliation of Shareholders' Equity

In thousands of Euros	
Opening balance at 1 January 2017	7,294
Profit (Loss) for the period	587
Other comprehensive income	(541)
Elimination of margins on internal transactions	64
Closing balance at 30 June 2017	**7,404**

The item Investments includes other investments in subsidiaries and associates for 155 thousand euros.

- F5 - OTHER FINANCIAL ASSETS 21,752

- Non-current portion

Other non-current financial assets totalled 13,629 thousand euros and refer nearly entirely to the fair value of hedging derivatives of the Piaggio group and specifically:

- 12,731 thousand euros for the long-term portion of the fair value of the cross currency swap relative to a private debenture loan;
- 812 thousand euros for the long-term portion of the fair value of cross currency swaps relative to a medium-term loan of the Indian subsidiary and
- 50 thousand euros for the long-term portion of the fair value of the cross currency swap relative to a medium-term loan of the Vietnamese subsidiary.

The remaining part is attributable to the carrying amount of investments held in other smaller companies by the Piaggio group for an overall amount of approximately 36 thousand euros.

Non-current financial assets also include the investment held in Alitalia – CAI by Immsi S.p.A., which went up from 2.77% of the capital at 31 December 2016 to 2.82% at 30 June 2017, following the payment of the last tranche of the capital increase equal to 781 thousand euros, in compliance with the Stand-by Equity Commitment signed in September 2014. Considering events of recent months relative to the air company and in particular the compulsory administration ordered in May 2017 and the full write-down of the investment in Alitalia – SAI by Alitalia – CAI, company management decided to reset the carrying amount recognised at 30 June 2017 equal to 14,778 thousand euros, to zero. In compliance with IFRS 9, as commented in on the section on Accounting Standards, the Company recognised this adjustment in the Statement of Comprehensive Income. If the Company had not opted for the early adoption of IFRS 9, it would have recorded the adjustment in the Income Statement.

- Current portion

Other current financial assets totalled 8,123 thousand euros at 30 June 2017, a decrease of 6,570 thousand euros compared to 31 December 2016.
This item includes the investment (equal to 278,846 shares) held by Immsi S.p.A. in UniCredit S.p.A., measured at fair value at the reporting date of 30 June 2017 equal to 4,559 thousand, and down by 3,065 thousand euros compared to 31 December 2016.
As regards this investment, recognised as a financial instrument representing “Available for Sale” capital until 31 December 2016, with the early adoption of IFRS 9 since 1 January 2017 (details in the section Accounting Standards), the Company adjusted the carrying amount of the investment to the value recorded at 30 June 2017, equal to 4,559 thousand euros, recording the adjustment in relation to the carrying amount, of 10,292 thousand euros, in other comprehensive income. These adjustments will not be subsequently transferred to operating profit (loss), but the Company may transfer the accumulated loss or profit to shareholders' equity, when the investment is sold.. If the Company had not adopted IFRS 9 in advance, it would have recorded a cost in the income statement of 11.4 million euros and a positive adjustment to the statement of comprehensive income of 1.2 million euros.

Current financial assets also include 2,922 thousand euros relative to the short-term portion of the fair value of cross currency swaps for a private debenture loan, 541 thousand euros relative to the short-term portion of the fair value of cross currency swaps for medium-term loans of the Indian subsidiary and 101 thousand euros for the short-term portion of the cross currency swap for the medium-term loan of the Vietnamese subsidiary.

- F6 - TAX RECEIVABLES 49,171

Current and non-current receivables due from the tax authorities totalled 49,171 thousand euros, an increase of 4,105 thousand euros from the end of 2016, mainly due to higher VAT receivables recognised in the current portion, in particular by Piaggio & C S.p.A. and by the Indian subsidiary. The details are shown below by maturity:

- Non-current portion

In thousands of Euros	*Balance 30.06.2017*	*Balance 31.12.2016*
VAT receivables	4,160	4,415
Income tax receivables	9,250	7,585
Other tax receivables	3,680	3,680
TOTAL	**17,090**	**15,680**

- Current portion

In thousands of Euros	*Balance 30.06.2017*	*Balance 31.12.2016*
VAT receivables	26,443	23,746
Income tax receivables	4,474	4,447
Other tax receivables	1,164	1,193
TOTAL	**32,081**	**29,386**

- F7 - DEFERRED TAX ASSETS 125,117

Deferred tax assets at 30 June 2017 amounted to 125,117 thousand euros, a decrease of 1,523 thousand euros compared to 31 December 2016. The portion due in 12 months totals 10,374 thousand euros, while the portion due after 12 months amounts to 114,743 thousand euros.
The Piaggio group recorded deferred tax assets of 60,554 thousand euros, with 43,640 thousand euros from the subsidiary Intermarine S.p.A. and 13,706 thousand euros from the subsidiary Is Molas S.p.A., while the remaining portion of 7,217 thousand euros refers to other companies of the property and holding sector, net of eliminations and consolidation adjustments.

As regards the measurements to define the deferred tax assets, the Group mainly took account of i) the tax regulations in the various countries in which it operates; ii) their impact in terms of timing differences and any tax benefits deriving from the use of prior tax losses in consideration of their falling due; iii) the estimated financial results for each individual company; iv) the economic and tax repercussions of the implementation of the reorganisations; and v) of national consolidated tax agreements and plans over a period of five years. In view of the above considerations and also for the sake of prudence, the tax benefits deriving from the losses carried forward and from temporary differences were not fully recognised.

- F8 - TRADE RECEIVABLES AND OTHER RECEIVABLES 209,314

- Non-current portion

Trade receivables and other receivables included under non-current assets total 14,793 thousand euros (net of the corresponding provisions for write-down of 1,203 thousand euros), against 15,587 thousand euros at 31 December 2016 and are detailed below:

In thousands of Euros	***Balance 30.06.2017***	***Balance 31.12.2016***
Amounts due from affiliated companies	115	133
Guarantee deposits	1,195	1,013
Other receivables	13,483	14,441
TOTAL	**14,793**	**15,587**

- Current portion

Trade receivables and other receivables (including the value of work in progress) included under current assets are as follows:

In thousands of Euros	***Balance 30.06.2017***	***Balance 31.12.2016***
Trade receivables	169,765	117,760
Receivables due from subsidiaries *	2,591	2,613
Amounts due from affiliated companies	312	568
Amounts due from joint ventures	2,997	4,306
Other receivables	18,856	9,135
TOTAL	**194,521**	**134,382**

*) not consolidated on a global integration basis

Current third party trade receivables amounted to 169,765 thousand euros at 30 June 2017, an increase of around 52,005 thousand euros compared to the value recorded at 31 December 2016 (117,760 thousand euros): as already mentioned, the growth in this value is mainly linked to the seasonality of Piaggio group sales, which are mainly concentrated in the spring and summer months.
The item Trade receivables comprises amounts due from normal sales transactions, stated net of a provision for bad debts of 28,980 thousand euros, which is basically unchanged compared to 31 December 2016.
The balance of the item Receivables due from subsidiaries, equal to 2,591 thousand euros, refers to trade receivables due from the subsidiary Rodriquez Cantieri Navali do Brasil Ltda, consolidated not line by line but using the equity method. The balance of receivables due from affiliated companies refers entirely to receivables from Fondazione Piaggio and Consorzio CTMI, while receivables from joint ventures (equal to 2,997 thousand euros at 30 June 2017) refer to receivables from Zongshen Piaggio Foshan Motorcycle Co.Ltd., as detailed in the statement of intercompany and related party transactions at the end of this document.

It should also be remembered that the Piaggio group transfers on a regular basis a large part of its trading receivables mainly with the “pro-soluto” and “pro-solvendo” clause [i.e., without and with recourse]. The contractual structure that Piaggio formalised with major Italian and foreign factoring companies essentially reflects the need to optimise the monitoring and management of credit as well as offering its customers an instrument for financing their own inventory, for disposals that

took place without a substantial transfer of risks and rewards. On the contrary, for factoring without recourse, contracts have been formalised for the substantial transfer of risks and benefits. At 30 June 2017, trade receivables not yet due and assigned without recourse totalled 146,126 thousand euros. Of these amounts, Piaggio received payment prior to natural expiry, of 137,171 thousand euros.
At 30 June 2017, advances received – both from factoring firms and from banks – on "with recourse" disposals of trade receivables totalled 26,236 thousand euros and are offset in current liabilities.

Other receivables mainly include advances to suppliers of 7,792 thousand euros, chiefly recognised by the subsidiary Intermarine S.p.A. and accrued income and prepaid expenses totalling 7,811 thousand euros.

Finally the other receivables include the equivalent value of the works in progress to order net of the advance payments received, referable entirely to the subsidiary Intermarine S.p.A., whose composition is detailed as follows:

In thousands of Euros	***Balance 31.12.2016***	***Increases***	***Decreases***	***Balance 30.06.2017***
Contract work in progress gross of advances	**172,150**	42,347	(88,522)	**125,975**
Contractual advances received from customers	185,551			131,090
Contract work in progress net of advances	**(13,401)**			**(5,115)**
Costs sustained	114,358			84,118
Margins recognised (net of losses)	57,792			41,857

- F9 - ASSETS HELD FOR DISPOSAL 27,183

The net carrying amount of assets held for disposal amounts to 27,183 thousand euros, almost unchanged compared to 31 December 2016, and refers nearly entirely to the property portfolio of Pietra Ligure acquired at the public auction of the State in December 2007 for a total of 19.1 million euros and recognised under buildings held for disposal in relation to contracts and obligations undertaken by the company. For an update on the progress of the project concerning the property portfolio of Pietra Ligure, see the Report on Operations of the Immsi Group at 31 December 2016.

- F10 - INVENTORIES 339,169

Inventories are measured at the lower of cost and market value and totalled 339,169 thousand euros at the end of the period, comprising:

In thousands of Euros	***Balance at 30.06.2017***			***Balance at 31.12.2016***		
	Cost	***Write-down***	***Net***	***Cost***	***Write-down***	***Net***
Merchandise	0	0	0	0	0	0
Consumables	67	0	67	40	0	40
Raw materials	128,375	(17,794)	110,581	107,401	(17,101)	90,300
Work in progress and semi-finished products	93,412	(1,352)	92,060	91,822	(1,102)	90,720
Finished products	161,440	(24,979)	136,461	136,613	(23,616)	112,997
TOTAL	**383,294**	**(44,125)**	**339,169**	**335,876**	**(41,819)**	**294,057**

The increase compared to the figure recorded at 31 December 2016 (+45,112 thousand euros) is mainly attributable to the Piaggio group and refers to the production peak typical of the summer months, resulting from the aforementioned seasonal nature of the group's business. The above write-downs were necessary due to stocks of raw materials no longer usable in the production process and obsolete or slow-moving finished products and goods.

At 30 June 2017, the Piaggio group recognised, net of write-downs, inventories for 251,166 thousand euros referred to components, accessories, two-wheeled, three-wheeled and four-wheeled vehicles. Intermarine S.p.A. contributed 39,934 thousand euros, mainly concerning raw materials and products in progress for prototypes, own construction and repairs. Finally, Is Molas S.p.A. recorded 48,069 thousand euros of inventories at the half-year end relating to the hotel business, as well as work in progress and semi-finished products represented by land, volumes, costs for services and consultancy for the property development project relating to the allotment located in Is Molas - Cagliari.

- F11 - CASH AND CASH EQUIVALENTS **225,384**

Cash and cash equivalents at the end of the period totalled 225,384 thousand euros against 197,919 thousand euros at 31 December 2016, as detailed in the table below:

In thousands of Euros	***Balance 30.06.2017***	***Balance 31.12.2016***
Cheques	4	32
Cash and cash equivalents	126	117
Securities	20,808	25,594
Receivable due from banks within 90 days	204,446	172,176
TOTAL	**225,384**	**197,919**

This item covers cash, current bank accounts, deposits refundable on demand and other short-term high-liquidity financial investments readily convertible into cash and subject to an insignificant risk of variation in value. For details of changes during the first half of 2017 in the item in question, reference is made to the Statement of Consolidated Cash Flows at 30 June 2017.

Cash and cash equivalents, mainly with the Piaggio group (approximately 222.8 million euros), went up compared to the previous year, mainly due to the issue of a new debenture loan by Piaggio & C. S.p.A. in the last few days of June 2017. The item Securities mainly refers to contracts of deposit made by the Indian subsidiary of the Piaggio group to effectively utilise its temporary liquidity.

- G - INFORMATION ON THE MAIN LIABILITY ITEMS

Amounts are stated in thousands of Euros unless otherwise indicated.

- G1 - SHAREHOLDERS' EQUITY 377,621

Shareholders' equity at 30 June 2017 amounted to 377,621 thousand euros, of which 222,426 thousand relative to consolidated shareholders' equity of the Group and 155,195 thousand euros to capital and reserves of non-controlling interests.

Share capital

At 30 June 2017, the share capital of Immsi S.p.A., fully subscribed and paid up, comprised 340,530,000 ordinary shares without par value, for a total of 178,464,000.00 euros. At 30 June 2017, Immsi S.p.A. held no treasury shares.

Each ordinary share entitles the holder to a proportionate part of distributable profits and of the shareholders' equity resulting from any liquidation, as well as to unlimited voting rights.

Legal reserve

The legal reserve comprises reserves allocated following the distribution of profits from the year 2000 to the year 2016, in accordance with provisions of law and totalled 8,039 thousand euros at the end of June 2017, an increase compared to 31 December 2016 of 275 thousand euros.

Other reserves

This item totalled 159,893 thousand euros, down by 21,660 thousand euros compared to the figure at 31 December 2016.
The details of the item "Other reserves" are shown below:

In thousands of Euros	*Extraordinary reserve*	*Share premium reserve / share capital increase*	*IAS transition reserve*	*Reserves as per Law no. 413/91*	*Legal reserves*	*Translation reserves*	*Stock option reserve*	*Reserve for actuarial gains (losses) relative to defined benefit plan*	*Financial instrument measurement reserve*	*Other changes in other reserves*	*Total other reserves*
Balances at 31 December 2016	***0***	***94,874***	***5,300***	***4,602***	***1,153***	***(7,819)***	***6,742***	***(4,740)***	***(8,128)***	***89,570***	***181,554***
Overall earnings for the period						(3,034)		972	(19,598)	0	(21,660)
Balances at 30 June 2017	***0***	***94,874***	***5,300***	***4,602***	***1,153***	***(10,853)***	***6,742***	***(3,768)***	***(27,726)***	***89,570***	***159,893***

The share premium reserve includes the consideration of the shares underwritten following the increase in share capital of Immsi S.p.A. in 2005 and 2006 for an overall amount of 95,216 thousand euros, net of uses of 342 thousand euros.
Other reserves included the reserve created by the transition to international accounting standards

made by the Group on 1 January 2004, totalling 5,300 thousand euros at the end of June 2017 and unchanged since 31 December 2016. For more details, reference is made to the Financial Statements at 31 December 2005, available on the website www.immsi.it.
The stock option reserve amounts to 6,742 thousand euros (unchanged compared to 31 December 2016), while the reserve allocated to the measurement of financial instruments is 27,726 thousand euros negative, mainly due to: the recognition of the fair value adjustment of financial instruments representing capital not available for sale, held by the Parent Company as an investment in UniCredit, in other comprehensive income, equal to 10,292 thousand euros, as well as the investment in Alitalia – CAI, equal to 14,778 thousand euros, and the recognition of the component attributable to Piaggio reclassifying renegotiated financial liabilities, as provided for by IFRS 9, for 3,764 thousand euros. For further details of the Group's early adoption of IFRS 9, reference is made to the Notes and the section on Accounting Standards.

Retained earnings

Retained earnings total 141,768 thousand euros and represent the accumulated losses of the Group.

Capital and reserves of non-controlling interests

At 30 June 2017 the balance of share capital and reserves attributable to non-controlling interests totalled 155,195 thousand euros, a 4,576 thousand euros decrease compared to 31 December 2016. This change mainly derives from recognising the share of net income for the period attributable to non-controlling interests, net of dividends paid to minority shareholders.

- G2 - FINANCIAL LIABILITIES 1,105,652

Financial liabilities totalled 1,105,652 thousand euros at 30 June 2017, a 24,956 thousand euros decrease compared to the value recorded at 31 December 2016. The portion recorded under non-current liabilities amounts to 597,771 thousand euros, against 548,512 at 31 December 2016, while the portion included among current liabilities totals 507,881 thousand euros, compared to 582,096 thousand euros at the end of 2016.
Financial liabilities also include the fair value measurement of financial derivatives to hedge exchange risk and interest rate risk and the adjustment of related hedged items – underwritten by the Piaggio group – for a total of 16,922 thousand euros (of which 13,250 in the current portion), a decrease of 8,915 thousand euros compared to 31 December 2016. As already mentioned, according to the Consob Communication of 28 July 2006 and in compliance with the CESR Recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", net financial debt does not include financial assets and liabilities arising from the valuation at fair value of derivative financial instruments designated as hedges, the fair value adjustment of the related hedged items and the related accruals.
The attached tables summarise the financial liabilities by type of financial debt:

- Non-current portion

In thousands of Euros	*Balance 30.06.2017*	*Balance 31.12.2016*
Bonds	317,832	282,442
Payables due to banks	256,597	236,319
Amounts due for finance leases	9,740	10,311
Amounts due to other lenders	352	677
TOTAL	**584,521**	**529,749**

We point out that in the item “Amounts due to bank” and in the item “Bonds” there are financings treated from an accounting point of view according to the criterion of amortised cost. According to this criterion the nominal amount of the liability is deceased by the amount of the relative issuing and/or stipulation costs in addition to any costs linked to refinancing previous liabilities. The amortisation of these costs is determined on an effective interest rate basis, and namely the rate which discounts the future flows of interest payable and reimbursements of principle at the net carrying amount of the financial liability. Furthermore, some financial liabilities attributable to the Piaggio group are entered at fair value with recognition of the relative effects in the Income Statement.

- Current portion

In thousands of Euros	*Balance 30.06.2017*	*Balance 31.12.2016*
Bonds	9,624	9,617
Payables due to banks	423,782	512,778
Amounts due for finance leases	1,135	1,114
Amounts due to subsidiaries *)	12	12
Amounts due to other lenders	69,656	51,501
TOTAL	**504,209**	**575,022**

*) not consolidated on a global integration basis

The composition of the gross Financial debt is the following:

In thousands of Euros	*Balance at 30.06.2017*	*Balance at 31.12.2016*	*Nominal value at 30.06.2017*	*Nominal value at 31.12.2016*
Bonds	327,456	292,059	331,799	301,799
Payables due to banks	680,379	749,097	682,091	751,114
Amounts due for finance leases	10,875	11,425	10,889	11,440
Amounts due to subsidiaries *)	12	12	12	12
Amounts due to other lenders	70,008	52,178	70,008	52,010
TOTAL	**1,088,730**	**1,104,771**	**1,094,799**	**1,116,375**

*) not consolidated on a global integration basis

The following schedule shows the repayment plan for the gross financial debt of the Immsi Group at 30 June 2017:

In thousands of Euros	*Nominal value at 30.06.2017*	*Portions falling due within 12 months*	*Portions falling due within 30.06.2019*	*Portions falling due within 30.06.2020*	*Portions falling due within 30.06.2021*	*Portions falling due within 30.06.2022*	*Portions falling due Beyond*
Bonds	331,799	9,669	9,669	10,359	261,051	11,051	30,000
Payables due to banks	682,091	424,024	111,272	54,093	22,493	17,605	52,604
Amounts due for finance leases	10,889	1,135	1,248	1,138	1,157	1,177	5,034
Amounts due to subsidiaries *)	12	12	0	0	0	0	0
Amounts due to other lenders	70,008	69,656	334	16	2	0	0
TOTAL	**1,094,799**	**504,496**	**122,523**	**65,606**	**284,703**	**29,833**	**87,638**

*) not consolidated on a global integration basis

The following table analyses the gross Financial debt by currency and interest rate:

In thousands of Euros	Balance at 31.12.2016	Balance at 30.06.2017	Nominal value at 30.06.2017	Interest rate at 30.06.2017
Euro	1,005,527 euros	993,938	1,000,007	3.45%
Vietnamese Dong	53,668	56,279	56,279	7.00%
Japanese Yen	3,269	2,426	2,426	2.75%
Indian Rupee	13,393	7,447	7,447	9.45%
Indonesian Rupiah	2,824	3,947	3,947	8.94%
US Dollar	26,090	24,693	24,693	2.96%
TOTAL	**1,104,771**	**1,088,730**	**1,094,799**	**3.68%**

Amounts due to banks mainly include the following loans:

Immsi S.p.A.

- a loan undersigned in June 2010 by the Company and renegotiated in December 2015 with Banco Popolare for a total of 45 million euros maturing at the end of 2025, with repayment in six-monthly instalments at a rate equal to the Euribor increased by a spread. The loan has been recognised in the financial statements on an amortised cost basis for 37,673 thousand euros, of which 4,500 thousand relative to instalments that may be repaid within 12 months. The loan is guaranteed by mortgages on property located in Rome – via Abruzzi for a total of 90 million euros, in addition to the payment of income from lease contracts on the same property being paid into an account subject to special conditions, up to the amount of the interest instalment closest to maturity. The loan agreement includes two covenants, to be verified on 31 December of each year. To cover the risk of interest rate fluctuation for cash flows, Immsi S.p.A. kept on the existing interest rate swap hedging contract, which changes the variable rate into a fixed rate for the entire duration of the contract on 75% of the nominal value of the loan taken out in 2010;
- a revolving credit line granted by the bank Monte dei Paschi di Siena for a total nominal value of 30 million euros (fully used at 30 June 2017). The line, expiring in July 2017, was renewed up to 2022, with a repayment schedule and benchmark rate equal to the variable Euribor increased by a spread and requires compliance with two covenants, to be verified on 31 December of each year;
- a revolving credit line granted by Intesa Sanpaolo for 25 million euros, fully used at 30 June 2017, with the benchmark rate equal to the Euribor plus a spread and maturing in December 2017. This line includes a covenant, complied with at 30 June 2017;
- a credit line granted by Intesa Sanpaolo for a total nominal value of 15 million euros (fully drawn at 30 June 2017) maturing in December 2017 and with a benchmark rate equal to the variable Euribor plus a spread, including compliance with a covenant, met at 30 June 2017;
- a revolving credit line, disbursed by UniCredit for 20 million euros (fully used at 30 June 2017), with a benchmark rate equal to the Euribor increased by a spread and maturing in November 2018, with a partial repayment schedule. This line includes a covenant, complied with at 30 June;
- a loan granted by Banca Popolare dell'Emilia Romagna for 15 million euros (of which 5 million euros used at 30 June 2017), maturing in December 2021 and with a benchmark rate equal to the Euribor increased by a spread. This line has a repayment schedule of six-monthly increasing amounts and requires two covenants to be met, to be verified at 31 December each year;
- a revolving credit line granted by the bank Banca Nazionale del Lavoro for a total of 20 million euros (fully used at 30 June 2017). The line, maturing in April 2018 and with a benchmark rate

equal to the variable Euribor increased by a spread requires two covenants to be complied with, to be verified on 31 December of each year;

- a revolving credit line, disbursed by Banco Popolare for 20 million euros (of which 15 million used at 30 June 2017), maturing in December 2018 and with a benchmark rate equal to the variable Euribor increased by a spread. The line has a quarterly repayment schedule and use at 30 June 2017 was net of repaid amounts;
- a Bullet – Multi Borrower loan disbursed by Intesa Sanpaolo for a total of 130 million euros, fully disbursed at the end of June 2017, maturing in December 2017 with a benchmark rate equal to the variable Euribor increased by a spread, of which 77.7 million euros granted to Immsi S.p.A., 30 million euros granted to ISM Investimenti S.p.A. and 22.3 million euros granted to Intermarine S.p.A.;
- a securities loan agreement between Immsi S.p.A. and Banca Akros, which - against a loan of 578,847 UniCredit shares and 2,850,000 Piaggio shares, envisages a cash collateral of approximately 7,328 thousand euros and 4,070 thousand euros respectively, represented by the market value of the shares at the date of subscription net of a spread, which takes into account any downward fluctuations in the share. The contract, which expires on withdrawal, envisages a fee equal to 0.05% and interest payable equal to the EONIA increased by a spread, calculated on the cash collateral disbursed by Banca Akros. Immsi received a cash loan without collateral from Omniaholding S.p.A. of 300,000 and 2,850,000 UniCredit and Piaggio shares respectively. These shares were used in loan operations with cash collateral undertaken with Banca Akros.

The Company has deposited as collateral for its bank borrowing a total of 22.05 million Piaggio shares and pledged a total of 121.5 million Piaggio shares.

Piaggio group

- a medium-term loan for 27,273 thousand euros from the European Investment Bank to finance Research & Development investments planned for the 2013-2015 period. The loan will fall due in December 2019 and has a repayment schedule of 11 fixed-rate annual instalments. The contractual terms envisage loan covenants;
- a medium-term loan for 65,615 thousand euros from the European Investment Bank to finance Research & Development investments planned for the 2016-2018 period. The loan will fall due in February 2023 and has a repayment schedule of 7 fixed-rate annual instalments. The contractual terms envisage loan covenants;
- a syndicated loan of 54,293 thousand euros (nominal value of 55,000 thousand euros), comprising a four-year tranche of 175,000 thousand euros, granted in the form of a revolving credit line of which a nominal value of 55,000 thousand euros had been used at 30 June 2017, and a five-year tranche with payment of 75,000 thousand euros. In February 2017 the first scheduled repayment of the loan due in July 2017 for 25,000 euros was made in advance in full. The contractual terms envisage loan covenants;
- a loan granted by Banco BPM and registered for 4,995 thousand euros (nominal value of 5,000 thousand euros). This loan will expire in three years, and has a repayment schedule;
- a 16,640 thousand euros medium-term loan (nominal value of 16,670 thousand euros) granted by Banca Popolare Emilia Romagna. The loan will fall due on 5 June 2019 and will be repaid based on a repayment schedule of six-monthly instalments from 31 December 2016;
- a loan granted by Banco BPM, comprising a tranche of 12,500 thousand euros granted as a revolving credit line (unused at 30 June 2017), maturing in January 2021 and a tranche of 12,500 thousand euros, maturing in July 2022, which has been wholly disbursed;
- a 19,991 thousand euros loan (nominal value of 20 million euros) granted by Banca del Mezzogiorno as a revolving credit line maturing in July 2022;

- a 9,907 thousand US dollar medium-term loan, recognised for the amount of 7,399 thousand euros, granted by International Finance Corporation (a World Bank member) to the subsidiary Piaggio Vehicles Private Limited with interest accruing at a variable rate. The loan will fall due on 15 July 2019 and has an repayment schedule of six-monthly instalments from July 2015. Contract terms provide for a guarantee from Piaggio & C. S.p.A. and compliance with some covenants. Cross currency swaps have been taken out on this loan to hedge the exchange risk and interest rate risk;
- a 6,553 thousand US dollar medium-term loan, recognised for the amount of 5,332 thousand euros, granted by International Finance Corporation to the subsidiary Piaggio Vietnam with interest accruing at a variable rate. The loan will fall due on 15 July 2018 and has an repayment schedule of six-monthly instalments from July 2014. Contract terms provide for a guarantee from Piaggio & C. S.p.A. and compliance with some covenants. Cross currency swaps have been taken out on this loan to hedge the exchange risk and interest rate risk;
- a medium-term loan for 358,104,752 thousand Vietnamese dong, recognised for 13,860 thousand euros, granted by VietinBank to the subsidiary Piaggio Vietnam to finance the R&D investments plan. The loan matures in June 2021, with a repayment schedule in 7 six-monthly instalments, starting from June 2018, with a fixed rate for the first year, followed by a variable rate;
- loans from various banks pursuant to Italian Law No. 346/88 on subsidised applied research amounting to 975 thousand euros;

The financial covenants and other contractual commitments provided for by the main loan agreements, as described above, according to the results at 30 June 2017, have been met.
All the above financial liabilities are unsecured.

Intermarine S.p.A.

- a Bullet – Multi Borrower loan from Intesa Sanpaolo granted to Immsi S.p.A. for a total of 130 million euros, of which 22.3 million euros granted to Intermarine S.p.A., maturing at the end of 2017;
- a loan for a nominal 7.5 euros million relative to an "Amortizing Loan" line issued by Intesa Sanpaolo in November 2012, with a maturity of six years, four years of pre-amortisation and co-obligation of the parent company Immsi S.p.A.: this facility is accompanied by a first mortgage on the Sarzana warehouse and first degree insurance assignment;
- a revolving credit line from Banca Intesa for 18 million euros, to be used mainly for the settlement of liabilities towards key strategic suppliers, with 15.5 million euros used at 30 June 2017, and guaranteed by a lien on Piaggio & C. S.p.A. shares held by Immsi S.p.A. The line will expire in December 2017;
- financial payables for advance transactions by Banco BPM for approximately 2.9 million euros: this line is assisted by a letter of patronage issued by Immsi S.p.A.;
- financial payables for advance transactions by Banca IFIS for approximately 8.8 million euros (accompanied by comfort letters issued by RCN Finanziaria S.p.A. and Immsi S.p.A).

Is Molas S.p.A.

- a variable rate loan granted by Monte dei Paschi di Siena to Is Molas S.p.A., valid until withdrawal, usable for cash, for a total of 20 million euros equal to the actual debt for capital, interest and additional costs accrued and payable;
- a senior mortgage loan on the “Le Ginestre” real estate complex for a term of eight years, agreed in November 2009 with Banca Popolare di Lodi for an initial amount of 5 million euros, on which approximately 0.5 million euros is currently outstanding: the terms of the mortgage require 2 years of pre-payment at the three-month Euribor increased by a *spread*.

For a more detailed description of the financial instruments used to hedge these liabilities and of any covenants imposed, please refer to section P – Information on financial instruments.

The item Bonds, recognised by the Piaggio group for 322,995 thousand euros (nominal value of 331,799 thousand euros) refers to:

- 51,667 thousand euros (nominal value of 51,799 thousand euros) for the debenture loan (US Private Placement) issued on 25 July 2011 for 75,000 thousand US dollars, fully subscribed by an American institutional investor repayable in five annual instalments starting from July 2017, with semi-annual coupon. At 30 June 2017 the fair value measurement of the debenture loan was equal to 66,872 thousand euros (the fair value is determined based on IFRS relative to fair value hedging). A Cross Currency Swap has been taken out on this debenture loan to hedge the exchange risk and interest rate risk;
- 241,328 thousand euros (nominal value of 250,000 thousand euros) for a high-yield debenture loan issued on 24 April 2014 for a nominal amount of 250,000 thousand euros, falling due on 30 April 2021 and with a semi-annual coupon with fixed annual nominal rate of 4.625%. Standard & Poor’s and Moody’s assigned a B+ rating with a stable outlook and a B1 rating with a stable outlook respectively.
  This loan originates from the refinancing of the debenture loan originally issued by Piaggio & C. S.p.A. in 2009 for a total of 150 million euros. The early adoption of IFRS 9 by the Immsi Group has resulted, among other things, in the amortised cost of financial liabilities being redetermined, as these are renegotiated, using the original contractual effective interest rate. This procedure led to the recognition in the Statement of Comprehensive Income of a negative component equal to 3,764 thousand euros (which would not have been recorded if the Group had not adopted IFRS 9 in advance);
- 30,000 thousand euros for the private debenture loan issued on 28 June 2017 for a duration of 5 years and wholly subscribed by the Fondo Sviluppo Export (Export Development Fund). The issue requires no specific rating or listing on a regulated market.

The company may repay in advance:

- all or part of the amount of the high yield debenture loan issued on 24 April 2014, according to the conditions indicated in the indenture. The value of prepayment options was not deducted from the original contract, as these are considered as being closely related to the host instrument, as provided for by IAS 39 AG30 g);
- all or part of the amount of the private placement issued on 28 June 2017, according to the conditions indicated in the contract. The value of prepayment options was not deducted from the original contract, as these are considered as being closely related to the host instrument (as provided for by IAS 39 AG30 g).

Finance lease payables refer to:

- a vehicle lease granted by VFS Servizi Finanziari to the Piaggio group (163 thousand euros, of which the non-current portion totals 115 thousand euros) and to
- a finance lease for 10,712 thousand euros (nominal value of 10,726 thousand euros) granted by Albaleasing as a Sale&Lease back on a production facility of Piaggio & C. S.p.A.. The contract is for ten years, with quarterly repayments (non-current portion equal to 9,625 thousand euros).

Overall, amounts due to other lenders are equal to 70,008 thousand euros, of which 69,656 thousand euros falling due within one year. The main components are the following:
- financial advances from factoring companies and banks for trade receivables assigned with recourse, totalled 26,236 thousand euros and refer to the Piaggio group;
- subsidised loans for a total of 636 thousand euros provided by the Italian Ministry of Economic Development and Italian Ministry of Education, University and Research under legislation to encourage exports and investments in research and development;
- two shareholder loans of 6,000 and 8,646 thousand euros respectively granted to RCN Finanziaria S.p.A. by Intesa Sanpaolo (shareholder of the company), convertible into shares of the beneficiary, maturing during 2015. These loans were extensively discussed by shareholders with a view to restoring agreements; the times of these negotiations, with shareholder loans connected to them, meant that the renewal of the loans was deferred;
- shareholder financing for 25,497 thousand euros with a term of 10 years and expiring in December 2018, granted by IMI Investimenti S.p.A. (company shareholder) to ISM Investimenti S.p.A..

- G3 - TRADE PAYABLES AND OTHER PAYABLES **638,346**

Trade payables and other payables amounted to 638,346 thousand euros (compared to 528,488 thousand euros at 31 December 2016), of which 631,579 thousand euros (521,581 thousand euros at 31 December 2016) is due within a year: the increase in this item during the first half of 2017 is mainly due to the seasonality of the Piaggio group's business.

The following is a breakdown of the trade payables and other current liabilities:

In thousands of Euros	***Balance 30.06.2017***	***Balance 31.12.2016***
Trade payables	552,440	459,220
Amounts due to affiliated companies	26	86
Amounts due to parent companies	331	231
Amounts due to *joint ventures*	16,684	9,777
Other payables	62,098	52,267
TOTAL	**631,579**	**521,581**

To facilitate access to credit for its suppliers, the Piaggio group has used factoring agreements since 2012, mainly supply chain financing and reverse factoring agreements. These operations did not change the primary obligation, nor substantially changed payment terms, so their nature is the same and they are still classified as trade liabilities.

At 30 June 2017, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to 166,344 thousand euros (173,058 thousand euros at 31 December 2016).
Payables to affiliated companies at 30 June 2017 primarily refer to the purchase of vehicles by the Piaggio group from the Chinese joint venture Zongshen Piaggio Foshan Motorcycle Co. Ltd.

The "Other current payables" item is detailed below:

In thousands of Euros	*Balance 30.06.2017*	*Balance 31.12.2016*
Amounts due to employees	25,660	16,753
Liabilities connected to hedging instruments	106	237
Advances from customers	965	816
Amounts due to company boards	335	726
Amounts due to social security institutions	6,357	10,049
Other amounts due to third parties	699	1,019
Other amounts due to affiliated companies	39	34
Other amounts due to *joint ventures*	159	181
Accrued expenses	10,937	7,213
Deferred income	5,494	5,397
Other payables	11,347	9,842
TOTAL	**62,098**	**52,267**

It should be remembered that amounts due to employees mainly include holidays accrued and not used, and other amounts to be paid, while payables due to associated companies are made of other payables due to Fondazione Piaggio.

- G4 - RESERVES FOR PENSIONS AND SIMILAR OBLIGATIONS 49,671

The reserve for pension and similar obligations amounted to 49,671 thousand euros at 30 June 2017, a decrease of around 3,811 thousand euros compared to the figure at 31 December 2016.

The reserve is detailed below:

In thousands of Euros	*Balance 31.12.2016*	*Service cost*	*Actuarial (gain) loss*	*Interest cost*	*Uses and other changes*	*Balance 30.06.2017*
Termination benefits	52,727	4,105	(2,549)	336	(5,729)	48,890
Other funds	755	0	0	0	26	781
TOTAL	**53,482**	**4,105**	**(2,549)**	**336**	**(5,703)**	**49,671**

The item "Provision for termination benefits" comprises termination benefits for employees of Italian companies belonging to the Immsi Group and includes post-employment benefits identified as defined benefit plans.

The item "Other provisions" is mainly attributable to the Piaggio group and includes i) provisions for personnel made by international companies of the group and ii) additional customer indemnity provisions, which represent the compensation due to agents in the case of the agency contract being terminated for reasons beyond their control. Uses refer to the payment of benefits already accrued in previous years, while allocations refer to benefits accrued in the period.

The economic / technical assumptions used to discount the value by the companies of the Immsi Group operating in Italy are described below:

- Technical annual discount rate 0.85% - 1.74%;
- Annual rate of inflation 1.50%
- Annual rate of increase in termination benefits 2.625%

As regards the discount rate, the *iBoxx Corporates* AA rating (Immsi Group excluding the Parent) and the *iBoxx Corporates* A rating (Immsi S.p.A.) with a duration from 5 to 10+ were used for the evaluation.

The table below shows the effects, in absolute terms, at 30 June 2017, which would have occurred following changes in reasonably possible actuarial assumptions:

In thousands of Euros	Provision for termination benefits
Turnover rate +2%	48,476
Turnover rate -2%	49,101
Inflation rate + 0.25%	49,415
Inflation rate - 0.25%	48,106
Discount rate + 0.50%	46,734
Discount rate - 0.50%	50,930

The average duration of the bond ranges from 6.8 to 28 years, while future payments estimated in the Group are equal to:

Year *In thousands of Euros*	Future amounts
1	5,444
2	1,408
3	3,770
4	5,560
5	5,037

Being an actuarial valuation, the results depend on the technical bases adopted such as - among others - the interest rate, the inflation rate and the expected turnover. A variation of these parameters could lead to a significant change in the liability estimated to date: similar impacts may be caused by unexpected changes in other technical bases.

- G5 - OTHER LONG-TERM PROVISIONS **31,185**

The balance of other long-term reserves, including the portion falling due within 12 months, totalled 31,185 thousand euros at the end of June 2017, a 3,258 thousand euros increase compared to 31 December 2016.

The other reserves recognised in the financial statements are detailed below:

In thousands of Euros						
	Balance 31.12.2016	***Allocations***	***Applications***	***Other changes***	***Balance 30.06.2017***	***Of which current***
Provision for product warranties	15,662	7,519	(4,836)	(154)	18,191	13,283
Provisions for risk on investments	2,828	738	0	(198)	3,368	2,720
Provision for contractual risks	5,146	7	(75)	(10)	5,068	719
Other provisions for risks and charges	4,291	955	(853)	165	4,558	1,662
TOTAL	**27,927**	**9,219**	**(5,764)**	**(197)**	**31,185**	**18,384**

The product warranty provision refers to allocations recognised at 30 June 2017 by the Piaggio group for 13,617 thousand euros and by Intermarine S.p.A. for 4,574 thousand euros for technical warranty operations on products covered by warranties, which are expected to be carried out in the contractual warranty period. As regards – in particular – the forecasts made by the Piaggio group, this period varies according to the type of goods sold and the market, and is also determined by the customer take-up to commit to planned maintenance. With reference to Intermarine S.p.A., the company allocates this reserve for maintenance under warranty to be carried out in the future years on naval vessels under construction, delivered during the year and/or in previous years, determined on the basis of the estimate of costs incurred in the past for similar vessels.

As regards other main provisions recognised, the provision for risks on investments refers to 2,599 thousand euros for the hedging of negative shareholders' equity of the investee Rodriquez Cantieri Navali do Brasil Ltda.

The provision of contractual risks refers mainly to charges which could arise from the ongoing negotiation of a supply contract in the Piaggio group.

- G6 - DEFERRED TAX LIABILITIES **23,615**

The “Deferred tax liabilities” item refers to tax payables provisioned by the individual companies on the basis of applicable national laws. The balance was offset by 174 thousand euros by deferred tax assets, of a uniform maturity and type.
Deferred tax assets are mainly recognised by the Piaggio group for 4,132 thousand euros and by the Parent Company Immsi S.p.A. for 19,353 thousand euros, mainly concerning the fair value measurement of investment property in Rome.

- G7 - CURRENT TAXES **17,706**

The item Current taxes, which includes tax payables allocated in relation to tax charges for individual companies under applicable national laws, increased by 8,392 thousand euros compared to the end of 2016. A breakdown of this item is given below:

In thousands of Euros		
	Balance 30.06.2017	***Balance 31.12.2016***
Amounts due for income tax	11,715	1,231
VAT payables	2,137	2,187
Amounts due for withholding tax	2,974	5,096
Amounts due for local taxes	42	38
Other payables	838	762
TOTAL	**17,706**	**9,314**

The item in question, which refers for 16,284 thousand euros to the Piaggio group, includes tax payables recorded in the financial statements of each consolidated company, allocated in relation to tax charges referring to individual companies on the basis of applicable national laws, whereas amounts due for withholding tax are mainly recorded against withholdings on employee salaries, termination payments and self-employed income.

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

- H - INFORMATION ON THE MAIN INCOME STATEMENT ITEMS

Amounts are stated in thousands of Euros unless otherwise indicated.

Before analysing the individual item, it is pointed out that the general information on costs and revenues is contained in the Interim Management Report, in accordance with art. 2428 of the Italian civil code.

- H1 - NET REVENUES **779,686**

Revenues from sales and services of the Immsi Group at 30 June 2017 totalled 779,686 thousand euros (an increase of 43,562 thousand euros compared to the same period of the previous year, i.e. +5.9%), of which 725,306 thousand euros attributable to the industrial sector (+18,810 thousand euros., +2.7%), 52,394 thousand euros to the marine sector (+24,958 thousand euros, +91%) and the balance to the property and holding sector (1,986 thousand euros, down slightly from 30 June 2016).
This item is stated net of premiums given to the customers of the Piaggio group (dealers) and it does not include transport costs recharged to customers and the recovery of advertising costs invoiced, which are shown under other operating income. Moreover, revenues do not include recharges for building service fees, offset with the related costs incurred by the Parent Company Immsi S.p.A..
Below is a division of the revenues by business sectors and by geographical area of destination, that is, referring to the nationality of the customer.

By business segment

In thousands of Euros	***First half of 2017***		***First half of 2016***	
	Amount	***%***	***Amount***	***%***
Property and holding sector	1,986	0.3%	2,192	0.3%
Industrial sector (Piaggio group)	725,306	93.0%	706,496	96.0%
of which Two-Wheeler business	541,700	69.5%	507,400	68.9%
of which Commercial Vehicle business	183,606	23.5%	199,096	27.0%
Shipyard sector (G. Rodriquez)	52,394	6.7%	27,436	3.7%
TOTAL	**779,686**	**100.0%**	**736,124**	**100.0%**

By geographic segment

In thousands of Euros	***First half of 2017***		***First half of 2016***	
	Amount	***%***	***Amount***	***%***
Italy	177,156	22.7%	145,785	19.8%
Other European countries	316,199	40.6%	306,850	41.7%
Rest of the World	286,331	36.7%	283,489	38.5%
TOTAL	**779,686**	**100.0%**	**736,124**	**100.0%**

The type of products sold and of the sectors in which the Group operates is such that revenues are seasonal, the first six months being generally more favourable than the second six-month period.

- H2 - COSTS FOR MATERIALS 435,242

Costs for materials total 435,242 thousand euros, compared to 410,793 thousand euros in the same period of the previous year: this item does not include the costs recharged to customers and tenants, for the same amount, or costs relating to assets held for disposal, recorded separately in the specific income statement item.
The percentage accounting for net revenues at 30 June 2017 is in line with the same period of the previous year, and accounts for 55.8%.
The item costs for materials increased in the Piaggio group, from 412,043 in the first half of 2016 to 420,130 in the same period of 2017, going up by 8,087 thousand (+2%).
The item includes 16,424 thousand euros (14,825 thousand euros in the first half of 2016) for purchases of scooters from the Chinese subsidiary Zongshen Piaggio Foshan, which are sold on European and Asian markets.
The table below details the contents of the item under examination:

In thousands of Euros	***First half of 2017***	***First half of 2016***
Change in inventories of finished products, work in progress and semi-finished products	(33,990)	(40,247)
Change in capitalised piecework	(359)	(232)
Purchase of raw materials and consumables	484,836	462,097
Change in raw materials and consumables	(15,245)	(10,825)
TOTAL	**435,242**	**410,793**

- H3 - COSTS FOR SERVICES, LEASES AND RENTALS 137,741

Costs for services, leases and rentals total 137,741 thousand euros. Below is a breakdown of this item:

In thousands of Euros	***First half of 2017***	***First half of 2016***
Transport costs	17,820	18,484
Product warranty costs	4,359	4,322
Advertising and promotion	18,242	18,125
Outsourced manufacturing	21,489	17,144
External maintenance and cleaning costs	4,761	4,775
Employee costs	8,320	8,448
Technical, legal, tax, administrative consultancy, etc.	9,584	9,991
Sundry commercial expenses	5,237	6,060
Energy, telephone, postage costs, etc.	8,342	9,567
Services provided	2,800	4,744
Insurance	2,486	2,316
Cost of company boards	2,030	2,129
Sales commissions	550	1,121
Part-time staff and staff of other companies	1,753	1,980
Bank charges and commission	3,174	3,001
Quality-related events	1,263	2,446
Other expenses	16,389	18,493
TOTAL COSTS FOR SERVICES	**128,599**	**133,146**
Rental instalments of business property	3,810	3,530
Other instalments	5,332	5,194
TOTAL COSTS FOR LEASES AND RENTALS	**9,142**	**8,724**
TOTAL COSTS FOR SERVICES, LEASES AND RENTALS	**137,741**	**141,870**

Costs for services, leases and rentals decreased by 4,129 thousand euros compared to the same period of the previous year.

- H4 - EMPLOYEE COSTS 123,164

Employee costs are broken down as follows:

In thousands of Euros	First half of 2017	First half of 2016
Salaries and wages	90,594	90,845
Social security contributions	25,007	25,443
Termination benefits	4,105	4,191
Personnel restructuring costs	2,565	1,118
Other costs	893	567
TOTAL	**123,164**	**122,164**

In the first half of 2017, employee costs increased slightly by 1 million euros (+0.8%) compared to the same period of the previous year.
Under employee costs, 2,565 thousand euros was recorded for charges related to mobility plans applied to the Piaggio group production sites in Pontedera and Noale.
Average employee numbers were affected by seasonal workers in the summer (on fixed-term employment contracts). the group effectively hires temporary staff to cover peaks in demand typical of the summer months.

The table below shows the average number of employees by category. For more details on personnel, refer to the specific paragraph in the Interim Management Report:

	First half of 2017	First half of 2016
Senior management	109	116
Middle managers and white collars	2,500	2,586
Manual workers	4,295	4,669
TOTAL	**6,904**	**7,371**

- H5 - DEPRECIATION OF TANGIBLE ASSETS 24,258

The depreciation of plant, property and equipment at 30 June 2017 is summarised below:

In thousands of Euros	First half of 2017	First half of 2016
Depreciation of buildings	2,854	2,784
Depreciation of plant and machinery	12,385	12,251
Depreciation of industrial and commercial equipment	6,264	6,713
Depreciation of assets to be given free of charge	30	24
Depreciation of other assets	2,725	2,124
DEPRECIATION OF PLANT, PROPERTY AND EQUIPMENT	**24,258**	**23,896**

- H6 - AMORTISATION OF INTANGIBLE ASSETS WITH A FINITE LIFE 38,124

During the first half of 2017, amortisation of intangible assets with a finite life amounted to 38,124 thousand euros. The item under examination comprises the following:

In thousands of Euros	*First half of 2017*	*First half of 2016*
Amortisation of development costs	20,626	15,800
Amortisation of concessions, patents, industrial and similar rights	14,929	12,228
Amortisation of trademarks and licences	2,415	2,414
Amortisation software	54	15
Amortisation of other intangible assets with a finite life	100	146
AMORTISATION OF INTANGIBLE ASSETS	**38,124**	**30,603**

Since 1 January 2004, goodwill has no longer been amortised but has been subjected to impairment tests at least annually: see the note on intangible assets for details of the activities carried out. The amortisation of intangible assets does not include goodwill impairment either in the first six months of 2017 or in the corresponding period of the previous year, as i) based on the results projected in long-term development plans prepared by Group companies and used in impairment tests carried out at 31 December 2016, and ii) based on analyses conducted by Group Management during the preparation of this Half-year Financial Report at 30 June 2017, no need arose for any write-downs as goodwill was deemed to be recoverable through future cash flows.

Considering that the analyses conducted to estimate the recoverable value for the Immsi Group cash-generating unit were also determined based on estimates, the Group cannot guarantee that there will be no goodwill impairment losses in future periods. Owing to the current climate of uncertainty on core and financial markets, the various factors – both inside and outside the cash-generating units identified – used in preparing estimates could be revised in the future: the Group will constantly monitor these factors and the possible existence of future impairment losses.

- H7 - OTHER OPERATING INCOME 54,148

The “Other operating income” item comprises:

In thousands of Euros	*First half of 2017*	*First half of 2016*
Gains on the disposal of plant, property and equipment	77	93
Sponsorships	1,454	1,057
Grants	2,405	2,150
Recovery of sundry costs	17,681	17,841
Licence rights	1,103	1,125
Sale of materials and sundry equipment	456	378
Insurance settlements	1,916	700
Increases in fixed assets from internal work	20,501	21,971
Rents received	2,208	1,906
Other operating income	6,347	5,484
TOTAL	**54,148**	**52,705**

Other operating income increased by 1,443 thousand euros (+2.7%) compared to the same period of the previous year.

- H8 - OTHER OPERATING COSTS 15,170

The item Other operating costs totalled 15,170 thousand euros at 30 June 2017 and comprises the following:

In thousands of Euros	*First half of 2017*	*First half of 2016*
Losses on the disposal of plant, property and equipment	0	4
Duties and taxes not on income	3,192	2,872
Provisions for future and other risks	9,219	6,787
Write-down of trade receivables (including provisions to the provision for bad debts)	775	576
Other operating costs	1,984	5,319
TOTAL	**15,170**	**15,558**

The reduction in the item is due to the recognition in the first half of 2016 of contractual penalties amounting to approximately 3.1 million euros, applied to Intermarine for a contract, partly offset by greater provisions for products under warranty and higher non-income taxes (in particular in the Piaggio group).
At 30 June 2017, the item in question included a loss of 43 thousand euros from the change in fair value of investment property due to the lower value recognised by the expert valuation of the Spanish site of Martorelles.

- H9 - EARNINGS ON INVESTMENTS 637

Income from investments amounted to 637 thousand euros in the first half of the year and refers to the Group's share of the profits of the joint venture Zongshen Piaggio Foshan, valued at equity (697 thousand euros at 30 June 2016).

- H10 - FINANCIAL INCOME 11,802

Financial income recognised by the Group at 30 June 2017 is detailed below:

In thousands of Euros	*First half of 2017*	*First half of 2016*
Interest income	858	2,152
Capital gains on the disposal of shares	3,350	0
Exchange gains	7,418	7,036
Income from fair value hedging and interest rates	64	82
Other income	112	337
TOTAL	**11,802**	**9,607**

The increase of 2,195 thousand euros is mainly due to: i) the recognition of 3.35 million euros arising from the sale of option rights of the Parent Company Immsi S.p.A. as part of the UniCredit capital increase, which the Company did not take part in; ii) the partial offsetting of the recognition by Intermarine in the first half of 2016 of financial income for 1.6 million euros and contractual penalties for approximately 3.1 million (under the item Other operating costs), relative to an agreement with a supplier for the definition of a contractual position for a contract.

- H11 - BORROWING COSTS 33,927

Financial charges at 30 June 2017 are detailed below:

In thousands of Euros	First half of 2017	First half of 2016
Interest payable on bank loans	12,756	14,182
Interest payable on loans from third parties	3,489	3,778
Interest payable on debenture loans	7,435	6,768
Other interest payable	1,043	981
Commissions payable	1,364	1,347
Exchange losses	6,891	7,722
Charges from non-hedging derivatives	0	0
Fair value and interest rate hedging charges	196	285
Financial component of retirement funds and termination benefits	312	422
Other charges	441	159
TOTAL	**33,927**	**35,644**

Borrowing Costs at 30 June 2017 decreased by 1,717 thousand euros compared to the same period of the previous year. The decrease in average debt and its cost are the factors that have contributed most to this improvement.

- H12 - TAXES 18,331

The expected tax expense on the income of companies consolidated with the line by line consolidation method in the financial statements at 30 June 2017 amounted to 18,331 thousand euros, with a percentage of income before taxes of 47.4% (58.5% in the first half of 2016).

- H13 - GAIN/LOSS ON THE DISPOSAL OF ASSETS 0

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

- H14 - EARNINGS FOR THE PERIOD ATTRIBUTABLE TO THE GROUP 11,299

Earnings for the period of the Immsi Group amounted to 11,299 thousand euros, after allocating earnings of 9,017 thousand euros to non-controlling interests.

- I - COMMITMENTS, RISKS AND GUARANTEES

For main commitments, risks and guarantees, where not specifically updated in these Notes, reference is made to the Notes to the Consolidated Financial Statements at 31 December 2016 for a general overview of the Group.

- L - TRANSACTIONS WITH RELATED PARTIES

Reference should be made to the relevant section at the end of this document for the main business relations between Group companies and related parties.

- M - FINANCIAL POSITION

The Immsi Group net financial debt at 30 June 2017 is shown below, compared with corresponding data at 31 December 2016 and at 30 June 2016. Further details of the main components are provided in the tables in the interim management Report and the related information below them:

In thousands of Euros	***30.06.2017***	***31.12.2016***	***30.06.2016***
Cash and cash equivalents	-225,384	-197,919	-158,902
Other short-term financial assets	0	0	0
Medium/long-term financial assets	0	0	0
Short-term financial payables	504,209	575,022	573,814
Medium/long-term financial payables	584,521	529,749	488,801
Net financial debt *)	**863,346**	**906,852**	**903,713**

*) The indicator does not include financial assets and liabilities arising from the fair value measurement of derivative financial instruments designated as hedges and the adjustment to fair value of the related hedged items and related expenses, entirely referable to the Piaggio group (see note G2 – "Financial liabilities" in the Notes)

in conformity with the CESR recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", the net financial debt, as formulated, represents the items and activities monitored by the Group's management.

- N - DIVIDENDS PAID

As proposed by the Board of Directors on 23 March 2017 and approved by the Ordinary Shareholders' Meeting on 12 April 2017, the Parent Company did not distribute dividends during the first half of 2017, while dividends for 5.1 million euros were distributed during 2016.

- O - EARNINGS PER SHARE

Earnings per share

Earnings per share is calculated by dividing the net income attributable to Parent company shareholders by the average weighted number of ordinary shares in circulation during the period, from which any own shares held are excluded. The average number of shares in circulation is calculated by using the principle of retrospectively applying the changes in the number of shares in circulation.

	First half of 2017	*First half of 2016*
Net profit attributable to ordinary shareholders (in thousands of Euros)	11,299	2,622
Average weighted number of shares in circulation during the year	340,530,000	340,530,000
Basic earnings per share	**0.033**	**0.008**

Diluted earning per share

Diluted earning per share is calculated by dividing the net income for the year attributable to Parent company Ordinary Shareholders by the average weighted number of shares in circulation during the year, taking account of the diluting effect of potential shares. Excluded from this calculation are any treasury shares held.

The Company has no category of potential ordinary shares at 30 June 2017, therefore the diluted income per share coincides with the above basic earning per share.

- P - INFORMATION ON FINANCIAL INSTRUMENTS

Below we summarise the information related to the financial instruments, the risks connected with them, as well as the "sensitivity analysis" in accordance with the requirements of IFRS 7. The following table shows the financial instruments of the Immsi Group registered in the financial statements at 30 June 2017 and at 31 December 2016:

In thousands of Euros	*30 June 2017*	*31 December 2016*
ASSETS		
NON-CURRENT ASSETS		
Other financial assets	***13,593***	***33,169***
Financial receivables	0	0
Financial assets	13,593	33,169
CURRENT ASSETS		
Other financial assets	***8,123***	***14,693***
Financial receivables	0	0
Financial assets	8,123	14,693
LIABILITIES		
NON-CURRENT LIABILITIES		
Financial liabilities	***597,771***	***548,512***
Bonds	317,832	282,442
Payables due to banks	256,597	236,319
Amounts due for finance leases	9,740	10,311
Amounts due to other lenders	352	677
Financial liabilities for hedging instruments	13,250	18,763
CURRENT LIABILITIES		
Financial liabilities	***507,881***	***582,096***
Bonds	9,624	9,617
Payables due to banks	423,782	512,778
Amounts due for finance leases	1,135	1,114
Amounts due to subsidiaries	12	12
Amounts due to other lenders	69,656	51,501
Financial liabilities for hedging instruments	3,672	7,074

Financial assets

The current and non-current financial assets are fully commented upon in Note F5 – Other financial assets, which reference is made to.

Current and non-current liabilities

Current and non-current liabilities are fully commented upon in Note *G2 – Financial liabilities*, to which reference is made. In this section the debt is divided by type and detailed by maturity.

The main loan agreements entered into by Group companies (fully described in the above-mentioned note), require – in line with market practices for borrowers with a similar credit standing – compliance with:

1) financial covenants based on which the company is committed to meeting certain contractually agreed financial ratios. The most common and significant covenants include the ratio of net financial debt to EBITDA, net debt to shareholders' equity and EBITDA/net borrowing costs, measured on a company and/or consolidated basis according to definitions agreed with the lenders;
2) negative pledges that limit the Company's capacity to establish collateral or other constraints on company assets;
3) "*pari passu*" clauses, on the basis of which the loans will have the same repayment priority as other financial liabilities, and change of control clauses, which are effective if the majority shareholder loses control of the company;
4) limitations on the extraordinary transactions the company may carry out.

The measurement of financial covenants and other contract commitments is monitored by the Group on an ongoing basis, in particular, based on results at 30 June 2017, all covenants had been fully met.
Failure to comply with the covenants and other contract commitments of the loan and debenture loan, if not remedied in agreed times, may give rise to an obligation for the early repayment of the outstanding amount of the loan. For more details, see the information in Note G2 – Financial liabilities.

Lines of credit

At 30 June 2017 the Immsi Group had irrevocable credit lines up to expiry amounting to 1,138.5 million euros (1,188.3 million euros at 31 December 2016), details of which are given in the Note *G2 – Financial liabilities*.

Management of financial risks

The financial risks to which the Immsi Group believes to be potentially exposed to are:

- the management of capital and the liquidity risk;
- the exchange risk;
- the interest rate risk; and
- the credit risk.

In the **Piaggio group**, management of these risks is centralised and treasury operations are performed in the sphere of policy and formalised guidelines, valid for all the companies in the group.

Capitals management and liquidity risk

The liquidity risk derives from the possibility that available financial resources may not be sufficient to hedge, in the means and times, future disbursements generated by financial and/or commercial bonds.
The **Parent Company Immsi S.p.A.** provides financing for the Group's subsidiaries and/or issues guarantees to facilitate their funding: these operations are regulated under normal market conditions.
With particular reference to the **Piaggio group**, to face such a risk, cash flows and the company's credit line needs are monitored and/or managed centrally under the control of the group's Treasury Department, in order to guarantee an effective and efficient management of the financial resources as well as optimise the debt's maturity standpoint. Moreover, Piaggio & C. S.p.A. finances the temporary cash requirements of group companies by providing direct or indirect short-term loans regulated in market conditions or through guarantees. Between Piaggio & C. S.p.A. and the European subsidiaries of the Piaggio group, there is also an active cash pooling zero balance system that enables the asset and liability balances of the subsidiaries to be reset daily, resulting in more effective and efficient management of liquidity in the euro area.

For a greater coverage of liquidity risk, at 30 June 2017 the Immsi Group had unused credit lines available for 345.5 million euros (341.1 million euros at 31 December 2016), of which 163 million euros due within 12 months and 182.5 million euros due after 12 months.

The Directors believe that the currently available funds, in addition to those that will be generated from operating and financing activities, will enable the Group to meet its own needs arising from investments, management of working capital and repayment of debts when they become due, and will ensure an adequate level of operational and strategic flexibility.

Exchange rate risk management

The Immsi Group – particularly through the subsidiaries of the Piaggio group and through the subsidiary Intermarine S.p.A. – operates in an international context where transactions are conducted in currencies different from euros. This exposes the Group to risks arising from exchange rates fluctuations: exchange-risk hedging contracts are entered into solely by companies belonging to the aforementioned groups.

In particular the **Piaggio group** has an outstanding exchange rate risk management policy which aims to neutralise the possible negative effects of the changes in exchange rates on company cash-flows. This policy analyses:

- transaction exchange risk: the policy wholly covers this risk, which arises from differences between the exchange rate recorded in the financial statements for receivables or payables in foreign currency and the exchange rate recorded on the related collection or payment. To cover this type of exchange risk, the exposure is naturally offset in the first place (netting between sales and purchases in the same currency) and if necessary, by signing currency future derivatives, as well as advances of receivables denominated in currency;
- translation risk: arises from the conversion into euros of the financial statements of subsidiaries prepared in currencies other than the euros during consolidation: the policy adopted by the Piaggio group does not require hedging of this type of exposure;
- economic exchange risk: arises from changes in company profitability in relation to annual figures planned in the economic budget on the basis of a reference change (the "budget change") and is covered by derivatives. The items of these hedging operations are therefore represented by foreign costs and revenues forecast by the sales and purchases

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

Cash flow hedging relating to the Piaggio group

At 30 June 2017, the Group had undertaken the following futures operations (recognised based on the settlement date), relative to payables and receivables already recognised to hedge the transaction exchange risk:

Company	Operation	Currency	Amount in currency	Value in local currency (forward exchange rate)	Average maturity
			In thousands	*In thousands*	
Piaggio & C.	Purchase	CNY	116,000	15,121	01/08/2017
Piaggio & C.	Purchase	JPY	360,000	2,900	07/07/2017
Piaggio & C.	Purchase	SEK	9,500	974	31/07/2017
Piaggio & C.	Purchase	USD	10,850	9,714	11/07/2017
Piaggio & C.	Sale	CAD	7,610	5,181	03/08/2017
Piaggio & C.	Sale	CNY	16,000	2,063	03/07/2017
Piaggio & C.	Sale	GBP	600	680	29/09/2017
Piaggio & C.	Sale	INR	85,000	1,152	31/07/2017
Piaggio & C.	Sale	JPY	65,000	523	31/07/2017
Piaggio & C.	Sale	SEK	1,000	103	31/07/2017
Piaggio & C.	Sale	SGD	200	127	31/07/2017
Piaggio & C.	Sale	USD	9,420	8,415	24/07/2017
Piaggio group Americas	Purchase	CAD	5,290	3,940	31/07/2017
Piaggio group Americas	Sale	EUR	275	311	21/09/2017
Piaggio group Americas	Sale	CAD	1,800	1,336	27/07/2017
Piaggio Vietnam	Sale	EUR	25,700	653,251,000	08/10/2017
Piaggio Indonesia	Purchase	USD	3,462	49,024,000	06/08/2017
Piaggio Vehicles Private Limited	Sale	EUR	3,874	280,613	24/08/2017
Piaggio Vehicles Private Limited	Sale	USD	1,626	105,650	19/08/2017

At 30 June 2017, the Group had undertaken the following hedging transactions on the exchange risk:

Company	Operation	Currency	Amount in currency	Value in local currency (forward exchange rate)	Average maturity
			In thousands	*In thousands*	
Piaggio & C.	Purchase	CNY	69,100	8,895	12/10/2017
Piaggio & C.	Sale	GBP	5,160	6,070	20/09/2017

To hedge the business risk, cash flow hedging is adopted with the effective portion of profits and losses recognised in a specific shareholders' equity reserve. Fair value is determined based on market quotations provided by main traders. At 30 June 2017, the overall fair value of hedging instruments on the exchange risk recognised on a hedge accounting basis was positive, amounting to 137 thousand euros. During the first half of 2017, profits recognised in other comprehensive income amounted to 18 thousand euros, while losses of 44 thousand euros were reclassified from other comprehensive income to profit/loss for the period.
The net balance of cash flows during the first half of 2017 is shown below in the main currencies:

	Cash flow for the 1st half of 2017
In millions of euros	
Canadian Dollar	3.6
Pound Sterling	13.6
Japanese Yen	(2.8)
US Dollar	17.5
Indian Rupee	(0.7)
Croatian Kuna	1.6
Chinese Yuan*	(22.1)
Vietnamese Dong	(14.9)
Indonesian Rupiah	6.5
Total cash flow in foreign currency	**2.3**

* flow partially settled in euros

The subsidiary **Intermarine S.p.A.** generally hedges the risks deriving from exchange rate fluctuations through specific operations linked to individual orders that require billing in currencies other than the euros. At 30 June 2017, no forward sales contracts were ongoing.

In view of the above, a hypothetical 3% appreciation/depreciation of the Euro would generate, respectively, potential profits of 299 thousand euros and losses of 317 thousand euros.

Management of the interest rate risk

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

With reference to the **Piaggio group**, at 30 June 2017, the following hedging derivatives were taken out:

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

- a Cross Currency Swap to hedge the private debenture loan issued by Piaggio & C. S.p.A. for a nominal amount of 75,000 thousand USD dollars. The purpose of the instrument is to hedge both the exchange risk and interest rate risk, turning the loan from US dollars to euros, and from a fixed rate to a variable rate; the instrument is accounted for on a fair value hedge basis, with effects arising from the measurement recognised in profit or loss. At 30 June 2017, the fair value of the instrument was 15,652 thousand euros. The net economic effect arising from the measurement of the instrument and underlying private debenture loan was equal to -50 thousand euros; the sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the interest rates curve, showed a potential impact on the income statement, net of the related tax effect, of -5 thousand euros and 8 thousand euros respectively, assuming constant exchange rates; assuming a 1% appreciation and depreciation of the exchange rates, the sensitivity analysis identified a potential impact on the income statement, net of the related tax effect, of -35 thousand euros and 24 thousand euros respectively;
- a *Cross Currency Swap* to hedge loans relative to the Indian subsidiary for 9,907 thousand USD (at 30 June 2017 amounting to 7,399 thousand euros) granted by International Finance Corporation. The purpose of the instruments is to hedge interest rate risk and exchange risk, turning the loan from US dollars to Indian Rupees. At 30 June 2017, the fair value of the instruments was 1,353 thousand euros. The sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the interest rates curve, showed a potential impact on the income statement, net of the related tax effect, of 2 thousand and -2 thousand euros respectively, assuming constant exchange rates. Assuming a 1% reversal and write-down of the exchange rate of the Indian Rupee, sensitivity analysis of the instrument and its underlying identified a potential impact on the Income Statement, net of the relative tax effect, which was basically negligible;
- Cross currency swap to hedge loans relating to the Vietnamese subsidiary for 6,553 thousand USD (5,332 thousand euros outstanding at 30 June 2017) granted by International Finance Corporation. The purpose of the instruments is to hedge the exchange risk and partially hedge the interest rate risk, turning the loan from US dollars at a variable rate into Vietnamese Dong at a fixed rate, except for a minor portion (24%) at a variable rate. At 30 June 2017 the fair value of the instruments was positive at 151 thousand euros. The sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the interest rates curve, showed a potential impact on the income statement, net of the related tax effect, of 13 thousand and -14 thousand euros respectively, assuming constant exchange rates. Assuming a 1% reversal and write-down of the exchange rate of the Vietnamese Dong, sensitivity analysis of the instrument and its underlying identified a potential impact on the Income Statement, net of the relative tax effect, which was basically negligible.

In thousands of Euros	***FAIR VALUE***
Piaggio & C. S.p.A.	
Cross Currency Swap	15,652
Piaggio Vehicles Private Limited	1,353
Piaggio Vietnam	
Cross Currency Swap	151

Moreover, the Parent Company Immsi S.p.A. activated an interest rate swap to change a part of flows for interest relative to the loan with Banco Popolare from a variable to a fixed rate. At 30 June 2017, the fair value of the instrument was negative at 251 thousand euros. In the half, profit amounting to 124 thousand euros was recognised in other components of the statement of comprehensive income.

Credit risk

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

In thousands of Euros	*30 June 2017*	*31 December 2016*
Bank funds and securities	225,258	197,802
Financial assets	21,752	47,898
Tax receivables	49,171	45,066
Trade receivables and other receivables	209,314	149,969
Total	***505,495***	***440,735***

In particular, the **Piaggio group** monitors or manages credit centrally by using established policies and guidelines. The portfolio of trade receivables shows no signs of concentrated credit risk in light of the broad distribution of its own licensee or distributor network. In addition, most trade receivables are short-term. In order to optimise credit management, Piaggio & C. S.p.A. has established revolving programmes with some primary factoring companies for selling its trade receivables without recourse in Europe and the United States.
With reference to the subsidiary **Intermarine S.p.A.**, which in view of the nature of its business can present receivables concentrated among a few customers, it is noted that the most significant customers in quantitative terms are represented by public bodies: in general the production to order requires substantial advance payments by the customer based on progress of the work, thereby reducing the credit risk.
With reference to the other companies of the Immsi Group, there is currently no significant exposure to credit risk.

Hierarchical fair value valuation levels

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

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

The valuation techniques that refer to levels 2 and 3 must take into account adjustment factors that measure the risk of failure of both parties: to this end, the principle introduces the concepts of Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA). The CVA allows the inclusion, in the determination of the fair value, of the credit risk of the counterparty, while the DVA reflects the insolvency risk of the Group.

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

	Nominal value	Carrying amount	Fair Value *
In thousands of Euros			
Piaggio group - High yield debenture loan	250,000	241,328	259,100
Piaggio group –Private debenture loan 2021	51,799	51,667	68,859
Piaggio group – Private debenture loan 2022	30,000	30,000	30,181
Piaggio group - EIB (2013-2015 R&D fund)	27,273	27,273	27,273
Piaggio group - EIB (2016-2018 R&D fund)	65,714	65,615	61,529
Piaggio group – B. Pop. Emilia Romagna credit line	16,670	16,640	16,658
Piaggio group – Banco BPM loan	12,500	12,500	15,551
Piaggio group - B. Mezzogiorno revolving credit line	20,000	19,991	19,503
Piaggio group - Syndicated loan maturing in July 2019	50,000	49,764	50,219
Piaggio group – Medium-term VietinBank loan	13,860	13,860	14,002
Piaggio group – Banco BPM loan	5,000	4,995	5,001
Piaggio group - Syndicated revolving credit line	5,000	4,529	4,996
Immsi S.p.A. – Mortgage loan with Banco Popolare	38,250	37,673	33,544
Immsi S.p.A. – Credit line maturing in December 2021	5,000	4,853	4,742
Immsi S.p.A. – Credit line maturing in December 2018	15,000	14,918	15,070
Immsi S.p.A. – Credit line maturing in April 2018	20,000	19,943	20,060

**) For the Piaggio group, the value was reduced by the DVA relating to the issuer, i.e., it includes the risk of insolvency of Piaggio.*

For the other financial liabilities of the Immsi Group it is deemed that the book value is essentially similar to the fair value.

The table below shows the assets and liabilities measured at fair value at 30 June 2017, based on fair value hierarchical levels:

In thousands of Euros	*Level 1*	*Level 2*	*Level 3*
Assets measured at fair value	4,559	0	0
Hedging derivatives		17,005	151
Investment property		0	85,731
Other assets		243	36
Total assets	***4,559***	***17,248***	***85,918***
Liabilities measured at fair value		(81,454)	
Hedging derivatives		(250)	0
Other liabilities		(106)	
Total liabilities	***0***	***(81,810)***	***0***
Balance at 30 June 2017	***4,559***	***(64,562)***	***85,918***

Hierarchical level 1 includes the carrying amount of the investment held by Immsi S.p.A. in UniCredit S.p.A., down by 3,065 thousand euros compared to 31 December 2016 following a decrease in the share price recorded at the end of June 2017. Immsi S.p.A. recognised 3.35 million euros as financial income from the sale of option rights assigned as part of the UniCredit capital increase, which the Company did not take part in.

Hierarchical level 2 includes the positive value of the hedging derivatives attributable to the Piaggio group, among the assets, while the liabilities include, in addition to the value of financial instruments measured at fair value of the Piaggio group, the negative value of derivative financial instruments (Interest Rate Swap) attributable to the Parent Company Immsi S.p.A.

Hierarchical level 3 includes the fair value of investment property attributable to Immsi S.p.A. (located in Via Abruzzi, Rome) and the former Piaggio group site in Martorelles, Spain.
Finally, it should be noted that the valuation of the Cross Currency Swap arranged on the Piaggio group's Vietnamese subsidiary has been classified within hierarchical level 3: this classification reflects the characteristics of illiquidity of the local market that do not allow for measurement with traditional criteria. If measurement techniques typical of liquid markets – a characteristic that is notably not found on the Vietnamese market – had been adopted, the derivatives would have expressed a fair value amounting to 129 thousand euros (instead of 151 thousand euros, included in the item Hedging derivatives – Level 3) and accrued expenses on hedging derivatives amounting to 319 thousand euros.

The following table highlights the changes that occurred during the first half of 2017:

In thousands of Euros	*Level 1*	*Level 2*	*Level 3*
Balance at 31 December 2016	*7,624*	(72,845)	*100,269*
Gain and (loss) recognised in profit or loss		(40)	(364)
Increases/(Decreases)	(3,065)	8,323	(13,987)
Balance at 30 June 2017	***4,559***	***(64,562)***	***85,918***

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND INVESTMENTS AT 30 JUNE 2017

Pursuant to Consob Resolution no. 11971 of 14 May 1999 as amended (article 126 of the Regulations), a list of Immsi Group companies and its material investments is set out below. The list states the companies, divided according to consolidation procedure.

The following are also given for each company: the company name, registered office and country of establishment, as well as the share capital in the original currency. The percentages held by Immsi S.p.A. or other Group companies are also indicated. The percentage of Ordinary Shareholders' Meeting votes is also shown in a separate column, where it differs from the percentage of share capital held.

Company name	Currency	Share Capital (subscribed and paid-up)	% of Share Capital owned	% of vote (if different)
LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS ON A LINE-BY-LINE BASIS				
Immsi S.p.A. Mantova (MN) – Italy Parent Company	Euro	178,464,000.00 euros		
Apuliae S.r.l. Lecce (LE) – Italy Immsi S.p.A. equity investment: 85.69%	Euro	500,000.00 euros	85.69%	
ISM Investimenti S.p.A. Mantova (MN) – Italy Immsi S.p.A. equity investment: 72.64%	Euro	6,654,902.00 euros	72.64%	
Is Molas S.p.A. Pula (CA) – Italy ISM Investimenti S.p.A. investment: 92.59%	Euro	10,398,437.00 euros	92.59%	
Pietra S.r.l. Milan (MI) – Italy Immsi S.p.A. equity investment: 77.78%	Euro	40,000.00 euros	77.78%	
Pietra Ligure S.r.l. Mantova (MN) – Italy Investment of Pietra S.r.l. 100.00%	Euro	10,000.00 euros	100.00%	
Immsi Audit S.c.a r.l. Mantova (MN) – Italy Immsi S.p.A. equity investment: 25.00% Is Molas S.p.A. investment: 25.00% Piaggio & C. S.p.A. investment: 25.00% Intermarine S.p.A. investment: 25.00%	Euro	40,000.00 euros	100.00%	
RCN Finanziaria S.p.A. Mantova (MN) – Italy Immsi S.p.A. equity investment: 63.18%	Euro	1,000,000.00 euros	63.18%	
Intermarine S.p.A. Sarzana (La Spezia) – Italy RCN Finanziaria S.p.A. investment: 100.00%	Euro	2,060,214.00 euros	100.00%	
Piaggio & C. S.p.A. Pontedera (PI) – Italy Immsi S.p.A. equity investment: 50.49%	Euro	207,613,944.37 euros	50.49%	
Aprilia Brasil Industria de Motociclos S.A.*) Manaus – Brazil Aprilia World Service Holding do Brasil Ltda. investment: 51.00%	R$	2,020,000.00	51.00%	
Aprilia Racing S.r.l. Pontedera (PI) – Italy Piaggio & C. S.p.A. investment: 100.00%	Euro	250,000.00 euros	100.00%	
Aprilia World Service Holding do Brasil Ltda.*) San Paolo – Brazil Piaggio group Americas Inc. investment: 99.99995%	R$	2,028,780.00	99.99995%	
Atlantic 12- Property investment fund Rome – Italy Piaggio & C. S.p.A. investment: 100.00%	Euro	10,736,464 euros	100.00%	

Company name	Currency	Share Capital (subscribed and paid-up)	% of Share Capital owned	% of vote (if different)
Foshan Piaggio Vehicles Technology Research & Development Co. Ltd Foshan City – China Piaggio Vespa B.V. investment: 100.00%	RMB	10,500,000.00	100.00%	
Nacional Motor S.A. Barcelona – Spain Piaggio & C. S.p.A. investment: 100.00%	Euro	60,000.00 euros	100.00%	
Piaggio Asia Pacific PTE Ltd. Singapore – Singapore Piaggio Vespa B.V. investment: 100.00%	SGD	100,000.00 euros	100.00%	
Piaggio Advanced Design Center Corp. California – USA Piaggio & C. S.p.A. investment: 100.00%	USD	100,000.00 euros	100.00%	
Piaggio China Co. LTD Hong Kong – China Piaggio & C. S.p.A. investment: 99.99999%	USD	12,110,000.00	99.99999%	
Piaggio Concept Store Mantova S.r.l. Mantova – Italy Piaggio & C. S.p.A. investment: 100%	Euro	100,000.00 euros	100.00%	
Piaggio Deutschland GmbH Düsseldorf – Germany Piaggio Vespa B.V. investment: 100.00%	Euro	250,000.00 euros	100.00%	
Piaggio España S.L.U. Alcobendas – Spain Piaggio & C. S.p.A. investment: 100.00%	Euro	426,642.00 euros	100.00%	
Piaggio Fast Forward Inc. Delaware – USA Piaggio & C. S.p.A. investment: 86.00%	USD	7,790.70	86.00%	
Piaggio France S.A.S. Clichy Cedex – France Piaggio Vespa B.V. investment: 100.00%	Euro	250,000.00 euros	100.00%	
Piaggio group Americas Inc. New York – USA Piaggio Vespa B.V. investment: 100.00%	USD	2,000.00	100.00%	
Piaggio group Canada, Inc. Toronto – Canada Piaggio group Americas Inc. investment: 100.00%	CAD$	10,000.00 euros	100.00%	
Piaggio group Japan Tokyo – Japan Piaggio Vespa B.V. investment: 100.00%	YEN	99,000,000.00	100.00%	
Piaggio Hellas S.A. Athens – Greece Piaggio Vespa B.V. investment: 100.00%	Euro	1,004,040.00 euros	100.00%	
Piaggio Hrvatska D.o.o. Split – Croatia Piaggio Vespa B.V. investment: 100.00%	HRK	400,000.00	100.00%	
Piaggio Limited Bromley Kent – UK Piaggio Vespa B.V. investment: 99.9996% Piaggio & C. S.p.A. investment: 0.0004%	GBP	250,000.00 euros	100.00%	
Piaggio Vehicles Private Limited Maharashtra – India Piaggio & C. S.p.A. investment: 99.9999971% Piaggio Vespa B.V. investment: 0.0000029%	INR	349,370,000.00	100.00%	
Piaggio Vespa B.V. Breda – Holland Piaggio & C. S.p.A. investment: 100%	Euro	91,000.00 euros	100.00%	
Piaggio Vietnam Co. Ltd. Hanoi – Vietnam Piaggio & C. S.p.A. investment: 63.50% Piaggio Vespa B.V. investment: 36.50%	VND	64,751,000,000.00	100.00%	
PT Piaggio Indonesia Jakarta – Indonesia Piaggio Vespa B.V. investment: 99.00% Piaggio & C. S.p.A. investment: 1.00%	Rupiah	4,458,500,000.00	100.00%	

Company name	Currency	Share Capital (subscribed and paid-up)	% of Share Capital owned	% of vote (if different)
INVESTMENTS IN SUBSIDIARIES, ASSOCIATED AND JOINT CONTROL COMPANIES VALUED USING THE EQUITY METHOD				
Zongshen Piaggio Foshan Motorcycle Co. Ltd. Foshan City – China Piaggio & C. S.p.A. investment: 32.50% Piaggio China Co. Ltd. investment: 12.50%	USD	29,800,000.00	45.00%	
Rodriquez Cantieri Navali do Brasil Ltda. *) Rio de Janeiro – Brazil Intermarine S.p.A. investment: 100.00% less one share held by Rodriquez Pietra Ligure S.r.l.	R$	4,233,225.00	100.00%	
Rodriquez Pietra Ligure S.r.l. Milan (MI) – Italy Intermarine S.p.A. investment: 100.00%	Euro	20,000.00 euros	100.00%	
Depuradora d'Aigües de Martorelles S.C.C.L. Barcelona – Spain Nacional Motor S.A. investment: 22.00%	Euro	60,101.21 euros	22.00%	
Pont – Tech, Pontedera & Tecnologia S.c.r.l. Pontedera (PI) – Italy Piaggio & C. S.p.A. investment: 20.45%	Euro	884,160.00 euros	20.45%	
S.A.T. Societé d'Automobiles et Triporteurs S.A. Tunis – Tunisia Piaggio Vespa B.V. investment: 20.00%	TND	210,000.00	20.00%	
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES VALUED USING THE COST METHOD				
Rodriquez Mexico *) La Paz – Mexico Intermarine S.p.A. investment: 50.00%	Pesos	50,000.00	50.00%	
Consorzio CTMI – Messina Messina (ME) – Italy Intermarine S.p.A. investment: 33.33%	Euro	53,040.00 euros	33.33%	
Fondazione Piaggio Pontedera (PI) – Italy Piaggio & C. S.p.A. investment: 66.67%	Euro	103,291.38 euros	66.67%	

*** Non-operating company or company in liquidation.

Group and related party transactions

As regards information to be provided on related party transactions of the Group, in accordance with *IAS 24 – Related Parties Disclosures*, related party transactions took place in normal market conditions or as laid down by specific laws. No atypical or unusual transactions were carried out during the period to 30 June 2017. In compliance with Regulation no. 17221 on transactions with Related Parties issued by Consob on 12 March 2010 as amended, the Company adopted a new procedure to regulate procedures to approve related-party transactions, available on the website of the Issuer www.immsi.it, in the section Governance - Procedures.

The following table shows the main financial effects of related party transactions and their impact on each financial statement item as of consolidated data of the Immsi Group at 30 June 2017: the financial effects arising from consolidated intergroup operations were eliminated during consolidation.
For comparative purposes, the following table shows income statement data at 30 June 2017 and balance sheet data at 31 December 2016.

Main economic and financial items	amounts in thousands of euros 30.06.2017	% accounting for financial statement items	Description of the nature of transactions	Comparable amounts in thousands of euros
Transactions with Related Parties:				
Trade payables and other current payables	*154*	*0.0%*	*Tax advisory services provided by St. Girelli & Ass. and by Trevi S.r.l. to the Group*	*108*
Costs for services, leases and rentals	*110*	*0.1%*	*Tax advisory services provided by St. Girelli & Ass. and by Trevi S.r.l. to the Group*	*108*
Transactions with Parent companies:				
Non-current financial liabilities	*2,900*	*0.5%*	*Piaggio debenture loan (PO) undersigned by Omniaholding S.p.A.*	*2,900*
Current trade payables	*306*	*0.0%*	*Rental of offices provided by Omniaholding S.p.A. to the Group*	*80*
Costs for services, leases and rentals	*270*	*0.2%*	*Rental of offices provided by Omniaholding S.p.A. to the Group*	*260*
Borrowing costs	*80*	*0.2%*	*Charges related to the Piaggio PO subscribed by Omniaholding S.p.A. and the equity loan from Omniaholding to Immsi*	*67*
Transactions with Subsidiaries, Affiliated Companies, Joint Ventures:				
Trade receivables and other non-current	*115*	*0.8%*	*Receivables from Fondazione Piaggio*	*133*
Current trade receivables and other receivables	*2,881*	*1.5%*	*Receivables from Consorzio CTMI and Rodriquez do Brasil*	*3,177*
	3,019	*1.6%*	*Trade receivables due from Piaggio Foshan and Fondazione Piaggio*	*2,098*
Trade payables and other non-current payables	*162*	*2.4%*	*Other payables of Piaggio & C. S.p.A. due to Piaggio Foshan*	*0*
Current financial liabilities	*12*	*0.0%*	*Financial payables to Rodriquez Pietra Ligure S.r.l.*	*308*
Current trade payables	*16,684*	*2.9%*	*Trade payables by Piaggio & C. S.p.A. to Piaggio Foshan*	*14,564*
	26	*0.0%*	*Payables to Consorzio CTMI*	*15*
Other current payables	*198*	*0.3%*	*Payables to Fondazione Piaggio and Piaggio*	*1,502*
Net revenues	*998*	*0.1%*	*Sales to Piaggio Foshan*	*684*
Costs for materials	*16,424*	*3.8%*	*Purchases of Piaggio & C. S.p.A. from Piaggio*	*14,825*
Costs for services, leases and rentals	*70*	*0.1%*	*Costs for services rendered by Consorzio CTMI*	*84*
Other operating income	*121*	*0.2%*	*Income from Piaggio Foshan*	*433*

The Intesa Sanpaolo group, a minority shareholder of RCN Finanziaria S.p.A., ISM Investimenti S.p.A. and Pietra S.r.l., has loan agreements in investees and with Intermarine S.p.A..
During the first half of 2017, the Parent Company signed an equity loan agreement with Omniaholding S.p.A. for UniCredit S.p.A. and Piaggio & C. S.p.A. shares, giving the parent company a loan fee, in line with current market conditions for equivalent transactions. This agreement was signed by Immsi following the preliminary opinion issued by the Related Parties Committee, as provided for by the above mentioned procedure for minor transactions.

For further details about these financial transactions, reference is made to comments under the item Financial Liabilities.

Certification of the condensed interim financial statements pursuant to Article 154-bis of Legislative Decree No 58/98

The undersigned Roberto Colaninno, as Chairman of the Board of Directors, Michele Colaninno, as Chief Executive Officer and Andrea Paroli, Manager in charge of preparing the company accounts and documents of Immsi S.p.A., certify, also taking account of the provisions of art.154-bis, paragraphs 3 and 4 of the Italian Legislative Decree no. 58 of 24 February 1998:

- the appropriateness with regard to the company's characteristics and
- effective application

of the administrative and accounting procedures for the preparation of the condensed interim financial statements in the course of the first half of 2017.

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

In addition, it is certified that the condensed interim financial statements:

- were drawn up in conformity with the applicable international accounting standards recognized by the European Union in accordance with the regulation (CE) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to accounting records;
- are suited to provide a truthful and correct representation of the issuer's assets and liabilities, profit and loss and financial situation, as well as its consolidated subsidiaries.

The Interim management report includes an analysis of the significant events affecting the Company in the first six months of the current fiscal year and the impact of such events on the Company's condensed interim financial statements as well as a description of the main risks and uncertainties for the second half of the year in addition to an analysis of the information on the significant related party transactions.

1 September 2017

The Chairman
Roberto Colaninno

The Manager in charge of preparing
the company accounts and documents
Andrea Paroli

Chief Executive Officer
Michele Colaninno

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
IMMSI SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of IMMSI SpA and its subsidiaries (the IMMSI Group) as of 30 June 2017, comprising the statement of profit/(loss) for the period, the statement of profit/(loss) for the period and other items of comprehensive income, the statement of financial position, the consolidated cash flow statement, the statement of changes in shareholders' equity and related notes. The directors of IMMSI SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of the IMMSI Group as of 30 June 2017 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Emphasis of matter

Without modifying our conclusion, we draw attention to the early adoption of IFRS 9 described in note D – Accounting standards and measurement criteria.

Brescia, 1 September 2017

PricewaterhouseCoopers SpA

Signed by

Alessandro Mazzetti
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers