IMMSI Società per Azioni

Share capital 178,464,000 euro fully paid up

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

Mantova register of companies – Tax-payer's code and VAT number 07918540019

Report of the Directors and Financial statements of Immsi Group at 31 December 2008

Index:

COMPANY BOARDS

The Board of Directors and the Board of Statutory Auditors were appointed by a shareholder resolution on 12 May 2006 and their term in office lasts expires on the date of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2008.

BOARD OF DIRECTORS

Roberto Colaninno (1) - (2)	***Chairman***
Carlo d'Urso	***Deputy Chairman***
Luciano La Noce (1)	***Managing Director***
Matteo Colaninno	***Director***
Michele Colaninno	***Director***
Mauro Gambaro	***Director***
Giorgio Cirla	***Director***
Giovanni Tamburi (3)	***Director***
Giovanni Sala (4)	***Director***

BOARD OF STATUTORY AUDITORS

Alessandro Lai	***Chairman***
Giovannimaria Seccamani Mazzoli	***Standing Auditor***
Leonardo Losi (5)	***Standing Auditor***

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.	***2006 - 2011***

GENERAL MANAGER

Michele Colaninno

(1) Legal representative in legal and third party dealings, with power of signature and powers to supervise corporate operations; to that end, he is authorised to carry out all acts and transactions of ordinary management, as well as implement the resolutions of Shareholders' Meetings and the Board of Directors.

(2) Legal representative in legal and third party dealings, with power of signature and powers to carry out all acts and transactions of extraordinary management, advising the Board of Directors thereof at the following meeting.

(3) Resigning Director as from 5 March 2009.

(4) Co-opted Director, in place of Marco Reboa, upon the Board's resolution on 13 November 2008.

(5) Taken over the position, on 29 August 2008, following the resignations of the Standing Auditor Marco Spadacini and the Substitute Auditor Giovanni Sala.

In accordance with the principles of Corporate Governance recommended by the Self-Regulatory Code of Conduct for Listed Companies, as well as in accordance with Ital.Legisl.Decree 231/01, the Board of Directors has established the following organs:

LEAD INDEPENDENT DIRECTOR

Mauro Gambaro (1)

REMUNERATION COMMITTEE

Carlo d'Urso	***Chairman***
Mauro Gambaro	
Giovanni Tamburi (2)	

INTERNAL AUDIT COMMITTEE

Giovanni Sala (3)	***Chairman***
Mauro Gambaro	
Giorgio Cirla (4)	

DIRECTOR APPOINTED

Luciano La Noce

PERSON IN CHARGE OF THE INTERNAL AUDIT

Maurizio Strozzi (5)

SUPERVISORY BOARD

Marco Reboa	***Chairman***
Alessandro Lai	
Maurizio Strozzi (6)	

MANAGER IN CHARGE OF PREPARING THE COMPANY ACCOUNTS AND DOCUMENTS

Andrea Paroli

INVESTOR RELATOR

Andrea Paroli

(1) Nominated Lead Independent Director, in place of Marco Reboa, upon the Board's resolution on 13 November 2008.

(2) Resigning Director as from 5 March 2009.

(3) Nominated Chairman of the Internal Audit Committee, in place of Marco Reboa, upon the Board's resolution on 13 November 2008.

(4) Nominated member of the Internal Audit Committee, in place of Carlo d'Urso, upon the Board's resolution on 13 November 2008.

(5) Nominated Person in charge of the Internal Audit, in place of Pierantonio Piana, upon the Board's resolution on 24 March 2009.

(6) Nominated member of the Supervisory Board, in place of Alessandro Bertolini, upon the Board's resolution on 16 December 2008.

Directors' Report on operations

This Report, which is prepared in accordance with the provisions of Consob resolution no. 11971 dated 14 May 1999 as subsequently amended, in particular by resolutions no. 14990 dated 14 April 2005 and no. 15519 - 15520 dated 28 July 2006, contains the Group consolidated financial statements and explanatory notes as well as the Parent company financial statements and related notes, drawn up using the IAS/IFRS accounting principles.

Information on operations

During the year 2008 the Immsi Group has achieved altogether positive operational results even with the profound deterioration in the macroeconomic situation of reference.
The results present different trends as regards the various sectors that make up the Group as a consequence of the different business dynamics that characterized the period in question.

The **Parent company Immsi S.p.A.** shows a positive net result for the period equal to 17.2 million euros compared to 11.6 million euros at 31 December 2007.
Among the positive components of income there are the dividends received by Piaggio & C. S.p.A. for 13.5 million euros (6.5 million in 2007) as well as dividends collected by Unicredit equal to 2.6 million euros (2.5 million in 2007), the gain of 5.9 million euros related to the sale of 1.5 million Unicredit shares (4.5 million euros in 2007 on a sale of one million shares) and the gain of approximately 1.5 million euros tied to the sale of 9.2 million shares of Piaggio & C. S.p.A..
The income related to the real estate operations, equal to approximately 2.6 million euros, as also the income from consulting services provided for the companies in the Group, equal to approximately 1.7 million euros, are substantially unchanged compared to the preceding period.
With reference to the investment operations, it should be remembered that within the framework of the project for integrating and relaunching the business of Alitalia, for which the Board of Directors of Immsi S.p.A. on 28 August 2008 had approved an overall investment of no greater than 150 million euros, a commitment was signed to purchase a stake in Compagnia Aerea Italiana (CAI) equal to 100 million euros, of which 55.6 million paid up within 31 December 2008. Within the framework of the same operation an agreement was made with Fire S.p.A. for the sale of some of the undersigned shares, that basically reduced the overall commitment in the investment to 80 million euros. The conclusion of the operation with the payment of the difference, equal to 24.4 million euros, took place in the month of January 2009. The shareholding in CAI after the conclusion of the operation in January is equal to 7.08% of the issued share capital.
With reference to the subsidiary Is Molas S.p.A. in the month of December the sale of the entire stake, equal to 60% of its capital, was made to ISM Investimenti S.p.A., a company owned for 71.429% by Immsi S.p.A. and for 28.571% by IMI Investimenti S.p.A. (company belonging to the Intesa Sanpaolo group).
With respect to this sale, that resulted in a cash-in of 84 million euros euros for Immsi S.p.A., there was the capitalization of ISM Investimenti S.p.A. for 42 million euros, of which 30 million paid up by the shareholder Immsi. Therefore with a net positive cash balance of 54 million euros for Immsi S.p.A. it is specified that since this sale was made between subsidiaries of the same company, that is Immsi S.p.A., the positive difference between the selling price and the book value of Is Molas (18 million euros), equal to 66 million euros, generated no positive income components, but directly created a shareholders' equity reserve.
The establishment of ISM Investimenti responds to the strategy of Immsi to concentrate some of the Group's business of tourist-real estate development in a specific company, with the objective of associating partners with these initiatives that strengthen the asset base.
On the basis of the agreements, Immsi S.p.A. has maintained control of Is Molas S.p.A..
With reference to the other investment initiatives it should be remembered moreover that in the period at issue the Company purchased on the market 2,670,000 shares of treasury stock for a

total expenditure equal to 2.1 million euros and 7,463,552 shares of Piaggio & C. S.p.A. for a total of 12.9 million euros.

The net financial debt at 31 December 2008 is therefore 84.8 million euros, up (+11.2 million euros) on 31 December 2007, mainly because of paying out dividends (10.3 million euros), of the purchase of treasury stock (2.1 million euros) and of the negative balance associated with the operations on investments (6.5 million euros) partially compensated for by the operational cash flow.

Regarding the **industrial sector**, during 2008 the Piaggio group has altogether sold in the world 648,600 vehicles, of which 470,500 in the 2-Wheeled business and 178,100 in the Commercial Vehicles business.
As regards the 2-Wheeled business unit, this performance was accomplished in the context of a particularly difficult market in the main areas of reference of the group. The results achieved on the American continent were very positive, where sales grew by 7,000 units (+28.7%) confirming the success of the group's products at international level. On the contrary, the sales on both the Italian and European markets turned out to have fallen following a generalized decrease in demand compared to the preceding period (Italy -7.1%; Europe -6%).
The Commercial Vehicles division closed the year 2008 with 178,100 units sold, a growth of 2.4% compared to 2007. In particular, the growth of the Indian subsidiary continues, which, in spite of the signs of the recently expanding market slowing down, has seen its volumes grow further by 2.9% (4,600 vehicles) and sales by 2.5% compared to 31 December 2007. In the local currency the growth in sales of Piaggio Vehicles Private Limited was 15.4%.
Therefore, in 2008 the consolidated revenues of the Piaggio group were 1,570.1 million euros, a drop of 7.2% down on the year 2007. The decrease is to be attributed above all to the above-mentioned reduction in the demand of the 2-Wheeled business, accentuated also by the reduction in the BMW five-year order, that recorded a decrease of 18 million euros compared to the previous year, only partially attenuated by the growth in the business of Commercial Vehicles.

The operating result before depreciation and amortisation (Ebitda) of 2008 amounted to 189.1 million euros, equal to 12.0% of revenues, down on the 226.1 million euros, equal to 13.4% of revenues of the previous year.
The operating result (EBIT) of 2008 amounts to 94.5 million euros compared to 136.6 million euros in 2007 (-30.8%), with depreciation for 94.5 million euros (+5.0 million euros, that is +5.6% compared to the previous year).
In 2008 the earnings before taxes of the Piaggio group are positive for 59.6 million euros (-42.4% compared to 2007) and the net profit is equal to 43.3 million euros (-27.8% compared to the previous year), after having deducted taxes for 16.3 million euros that also take account of the deferred fiscal assets registered in the period, also emerging after the incorporation of Moto Guzzi S.p.A. by Piaggio & C. S.p.A..

The net financial debt of the group at 31 December 2008 was 359.7 million euros compared to 269.8 million at 31 December 2007. The increase of 89.9 million over the preceding period was generated after the decision not to take advantage of the right to settle with the issue of new shares the value of the Piaggio 2004-2009 warrants for a total of 64.2 million euros (of which 63.9 million euros settled by cash in July). In addition, the indebtedness has grown also following the distribution of dividends for 23.5 million euros, the purchase of treasury stock for 26.1 million euros and the investment activities for 106.6 million euros, only partially compensated for by the positive trend of the operational cash flow, equal to 137.9 million euros.

As regards the **naval sector**, where Immsi operates through the group controlled by Rodriquez Cantieri Navali S.p.A. (RCN), the year 2008 recorded a significant increase in net revenues compared to the previous year of around 8.5% reaching 161.3 million euros. The production has

moreover been characterized, particularly in the Fast Ferries and Mega Yacht sector, by altogether still insufficient marginality to absorb the direct costs of production and those of the fixed structures. The marginality, especially for the Oman order of the Fast Ferries Division suffers the effect of the negative variations in the estimates of the order in relation to the technical problems of building the catamarans and additional costs sustained in the period for the delivery of the first boat and for the advances in production for the other 4 constructions, while for the Yacht Division the Conam company significantly reduced its contribution to the group due to significantly lower than expected marginality for construction orders accounted at cost waiting for customers to sign contracts, for the suspension of production activities in the last part of the year as a result of the crunch in the world market of Yachts and the ongoing lack of sales contracts.
As a consequence of the above, even with a significant increase in production there is a reduction in the net consolidable loss of the period, that amounts to 7.6 million euros compared to a loss of 2.4 million in the preceding fiscal year.
The net financial debt, equal to 85.9 million euros has increased by 17.9 million euros compared to the balance at 31 December 2007, equal to 68 million euros, mainly because of the need to finance the working capital associated with the growth in volume and for the investments of the period, equal to approximately 6 million euros, partially compensated for by a share capital increase subscribed by the sole shareholder RCN Finanziaria S.p.A. for 14.4 million euros.

Regarding the **property sector**, and particularly with reference to the subsidiary Is Molas S.p.A., that manages a tourist, hotel and sports resort at Pula (Cagliari, Sardinia), the net revenues of 2008, equal to 2.9 million euros, are basically in line with those of the preceding year even though there was a significant drop in attendance due especially to fewer guests coming from the North European market, as for other structures operating in the area.
With reference to the Development Project, the Regional Council of Sardinia with resolution no. 11/26 dated 19 February decided not to apply a further procedure of Environmental Impact Evaluation (“Valutazione Impatto Ambientale” - *V.I.A.*) to the works of the project for “completion of the agreed Is Molas lotting” related to the advancement and completion of the tourist-hotel complex, the construction of the remaining residential volumes and the completion of the urbanization of the lotting, provided that the prescriptions to submit to preventive authorization are respected. These issues concluded positively with resolution no. 1701 dated 18 July 2008.
The resolution also required applying a further procedure of V.I.A. to the works related to the Rio Tintioni and the new golf course, whereby the company forwarded the related documentation to the relevant offices in the month of June. In the month of July the Services Conference was summoned to examine the dossier, which concluded with a positive outcome and some prescriptions. As a result of the Regional administrative opinions obtained, the Municipality of Pula recommenced the examination of the dossiers of building permits, already produced beforehand, related to the construction of a first lot of villas and the Club House. The first executive excerpt of the works of primary urbanization necessary for the request for the building permit is in the process of being drawn up.

With reference to the Pietra Ligure project, in the month of January 2008 the authorization arrived from the relevant Office in Rome of the purchase, made by deed on 18 December 2007, of the Property of 15,300 sq.m. situated in the Municipality of Pietra Ligure; regarding the area the second Services Conference was held in January, in which the technicians and the attorneys of RCN illustrated a new planimetric version that has assimilated the informal directions given by the relevant offices following the first Conference. This new version has been favourably considered by the Municipality and by the town and country planning offices of the Region. In the months following the second conference, further investigations were carried on with the single Parties involved in order to arrive at a definition of each exception raised and a common sharing of the project and therefore being able during the following Services Conference, held in December 2008, to present an update of the original project. During the fourth quarter of 2008 the supplementary documentation required by the parties taking part in the services conference was prepared and particularly the industrial plan, the economic financial analysis of the project and the revision of some aspects of the project itself. For drawing up and processing the economic and financial plan of the project, the company has used the services of an independent expert of primary standing. All the documentation was delivered at the time of the Services Conference that was held at the Liguria Region on 5 December 2008. Afterwards meetings continued with operators who showed interest in the operation.

As for Apuliae S.p.A., it is pointed out that the property's restructuring has been suspended as of March 2005 following investigations by the legal authorities that are still ongoing. With a view to prudence and with it being unlikely that the investigations will finish soon, in the previous years Apuliae had already written down the assets recognized in the financial statements regarding the project to date.

Group activities

The main income and balance sheet figures of the Immsi Group are presented below, divided by business sector and determined, as already stated, in accordance with international accounting standards. A more detailed description of the figures below may be found later on in this document.

In thousands euros	*Property and holding sector*	*in %*	*Industrial sector*	*in %*	*Naval sector*	*in %*	*Immsi Group*	*in %*
Net revenues	5,307		1,570,060		161,301		1,736,668	
Operating earnings before depreciation and amortisation (EBITDA)	-5,376	-101.3%	189,051	12.0%	-10,833	-6.7%	172,842	10.0%
Operating earnings (EBIT)	-6,362	-119.9%	94,511	6.0%	-14,283	-8.9%	73,866	4.3%
Earnings before taxation	-7,261	-136.8%	59,633	3.8%	-18,349	-11.4%	34,023	2.0%
Earnings for the period including minority interest	-5,858	-110.4%	43,331	2.8%	-12,436	-7.7%	25,037	1.4%
Group earnings for the period (consolidated)	-3,437	-64.8%	25,267	1.6%	-7,618	-4.7%	14,212	0.8%
Net financial position	-163,295		-359,708		-85,876		-608,879	
Personnel (number)	70		6,208		421		6,699	

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

The property and holding sector

With reference to the Parent Company Immsi S.p.A., it should be noted that with net revenues accomplished in 2008 deriving from the real-estate operations and services basically unchanged compared to the same period of 2007 (4.2 million euros in 2008 compared to 4.3 million in 2007) there is a strong increase in the component of revenue of financial nature. In particular, there has been an increase in the dividends received both from the subsidiary Piaggio (passing from 6.5 million euros to 13.5 million) and from the stock investment in Unicredit equal to 2.6 million euros (+150 thousand euros over 2007). In addition, with the sale of a portion of the Unicredit shares in the early months of 2008, a capital gain of approximately 5.9 million euros is registered. The shares sold, equal to 1.5 million units, produced a cash-in of over 8 million euros. Approximately 10 million shares of the same nature remain in portfolio among the assets classified for sale. In addition, the Company made a block sale in the month of December of 9.2 million shares of Piaggio & C. S.p.A. at the unit price of 1.18 euros, making capital gains of approximately 1.5 million euros.
Among the most significant items of expense there is an increase in the financial burdens that pass from 4.1 million euros in 2007 to 6.7 million in 2008 (mainly payable interest), because of the increase in the rates and for the greater debt exposure.
The net earnings of the period are therefore 17.2 million euros, with a growth of 5.7 million euros compared to the value recorded in the preceding year, equal to 11.6 million euros.
As mentioned, the net financial position at 31 December 2008 is negative for 84.8 million euros

compared to 73.6 at 31 December 2007 with a net negative change of 11.2 million. The activities of investment absorbed total resources for 98.5 million euros, divided among the investment in CAI (55.6 million euros), ISM Investimenti S.p.A. (30 million euros), Piaggio & C. S.p.A. (12.9 million euros) partially compensated for by the cash flows associated with the sale of IS Molas S.p.A. (84 million euros) and Unicredit (8 million euros). It is specified that the sale of shares of Piaggio & C. S.p.A., having occurred on 30 December, had the credit register in the early days of 2009, for which at 31 December has not yet produced an effect on the financial position.
Among the other negative flows of the period there must be registered the dividends paid out (10.3 million euros) and the purchased treasury stock (2.1 million euros) besides around 0.9 million for investments in tangible fixed assets. The net cash flow produced by operations therefore amounts to around positive 8.6 million euros.

The subsidiary Is Molas S.p.A., operates in the Municipality of Pula (Cagliari) through a tourist hotel complex with significant sports structures (international level golf courses) and a major residential property development project.
In order to implement the development plan of the entire residential and tourist hotel complex as well as construction of the golf courses, the company has turned to world renowned professionals of the calibre of architect Massimiliano Fuksas, Gary Player, Golf Vacanze and Ai Engineering who have prepared a detailed project.
In February 2008, the Regional Council decided not to apply a further procedure of Environmental Impact Evaluation (“Valutazione Impatto Ambientale” - *V.I.A.*) to the works of the project for “completion of the agreed Is Molas lotting” related to the advancement and completion of the tourist-hotel complex, the construction of the remaining residential volumes and the completion of the urbanization of the lotting, provided that the prescriptions to submit to preventive authorization are respected.
Otherwise, the resolution requires applying a further procedure of Environmental Impact Evaluation (“Valutazione Impatto Ambientale” - *V.I.A.*) to the works related to the Rio Tintioni and the new golf course. This documentation was forwarded to the relevant offices on 30 June.
In the month of July the Company at the Municipality of Pula (CA) publicly presented the study of environmental impact to the municipal administration, to the citizens and the representatives of the Region of Sardinia. In October the Services Conference was summoned to examine the dossier, which concluded with a positive outcome and some prescriptions, with the Regional Resolution no. 62/13 of 14 November 2008.
As a result of the Regional administrative opinions obtained, the Municipality of Pula recommenced the examination of the dossiers of building permits, already produced beforehand, related to the construction of a first lot of villas and the Club House. The first executive excerpt of the works of primary urbanization necessary for the request for the building permit is in the process of being drawn up.
With reference to the commercial activity the company has contacts with some parties interested in purchasing the property called “Le Ginestre”, even with a real estate market that suffers from difficulties in financing. In the preceding preliminary contract, undersigned in the month of July 2007, for the sale of the aforesaid property for a total of 9.1 million euros, with the approach of the set term for signing the definitive contract the buyer has not accepted the invitation to be present at its signing, but instead gave notification in the month of January 2008 of a writ of summons aimed at implementing withdrawal from the contract and as a result the restitution of double the deposit. The matter has been handed over to the Company’s lawyers.

The industrial sector: Piaggio group

The 2-wheeled business

After several years of growth, the world market of motorized two wheelers (scooters and motorcycles) dropped 3% down on 2007, with volumes below 40 million vehicles sold.

The Asian area is confirmed to be the largest market: the People's Republic of China remains the biggest market in the world and, with around 15 million vehicles sold, with a slight growth (+1%). In second place there is India that also in 2008 dropped slightly (-1%) to just below 7.4 million vehicles sold. South East Asia is the area that has mostly suffered from the world economic crunch that manifested itself fully in the second half of 2008: with 10.6 million vehicles sold, down by 11%. Among the countries in this area Indonesia remains the main market covering almost 40% of the sales for 4.1 million vehicles sold; Vietnam follows with 2.1 million and Thailand with 1.5 million, that represent respectively 20% and 14% of the sales in the area.
The Japanese market with around 500 thousand units sold significantly emphasises the drop in recent years with a 24% decrease in sales compared to 2007.
As concerns the American market trend, the trend in North America is negative (concentrated in the USA for over 90%) that records a new decrease coming in at under a million units sold, with a 6% decrease compared to 2007, with opposite trends for scooters, 35% growth, and motorcycles, 10% drop.
The area of Latin America, instead, continues also in 2008 with its strong expansion, thanks to the push of the Brazilian market (83% of sales in the area) with a 17% increase, compared to 2007 with 1.9 million vehicles sold.
Europe, the main area of reference for the activities of the Piaggio group, with around 2.2 million vehicles sold recorded a negative trend in 2008 (-6%). All the segments decreased and particularly the over 50cc (-7%); less accentuated the loss for the 50cc segment (-3%).

The scooter market
The Italian scooter market closed 2008 with 382 thousand vehicles sold, a reduction of 6% compared to the 405 thousand in 2007; the over 50cc segment recorded a 5% decrease while the 50cc scooter segment was 8% down compared to 2007.
In 2008 the scooter market in Europe saw a reduction in volumes of 2%, passing from 1,401 thousand units sold in 2007 to 1,368 thousand in 2008; this result is referable to the negative trend in both scooter sub-segments (*over* 50cc down to 648 thousand units against 673 thousand in 2007, -4% and 50cc scooters passed from 728 thousand units in 2007 to 720 thousand in 2008, -1%).
Among the main countries Italy remains the market of reference (around 28% of the European market) with 382 thousand units sold (-6% compared to 2007), followed by France with 267 thousand (-3%) and Spain with 157 thousand units (-26%); Germany is bucking the trend, thanks to the inclusion of several Chinese manufacturers in the monitored market, with nearly 134 thousand vehicles sold for a +55% increase compared to 2007.
While the decrease in the French market is entirely due to the definite drop in the 50cc scooter segment, though the over 50cc segment maintains minimal expansion, the reduction in the Spanish market was produced by a strong crunch in both segments. In Germany instead the significant expansion of the over 50cc scooter segment has continued, to which has been added the very positive increase of the 50cc scooter segment.
The trend of the British market was also negative (-4% compared to 2007) that is just below 40 thousand units sold with a drop in both the over 50cc scooter and 50cc scooter segments.
The scooter market in North America in 2008 recorded considerable growth (+35% compared to 2007), passing from 63 thousand units in 2007 to over 85 thousand units in 2008. Both the 50cc scooter and over 50cc scooter segments show positive trends that split sales equally. Particularly in the United States (88% of the area of reference), in 2008 the scooter market grew signfiicantly (+38%), with around 75 thousand units sold. The over 50cc scooter segment is growing again (+34%) while there is a marked positive trend in the 50cc scooter segment (+41%) that thus also increases its incidence in terms of relative weight covering to date 50% of the market.

The motorcycle market
At the end of 2008 the motorcycle market in Italy (including the 50cc motorcycles) dropped, passing

from 161 thousand units sold in 2007 to 144 thousand in 2008 (-10%), mainly because of the large decrease in the 126-750cc motorcycle sub-segment that passed from 86 thousand units in 2007 to 73 thousand in 2008 (-15%). There was a smaller drop in the over 750cc motorcycle segment (-5%) passing from 57 thousand vehicles in 2007 to 54 thousand in 2008, and 51-125cc motorcycles (-1%), that have volumes of just over 10 thousand units.

The motorcycle market in Europe passed from 941 thousand units sold in 2007 to 844 thousand units in 2008, recording a 10% decrease.
Particularly noteworthy was the collapse of the 50cc motorcycles segment (-14%), that dropped to 87 thousand units compared to 100 thousand at the end of 2007 and of the 51-125cc motorcycles (-15%), that passed from 139 thousand units in 2007 to 118 thousand units at the end of 2008. In both segments there was a significant drop in the Spanish market equal respectively to -42% and -41%.
The medium sized motorcycles of capacity 126-750cc fell (-9%), closing 2008 with 344 thousand new registrations against 379 thousand in 2007. The maxi motorcycles (over 750 cc) also fell, closing 2008 at -8%, with 296 thousand new registrations against 323 thousand in 2007.
The most significant markets are France (160 thousand units), Spain (125 thousand units), Germany (121 thousand units) and lastly Great Britain (91 thousand units).
In Europe the main sub-segment is confirmed that of medium motorcycles from 126 to 750cc, in which the Piaggio group is present with the Aprilia and Moto Guzzi brands, followed by that of the maxi motorcycles with cylinder capacity above 750cc, where the group is present with the Aprilia and Moto Guzzi brands.
In the 51-125cc segment, the group is present with the Aprilia and Derbi brands.
In 2008 the motorcycle market in North America dropped considerably (-10%), passing from 968 thousand units sold in 2007 to 874 thousand in the year just ended.
Particularly in the United States (91% of the area), the motorcycle sub-segment shows a substantial decrease compared to 2007 (-11%), at 795 thousand units against 893 thousand units in 2007.
The negative trend concerns all the cylinder capacity segments, but is more marked in the small cylinder capacities (-46% in the 50cc motorcycles and -32% in the 51-125cc segment).
Whereas the Canadian market grew, passing from 74 thousand units in 2007 to 79 thousand in 2008.

Light Commercial Vehicle business

During 2008 the European market of Light Commercial Vehicles (vehicles with Total Payload lower than 3.5 tonnes) recorded a significant drop compared to the analogous period in 2007, equal to 10.4% (source: ACEA).
In the Italian domestic market the drop was 8.7% with 230,875 units against 252,737 in 2007 (source: ANFIA, deliveries declared by manufacturers in market N1).
The Indian 3-wheeled market, where Piaggio Vehicles Private Limited (PVPL), a subsidiary company of Piaggio & C. S.p.A., operates, passed from 380,661 units in 2007 to 348,097 in 2008 with a drop of 8.5%.
Within this market, the segment of Passenger vehicles kept on expanding, reaching 251,293 units with 6% growth, while the Cargo segment decreased by 32.6% passing from 143,621 to 96,804 units. Besides the traditional 3-Wheeled market it is necessary to consider the market for Light Commercial Vehicle with 4 wheels intended for goods transport (Cargo) in which Piaggio Vehicles Private Limited has begun to operate with the launch of the Ape Truck in mid 2007. The size of the LCV Cargo market was 152,480 units during 2008 with a drop of 0.5% compared to the similar period in 2007.

The regulatory framework

Italy

During 2008 the legislator pursued national incentive policies for the purchase of mopeds and motorcycles up to 400cc with low environmental impact. The Ministry of the Environment disbursed incentives for the purchase of Euro2 mopeds and Euro3 motorcycles – against scrapping a corresponding old vehicle - to which are added the reimbursement of the costs of scrapping (around 80 euro) and free ownership tax for 5 years. A similar incentive, of a higher amount, has been allocated to everyone purchasing an electric vehicle. The objective behind these measures consisted in modernizing the vehicles in circulation, by introducing more technologically advanced vehicles capable of reducing consumption and polluting emissions.

As concerns the initiatives - related to the circulation of mopeds and motorcycles – taken on at regional and municipal level to reduce atmospheric pollution, the initiatives of the Regions worthy of note are Lombardy, Piedmont, Emilia Romagna, Tuscany and the city of Rome. Particularly, since September 2006 for the four regions and since January 2007 for Rome, there is a permanent block in force on the circulation of Euro0 two-stroke mopeds and motorcycles. This block applies to the territory of 135 municipalities in Lombardy and 35 municipalities in Piedmont, as well as in the municipalities with at least 50,000 inhabitants in Emilia Romagna and in 23 municipalities in Tuscany.

With the beginning of 2008, after notification to the Civil Motorization Authority and related approval, the decentralized procedure began for printing the Certificates of Conformity ("CoC") of all the mopeds and motorcycles intended for the domestic market.
In parallel, for only motorcycles, the CoC was started to be marked with an Anti-Counterfeiting Code supplied by the Ministry of Transport. The combination of these two new operations guarantees the authenticity of the CoCs used for registering the vehicles, in order to avoid fraud and discourage vehicle theft.

In autumn 2008 a collaboration started between the Motorization Authority, ANFIA and ANCMA to improve the regulation of "tuning" new vehicles and those already in circulation. The purpose of this initiative consists in giving customers the possibility of "customizing" their vehicle, also replacing important parts for the purposes of safety and/or emissions, provided that the technical and administrative constraints fixed by the Ministry of Transport are respected.

Europe
On 31 December 2008 the so-called "end of series" derogation ended for Euro2 motorcycles sold in the EU in less than 5,000 units per year. This derogation allowed the registration of Euro2 motorcycles, belonging to models that were not very common, sold in the 27 EU Countries for less than a total of 5,000 pieces/year.
Accordingly, the vehicles produced by the group that came under this case in point were updated with the current Euro3 specifications or were taken out of production, no longer being registered in Europe.

During 2008 a Regulation of the European Union came into effect that requires the manufacturers and importers of chemical substances to systematically assess and manage the risks that the chemical substances can produce for health and the environment (REACH Regulation, "Registration, Evaluation, Authorisation and restrictions of CHemicals"). The early phases of this process were composed of registering the company with the European Agency for chemical substances, that has the task of calculating the quantity of these substances that is produced or imported annually in the EU. The vehicles, components and materials used by the Piaggio group for the manufacture of its products respect the prescriptions of the above Regulation.

On 26 September 2008 the European Directive 2006/66 came into effect, that establishes new prescriptions for the disposal and recycling of all types of batteries and accumulators, including those used on engine-driven vehicles, when they reach the end of their useful life. The above-mentioned directive requires the manufacturers of batteries and accumulators in each Country to organize a suitable system of collection and disposal.

In Spain in 2008 legislation came into effect that progressively establishes increasing taxation for the registration of engine-driven vehicles, depending on the values of emission of CO_2. Initially mopeds and motorcycles up to 250cc were excluded from the field of application of this law; when however the Spanish government realized that the income deriving from the implementation of this law were lower than expected, they decided to extend this measure to all motorcycles.

As concerns the business of Commercial Vehicles (categories M1 and N1 – Porter), it is necessary to note that the recent community decree - related to the test specifications to evaluate the emissions of polluting gases - made it possible to approve these vehicles according to the Euro5 and Euro6 specifications, that require different limits between petrol and diesel engines.
On 15 December 2008, moreover, the directive 2005/64 came into effect, that establishes administrative and technical provisions for the type-approval of motor vehicles, with the objective of guaranteeing that their components can be reused, recycled and recovered in the established minimum percentages. In addition it fixes special provisions to guarantee that the reuse of components does not jeopardize safety or result in environmental risks.

Non-European Countries
In Japan in 2008 new and more severe limits on pollution came into effect for mopeds and motorcycles, both for vehicles of local production and for vehicles of importation.
In China new legislation came into effect to limit the polluting emissions of motorcycles. This legislation is similar to that current in the EU, with the difference that in China the prescriptions related to the duration of the anti-pollution system and to the evaporative emissions have already come into effect during 2008, while the corresponding European legislations are still at the stage of proposal and therefore under consideration by the EU commission.

In the USA new legislation came into effect on the permeability of fuel tanks, pipes and the other components of the fuel system of engine-driven vehicles. The new prescriptions, that require using new materials for the various components, have the purpose of limiting the emissions of hydrocarbons caused by the evaporation of the petrol from the vehicles, both in movement and at a standstill.

The 2-wheeled business unit
In 2008 the Piaggio group commercialized in the two-wheeled business a total of 470,500 units (-12% compared to 2007), with net sales of 1,180.7 million euros (-10%) comprehensive of spare parts and accessories, including the BMW order and the engine sales altogether equal to 21.2 million euros (45 million the corresponding value in 2007). The Piaggio has also in 2008 confirmed itself as the leader of the scooter market in Europe.
As underlined in the preceding paragraphs in 2008 the performance of the Piaggio group was strongly penalized by the decrease in the demand of the Italian market and of the European market. The drop concerned both the scooter sub-segment (-5.7% in Italy and -2% in Europe) and the motorcycle sub-segment (-10.6% in Italy and -10% in Europe).
Whereas the results achieved in America were extremely positive, where, thanks mainly to the success of the Vespa, the volumes and sales grew respectively by 27.6% and 18.8% compared to 2007.

Two-Wheeled Product Range
The Piaggio, Vespa and Gilera ranges, formed by a broad series of products, largely already in conformity with the Euro3 standard, are able to meet the demands of all customer segments in the scooter market.
The two models most sold in 2008 were Vespa LX (63,000 units sold) and Piaggio Liberty (around 38 thousand units) followed by Vespa GTS (31 thousand units), Piaggio Beverly (more than 30 thousand units), Fly (28 thousand units), Vespa S (19 thousand units) and MP3 that at three years from the launch achieved sales in 2008 for 15 thousand units.
During 2008 the Piaggio brand renewed the Beverly model, one of the vehicles of greater success, presented in the new “high beam” version with 125cc, 250cc and 400cc engines, called Tourer. However the Vespa and Gilera brands are the main novelties for 2008. The former offered further

evolution of the Vespa GT: after GTS, launched in 2005, GTS Super was born, a Vespa with sporting lines equipped with a 300cc engine able at the same time to provide high performance and good riding comfort. The Gilera brand then presented the GP800, the first scooter with a two-cylinder engine produced by the Piaggio Group, and absolutely the most powerful one on the market.
During 2008 Aprilia thoroughly revised its scooter range providing a face lift for the Mojito range (50 and 125) and completely renewing the Sportcity family with the introduction of the ONE version and with an important review of the liquid-cooled version, that has seen the introduction of the new 300cc e.i. engine in place of the 250cc and a completely redesigned body.
The process of renewal of the Scarabeo range was completed with the new 500, offered with the twin spark 500cc engine, able to compete in the best way in terms of performance and outfit at the high end of the large wheel high capacity segment.
As concerns motorcycles, 2008 saw the reinforcement and consolidation in terms of market share of the new products just launched (Shiver and Mana) and the launch of important new models, Dorsoduro 750, to extend the Aprilia range of medium capacity motorcycles and SX/RX 125 that reconfirm the attention of Aprilia to the younger public.
In addition it is underlined that Aprilia has marketed the ABS range for all its recent products (Shiver 750, Dorsoduro 750 and Mana 850), confirming its attention to “safe fun.”
In the Off-Road segment, to complete its range, in 2008 Aprilia launched the Cross motorcycle MXV 450.
During 2008 Moto Guzzi extended its market coverage by marketing two important novelties in the first part of the year: the first one was Stelvio, the 1200cc road enduro equipped with the new four-valve engine, which turned out to be the motorcycle with the highest number of registrations in Europe for Moto Guzzi.
In May the V7 Classic arrived, a naked machine based on a powertrain of Breva 750 derivation, that with a completely new design has extended the offer in the naked segment, particularly attacking the “vintage” niche. Also the V7, of which new models are expected for 2009, has received good public success coming in second place among the most sold Moto Guzzi in 2008 despite being on the market for only part of the year.
In the second half of 2008 two important updates of models already in the catalogue were offered, the Bellagio Luxury and the 1200 Sport with the four-valve engine.

The Light Commercial Vehicle business unit
The Light Commercial Vehicle business unit ended 2008 with 178.1 thousand units sold with 2.4% growth over the volumes of 2007, while sales increased from 380.2 million euros in 2007 to 389.4 million euros in 2008 with a +2.4% variation. Sales were generated in Europe for 145.4 million euros while India made 244.0 million euros.
On the European market Piaggio has 19,191 units sold with a slight decline compared to 2007 (-1.5%). The sales achieved, thanks to the major initiatives carried out on the Porter range and on the new Eco-solution engines with low environmental impact, grew by 2.0% passing from 142.2 million euros in 2007 to 145.4 million euros in 2008. Also the Porter unit sales dynamics are positive, from 6,991 in 2007 to 7,295 in 2008 with a change of 4.3% in a context of a European market in difficulty.
As concerns the product range in Europe, 2008 was distinguished by the introduction of the new Porter Eco-solution range characterized by eco-compatible engines with low and null environmental impact. Among the most significant products special mention is made of Porter Ecopower, characterized by a modern bi-fuel petrol and LPG system able to minimize polluting emissions guaranteeing performance and reduced consumptions. In July 2008 the new Porter Maxxi was moreover introduced onto the market, with a capacity of 1.1 tons, made completely at Pontedera, that was joined, as for the conventional range, by the modern Ecopower engine starting from November 2008.
On the Indian 3-wheeled market, Piaggio Vehicles Private Limited continues to strengthen its role as a key player and the leader on the market. The sales of 3 wheelers passed from 149,790 in

2007 to 146,114 in 2008 recording a 2.4% drop, much lower than the drop in the market. The market share therefore increased and reached 42%. There was strong growth in sales on the market of Light Commercial 4-wheeled Vehicles, Ape Truk (introduced during 2007) passed from 2,577 units in 2007 to 9,600 units during 2008.
Analyzing the market in detail, Piaggio Vehicles Private Limited consolidates its role of market leader in the Cargo segment (goods transport). Thanks particularly to the Piaggio Ape 501 and to its numerous possibilities of customization the market share of Piaggio Vehicles has reached 47.1%. Also the incidence in the Passenger segment continues to increase, in which the market share has reached 40%.

The naval sector: Rodriquez group

The year 2008 recorded a significant increase in net revenue that increased from 148.7 million euros in the preceding year to 161.3 million euros (+8.5%).

Particularly in the Fast Ferries Division a value of production was accomplished of 26.9 million euros (50 million in 2007) for the advancements in the construction of the five 52-metre catamarans for the Sultanate of Oman and for the advancement of the activities of Research and Development related to the projects and to the construction of the prototypes of 2 hydrofoils with Immersed Wing and an Aliswath.
In the Yacht Division there was a value of production of 21.6 million euros, of which 15.4 million euros related to the Mega Yacht sector (18.4 million in 2007) for the advancements in the construction of one 38-metre Mega and four 40-metre Mega Yachts (Yacht Plus), and 6.2 million euros for the advancements and deliveries of Yachts of up to 25 metres by Conam S.p.A. (18.7 million in 2007).
Lastly, with reference to the Military Division, a value of production of around 120.4 million euros (69.1 million euros in 2007), almost doubled compared to the preceding year, particularly for the advancements in the construction of the minesweepers for the Finnish Navy (78 million euros), for the advancements in the construction of the units for Guardia di Finanza (*i.e.,* Revenue Tax Corps) (39.4 million euros regarding two 36-metre Bigliani patrol boats, five 28-metre Bigliani patrol boats and for those in construction related to the orders of 56 patrol boats of 13.2 metres and 23 units of 22 metres) and for other orders for the difference (3 million euros).
The production has moreover been characterized, particularly in the Fast Ferries and Mega Yacht Division, by altogether still insufficient marginality to absorb the direct costs of production and those of the fixed structures. The marginality, especially for the Oman order of the Fast Ferries Division suffers the effect of the negative variations in the estimates of the order in relation to the technical problems of building the catamarans and additional costs sustained in the period for the delivery of the first boat and for and for the advances in production for the other 4 constructions, while for the Yacht Division the Conam company significantly reduced its contribution to the group due to significantly lower marginality than expected for construction orders accounted at cost waiting for customers to sign contracts, for the suspension of production activities in the last part of the year as a result of the crunch in the world market of Yachts and the ongoing lack of sales contracts.
At the end of 2008, the overall order book stood at around 284 million euros of which about 252 million euros being Military Division (the construction of minesweepers and patrol boats), 16.7 million of euros from Fast Ferries Division (mainly the above order for the Sultanate of Oman) and the rest being Yacht and Mega Yachts Division of various sizes.
With the aforesaid increase in production the Rodriquez group has significantly reduced its operational losses, that amounted to 7.6 million euros of net consolidable loss in 2007 compared to 2.4 million euros of the preceding year.

Concerning liquidity, the group has again suffered during the year, also in consideration of the need to finance the working capital connected with the growth in volumes. There have moreover been some significant financial effects, which can be summed up in the collection by RCN S.p.A. of 14.4 million euros from the shareholder RCN Finanziaria S.p.A. to cover the losses and in the

capital increase account, collection of Intermarine in the month of October 2008 of the significant arrears matured with the customer Guardia di Finanza (*i.e.,* Revenue Tax Corps), for 35 million euros, a negative effect for 2.9 million euros on the liquidity of RCN, as a result of the obligations toward the banks on the Oman signed credit line (these obligations require RCN to bind liquidity in a Deposit Account coming from the collections on the order for the portion of interest on the guarantees used in the line of capital; the releases take place pro-quota at the delivery and acceptance of the boats by the customer; as concerns the Cash Collateral, to constitute for exposure greater than 60 million USA dollars, at the end of the year there are no significant bound sums), negative effects for 4.7 million euros, for deposit in a deposit account guaranteed by lien for Intesa Sanpaolo, for the financing received in November and used for the obligatory exercise of options on exchange rates, negative effects on the financial flows of RCN for the delays in the deliveries of the catamarans of Oman that have involved moving the expected contractual instalments on the interim payment certificates of the orders to 2009 and finally the increase in the indebtedness of Conam of around 3 million euros, connected to the difficult commercial and financial situation of the company.
The financial position of the Group at 31 December 2008 is therefore 85.9 million euros, an increase of 17.9 million euros compared to the sale of 31 December 2007, equal to 68 million euros.

With reference to the Pietra Ligure project, in the month of January the authorization arrived from the relevant Office in Rome of the purchase, made by deed on 18 December 2007, of the Property of 15.3 thousand sq.m. situated in the Municipality of Pietra Ligure.
Regarding the litigation arisen at the court in Milan through mutual summonsing between Rodriquez Cantieri Navali S.p.A. and Como S.r.l. of which information is given in the Report on operations for the year 2007, it is noted that no significant changes have been made since then. It must be remembered that in 2005 Rodriquez Cantieri Navali S.p.A. signed a contract with the company Como S.r.l. for the sale of the part of the area transferred by the State and for the stipulation of a building agreement aimed at the reconversion of the areas under concession on which the Pietra Ligure yard operates.
In the trial in which Rodriquez Cantieri Navali S.p.A. is plaintiff, Como appeared as a defendant, asking for the applications of Rodriquez Cantieri Navali S.p.A. to be rejected, and, as a voluntary participant, Efibanca appeared, asking for acceptance of the application of Rodriquez Cantieri Navali S.p.A..
The meeting has been arranged for both trials. The hearing has been set for 7 October 2009 to specify the conclusions and present the final defensive briefs.
Finally it must be noted that Rodriquez Cantieri Navali S.p.A. owns the maritime state concession by virtue of license no. 592/98, in the process of extension, issued by the Port Authority of Savona, for occupying a state area located in the Municipality of Pietra Ligure, intended for the purpose of maintaining and carrying on the business of a shipyard.
As a result of the progress of the project in 2008 and the process in course of the “Burlando Decree”, the production activities of the yard were suspended for the whole of 2008 and on 18 February 2008 RCN presented an appeal for extraordinary temporary redundancy for business restructuring, for the period from 1 January 2008 to 31 December 2009 for a maximum of 25 working units; the Ministry of Labour on 9 April 2008 issued the decree of approval of the programme for the period at issue and the payment of the extraordinary treatment of wage supplementation.

Financial situation and financial performance of the Group

In 2008 the Group presented operating results that are altogether positive even with a profoundly deteriorated macroeconomic situation of reference that is reflected in a general downturn in relation to the final results of the preceding period.
The variations recorded in the perimeter of consolidation, related to the closing for liquidation of Piaggio Indocina Ltd and Progetto Smeb S.r.l., are basically irrelevant and therefore do not alter the comparability of the assets and liabilities and economic results between the two periods of reference.

The total net revenues are at 1,736.7 million euros, largely thanks to the contribution of the industrial sector, equal to 1,570.1 million euros, for 161.3 million from the naval sector and for the remainder from the property sector.

Operating earnings before amortisation and depreciation at 31 December 2008 was 172.8 million euros, 10% of revenues, while operating earnings were 73.9 million euros, 4.3% of revenues. These values show a decrease of 47.5 million euros (-21.6%) and 52.3 million euros (-41.5%), respectively, compared to the previous year.
Moreover, it is pointed out that operating earnings do not include goodwill in that, on the basis of the results expected in the multi-year development plans prepared by the Group companies and used by third-party independent experts for testing for impairment, no write-downs were deemed to be necessary in that such goodwill is considered to be recoverable with future cash flows.

The earnings before taxes for the period, including the portion for the Group's minority shareholders, on 31 December 2008 amounted to 34 million euros, equal to 2% of the revenues compared to 91.5 million euros (5% of revenues) at 31 December 2007.

The taxes for the period, amount to 9 million euros compared to 35 million at 31 December 2007, with a tax rate of respectively 26.4% and 38.2%.

Group earnings for the period stand at 14.2 million euros (0.8% of revenues) compared to 32.7 million euros (1.8% of revenues) at 31 December 2007.

Group net financial debt at 31 December 2008 totals 608.9 million euros, increasing 180.7 million euros compared to the negative balance of 428.2 million euros at 31 December 2007, due to the total net investment of the year, equal to 203.6 million of euros and to the dividend distributed to third parties by the Parent company (10.3 million euros) an by Piaggio (10 million of euros) partially offset by the net cash flow, equal to 122.4 million euros.

Group investments in the year are as follows:

- 59.1 million euros in intangible assets, of which 57.3 million euros referring to the Piaggio group;
- 51.7 million euros in tangible assets (excluding property disposals of 0.9 million euros), of which 45.6 million euros referring to the Piaggio group, 4.2 million euros to the Rodriquez group and the rest to the property/holding company sector;
- 12.9 million euros for purchasing Piaggio & C. S.p.A. shares on the market by Immsi S.p.A.;
- 100 million euros for purchasing a stake in the Italian company Compagnia Aerea Italiana (CAI), of which 55.6 million euros paid within 2008.

Besides the aforesaid cash flows in the period at issue there have been:

- purchases on the market of treasury stock by Immsi S.p.A. for 2.1 million euros;

- purchases on the market of treasury stock by Piaggio & C. S.p.A. for 26.1 million euros;

Among the most significant negative cash flows of the period the most noteworthy is the one deriving from the decision by Piaggio & C. S.p.A. not to take advantage of the right to settle the value of the Piaggio 2004-2009 warrants for a total of 64.2 million euros (of which 63.9 million euros settled by cash in July) with the issue of new shares.
It should be noted that Immsi has sold to the market 1.5 million of Unicredit securities for 8 million of euros receipt.
The total shareholders' equity of the Immsi Group at 31 December 2008 is equal to 585.4 million euros; excluding the portion for the minority shareholders, the Group shareholders' equity is equal to 394.7 million euros.

Financial performance of the Group

The Group prepares reclassified figures as well as the financial statement schedules required by law. These reclassifications are not audited.
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 explanatory and additional notes to the financial statements. Specific notes referring to the mandatory schedule items are omitted since the sums coincide.
The reclassified consolidated income statement of 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	***Year 2008***		***Year 2007***	
Net revenues	**1,736,668**	**100%**	**1,846,472**	**100%**
Costs for materials	1,020,277	58.7%	1,088,605	59.0%
Costs for services and the use of third party assets	363,147	20.9%	371,290	20.1%
Personnel costs	277,168	16.0%	263,646	14.3%
Other operating income	141,068	8.1%	139,586	7.6%
Other operating costs	44,302	2.6%	42,138	2.3%
OPERATING EARNINGS BEFORE AMORTISATION/DEPRECIATION	**172,842**	**10.0%**	**220,379**	**11.9%**
Depreciation of tangibile assets	42,177	2.4%	43,890	2.4%
Impairment of goodwill	0	-	0	-
Amortisation of finite life intangible assets	56,799	3.3%	50,301	2.7%
OPERATING EARNINGS	**73,866**	**4.3%**	**126,188**	**6.8%**
Earnings on equity investments	12	0.0%	79	0.0%
Financial income	44,341	2.6%	27,214	1.5%
Financial charges	84,196	4.8%	62,030	3.4%
EARNINGS BEFORE TAXATION	**34,023**	**2.0%**	**91,451**	**5.0%**
Taxation	8,986	0.5%	34,963	1.9%
EARNINGS AFTER TAXATION FROM CONTINUING ASSETS	**25,037**	**1.4%**	**56,488**	**3.1%**
Profit (loss) from assets for disposal or sale	0	-	0	-
EARNINGS FOR THE PERIOD INCLUDING MINORITY INTEREST	**25,037**	**1.4%**	**56,488**	**3.1%**
Minority interest earnings for the period	10,825	0.6%	23,772	1.3%
GROUP EARNINGS FOR THE PERIOD	**14,212**	**0.8%**	**32,716**	**1.8%**

Consolidated Group turnover in 2008 is 1,736.7 million euros, of which 1,570.1 million euros from the Piaggio group, 161.3 million euros from Rodriquez group and 5.3 million euros from the property/holding company sector.

The net revenues of the industrial sector were 1,570.1 million euros, a decrease of 7.2% over the previous year. A total of 648,600 units were sold, of which 470,500 in the 2-Wheeled business and 178,100 in the Commercial Vehicle business.
As regards the 2-Wheeled business, this performance was accomplished in the context of a particularly difficult market in the main areas of reference of the group. Demand has indeed decreased compared to the corresponding period of the preceding year both in Italy (-7.1%) and in Europe (-6%) as well as in the United States (-6% globally, but +35% in the scooter subsegment).
The sales of the group in America have reached 31,600 units (+28.7% compared to 2007) confirming the success of Piaggio at international level on the markets with the strongest expansion.
The downturn in sales is due not only to the decrease in sales of the 2-Wheeled sector, but also the revaluation of the euro against the dollar, Indian rupee and Pound sterling, with a negative impact on sales of around 38.4 million euros compared to 2007. The drop in sales of the 2-Wheeled sector was weighed down by the reduction in the BMW five-year order (-18 million euros compared to the same period of last year).

With reference to the naval sector, the consolidated revenues recorded a good increase compared to the preceding year equal to around 8.5% at 161.3 million euros.
Lastly, with reference to the property/holding sector the revenues of the period, equal to 5.3 million euros are basically in line compared to the figure of 2007.

Operating costs and other consolidated Group net costs in 2008 total 1,563.8 million euros (equal to 90% of revenues), of which 1,381 million euros (equal to 88% of revenues) relating to the Piaggio group.

Costs for materials total 1,020.3 million euros, 58.7% of revenues. The part relating to the industrial sector amounts to 936.6 million euros, 59.7% of revenues.

Personnel costs total 277.2 million euros, or 16% of turnover. The largest part, 251 million euros (16%), refers to the Piaggio group.

Operating earnings before depreciation and amortisation (EBITDA) total 172.8 million euros, equal to 10% of turnover, of which 189.1 million euros referred to the industrial sector.

Depreciation and amortisation for the period stand at 99 million euros (of which 94.5 million euros in the industrial sector), 5.7% of turnover. Depreciation of tangible assets accounts for 42.2 million euros, while amortised intangibles excluding goodwill total 56.8 million euros.

EBIT showed a profit of 73.9 million euros, 4.3% of turnover, of which 94.5 million euros referring to the industrial sector.

The negative net financial balance totals 39.8 million euros, 2.3% of turnover, the result of a net negative balance of 34.9 million euros relating to the industrial sector and 4.1 million euros from the naval sector, while the property and holding sector totals 0.9 million euros negative balance.

Profit before taxation stands at 34 million euros, or 2% of turnover, of which 59.6 million euros from the industrial sector, while the naval sector shows a loss of 18.3 million euros, and the property and holding sector a loss of 7.3 million euros.

Net earnings for the period, after taxation and net of minority interest, totals 14.2 million euros (0.8% of revenues).

Group financial situation

In thousands of euros	***31.12.2008***	***in %***	***31.12.2007***	***in %***
Current assets:				
Cash and cash equivalent	55,353	2.6%	134,673	6.8%
Financial assets	6,707	0.3%	19,222	1.0%
Operating assets	639,213	30.3%	615,556	31.0%
Total current assets	**701,273**	**33.3%**	**769,451**	**38.7%**
Non-current assets:				
Financial assets	0	0.0%	566	0.0%
Intangible assets	827,472	39.3%	813,091	40.9%
Tangible assets	299,500	14.2%	308,426	15.5%
Other assets	278,372	13.2%	96,017	4.8%
Total non-current assets	**1,405,344**	**66.7%**	**1,218,100**	**61.3%**
TOTAL ASSETS	**2,106,617**	**100.0%**	**1,987,551**	**100.0%**
Current liabilities:				
Financial liabilities	332,752	15.8%	198,316	10.0%
Operating liabilities	690,134	32.8%	569,846	28.7%
Total current liabilities	**1,022,886**	**48.6%**	**768,162**	**38.6%**
Non-current liabilities:				
Financial liabilities	338,187	16.1%	384,316	19.3%
Other non-current liabilities	160,161	7.6%	168,306	8.5%
Total non-current liabilities	**498,348**	**23.7%**	**552,622**	**27.8%**
TOTAL LIABILITIES	**1,521,234**	**72.2%**	**1,320,784**	**66.5%**
TOTAL SHAREHOLDERS' EQUITY	**585,383**	**27.8%**	**666,767**	**33.5%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,106,617**	**100.0%**	**1,987,551**	**100.0%**

Current assets at 31 December 2008 amounted to 701.3 million euros, a decrease over 31 December 2007 of 68.2 million euros. This decrease is mainly referable to the change in the financial liquidity, equal to 79.3 million euros and the financial assets, for 12.5 million euros, partially compensated for by the growth of the operational activities (+23.7 million euros).
Non-current assets at 31 December 2008 stand at 1,405.3 million euros against 1,218.1 million at 31 December 2007, with a 187.2 million euros increase, mainly a result of the acquisition of the investment by Immsi S.p.A. in the Italian company Compagnia Aerea Italiana (CAI) equal to 100 million euros, of which 55.6 million paid up within 31 December 2008, and for the evaluation at fair value of the property in Rome of the Parent Company, following the change in the intended use, that has led to a growth in value equal to approximately 60.8 million euros.
Specifically, among the non-current assets, intangible assets total 827.5 million euros, a 14.4 million euros increase compared to 31 December 2007, tangible assets stand at 299.5 million euros (308.4 at the end of 2007) and other assets of 278.4 million euros (against 96 million at the end of 2007).

Current liabilities at 31 December 2008 total 1,022.9 million euros, 254.7 million euros increase compared to 31 December 2007, both due to the increase in current financial liabilities (134.4 million euros), and to the increase in the current operational liabilities (120.3 million euros). The operational liabilities include the debt of the Parent Company Immsi S.p.A. related to the residual payment, equal to 44.4 million, for the purchase of the investment in the Italian company Compagnia Aerea Italiana (CAI).

Non-current liabilities at 31 December 2008 stand at 498.3 million euros compared to 552.6 million euros at 31 December 2007. The decrease is attributable mainly to financial liabilities for 46.1

million euros and to the other non-current liabilities for 8.1 million euros.

The consolidated Group and minority interest shareholders' equity at 31 December 2008 is 585.4 million euros, of which 190.7 million euros attributable to minority interest.

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

In thousands of euros	***31.12.2008***	***in %***	***31.12.2007***	***in %***
Current operating assets	639,213	47.2%	615,556	48.7%
Current operating liabilities	-690,134	-51.0%	-569,846	-45.1%
Net operating working capital	**-50,921**	**-3.8%**	**45,710**	**3.6%**
Intangible assets	827,472	61.1%	813,091	64.4%
Tangible assets	299,500	22.1%	308,426	24.4%
Other assets	278,372	20.6%	96,017	7.6%
Invested capital	**1,354,423**	**100.0%**	**1,263,244**	**100.0%**
Non-current non-financial liabilities	160,161	11.8%	168,306	13.3%
Minority interest capital and reserves	190,704	14.1%	262,175	20.8%
Consolidated shareholders' equity of the Group	394,679	29.1%	404,592	32.0%
Total non-financial sources	**745,544**	**55.0%**	**835,073**	**66.1%**
Net financial debt	**608,879**	**45.0%**	**428,171**	**33.9%**

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

In thousands of euros	***31.12.2008***	***31.12.2007***
Cash generated internally	146,046	187,449
Change in net working capital	-23,666	-63,973
Cash flow generated from operations	**122,380**	**123,476**
Payment of dividends by Parent company	-10,296	-10,296
Payment of dividends to minority interest by Group companies	-9,973	-5,344
Increase in Parent company share capital	0	0
Increase in share capital of subsidiaries underwritten by minority interest	12,571	12,923
Purchase of treasury shares by the companies of the Group	-28,336	-26,830
Purchase of intangible assets	-59,051	-56,510
Purchase of tangibile assets	-51,703	-59,581
Net decrease from property disposals	888	1,590
Acquisition of non-controlling equity investments, net of disposal	-91,474	5,928
Acquisition of controlling equity investments, net of disposals	-2,302	-3,491
Other net movements	-63,412	4,280
Change in net financial position	**-180,708**	**-13,855**
Initial net financial position	**-428,171**	**-414,316**
Closing net financial position	**-608,879**	**-428,171**

As shown above, net cash flow generated from operations totalling 122.4 million euros for the year 2008, together with the increase in share capital by minority interest (12.6 million euros) and incomes from disposal of 1.5 million of Unicredit shares (8 million euros) and 9.2 million of Piaggio shares (10.9 million euros) by the Parent company partially off-set the gross investment of the period (222.5 million euros), the dividends paid by the Parent company (10.3 million euros), the amounts paid to minority interest as dividends (10 million euros), the purchase of treasury stock both of Immsi S.p.A. (2.1 million euros) and of Piaggio & C. S.p.A. (26.1 million euros) and the decision to settle the value of the 2004-2009 Piaggio warrants by cash for 64.2 million euros (of which 63.9 settled in July) giving rise to a negative change in the net financial position of 180.7 million euros.

The net **financial debt** of 608.9 million euros is analysed below and compared with the figure at 31 December 2007:

In thousands of euros	***31.12.2008***	***31.12.2007***
Short-term liquidity		
Cash and cash equivalent	-55,353	-134,673
Financial assets	-6,707	-19,222
Total short-term financial assets	**-62,060**	**-153,895**
Shot-term financial payables		
Bonds	0	0
Amounts due to bank	316,122	165,975
Amounts due under finance leases	769	736
Amounts due to other lenders	15,861	31,605
Total short-term financial payables	**332,752**	**198,316**
Total short-term financial debt	**270,692**	**44,421**
Medium/long-term financial assets		
Receivables for loans	0	-566
Other financial assets	0	0
Total medium/long-term financial assets	**0**	**-566**
Medium/long-term financial payables		
Bonds	120,873	145,380
Amounts due to bank	172,273	203,170
Amounts due under finance leases	9,200	9,883
Amounts due to other lenders	35,841	25,883
Total medium/long-term financial payables	**338,187**	**384,316**
Total medium/long-term financial debt	**338,187**	**383,750**
Net financial debt	**608,879**	**428,171**

Financial situation and financial performance of the Parent company

A summary sheet and a short description of the main balance sheet and income statement items is provided below. Further information on these items may be found in the explanatory and additional notes to the financial statements of Immsi S.p.A..

In thousands of euros	Year 2008	Year 2007
Earnings on financial operations	19,220	10,363
Earnings before tax	16,787	9,447
Net earnings of the period	17,246	11,551
Net operating working capital	-22,469	62,025
Invested capital	539,409	446,109
Non financial sources	454,597	372,469
Net financial position	84,810	73,640
Shareholders' equity	432,863	366,736
Personnel (number)	16	16

During 2008 the company had net financial revenues for 19,220 thousand euros primarily following the transfer of 1.5 million Unicredit shares and 9.2 million Piaggio shares, making overall capital gains equal to 7,356 thousand euros, the collection of dividends for 16,114 thousand euros, accrued interest receivable for 2,146 thousand euros for loans provided to subsidiaries and negative interest accrued on loans for 6,128 thousand euros. The above items that represent the major components of the income statement are subjected to a reduced taxation treatment, therefore the net earnings for the period benefit from a positive tax balance.

The net operating working capital was negative at the end of 2008 for 22,469 thousand euros and decreased compared to 31 December 2007 largely due to the sale of 1.5 million Unicredit shares and the least value of these same securities remaining in the portfolio, the debt with Alitalia – Compagnia Aerea Italiana S.p.A. for the share capital not yet recalled and paid up, partially compensated for by the credit with Banca IMI for the sale in the last few days of December of 9.2 million Piaggio shares.

The invested capital amounts to 539,409 thousand euros, an increase over 31 December 2007 of 93,300 thousand euros, mainly due to the evaluation at fair value of the real estate investment in Rome, of the purchase of the investment in ISM Investimenti S.p.A. and in Alitalia – Compagnia Aerea Italiana S.p.A. and lastly for the purchase of No. 7.463.552 Piaggio shares.

The non-financial sources, composed for 432,863 thousand euros by the shareholders' equity and for 21,734 thousand euros by the non-current non-financial liabilities, increased compared to 31 December 2007 by 82,128 thousand euros, mainly for the registration of the deferred taxation on the evaluation at fair value of the real estate investment in Rome equal to 19,652 thousand euros, for the reporting to shareholders' equity of the asset evaluation reserve under common control for 65,087 thousand euros and of the reserve of evaluation at fair value of the above real estate investment equal to 41,171 thousand euros, partially compensated for by the decrease in the shareholders' equity for 45,005 thousand euros referable essentially to the lower revaluation to the fair value of the shareholding in Unicredit compared to 31 December 2007.
The net financial debt amounts at 31 December 2008 to 84,810 thousand euros, an increase over

31 December 2007 of 11,170 thousand euros, mainly due to the purchases of shares in subsidiary companies for 42,938 thousand euros and other companies for 100,009 thousand euros, the purchase of treasury stock for 2,078 thousand euros, the distribution of dividends to shareholders for 10,296 thousand euros partially compensated for by the cash flow generated by ordinary activity for 42,169 thousand euros, by the sale of 1.5 million Unicredit shares and 9.2 million Piaggio shares for an amount of 18,885 thousand euros and by the sale of the investment in Is Molas S.p.A. to the subsidiary ISM Investimenti S.p.A. for 84,000 thousand euros.

Research & development

The Immsi Group carries out research and development activities through its subsidiaries Piaggio and Rodriquez. Below is a summary of the main current activities in the two respective sectors.

The **Piaggio group** carries on its activities of research and development of new products or technologically advanced solutions to apply to its vehicles and engines in the production plants of Pontedera, Noale, Mandello del Lario, Barcelona and Baramati. Until last year Piaggio Vehicles used the product development projects created centrally at Pontedera in the area of Commercial Vehicles. Since this year it has begun autonomously developing projects related to new products that are to be constructed in its factories.
Also in 2008 the Piaggio group continued with its policy aimed at providing technological leadership in the sector, allocating resources to the activity of research and development for a total of 73 million euros (of which 61.7 million euros in Piaggio & C. S.p.A., 2 million in Nacional Motor S.A. and 9.3 million euros in Piaggio Vehicles Private Limited, with an incidence on turnover of 4.6% (4.2% in 2007), of which 49.4 million euros capitalized in the intangible assets as development costs.
The research activities have in particular concerned new vehicles and new engines, especially from an ecological standpoint.

<u>Research and Development Projects</u>

The Italian Financial Law 2007 with art.1, paragraphs from 280 to 284, made provision for granting tax credit to support companies that carry on an “activity of industrial research and pre-competitive development.” The facilitation is in relation to the activities begun in the tax periods 2007-2008-2009.
The credit due is equal to 10% of the costs sustained, increased to 40% if the costs refer to contracts stipulated with universities and public research bodies, but in any case within the limit of 50 million euros of permissible expenditure for each period.
The activities begun during 2007 and 2008 allowed obtaining credit against tax within the limits allowed by the law.

Research and development projects financed by the Ministry of Economic Development (MSE)
During 2007 the Piaggio group, within the so-called national programme of “Industry 2015”, participated in the tenders for “Sustainable Mobility” and “Made in Italy.”
While for the latter the ranking is expected for the spring of 2009, the project presented by Piaggio as the leader of 16 bodies on sustainable mobility with the title “Tyred urban road vehicles that are ecological, ergonomic, economic, safe and interconnected for the transport of people and/or goods” was in second place in the ranking with a score of 59.5/60 points. The permissible expenditure for Piaggio in the three-year period 2009/2011 amounts to 11,742,932 euros for a grant of 3,974,430 euros.

Projects of research and development financed by the Italian Ministry of Education, Universities and Research (MIUR)
At year’s end the contracts were signed with the agent bank for the Mid2R project on the injection systems of conventional and CNG engines (6 million euros of permissible expenditure).
The reporting activities are in progress for the “Eureka One” project and in the month of February 2009 the payment for the first Interim Payment Certificate arrived equal to 529,129.23 euros as a grant plus 1,146,444.86 euros financing.
As concerns the 5 research projects presented by Aprilia prior to the acquisition by the Piaggio group, 3 were granted on the basis of the original characteristics. The one regarding the cycle gear was instead granted on updated and current design bases (4.6 million euros of permissible expenditure), while the fifth one regarding the materials is in the course of being updated.

European research and development projects.
In 2008 Piaggio's commitments continued in the activities of the European Projects financed within the framework of the 6^{th} and 7^{th} Outline Programme and related to the improvement of safety on the roads for motorcyclists.
In December 2008 the "Watch-Over" project concluded, that had the objective of designing a preventive safety system for vulnerable road users, among whom also motorcyclists, based on the communication between car and motorcycle. In the final demonstration Piaggio showed an innovative concept of person-vehicle interface implemented on MP3.

In addition some important projects are underway, among which:

- the "Aprosys" integrated project that has the objective of designing and developing advanced passive safety systems for terrestrial vehicles (cars, motorcycles, heavy vehicles).
  The main result of the Aprosys - SP4 "Motorcycle Accidents" sub-project was designing the activation system of passive safety devices for motorcycles (such as airbags and wearable devices) through simulations and experimental tests of crashes between car and motorcycle. The project will end in March 2009.
- the "Safespot" project (the "Integrated Project" type) aimed at designing communication between the various vehicles on the roads and the infrastructures, in order to increase the safety level of road users, preventively informing them about the risks and dangers on their path.
  During the second year of activity the hardware and software architecture of the vehicles to be used in the functional tests was defined, expected for the second half of 2009.
- the SIM "Safety In Motion" project for which Piaggio is the leader and that will conclude in 2009 with the completion of two vehicle prototypes equipped with an advanced braking system (ABS with three channels), semi-active suspensions and a combined passive safety system (front airbag and inflatable jacket).
- the "Saferider" project, begun in January 2008 within the framework of the 7th Outline Programme, concerns studies for the improvement of the Person-Vehicle Interface ("HMI") that take account of the market requirements (mainly tied to characteristics of infotainment such as GPS, mp3, cellular telephony, intercom…) and safety requirements (e-safety or driving aid systems).
- the eSUM project, approved by the Directorate General for Energy and Transport of the European Commission. In this project Piaggio collaborates with the municipalities of the major European cities (Rome, Paris, London, Athens, Barcelona) in activities demonstrating the results achieved in other projects within the framework of sustainable urban mobility and safety (prototypes of the SIM project and hybrid vehicles).

As regards the naval sector, the **Rodriquez group** continued the development started in previous years of two important research projects through the Parent company Rodriquez Cantieri Navali: "Fully submerged hydrofoils" and "Enviroaliswath" that both utilize financing of the Ministry of University and Research to be applied on Italian Law 279/99. Under the profile of capital invested by the company, it is research and development that will start generating future profits after completion of the projects and prototypes, through rental and sale to shipping companies.
Regarding the "Fully-submerged hydrofoils" project the latest Report presented is the one related to the final interim payment certificate (IPC) of the period from August 2007 to January 2008.
In October 2008 there was the final inspection by the tutor and the bank. During the visit the progress of the project was demonstrated, for the completion of which there remain the tests at sea. The company has made a formal commitment to conclude these tests with the costs to its own account. Regarding the "Enviroaliswath" project the latest Report presented is the one related to the final interim payment certificate of the period from October 2007 to April 2008.
In October 2008 there was the final inspection by the tutor and the bank. During the visit the

progress of the project was demonstrated, for the completion of which the company has made a formal commitment to conclude the construction of the prototype and carry out the tests at sea with the costs to its own account.
For these projects, whose overall value amounts to 46.6 million euros, costs were sustained for 0.6 million euros capitalized under the intangible assets.

With reference to the technological innovation the Rodriquez group performs activities on two projects approved in the month of October 2007 with the issue of the related Decrees of authorization of the contributions by the Ministry of Transport: the “Wavepax” project makes reference to the project development of a fast unit (type HSC) for the transport of passengers and cars after the “wave piercing” type. The “Wavepax” project includes a grant for activities begun in 2005 and ended in 2008.
The “Yachtplus” project refers to the study of an innovative type of yacht where the use of large glazed surfaces on relatively small units involves technological challenges for the correct structural continuity, the heating and air-conditioning of the spaces used by passengers and the acceptable levels of vibration and noise. The “Yachtplus” project includes a grant for activities carried on from 2006 to 2008.
As concerns the two innovation projects “Wavepax” and “Yachtplus”, both projects were presented in April 2007 and approved provisionally in October of the same year with the issue of special decrees.
No intermediate reporting, but final reporting of the costs sustained for each project of innovation is required.

Risk factors

The Immsi Group has perfected procedures both in the Parent Company and in the main subsidiaries for risk management in the areas most exposed, identifiable at strategic, market, operational, financial and legal level.

Strategic risks

The Immsi Group has identified strategic risks in the system of opportunities and threats that can significantly affect the accomplishment of the Group's objectives.

In particular, the Group's strategy is aimed at:

- Completing and consolidating the processes of restructuring and re-launching started in the different sectors of activity in which the Group operates;
- Seizing new business opportunities in terms of geographical areas and market sectors;
- Correctly appraising the market potential;
- Investing the financial resources in the areas with greater potential;
- Choosing the most suitable methodologies for the various local realities;
- Protecting its trademarks and products.

Market Risks

The market risks that the Group sometimes faces are specific for a certain sector of business while in other cases they can invest the entire business portfolio.

Risks connected with changes in customer preferences – The success of the Group's products depends on its ability to offer products and services that meet the taste of the consumers and are able to satisfy their specific needs. If customers were not to like the products there would be fewer sales than as planned, thus granting larger discounts and therefore smaller margins. The Group constantly invests in the activities of research and development and design in order to anticipate and tackle requests, grasp market trends and introduce products that satisfy the customers.

> Risks connected with the high degree of market competition – With reference to the Piaggio group it is noted that many of its main competitors have significantly larger dimensions, financial resources and production capacities. A very aggressive pricing policy implemented by this competition could force the group, to defend its market shares, to increase its discounts thereby reducing its margins. The group's capacity for continually launching innovative products on the market provides at least partial protection from this risk. With reference to the naval sector, in the military segment of minesweepers, Intermarine has a significant technological advantage over the competition while the Fast Ferry segment faces tough competition from competitors in countries with lower labour costs.

Risks connected with the protection of rights related to trademarks, licences and patents – The Group legally protects its products and trademarks all over the world. In some countries where the Group operates there is legislation aimed at guaranteeing certain levels of protection of intellectual property. This circumstance could make the measures implemented by the Group insufficient for protecting itself against phenomena of unauthorized exploitation of these rights by third parties. Illegal actions of plagiarism by the competition could have negative repercussions on the Group's sales.

Risks connected with the seasonal fluctuations of the business – The business of the Piaggio group is exposed to a high level of seasonality. The sales of 2-wheeled vehicles are concentrated in spring and summer. In addition an excessively rainy spring can reduce the sales of the products with a negative effect on the financial performance and situation. To deal with these risks the

Piaggio group has equipped itself with a flexible production structure that, thanks to the institutions of vertical part-time and interim contracts, is able to deal with peaks in demand. In the other sectors in which the Group operates, seasonality has a significantly lower effect.

Risk related to the regulatory situation of reference – The sectors in which the Group is present are subject to a high level of regulations. With reference for instance to the products of the Piaggio group, to be able to be type-approved they must pass minimum technical requirements in terms of safety, noise, consumption and polluting gas emissions that the various national and international government institutions have defined. The issue of more restrictive norms than the current ones could put the products currently circulating out of the market and force the manufacturers to sustain investments for their adjustment. To this regard the Piaggio group, as a leading manufacturer worldwide, is often invited to participate with its representatives in parliamentary committees appointed to draw up new norms.

Risks related to the macroeconomic situation – All the Group's business sectors are affected moreover by the general conditions of the economy, that can occur with diversified effects in the various markets in which it operates. A phase of economic crunch and the consequent slowdown in consumption can have a negative effect on the Groups' sales. To mitigate the negative impact that a drop in demand could have on profitability, the companies in the Group have a flexible structure and, thanks to the use of fixed period work contracts, they are able to size their production capacity according to market needs.

Operational risks

By operational risks we mean all those factors inside the business organization and outside it but correlated to the current administration that can have negative effects on the Group.
In order to satisfy the needs of the various markets the Group must be able to organize and coordinate integrated processes of production, logistics and sales. The activity of supplying goods, correct warehouse management, manufacture of products according to the required standards and the ability to deliver the products and spare parts in appropriate times are essential for the success of the business strategies.
External factors to the company, such as prolonged strikes or delays in the times for obtaining licences or permits, can stop the production activity and that of delivery/availability of the products.

Risks connected with dependence on suppliers and the policy of global sourcing – In carrying on its business, the Group uses different suppliers raw materials, semi-finished products and components for its products.
The business of the Group is conditioned by the capacity of its suppliers to guarantee the quality standards and the specific requests for the products, as well as the relative delivery times.
In particular, the Piaggio group has undertaken a component purchase policy in line with the increase in supplies from Asian countries at low cost (while keeping the quality standard unchanged) leveraging on its direct presence in India and China.
In the future any shortages of the supplied products or breaches by the suppliers concerning the quality standards, the specific requests and/or the delivery times could involve increases in the prices of the supplies, interruptions and prejudices in the business of the Group.

Risks connected to the increase in the costs of energy, raw materials and components – The production costs are exposed to the risk of fluctuation in the costs of energy, raw materials and components. If the Group were not able to pass on an increase in them to the selling prices, its profitability would then suffer. To date the Group has not considered it necessary to use any financial instruments to protect itself against the risk of fluctuations in the prices of the costs of energy, raw materials and components.

Risks connected with the operations of the industrial factories – The Group operates through industrial factories situated in Italy, Spain and India and Vietnam since 2009. These factories are subject to operational risks including, by way of example, breakdowns in plants, failure to adjust to the applicable regulations, revocation of the permits and licences, lack of labour force, natural disasters, sabotage, attacks or significant breaks in the supplies of raw materials or components. Any break in the production activity could have a negative impact on the business and on the economic, asset and liability and financial situation of the Group. The operational risks connected with the Italian and international industrial factories are insured with specific insurance coverage divided among the various factories according to their relative importance.

Other risks – In the specific case of the Parent Company Immsi S.p.A., in consideration of its nature as a holding company and the different phase of development and advancement of the investments made both directly and through the subsidiaries, the financial performance and profitability are strictly correlated to the financial performances of the subsidiaries.
Any negative results recorded by the associated companies, any failure to complete the process of restructuring the Rodriquez group as well as any lack of development of the real estate sector could negatively influence the economic, property and financial situation of the Company and of the Group.

Financial risks

Risks connected with financial debt – At the date of the financial statements the main sources of financing of the Group are (at nominal value):

- the bonded loan for a total amount of 124 million euros issued by Piaggio Finance S.A. and guaranteed by Piaggio & C. S.p.A. with expiry at 30 April 2012 and coupon equal to 10% at a fixed rate;
- bank loans for a total amount of 489.3 million euros, whose composition by type, rate and expiration is fully treated in the Notes to the financial statements.

In addition, the Group has other minor financing contracts in being for a total of 62.7 million euros.
The described debt could in the future negatively condition the business of the Group, limiting its capacity to obtain further financing or to obtain it at more unfavourable conditions.

Risk of liquidity (access to the credit market) – This risk is connected to the potential difficulty that the Group can meet in obtaining financing to support its operating activities within a suitable time frame.
The Parent Company Immsi S.p.A. where necessary supports its subsidiaries through credit lines in order to guarantee support for implementing the development plans.
The cash flows, the necessities for financing and the liquidity of the companies in the Piaggio group are monitored or managed centrally under the control of the finance management of the Piaggio Group with the objective of guaranteeing an effective and efficient management of the financial resources.
In addition, for greater coverage of the risk of liquidity, the central Treasury of the Piaggio group has “committed” credit lines available, described in the supplementary and explanatory Notes to the financial statements.

Exchange risks – The Group, primarily through the companies of Piaggio group and Rodriquez group, performs operations in different currencies to the euros and this exposes it to the risk deriving from fluctuations in the rates of exchange between the different currencies.
The exposure to the economic risk is constituted by the receivables and payables in foreign currency, obtained from the budget of sales and purchases reclassified by currency and made monthly for economic pertinence.
With reference to the Piaggio group, the coverage must be equal to at least 66% of the economic

exposure of each month of reference.
The exposure to the transaction risk is constituted by the receivables and payables in currency acquired in the accounting system at any time. The coverage must be equal, at any time, to 100% of the import, export transaction exposure or net for each currency.
In the financial year 2008 the currency exposure was managed in line with the policy introduced in 2005, that sets the objective of neutralizing the possible negative effects of the changes in the rates of exchange on the business cash-flow, through the coverage of the economic risk, that concerns the variations in business profitability in relation to what is annually planned in the economic budget on the basis of a reference exchange rate (the so-called "budget exchange rate") and the transaction risk, that concerns the differences between the exchange rate of recording in the financial statements the receivables or payables in currency and that of recording the related collection or payment.

Interest rate risk – The Group holds assets and liabilities that are sensitive to variations in interest rates, that are necessary for the management of liquidity and the financial requirements. These assets and liabilities are subject to the rate risk, that is sometimes covered by using derivative instruments.

Credit risk – The Group is exposed to the risks connected with delays in the payment of receivables. To balance this risk Piaggio & C. S.p.A. has stipulated with important factoring companies in Italy and abroad contracts for the transfer of *pro-soluto* commercial credits, while in the naval sector it is customary to request advance payments on work in progress.

Country risk – The Group, operating at international level, is exposed to the risks connected with a high level of internationalization. The political instability in some nations where the Group operates, the changes in the legislative provisions and the creation of customs barriers can have negative influences on profitability.

Legal risks

Risks connected with product liability – The Group is exposed to the risk of actions of product liability in the countries in which it operates. With particular reference to the Piaggio group, although no claims for compensation have yet been put forward to the Group that are not covered by the insurance, such claims could be made in the future with particular reference to the use of 2-wheeled vehicles in the United States. Any future awarding of claims that exceed the existing insurance coverage on product liability could have negative effects on the business and on the economic, property and financial situation of the Piaggio group and the Group.

Risks connected with possible defects in products – The products of the Group, including the components supplied by third parties could have unexpected defects that could require repairs under warranty as well as costly return campaigns.
To prevent such risks the Group has implemented a quality control system on the received components and finished products with standards among the highest in their respective markets of reference.

Risks connected with legal litigation – As regards the legal litigation, please refer to the paragraph related to the Disputes in progress.

Risks connected with trade union relations – In Europe, the Group operates in an industrial context characterized by a strong presence of trade union organizations, and it is potentially exposed to the risk of strikes and stoppages in production.
In the recent past the Group has not suffered any significant stoppages in production because of strikes.
To avoid the risk of production downtime as far as possible the Group has long established a

relationship of meeting and dialogue with the trade union organizations.

Risks connected with the publication of the financial statements data – Its international presence exposes the Group to different tax regulations. Their evolution could expose the Group to risks of default.
The Group is exposed to the risk of possible inadequacy of the business procedures aimed at ensuring observance of the main Italian and international regulations to which it is subject.
To cope with such a risk the financial statements of the companies in the Group are certified by the auditing firm. In addition, it is specified that during 2008 the administrative-accounting systems of the subsidiaries Piaggio Vehicles Private Ltd and Piaggio Group of America Inc. were tested. The aforesaid companies turned out to have a suitable administrative-accounting system for regularly sending the management and the auditing firm of Piaggio the necessary economic, asset and financial data for drawing up the consolidated financial statements.

Human resources

At 31 December 2008, Immsi Group employed 6,699 staff, of which 70 in the property and holding sector, 6,208 in the industrial sector (Piaggio group) and 421 in naval (Rodriquez group).

The following tables divide resources by category and geographical area:

Human resources by category

numbers	31/12/2008			
	Property and holding sector	**Industrial sector**	**Naval sector**	**Group total**
Senior managers	6	112	21	139
Middle managers and employees	33	2,425	170	2,628
Manual workers	31	3,671	230	3,932
TOTAL	**70**	**6,208**	**421**	**6,699**

Human resources by geographical area

numbers	31/12/2008			
	Property and holding sector	**Industrial sector**	**Naval sector**	**Group total**
Italy	70	4,269	421	4,760
Rest of Europe	0	561	0	561
Rest of the World	0	1,378	0	1,378
TOTAL	**70**	**6,208**	**421**	**6,699**

Below is a comparison between 31 December 2008 and 31 December 2007, divided by category and geographical area.

Human resources by category

numbers	**31/12/2008**	**31/12/2007**	**Change**
Senior managers	139	138	1
Middle managers and employees	2,628	2,507	121
Manual workers	3,932	4,696	-764
TOTAL	**6,699**	**7,341**	**-642**

Human resources by geographical area

numbers	**31/12/2008**	**31/12/2007**	**Change**
Italy	4,760	4,734	26
Rest of Europe	561	588	-27
Rest of the World	1,378	2,019	-641
TOTAL	**6,699**	**7,341**	**-642**

Group staff at 31 December 2008 includes also workers employed with term contracts, mainly belonging to the Piaggio group to meet the seasonal cycle of the production activity with 345 staff.

Related party transactions

As regards the information to be provided on related party transactions in accordance with IAS 24 (Related Party Disclosures), we would like to point out that such transactions take place as part of normal operations at market conditions or as laid down under specific laws. No atypical or unusual transactions were carried out at the end of 2008.

The following table shows the impact of related party transactions on the income statement and on the balance sheet of the Immsi Group at 31 December 2008. All intercompany transactions and balances have been eliminated in the consolidated figures.

Main income and balance sheet headings	Amounts in €/000	% incidence on balance sheet items	Description of the nature of the dealings
Transactions with Related Parties:			
Current trade payables	*975*	*0.2%*	*Legal assistance provided by St. d'Urso Gatti & Ass. to the Group*
Costs for services and the use of third party assets	*266*	*0.1%*	*Legal assistance provided by St. d'Urso Gatti & Ass. to the Group*
Transactions with Parent companies:			
Tangible assets	*71*	*0.0%*	*Fittings and vehicles provided by Omniainvest S.p.A.*
Costs for services and the use of third party assets	*255*	*0.1%*	*Rental of offices in Mantova provided by Omniaholding S.p.A. to the Group*
Transactions with Associated Companies:			
Other non-current receivables	*799*	*3.8%*	*Receivables from Fondazione Piaggio and AWS do Brasil*
Other current financial assets	*45*	*0.2%*	*Financial assets to Fondazione Piaggio*
Current trade receivables and other receivables	*637* *3,031*	*1.4%*	*Trade receivables from Fondazione Piaggio and Piaggio Foshan* *Receivables from Consorzio CTMI and Armas Ocean Jets*
Current trade payables	*8,228* *1,409*	*1.9%*	*Trade payables to Fondazione Piaggio,Piaggio Cina and Piaggio Foshan* *Payable to Consorzio CTMI and Armas Ocean Jets*
Other current payables	*218*	*0.2%*	*Payables to Fondazione Piaggio*
Costs for materials	*43,854*	*4.3%*	*Costs of purchases by Piaggio Foshan*
Costs for services and the use of third party assets	*32*	*0.0%*	*Costs of purchases by Piaggio Foshan*
Other operating income	*1,965*	*1.4%*	*Income from Fondazione Piaggio and Piaggio Foshan*
Financial charges	*246*	*0.3%*	*Charges to Piaggio Foshan*

With reference to the naval sector, it should be noted that Intesa Sanpaolo S.p.A., minority shareholder of RCN Finanziaria S.p.A., has financing operations in being with the Rodriquez group specified below.
Rodriquez Cantieri Navali S.p.A. has a financial relationship with Intesa Sanpaolo for a value at 31 December 2008 of 15 million euros, this financing, granted at the end of December 2008, belongs to a Bullet – Multi Borrower line granted to the Parent Company Immsi; with the provision of this financing RCN refunded the financing in being for 15 million granted at the end of 2005 and falling due at 31 December 2008.
In addition Rodriquez Cantieri Navali S.p.A. has stipulated with Intesa Sanpaolo, in pool with Unicredit and Banca di Roma, a contract to issue guarantees to the customer of the Oman order (performance bonds and guarantees on the advance payments the customer will make) for a total value of 84.5 million US dollars. The signed credit line is assisted by a guarantee issued by Immsi S.p.A. for 60 million USA dollars and by the registration of mortgages on the assets under construction and obligations on the checking accounts dedicated to the order.
Rodriquez Cantieri Navali S.p.A. has moreover with Intesa Sanpaolo undersigned financing for 7.3 million USA dollars used at the end of November for exercising the options on foreign exchange with a preset value and with an equivalent value (4.7 million euros) deposited in a deposit account and with the obligation for the bank. The reimbursement will take place upon collection of the USA

dollars by the Oman customer according to the contractual progress.
For the other companies in the Rodriquez group, there are receivables and cash holdings with the Intesa Sanpaolo group for 1.3 million euros and financial debts for 0.2 million euros.

With reference to ISM Investimenti S.p.A., it is specified that IMI Investimenti S.p.A. (Intesa Sanpaolo group), minority shareholder of the subsidiary, has a long-term interest-bearing shareholder financing contract for 12 million euros. In addition, the subsidiary has a relationship of a financial nature with Intesa Sanpaolo for a value at 31 December 2008 equal to 30 million euros. This financing, granted at the end of December 2008, belongs to a Bullet – Multi Borrower line granted to the Parent Company Immsi.

Stock options

At end 2008, Immsi S.p.A. has no existing stock option plan.

With reference to the incentive plan 2007-2009 deliberated by the Shareholders' Meeting of the subsidiary company Piaggio & C. S.p.A. on 7 May 2007 and reserved for the senior executives of Italian and/or foreign companies controlled by it in accordance with art.2359 of the Italian Civil Code, as well as for the directors with proxies in the aforesaid subsidiary companies ("*Plan 2007-2009*"), it is signalled that during the period 3,260,000 options were assigned on 31 July 2008 and 300,000 options were assigned on 3 October 2008 and 655,000 options elapsed. At 31 December 2008 altogether there were assigned 9,415,000 option rights for a corresponding number of shares.
It is likewise specified that subsequently at the close of the period, on 15 January 2009, a further 390,000 options were assigned at a price of 1.2218 euros. At the date of assignment of the options the market price of the underlying financial instruments was 1.1569 euros.
During the period the company completed the purchase programme of a total of 10,000,000 shares of common treasury stock, equal to 2.52% of the shareholders' equity, intended for the service of the 2007-2009 Plan. The purchase of 10,000,000 shares of treasury stock took place on the regular market at a weighted average price of 3.0367 euros and involved a total payment of 30,367,026.00 euros, of which 26,829,743.66 euros already sustained and accounted in the year 2007.

Rights	No. of options	Average exercise price (euro)	Market price (euro)
Rights existing at 31.12.2007	6,510,000	3.55	3.704*
° of which exercisable at 31.12.2007	0		
New rights granted in 2008			
31/07/2008	3,260,000	1.216	1.391*
03/10/2008	300,000	1.570	1.512*
Rights exercised in 2008			
Rights expired in 2008	655,000		
Rights existing at 31.12.2008	9,415,000		
° of which exercisable 31.12.2008	0		

* market price of the underlying financial instruments at the date of assignment.

EQUITY INVESTMENTS HELD BY MEMBERS OF COMPANY MANAGEMENT AND SUPERVISORY BOARDS, BY GENERAL MANAGERS AND SENIOR MANAGERS WITH STRATEGIC RESPONSIBILITIES

Regarding the disclosure requirements established in art.79 of the Issuers' Regulation no. 11971/99, relating to equity investments held, in the issuers themselves and in their subsidiaries, by the members of the management and supervisory boards, by the general managers and senior managers with strategic responsibilities, as well as spouses not legally separated and children who are minors, directly or through subsidiaries, trustees or third parties, as evidenced in the shareholder list or from information received and other information acquired by those members of the management and supervisory boards, by the general managers and senior managers with strategic responsibilities, such information is provided in the following table.

It is specified that all the subjects are included that during the year of reference held positions in administration and control, as general manager or executive with strategic responsibilities even for a fraction of a year.

FULL NAME	INVESTEE COMPANY	NUMBER OF SHARES OWNED AT THE END OF 2007	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES OWNED AT THE END OF 2008
Luciano La Noce	IMMSI S.p.A.	100,000	50,000	-	150,000
Alessandro Lai (1)	IMMSI S.p.A.	36,360	-	-	36,360

(1) Equity investments held directly and indirectly by his wife.

Other information

Treasury Stock

The General Shareholders' Meeting of the Company held on 13 May 2008 authorized, for a period of eighteen months as of the date of the resolution, operations to purchase and transfer of treasury stock for the purposes of investment and stabilization of the price of the share and its liquidity on the share market, that is for the purposes of using treasury stock within operations connected with the current management and/or projects in line with the strategies that the Company intends to pursue, in the terms and with the methods established by the applicable provisions and indicated by the Meeting.
During 2008 the Company, in compliance with the deliberation, purchased on the share market 2,670,000 of treasury stock for a total of 2,078,382.01 euros at an average price of 0.7784 euros.

In addition, it is noted that the Shareholders' Meeting of Piaggio & C. S.p.A. on 24 June 2008 approved the plan to purchase and order common stock of the company. The authorization for operations of purchasing and transferring treasury stock is in order to stabilize the price of the stock on the share market, allow using treasury stock within operations connected with the current management or projects in line with the strategies of the Company, in relation to which there is the opportunity to trade shares, including the assignment of these shares to the service of any convertible bonds and/or with warrants. In execution of the above, Piaggio & C. S.p.A. at 31 December 2008 purchased 16,650,686 of its own shares at a weighted average price of 1.3635 euros.
Every part remains effective of the authorization to purchase treasury stock granted by the Shareholders' General Meeting of Piaggio & C. S.p.A. on 7 May 2007 for the purposes of the Stock Option and Loyalty Plan for the top management of the Piaggio group 2007-2009 concluded on 7 July 2008 with the purchase of a total of 10,000,000 shares of common treasury stock, equal to 2.52% of the shareholders' equity, taking place on the regular market at a weighted average price of 3.0367 euros with a total payment of 30,367,026.00 euros, of which 26,829,743.66 euros already sustained and accounted in 2007.
At the date of 31 December 2008 the treasury stock in the portfolio of Piaggio & C. S.p.A. amounted to 26,650,686, equivalent to 6.729% of the share capital.

Auditing costs

In relation to the information obligations required by art.149-*duodecies* of the Consob Issuers Regulation, regarding the publishing of the payments relating to the year made to the Parent Company Immsi S.p.A. and its subsidiaries for the services provided:

a) by the auditing firm, for the provision of auditing services;
b) by the auditing firm, for the provision of services other than auditing, divided into services of verification finalized at issuing certification and other services, distinguished by type;
c) by the bodies belonging to the network of the auditing firm, for the provision of services, divided by type;

the following prospectus is provided:

Publishing of considerations referred to the period 2008			
	Company in charge	**Type of service rendered**	**Consideration in euro***
Parent company - Holding			
Immsi S.p.A.	Deloitte & Touche S.p.A.	Auditing service	67,749
Subsidiaries			
Piaggio group	Deloitte & Touche S.p.A. and entities belonging to the Deloitte network	Auditing service	750,767
	Entities belonging to the Deloitte network	Consultancy service	237,089
Rodriquez Cantieri Navali group	Deloitte & Touche S.p.A.	Auditing service	117,869
Other companies	Deloitte & Touche S.p.A.	Auditing service	17,823
Total Immsi Group			**1,191,297**

* The above considerations do not include the out-of-pocket expenses.
* The consideration referred to the subsidiaries, operating in currencies other than euro and agreed in local currency, have been converted according to the exchange rate at 31 December 2008.

Ownership

In accordance with the provisions of art.123-*bis* of the TUF paragraph 2, the information concerning the ownership is supplied in the Annual Report on the subject of Corporate Governance to which reference is made.

Plan to adjust the systems of Internal Audit for the companies in the Group with headquarters in countries outside the EU

With reference to the requirements of art.36 of the Consob Market Regulation, as regards the indirect subsidiary companies outside the EU monitored directly by the issuer Piaggio & C. S.p.A., reference is made to what is communicated in the Report on Operations at 31 December 2008 approved by the Board of Directors on 26 February 2009.

Activity of management and coordination

In accordance with the provisions of art.37 paragraph 2, of the Consob Market Regulation, the company provides the reasons for the lack of activity of management and coordination performed by the parent company of Immsi S.p.A. in the Annual Report on Corporate Governance.

Treatment of personal data – Ital.Legisl.Decree 196 of 30 June 2003

As regards all the requirements envisaged in the “Personal data protection code” Ital.Legisl.Decree 196 of 30 June 2003 – Annex B “Technical specifications”, as well as having adopted the various security measures listed within it, Immsi S.p.A., as data controller, has updated its Security Planning Document to meet all legal requirements.
This document aims to:

1. define and describe the security policies adopted regarding treatment of the personal data of employees, collaborators, customers and suppliers;

2. define and describe the organisational criteria followed by the Company when implementing such policies;
3. provide suitable information on the subject to third parties as well;
4. provide formal evidence of the corporate changes made.

Disputes in progress

There are no ongoing disputes of any significance involving the Parent company Immsi S.p.A..

Regarding the **property sector** and especially Apuliae S.p.A., following investigations carried out by the Legal Authorities, the restructuring of the building for the construction of a hotel and a wellness centre in S. Maria di Leuca (Lecce) is still suspended.
With reference to the confiscation of the yard performed in March 2005, it is signalled that in the pre-trial hearing of 5 July 2007 the judge (GUP) accepted the application of Apuliae S.p.A. to commence an abbreviated hearing. The first hearing was held on 14 February 2008 with the participation of the Public Prosecutor and the defendants and on 18 April 2008 the second hearing was held with the participation of the lawyer for the defendants. The hearing for the defence of the other parties summonsed in the shortened judgment and for the pronouncement of the sentence was originally set for 7 October 2008. The judge however arranged for a postponement to 9 January 2009. On that date a new expert was appointed whose work will be delivered on 5 May 2009. The conclusive hearing has been set for 25 May 2009.
With reference to the court case arisen between the State Administration and the Province of Lecce regarding the assessment of the title of the real estate called *ex Colonia Scarciglia* located at Santa Maria di Leuca (LE), in which Apuliae S.p.A. has decided to take part in order to protect its interests, the Judge, after ordering the postponement to 11 April 2008, at the time of this hearing reserved the lawsuit for the decision on the preliminary requests. To date the Investigating judge has yet to release this reserve.
Following the outcome of the private tender called in 2002 by the Province of Lecce to obtain the concession for the redevelopment of the *ex Colonia Scarciglia* , an administrative dispute arose between Apuliae S.p.A. and Igeco S.r.l.. After a series of appeals, in a ruling published on 9 May 2006, the *Consiglio di Stato* ruled in favour of the last one presented by Igeco S.r.l., which claimed that the project presented by Apuliae S.p.A. goes against the initial plan to redevelop the *ex Colonia* and that the building of a hotel is beyond the scope of the Province. Apuliae S.p.A. therefore appealed to the *Consiglio di Stato* but, with sentence no. 4029/2007 published on 16 July 2007, the appeal was declared inadmissible. With reference to the last two disputes at issue, the Province of Lecce has expressed the wish to reach a solution of transaction with the State Advocacy and the lawyers of Apuliae S.p.A.. Any related transaction hypotheses are subordinated to the outcome of the above criminal proceedings.

Again with reference to the real estate sector and especially Is Molas S.p.A., it is noted that on 24 July 2007 a preliminary contract was signed by Is Molas S.p.A. and IH Bologna S.r.l., Forbimmobili S.r.l. and Avalon Immobiliare S.r.l. for the sale of the “Le Ginestre” property located in the Municipality of Pula (Cagliari) for an amount of 9.1million euros. With the approach of the set term for signing the definitive contract the promissory buyer has not accepted the invitation to be present at its signing, giving notification on 18 January 2008 of a writ of summons, with the Court of Mantova, with which it asks to ascertain and declare the legitimacy and effectiveness of withdrawal from the contract for presumed defects in the property and for a different intended use, then requesting reimbursement of double the deposit paid to Is Molas S.p.A., at the date of the above-mentioned preliminary contract, for an amount of 1 million euros. On 24 April 2008 the statement of defence was filed and at the hearing of 14 May 2008 the Court in Mantua postponed the lawsuit to the hearing of 24 February 2009. During this hearing, after the deposition of both litigants of the briefs required by art.183 of the Italian Code of Civil Procedure, the Judge reserved the right to decide on the preliminary applications reciprocally formulated.

Regarding the **industrial sector** (Piaggio group), as part of the case brought by Leasys S.p.A. - Savarent at the Court of Pisa against Piaggio & C. S.p.A. as guarantor of the latter in relation to the requests made by Europe Assistance against Leasys at the Court of Monza, regarding the initial supply of vehicles for *Poste Italiane*, on 28 June 2006 the Judge in Pisa issued a ruling suspending judgment until the procedure is completed in the Court of Monza.
Leasys S.p.A. has moreover notified an appeal for a decree of injunction requesting payment of some invoices related to the costs sustained by Leasys for having submitted to overhaul the mopeds rented by Leasys to Poste Italiane S.p.A.. Piaggio & C. S.p.A. has opposed the decree thus notified since the activities of overhaul at issue and the related costs were not the responsibility of the company in accordance with the related supply contract.
The Judge rejected the request of Leasys for provisional enforceability of the decree of injunction. At the last hearing Piaggio & C. S.p.A. requested an explanation of the conclusions and the Judge postponed the lawsuit to the hearing of 16 April 2009.

On 25 May 2006, Piaggio & C. S.p.A. brought a case against some companies of the Case New Holland Group (Italy, Holland and USA), in order to recover damages under contractual and non-contractual responsibility relating to the execution of a supply and development contract of a new family of utility vehicles. At the hearing of 16 March 2007, the Judge granted the terms of art.183 of the Italian Code of Civil Procedure for filing the briefs and set the hearing of 17 October 2007 for the discussion concerning the admission of the preliminary requests of the parties. At this last hearing a postponement was granted to assign the lawsuit to a new Judge. The new Judge ordered postponement of the lawsuit to the hearing of 2 December 2009 for the specification of the conclusions.

With writ of summons notified on 29 May 2007 Gammamoto S.r.l. in liquidation, formerly Aprilia dealer in Rome, sued Piaggio & C. S.p.A. for contractual and extra-contractual liability. The company appeared in court entirely disputing the foundation of the claims of Gammamoto and objecting the incompetence of the assigned Judge.
The Judge rejected the preliminary appeals formulated by the parties believing that the exception of territorial incompetence, objected by the company, was able to define the dispute.
At the hearing of specifying the conclusions of 24 September 2008 the Judge indeed assigned the terms of the law for depositing the conclusions and any replies and kept the lawsuit under decision.

In reference to the practices of fiscal litigation that see involved Piaggio & C. S.p.A., three appeals were presented with which three notices of ascertainment notified to the company and related to the tax periods 2002 and 2003 were contested. The origin of these verifications lies in access made by the Italian Inland Revenue in 2007 to the company further to findings reported in the Court Record drawn up in 2002 following a general audit. To this regard the company has not deemed it fit to set aside funds in consideration of the positive indications expressed by the professionals appointed by the defence.

The main tax disputes of the other group companies concern P&D S.p.A. in liquidation, and Piaggio Vehicles PVT Ltd.
More particularly, with regard to P&D S.p.A., there are disputes that arise from the notices of ascertainment issued by the Italian Inland Revenue for the tax years 1993, 1994, 1995-1997 and 2000-2002 on the basis of the check made in 1999, culminating with drawing up the related Verbal Proceedings of Ascertainment. Some of these disputes are in the phase of conclusion.
Opposing the notices of ascertainment, the company obtained favourable sentences at the first and second level for the years 1993 e 1994. The General Advocacy of the State proposed an appeal before the Supreme Court of Cassation opposing the above-mentioned second degree sentences and P&D company filed counter-appeals and incidental appeals.
As concerns the tax periods 1995-1997, P&D obtained a favourable sentence in the first degree and unfavourable in the second degree. The company challenged the sentence proposing an appeal before the Court of Cassation, followed by the counter-appeal of the Public Prosecutor.

In May 2008, the cases of the years 1993 and 1994 were discussed before the Supreme Court that, with correlated orders, postponed the lawsuits to a new role, to decide on them jointly with those concerning the years 1995-1997. To this regard, the Supreme Court, with a sentence dated 21 January 2009 in reference to the years 1995-1997 and with sentences dated 13 February 2009 for the years 1993 and 1994, acknowledged the foundation of the reasons of the defence used by P&D. For said years the dispute is therefore considered concluded in favour of the company.
For the years 1993-1994 it is expected to know the decision of the Supreme Court of Cassation that, taking account of the device contained in the sentence of 21 January 2008, is to be considered favourable to the company.
Finally, as concerns the notices of ascertainment for the years 2000, 2001 and 2002, P&D has appealed to the Provincial Tax Committee of Pisa, but the decision has been postponed awaiting the result of the judgment of the Court of Cassation on the disputes related to the preceding years. With the sentence regarding the years 1995-1997, the cessation of the dispute is expected also for the years 2000, 2001 and 2002.

Finally, as concerns Piaggio Vehicles PVT Ltd, there are currently several disputes concerning various years from 1998 to 2008 that concern checks related to both direct and indirect taxes. The Indian company immediately paid the disputed amounts that will be refunded if the dispute concludes in their favour. The professional experts engaged by the defence are confident for a good result of the aforesaid disputes.

As regards the **naval sector** (Rodriquez group) and particularly Rodriquez Cantieri Navali S.p.A., it is noted that between the company and Como S.r.l. there is a dispute before the Court of Milan due to the termination of the preliminary contract stipulated on 21 July 2005 that required the transfer, to the promissory buyer Como S.r.l., of the entire capital of the company that would have held title of the area and related manufactured items located in the Municipality of Pietra Ligure, after its transfer from the State and definition, with the Municipal Administration and designated Institutes, of the aspects related to building on the area.
In accordance with the aforesaid preliminary contract Rodriquez Cantieri Navali S.p.A. has asked Como S.r.l. to issue a bank guarantee at the first request to guarantee reimbursement of the costs of the transfer from the State before undertaking formal commitments with the State to go ahead with the purchase of the area by winning an auction published with notice by the State Agency (Liguria) on 19 October 2007. The non-fulfilment of this contractual obligation, that Rodriquez Cantieri Navali S.p.A. considers an essential requirement for the continuation of the contractual relationship, caused termination of the preliminary contract, making it impossible to stipulate the final contract of sale and the subsequent reciprocal summons. Both judgments were assigned by the Court of Milan to the same Judge and at the first hearing on 30 April 2008 Como S.r.l. appeared as defendant, asking for the rejection of the applications of Rodriquez Cantieri Navali S.p.A. and, as a voluntary participant, Efibanca appeared, asking for acceptance of the applications of Rodriquez Cantieri Navali S.p.A.
The lawsuits promoted by Rodriquez Cantieri Navali S.p.A. and by Como S.r.l. have been grouped together and the Judge has granted the terms for filing the briefs ex art.183 of the Italian Code of Civil Procedure, setting the subsequent hearing for 4 December 2008. Both trials are to be grouped together and the subsequent hearing has been set for 7 October 2009 for specifying the conclusions and presenting the final defensive briefs.

With reference to the dispute started in the 1960's by the Municipality of Messina against some twenty local companies, among which also Rodriquez Cantieri Navali S.p.A., for the payment of the public land tax in the state area of the so-called "Zona Falcata" of the port of Messina and for the release of this area, because in the opinion of the Municipality it was then and still is illegally occupied and is to its pertinence, the injunctions of the Municipality for the payment of this tax are suspended awaiting the outcome of the judgment. According to the only court technical survey carried out to date, Rodriquez Cantieri Navali S.p.A. would have occupied around 12,000 sq.m. of municipal property. In the arrears of the judgment, before the hearing of 9 October 2008 the defenders of Rodriquez Cantieri Navali S.p.A. were replaced. The next hearing is set for 14 May 2009 to examine the response and the documents deposited by the new defenders of Rodriquez Cantieri Navali S.p.A. and for stating any conclusions. In the new brief deposited, Rodriquez Cantieri Navali S.p.A. has insisted for an integration of the only court survey carried out till now. On this last request the investigating judge has reserved the right to make a pronouncement at the next hearing.

For Rodriquez Cantieri Navali S.p.A. the tax assessment for the year 2003 is still open, currently in the phase of evaluation at the Provincial Tax Commission, after its discussion with the tax advisors that assist the company. Rodriquez Cantieri Navali S.p.A. had suggested a verification with agreement that was not accepted by the Inland Revenue Office of Messina and as a result it decided, on the basis of the opinion of the tax advisors, to proceed with the tax dispute, substantially considering its operations to be correct. Likewise, in a prudential manner, an appropriate allocation has been made for hedging the risk estimates on this dispute. Currently the company is waiting for the appointment of the Provincial Technical Commission for the discussion of the dispute.

With reference to the subsidiary Intermarine S.p.A., during 2007 the company received from the company Balaju Overseas Ltd, that had in 2002 disputed the work performed on one of its yachts, a request for arbitrage from the Chamber of Commerce of Milan, that requests sentencing the company to refund the damages for manufacturing flaws and defects for a sum of 10.1 million euros. To protect its interests, Intermarine S.p.A., with the assistance of its lawyers, on 14 September 2007 presented a brief in reply, rejecting all the requests for a lack of jurisdiction, elapse of terms, groundlessness of the requests, inadmissibility of the request for a penalty, then asking to be reimbursed all the costs associated with the arbitration. On 25 June 2008 the Arbitration Court pronounced itself on the partial mediation entirely accepting the defensive arguments of Intermarine S.p.A.. On 17 February 2009, the Arbitration Court rejected both the request for damages for 3.5 million euros promoted by Balaju Overseas Ltd for not being able to use the ship and the request for damages for 3.5 million euros for the overheads of the ship while it was being repaired, and some requests for faults, because reported after the annual term of warranty. The Board invited the parties to come to an agreement and set a following hearing on 25 March 2009 to report to the Board on the result of the negotiations and, in case of a negative outcome, for a discussion of the preliminary appeals. The company is appraising a transaction hypothesis to define the affair, for which it has moreover allocated a litigation cost fund.

For Intermarine S.p.A., with reference to the IRES, IRAP, IVA check related to the year 2004 in October 2008, after eliminating some findings for self-protection, an agreement was signed with the Inland Revenue that determined the payment of 42 thousand euros and the reduction of the tax losses for approximately 900 thousand euros. With reference to this check on 2004 and to a dispute relating to 1991 ILOR (for an amount of 46 thousand euros), the sums paid were contained in the value of the appropriations already made in the preceding year. Finally, again with reference to Intermarine S.p.A., concerning the current proceedings on the ascertainment of IRPEG and ILOR taxes for 1991 for 367 thousand euros, at the moment there is no additional information on the times for defining the appeal to the Court of Cassation suggested by the Public Prosecutor opposing the sentence 100/06/02 issued by the Regional Tax Commission of Genoa, favourable to Intermarine S.p.A..

For Rodriquez Cantieri Navali S.p.A. and Intermarine S.p.A. there are other fiscal disputes with the Customs Office, of a value that is not significant, for which the companies have opposed an appeal to the competent bodies.

With reference to Conam S.p.A., it is noted that the company has been summonsed by a customer with an indemnity request for damages quantified by itself at approximately 1 million euros, for costs associated with not being able to use a “Widebody 60” boat as a result of claimed construction defects. Considering that the judgment is at the beginning and that it will require pre-trial facilities for ascertaining situations, for a more complete evaluation of the trial risk, it is expected for their to be at least the outcome of the technical expert operations whose start has been set for 20 February 2009; the second hearing has been set for 5 November 2009. For Conam S.p.A. other disputes of less significant value are in progress particularly with suppliers and customers, for which, on the basis of the opinions of the attorneys that assist the company, no significant liabilities or costs should emerge that exceed the risk funds already allocated.

The subsidiary Rodriquez Cantieri Navali do Brasil Ltda still has 3 appeals pending against notices of ascertainment on value added tax, income taxes and contributions on profits required by Brazilian legislation for a total of 1.6 million euros (at the exchange rate of 31 December 2008) between taxes, sanctions and interests. For a dispute of around 0.1 million euros for which the risk has been defined by the fiscal office that assists the company in Brazil as ”probable”, the company has allocated a special fund, while for the other two disputes for which an opinion is “possible” and not quantifiable, no hedging funds have currently been allocated. In addition, at group level, the fund allocated in the preceding years by the parent company Rodriquez Cantieri Navali S.p.A. was kept, also in the light of the opinion on the state of risk of these disputes provided by the tax consultant who assists the company in Brazil, in order to cover any potential liabilities deriving from such a dispute.

Relevant events occurring after the close of the year

With reference to the **Parent Company** it is noted that in the month of January the phase of purchasing a stake in the Italian company called Compagnia Aerea Italiana (CAI) was concluded. The subscription of the investment initially took place for an amount equal to 100 million euros, of which 55.6 million paid up within 31 December 2008. Within the framework of the same operation, an agreement was then reached in the same month with Fire S.p.A. for the sale of some of the undersigned shares, that basically reduced the overall commitment in the investment to 80 million euros. The conclusion of this operation and the payment of the difference, equal to 24.4 million euros, took place in the month of January 2009. The shareholding in CAI after the conclusion of the operation in January is equal to 7.08% of the deliberated capital.
Regarding the additional operations of investment of the Parent Company it is noted that up to 23 March 2009 operations were carried out on the *MTA* to sell Piaggio stock for a total of 9.2 million euros (for around 7.8 million shares) and purchase the same stock for a total of 2.6 million euros (2.5 million shares).

With reference to the **Piaggio group**:

- during the month of February 2009 the Italian Government approved a law decree that makes provision for an incentive of 500 euros for the purchase of motorcycles up to 400cc of category Euro3, with simultaneous scrapping of a motorcycle or moped of category Euro0 or Euro1;
- on 18 March 2009, Standard & Poor's confirmed the corporate rating of Piaggio & C. S.p.A. of BB revising the outlook from stable to negative;
- during the first months of 2009, Piaggio & C. S.p.A. continued its buy-back activity for the plan to purchase and order the common stocks of the company deliberated by the General Meeting of 24 June 2008. Up to 23 March 2009 the total number of shares of treasury stock in the portfolio of the company amounted to 27,432,542 at an average purchase price of 1.9662 euros.

With reference to the **Rodriquez Cantieri Navali group**, following the flood in the month of January of the river Magra, where the Intermarine yard is located, the whole area of the yard and offices was flooded, significantly damaging the structures of the yard and the constructions in progress; particularly the 3 minesweepers under production for the Finnish Navy and a certain number of constructions for Guardia di Finanza (*i.e.,* Revenue Tax Corps) were significantly damaged.
The preliminary estimates, still in progress, of the damage to the production structures, the stores and the constructions in progress lead to estimates in the order of over 10 million euros. The company is covered by insurance both on the Property portion (up to 20 million euros) and on the constructions (for the whole overall value of the cost of restoration, barring exemptions) and therefore, it is reasonable to foresee that the damage can be recovered and reimbursed by the insurance companies, except for the exemptions currently estimated at approximately 1 million euros. Regarding the event, the Region is in the process of acknowledging the condition of "Natural Calamity", on the basis of which funds can be destined to reimburse the damage caused, making it possible to cover costs of repair and restoration not covered because of the exemptions.
With reference to the critical situation of the market for pleasure boats up to 25 metres, Conam in 2008 has found significant losses that have taken the shareholders' equity to a negative value. During the Shareholders' Meeting for the approval of the 2008 financial statements appropriate measures must be taken to reconstitute the capital, that moreover had already been reduced by deliberation of the Special Shareholders' Meeting, with coverage of the losses accounted up to 30 November 2008. In this context the shareholder RCN has issued a commitment to convert its receivables from Conam to cover the losses and reconstitute the necessary capital.

With reference to the subsidiary **Apuliae S.p.A.**, and particularly the evolution of the legal issues concerning it, on 16 March 2009, within the framework of the current ordinary procedure at the Second Criminal Section of the Court of Lecce regarding other parties but the same cases in point of crime as per the shortened procedure, the panel of judges issued a first degree sentence of complete acquittal because there has been no such event for all the defendants and for all the hypotheses of disputed crime and has also ordered the release from seizure of the real estate.

Operating outlook for 2009

Regarding the operating outlook of the Group, with reference to the industrial sector the Piaggio group will focus on the continual improvement of its competitiveness in all the sectors/markets in which it operates.
The quality, the cost of the product and productivity will be the drivers of the 2009 administration that will be developed with actions finalized at the growth of sales of commercial vehicles with three/four wheels in India and in Europe. In addition, special attention will be paid to the re-launch of Moto Guzzi brand and the consolidation of the scooter sector in Europe and America.
With the completion of the range of Aprilia motorcycles, the group intends to improve its positioning in this segment while projecting at the same time a greater presence on international markets.
The year 2009 will see the Piaggio group engaged in future development and new investments, among which the most significant are represented by the development of the hybrid motorizations and the construction of the factories in Vietnam and India.

With reference to the naval sector, in the light of the advancements in the productions that will be made in 2009 on the contracts in being and the presumable volumes of production that can derive from new contracts in the Military sector, a reduction is foreseeable for 2009 in the value of the production at consolidated level and results not yet in line with the expectations of economic balance. Moreover, the event of the flooding of the river Magra, that happened in January 2009 in the Intermarine yard of Sarzana, caused a period of downtime in production that will lead to a deferment of some of the value of the 2009 production compared to the expectations at the time of budgeting.

With reference to the subsidiary Is Molas, during the period it is expected that the administrative procedure will be concluded by the Municipality of Pula for the issue of building licenses and permits.
When these permits are obtained, the sale of the residential component of the project will commence and, depending on the information obtained from the market, the construction of the residential, tourist hotel complex will start. While waiting to be able to start the construction of the development project, also the period of 2009 will be affected by the net cost of the current management.

REPORT
ON CORPORATE GOVERNANCE
MARCH 2009

in accordance with articles 124 *ter* TUF, 89 *bis* of Consob Issuers' Regulations and art. IA.2.6 of the Instructions of the *Borsa Italiana* Regulations

Immsi
Società per Azioni

www.immsi.it

The Report is referred to the Year: 2008
Date of approval of the Report: 24 March 2009

INDEX

GLOSSARY

Code: the Self-Regulatory Code of Conduct of the listed companies approved in March 2006 by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A.

Civ. code / c.c.: the Italian Civil Code.

Board: the board of directors of the Issuer.

Issuer: the issuer of listed shares to which the Report refers.

Year: the financial year to which the Report refers.

Instructions to the Stock Exchange Regulation: the Instructions to the Regulations of the Markets organized and managed by Borsa Italiana S.p.A.

Stock Exchange Regulation: the Regulations of the Markets organized and managed by Borsa Italiana S.p.A.

Consob Issuers Regulations: the Regulations issued by Consob with resolution no. 11971 of 1999 on the subject of issuers.

Consob Markets Regulations: the Regulations issued by Consob with resolution no. 16191 of 2007 on the subject of markets.

Report: the Report on Corporate Governance that companies are bound to issue in accordance with articles 124-*ter* TUF, 89-*bis* Consob Issuers' Regulations and art.IA.2.6. of the instructions of the Borsa Italiana Regulations.

TUF: the Ital.Legisl.Decree 58 of 24 February 1998 ("*Testo Unico della Finanza*" – Italian Finance Consolidation Act).

1. ISSUER'S PROFILE

Immsi is organised following the traditional management and control model established in art.2380-*bis* and follow. of the Italian Civil Code, with a Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors.

In particular, the Company's purpose is: (i) investing in the equity of other Italian or foreign companies, that is, the activity of acquiring, holding and managing the rights, whether represented by securities or not, over the share capital of other companies; (ii) the purchase, sale and management of bonds; (iii) the granting of loans, mortgages and guarantees.

Moreover, the Company's purpose includes all activities and transactions in the property sector, both in Italy and abroad, on its own behalf and for third parties, including but not limited to, the purchase, sale, exchange, construction, restructuring, management of corporate assets, leasing (non-finance) and maintenance of buildings and property in general for all types of use, as well as the establishment, purchase, sale and exchange of rights relating to property, excluding the activity of real estate brokerage. The Company may also provide technical, commercial and financial assistance in the preliminary and executive phases of property projects.

Immsi S.p.A. may carry out the above activities directly and indirectly on its own behalf and for third parties, including accepting and/or assigning contracts or concessions and development ventures in the property field.

Finally, the Company may carry out, not directly with the general public, all those acts necessary, in the judgment of the Board of Directors, to implement the corporate purpose.

2. INFORMATION on OWNERSHIP (*ex* art. 123-*bis* TUF)

a) Share capital structure

At the time of this Report, the share capital of the Issuer, fully subscribed and paid up, is equal to 178,464,000.00 euros divided into 343,200,000 dividend-bearing ordinary shares, 0.52 euros nominal value each. The shares - each share gives entitlement to one vote - are indivisible and are issued in the dematerialized form.

No other financial instruments have been issued that attribute the right to subscribe shares of new issue.

	NUMBER OF SHARES	% COMPARED TO THE S.C.	LISTED / NOT LISTED	RIGHTS AND OBLIGATIONS
ORDINARY SHARES	343,200,000	100%	MTA Standard Segment	Article 2346 and follow. of the Italian Civil Code
SHARES WITH RESTRICTED VOTING RIGHT	-	-	-	-
SHARES WITH NO VOTING RIGHT	-	-	-	-

b) Restrictions on the transfer of securities

There are no restrictions on the transfer of securities.

c) Significant equity investments

The following table indicates the significant direct or indirect shareholdings as per the communications made in accordance with art.120 of TUF:

Situation at 31/12/2008 – Form 120 A

DECLARANT	DIRECT SHAREHOLDER	% PORTION ON ORDINARY CAPITAL	% PORTION ON VOTING CAPITAL
Omniaholding S.p.A.	Omniaholding S.p.A.	3.309%	3.309%
	Omniainvest S.p.A.	43.797%	43.797%
	Immsi S.p.A.	0.778%	0.778%
	Total	47.884%	47.884%
Girondi Giorgio	Girondi Giorgio	0.630%	0.630%
	Doutdes S.p.A.	0.536%	0.536%
	GGG S.p.A.	3.834%	3.834%
	Total	5.000%	5.000%
Axa Investment Managers	Axa Investment Managers	5.000%	5.000%
	Total	5.000%	5.000%

The following table indicates the significant direct or indirect shareholdings as per the communications made in accordance with articles 120 and 114, paragraph 7 of TUF:

Situation at 24/03/2009 – Form 120 A and Internal Dealing

DECLARANT	DIRECT SHAREHOLDER	% PORTION ON ORDINARY CAPITAL	% PORTION ON VOTING CAPITAL
Omniaholding S.p.A.	Omniaholding S.p.A.	4.434%	4.434%
	Omniainvest S.p.A.	43.797%	43.797%
	Immsi S.p.A.	0.778%	0.778%
	Total	49.009%	49.009%
Girondi Giorgio	Girondi Giorgio	0.630%	0.630%
	Doutdes S.p.A.	0.536%	0.536%
	GGG S.p.A.	3.834%	3.834%
	Total	5.000%	5.000%
Axa Investment Managers	Axa Investment Managers	5.000%	5.000%
	Total	5.000%	5.000%

d) Securities that give special rights

No securities have been issued that give special rights of control or special powers.

e) Employees' equity holdings: mechanism of exercising voting rights

There is no system for employees’ equity holdings.

f) Restrictions to voting rights

It should be noted that, in conformity with the provisions of the regulations applicable to all financial brokers, the subjects, natural or legal persons that hold a stake in the shareholders’ equity of the Issuer greater than 5% must have specific requisites of honourableness as prescribed by the Italian Ministerial Decree no.517 of 30 December 1998, among which, in particular, not being subject to measures of prevention and/or there being no sentences for property crimes or crimes covered by the legislation that governs banking, financial, real estate or insurance activities. The lack of these requisites of honourableness precludes the shareholder from exercising the voting rights provided by the shares he/she owns.

g) Agreements between shareholders

On 31 October 2008, there was the natural expiration of the pact in being between Omniaholding S.p.A., B&L S.r.l., Ruggero Magnoni and Rocco Sabelli, signed on 6 November 2002 and subsequently modified on 13 March 2003 and 9 November 2005, finalized at regulating their relations as Shareholders of Omniainvest S.p.A..

On the date of this Report, no agreement in force exists among the shareholders of the Issuer with significant content in accordance with art.122 of the TUF.

h) Appointment and substitution of the Directors and changes to the Bylaws

The provisions of the Bylaws that govern the composition and appointment of the Board of Directors of the Issuer have been modified by the Board of Directors during the Extraordinary Meeting held on 18 June 2007, so as to adapt them to the provisions introduced by Italian Law 262/05 and by Ital.Legisl.Decree 303/06.

The Company is managed by a Board of Directors comprising no fewer than five and no more than thirteen members appointed by the Shareholders' Meeting.
The Shareholders' Meeting determines the number of Board members as well as the term of their office which cannot be more than three years, and will expire at the date of the Shareholders' Meeting called to approve the financial statements of the last year of their term in office. Directors may be re-appointed.
According to the Bylaws, the Directors must have the requirements of the current *pro tempore* legislation; of them a minimum number, corresponding to the minimum required by the legislation, must have the requirements of independence as per art.148, paragraph 3, of TUF.
Whenever the requirements are no longer met, the Director is invalidated. Whenever there is no longer the requirement of independence, prescribed by art.48, paragraph 3, of TUF, of a Director, it does not determine the director's invalidity if the requirements remain valid for the minimum number of Directors that according to current legislation must have such requisites.
In relation to carrying on the activity of investing in equity, for the Company's registration in the specific section of the general list of the financial brokers, held by the *"Banca d'Italia" i.e.*, Bank of Italy (formerly the *"Ufficio Italiano dei Cambi" i.e.*, Italian Exchange Rate Department) as per art.113 of Ital.Legisl.Decree 385/93, the requisites of honourableness are required as per art.109 of the same Decree.

The Board of Directors is appointed on the basis of lists presented by the Shareholders with the procedures specified below, in which the candidates must be listed with a progressive number.
The lists presented by the Shareholders must be deposited at the Company's headquarters, at the disposal of whoever applies for them, at least fifteen days before the date set for the first convocation of the Shareholders Meeting and they are subject to the other forms of publishing required by the current *pro tempore* regulations.
Each Shareholder, the Shareholders belonging to a significant shareholder agreement in accordance with art.122 of TUF, the controlling party, the subsidiary companies and those subject to a common control in accordance with art.93 of TUF, cannot present or contribute to the presentation, not even by mediation or a trust company, more than only one list neither can they vote different lists and every candidate can present himself/herself in only a single list under penalty of ineligibility. The support and votes expressed in breach of this prohibition are not attributed to any list.
The right to present lists is only for Shareholders that, alone or together with other presenting Shareholders, are altogether owners of shares with voting rights representing at least 2.5% of the share capital with voting rights in the Ordinary Shareholders' Meeting, or representing another percentage that may be established by provisions of the law or regulations.
Together with each list, within the respective terms stated above, they must deposit (i) the relevant certification issued by an accredited intermediary in accordance with the Law, proving ownership of the necessary number of shares for the presentation of lists; (ii) the declarations with which the

single candidates accept their own candidacy and they certify, under their own responsibility, the non-existence of causes of ineligibility and incompatibility, as well as the existence of the requisites prescribed for the respective positions; (iii) a *curriculum vitae* regarding the personal and professional characteristics of each candidate, possibly stating the person's fitness to be qualified as independent.
Lists presented without observing the above provisions are considered as not presented.
To the election of the Board of Directors the proceedings are as specified below:
a) the list that obtained the highest number of votes expressed by the Shareholders is used for drawing all the Directors to be elected except one, in the progressive order in which they are listed in the list itself;
b) the remaining Director is drawn from the minority list that is not connected in any way, not even indirectly, with the Shareholders that presented or voted the list of the preceding letter a) and that has obtained the second highest number of votes expressed by the Shareholders. If the minority list of point b) has not achieved a percentage of votes equal to at least half that required for the presentation of lists, all the Directors to be elected will be drawn from the list of point a).
If the candidates elected with the above procedures do not assure the appointment of a number of independent Directors ex art.148 of the TUF, equal to the minimum number established by law in relation to the total number of Directors, the non-independent candidate ex art.148 of the TUF, elected last in progressive order in the list that received the highest number of votes, as per the preceding letter a) of the preceding paragraph, is replaced by the first independent candidate ex art.148 of the TUF, according to the progressive order not elected in the same list, or, failing this, by the first independent candidate ex art.148 of the TUF, according to the progressive order not elected in the other lists, according to the number of votes obtained by each one. This procedure of substitution is used until the Board of Directors is composed of a number of independent Directors ex art.148 TUF, equal to at least the minimum prescribed by Law. If said procedure does not assure the result last indicated, the substitution is made with a resolution passed by the Meeting with a relative majority, upon presentation of candidacies of subjects with the above-mentioned requisites.
In the case in which only one list is presented or in the case in which no list is presented, the Shareholders' Meeting deliberates with the majorities of Law, without observing the above procedure.

If during the year one or more Directors are terminated, provided that the majority is always composed of Directors appointed by the Shareholders' Meeting, steps will be taken in accordance with art. 2386 of the Italian Civil Code as follows:
a) the Board of Directors makes the substitution from those belonging to the same list to which the terminated Director belonged and the meeting deliberates, with the majorities of Law, respecting the same criterion;
b) if in the aforesaid list of candidates not elected previously, in other words candidates with the requisites, or in any case when for any reason it is not possible to respect the provisions of letter a), the Board of Directors makes the substitution, as subsequently done by the Shareholders' Meeting, with the legal majorities with no list vote.
In any case the Board of Directors and the Shareholders' Meeting will make the appointment so as to assure the presence of independent Directors ex art.148 of the TUF, in the total minimum number required by the current *pro-tempore* regulations.
If because of resignations or other causes there is no longer a majority of Directors, the whole Board is considered resigning and its cessation will take effect from the moment when the Board of Directors will be reconstituted following acceptance by at least half the new Directors appointed by the Shareholders' Meeting, that must be urgently convened.

The changes to the Bylaws are disciplined by the current *pro-tempore* regulations.

i) Proxies to increase the share capital and authorizations to purchase treasury stock

On 17 March 2008 the term lapsed for exercising the proxies granted by the Extraordinary Shareholders' Meeting on 17 March 2003 to the Board of Directors, in accordance with articles 2443 and 2420-*ter* of the Italian Civil Code. In particular, with said proxies the Board was granted with:
(i) in accordance with art.2443 of the Italian Civil Code, the right to increase on one or more occasions, also in divisible amounts, for a period of five years from the date of the resolution, the share capital up to a maximum amount of 1 billion euros of nominal value, against payment, with or without premium, by issuing ordinary shares having the same features as those already in circulation, respectively to be assigned or offered as an option to those entitled. The Directors may establish from time to time the issue price, the due date, the timing, the manner, the conditions and any allocation of the increase in share capital to service the conversion of bonds even if issued by third parties in Italy and abroad, and/or of warrants and/or similar rights.
(ii) in accordance with art.2420-*ter* of the Italian Civil Code, the right to issue on one or more occasions, also in divisible amounts, for a period of five years from the date of the resolution, bonds, which may be convertible into ordinary shares having the same features as those already in circulation, with or without warrants, even in foreign currency, to offer as an option to those entitled, for a maximum amount of 1 billion euros, as laid down by the law currently in force, with a subsequent increase in the share capital to service the conversion of the bonds and/or exercising of the warrants, and/or similar rights, determining methods, terms, conditions and related settlement.

In accordance with art.7 of the Bylaws, the share capital of Immsi may be increased one or more times, against payment in cash, in kind and in receivables, by resolution of an Extraordinary Shareholders' Meeting with the issue of ordinary shares or shares with various rights, or financial instruments with equity rights or administrative rights excluding the right to vote in Shareholders' meetings, in accordance with the law. Payment for the shares is required by the Board of Directors in the terms and the manner it deems appropriate.

Without prejudice to any other provision regarding increases in share capital, it may be increased excluding the option right by up to 10% of the pre-existing share capital, provided that the issue price corresponds to the market value of the shares and that such value be confirmed by the independent auditors in a specific report.

The Shareholders' Meeting may pass a resolution, in accordance with art.8 of the Bylaws, to reduce the share capital pursuant to law, even by assigning individual shareholders or groups of shareholders certain corporate assets or shares in other companies in which the Company has an equity investment.

On 13 May 2008, the Ordinary Shareholders' Meeting of the Issuer authorized a plan to purchase and transfer treasury stock, in accordance with the combined provisions of articles 2357 and 2357-*ter* of the Italian Civil Code as well as of art.132 of the TUF and related provisions of execution, with the following finalities: (i) investment and stabilization of the price of the stock and its liquidity on the share market, in the terms and with the methods established by the applicable provisions; or (ii) using treasury stock within operations connected with the current management or projects in line with the strategies that the Company intends to pursue, in relation to which there is the opportunity to trade shares, including the assignment of these shares to the service of any convertible bonds and/or with warrants.

The aforesaid authorization includes the purchase, even in more than one tranche, for a period of eighteen months as of the date of the resolution of the Meeting, of ordinary shares of the nominal value of 0.52 euros each, up to such a maximum amount, taking account of the ordinary shares held in portfolio by the Company and by its subsidiary companies from time to time, so that the quantity of treasury stock altogether is no greater than the limit of 10% of the share capital, as per art.2357, par. 3 of the Italian Civil Code, at a unit amount of no less than the minimum of 10% and no greater than the maximum of 10% of the arithmetic mean of the official prices recorded by the Immsi share in the ten days of trading prior to each single purchase or, if the purchases are made via a public purchase offer or exchange, an amount no less than the minimum of 10% and no greater than the maximum of 10% of the official price recorded by the Immsi share on the trading day prior to the public announcement.

Purchases can be made according to the following methods, to be identified from time to time in compliance with art.144-*bis*, paragraph 1, lett. a), b) and d) of the Consob Issuers Regulations (as subsequently modified) and of the applicable provisions, so as to permit compliance with the same treatment of the shareholders as provided for by art.132 TUF: (i) by public purchase offer or exchange; (ii) on the regulated markets, according to the operational methods established in the regulations for the organization and management of the markets, that do not allow directly combining purchase bids with predetermined sale bids; (iii) by assigning shareholders, proportionally to the shares they hold, a put option to be exercised within a period corresponding to the duration of the meeting's authorization.

In addition, the authorization includes the use, in accordance with art.2357-*ter* of the Italian Civil Code, at any time, entirely or partially, even before finishing the purchases, of any treasury stock purchased, by selling it on the stock market, in blocks or otherwise outside the market in other words selling any real and/or personal rights related to it (including, merely by way of example, stock loans), saving that (a) the amount of the sale of the right of ownership and of all other real and/or personal rights must be no less than 5% of the market value of the sold right on the day prior to each single trade; and (b) the provisions made within industrial projects or extraordinary finance operations, via operations of trading, exchanging or conferment or other methods that involve the transfer of treasury stock, as well as the transfer of treasury stock intended for the service of any convertible bonds and/or with warrants can take place at the price or the value that will be congruous and in line with the operation, also taking account of the market prices.

Please note that the authorization for the transfer of treasury stock has been granted with no time limits.

In execution of the above, on 31 December 2008 the Issuer holds 2,670,000 shares of treasury stock, equivalent to 0.778% of the share capital. At the date of this Report, this number is unchanged.

l) Clauses of change of control

The Issuer has stipulated some significant agreements, whose content is illustrated in a special section of the Financial Statements at 31 December 2008, that are modified or lapse in case of change to the control of Immsi S.p.A., in particular:

- Bullet – Multi Borrower financing contract with Banca Intesa Sanpaolo S.p.A. for a total of 70 million euros, related to which, where subjects other than the Issuer's controlling shareholders, at the date of stipulation of the contract, came directly or indirectly to own the controlling stake in Immsi, the beneficiary(ies) of the financing must pay it back entirely and make the payment of all other amounts due;
- financing contract with Efibanca S.p.A. for a total of 46 million euros, related to which the financing bank has the right to withdraw in the case of a substantial difference in the situation of the Issuer's shareholders.

m) Directors' indemnity in case of resignations, dismissal or cessation of the relationship following a public purchase offer

No agreements have been stipulated between the Issuer and the Directors that require indemnity in case of resignation or dismissal/revocation without a just cause or if the working relationship ceases following a public purchase offer.

3. COMPLIANCE

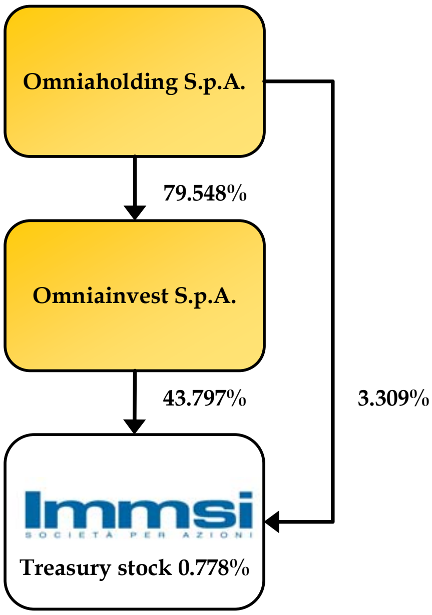
The system of corporate governance adopted by Immsi S.p.A. complies with the main contents of the Self-Regulatory Code of Conduct prepared by the committee for corporate governance of listed companies, as amended (March 2006).
Neither Immsi nor its subsidiaries with strategic importance are subject to provisions of the Law that are not Italian that affect the structure of corporate governance of the Issuer.

4. ACTIVITY OF MANAGEMENT AND COORDINATION

At the time of the Report, the Issuer is undirectly controlled, in accordance with art.93 of the TUF, by Omniaholding S.p.A., a company wholly owned by the Colaninno family, through the subsidiary company Omniainvest S.p.A..

The Company is not subject to an activity of management and coordination, in accordance with art.2497 and follow. of the Italian Civil Code by the controlling party. In particular, it is specified that, at the situation of control of the Issuer, no tangible activity of management and coordination is carried on in relation to the case in point of art.2497 and follow. of the Italian Civil Code and that none of said parties has a structure or organization such as to allow it to be carried on. Therefore, the Issuer and, particularly, its Board of Directors take their respective decisions in full autonomy.

Shareholder structure at 31 December 2008
ex articles 120 and 114, paragraph 7, of the TUF



Immsi is an equity investment holding company that, during 2008, managed and coordinated in accordance with art.2497 and follow. of the Italian Civil Code, the subsidiaries Piaggio & C. S.p.A., RCN Finanziaria S.p.A., Rodriquez Cantieri Navali S.p.A., Is Molas S.p.A., Apuliae S.p.A., Pietra S.r.l. and ISM Investimenti S.p.A..

These provisions, moreover, include: (i) direct responsibility of the company that carries on an activity of management and coordination, towards the Shareholders and the creditors of the companies subject to the management and coordination, in the case in which the company that carries on such activity – acting in its own entrepreneurial interest or that of others, in violation of the principles of correct company and entrepreneurial management of the companies themselves – brings prejudice to the profitability and the value of the shareholding or causes, towards the company's creditors, harm to the integrity of the assets of the company and (ii) responsibility of the Directors of the company subject of management and coordination, that omit implementing the publishing requirements, of art.2497-*bis* of the Italian Civil Code for the damage that a lack of knowledge of these facts causes to the Shareholders or to third parties. In addition, in accordance with art.2497-*quater* of the Italian Civil Code, the Shareholder of a company subject to activity of management and coordination has the right to withdraw from the company (i) when the company or body exercising the activity of management and coordination has deliberated a transformation that implies change to its company purpose, that is it has passed a resolution to change its corporate purpose, allowing activities that significantly and directly alter the financial conditions and assets of the company subject to management and coordination; (ii) when a sentence has been pronounced, with an executive decision, in favour of the Shareholder, against the subject performing an activity of management and coordination in accordance with art.2497 of the Italian Civil Code (the norm, in this case, requires that the right to withdraw must be exercised for the whole shareholding); and (iii) at the beginning and at the cessation of the activity of management and coordination, when it is not a company with shares listed on regulated markets and there follows an alteration in the conditions of risk of the investment and a public purchase offer is not promoted.

As concerns the compulsory accounting information, particularly the financial statements and the Directors' reports, with reference to the situation of the companies in the Group, Immsi has defined a Group manual that identifies the accounting standards used and the optional choices made in implementing them, in order to be able to represent the consolidated accounting situation in a consistent and homogeneous manner.

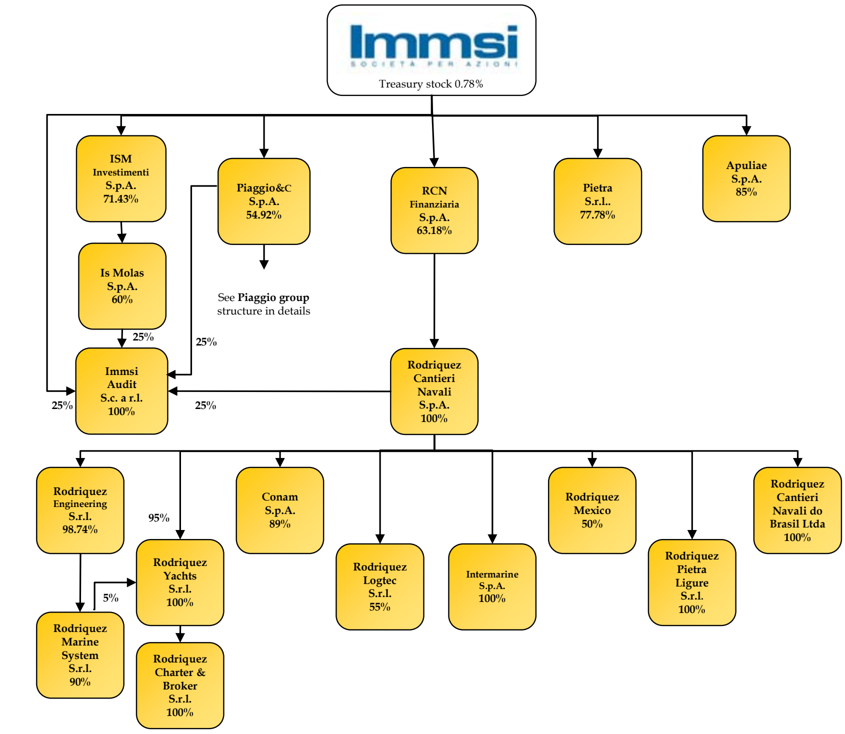
Immsi defines the methods and the times for drawing up the Budget and in general the industrial plan of the companies in the Group, as well as the final administration analyses supporting the activity of administration control.

Immsi moreover, in order to optimize the dedicated resources within the Group structure, provides services related to the development and administration of the property of the companies subject to the activity of management and coordination, in particular it carries on an advisory activity in relation to the sale and lease of the real estate, as well as services of an administrative, technical and organizational nature, for works of construction, expansion and restructuring.

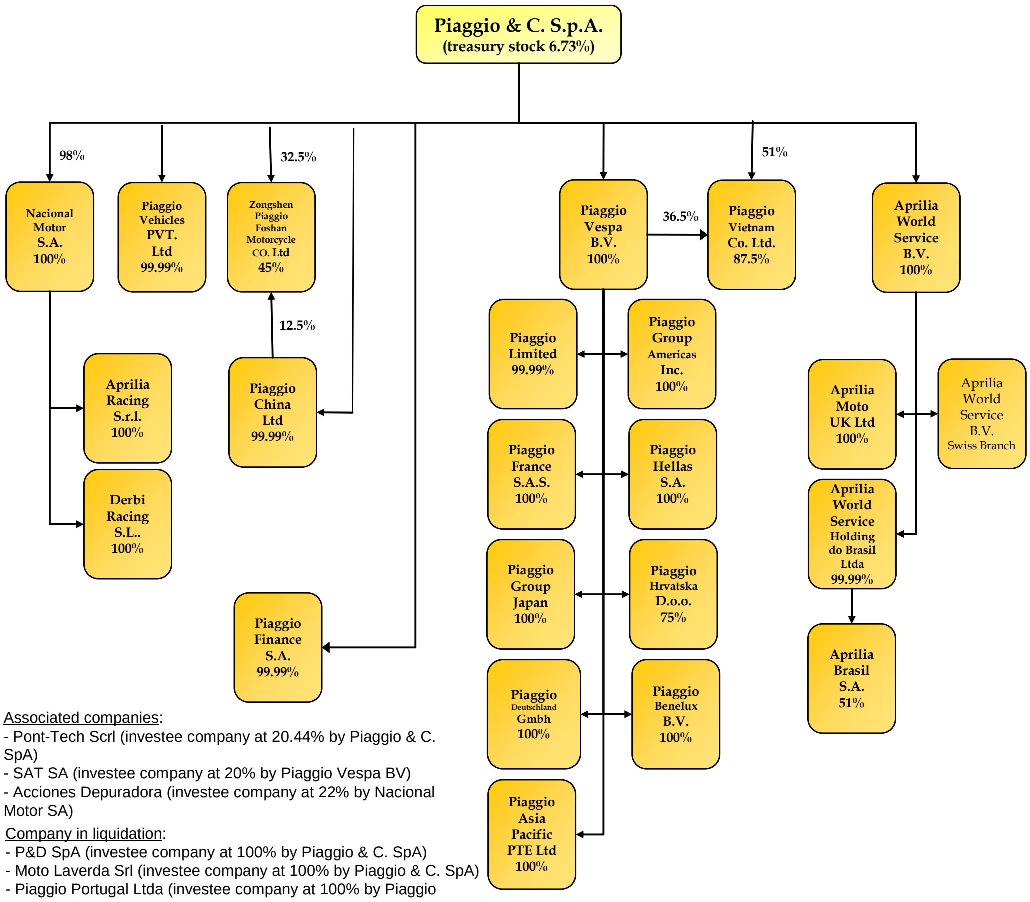
Lastly, Immsi provides activities of consultation and assistance to the companies in the Group for operations of extraordinary finance, organization, strategy and coordination, as well as services aimed at the optimization of the asset and financial structure of the Group.

Immsi is at the head of a Group that, through the companies it controls directly and indirectly, operates in the industrial, naval and property sectors.

Shareholder structure at 31 December 2008
ex articles 120 and 114, paragraph 7, of TUF



-1 share = 1 R$ of Rodriquez Cantieri Navali Do Brasil Ltda is held by Intermarine SpA



Associated companies:
- Pont-Tech Scrl (investee company at 20.44% by Piaggio & C. SpA)
- SAT SA (investee company at 20% by Piaggio Vespa BV)
- Acciones Depuradora (investee company at 22% by Nacional Motor SA)

Company in liquidation:
- P&D SpA (investee company at 100% by Piaggio & C. SpA)
- Moto Laverda Srl (investee company at 100% by Piaggio & C. SpA)
- Piaggio Portugal Ltda (investee company at 100% by Piaggio Vespa BV)

5. BOARD OF DIRECTORS

5.1. COMPOSITION

On 12 May 2006, the Ordinary Shareholders' Meeting at the proposal of the majority shareholder Omniapartecipazioni S.p.A. appointed a Board of Directors consisting of nine members, who shall remain in office until the date of the Shareholders' Meeting called to approve the financial statements relating the year ending at 31 December 2008.
It is pointed out that in 2006, as per art.2386, paragraph 1 of the Italian Civil Code, the Directors Giorgio Cirla and Michele Colaninno were co-opted in replacement of the Directors Giorgio Magnoni and Rocco Sabelli, respectively. The Ordinary Shareholders' Meeting of 18 January 2007 confirmed the above appointments.
In addition, with the resolution of the board on 13 November 2008, the Director Giovanni Sala was appointed, again by co-opting, in place of Marco Reboa (resigned on 28 August 2008). The Director Giovanni Sala will remain in office until the date of the next Shareholders' Meeting of the Issuer.
Finally, on 5 March 2009, the independent Director Giovanni Tamburi resigned from the offices he held with the Issuer. Considering the imminent expiration of the mandate conferred to the current Board of Directors, the Board has decided not to replace the resigning Director.
As established by art.6.C.1 of the Self-Regulatory Code of Conduct, the professional *curricula* of the Director candidates have been filed at the Company's head office and are available on the Company website, section Investor Relations – Communications – Other Communications – year 2006 and year 2008.
The current Directors are in possession of all the requirements envisaged by the applicable Law, Regulations and the Bylaws.

Board of Directors holding office at the date of this Report

FULL NAME	OFFICE	IN OFFICE FROM	LIST	EXEC.	NON EXEC.	INDEP.	INDEP. TUF	% BOD	OTHER OFFICES
Roberto Colaninno	Chairman BoD	12/05/06	-	X				85.71%	7
Carlo d'Urso	Deputy Chairman BoD	12/05/06	-		X			100%	6
Luciano La Noce	Managing Director	12/05/06	-	X				100%	11
Matteo Colaninno	Director	12/05/06	-		X			57.14%	3
Michele Colaninno	Director	13/11/06	-	X				100%	8
Mauro Gambaro	Director	12/05/06	-		X	X	X	100%	2
Giorgio Cirla	Director	11/09/06	-		X			85.71%	1
Giovanni Sala	Director	13/11/08	-		X	X	X	100%	6

Directors that stopped holding office

FULL NAME	OFFICE	IN OFFICE FROM	LIST	EXEC.	NON EXEC.	INDEP.	INDEP. TUF	% BOD	OTHER OFFICES
Marco Reboa	Director	12/05/06 28/08/08	-		X	X	X	66.67%	7
Giovanni Tamburi	Director	12/05/06 05/03/09	-		X	X	X	85.71%	6

LEGEND:
Office: Chairman, Deputy Chairman, Managing Director, Director.
List: the Administrative Body currently in office, whose list of proposals of candidacies was presented by the majority Shareholder Omniapartecipazioni S.p.A., was appointed with resolutions taken with a majority, in accordance with the Bylaws provisions and *pro tempore* regulations in force.
Exec.: the Director can be qualified as Executive.
Non-Exec.: the Director can be qualified as Non-Executive.
Indep.: the Director can be qualified as independent according to the criteria set down in the Code.
Indep. TUF: the Director has the requisites of independence set down in art.148, paragraph 3, of the TUF.
% BoD: attendance, in percentage, of the Director at the meetings of the Board (in calculating this percentage, the number of meetings is considered at which the Director has participated in relation to the number of meetings of the Board, held during the year or after acceptance of the appointment).
Other offices: total number of offices covered in other companies listed on regulated markets (also outside Italy), finance, banking, insurance or large-sized companies.

Composition of the Committees at the date of this Report

FULL NAME	OFFICE	EC	% EC	N.C.	% N.C.	R.C.	% R.C.	IAC	% I.A.C.
Carlo d'Urso	Deputy Chairman BoD	-	-	-	-	P	100%	-	-
Mauro Gambaro	Director	-	-	-	-	M	100%	M	75%
Giovanni Sala	Director	-	-	-	-	-	-	P	100%
Giorgio Cirla	Director	-	-	-	-	-	-	M	100%

Directors that stopped holding the office in the Committees

FULL NAME	OFFICE	EC	% EC	N.C.	% N.C.	R.C.	% R.C.	IAC	% I.A.C.
Marco Reboa	Director	-	-	-	-	-	-	P	100%
Carlo d'Urso	Deputy Chairman BoD	-	-	-	-	-	-	M	100%
Giovanni Tamburi	Director	-	-	-	-	M	100%	-	-

LEGEND:

EC: C/M if chairman/member of the Executive Committee.
% EC: attendance, in percentage, of the Director at the meetings of the Executive Committee (in calculating this percentage, the number of meetings is considered at which the Director has participated in relation to the number of meetings of the Executive Committee, held during the year or after acceptance of the appointment).

N.C.: C/M if chairman/member of the Nomination Committee.
% N.C.: attendance, in percentage, of the Director at the meetings of the Nomination Committee (in calculating this percentage, the number of meetings is considered at which the Director has participated in relation to the number of meetings of the Nomination Committee, held during the year or after acceptance of the appointment).
R.C.: C/M if chairman/member of the Remuneration Committee.
% R.C.: attendance, in percentage, of the Director at the meetings of the Remuneration Committee (in calculating this percentage, the number of meetings is considered at which the Director has participated in relation to the number of meetings of the Remuneration Committee, held during the year or after acceptance of the appointment).
I.A.C.: C/M if chairman/member of the Internal Audit Committee.
%. I.A.C.: attendance, in percentage, of the Director at the meetings of the Internal Audit Committee (in calculating this percentage, the number of meetings is considered at which the Director has participated in relation to the number of meetings of the Internal Audit Committee, held during the year or after acceptance of the appointment).

Maximum aggregation of offices held in other companies

Each member of the Board of Directors must deliberate with full awareness and independently, in the pursuit of creating Shareholder value and is committed to dedicate to this corporate office the time necessary to ensure diligent fulfilment of his duties, irrespective of the offices held outside the Immsi Group, being well aware of the responsibilities of the office held.
To this end, each Director candidate must have already evaluated, at the time of accepting office in the Company and independently from the limits established by law and the Regulation Governing the aggregation of offices, his ability to carry out with due diligence and effectiveness the duties attributed to him, with particular attention being paid to overall commitments outside the Immsi Group.
Each member of the Board of Directors must also inform the same Board of any appointment to Director or Auditor in other companies, so as to comply with the disclosure obligations established by applicable Regulations and Law.
The Board has decided not to define general criteria on the maximum number of offices of Administration and Auditing in other companies, that can be considered compatible with an effective performance of the role of Director of the Issuer, saving the duty of each Director to evaluate the compatibility of the positions of Director and Auditor, held in other companies listed on regulated markets (also outside Italy), in holding, banking, insurance or large-sized companies, conscientiously carrying out the duties taken on as Director of the Issuer.
During the session held on 24 March 2009, the Board, with the outcome of the verification of the offices currently held by its Directors in other companies, indeed considered that the number and the quality of the offices held does not and is, therefore, compatible with an effective performance of the office of Director in the Issuer.
In addition, the majority of the members of the Board of Directors of the strategic subsidiary Piaggio & C. S.p.A. do not hold Administrative and/or Directive positions in the Parent Company Immsi S.p.A.

The table below lists the positions of Director and Auditor held at the date of this report by the members of the Board of Directors holding office, in other companies listed on regulated markets (also outside Italy), finance, banking, insurance companies or companies of significant dimensions.

FULL NAME	Company	Positions held as Directors or Auditors
Roberto Colaninno	- Piaggio & C. S.p.A. S.p.A.* - Omniaholding S.p.A.* - Omniainvest S.p.A.* - Alitalia Compagnia Aerea Italiana S.p.A. - Air One S.p.A. - RCN Finanziaria S.p.A.* - Rodriquez Cantieri Navali S.p.A.*	Chairman BoD and Managing Director Chairman BoD Chairman BoD Chairman BoD Chairman BoD Director Director
Luciano La Noce	- Rodriquez Cantieri Navali S.p.A.* - Is Molas S.p.A.* - Apuliae S.p.A.* - RCN Finanziaria S.p.A.* - Pietra S.r.l.* - ISM Investimenti S.p.A.* - Banca Popolare di Mantova S.p.A. - Omniainvest S.p.A.* - B&L S.r.l. - Piaggio & C. S.p.A.* - Air One S.p.A.	Chairman BoD Chairman BoD Chairman BoD Chairman BoD Chairman BoD Chairman BoD Deputy Chairman Managing Director Sole Director Director Director
Carlo d'Urso	- Fondiaria SAI S.p.A. - Premafin Finanziaria S.p.A. - Che Banca! S.p.A. - Gruppo Banca Leonardo S.p.A. - F.C. Internazionale Milano S.p.A. - Stilo Immobiliare Finanziaria S.r.l.	Director Director Director Director Director Director
Matteo Colaninno	- Omniaholding S.p.A.* - Piaggio & C. S.p.A.* - Omniainvest S.p.A.*	Deputy Chairman and Managing Director Deputy Chairman Director
Michele Colaninno	- Omniaholding S.p.A.* - Omniainvest S.p.A.* - Piaggio & C. S.p.A.* - Is Molas S.p.A.* - Rodriquez Cantieri Navali S.p.A.* - Piaggio Vietnam Co. Ltd.* - ISM Investimenti S.p.A.* - Immsi Audit S.c. a r.l.*	Managing Director Director Director Director Director Director Director Director
Mauro Gambaro	- Synergo S.G.R.p.A. - Marsilli & C. S.p.A.	Director Director
Giovanni Tamburi**	- Tamburi Investment Partners S.p.A. - Management & Capitali S.p.A. - Interpump S.p.A. - De Longhi S.p.A. - Zignago Vetro S.p.A. - Datalogic S.p.A.	Chairman BoD Deputy Chairman BoD Director Director Director Director
Giorgio Cirla	- Sopaf S.p.A.	Chairman BoD
Giovanni Sala	- Gewiss S.p.A. - IGI SGR S.p.A. - Gianni Versace S.p.A. - Coface Ass.ni S.p.A. - Intermonte SIM S.p.A. - CLN S.p.A. - Coface Factoring S.p.A.	Director Chairman, Board of Statutory Auditor Chairman, Board of Statutory Auditor Standing Auditor Standing Auditor Standing Auditor Standing Auditor

* company in the Group at the head of or to which belongs the Issuer
** resigning Director as from 5 March 2009

5.2. DUTY OF THE BOARD OF DIRECTORS

During 2008, the Board of Directors held 7 meetings with an average duration of one hour and a half, attended by the Board of Auditors.

The general average of participation of the Directors in the aforesaid meetings was equal to 88.10%, while, with reference to the participation of only the independent Directors, this average was equal to 88.10%.

The Bylaws do not require a minimum number of directors' meetings, nevertheless for the year 2009 it is expected that the Board of Directors meets at least 5 times, the first of which on 24 March 2009.

In compliance with the requirements of art.2.6.2, paragraph 1 lett. c) of the Regulation of markets organized and managed by Borsa Italiana S.p.A., on 30 January 2009, Immsi S.p.A. notified the company managing the market of its annual calendar of events for the year 2009. This calendar was moreover published on the Issuer's website, in the Section Investor Relations - Communications.

The Board of Directors plays a central role within the corporate organisation and is in charge of strategic and organisational functions and responsibilities, as well as verifying the existence of the necessary controls to monitor the Issuer and the companies in the Immsi Group.

The Board of Directors is granted all powers to manage the Company and to that end may approve or carry out all acts it deems necessary or useful to fulfil the corporate purpose, except those matters reserved for the Shareholders' Meeting by Law and the Bylaws.

In accordance with art.23 of the Bylaws, the Board of Directors is also responsible for deciding upon all matters regarding:

- mergers and demergers in accordance with articles 2505 and 2505-*bis* of the Italian Civil Code, the latter being referred to by art.2506-*ter* of the Italian Civil Code;
- establishment or closure of secondary offices;
- which Directors represent the Company;
- reductions in share capital in the event of withdrawal of the shareholder;
- amending the Bylaws to comply with regulatory provisions;
- transfer of the registered office to another location in Italy;

notwithstanding that such decisions may also be taken by an Extraordinary Shareholders' Meeting.

The Board of Directors of Immsi, at a meeting on 12 May 2006 and 13 November 2006, decided on the distribution of the management competencies of the Board of Directors (see point 5.3 below for the competencies of the Chairman and of the Managing Director), reserving in all cases for the Board jointly not only the powers granted by Law or by the Bylaws, but all the powers to:

a) define the strategic, industrial and financial objectives as well as general policy for the Company and Group;

b) acquire and dispose of controlling equity investments, acquire or dispose of business units for individual amounts greater than 25 million euros, mergers and demergers;

c) approve multi-year plans;

d) carry out property dealings for individual amounts greater than 25 million euros.

Article 1.C.1, lett. b) of the Self-Regulatory Code of Conduct envisages that the Board of Directors evaluates the adequacy of the organisational, administrative and general accounting structure of the Company and its strategic subsidiaries.

In this regard it is pointed out that, in accordance with art.2381 of the Italian Civil Code, the Issuer's Board of Directors normally carries out such activities at the time of periodic Board meetings.

Furthermore, it is pointed out that, in compliance with the provisions introduced by Italian Law 262/2005 (art.154-*bis* of the TUF) and subsequent amendments and integrations, a thorough assessment of the adequacy and effective application of the administrative and accounting procedures in being, likewise identifying the necessary integrations, was carried out, as of the year 2007, with the operational, methodological and instrumental support of Cogitek S.r.l., for the Issuer and for the strategically significant Companies in the Group. This activity, supported by an in-depth and targeted series of compliance tests as well as with the aid of the Internal Audit function, enabled certifying that the documents of the financial statements are able to supply a truthful and correct representation of the asset, economic and financial situation of Immsi and the companies included in the consolidation.

In particular, through an updating of the scoping analysis aimed at defining the perimeter of analysis, all the Issuer's operative non-listed subsidiary companies (Is Molas S.p.A., Rodriquez Cantieri Navali S.p.A., Intermarine S.p.A., Conam S.p.A.) were selected, and therefore considered significant. As regards the listed subsidiary company Piaggio & C. S.p.A. and the related Piaggio Group, the perimeter of analysis was defined on the basis of the criteria set down by the Manager in charge of preparing the company accounts and documents.

On the basis of these selection criteria, all the following auditing activity took its cue, making it possible to identify a group of companies submitted to analysis, for an asset value equal to over 86% and for a sales value equal to over 92% of the corresponding values of the whole Immsi Group.

For each identified company, the audits and tests performed – after thoroughly mapping the related processes – involved all the items of the financial statements, even though with diversified levels of examination, in relation to the default evaluation of the relative risk.

With reference to the requirements of art.36 of the Consob Markets Regulations, as pertains to the description of the plan of alignment and the related activities of implementation set in being by Piaggio & C. S.p.A. in reference to the non-EU indirect subsidiaries, monitored directly by it, please refer to the Iterim Management Report at 30 September 2007 and the following financial statements from Piaggio & C. S.p.A.. On the basis of the parameters of significance and importance assimilated by the recent Consob resolution no. 16530/2008, the non-EU subsidiary companies with strategic importance are: Piaggio Vehicles Pvt Ltd and Piaggio Group Americas Inc.
To this regard, it should be noted that, on 14 November 2008, Piaggio & C. S.p.A. has completed the aforesaid plan of alignment. Therefore, also the Issuer, in the Interim Management Report at 30 September 2008, has declared it is aligned with the prescriptions of the above articles.

All the above activity has been coordinated by the Manager in charge of preparing the company accounts and documents and has been supervised by the Internal Audit Committee. In this way, the Board of Directors of the Issuer, on the basis of the directions supplied by said Internal Audit Committee, expressed, on 24 March 2009, an evaluation of the adequacy of the organizational, administrative and general accounting structure of the Company and the subsidiaries with strategic importance.

On 13 May 2008, the Board of Directors determined, after examining the proposals formulated by the Remuneration Committee and after hearing the opinion of the Board of Auditors, the remuneration of the Chairman Roberto Colaninno and of the Managing Director Luciano La Noce, for the particular positions they hold.

As regards management of conflicts of interest and operations with related parties of the Issuer and the Group, please refer to the following point no. 13.

On 24 March 2009, the Board of Directors of the Issuer made the annual evaluation in accordance with art.1.C.1, lett. g) of the Self-Regulatory Code of Conduct, believing that the size, composition and operation of the Administrative Body are suited for the administration and organizational requirements of the Company. During 2008, the Board of Directors comprised nine members, of which three independent Non-Executive Directors, which likewise ensured a suitable composition of the Committees formed within the Board itself. It is pointed out that, on 5 March 2009, the independent Director Giovanni Tamburi resigned from his office.

Art. 18 of the Bylaws requires that, until a contrary resolution of the meeting, the Directors are not bound by the prohibition of art.2390 of the Italian Civil Code. It is specified that, to date, the aforesaid derogation has found no application in any specific case.

5.3. DELEGATED BODIES

The Chairman is appointed by the Board of Directors from its members, should the shareholders not have done so.
The Chairman calls the Board of Directors and coordinates its activities, ensuring that adequate information regarding the items on the agenda is made available to all the Directors, taking account of the circumstances. Furthermore, he chairs shareholder meetings, ascertains the identity and entitlement of those attending, ascertains the proper calling of the meeting, the presence of a sufficient number of shareholders for resolutions to be valid, governs the procedures of shareholder meetings, establishes voting methods and monitors the results.
The Board of Directors may also appoint a Deputy Chairman, who substitutes the Chairman in the above functions in his absence or impediment.
The Chairman signs for and represents the Company with third parties and in legal matters. In his absence or impediment, these duties are carried out by the Deputy Chairman.
The Board of Directors may also delegate, within the same limits, its powers to one or more of its members, possibly as Managing Directors, granting them several or joint powers of signature, as it deems appropriate.
In accordance with art.23 of the Bylaws, the Board of Directors may appoint General Managers, Managers and Attorneys-in-fact, with several or joint signature powers, determining their powers and duties, as well as delegate powers for certain acts or categories of acts.
Powers of representation and signature may also be granted by the Board, which determines the limits, to Company's employees or to third parties.

Chairman and Managing Director

On 12 May 2006, the Ordinary Shareholders' Meeting appointed Roberto Colaninno Chairman of the Board of Directors and Carlo d'Urso Deputy Chairman.

The Chairman of the Board of Directors is the person mainly responsible for the Issuer's management (Chief Executive Officer); a Board resolution of 12 May 2006 granted Chairman Roberto Colaninno all powers of ordinary and extraordinary management, excluding those powers reserved by Law or the Bylaws to the entire Board of Directors, as well as the powers in all cases reserved to the Board on the basis of said resolution (refer to point 5.2 above for a list of the powers reserved to the Board). In the event of acts or transactions of extraordinary management, the Chairman must adequately inform the Board at the first possible meeting.

With resolution of the Board of 13 November 2006, the Director Luciano La Noce was appointed to the position of Managing Director of the Issuer. He was also given the same powers, except for those of extraordinary administration, listed above for the Chairman Roberto Colaninno, including the company signature and the legal representation of the Company with third parties and in judgment, that the Bylaws give to the Chairman.

General Manager

The Board of Directors, on 27 March 2008, appointed Michele Colaninno General Manager of the Company, granting him the related powers. In the same meeting, the Board also determined the relative remuneration, after examining the proposal formulated by the Remuneration Committee and hearing the opinion of the Board of Auditors.

Information for the Board

In accordance with art.21 of the Bylaws, the Delegated Bodies inform the Board of Directors and the Board of Statutory Auditors regarding its activities and the most significant financial and economic transactions carried out by the Company or its subsidiaries, referring in particular to transactions in which the Directors have an interest, on their own behalf or on behalf of third parties, or are influenced by the individual exercising the activity of management and coordination. The information is given timely (at least quarterly) at meetings of the Board or by means of a written memorandum addressed to the Chairman of the Board of Statutory Auditors.

During the year ended 31 December 2008, the Directors were informed of the matters covered by the Board of Directors in a manner that enabled them to express themselves with full awareness on the matters brought to their attention.

It is specified that, in each meeting of the Board, the Delegated Bodies adequately and promptly reported to the Board of Directors on the activity performed, on the general course of the administration and on its predictable evolution, as well as on the operations that are most significant for their dimensions and characteristics, carried out by the Company and by its subsidiaries, as prescribed in accordance with the law and the Bylaws and therefore at least every quarter.

5.4. OTHER EXECUTIVE DIRECTORS

Besides the Chairman and the Managing Director, Michele Colaninno is the Executive Director of the Issuer, as he holds an executive office in Immsi.

5.5. INDEPENDENT DIRECTORS

The number and stature of the Non-Executive Directors and the Independent Directors ensure that their judgment may have a significant weight upon the decision-making of the Issuer's directors. The Non-Executive Directors and the Independent Directors bring their specific competencies to Board discussions and contribute to decisions being made in the Company's interest.
The Board of Directors evaluates the independence of its Non-Executive members in accordance with both art.148, paragraph 3, points b) and c) of the TUF, referred to by art.147-*ter*, paragraph 4

of the TUF, and with art.3 of the Self-Regulatory Code of Conduct at the time of appointment, as well as periodically during the term in office, and the result of that evaluation is made public through the annual report on corporate governance. The criteria and the monitoring procedures adopted by the Board of Directors for evaluating the requirements of independence are verified by the Board of Statutory Auditors in accordance with the Self-Regulatory Code of Conduct.

Possession of the requirements for independence as per art.3 of the Self-Regulatory Code of Conduct and art.148, paragraph 3, points b) and c) of the TUF, of the current Independent Directors has been verified by the Board of Directors in the meeting held on 24 March 2009. On the same date, the Board of Statutory Auditors acknowledged that the criteria and the monitoring procedures adopted by the Board of Directors for evaluating the requirements of independence had been correctly applied.

It is pointed out that, in order to rule out potential risks of limiting the management independence of the strategic subsidiary Piaggio & C. S.p.A., the majority of the members of the Board of Directors of Piaggio & C S.p.A. has no administrative and/or managerial duties in the Parent Company Immsi S.p.A..

5.6. LEAD INDEPENDENT DIRECTOR

The Chairman of the Board of Directors is the person mainly responsible for the company's management (Chief Executive Officer). Therefore, on 26 March 2007, the Board of Directors appointed Marco Reboa, the Independent Non-Executive Director, Lead Independent Director. Afterwards, on 13 November 2008, further to the resignation of Marco Reboa, the Board replaced him by appointing Mauro Gambaro, so that he may be a point of reference and coordination of the decisions of the Non-Executive Directors and, in particular, of the Independent Directors. The Lead Independent Director Marco Reboa having suitable skills in accounting and finance, is also a member of the Internal Control Committee of the Issuer.

6. TREATMENT OF COMPANY INFORMATION

Concerning the issues regarding the treatment of Privileged Information, the Board of Directors of the Issuer has adopted initiatives and/or procedures concisely described below, in order to monitor access to and circulation of the Privileged Information before its transmission to the public, to assure observance of the obligations of confidentiality required by the provisions of the law and Regulations, as well as in order to regulate the internal administration and communication to the outside of the aforesaid information.

The aforesaid procedures are also available on the Issuer's website, in the Section of Investor Relations – Corporate Governance.

Procedure for Communicating Privileged Information to the General Public

On 24 March 2006, the Board of Directors adopted the "Procedure for communication to the public of Privileged Information" in order to regulate the internal management and communication to the outside of the price sensitive information.

In accordance with the procedure, the Chairman of the Board of Directors, the Managing Director and the Investor Relations function of Immsi assure correct management of the disclosure to the market of the Privileged Information, watching over observance of this Procedure itself.

The Investor Relations function and the Press Office Manager, informed by the top Management of the Group or anyhow aware of important facts regarding the Company or its subsidiaries, confer with the Administrative Manager and with the Legal and Corporate Function to verify the legal obligations and particularly if the information has to be considered privileged.

In the case in which the information is judged privileged or the current regulation requires its communication to the outside, the Press Office Manager prepares a press release and, with the aid of the Legal and Corporate, it assures that this contains the requisites required by the current legislation on the subject.

The text of the press release must be submitted to the Chairman and to the Managing Director and, if needed, to the Board of Directors, for final approval before being disclosed outside.

The announcement is put into the NIS circuit, organized and managed by Borsa Italiana, and via the NIS, sent to Consob and to at least two press agencies. The Company moreover adds the announcement, "within the opening of the market of the day following that of disclosure" on the Company's website, at the section "Investor Relations" – Communications – Press Releases, assuring a minimum permanence of said information of at least two years.

In order to assure management of Privileged Information inside the Group, this procedure will be notified to the Managing Directors of the main subsidiaries, intending by this Immsi's subsidiaries that come within its perimeter of consolidation.

The management of Privileged Information related to the subsidiaries is assigned to their Managing Directors which will have to promptly send the Administrative Manager and/or the Investor Relations function of Immsi all information that, on the basis of their evaluation, can be Privileged Information in accordance with this Procedure.

The Administrative Manager and/or Investor Relations function that have received the communication of the Privileged Information from the Managing Directors of the subsidiaries confer with the Legal and Corporate Function to verify the Legal obligations and particularly if the information has to be considered privileged.

In the case in which the information is judged privileged or the current regulation requires its communication to the outside, the Press Office Manager prepares a press release and, with the aid of the Legal and Company Function, it assures that this contains the requisites required by the current legislation on the subject.

The text of the press release must be submitted to the Chairman and to the Managing Director and, if needed, to the Board of Directors, for final approval before being disclosed outside.

Register of persons with access to Privileged Information

With particular reference to the requirement for listed issuers, for parties in controlling relations with them and for persons acting in their name or on their behalf, to establish and manage a Register of persons with access to insider information in accordance with art.115-*bis* of the TUF, in a meeting on 24 March 2006, the Board of Directors of the Company resolved to (i) adopt the "Procedure for the management of the Register of persons with access to Privileged Information"; (ii) approve such Register; (iii) mandate the Legal and Corporate Department of Immsi, in accordance with art.152-*bis* of the Issuers' Regulation, to keep, manage and update the Register of persons with access to insider information even for companies in relationships of control with Immsi S.p.A..

In particular, the Register kept by Immsi, in force since 1 April 2006, must indicate the persons it knows by first-hand experience with access to insider information, leaving each parent company/subsidiary the task of establishing a specific procedure and of appointing a Manager responsible for forwarding to Immsi the list of persons with access to Privileged Information regarding Immsi and, from the date of listing, Piaggio & C. S.p.A..

Internal Dealing

As regards management of the disclosure requirements arising from the new regulation on Internal Dealing, in accordance with art.114, paragraph 7 of the TUF and articles 152-*sexies*, 152-*septies* and 152-*octies* of the Issuers' Regulation, in force for listed companies as of 1 April 2006, the Board of Directors of the Company, on 24 March 2006, resolved to adopt the "Procedure for complying with the obligations regarding Internal Dealing".

Releases regarding significant transactions pertaining to the Internal Dealing regulations carried out in 2008 have been disclosed to the market in compliance with said procedure and are available on the Company website at the section Investor Relations – Communications – Press Releases – Internal Dealing.

7. COMMITTEES INSIDE THE BOARD

The Issuer has formed neither a committee that performs the functions of two or more committees provided for by the Code nor other committees to the ones provided for by the Code.

8. NOMINATION COMMITTEE

Considering the size and organizational structure of the Issuer, the Board has not recognized – at the present time - the necessity to set up a Committee for the appointment of Directors. In particular, the presence of a control Shareholder guarantees the presentation of the candidates to the office of Director. It is customary for the candidates to the office of Executive Director to be subjects who have acquired experience in the sectors in which the Issuer operates that is direct knowledge thereof.

9. REMUNERATION COMMITTEE

The Board of Directors of the Company, in compliance with the provisions of the Self-Regulatory Code of Conduct, has established an internal Remuneration Committee comprising Non-Executive Directors, mostly Independent Directors, to: (i) formulate, in the absence of the parties directly involved, proposals to the Board regarding the remuneration of the Managing Director and the other Directors with specific duties, monitoring the application of such decisions; and (ii) to formulate general recommendations to the Board regarding the remuneration of senior managers with strategic responsibilities within the Immsi Group, taking account of the information and indications provided by the Managing Director, while periodically evaluating the criteria adopted for the remuneration of senior management.

For carrying out of its duties, the members of the Remuneration Committee have the right to access the necessary information and business functions, as well as to use external advisors in the terms set down by the Board.

The records, that certify the contents of the meetings and the decisions taken by the aforesaid body, are signed by the Chairman and by the secretary and they are kept at the Company's headquarters in the specific meetings register.

On 12 May 2006, the Board of Directors confirmed the Directors Carlo d'Urso, as Chairman, along with Mauro Gambaro and Giovanni Tamburi as members of the Remuneration Committee. In this matter, the Committee has not been given any specific financial resources as, in order to carry out its duties, it uses the Issuer's facilities and structures.

During the year 2008, the Remuneration Committee held a meeting, at which all of its members took part. It is specified that no subjects other than the members of the Committee, except for the secretary taking the minutes, took part in the meeting.

In particular, on 26 March 2008, the Committee met and suggested to the Board the remuneration to pay to the General Manager Michele Colaninno, whereas, on 12 May 2008, the remunerations to pay to the Chairman Roberto Colaninno and to the Managing Director Luciano La Noce for the particular positions they hold.

The emoluments approved in accordance with art.2389, paragraph 3 of the Italian Civil Code, related to the Chairman are entirely composed of a fixed amount and therefore they have not been bound to the business results or to the attainment of specific objectives, while those related to the Managing Director comprise a fixed portion and a portion that varies at the discretion of the Board of Directors, depending on management results.

On 5 March 2009, the independent Director and member of the Remuneration Committee Giovanni Tamburi resigned from the offices he held with the Issuer.

10. REMUNERATION OF THE DIRECTORS

The emoluments due to the members of the Board of Directors are set at the Ordinary Shareholders' Meeting, which may approve a fee that may even be annual that, once fixed, may not be changed unless otherwise authorised by another Shareholders' Meeting.

The division of emoluments among the members of the Board of Directors is established at a Shareholders' Meeting or by the Board itself.

The emoluments of Directors with particular duties are set by the Board of Directors, at the proposal of the Remuneration Committee and after consulting the Board of Statutory Auditors.

Directors are refunded expenses incurred while carrying out their duties.

There are no stock incentive plans for the Executive Directors, the Non-Executive Directors and the executives with strategic responsibilities.

The Issuer has a remuneration policy for the Managing Director which envisages incentives connected with company profitability, while the remuneration of the Non-Executive Directors is determined by the Shareholder's Meeting, without any obligations in relation to the economic results achieved by the Issuer.

In relation to the disclosure requirements established in art.78 of the Issuers' Regulation regarding emoluments of any kind and for any reason paid to Members of Management to General Managers and to Senior Managers with strategic responsibilities, even by subsidiaries, the above information is provided in the following manner.

Emoluments for the office = indicated are (i) the emoluments for the period approved by the Shareholders' Meeting or in accordance with art.2389, of the Italian Civil Code, even if not paid and (ii) any profit sharing, (iii) any attendance fees, (iv) lump sum expense refunds.

Non-monetary benefits = fringe benefits are indicated (using a criterion of taxable income) including any insurance policies.

Bonuses and other incentives = included are the portions of lump sum payments except for the amounts of stock options granted or exercised.

Other payments = indicated are (i) emoluments for offices held in listed and unlisted subsidiaries, (ii) employee payments (gross of social security and tax charges payable by the employee, excluding mandatory collective social security charges payable by the company and the employee leaving indemnity provision), (iii) termination payments, (iv) any other payments arising from other services provided.

It is specified that all the subjects are included that during the period have, even for a fraction of the period, held the position of member of the body of administration or general manager.

FULL NAME	OFFICE HELD	PERIOD OF OFFICE	EMOLUMENTS FOR THE OFFICE	NON MONETARY BENEFIT	BONUSES AND OTHER INCENTIVES	OTHER PAYMENTS	TOTAL
BOARD OF DIRECTORS							
Roberto Colaninno	Chairman BoD	01/01/08 31/12/08	890,000	4,167		1,040,000	1,934,167
Carlo d'Urso	Deputy Chairman BoD	01/01/08 31/12/08	44,344			(1)	44,344
Luciano La Noce	Managing Director	01/01/08 31/12/08	1,040,000			107,000	1,147,000
Matteo Colaninno	Director	01/01/08 31/12/08	40,000			100,000	140,000
Michele Colaninno	Director	01/01/08 31/12/08	40,000	842		86,410 (2)	281,098
	Managing Director	27/03/08 31/12/08	153,846				
Mauro Gambaro	Director	01/01/08 31/12/08	45,000				45,000
Giovanni Tamburi (3)	Director	01/01/08 31/12/08	40,000				40,000
Giorgio Cirla	Director	01/01/08 31/12/08	40,669				40,669

Marco Reboa	Director	01/01/08 28/08/08	32,924				10,000	42,924
Giovanni Sala	Director	13/11/08 31/12/08	6,694					6,694

1: For further remunerations reference is made to the table concerning the related party dealings
2: Emoluments for the office of Director of the Group subsidiaries (€ 63,333) were paid to the company it belongs to
3: Resigning Director as from 5 March 2009

11. INTERNAL AUDIT COMMITTEE

The Board of Directors of the Company, in compliance with the provisions of the Self-Regulatory Code of Conduct, has established an Internal Audit Committee comprising Non-Executive Directors, mainly Independent Directors.
The current Immsi Internal Audit Committee is composed of the Directors Giovanni Sala (appointed with resolution of the Board of 13 November 2008, replacing Marco Reboa), who has suitable skills in accounting and finance, with the function of Chairman, Mauro Gambaro (also appointed Lead Independent Director) and Giorgio Cirla (appointed with resolution of the Board of 13 November 2008, replacing Carlo d'Urso).
During 2008, the Internal Audit Committee held 4 meetings.

The meetings of the Internal Audit Committee were attended, as per the regulations governing its operation, by the person in charge of the Internal Audit, the Chairman of the Board of Auditors, the Managing Director, appointed to implement the directives of the Board of Directors on the subject of the internal audit system, and at least one representative of the Auditing Firm. In addition, at the invitation of the Committee, the Issuer's employees also took part, in relation to the various subjects on the agenda, with particular reference to the Manager in charge of preparing the company accounts and documents.

Functions ascribed to the Internal Audit Committee

The Internal Audit Committee is a consultative body that can put forward proposals to the Board of Directors and is mandated to carry out the following duties:

(i) assist the Board of Directors in carrying out internal audit activities, in particular in defining the guidelines of the system and the periodical monitoring of the adequacy, effectiveness and actual functioning of the system;

(ii) examine the work plan prepared by the Person in charge of internal audit and the half-yearly reports transmitted by him;

(iii) evaluate, together with the Manager in charge of preparing the company accounts, and documents and the auditors, the adequacy of the accounting principles used and their consistency for the purpose of preparing the consolidated financial statements

(iv) evaluate the proposals formulated by the auditors regarding the mandate, the work plan prepared for the audit and the results illustrated in the report and in the letter of suggestions;

(v) report to the Board, at least every six months, at the time of approving the financial statements for the period and the half-year report, regarding activities carried out and the adequacy of the internal audit system;

(vi) carry out any further duties that the Board deems appropriate to assign to the Committee, in particular regarding relations with the auditors and the consultative functions concerning dealings with related parties envisaged by the specific procedure approved by the Board.

In particular, during the year 2008, the Internal Audit Committee:

- checked the main parts of the document called "Immsi 2008 Audit Plan", drawn up by Deloitte & Touche S.p.A., sharing the same method and analysing the main risks it indicates, with reference to the Issuer and its main subsidiaries;
- examined, with the exponents of the Audit Firm, the accounting standards adopted in drawing up the half-yearly report and the financial statements at 31 December 2008;
- examined and shared the Groups' scoping method, in relation to the criteria of selection of the subsidiaries to subject to the verifications required by Italian Law 262/2005, in compliance with the provisions contained in art.36 of the Consob Market Regulations;
- progressively checked the activity performed by the Immsi S.p.A. Internal Audit function concerning: (i) the activity of auditing concerning safety at the workplace, respect for the privacy of information and the criteria of validation of investments, (ii) the activity of risk analysis required by the Plan, (ii) the activity of compliance in view of Ital.Legisl.Decree 231/01 and (iii) the activity for preparing the necessary tools for compliance in view of Italian Law 262/05;
- checked the results emerged from the testing, set in being in view of Italian Law 262/05, supplying further suggestions in order to optimize the internal audit system (remediation plan);
- examined, on the basis of the half-yearly reports drawn up by the Supervisory Body, the activity of compliance carried out by the Internal Audit function during the year 2008;
- analyzed and shared the document called "Evaluation of the internal audit system of Immsi S.p.A.", prepared by the Internal Audit function;
- examined and shared the document called "2009 Audit Plan", prepared by the Internal Audit function.

At the same time as the aforesaid activities, an action of strategic coordination of the activities was carried on, aimed at drawing up Audit Plans at group level, as well as verification of the correlated emerging results, even though limitedly to the common audit operations of content in the group itself (e.g. legislative compliance Law 262/2005, intercompany items, group litigation).

The Manager of the Internal Audit function, being the person in charge if the Internal Audit, draws up the minutes of each meeting held by the Committee in order to officially certify the progress, contents and decisions of the session to which it refers.

For the purposes of carrying out its duties, the Committee:

- is permanently supported by the Internal Audit function;
- has the right to access the necessary information and business functions for carrying out its duties;
- can use outside professionals, in the limits of the budget established by the Board of Directors, provided they are adequately bound to the necessary confidentiality.

The Board of Directors, meeting on 18 June 2007, set the annual expense budget for the Internal Audit Committee at euro 30,000.

12. INTERNAL AUDIT SYSTEM

The Board of Directors of the Issuer (i) defines the guidelines of the internal audit system, that is, the set of processes aimed at monitoring the efficiency of corporate operations, the reliability of financial information, compliance with Regulations and the Law, the safeguarding of corporate assets; (ii) prevents and manages corporate risks regarding the Company and the Group by defining suitable control guidelines that ensure that such risks are correctly identified and adequately measured, monitored, managed and evaluated, even as regards safeguarding corporate assets and the safe and proper management of the company; (iii) periodically (at least annually) verifies the adequacy, efficiency and effectiveness of the internal audit system.

In carrying out such functions, the Board is assisted by an Executive Director appointed to supervise the functioning of the internal audit system and by an Internal Audit Committee; it also takes account of the organisational and management Models adopted by the Immsi Group in accordance with Ital.Legisl.Decree 231/2001.

The Board of Directors, in response to a proposal by the Director Appointed and having obtained the opinion of the Internal Audit Committee, appoints the Person in charge of Internal Audit, establishes the remuneration and ensures that the individual receives adequate means to carry out his/her functions, even from the viewpoint of operating structure and internal organisational procedures to access the information needed by the position.
Regarding the single elements composing the internal audit system and the activity of verification, carried out by the Institutional Audit Bodies, for Immsi S.p.A., there are no weak points in the system.

In particular, drawing inspiration from the schemes of international best practices, the following is stated:

Audit Environment: institutional aspects
In addition to the above, the institutional initiatives provided for by the Self-Regulatory Code of Conduct are activated. The Board of Directors, on 28 August 2008, implemented the new Organizational Model ex Ital.Legisl.Decree 231/01, that gives the necessary references to the Code of Ethics and the related penalty system and, on 24 March 2009, approved the further updates required by Italian Legislative Decree D.Lgs. 81/2008 (safety at the workplace) and Italian Legislative Decree D.Lgs. 231/07 (norms against money laundering and dealing in stolen goods).

Audit Environment: Organization, responsibility and proxies
The activity of compliance carried out has shown: (i) compatibility between the organizational structure, powers of attorney and proxies, (ii) fitness of conduct.

Risk Assessment
The risk analysis of the control system was started and finalized according to the methodological logic of CRSA - Control Risk Self Assessment, using special software and involving both the business Process Owners (bottom-up view) and top Management (top-down view). An analogous activity was begun in parallel at the Group's main companies.

Audit activity: set of regulations and provisions
A revision was made, also in view of Ital.Legisl.Decree 231/01 and Italian Law 262/05, of the business procedures and organizational duties.

Audit activity: administrative-managerial auditing

Both the tests performed since 2006 on compliance in relation to Ital.Legisl.Decree 231/01 and the tests performed since 2007 on the procedures of "administrative-accounting" auditing (active cycle, passive cycle, asset management, finance and treasury, etc.) in view of Italian Law 262/05 have revealed no particular problems.

Monitoring: Planning, budget and administration audit
The process of budgeting and reporting the results to top Management - supported by a specific new procedure and by special computerized tools - is present and operational.

Information and communication: communication and information system
The IT system, for the accounting data management and the related consolidation of the financial statements, has been submitted to a specific Audit and, currently, shows no critical elements.

The Board of Directors of the Issuer, also taking account of the directions provided by the Internal Audit Committee, was able, on 24 March 2009, to express an evaluation on the adequacy, effectiveness and actual operation of the internal audit system of Immsi S.p.A..

In addition, it is stressed that, on 12 December 2008, a consortium company was established called *Immsi Audit Società Consortile di Internal Auditing del Gruppo Immsi a R.L.* ("Immsi Audit"), in order to start a project for the centralization and transfer of all the activities of internal auditing of the companies in the Immsi Group, under a single company.
Immsi Audit provides its services solely for the pooled companies (Immsi S.p.A., Rodriquez Cantieri Navali S.p.A., Is Molas S.p.A. and Piaggio & C. S.p.A.) and, in their interest, it performs all the activities connected with and functional for the internal auditing, with the objective of improving the effectiveness and the efficiency of the Internal Audit system and appraising its functionality.
This choice allows the Group to acquire the necessary knowledge and skills on the subject of Risk Assessment and Internal Audit, realizing, in the meantime, economies of scale and synergies in the application of uniform audit methods.

12.1. EXECUTIVE DIRECTOR APPOINTED TO THE INTERNAL AUDIT SYSTEM

On 26 March 2007, the Board of Directors of the Company, in conformity with the provisions of the Self-Regulatory Code of Conduct, with the assistance of the Internal Audit Committee, appointed the Managing Director Luciano La Noce, as Director Appointed to supervise the operation of the internal audit system, ascribing to him the following functions.

The Director Appointed is identified and mandated to supervise the functioning of the internal audit system within the guidelines established by the Board of Directors,

In particular, during the year 2008, the appointed Director has: (i) identified corporate risks, in relation to the characteristics of the Company's activities and the sectors in which it operates, even through Group companies; (ii) refined and managed the internal audit system; (iii) monitored the effectiveness, adequacy and actual functioning of the internal audit system; (iv) adapted the internal audit system to any problems emerging from this monitoring process, to the evolution of the company's operating and organisational structure, to the trends of corporate activity, as well to new laws and regulations that may be relevant to the Group.

In carrying out these duties, the Director Appointed is assisted by the Person in charge of Internal Audit and reports to the Board of Directors regarding his activities and the existence of any specific problems.

12.2. PERSON IN CHARGE OF INTERNAL AUDIT

On 26 March 2007, the Board of Directors of the Company, in response to a proposal by the Director Appointed and having obtained the opinion of the Internal Audit Committee, appointed Pierantonio Piana, Cogitek S.r.l., as the Person in charge of internal audit, establishing the related remuneration. The Board, moreover, has taken care that he was given adequate powers and means to carry out his functions, also under the profile of the operational structure and the internal organizational procedures, for access to the necessary information to the carrying out his appointment.

On this same date, the Board of Directors gave this subject outside the Issuer, equipped with suitable requisites of professionalism and independence, the role of Internal Audit function Manager*.*

This organisational solution: (i) avoids the duplication of structures, centring the activity of verification in one body; (ii) maximises the independence of the Person in charge of Internal Audit from corporate structures; (iii) permits the constant monitoring by a specifically mandated figure of the effectiveness, adequacy and actual functioning of the internal audit system of the Company and the Group.

During the year 2008, the Personn charge of Internal Audit, invested with the following functions, has:

(i) verified the effectiveness, adequacy and actual functioning of the internal audit system;

(ii) assisted the Director Appointed in carrying out his duties;

(iii) reported to the Director Appointed at least quarterly, on activities carried out, as well as to the Internal Audit Committee and to the Board of Statutory Auditors with half-yearly reports;

(iv) informed the Director Appointed, the Board of Directors and the Internal Audit Committee, while carrying out the above management checks, relevant risk profiles emerged for the Company or at least elements, even if only potential, that can seriously affect it;

(v) taken part, where invited, in the meetings of the Board of Directors and all those of the Internal Audit Committee, drawing up the related minutes;

(vi) carried out any further duties that the Board deemed to be appropriate to assign to the Person in charge of Internal Audit, with particular reference to internal auditing.

During 2008, the person in charge of Internal Audit, also as Internal Audit function Manager, in order to carry out his duties, uses the operational, methodological and instrumental support of Cogitek S.r.l..

On 24 March 2009, the Board of Directors of the Company, in response to a proposal by the Director Appointed and having obtained the opinion of the Internal Audit Committee, appointed Maurizio Strozzi, Immsi Audit S.c.a r.l., as the Person in charge of internal audit, in place of Pierantonio Piana, establishing the related remuneration. On this same date, the Board of Directors gave this subject outside the Issuer, equipped with suitable requisites of professionalism and independence, the role of Internal Audit function Manager.

12.3. ORGANISATION MODEL *ex* Ital.Legisl.Decree 231/2001

As of 13 September 2004, the Issuer adopted the Model of organisation, management and control for the prevention of crimes in accordance with Ital.Legisl.Decree 231/2001. This procedure was also followed by the subsidiary companies with strategic importance, which in their turn passed a resolution to use the respective Models ex Ital.Legisl.Decree 231/01.

In particular, on the basis of the information collected and shared with the Company Management, the Model used derives from:

- identifying the areas at risk of crimes both against the Public Administration and companies, in accordance with articles 24 and 25 of the above-mentioned Decree;
- identifying the areas that manage instruments of a financial type (and/or substitutive means) that can support the commission of the considered crimes.

On 28 August 2008, the Board of Directors, after validation by the Supervisory Body, adopted the new organizational Model, updated with the new types of crime emanated up to said date. In particular, provision has been made to systemize the Model, in order to underline the control logic that the company operators as well as the apical subjects must comply with in carrying out their activities. In addition, on 24 March 2009, the Board of Directors approved further updates of the organizational Model required by Italian Legislative Decree D.Lgs.81/2008 (safety at the workplace) and by Ital.Legisl.Decree 231/07 (norms against money laundering and dealing in stolen goods).

In parallel, the business procedures have been updated, also the subject of subsequent formalization and appropriate circulation, whose correct application is, at the indication and with the coordination of the Supervisory Body, constantly monitored through the planned activity of compliance, performed by Management and the Internal Audit function. This process of monitoring also includes the collaboration of the Process Owners, that is the persons in charge of the company processes considered “sensitive” for committing any malfeasances, which periodically report to the Supervisory Body.

Currently the organizational Model is represented by the Code of Ethics (available for consultation also on the Issuer’s website, under the Section of Investor Relations – Corporate Governance), the Disciplinary System, the set of procedures, whose respect is supported by a continuous activity of verification and monitoring both by Management itself and by the Supervisory Body.

At the date of this report, the Supervisory Body in office is composed of Marco Reboa, the Chairman chosen among external professionals with the necessary requirements, Alessandro Lai, chosen in his capacity of Chairman of the Board of Statutory Auditors, and Maurizio Strozzi, chosen as Managing Director of Immsi Audit S.c.a r.l..

The duration of the appointment granted to the members of the Supervisory Body, whose members can always be re-elected, coincides with the duration in office of the Board of Directors that appointed them and, therefore, the Organism, as composed above, will remain in office till the date of the Shareholders’ Meeting, summoned for the approval of the financial statements related to the year closed on 31 December 2008.

The Supervisory Body operates at the highest corporate level and follows the principles of independence and impartiality, as well as on the basis of a Regulation approved by the Board of Directors to which, along with the Board of Statutory Auditors, it periodically reports regarding its activities, the notifications received and the sanctions handed out. The Body is furthermore provided with the financial and logistical means to enable it to carry out its duties.

In 2008, the Supervisory Body of Immsi S.p.A. met four times and overall member attendance was 100%.

The monitoring process also envisages the collaboration of other parties, specifically Process Owners, that is, the managers of corporate processes deemed to be “sensitive” as regards the committing of any illegal acts, who periodically report to the Supervisory Body.

12.4. AUDITING FIRM

The Shareholders' Meeting of Immsi S.p.A., of 12 May 2006, granted the appointment of accounts auditing for the years 2006 – 2011 to the auditing firm Deloitte & Touche S.p.A., registered in the special roll of art.161 of TUF.

12.5. MANAGER IN CHARGE OF PREPARING THE COMPANY ACCOUNTS AND DOCUMENTS

The provisions of the Bylaws governing the powers of the Board of Directors of the Issuer have been integrated, regarding the appointment of the Manager in charge of preparing the company accounts and documents, during the Board of Directors' Extraordinary Meeting called on 18 June 2007, so as to adapt to the provisions introduced by Italian Law 262/2005 and by Decree 303/2006.

In accordance with art.23 of the Bylaws, the Board of Directors, with the mandatory opinion of the Board of Auditors, appoints and revokes the Manager in charge of preparing the company accounts and documents. The Manager in charge of preparing the company accounts and documents must have not only the requisites of honour prescribed by the current regulations for those who perform functions of administration and management, but also requisites of professionalism, characterized by specific competence in administration and accountancy. This competence, to be ascertained by the Board of Directors, must be acquired through work experience in positions of suitable responsibility for a congruous time period. The aforesaid Manager is ascribed with the powers and functions established by Law and by the other applicable provisions, as well as the powers and functions established by the Board at the time of appointment or with a subsequent resolution.

On 18 June 2007, the Board of Directors, upon the opinion of the Board of Auditors, appointed Andrea Paroli, already in charge of the Administration and Financial Statements function of Immsi S.p.A., Manager in charge of preparing the company accounts and documents, giving him all the powers and means necessary for carrying out the duties assigned to him and specifically: a) free access to all information considered important for fulfilling his duties, both within Immsi and within the companies in the Group, with the power to inspect all the documentation related to drawing up the accounting documents of Immsi and the Group and with the power to request explanations and elucidations of all the subjects involved in the process of forming the accounting data of Immsi and the Group; b) attendance at the meetings of the Board of Directors; c) the right to dialogue with every Administrative and Auditing Body; d) the right to prepare and put forward for approval the company procedures, when they impact the balance sheet, the consolidated financial statements and the documents submitted for certification; e) participation in designing the information systems that impact the economic, asset and financial situation, with the possibility of using them for purposes of auditing; f) the right to organize a suitable structure within his own area of activity, internally employing the available resources and, where necessary, outsourcing; g) the right to employ the Internal Audit function for mapping the processes of competence and in the phase of execution of specific checks, with the possibility, if this Function is not internally present, of using resources through outsourcing.

Lastly, it is specified that the Manager in charge of preparing the company accounts and documents must report, at least half-yearly, to the Board of Directors, on the activity carried on and the expenses sustained.

13. AFFAIRS OF THE DIRECTORS AND RELATED PARTY DEALINGS

On 26 March 2007, the Board of Directors of the Company approved a new "Regulation regarding related party dealings" aimed at governing the information and procedures of transactions closed by Immsi S.p.A. with related parties (as defined herein), in accordance with art.2391-*bis* of the Italian Civil Code and in compliance with the recommendations of art.9 of the Self-Regulatory Code of Conduct.

In particular, the Board of Directors has identified the quantitative and/or qualitative criteria that lead to the identification of transactions to be examined and approved by the Board itself.

In accordance with art.2, paragraph 1, point h) of the Issuers' Regulation, related parties are deemed to be those parties so defined by the international accounting standard regarding related party disclosures, adopted following the procedure set forth in art.6 of regulation (CE) no. 1606/2002 (International Accounting Standard 24).

Furthermore, the Board, so as to concretely implement articles 9.C.1. and 9.C.2. of the Self-Regulatory Code of Conduct, has defined specific procedures to ensure Directors receive full and exhaustive information regarding related party dealings.

As regards the above Procedure:

- a "**Typical transaction**" is one that is recurring, usual or part of normal business affairs of the Company as regards type, purpose and method of determining the consideration;

- an "**Arm's length transaction**" is one closed at market conditions or at conditions in line with normally followed negotiating procedures or at conditions not differing from those practised for similar transactions;
- an "**Intragroup transaction**" is one closed by Immsi with subsidiaries, either directly or indirectly, in accordance with art.93 of TUF.

Related Party dealings to be examined and approved by the Board of Directors

Related party dealings are to be examined and approved by the Board of Directors of Immsi S.p.A., except for: (i) Typical Transactions at Arm's Length Conditions where the overall value of the individual transaction is no greater than 25 million euros; (ii) Typical Transactions at Arm's Length Conditions that are also Intragroup Transactions where the overall value of the individual transaction is no greater than 25 million euros. For the purpose of calculating the value of points (i) and (ii) above, reference must be made to each individual transaction examined; exceptionally, in the case of transactions that are closely and objectively connected under one strategic or executive plan, reference must be made to the overall value of all the connected transactions.

In all cases, the Board of Directors must examine:

(i) Related Party Dealings that are part of a disclosure document in accordance with applicable law or regulations, including the disclosure document in accordance with art.71-*bis* of the Issuers' Regulation;

(ii) Related Party Dealings that consist of frame agreements for the provision of services to or by Immsi S.p.A.;

(iii) Related Party Dealings that, while not reserved for the Board of Directors as per the previous point, fall under the mandate of a Director who has an interest in such transaction, even if only potential or indirect.

In relation to each Related Party Dealing reserved for the Board of Directors, the Board shall receive from the Delegated Bodies information that is sufficient to permit a preliminary examination of the key elements of such transaction, with particular reference to the following elements (jointly, the "**Relevant information**"):

- general features of the transaction (indicating in particular the purpose, the reasons, the consideration and the timing of the transaction, as well as the nature of the relationship);

- method of determining the consideration and/or of the main terms and conditions that may generate liabilities for the Company;

- foreseeable economic and financial effects of the transaction, even at the consolidated level;
- any interests (even if indirect) of members of the Company Boards in the transaction.

In accordance with art.9.C.2 of the Self-Regulatory Code of Conduct, Directors who have an interest, even if potential or indirect, in a Related Party Dealing must previously and exhaustively inform the Board of the existence of the interest and the related circumstances. The Board of Directors must evaluate, in relation to each concrete case and on the basis of the information provided by the Director in question, also by taking account of the need to ensure the proper functioning of the management Body, the appropriateness of asking said Director: (i) to absent himself from the meeting before discussions begin until a decision has been taken; or (ii) to abstain from voting.

The Board, following receipt of information from the Delegated Bodies and whenever it deems appropriate, taking account of the nature, amount and other features of the individual Related Party Dealing (as established in art.9.C.1 of the Self-Regulatory Code of Conduct), may require that it be closed with the assistance of one or more experts who express an opinion on the economic conditions and/or the executive and technical aspects of the transaction. The choice of experts to be used shall fall upon individuals of proven professionalism and competence, of whom the Board shall ascertain their independence and the absence of conflicts of interest in the transaction.

The Board of Directors ensures that the Related Party Dealings identified by art.71-*bis* of the Issuers' Regulation carried out by Immsi S.p.A. (even if through subsidiaries) are disclosed to the market in accordance with such regulation.

Procedure for Related Party Dealings not reserved for the Board of Directors

Related Party Dealings other than those for the examination and approval of the Board of Directors fall within the purview of the Delegated Bodies, in accordance with the mandates granted them.

The Delegated Bodies provide the Board of Directors, in the next meeting, exhaustive information regarding the key elements of the Related Party Dealing carried out by themselves, as well as any risk profiles or other critical elements. In particular, exhaustive information must be provided regarding the Relevant Information of each individual transaction.

In all cases, the Delegated Bodies retain the right to, wherever they deem it appropriate, submit for examination and approval of the Board of Directors of Immsi any Related Party Dealings that, while not being reserved for the Board, contain specifically critical and/or risk elements for the safeguarding of corporate assets or the protection of minority interests. In this case, the related procedure is applied.

Disclosure of Related Party Dealings

Immsi has and maintains a list of its related parties and updates it on the basis of information available to the Company. Included in this list are parties identifiable as related parties in accordance with IAS 24.

The Company promptly informs each related party of their inclusion in the above list and asks each related party to provide the information necessary to keep and update this list.

In accordance with art.150 of the TUF, the Directors report on a quarterly basis to the Board of Statutory Auditors regarding related party dealings closed in the quarter (including transactions requiring mandates), as well as – at the end of each quarter – regarding the current state of transactions whose execution, in consideration of their characteristics, is deferred or periodical.

In particular, the Board of Directors, in the person of the Managing Director or another individual mandated for the purpose, illustrates to the Board of Statutory Auditors the relevant Information pertaining to the individual transaction he is aware of.

It is pointed out that the “Regulations on the subject of operations with Related Parties” is available on the Issuer’s website at the Section Investor Relation – Corporate Governance.

14. APPOINTMENT OF AUDITORS

The provisions of the By-laws regulating the composition and appointment of the Issuer’s Auditing Body have been subject to change in the Board of Directors, which met in an extraordinary session on 18 June 2007, in order to allow its adjustment to the provisions introduced on the subject by Italian Law 262/05 and Ital.Legisl.Decree 303/06.

In accordance with art.25 of the Bylaws, the Board of Statutory Auditors comprises three Standing Auditors and two Substitute Auditors, who remain in office for three years, the term expiring at the date of the Shareholder Meeting called to approve the financial statements relating to the last year of office and they may be re-elected.

The Auditors have the attributions and duties of the current provisions of the law.

The Auditors must have the requisites, also concerning the limit to the aggregation of offices, required by the current, also regulatory, legislation.

All the Auditors must be registered auditors and have carried on the activity of legal auditing of accounts for a period of no less than three years.
Auditors cannot be appointed and if elected they lose office when they are in situations of incompatibility as provided for by the Law. In relation to carrying on the activity of taking on shares, for the Company’s registration in the specific section of the general list of the financial brokers, held by the *“Banca d’Italia” i.e.*, Bank of Italy (formerly the *“Ufficio Italiano dei Cambi” i.e.*, Italian Exchange Rate Department) as per art.113 of Italian Legislative Decree D. Lgs. 385/93, the requisites of honourableness and independence are required as per art.109 of the same Decree.
The Board of Auditors is appointed on the basis of lists presented by the Shareholders, in which the candidates are listed with a progressive number.
The list, that contains the names marked by a progressive number, indicates whether the single candidacy is presented for the position of standing Auditor or for the position of Substitute Auditor.
Each Shareholder, the Shareholders belonging to a significant shareholder agreement in accordance with art.122 of TUF, the controlling party, the subsidiary companies and those subject to a common control in accordance with art.93 of TUF, cannot present or contribute to the presentation, not even by mediation or a trust company, more than only one list neither can they vote different lists and every candidate can present himself/herself in only a single list under penalty of ineligibility. The support and votes expressed in breach of this prohibition will not be attributed to any list.

The lists presented by the Shareholders must be deposited at the Company’s headquarters, at least fifteen days before the date set for the first convocation of the Shareholders Meeting, bar any other forms of publishing and methods of depositing required by the current *pro-tempore* regulations. In the case in which, at the expiration of the term for the presentation of the lists, only one list has been deposited, or only lists presented by Shareholders among whom there are significant relationships in accordance with the Law and current *pro-tempore* Regulations, lists can be presented up to the fifth day following this date; in this case the minimum threshold for the presentation of the lists is reduced by half.
The right to present lists is for Shareholders that, alone or together with other Shareholders, are altogether owners of shares representing at least 1% of the share capital with voting rights in the Ordinary General Meeting, or representing another percentage that may be established or called upon by provisions of the Law or Regulations.

The lists must be equipped with:

a) information on the identity of the Shareholders that presented the lists, stating the percentage of shares altogether held and certification issued by an accredited intermediary in accordance with the Law, which shows the ownership of said shareholdings;
b) a declaration of Shareholders other than those that, even jointly, hold a controlling or relative majority shareholding, certifying there are no relationships of liaison, as required also by the current regulations, with the latter;
c) exhaustive information on the personal characteristics of the candidates, as well as a declaration of the candidates themselves certifying, under their own responsibility, the non-existence of causes of ineligibility and incompatibility, the possession of the requisites required by the Law and their acceptance of the candidacy, as well as the list of offices of Administration and Auditing held, if any, with other companies.

Any list presented without observing the above prescriptions will be considered as not presented. Each Shareholder can vote only one list.
There will be elected: from the list that obtained the highest number of votes, in the progressive order in which they are listed in the list, two standing members and one substitute; from the list that obtained the second highest number of votes and that, in accordance with the current regulations is not connected, not even indirectly, with the Shareholders that presented or voted the list that obtained the highest number of votes, in the progressive order in which they are listed in the list, one standing member, who is to be the Chairman of the Board of Auditors and one substitute.
If lists receive the same number of votes, there will be another ballot by the whole Shareholders' Meeting to elect the candidates of the list that obtains the simple majority of the votes.
If only one or no list is presented, the standing and substitute Auditors elected will be all the candidates for this position indicated in the list or respectively those voted by the Shareholders' Meeting, provided that they achieve the relative majority of the votes cast in the Shareholders' Meeting.
If there are no longer the requisites of the Regulations and Bylaws, the Auditor loses office.
In case of substitution of an Auditor, the substitute belonging to the same list as the one terminated takes over. The Chairman of the Board of Auditors will still be the minority Auditor.
When the Shareholders' Meeting must appoint the standing and/or substitute Auditors, necessary for supplementing the Board of Auditors, it proceeds as follows: if it is necessary to substitute Auditors elected in the majority list, the appointment is made with a relative majority vote, without being bound to a list; if, instead, it is necessary to replace Auditors elected in the minority list, the Shareholders' Meeting replaces them with a relative majority vote, choosing them from the candidates indicated in the list to which the Auditor to be substituted belonged.
If the application of these procedures does not, for any reason, allow substitution of the Auditors designated by the minority, the Shareholders' Meeting will vote with a relative majority; however, in ascertaining the results of this last vote, the votes of the Shareholders will not be calculated that, according to the communications made in accordance with the current regulations, they hold, even indirectly or jointly with other Shareholders in a significant shareholder agreement in accordance with art.122 of TUF, the relative majority of the votes that can be cast in a Shareholders' Meeting, as well as of the controlling Shareholders, are controlled or are subject to a common control.

15. AUDITORS

At the time of this Report, the Board of Statutory Auditors, appointed by the Ordinary Shareholders' Meeting on 12 May 2006, and in response to a proposal by the majority shareholder for the time being Omniapartecipazioni S.p.A., will remain in office until the date of the Shareholders' Meeting called for approval of the financial statements for the year ending 31 December 2008.

It is specified that, as of 29 August 2008, the standing Auditor Marco Spadacini and the Substitute Auditor Giovanni Sala resigned. As a result of this, the office left vacant by Marco Spadacini has been taken by Leonardo Losi, formerly Substitute Auditor. The standing Auditor Leonardo Losi will remain in office until the next Shareholder's Meeting of the Issuer.

As established in art.10.C.1. of the Self-Regulatory Code of Conduct, the professional *curricula* of the candidate Auditors have been filed at the registered office and are available on the Company website, Section Investor Relations – Communications – Other communications – year 2006.

Auditors holding office at the date of this Report

FULL NAME	OFFICE	IN OFFICE FROM	LIST	INDEP. FROM CODE	% ATTEND. TO B. OF AUD.	OTHER OFFICES
Alessandro Lai	Chairman of Board of Auditors	12/05/06	X	X	100%	2
Giovannimaria Seccamani Mazzoli	Standing Auditor	12/05/06	X	X	100%	0
Leonardo Losi	Substitute Auditor Standing Auditor	12/05/06 29/08/08	X	X	100%	0

Auditors that stopped holding the office during the year 2008

FULL NAME	OFFICE	IN OFFICE FROM /TO	LIST	INDEP. FROM CODE	% ATTEND. TO B. OF AUD.	OTHER OFFICES
Marco Spadacini	Standing Auditor	12/05/06 29/08/08	X	X	80%	3
Giovanni Sala	Substitute Auditor	12/05/06 29/08/08	X	X	-	1

LEGEND

Office: Chairman, Standing Auditor, Substitute Auditor.

List: the Auditing Body currently in office, whose list of candidacies was presented by the majority Shareholder Omniapartecipazioni S.p.A., was appointed with resolutions taken with a majority vote, in accordance with the Bylaws provisions and *pro tempore* regulations in force.

Indep.: the Auditor can be qualified as independent according to the criteria set down in the Code.

% attend. B. of Audit.: attendance, in percentage, of the Auditor at the meetings of the Board (in calculating this percentage, the number of meetings is considered at which the Auditor has participated in relation to the number of meetings of the Board, held during the year or after acceptance of the appointment).

Other appointments: total number of auditing positions held with companies listed on regulated markets, also foreign ones (for the list of the offices held in companies as per Book V, Title V, Items V, VI and VII of the Italian Civil Code, please refer to the report on the activity of vigilance drawn up by the Board of Auditors in accordance with art.153 of the TUF).

The following table gives the Auditing positions held at the date of this Report by the members of the Board of Auditors in office, in other companies listed on regulated markets (also foreign ones).

Full name	Company	Positions held as Directors or Auditors
Alessandro Lai	- Società Cattolica di Assicurazioni Soc. Coop. - Piaggio & C. S.p.A.	Chairman of Board of Auditors Standing Auditor
Giovannimaria Seccamani Mazzoli	-	-
Leonardo Losi	-	-

Each member of the Board of Auditors must likewise communicate acceptance of any positions of Director or Auditor in other companies, in order to allow fulfilment of the obligations of information, in accordance with the provisions of the Law and applicable regulations.

During the year ended 31 December 2008, the Board of Directors met 7 (seven) times with an average overall attendance of the Auditors of 87.50%. During such meetings, and anyhow at least each quarter, the Delegated Bodies adequately and promptly reported to the Board of Auditors on the activity performed, on the general course of the administration and on its predictable evolution, as well as on the operations that are most significant for their dimensions and characteristics, carried out by the Company and by its subsidiaries, as prescribed in accordance with the Law and By-laws.

During the year ended 31 December 2008, the Board of Statutory Auditors met 8 (eight) times with an average overall attendance of 95%.

The Board of Auditors evaluates the independence of its members, also according to the criteria required by the Self-Regulatory Code of Conduct with reference to the Directors, after appointment and subsequently, in the course of the duration of the office, with annual frequency. The outcome of this evaluation is made known to the market through the annual report on corporate governance. In particular, in the meeting of the board of 24 March 2009, the Board of Auditors communicated that it has verified the existence of the requirements of independence of its members, on the basis of the above criteria.

The Board of Auditors watched over the independence of the auditing firm, verifying both observance of the regulatory provisions on the subject and the nature and extent of the services other than auditing, provided to the Issuer and its subsidiaries by the auditing firm and the bodies belonging to its network. The outcome of this evaluation is made known to the market through the report of the Board of Auditors to the Shareholders' Meeting.

In carrying out its own activity, the Board of Auditors is coordinated both with the Internal Audit function and with the Internal Audit Committee. In particular, it is noted that the person in charge of the Internal Audit has participated in some meetings of the Board of Auditors, while the Chairman of the Board of Auditors has participated in all the meetings of the Internal Audit Committee.

In relation to the disclosure requirements established in art.78 of the Issuers' Regulation regarding emoluments of any kind and for any reason paid to Members of Supervisory Board, even by subsidiaries, the above information is provided in the following manner:

Emoluments for the office = indicated are: (i) the emoluments for the period approved by the Shareholders' Meeting or in accordance with art.2389, of the Italian Civil Code, even if not paid and (ii) any profit sharing, (iii) any attendance fees, (iv) lump sum expense refunds.

Non-monetary benefits = fringe benefits are indicated (using a criterion of taxable income) including any insurance policies.

Bonuses and other incentives = included are the portions of lump sum payments except for the amounts of stock options granted or exercised.

Other payments = indicated are: (i) emoluments for offices held in listed and unlisted subsidiaries, (ii) employee payments (gross of social security and tax charges payable by the employee, excluding mandatory collective social security charges payable by the company and the employee leaving indemnity provision), (iii) termination payments, (iv) any other payments arising from other services provided.

It is specified that all the subjects are included that during the period have, even for a fraction of the period, held the position of member of the control body.

FULL NAME	OFFICE HELD	PERIOD OF OFFICE	EMOLUMENTS FOR THE OFFICE	NON MONETARY BENEFIT	BONUSES AND OTHER INCENTIVES	OTHER PAYMENTS	TOTAL
BOARD OF AUDITORS							
Alessandro Lai	Chairman of Board of Auditors	01/01/08 31/12/08	51,332			82,011(1)	133,343
Marco Spadacini	Standing Auditor	01/01/08 29/08/08	20,946				20,946
Giovannimaria Seccamani Mazzoli	Standing Auditor	01/01/08 31/12/08	35,862				35,862
Giovanni Sala	Substitute Auditor	01/01/08 29/08/08	0				0
Leonardo Losi	Substitute Auditor	01/01/08 29/08/08	0				12,474
	Standing Auditor	29/08/08 31/12/08	12,474				

(1) It is specified that the amount includes the remuneration acknowledged as standing Auditor of the subsidiary Piaggio & C. S.p.A. (€ 77,011) and as a member of the Supervisory Body of Immsi (€ 5,000).

16. SHAREHOLDER RELATIONS

The Company believes suitable to its specific interest – besides representing a duty towards the market – establishing a continuous dialogue based on the reciprocal understanding of the functions, with the majority of the Shareholders, as well as the Institutional Investors; such a relation should be carried on within the observance of the “Procedure for communication to the public of Privileged Information”, described in the above point 6.

In this respect, it is believed that these relations with the Shareholders and Institutional Investors may be facilitated by establishing dedicated corporate structures with adequate staff and organisational means.

In a meeting on 15 October 2003, the Board of Directors of the Company resolved to establish an Investor Relations office to handle relations with the Shareholders and Institutional Investors and to carry out any specific duties regarding the handling of price-sensitive information, as well as relations with Consob and Borsa Italiana S.p.A..

At the time of this Report, the Manager of the Investor Relations office is Andrea Paroli (who is also Manager of the Function of Administration and Financial Statements of Immsi S.p.A.).

Contact: andrea.paroli@immsi.it.

Information for the Investors is also ensured by making available the most significant corporate documents in a timely and continuous manner on the Issuer’s website, Section Investor Relations.

In particular, the company website makes available in Italian and in English to Investors all press releases distributed to the market, the periodical accounting documentation of the Company approved by the Company Bodies, as well as the documentation distributed at meetings with professional investors, analysts and the financial community. Furthermore, the Issuer’s website contains the documents prepared for Shareholders’ Meetings, releases regarding Internal Dealing, the current Corporate Governance Report and any other document which needs to be published on the Issuer’s website in accordance with applicable regulations.

Again in order to facilitate prompt updating of the market, the Company has prepared an e-mail alert service that allows receiving the material published on the site in real time.

17. SHAREHOLDERS’ MEETINGS

Shareholders’ Meeting represents all shareholders and their resolutions, passed in compliance with law and the Bylaws, bind all shareholders, even if absent or dissenting.

Both Ordinary and Extraordinary Shareholders’ Meetings are called by the Board of Directors in accordance with the law, even outside the registered office, provided it is in Italy, by means of a notice published in the *“Gazzetta Ufficiale della Repubblica”* (Italian Official Gazette) or, at the choice of the Board of Directors, in at least on of the following newspapers: “*Il Sole 24 Ore”* or *“MF” – “Milano Finanza”.*

In accordance with art.12 of the Bylaws, those with the right to vote can intervene in the Shareholders’ Meeting if the Company, at its registered office, has received the communication required by art.2370, paragraph 2 of the Italian Civil Code, in the term of two working days, before the date set for the meeting.

It is for the Chairman of the Shareholders’ Meeting to ascertain the regularity of the proxies and the right of those present to participate in the Shareholders’ Meeting, as well as to set the rules for its performance, including the times for the intervention.

The Issuer does not contemplate the shares, for which the communication has been requested as per art.2370, paragraph 2, of the Italian Civil Code, remain available until the Shareholders' Meeting is held.

The Issuer takes action to aid and encourage the fullest participation of the Shareholders in the meetings and to use these meetings as a moment of dialogue and liaison between the Company and the Investors, guaranteeing, to all the participants legitimated to intervene, the right to be able to express their opinion in relation to the topics on the agenda.

The Board moreover, through the Chairman and the Managing Director, punctually reports to the Shareholders' Meeting on the activity it has performed and programmed, taking steps to assure the Shareholders, also on the basis of what is illustrated in the above point no.16, the necessary information so that they can knowledgeably make their decisions.

Both Ordinary and Extraordinary Shareholders' Meetings are called and vote in accordance with the law and each share gives entitlement to one vote.

Ordinary Shareholders' Meetings can: (a) approve the financial statements; (b) appoint and remove Directors, Auditors and the Chairman of the Board of Statutory Auditors and the subject to which the auditing of company accounts is assigned; (c) determine the emoluments of the Directors and the Statutory Auditors, if not established in the Bylaws; (d) decide on the responsibilities of the Directors and Statutory Auditors; (e) decide on other matters attributed by law to the shareholders, as well as on any authorisations required by the Bylaws for the carrying out of Director duties, notwithstanding in all cases their being responsible for their actions; (f) approve any rules governing meetings; (g) decide on any other matters within their powers, in accordance with the law.

Extraordinary Shareholders' Meetings decide on changes to the Bylaws, the appointment, substitution and powers of liquidators and on any other matter expressly attributed to it by law. The Board of Directors is empowered to decide upon matters indicated in art.23 of the Bylaws, notwithstanding that such resolution may also be passed by an Extraordinary Shareholder Meetings.

The Company does not currently see the need to propose the adoption of a specific regulation governing Shareholders' Meetings, considering that it deems appropriate that, in principle, the shareholders shall be assured the widest participation and expression in shareholder discussions.

The Board, at its meeting of 24 March 2009, took note, in accordance with the application criterion 11.C.6 of the Self-Regulatory Code of Conduct, that during the year 2008, there was a significant variation in the market capitalization of the Issuer. However, the Board has not found it necessary to suggest the Shareholders‘ Meeting make any changes to the Bylaws in relation to the percentages established for taking the actions and prerogatives set to protect the minorities.
In this connection it is noted that, with resolution no.16779 of 27 January 2009, Consob has determined the required shareholding at 4.5% of the share capital for taking part in the lists of candidates for the election of the bodies of administration and control of the Issuer, with reference to the period closed at 31 December 2008.

18. CHANGES SINCE THE CLOSE OF THE YEAR OF REFERENCE

All the changes that have occurred in the structure of corporate governance, as of the date of closing the financial year, have been notified within the specific Sections, as illustrated above.

Immsi Group

Financial statements

at

31 December 2008

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2008

Amounts in thousands of euros

ASSETS		31 December 2008	31 December 2007
NON-CURRENT ASSETS			
Intangible assets	*F1*	827,472	813,091
Tangible assets	*F2*	299,500	308,426
- of which with Related Parties		*71*	*92*
Property investments	*F3*	72,349	0
Equity investments	*F4*	255	751
Other financial assets	*F5*	100,164	743
- of which with Related Parties		*0*	*58*
Amounts due from the tax authorities	*F6*	12,208	12,509
Deferred tax assets	*F7*	50,751	47,525
Trade receivables and other receivables	*F8*	21,163	14,001
- of which with Related Parties		*799*	*830*
TOTAL NON-CURRENT ASSETS		1,383,862	1,197,046
ASSETS INTENDED FOR DISPOSAL	*F9*	21,482	21,054
CURRENT ASSETS			
Trade receivables and other receivables (*)	*F8*	260,988	233,652
- of which with Related Parties		*3,668*	*4,153*
Amounts due from the tax authorities	*F6*	32,747	25,076
Inventories	*F10*	328,071	291,647
Other financial assets	*F5*	24,114	84,403
- of which with Related Parties		*45*	0
Cash and cash equivalent	*F11*	55,353	134,673
TOTAL CURRENT ASSETS		701,273	769,451
TOTAL ASSETS		2,106,617	1,987,551

LIABILITIES		31 December 2008	31 December 2007
SHAREHOLDERS' EQUITY			
Consolidated Group Shareholders' equity		394,679	404,592
Minority interest capital and reserves		190,704	262,175
TOTAL SHAREHOLDERS' EQUITY	*G1*	585,383	666,767
NON-CURRENT LIABILITIES			
Financial liabilities	*G2*	338,187	384,316
Trade payables and other payables	*G3*	7,220	21,436
Reserves for severance indemnity and similar obligations	*G4*	69,469	67,288
Other long-term reserves	*G5*	28,859	28,440
Deferred tax liabilities	*G6*	54,613	51,142
TOTAL NON-CURRENT LIABILITIES		498,348	552,622
LIABILITIES LINKED WITH ASSETS INTENDED FOR DISPOSAL		0	0
CURRENT LIABILITIES			
Financial liabilities	*G2*	332,752	198,316
Trade payables	*G3*	499,878	447,702
- of which with Related Parties		*10,612*	6,089
Current taxation	*G7*	21,453	11,926
Other payables	*G3*	142,965	84,061
- of which with Related Parties		*218*	*180*
Current portion of other long-term reserves	*G5*	25,838	26,157
TOTAL CURRENT LIABILITIES		1,022,886	768,162
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,106,617	1,987,551

(*) It includes the balance of the "contract works in progress" heading, previously given as a separate item in the current assets and reclassified as indicated by the OIC (operational guide no. 3 dated June 2008).

CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2008

Amounts in thousands of euros

		Year 2008	Year 2007
Net revenues	*H1*	1,736,668	1,846,472
Costs for materials	*H2*	1,020,277	1,088,605
- of which with Related Parties		*43,854*	*51,202*
Costs for services and the use of third party assets	*H3*	363,147	371,290
- of which with Related Parties		*553*	*612*
Personnel costs	*H4*	277,168	263,646
Depreciation of tangibile assets	*H5*	42,177	43,890
Impairment of goodwill		0	0
Amortisation of intangible assets with a finite life	*H6*	56,799	50,301
Other operating income	*H7*	141,068	139,586
- of which with Related Parties		*1,965*	*4,274*
Other operating costs	*H8*	44,302	42,138
OPERATING EARNINGS		73,866	126,188
Earnings on equity investments		12	79
Financial income	*H9*	44,341	27,214
Financial charges	*H10*	84,196	62,030
- of which with Related Parties		*246*	*0*
EARNINGS BEFORE TAXATION		34,023	91,451
Taxation	*H11*	8,986	34,963
EARNINGS AFTER TAXATION FROM CONTINUING ASSETS		25,037	56,488
Gain (loss) from assets intended for disposal or sale	*H12*	0	0
EARNINGS FOR THE PERIOD INCLUDING MINORITY INTEREST		25,037	56,488
Minority interest earnings for the period		10,825	23,772
GROUP EARNINGS FOR THE PERIOD	*H13*	14,212	32,716

EARNINGS PER SHARE

Amounts in euros

From continuing and discontinued operations:	Year 2008	Year 2007
Basic	0.042	0.095
Diluted	0.042	0.095

From continuing operations:		
Basic	0.042	0.095
Diluted	0.042	0.095

Average number of shares:	341,795,833	343,200,000

CONSOLIDATED CASH FLOW STATEMENT AT 31 DECEMBER 2008

Amounts in thousands of euros

		Year 2008	Year 2007
Operations			
Earnings for the period	*H13*	14,212	32,716
Minority interest	*G1*	10,825	23,772
Taxation	*H11*	8,986	34,963
Depreciation of tangible assets (including property investments)	*H5*	42,177	43,890
Amortisation of intangible assets	*H6*	56,799	50,301
Provisions for risks and for severance indemnity and similar obligations	*H4 – H8*	36,733	20,380
Write-downs / (Revaluations)	*H7 - H8*	7,402	4,392
Losses / (Gains) on disposal of tangible assets (including property investments)	*H7 - H8*	(274)	(127)
Losses / (Gains) on disposal of intangible assets	*H7 - H8*	0	(5)
Losses / (Gains) on disposal of securities	*H9 - H10*	(4,304)	(4,482)
Interest receivable	*H9*	(4,955)	(4,245)
Dividend income	*H9*	(2,594)	(2,450)
Interest payable	*H10*	48,129	41,632
Depreciation of grants	*H7*	(11,443)	(4,989)
Earnings portion before taxation in associated companies (and other companies at Equity)		0	9
Change in working capital (*):			
(Increase) / Decrease in trade receivables	*F8*	48,959	6,258
(Increase) / Decrease in inventories	*F10*	(36,424)	3,286
Increase / (Decrease) in trade payables	*G3*	52,224	(18,640)
(Increase) / Decrease in contract work in progress	*F8*	(48,473)	(4,449)
Increase / (Decrease) in provisions for risks	*G5*	(21,778)	(21,975)
Increase / (Decrease) reserves for severance indemnity similar obligations	*G4*	(12,661)	(16,833)
Other changes		(2,251)	2,171
Cash generated from operations		181,289	185,575
Interest paid		(43,736)	(25,954)
Taxation paid		(23,108)	(37,371)
Cash flow from operations		114,445	122,250
Investments			
Acquisition of subsidiaries, net of cash and cash equivalents	*F1*	(13,158)	(3,491)
Sale price of subsidiaries, net of cash and cash equivalents		10,856	0
Investments in tangible assets	*F2*	(51,275)	(39,874)
Sale price, or repayment value, of tangible assets (including property investments)		1,162	1,717
Investments in intangible assets	*F1*	(59,051)	(56,510)
Sale price, or repayment value, of intangible assets		22	40
Purchase of non-consolidated equity investments	*F4*	0	(4)
Sale price of non-consolidated equity investments		496	20
Loans provided		(82)	(2,861)
Repayment of loans		787	3,222
Purchase of financial assets	*F5*	(100,389)	(6,540)
Sale price of financial assets		20,807	5,912
Interests received		4,907	3,161
Sale price from assets intended for disposal or sale		0	0
Other flows from assets intended for disposal or sale		(428)	(19,707)
Public grants received		3,422	0
Dividends from equity investments		2,594	2,450
Cash flow from investments		(179,330)	(112,465)
Financing			
Increase in share capital by third parties	*G1*	12,571	12,923
Purchase of treasury stock	*G1*	(28,336)	(26,830)
Loans received	*G2*	159,250	126,645
Outflow for repayment of loans	*G2*	(148,520)	(80,481)
Finance leases received		174	32
Repayment of finance leases		(824)	(1,133)
Outflow for dividends paid to Parent company Shareholders	*G1*	(10,296)	(10,296)
Outflow for dividends paid to Minority Interest	*G1*	(9,973)	(5,344)
Cash flow from financing		(25,954)	15,516
Increase / (Decrease) in cash and cash equivalents		(90,839)	25,301
Opening balance		106,470	80,420
Exchange differences		772	749
Closing balance		16,403	106,470

* The variations in the working capital include higher trade payables and other payables toward related parties for 4,561 thousand euros and lesser trade receivables and other receivables from related parties for 485 thousand euros. For greater detail on the relations between related parties taking place during 2008 please refer to the paragraph in the Report on Operations.

This schedule illustrates the changes in cash and cash equivalents, net of short-term bank overdrafts totalling 38.9 million euros at 31 December 2008.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AT 31 DECEMBER 2008

In thousands of euros	*Share capital*	*Reserves and retained earnings*	*Reserves and retained earnings*	*Group shareholders' equity*	*Minority interest capital and reserves*	*Group and minority interest shareholders' equity*
Balances at 31 December 2006	***178,464***	***157,792***	***65,563***	***401,819***	***243,784***	***645,603***
Increases in share capital against payment				**0**	12,923	**12,923**
Allocation of Group earnings to Legal Reserve		1,399	(1,399)	**0**		**0**
Allocation of Group earnings to Dividends			(10,296)	**(10,296)**	(5,344)	**(15,640)**
Allocation of Group earnings to Retained Earnings		53,868	(53,868)	**0**		**0**
Measurement at fair value of property investments				**0**		**0**
Purchase of treasury stock		(14,762)		**(14,762)**	(12,068)	**(26,830)**
Measurement at fair value of financial assets		(13,574)		**(13,574)**	(261)	**(13,835)**
Measurement of "War. '04/'09", "EMH '04/'09" and "Aprilia shareholder instruments"				**0**	3,465	**3,465**
Taxation on items charged to shareholders' equity		2,604		**2,604**		**2,604**
Figurative cost of stock options		962		**962**	787	**1,749**
Translation differences		291		**291**	241	**532**
Other changes		4,832		**4,832**	(5,124)	**(292)**
Reserves and retained earnings			32,716	**32,716**	23,772	**56,488**
Balances at 31 December 2007	***178,464***	***193,412***	***32,716***	***404,592***	***262,175***	***666,767***

In thousands of euros	*Share capital*	*Reserves and retained earnings*	*Reserves and retained earnings*	*Group shareholders' equity*	*Minority interest capital and reserves*	*Group and minority interest shareholders' equity*
Balances at 31 December 2007	***178,464***	***193,412***	***32,716***	***404,592***	***262,175***	***666,767***
Increases in share capital against payment				**0**	12,571	**12,571**
Allocation of Group earnings to Legal Reserve		578	(578)	**0**		**0**
Allocation of Group earnings to Dividends			(10,296)	**(10,296)**	(9,973)	**(20,269)**
Allocation of Group earnings to Retained Earnings		21,842	(21,842)	**0**		**0**
Measurement at fair value of property investments		60,824		**60,824**		**60,824**
Purchase of treasury stock	(1,388)	(16,150)		**(17,538)**	(10,798)	**(28,336)**
Measurement at fair value of financial assets		(46,283)		**(46,283)**	(426)	**(46,709)**
Measurement of "War. '04/'09", "EMH '04/'09" and "Aprilia shareholder instruments"				**0**	(62,450)	**(62,450)**
Taxation on items charged to shareholders' equity		(19,934)		**(19,934)**		**(19,934)**
Figurative cost of stock options		1,166		**1,166**	814	**1,980**
Translation differences		(3,238)		**(3,238)**	(2,374)	**(5,612)**
Other changes		11,174		**11,174**	(9,660)	**1,514**
Reserves and retained earnings			14,212	**14,212**	10,825	**25,037**
Balances at 31 December 2008	***177,076***	***203,391***	***14,212***	***394,679***	***190,704***	***585,383***

EXPLANATORY AND ADDITIONAL NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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- A - GENERAL ASPECTS

Immsi S.p.A. (the Company) is a limited company established under Italian law and has registered offices in Mantova - P.za Vilfredo Pareto, 3 Centro Direzionale Boma. The main activities of the company and its subsidiaries (the Group) are described in the Directors' Report. At 31 December 2008, Immsi S.p.A. was directly controlled by Omniainvest S.p.A., a company owned by Omniaholding S.p.A..
The main activities of the Company and its subsidiaries (the Group) and the information on the significant events occurring after the close of the period and on the predictable evolution of operations are described in the Report on Operations.

The consolidated 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 modified where necessary to adapt them to the Group's accounting principles.
The financial statements are expressed in euros since that is the currency in which most of the Group's transactions take place.
The amounts in the above schedules and in the Notes to the financial statements are stated in thousands of euros (if not otherwise indicated).

These financial statements are audited by Deloitte & Touche S.p.A. pursuant to the mandate granted by the Shareholders' Meeting in 12 May 2006 for the period 2006-2011.

CONFORMITY WITH INTERNATIONAL ACCOUNTING STANDARDS

The consolidated financial statements are drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Commission, valid at 31 December 2008, as well as the documents of the International Financial Reporting Interpretations Committee (IFRIC) deemed applicable to the transactions carried out by the Group and the provisions issued in implementation of art.9 of the Ital.Legisl.Decree 38/2005.

In preparing the financial statements at 31 December 2008, the same policies and criteria adopted in the preparation of the last Annual Report have been followed.

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

PRESENTATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements consist of the Balance Sheet, the Income Statement, the Schedule of changes to Shareholders' Equity, the Cash Flow Statement and these explanatory and additional Notes.
With reference to Consob Resolution no. 15519 of 17 July 2006 it is pointed out that, as regards the financial schedules, specific income statement, balance sheet and the schedule of the Cash Flow Statement have been inserted to evidence significant related party dealings and non-recurring transactions.

In relation to the options envisaged in IAS 1 "Presentation of financial statements", the Immsi Group has opted to present the following types of accounting schedules:

- **Consolidated balance sheet:** the consolidated balance sheet is presented in sections with assets, liabilities and shareholders' equity indicated separately. Assets and liabilities are shown in the consolidated financial statements on the basis of their classification as current and non-current.
- **Consolidated income statement:** the consolidated income statement is presented with the items classified by their nature. Overall operating earnings include all the 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 earnings and earnings before tax. In addition, the income and cost items arising from assets that are intended for disposal or sale, including any capital gains or losses net of the tax element, are recorded in a specific balance sheet item which precedes Group net earnings and minority interest.
- **Consolidated cash flow statement:** the consolidated cash flow statement is presented divided into areas generating cash flows, as indicated by international accounting standards. The model adopted by the Group has been prepared using the indirect method.
- **Schedule of changes in consolidated shareholders' equity:** the schedule of changes in consolidated shareholders' equity is shown as required by international accounting standards, with a separate indication of the consolidated result for the period and of every individual sale, income, charge and expense that has not been recorded in the income statement, but charged directly in consolidated shareholders' equity on the basis of specific international accounting standards.

- B - CONSOLIDATION AREA

At 31 December 2008, the Immsi Group structure is the one attached at the end of the Notes to the consolidated financial statements.
Changes in 2008 to the consolidation area compared to the perimeter at 31 December 2007 derive from the liquidation of Piaggio Indocina PTE Ltd. and Progetto Smeb.
These limited extent changes do not alter the comparability between the two periods.

- C - CONSOLIDATION PRINCIPLES

The consolidated financial statements were prepared using the line-by-line consolidation method of the financial statements of the Parent company Immsi S.p.A. and of all the companies in Italy and abroad in which the Parent company, whether directly or indirectly through subsidiaries, as defined in IAS 27, or in which Immsi S.p.A., or one of its subsidiaries, owns more than half the voting rights exercisable in Shareholders' Meetings, has the power to control or direct voting rights by means of contractual or bylaw clauses, or can appoint the majority of the members of the Boards of Directors. Excluded from the line-by-line consolidation are those companies held for sale in accordance with IFRS 5, non-operating controlled companies or those with low operating levels as their influence on the final result of the Group is insignificant.

All the balances and the significant transactions between group companies, as well as the unrealized gains/losses on intragroup transactions have been eliminated from these consolidated financial statements. Unrealized gains/losses generated on transactions with associated or jointly controlled companies are eliminated according to the portion of the equity investment held.

Subsidiaries

The subsidiary companies, in which the Group has a dominant influence that subsists when the Group has the power, directly or indirectly, to determine the financial and operational policies of a company in order to obtain benefits from its activities, are reported with the cost method. The acquisition cost is determined from the sum of the fair values, at the date when control is achieved of the assets given, the liabilities incurred or taken on, and the financial instruments issued by the Group in exchange for control of the company acquired, plus the costs directly attributed to the merger.
The assets, liabilities and identifiable contingent liabilities of the company acquired which meet the conditions for their recording in accordance with IFRS 3 are recorded at their fair values at the date of acquisition, with the exception of non-current assets (or groups being disposed of) which are classified as held for sale in accordance with IFRS 5 and which are recorded and measured at fair value less sale costs.
In accordance with the line-by-line consolidation method, the book value of the equity investments has been eliminated against the shareholders' equity of the subsidiaries, by attributing to the minority interest shareholders the portion of shareholders' equity and net earnings for the period due to them in specific headings. The positive differences arising from the elimination of the equity investments against the book value of shareholders' equity at the date of the first consolidation are charged to the higher values attributable to assets and liabilities and the remainder to goodwill. The goodwill deriving from the acquisition is registered as an asset and valued at cost and, in agreement with the provisions of IFRS 3, not amortised but subjected to an impairment test.
If the acquisition cost is lower than the net identifiable assets acquired, the difference is charged to the income statement.
The portion of shareholders' equity and net earnings of the subsidiaries that is due to minority interest have been recorded respectively in a specific item under Shareholders' Equity called "Minority Interest Capital and Reserves" and in the Income statement under a heading called "Minority interest – Earnings for the period".
The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control is assumed until such time as that control ceases to exist.

Associated companies

Equity investments in associated companies, that is, businesses in which a Group company exercises notable influence and therefore participates in their financial and operational policies without however having control, are consolidated using the equity method and consequently the financial results and any changes in the shareholders' equity of associated companies are stated in the consolidated income statement and balance sheet, respectively. Should the Group portion of the associated company's losses exceed the book value of the equity investment in the financial statements, then the value of equity investment is reversed and the portion of further losses is not recorded, except and to the extent that the Group is obliged to answer for them.
The financial statements of the associated companies, as defined in IAS 28, are included in the consolidated financial statements as of the date on which began the considerable influence until the time when such considerable influence ceases to exist.

Joint control companies

Joint control companies are businesses over whose activities the Group has joint control, established contractually, by *joint venture* agreements, which imply the establishment of a separate entity in which each participant has a share of the equity investment, as defined in IAS 31. The Group records joint control equity investments by using the equity method.
With reference to transactions between a Group company and a joint control company, unrealized gains and losses are eliminated to an extent equal to the percentage of the Group's equity investment in the joint control company, except in the case in which the unrealized losses

represent evidence of impairment in the transferred asset.

Other companies

The shareholdings in other companies (normally with holding percentage lower than 20%) constituting cash equivalents are valued at their fair value and the profits or losses deriving from variations in the fair value are directly ascribed to shareholders' equity. When these shareholdings are sold or suffer losses in value, the profits or losses are ascribed to the income statement.
Equity investments in other minor companies, whose fair value is not available, are recorded at cost which is written down if necessary for impairment. Any dividends received from such companies are included under the financial income.

Operations in currency

The operations in foreign currency are recorded at the rate of exchange in force on the date of the transaction. The monetary assets and liabilities denominated in foreign currency at the date of reference of the balance sheet, are converted at the rate of exchange in force on that date. The exchange rate differences produced by the extinction of monetary entries or their conversion at different rates from those at which they had been converted at the time of the initial recording in the year or in preceding financial statements are recorded in the income statement.

Consolidation of foreign companies

The separate financial statements of each company that belongs to the Group are drawn up in the currency of the main economic environment in which it operates (the operating currency). For the purposes of the consolidated financial statements, the financial statements of each foreign company are expressed in euros, which is the Group's operating currency and the currency for the presentation of these consolidated Financial Statements.
All the assets and liabilities recorded in currencies other than the euro of foreign companies falling within the consolidation area are converted by using the exchange rates in force at the reference date of the financial statements (current exchange rate method). Income and costs are converted at the average rate for the period.
Exchange rate differences arising from the application of this method are classified as an item of shareholders' equity until the equity investment is disposed of. In preparing the consolidated cash flow statement, average exchange rates have been used to convert the cash flows of the foreign subsidiaries.
During first-time adoption of the IFRS, the cumulative exchange rate differences generated by the consolidation of foreign companies outside the euro zone have not been reversed, as allowed by IFRS 1 and have therefore been maintained.
Conversion differences that arise from the comparison between opening shareholders' equity converted at current exchange rates and the same converted at historic exchange rates, as well as the difference between the result for the period expressed at average exchange rates and that expressed at current exchange rates, are charged to the shareholders' equity item "Other reserves".
The exchange rates used for the conversion into euro of the financial statements of the companies included in the consolidation area are shown in the table below:

	31/12/2008	AVERAGE 2008	31/12/2007	AVERAGE 2007
US dollar	1.3917	1.47076	1.4721	1.37064
Pound sterling	0.9525	0.796285	0.73335	0.68455
Indian rupee	67.636	63.7343	58.021	56.5888
Singapore dollar	2.004	2.07619	2.1163	2.06362
Chinese renmimbi	9.4956	10.2236	10.7524	10.4186
Croatian kuna	7.3555	7.22389	7.3308	7.33809
Japanese yen	126.14	152.454	164.93	161.24064
Vietnamese dong	24,321.8	24,177.2	n/a	n/a
Swedish krona	10.87	9.61524	9.4415	9.25011
Swiss franc	1.485	1.58739	1.6547	1.64272
Brazilian real	3.2436	2.67373	2.61078	2.66379

- D - ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA

The Group has evaluated that, even in the presence of a difficult economical and financial context, there are no significant uncertainties (as defined by par. 25 of the IAS Standard 1) on the continuity of the business, also by virtue of the actions already identified for conforming to the changed levels of demand, as well as the industrial and financial flexibility of the Group itself.
No atypical or unusual operations have been found.
Listed below are the main accounting policies adopted.

INTANGIBLE ASSETS

An intangible asset is recorded based on the provisions of IAS 38 only if it is identifiable, controllable and it is likely to generate future economic benefits and its costs can be reliably determined.
Intangible assets with a finite life are recorded at purchase or production cost net of accumulated amortisation and cumulative impairment. Amortisation is equated to their expected useful life and starts when the asset is available for use.
The useful life is re-examined every year, or more frequently if there are events or circumstances that make a measurement update necessary, and any changes are made prospectively.

Goodwill

The positive difference between the acquisition cost of subsidiaries, associated companies and joint ventures, and the Group's portion in the fair value of the net identifiable values of the assets, liabilities and contingent liabilities is classified as goodwill. Any negative goodwill is recorded in the income statement at the moment of acquisition.

Goodwill is not amortised, but is subjected to checks (impairment tests) to identify any impairment on an annual basis, or more frequently if specific events or changed circumstances indicate the possibility that there has been a loss in value, in accordance with the provisions of IAS 36. After the initial recording, goodwill is valued at cost net of any cumulative impairment.
On disposing of a subsidiary or joint control company, the account, if any, is taken of the corresponding residual value of goodwill in determining the capital gain or loss on the disposal.

During first-time adoption of the international Standards, the Group chose not to adopt the IFRS3, therefore the goodwill generated on acquisitions prior to the 1 January 2004 has been maintained (except for changes deriving from the application of new standards) at the previous value determined in accordance with Italian accounting standards, subject to the verification and recording of any impairment. After 1 January 2004, any further goodwill generated was recalculated and recorded in accordance with IFRS 3.

Development costs

Development costs relating to projects for the production of vehicles and engines are recorded under assets only if all the following conditions are met: the costs can be reliably determined and the technical feasibility of the product, the forecast volumes and prices indicate that the costs incurred in the development phase will generate future economic benefits. The capitalised development costs include only the expenses incurred which can be directly attributed to the development process. Capitalised development costs are amortised on a straight-line basis over 3-5 years, based upon a systematic criterion from the commencement of production. All other development costs are recorded in the income statement when they are incurred.

Other intangible assets

Other intangible assets (concessions, licences, trademarks, etc.) acquired or produced internally are recorded under assets, in accordance with the provisions of IAS 38 “Intangible assets”, when the asset is clearly identifiable, it is likely that its use will generate future economic benefits and when the cost of the asset can be reliably determined.
These assets are measured at purchase or production cost and are amortised on a straight-line basis over their estimated useful lives, if they have a finite useful life, equal to 3-5 years except for those trademarks subject to max. 15-year amortisation.

Intangible assets with an indefinite useful life are not amortised but are subjected to impairment tests on an annual basis, or more frequently, if there is an indication that the asset may be impaired.

Other intangible assets recorded following the acquisition of a company are recorded separately from goodwill, if their fair value can be determined reliably.

TANGIBLE ASSETS

Property, plant and equipment

Property, plant and equipment are recorded at purchase or production cost, including directly attributable accessory charges, net of accumulated depreciation and impairment. For an asset whose capitalisation is justified, the cost also includes the financial charges which are directly attributable to the purchase, construction or production of the asset.
The costs incurred following the purchase are capitalised only if they increase the future economic benefits inherent in the asset to which they refer. All the other costs are recorded in the income statement when they are incurred.
Construction in progress is valued at cost and is depreciated from the period in which it comes into operation. Depreciation is determined on a straight-line basis over the estimated useful life of the asset and applying the rates indicated below at the cost of the asset net of its residual value thereof. If the individual components of a complex tangible asset have different useful lives, they are recorded separately so that they can be depreciated in line with their useful lives (the component approach).
Land is not depreciated.

Assets are depreciated by applying the criterion and rates indicated below:

Specific plant	from 3% to 5%
Light constructions	from 7% to 10%
Sports facilities – golf courses	5%
Generic/specific facilities	from 7.5% to 20%
Electrolytic cells	20%
Ovens and sundry equipment	15%
Robotic work centres	22%
Alarm and control/testing instruments	30%
Miscellaneous and small equipment and other tangible assets	from 12% to 40%

Assets to be given free of charge are assets held by the Rodriquez group further to an agreement to lease public land which at the end thereof must be given free of charge and in perfect working order to the lessor and are depreciated according to the term of the lease.

Assets owned through finance leases, by means of which all the risks and benefits linked to ownership are largely transferred to the Group, are recognised as Group assets at their fair value, or, if lower, at the present value of the minimum payments due under the lease. The corresponding liability due to the lessor is recorded in the financial statements under financial payables. Assets held under finance leases are depreciated by applying the criterion and the rates used for assets owned by the company by applying the criterion and rates indicated above.
Leases in which the lessor essentially keeps all the risks and benefits linked to ownership of the assets are classified as operating leases. The costs of operating leases are recorded on a straight-line basis in the income statement over the duration of the lease.
The Group has production plants in states in which the right to ownership is not admitted. Until 2006 the lease instalments paid in advance to obtain the availability of the land where the production factories are situated were classified as land and the portion of the lease itself in the amortisations. This is on the basis of the presupposition that, on the one hand the local law does not admit the purchase of property and on the other the duration of approximately 90 years of the contract could make the case in point come under finance lease.
From last year, on the basis what has recently been clarified by IFRIC, the lease instalments paid in advance to obtain the availability of the land where the factories are situated have been reclassified among the receivables.

Gains and losses arising from the disposal or sale of assets are determined as the difference between the sale income and the net book value of the asset and are charged to the income statement for the period.

Impairment test

Annually, or more frequently if there is an indication that there may have been a loss in value, the Group measures the recoverability of the value of tangible and intangible assets with an indefinite useful life (mainly goodwill), comparing the book value of the asset (or group of assets) with its recoverable amount. The recoverable amount is the higher between the fair value net of selling costs and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value by using a rate gross of tax which reflects current market valuations of the present value of money and the specific risks of the asset concerned.
Where it is not possible to estimate the recoverable value of an asset individually, the Group estimates the recoverable value of the cash flow generating unit to which the asset belongs. The value in use is defined on the basis of discounting the estimated future cash flows from using the asset or cash generating unit, as well as of the amount expected to be received upon disposal at the end of its useful life. Cash generating units are identified according to the organisational structure and business of the Group as homogeneous combinations that generate independent cash inflows from the continued used to the asset associated with them. If the recoverable amount is less than the book value, an impairment is recorded in the income statement immediately, unless the asset is land or buildings other than property investment recorded at reassessed values, in which case the loss is charged to the respective revaluation reserve.
When the continuation of a write-down is no longer justified, with the exception of goodwill, the book value of the asset (or of the cash flow generating unit) is increased to the new value arising from the estimate of its recoverable value, but to no more than the net book value which the asset would have had if the write-down for impairment had not been applied. The recovery in value is immediately recorded in the income statement.

Property investments

International accounting standards have regulated property assets used for production or administration purposes (IAS 16) separately from property investments (IAS 40). As allowed by IAS 40, property and buildings that are not for operations and are held in order to earn rent and/or to increase the value of assets are stated under the “Property investments” item and are measured at cost net of accumulated depreciation and impairment. Property investments are eliminated from the financial statements when they are sold or when the property investment is unusable in the long term and no future economic benefits are expected from its possible disposal.

FINANCIAL ASSETS

Financial assets are recorded and reversed from the financial statements on the basis of their trade date and are initially measured at cost, including the charges directly associated with their purchase.
At subsequent financial statement dates, the financial assets which the Group intends and has the ability to hold to maturity (securities held to maturity) are recorded at amortised cost using the effective interest rate method, net of write-downs made to reflect impairment.
Financial assets other than those held to maturity are classified as held for trading or available for sale, and are measured at the end of each period at their fair value. When financial assets are held for trading, the gains and losses arising from changes in the fair value are charged to the income statement for the period; for financial assets available for sale, the gains and losses arising from changes in the fair value are charged directly to equity until they are sold or have been impaired; at that moment overall gains or losses previously charged to equity are charged to the income statement of the period.

RECEIVABLES

Receivables are recorded at their nominal adjusted value, in order to align them to their presumed realisable value, through the recording of a bad debt provision. This provision is calculated on the basis of the recovery assessments carried out by analysis of the individual positions and of the overall risk of all the receivables, taking account of any guarantees.
When the payment of the sum due is deferred beyond normal credit terms offered to customers, it is necessary to discount the receivable. In order to determine the effect, estimates have been made of the time before payment by applying to the various forecast cash flows a discount rate that corresponds to the average cost of borrowing for the Group, which for Piaggio is the 20-year Euribor swap rate plus a spread of AA rated Government securities.
Long-term contract work in progress is valued on the basis of the contractual consideration accrued with reasonable certainty according to the criterion of the percentage completed, net of advances invoiced to the customers. The work progress status is measured by referring to the costs of contracts incurred up to the date of the financial statements as a percentage of the total estimated costs for each contract. Any losses on such contracts are fully charged to the income statement at the time they become known.

Assignments of receivables

The Group sells a significant portion of its trade receivables by factoring them.

The disposals can involve the transfer of risks and benefits, or not. Sale with transfer of risks and benefits, in compliance with the provisions of IAS 39, lead to a reversal of the corresponding amounts of the balance of the receivables due from customers upon payment from the factor. On the contrary, sales without such a transfer do not meet the requirements of international accounting standards for their elimination from the assets since the related risks and benefits are not transferred in substance.

The pro-soluto transfers, that involve neither risks of regression nor risks of liquidity, determine the cancellation of the corresponding amounts from the balance of the receivables from customers at the time of the transfer to the factor. The transferred pro-solvendo receivables, since neither the risk of non-payment nor the risk of liquidity is transferred, are kept in the assets until the time of collection by the surrendered debtor. In this case, any advance payments that may have been collected by the factor are registered in the payables toward other financiers.

INVENTORIES

Inventories of raw materials, semi-finished and finished goods are recorded at the lower of the cost and market value. The valuation of inventories includes the directly incurred materials and labour costs as well as the portion of indirect costs that may reasonably be ascribed to the use of productive assets under normal production capacity conditions.
The purchase or production cost is determined in accordance with the weighted average cost method.
For raw materials and work in progress, the market value is represented by the presumed net sale value of the corresponding finished products after deducting finishing costs; as for finished goods, it is determined by the presumed sale price (sale price lists).
The lesser value that may be determined on the basis of market trends is eliminated in subsequent periods if the reasons for that valuation cease to exist.
Inventories that are obsolete, slow moving and/or excess to normal requirements are written down in relation to their possible use or future sale through the creation of a provision for inventory write-downs.

CASH AND CASH EQUIVALENTS

This heading includes cash, bank current accounts, demand deposit accounts and other highly-liquid short-term financial investments, which are readily convertible into cash and have an insignificant risk of losing value.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (and groups of assets being disposed of) are classified as held for sale when it is expected that their book value will be recovered through a disposal rather than through using them as an operating asset for the company. This condition is met only when the sale is highly likely, the asset (or group of assets) is available for immediate sale in its current condition and management has made a commitment to sell, which should take place within twelve months of the classification under this heading.
Assets held for sale are measured at the lower of their net book value and their fair value net of selling costs.

FINANCIAL LIABILITIES

Loans are initially recognised at the original amount received net of the accessory loan charges. After initial recognition, financial liabilities are recorded using the amortised cost method, calculated using the effective interest rate.
Financial liabilities hedged by derivative instruments are measured at present value, using the method established for hedge accounting, applicable to the fair value hedge. Gains and losses arising from the subsequent measurement at fair value, due to variations in interest rates, are recorded in the income statement and are offset by the actual portion of the loss and the gain arising from subsequent measurements at fair value of the hedged risk.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group's activities are mainly exposed to financial risks through changes in exchange and interest rates. The Group uses derivative instruments (mainly forward currency contracts) to hedge the risks arising from changes of foreign currencies in certain irrevocable commitments and in envisaged future transactions. The use of these derivatives is regulated by written procedures on the use of derivatives in line with the Group's risk management policies.
Derivative instruments are used only for hedging, so as to reduce the risk of changes in market price and in exchange and interest rates.
Derivatives are initially recorded at cost, and then adjusted to the fair value at subsequent period end dates, as established by IAS 39.
Financial derivative instruments may be recorded in accordance with the methods established for hedge accounting only when, at the start of the hedge, there is the formal designation and documentation of the hedge itself, when it is presumed that the hedge is highly effective, when the effectiveness can be reliably measured and when the hedge itself is highly effective during the various accounting periods for which it is designated, as established by IAS 39.
If hedge accounting cannot be applied, the gains or losses arising from the measurement at fair value of the derivative are immediately recorded in the income statement.

When the financial instruments have the necessary features to be recorded under hedge accounting, the following accounting treatments apply:

- *Fair value hedge* – If a financial derivative is designated as a hedge for the exposure to variations in the fair value of an asset or a liability, attributable to a particular risk which can have an impact on the income statement, gains or losses arising from subsequent assessments of the fair value of the hedge are recorded in the income statement. Gains or losses on the hedged item, attributable to the risk hedged, change the book value of that item and are recorded in the income statement.
- *Cash flow hedge* – If a derivative is designated as a hedge of the exposure to changes in the cash flows of an asset or liability recorded in the financial statements or of a transaction that is considered highly likely and which could have an impact on the income statement, the effective portion of gains or losses for the derivative is recorded under shareholders' equity. The cumulative gain or loss is reversed from shareholders' equity and recorded in the income statement in the same period in which the hedged transaction is recorded. The gain or loss associated with the hedge or that part of the hedge that is ineffective, is immediately recorded on the income statement. If a hedging instrument or a hedge are closed, but the hedged transaction has not yet taken place, the cumulative gains and losses, which until that moment had been recorded under shareholders' equity, are recognised in the income statement when the related transaction occurs. If the hedged transaction is no longer considered likely to occur, then the unrealised gains or losses held under shareholders' equity are immediately recorded in the income statement.

PAYABLES

Trade payables falling due within normal commercial terms are not discounted and are recognised at their nominal value, which is considered representative of their discharge value.

EMPLOYEE BENEFITS

With the adoption of the IFRS, employee leaving indemnity is considered a defined benefit obligation to be recorded in accordance with IAS 19 "Employee Benefits" and must consequently be recalculated using the "Projected Unit Credit Method", by undertaking actuarial measurements at the end of each period.

Payments for defined benefit plans are charged to the income statement in the period in which they fall due.
The liabilities for benefits after termination of the employment relationship recorded in the financial statements represent the present value of liabilities for defined benefit plans adjusted to take account of actuarial gains and losses and the unrecorded costs related to previous employment services, and reduced by the fair value of the programme assets. Any net assets resulting from this calculation are limited to the value of the actuarial losses and the cost relating to unrecorded previous employment services, plus the present value of any repayments and reductions in future contributions to the plan.
The Group has decided not to use the so-called "corridor method", which would allow it to not record the cost component calculated in accordance with the method described, represented by actuarial gains or losses, where it does not exceed 10 percent. Finally, it should be noted that the Group has decided to show the interest element of the income/charge relating to employee plans under the Financial income/charges heading.
Because of the reform of complementary social security introduced by Italian Law 296 of 27 December 2006 and the following implementing decrees and regulations, the portions of TFR (staff severance fund) accrued up to 31 December 2006 will continue to remain in the company drawing up a defined benefits plan (obligation for the benefits accrued to be subject to actuarial evaluation), while the accruing portions since 1 January 2007, because of the choices made by the employees of the companies in the Group (with more than 50 employees), are intended for forms of complementary social security or transferred by the company to the treasury fund managed by INPS, being configured as of the time when the choice is formalized by the employee as defined contribution plans (no longer subject to actuarial evaluation). The companies with fewer than 50 employees, limited to the personnel that has not opted for complementary social security and for which the Companies will continue to manage the Staff Severance Fund, have made the actuarial evaluation also of the fund accruing since 1 January 2007.

STOCK OPTIONS

In accordance with the provisions of IFRS 2 "Share-based payments", the overall amount of the fair value of the stock options at the grant date is recorded entirely in the income statement under employee costs with a counter entry recognised directly in shareholders' equity should the assignees of the equity instruments become rights holders at the grant date.
If a holding period is envisaged in which certain conditions must apply before the assignees become rights holders, the cost of compensation, determined on the basis of the fair value of the options at the grant date, is recorded under employee costs on the basis of constant portions over the period between the grant date and that of maturity, with a counter-entry recognised directly in shareholders' equity. Fair value is determined using the Black Scholes method.
Changes in the fair value of the options after the grant date have no impact on the initial measurement.

PROVISIONS FOR RISKS AND CHARGES

The Group records provisions for risks and charges when it has a legal or implicit obligation towards third parties and it is likely that the use of Group resources will be necessary to fulfil the obligation and when a reliable estimate of the amount of the obligation itself can be made.
Changes in the estimate are reflected in the income statement for the period in which the change occurred. Should the impact be significant, the provisions are calculated by discounting the estimated future financial cash flows at a discount rate that is estimated gross of taxes so as to reflect the current market assessments of the present value of money and the specific risks connected to the liabilities.

DEFERRED TAXATION

Deferred taxation is determined on the basis of the temporary taxable differences between the book value of assets and liabilities and their tax value. Deferred tax assets are recognised only to the extent that the existence of adequate future taxable income against which to use this positive balance is considered likely. The book value of deferred tax assets is subject to annual review and is reduced to the extent to which the existence of sufficient taxable income to allow the whole or partial recovery of such assets is no longer probable.
Deferred taxation is offset when there is a legal right to offset current tax assets and liabilities, and when the taxes are due to the same tax authority and when the Group intends to liquidate the current tax assets and liabilities on a net basis.
Deferred taxation is determined on the basis of the tax rates which are expected to be applied in the period in which such deferments will occur, considering the rates in force or those known to be issued. Deferred tax liabilities are charged directly to the income statement, except when they relate to items that are directly recognised in shareholders' equity, in which case the related deferred tax liability is also charged in shareholders' equity.

RECOGNITION OF INCOME AND COSTS

According to the types of transaction, revenues are recorded using the following criteria:

- revenues from the sale of goods are recognised when the risks and benefits relating to ownership of the asset are transferred to the buyer;
- revenues from the provision of services are recorded on the basis of the state of completion of the activity, using the same criteria as contract work in progress;
- revenues from contract work in progress are recorded, up to the time of delivery, by recognising the revenues on the basis of the work progress status at the year end, determined according to the costs actually incurred on the basis of updated estimates.

Revenues and income, costs and charges are stated net of returns, discounts, allowances and premiums.
The reporting criteria required by IAS 18 are applied to one or more operations as a whole when they are so closely connected that the commercial result cannot be valued without making reference to such operations as to a single whole, therefore the income from re-charging costs for materials and services is not given in the income statement as it is offset with the related costs that generated them.
Revenues of a financial nature are recognised on an accrual basis.

GRANTS

Grants related to plant are recorded in the financial statements provided that the right to receive them is certain and they are charged to the income statement in relation to the useful life of the asset against which they are provided.
Grants related to income are recorded in the financial statements provided that the right to receive them is certain and they are charged to the income statement in relation to the costs against which they are provided.
Shipbuilding grants are recorded on an accrual basis in relation to the work progress status of the underlying construction.

FINANCIAL INCOME

Financial income is recorded on an accrual basis. It includes interest income on invested funds, exchange rate gains and income arising from derivatives, when not offset as part of hedging transactions. Interest income is charged to the income statement as it accrues, considering the effective yield.

FINANCIAL CHARGES

Financial charges are recorded on an accrual basis. They include interest due on financial payables calculated using the effective interest rate method, exchange rate losses, and losses on derivatives. The portion of interest charges for finance lease payments is charged to the income statement using the effective interest rate method.

DIVIDENDS

Dividends recorded in the income statement, arising from minority equity investments, are recorded when, following the resolution to distribute a dividend is passed by the investee company, the related tax credit right arises.

INCOME TAX

Taxation is the sum total of current and deferred taxes.
The consolidated financial statements include the taxation set aside in the financial statements of the individual companies that are part of the consolidation area on the basis of the estimated taxable income determined in conformity with the national legislation in force at the closing date of the financial statements, taking account of applicable exemptions and the tax credits due. Income tax is recorded in the income statement, except for that relating to items directly charged or credited in shareholders' equity, in which case the tax effect is recognised directly in shareholders' equity.
Tax due in the case of the distribution of reserves on which tax has been suspended recorded in the financial statements of the individual Group companies is not set aside since their distribution is not expected.
The taxes are given under the entry of "Tax Debts" net of advance payments and withholdings suffered.
With effectiveness as of the year 2008 and for the three-year period 2007-2009, Piaggio & C. S.p.A., Moto Guzzi S.p.A., Rodriquez Cantieri Navali S.p.A., Intermarine S.p.A., Conam S.p.A., Is Molas S.p.A. and Apuliae S.p.A., joined Consolidato Fiscale Nazionale in accordance with the articles from 117 to 129 of the Income Taxes Consolidation Act whose consolidating company is Immsi S.p.A.. RCN Finanziaria S.p.A. joined the same fiscal consolidation for the three-year period 2008-2010, while during 2008 the agreement failed for Is Molas S.p.A., after the loss of control in accordance with art.2359 of the Italian Civil Code. by Immsi S.p.A., and Moto Guzzi S.p.A., due to the merger with Piaggio & C. S.p.A. with effectiveness as of 1 January 2008. The consolidating company determines a single taxable base for the group of companies that join Consolidato Fiscale Nazionale (national fiscal consolidation), being able, therefore, to compensate taxable incomes with fiscal losses in a single declaration. Each company joining the consolidation transfers the fiscal income (taxable income or fiscal loss) to the consolidating company. The latter records a credit with the consolidated companies transferring a taxable amount while with the companies that bring fiscal losses, the consolidating company registers a debt equal to the IRES (income tax) on the portion of loss actually compensated for at Group level.

EARNINGS PER SHARE

Earnings per share are calculated by dividing the income or loss attributable to parent company shareholders by the weighted average number of ordinary shares in circulation during the period, excluding treasury shares. When calculating diluted earnings per share, the weighted average number of shares in circulation is adjusted assuming the conversion of all the potential shares having a dilution effect. Even Group net earnings are adjusted to take account of the conversion effect, net of taxation.

USE OF ESTIMATES

The preparation of the financial statements and the related notes in application of the IFRS requires management to make estimates and assumptions that have an impact on the values of income, costs, assets and liabilities in the financial statements and on the information relating to contingent assets and liabilities at the financial statement date. If such estimates and assumptions, which are based on management’s best valuation, should differ from actual future circumstances, they would be suitably adjusted in the period in which such circumstances were to change.
The estimates are used to measure the tangible and intangible assets subject to impairment tests, as well as for recording provisions for risks on receivables, for obsolescence of stocks, amortisation, write-downs of assets, employee benefits, tax, restructuring provisions, product warranty provisions, and other provisions and reserves. These estimates and assumptions are periodically reviewed and the impact of each change is immediately reflected in the income statement.
It is specified that in the current situation of global economic and financial crisis the assumptions made about future trends are characterized by significant uncertainty. Therefore it is not possible to exclude the materialization in the next period of different results than as expected that therefore could require even significant rectifications that to date obviously could be neither forecast nor estimated.

NEW ACCOUNTING STANDARDS

On 30 November 2006 IASB issued the accounting standard IFRS 8 – *Operational Segments* that will be applicable as of 1 January 2009 in place of IAS 14 – Sector Information. The new accounting principle requires the company to base the sector information on the elements that the management uses for taking its own operational decisions, therefore it requires the identification of the operational segments on the basis of the internal reporting that is regularly reviewed by management for the purpose of the allocation of the resources to the different segments and for the purpose of the performance analyses.

On 29 March 2007 IASB issued a revised version of IAS 23 – *Borrowing costs* that will be applicable as of 1 January 2009. The new version of the principle no longer has the option according to which companies can immediately record the financial burdens sustained for assets in the income statement so a certain period of time normally elapses to make the asset ready for use or for sale. The principle will be applicable in a perspective way to the financial burdens related to the capitalized assets as of 1 January 2009.

On 6 September 2007 IASB issued a revised version of IAS 1 – *Presentation of the Financial Statements* that will be applicable as of 1 January 2009.
The new version of the standard requires the company to present a statement of changes to the shareholders' equity of all the changes from transactions with shareholders. All the transactions generated with third parties (“comprehensive income”) must instead be stated in a single statement of ”comprehensive income” or in two statements (income statement and statement of “comprehensive income”). In any case the variations produced by transactions with third parties

cannot be found in the statement of the changes to shareholders' equity.

On 10 January 2008 IASB issued an updated version of IFRS 3 – *Business aggregations*. The main changes made to IFRS 3 pertain particularly to the elimination of the obligation to evaluate the single assets and liabilities of the subsidiary at fair value in every following acquisition, in the case of acquisition by degrees of subsidiary companies. The goodwill in such cases will be determined as the differential between the value of the share immediately prior to acquisition, the consideration of the transaction and the value of the acquired net assets. In addition, if the company does not purchase 100% of the shares, the portion of net equity of third parties can be valued both at fair value and using the method already required by IFRS 3. The revised version of the standard requires moreover ascribing all the costs associated with the business aggregation to the income statement and collecting the data at the date of the acquisition for payments subject to the condition.

At the same date it also amended IAS 27 – *Consolidated and Separate Financial Statements* establishing that changes to the portion of profit-sharing that are not a loss of control must be treated as equity transactions and therefore must be set off to shareholders' equity. In addition, it is established that when a company surrenders control in one of its subsidiaries but continues however to hold a stake of capital in the company it must evaluate the shareholding kept in the financial statements at fair value and ascribe any profits or losses deriving from the loss of control to the income statement. Finally the amendment to IAS 27 requires that all the attributable losses to minority shareholders be allocated to the portion of shareholders' equity of third parties, even when these exceed their portion of capital in the subsidiary. The new rules will be applicable in a perspective manner as of 1 January 2010.
On the date of issue of this Balance sheet, the relevant bodies of the European Union have not yet concluded the necessary process of type-approval for applying this amendment.

On 17 January 2008 the IASB issued an amendment to IFRS 2 – *Vesting conditions and Cancellations* according to which, for the purposes of evaluation of the instruments of remuneration based on actions, only the conditions of service and the conditions of performance can be considered conditions of maturity of the plans. The amendment clarifies besides that, in case of annulment of the plan, it is necessary to apply the same accounting treatment, no matter what the cause.

On 14 February 2008 the IASB issued an amendment to IAS 32 – *Financial instruments: presentation* and to IAS 1 – *Presentation of the financial statements*: Puttable financial instruments and consequential obligations at the time of liquidation. Particularly, the standard requires companies to classify puttable financial instruments and financial instruments that require the company to deliver a stake in the assets of the company to a third party as instruments of equity. This amendment must be applied as of 1 January 2009.

On 22 May 2008 the IASB issued a set of changes to the IFRS. There follow solely those indicated by the IASB as variations that will involve a change in the presentation, recognition and evaluation of the items in the financial statements, skipping those that will only determine terminological variations.

- IFRS 5 – *Non-current assets* intended for sale and ceased operational activities. The change, that must be applied as of 1 January 2010, establishes that if a company is engaged in a transfer plan that involves losing the control of a subsidiary, all the assets and liabilities of the subsidiary must be reclassified among the assets intended for sale, even if after the transfer the company will still hold a minority stake in the subsidiary.
- IAS 1 – *Presentation of the financial statements*. The change, that must be applied as of 1 January 2009 in a perspective way, determines that the assets and liabilities deriving from derivative financial instruments that are not held for purposes of trading are classified in the

financial statements distinguishing the current portion from the non-current portion.

• IAS 16 – *Property, plant and equipment*. The change, that must be applied as of 1 January 2009 establishes that the companies whose characteristic business is renting must reclassify the goods in the warehouse that stop being rented and are intended for sale. As a result, the consideration deriving from their transfer must be recognized as revenues. The consideration paid to build or purchase goods to allocate to others, as well as the consideration collected from the following sale of such goods, is, for the purposes of the financial account, cash flows deriving from operational activities (and not from activities of investment).

• IAS 19 – *Benefits to employees*. The amendment must be applied in a perspective way as of 1 January 2009 to variations in the benefits occurring after said date. It clarifies the definition of cost/revenue related to past work performance and it establishes that in case of reduction to a plan, the effect to be immediately written to the income statement must comprise only the reduction in benefits related to future periods, while the effect deriving from any reductions tied to past periods of service must be considered a negative cost related to the past work performance.

• IAS 20 – *Accounting for Government Grants and Disclosure of Government Assistance*. The change, that must be applied in a perspective way as of 1 January 2009 establishes that the benefits deriving from loans granted by the state at a much lower interest rate than that of the market must be treated as public grants and therefore follow the rules of recognition established by IAS 20.

• IAS 23 – *Borrowing Costs*. The definition of financial burdens has been reviewed. The change must be applied as of 1 January 2009.

• IAS 28 – *Investments in Associates*. The change, that must be applied also only in a perspective way as of 1 January 2009, establishes that in the case of investments valued according to the method of shareholders' equity any loss in value must not be allocated to the single assets (and particularly to any goodwill) that form the reported value of the investment, but at the value of the subsidiary in its entirety. Therefore, when there are the conditions for subsequent restoration of value, this restoration must be recognized entirely.

• IAS 28 – *Investments in Associates* and IAS 31 *Investments in joint ventures*. These amendments, that must be applied as of 1 January 2009, require that additional information also be supplied for investments in associated companies and joint ventures valued at fair value according to IAS 39. Accordingly changes have been made to IFRS 7 – *Financial instruments: disclosures* and IAS 32 – *Financial instruments: presentation in financial statements*.

• IAS 29 – *Financial Reporting in Hyperinflationary Economies*. The preceding version of the standard did not reflect the fact that some assets and liabilities could be valued in the financial statements on the basis of the current value rather than the historical cost. The change to take this eventuality into consideration must be applied as of 1 January 2009.

• IAS 36 – *Impairment of Assets*. The change, that must be applied as of 1 January 2009 requires that additional information be supplied in the case in which the company determines the recoverable value of the cash generating unit using the method of the application of the implementation of the cash flows.

• IAS 38 – *Intangible Assets*. The change, that must be applied as of 1 January 2009, requires reporting promotional and advertising costs in the income statement. In addition, it establishes that in the case in which the company sustains burdens with future financial benefits without recording intangible assets, they must be reported in the income statement when the company has the right to access the goods, in the case of purchasing goods, or the service is provided, in the case of purchasing services. Lastly, the standard has been modified to allow companies to use the method of units produced for determining the amortisation of intangible assets with a defined useful life.

• IAS 39 – *Financial Instruments: Recognition and Measurement*. The amendment, that must be applied as of 1 January 2009, clarifies how the new actual interest rate of a financial instrument must be calculated at the end of a relationship for hedging the fair value. In addition, it clarifies that the prohibition on reclassification in the category of financial instruments with adjustment of the fair value to the income statement must not be applied to the derivative financial instruments that can no longer be qualified as hedging or that instead become hedging. Finally, to avoid conflict with the new IFRS 8 – *Operating Segments*, it eliminates references to the designation of a sector hedging instrument.

• IAS 40 – *Investments Property*. The change, that must be applied in a perspective way as of 1 January 2009 establishes that investments in real estate under construction come within the sphere of application of IAS 40 rather than in that of IAS 16.

On 3 July 2008 IFRIC issued interpretation IFRIC 16 – *Hedging a Net Investment in a Foreign Operation* with which the possibility has been eliminated of applying hedge accounting for the operations of hedging the differences in exchange rate originating between the functional currency of the foreign subsidiary and the currency of presentation of the consolidation. The interpretation moreover clarifies that in the case of operations of hedging an investment in a foreign company the hedging instrument can be held by any company in the Group, and that, in case of transfer of the investment, for the determination of the value to be reclassified from the shareholders' equity to the income statement it is necessary to apply IAS 21 – *The Effects of Changes in Foreign Exchange Rates*. The interpretation must be applied as of 1 January 2009.

On the date of issuing this Balance sheet , the relevant bodies of the European Union have not yet concluded the necessary process of type-approval for applying this principle.

On 31 July 2008 the IASB issued an amendment to IAS 39 – *Financial Instruments: Recognition and Measurement* that must be applied retrospectively as of 1 January 2010. The amendment clarifies the application of the standard for defining the underlying subject of heding in particular situations. On the date of issuing this Balance sheet, the relevant bodies of the European Union have not yet concluded the necessary process of type-approval for applying this principle.

Lastly it should be remembered that during 2007 the following interpretations were issued that discipline the case in point and cases not present in the Group:

IFRIC 12 – Services Concession Arrangements (applicable since 1 January 2008);

IFRIC 13 – Customer Loyalty Programmes (applicable since 1 January 2009);

IFRIC 15 – *Agreements for the Construction of Real Estate* (applicable since 1 January 2009).

- E – SEGMENT REPORTING

In accordance with IAS 14, information is provided below by business areas (primary sector) and by geographical areas (secondary sector).
In this respect, as regards business areas, where possible information is provided relating to the property and holding sector, industrial and naval sectors.

Primary sector: business areas

Income statement

In thousands of euros	*Property and holding sector*	*Industrial sector*	*Naval sector*	*Immsi Group*
Net revenues to third parties	5,307	1,570,060	161,301	1,736,668
Net intercompany revenues				0
NET REVENUES	**5,307**	**1,570,060**	**161,301**	**1,736,668**
OPERATING EARNINGS	**-6,362**	**94,511**	**-14,283**	**73,866**
Gain / loss on equity investments	0	12	0	12
Financial income				44,341
Financial charges				84,196
EARNINGS BEFORE TAXATION				**34,023**
Taxation				8,986
EARNINGS AFTER TAXATION FROM CONTINUING ASSETS				**25,037**
Gain (loss) from assets intended for disposal or sale				0
EARNINGS FOR THE PERIOD INCLUDING MINORITY INTEREST				**25,037**
Minority interest earnings for the period				10,825
GROUP EARNINGS FOR THE PERIOD				**14,212**

Balance sheet

In thousands of euros	*Property and holding sector*	*Industrial sector*	*Naval sector*	*Immsi Group*
Sector assets	419,243	1,399,100	288,023	2,106,366
Equity investments in associated companies	0	229	22	251
TOTAL ASSETS	**419,243**	**1,399,329**	**288,045**	**2,106,617**
TOTAL LIABILITIES	**241,441**	**1,001,264**	**278,529**	**1,521,234**

Other information

In thousands of euros	*Property and holding sector*	*Industrial sector*	*Naval sector*	*Immsi Group*
Investments in tangible and intangible assets	**1,412**	**102,928**	**5,986**	**110,326**
Depreciation, amortisation and write-downs	**1,267**	**100,808**	**4,303**	**106,378**
Cash flow from operations	**21,247**	**123,749**	**-30,551**	**114,445**
Cash flow from investments	**-92,611**	**-84,573**	**-2,146**	**-179,330**
Cash flow from financing	**68,994**	**-108,307**	**13,359**	**-25,954**

Secondary sector: geographical areas

The following table presents the Group income statement and balance sheet figures for 2008 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.
Distribution of revenues by the geographical area of "destination", that is, with reference to the customer's country, is analysed in the comments to this note under the income statement items.

Income statement

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Net revenues to third parties	1,130,362	246,111	243,971	76,286	39,938	1,736,668
Net intercompany revenues						0
NET REVENUES	**1,130,362**	**246,111**	**243,971**	**76,286**	**39,938**	**1,736,668**

Balance sheet

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Sector assets	1,814,540	141,936	87,926	26,575	35,389	2,106,366
Equity investments in associated companies	203	3			45	251
TOTAL ASSETS	**1,814,743**	**141,939**	**87,926**	**26,575**	**35,434**	**2,106,617**

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Total receivables	**81,642**	**107,412**	**9,253**	**2,396**	**14,703**	**215,406**
Total payables	**483,092**	**94,117**	**42,958**	**2,851**	**27,045**	**650,063**

Other information

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Investments in tangible and intangible assets	**79,098**	**4,000**	**14,700**	**200**	**12,328**	**110,326**
Depreciation, amortisation and write-downs	**96,043**	**5,800**	**3,239**	**1,171**	**125**	**106,378**

- F - INFORMATION ON THE MAIN ASSET ITEMS

Amounts are stated in thousands of euros unless otherwise indicated.

- F1 - INTANGIBLE ASSETS 827,472

Net intangible assets at 31 December 2008 total 827,472 thousand euros, a 14,381 thousand euros increase compared to 31 December 2007, as detailed below:

In thousands of euros	Gross amounts				
	Balance at 31.12.2007	*Increases*	*Change in consolidation area*	*Other movements*	*Balance at 31.12.2008*
Development costs	289,817	50,620	0	(118,594)	221,843
Concessions, patents, industrial and similar rights	127,742	6,639	0	(135)	134,246
Trademarks and licences	163,132	67	0	10,629	173,828
Software	856	63	0	0	919
Goodwill	612,699	7,939	0	(3,223)	617,415
Other intangible assets	3,282	1,662	0	1,107	6,051
TOTAL	1,197,528	66,990	0	(110,216)	1,154,302

The table below illustrates the changes in amortisation relating to the above items:

In thousands of euros	Accumulated amortisation					Net amounts
	Balance at 31.12.2007	*Amortisation*	*Change in consolidation area*	*Other movements*	*Balance at 31.12.2008*	*Balance at 31.12.2008*
Development costs	210,307	33,646	0	(115,579)	128,374	93,469
Concessions, patents, industrial and similar rights	102,352	13,767	0	(151)	115,968	18,278
Trademarks and licences	64,960	9,195	0	0	74,155	99,673
Software	763	88	0	0	851	68
Goodwill	3,433	0	0	0	3,433	613,982
Other intangible assets	2,622	103	0	1,324	4,049	2,002
TOTAL	384,437	56,799	0	(114,406)	326,830	827,472

N.B.: The "Other movements" heading 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 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. It also includes assets in the process of formation for 48,263 thousand euros which represent costs for which the conditions for capitalisation exist, but in relation to products that will go into production in future years.

The new projects capitalized by the Piaggio group during 2008 mainly refer to the new models Piaggio MP3 "ibrido", Vespa GTS 300, Aprilia RSV 1000 4c, Naked 1200cc, Moto Guzzi Stelvio and 1400cc engine, Derbi DRV Evo 50cc, Derbi Mulhacen Cafè, Derbi Terra 125cc, VTL Indian diesel engine and Porter update.
During the year 2008 the Piaggio group directly registered development costs to the income statement for approximately 23.6 million euros.

As regards the naval sector, in the last few years the Rodriquez group has started three important research projects through the parent company Rodriquez Cantieri Navali: fully submerged hydrofoils, "Enviroaliswath" and "Pia-Lightprop".
The former has an overall value of some 30 million euros and envisages the planning and

construction of two prototypes of a new submerged-foil hydrofoil. 8,366 thousand euros of costs and amortisations for 2,879 thousand euros have been capitalized at 31 December 2008 for this project.
The second project, named “Enviroaliswath”, with an overall cost of 20 million euros, envisages the planning and construction of a naval vessel that is innovative as regards environmental impact in terms of wake wash reduction. 6,457 thousand euros of costs and amortisations for 991 thousand euros have been capitalized at 31 December 2008.
The project named “Pia-Lightprop”, with an overall cost of 2.4 million euros, envisages the planning and construction of newly-conceived stern drive naval engines. At 31 December 2008, 1,501 thousand euros of costs and amortisations for 1,487 thousand euros have been capitalised.

Concessions, industrial patents, software, intellectual rights and similar rights
The Piaggio group has recorded software with a defined life for 11,138 thousand euros, patents and know-how for 6,957 thousand euros for a total of 18,095 thousand euros, of which fixed assets in progress for 2,699 thousand euros.
As concerns patents and know-how, the main increases refer to the Vespa, GP 800 and MP3 vehicles. As concerns the software, the increase of the year refers to the implementation of applications in the commercial, administrative and production areas of Piaggio & C. S.p.A. and of the Sap application in the subsidiaries in India and Vietnam.

Trademarks and licences
The trademarks and licences with a finite life item, totalling 99,673 thousand euros, is as follows:

	Net Value at 31 December 2008	Net Value at 31 December 2007
Guzzi	33,515	25,933
Aprilia	65,856	71,843
Laverda	155	310
Minor brands	147	86
Total Brands	**99,673**	**98,172**

The gross value of the Aprilia brand is 89,803 thousand euros, while that of Moto Guzzi is 37,326 thousand euros.
In the preceding financial statements the Guzzi brand was written in the assets net of the correlated reserve for taxes. With the occasion of the merger of Moto Guzzi S.p.A. and Piaggio & C. S.p.A. the gross value of the trademark was brought back into the assets and the corresponding reserve for deferred taxes registered in the liabilities.

	Guzzi
Net balance at 31 December 2007	25,933
Deferred taxes at 31 December 2007	10,629
Amortisation of the year	(3,252)
Reversal of greater amortisation of Guzzi brand	205
Accounting balance at 31 December 2008	**33,515**

The values of the Aprilia and Moto Guzzi brands are based on the investigation of an independent third party carried out in 2005.

Goodwill
The composition of goodwill is detailed in the following table:

In thousands of euros	*Net balance at 31.12.2007*	*Increases / Decreases*	*Net balance at 31.12.2008*
Acquisition of 100% of Piaggio & C. S.p.A. by Piaggio Holding N. BV (in 2003)	405,985		405,985
Acquisition of 2.81% of Piaggio & C. S.p.A. by Piaggio Holding N. BV (in 2006)	14,620		14,620
Acquisition of 31.25% of Piaggio Holding N. BV by Immsi (in 2003)	3,480		3,480
Acquisition of 5.23% of Piaggio & C. S.p.A. by Immsi (in 2004) / Sale of 2.32% of Piaggio & C. S.p.A. by Immsi S.p.A. (in 2008)	6,866	(3,223)	3,643
Acquisition of 17.7% of Piaggio Holding N. BV by Immsi (in 2004 and 2006)	64,756		64,756
Acquisition of 2.22% of Piaggio & C. S.p.A. by Immsi S.p.A. (in 2007 and 2008)	1,913	5,230	7,143
Acquisition of 100% of Aprilia S.p.A. by Piaggio & C. S.p.A. (in 2004)	77,245	2,460	79,705
Acquisition of 66.49% of Rodriquez S.p.A. by RCN Finanziaria S.p.A. (in 2004)	30,337		30,337
Acquisition of 33.51% of Rodriquez S.p.A. by RCN Finanziaria S.p.A. (in 2005)	2,001		2,001
Acquisition of 2.37% of RCN Finanziaria S.p.A. by Immsi S.p.A. (in 2007)	1,286		1,286
Other acquisitions / changes	777	249	1,026
TOTAL	**609,266**	**4,716**	**613,982**

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. During first-time adoption of the IFRS, in fact, the Group chose not to apply IFRS 3 "Business combinations" retroactively to company acquisitions prior to 1 January 2004; consequently, the goodwill generated on acquisitions prior to the IFRS transition date was maintained at the previous value, calculated in accordance with Italian accounting standards, subject to verification and the recording of any impairment.
As already stated, as of 1 January 2004 goodwill is no longer amortised, but is annually, or more frequently if specific events or changed circumstances indicate the possibility of it having been impaired, subjected to tests to identify any impairment, in accordance with the provisions of IAS 36 "Impairment of assets".
The recorded increase in the year, equal to 4,716 thousand euros, is due for around 5.2 million euros to the purchase of shares of Piaggio & C. S.p.A. by the Parent Company (for a total of 7,463,552 shares purchased in the year, equal to approximately 1.9% of the share capital) and for approximately 2.5 million euros to the rectification of the cost of initial purchase of the Aprilia group (as detailed herein), only partially offset by the reduction equal to approximately 3.2 million euro deriving from the sale by the Parent Company of 9,200,000 shares of Piaggio & C. S.p.A. (equal to approximately 2.32% of the share capital), performed on 30 December 2008.

With reference to the aforesaid rectification of the cost of initial purchase of the Aprilia Group (December 2004), it should be remembered that, within the framework of the agreements related to this acquisition, Piaggio & C. S.p.A. had issued warrants and financial instruments for the creditor banks of Aprilia and the selling shareholders, exercisable in periods determined by the respective regulations starting from the approval of the consolidated financial statements at 31 December 2007, whose forward commitments can be summarised as follows:

- ***Warrant* Piaggio 2004/2009** for an overall issue price of 5,350.5 thousand euros, which envisaged a redemption price, commensurate to the differential between the economic value of the Piaggio group on the date of exercising and a chart of threshold values that vary in relation to the different periods of exercise. In addition, it was decided that the sale value of the warrant could never be any greater than twelve times the total price of issue equal to 64,206 thousand euros and could be settled, with the option reserved for the issuer, both in cash and by delivering shares of

Piaggio & C. S.p.A. if listed on the MTA (*Electronic Share Market*) of the Italian Stock Exchange. The company, already as of the financial statements of the year 2005, had accounted the fair value of this commitment in a specific net shareholders' equity reserve in the hypothesis of regulating the value of sale with the delivery of shares, having in the meantime started the process for listing the company and considering a resolution of the Extraordinary Shareholders' Meeting for the increase in reserved capital by issuing up to a maximum of 25 million shares.
In the course of 2008 the almost entirety of the banks holding the warrants exercised them. The value of realization of the property rights of the holders of the 9,959 exercised warrants is equal to 63,942,755.40 euros as per evaluation made by an independent valuer on 5 June 2008. On 3 July liquidation was made by cash settlement. Following this decision what was previously classified among the reserves of shareholders' equity was reclassified as financial indebtedness. At 31 December 2008 there are still 41 warrants not yet exercised for a value of 263,244.60 euros;
- **EMH 2004/2009 financial instruments** for a global nominal value of 10,000 thousand euros, which grant the right to the payment, after approval of the financial statements at 31 December 2009, of a minimum guaranteed sum of 3,500 thousand euros, as well as a maximum sale value of 6,500 thousand euros commensurate to the differential between the economic value of the Piaggio group on the date of exercising and a chart of threshold values, greater than those established for the Piaggio 2004/2009 Warrants that vary in relation to the different periods of exercise. The value of realization of the property rights of the holders of the EMH Instruments is equal to 6,500 thousand euros as per evaluation made by an independent valuer on 5 June 2008. On 3 July liquidation was made by cash settlement.
- **Aprilia shareholder 2004/2009 financial instruments** which envisage a sale value that can never exceed 10,000 thousand euros commensurate to the differential between the economic value of the Piaggio group on the date of exercise and a chart of threshold values and subordinate to the total payment by Piaggio & C. S.p.A. of the maximum amount, including the guaranteed minimum, of the value required for the Piaggio 2004/2009 Warrants and the financial instruments EMH 2004/2009.

In conformity with the main content of the aforementioned contractual agreements, by virtue of which, among other things, the final purchase cost is dependent on the achievement of specific income and balance sheet parameters, the adjustment of initial the purchase cost connected with the payment of the Piaggio 2004/2009 Warrant and of the EMH 2004/2009 financial instruments equal to 70,706 thousand euros has been charged to goodwill. In addition, also the rectification of the cost of initial purchase was registered in goodwill, correlated to the financial instruments of Aprilia shareholders 2004/2009 estimated at 8,999 thousand euros as considered probable in the light of the final results and of the forecasts of the 2008-2010 Plan. Since payment is deferred, the cost is represented by its present value, determined in accordance with the following parameters:

		at 31 December 2008			at 31 December 2007	Change (A-B)
	Amount	Present Value (A)	Time	Discount rate	Present Value (B)	
Warrant	64,206	64,206			62,450	1,756
EMH instruments	6,500	6,500			6,322	178
Aprilia shareholder instrument	10,000	8,999	1.6	6.81%	8,473	526
Total	**80,706**	**79,705**			**77,245**	**2,460**

The counter-entry for the adjustment to the purchase cost, following the deliberation of the Board of Directors of Piaggio & C. S.p.A. of 11 June 2008, has been recorded to financial payables.

The recoverable value of the cash-generating unit, to which the single goodwills have been attributed, is verified by determining the current value and submitted to an impairment test, applying the method required by IAS 36. Both with reference to the goodwill registered for the Piaggio group and for the Rodriquez group, the Parent Company has availed itself of the assistance of third-party independent professionals for drawing up impairment reports that would support the Board of Directors of the Parent Company for the purposes of applying the procedure required by the accounting standard IAS 36.

As concerns the Piaggio group, it has been considered reasonable to consider the Piaggio cash-generating unit coincident with the Piaggio group as a whole. Therefore all the considerations related to the estimate of the utilization value of the cash-generating unit and to its use for the purposes of the impairment test were developed considering the Piaggio group at consolidated level. The main hypotheses and assumptions used in determining the recoverable value of the cash-generating unit are related to i) the use of forecast economic and asset data of the Piaggio group; ii) the discount rate used for making the estimated expected cash flows current; iii) the use of the expected growth rate for the calculation of the terminal value.

With respect to the values of point i), considering the current economic-financial crunch, the analyses have been based - in a precautionary sense - on a valid hypothesis for the sole purposes of the impairment test, referable to a 2009-2013 evolutionary scenario inferable from the 2009 budget and from the 2008-2010 Plan of the group appropriately corrected in the light of the current macroeconomic situations, illustrated at the time of the Board of Directors meeting of Piaggio & C. S.p.A. on 26 February 2009. As regards the rates of growth of sales related to the period covered by the forecast data considered, reference has been made to external sources that are representative of the expected growth of the reference market.

With reference to the value of point ii), for making the estimated expected cash flows current, a diversified discount rate has been used between the different cash-generating units that compose the group - consistently with what has been applied by the Piaggio group - that reflects the current market evaluations of the cost of money and that takes account of the specific risks of the business and of the geographical area in which the single cash-generatings units of the group operate: consequently, the weighted average discount rate used for the purposes of the impairment test net of taxes was estimated equal to 8.1%.

With respect to point iii), it is noted that in drawing up the impairment test, the terminal value was determined using a perpetual growth rate (“g rate”) of 1.5%, consistently with the accounting standard IAS 36 and in line with the current rate of inflation for the European area.

The conducted analyses have not highlighted any losses of value: therefore, no devaluation has been reflected in the data of the separate or consolidated financial statements of the Parent Company at 31 December 2008. In addition, also on the basis of the indications contained in the joint document of Banca d’Italia, Consob and Isvap no. 2 of 6 February 2009, sensitivity analysis has been carried out on the results of the test in relation to the change in basic assumptions such as the perpetual growth rate in processing the terminal value and the discount rate, that condition the estimate of the utilization value of the Piaggio cash-generating unit. For this cash-generating unit, both with reference to the verification of the value in use of the shareholding of the Parent Company in Piaggio & C. S.p.A., to be compared with its book value, and with reference to the test concerning the goodwill related to the investment, the impairment test was passed in all reasonably considered cases.

As concerns the Rodriquez group, it has been considered reasonable to consider the Rodriquez cash-generating unit coincident with the Rodriquez group as a whole (Rodriquez Cantieri Navali S.p.A. and its subsidiaries). Therefore all the considerations related to the estimate of the utilization value of the cash-generating unit and to its use for the purposes of the impairment test were

developed considering the Rodriquez group at consolidated level. The main hypotheses and assumptions used in determining the recoverable value of the cash-generating unit are related to i) the use of forecast economic and asset data of the Rodriquez group; ii) the discount rate used for making the estimated expected cash flows current; iii) the expected growth rate for the calculation of the terminal value.
With respect to the values of point i) owing to the current economic-financial crunch, the current prospects of the sector in which the group operates as well as the current phase of industrial restructuring of the group, the analyses were based – prudentially - on forecast data related to the period 2009-2012 approved at the time of the Board of Directors meeting of Rodriquez Cantieri Navali S.p.A. on 18 March 2009.
With reference to the value of point ii), for making the estimated expected cash flows current of the Rodriquez group, a discount rate has been used that reflects the current market evaluations of the cost of money and that takes account of the specific risks of the business and of the geographical area in which the Group operates: the discount rate used for the purposes of the impairment test net of taxes was therefore estimated equal to 7.6%.
With respect to point iii), it is noted that in drawing up the impairment test, the terminal value was determined using a prudentially estimated perpetual growth rate ("g rate") of 1%, also in consideration of the current phase of industrial restructuring of the group and of the expectations of growth considered within the forecast data used for the purposes of the impairment test.
The conducted analyses have not highlighted any losses of value: therefore, no devaluation has been reflected in the data of the separate or consolidated financial statements of the Parent Company at 31 December 2008. In addition, also on the basis of the indications contained in the joint document of Banca d'Italia, Consob and Isvap no. 2 of 6 February 2009, sensitivity analysis has been carried out on the results of the test in relation to the change in basic assumptions such as the perpetual growth rate in processing the terminal value and the discount rate, that condition the estimate of the utilization value of the Rodriquez cash-generating unit. For this cash-generating unit, with reference to the test concerning the goodwill related to the investment, the impairment test was passed in all reasonably considered cases.

Considering that the analyses conducted to estimate the recoverable value both for the Piaggio group and for the Rodriquez group 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 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 losses in value.

Other intangible assets
The "Other intangible assets with a finite life" item, totalling 2,002 thousand euros, includes only charges held by Piaggio group to obtain the permission from the Vietamese Government for the new plant.

- F2 - TANGIBLE ASSETS 299,500

Net tangible assets at 31 December 2008 total 299,500 thousand euros, compared to 308,426 thousand euros at 31 December 2007, and comprise property assets of the Piaggio group for 250,354 thousand euros, of the Rodriquez group for 29,513 thousand euros, of of Is Molas S.p.A. for overall 19,050 thousand euros and of Immsi S.p.A. for 581 thousand euros. The following table details this item:

In thousands of euros	Gross amounts					
	Balance at 31.12.2007	*Increases*	*Decreases*	*Change in consolidation area*	*Other movements*	*Balance at 31.12.2008*
Land	57,268	0	(331)	0	(7,410)	49,527
Property	144,190	12,512	(756)	0	(6,721)	149,225
Plant and machinery	332,546	17,720	(2,432)	0	(4,059)	343,775
Industrial and commercial equipment	459,029	17,623	(1,580)	0	(393)	474,679
Assets to be given free of charge	16,412	220	0	0	0	16,632
Other assets	52,196	3,200	(661)	0	(455)	54,280
TOTAL	1,061,641	51,275	(5,760)	0	(19,038)	1,088,118

The table below shows the changes in depreciation for the above items:

In thousands of euros	Accumulated depreciation						Net amounts
	Balance at 31.12.2007	*Depreciation*	*Applica tions*	*Change in consolidation area*	*Other movements*	*Balance at 31.12.2008*	*Balance at 31.12.2008*
Land	116	0	0	0	650	766	48,761
Property	39,653	4,316	(406)	0	(1,654)	41,909	107,316
Plant and machinery	255,763	13,755	(2,431)	0	(1,023)	266,064	77,711
Industrial and commercial equipment	405,308	20,124	(1,541)	0	0	423,891	50,788
Assets to be given free of charge	10,808	1,072	0	0	0	11,880	4,752
Other assets	41,567	2,910	0	0	(369)	44,108	10,172
TOTAL	753,215	42,177	(4,378)	0	(2,396)	788,618	299,500

N.B.: The “Other movements” heading includes the translation differences relating to financial statements in foreign currencies, reclassifications and write-downs.

Among the tangible assets at 31 December 2008 there are 4,752 thousand euros related to entirely freely transferable assets owned by the Rodriquez group represented by light and fabricated constructions, and related costs of restructuring, built on State land in the Municipality of Messina. The amortisation of the buildings built on State land is performed according to the residual duration of the concession with expiration in December 2013.
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.
Among the tangible fixed assets there are 71 thousand euros of assets purchased by the direct controlling company of the Parent Company Immsi S.p.A..

Land and property

Land and industrial property refer to production facilities of the Piaggio group located in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Barcellona (Spain), Baramati (India) and Hanoi (Vietnam), to the industrial complex of the Rodriquez group and to the tourism/hotel structure managed by Is Molas S.p.A. in the Municipality of Pula (Cagliari).
At 31 December 2008, the net value of the land and property owned under finance leases is 8,006 and 5,834 thousand euros respectively, exclusively referring to the property lease agreement with Locat for the facility in Mandello del Lario.
The other entries mainly consist of the reclassification to real estate investments in land and buildings related to the property owned by Immsi S.p.A. located in Rome, that took place at the end of 2008, following its changed intended use. For the relative comment, please refer to the item of Property Investments given hereunder.
The Group has registered 9,826 thousand euros for fixed assets in progress on buildings.
The buildings (property) are amortised at rates considered fit to represent their useful life and in any case according to a plan of fixed rate amortisation for which reference is made to paragraph D.

Plant and machinery

The “Plant and machinery” item refers essentially to the production facilities of the Piaggio group located in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Barcellona (Spain), Baramati (India) and Hanoi (Vietnam), as well as the structures owned by the Rodriquez group and facilities located in the tourism/hotel complex managed by Is Molas S.p.A., for a net overall amount (excluding assets held under finance leases) of 77,405 thousand euros. The Group has registered 15,218 thousand euros for fixed assets in progress and as a whole it uses plant and machinery completely amortised for a gross value of around 22,873 thousand euros.

Furthermore, the Rodriquez group has plant and machinery held under finance leases for a net book value of 306 thousand euros.

Plant and machinery are depreciated according to the rates listed in paragraph D.

Industrial and commercial equipment

The “Industrial and commercial equipment” item, totalling 50,788 thousand euros, comprises essentially the production equipment of Piaggio & C. S.p.A., Nacional Motor S.A., Piaggio Vehicles Pvt. Ltd and the Rodriquez group. The balance includes construction in progress for 10,274 thousand euros recorded by the Piaggio group and fully depreciated equipment still in use totalling 12,365 thousand euros recorded by the Rodriquez group.

The main investments in equipment regarded moulds for the new vehicles either launched during the year or expected to be launched in the first half of 2009, moulds for new engines and specific equipment for the assembly lines.

Industrial and commercial equipment is depreciated using the rates deemed appropriate to represent their useful life, which are listed in paragraph D.

Other assets

The “Other assets” heading comprises vehicles, cars, furniture, fittings and EDP systems. The other assets are registered for a total value of 10,172 thousand euros, net of cumulative depreciation, and includes assets held under finance leases for 116 thousand euros. The Group uses fully depreciated assets still in use with a gross value of 1,421 thousand euros and recorded fixed assets in progress for 1,882 thousand euros.

Guarantees

At 31 December 2008, the Group owns land and property encumbered by mortgages or pledges in favour of financial institutions to guarantee bank loans, for which reference is made to paragraph I.

- F3 - PROPERTY INVESTMENTS 72,349

At 31 December 2008 property investments were registered in the Immsi Group for 72,349 thousand euros, completely referable to the Parent Company Immsi S.p.A..

At the end of the year 2008 Management modified the classification of the property located in Rome – Via Abruzzi into a non-instrumental investment property, as defined by IAS 40, since the initial intended use was no longer representative of its actual use.

The reasons for this change in the intended use are various and for some of them there was a progressive confirmation during the last few years such as the constant reduction in the spaces occupied by the Parent Company, the reduction in the rental income in relation to the components of a financial nature and the reduction in the operational personnel assigned to the management of the property. Other reasons materialized in the second part of the year 2008 such as:

- the further investments of a financial character that underlined the decision to focus more and more on an activity of investments management;
- the sale of the real estate complex of Is Molas to ISM Investimenti S.p.A. within the strategy aimed at creating a specific company in which to concentrate portions of the different real

estate projects to be associated from time to time with partners that strengthen its real estate capacity;

- the possibility then to consider, also in the light of demonstrations of interest by the market, the aforesaid property as being no longer instrumental to the typical activity, both of the Parent Company and of the Group, but vice versa a usable asset to finance the other activities of investment set in being;
- the definition in the month of December 2008 of a contract with the Cassa di Previdenza Integrativa (supplementary social security fund) of the personnel of Istituto San Paolo di Torino, for the lease of an important property located in Milan that, in around 2,900 sq.m., will accommodate different offices and functions of importance of the various companies in the Immsi Group, therefore making it a fundamental managerial and operational point of reference for the whole Group.

The net accounting value was then classified at the date of changing the intended use of buildings, land and equipment related to the aforesaid property, equal to 11,276 thousand euros, from Tangible Asset to Property Investment. At the same time these assets were revalued at their market value, on the basis of a survey carried out by an external advisor that estimated the fair value at the end of 2008 to be 72.1 million euros.
The criteria of evaluation used imply the block sale in the current state of lease of the property immediately available, applying in a weighted manner both the comparative method, based on the comparison between the asset at issue and other similar ones recently transferred or currently offered on the same market or on competing markets, and the revenue method, based on the current value of the potential future income from a property. Among the parameters used in applying the comparative method are the age, wear, state of maintenance and location, as well as the distribution of the surfaces, the building consistence, the type of construction and the predictable duration. The parameters used in determining the market value with the method of income are: the annual gross income deriving from leasing the property at current rates, the rate of capitalization and the costs to the owners such as ICI (property tax), insurance, administration and register tax.
The current global crisis of the financial system has created a widespread and alarming degree of uncertainty in the real estate market of the whole world. In this scenario it is possible that prices and values can encounter a period of extreme volatility until the market has recovered conditions of stability. The persistent lack of liquidity produces an objective difficulty in concluding transactions of sale in the short term.
The greater value measured was registered in a specific shareholders' equity reserve, net of the related tax effect.
The investment will no longer be subject to a process of amortisation starting from the year 2009 as required by the international accounting standards.
The value registered in the financial statements finally includes a further 249 thousand euros for work in progress that will be completed and will produce their utility as of the year 2009.

- F4 - EQUITY INVESTMENTS 255

The “Equity investments” heading at 31 December 2008 comprises:

In thousands of euros	*Balance at 31.12.2007*	*Increases*	*Decreases*	*Revaluations / Write-downs*	*Reclassifications*	*Balance at 31.12.2008*
Equity investments in subsidiaries	4	0	0	0	0	4
Equity investments in associated companies and joint ventures	747	0	(496)	0	0	251
TOTAL	**751**	**0**	**(496)**	**0**	**0**	**255**

The table below details the equity investments at 31 December 2008:

Equity investments	% Group	Book value at 31 December 2008
Valued using the equity method:		
Piaggio China Co. LTD	99.99%	0
Aprilia World Service Holding do Brasil Ltda	99.99%	0
Aprilia Brasil S.A.***	51.00%	0
Valued using the cost method:		
Rodriquez Charter & Broker S.r.l. ***	100.00%	4
Rodriquez Mexico ***	50.00%	0
Total subsidiaries		**4**
Valued using the equity method:		
Piaggio Foshan Motorcycle Co. LTD.	45.00%	0
Total joint-ventures		**0**
Valued using the cost method:		
S.A.T. Societé d'Automobiles et Triporteurs S.A.	20.00%	45
Acciones Depuradora Soc. Coop. Catalana Limitada.	22.00%	3
Pont - Tech, Pontedera & Tecnologia S.c.r.l.	20.44%	181
Armas Ocean Jet SA - Spagna	10.00%	0
Consorzio CTMI - Messina	41.54%	22
Total associated companies		**251**
TOTAL		**255**

*** Inactive companies or companies in liquidation

The 496 thousand euros difference compared to the balance at the end of 2007 is due at the conclusion of the liquidation of the company Motoride.com S.p.A. with subsequent cancellation from the Register of Companies. On 28 October 2008, 23.39% of the capital of the company was acquired: consequently with this purchase the investment in the company was raised to 51.68% of the capital thereby accomplishing majority control of it. On 19 December 2008 the company was terminated following approval of the final financial statements of liquidation by the shareholders.

The equity investment in Piaggio Foshan Motorcycles Co. Ltd has been classified under "Joint ventures" in relation to the agreement signed on 15 April 2004 between Piaggio & C. S.p.A. and Foshan Motorcycle Plant, on one side, and the Chinese company Zongshen Industrial Group Company Limited on the other side. Piaggio & C. S.p.A.'s equity investment in Piaggio Foshan Motorcycles is equal to 45%, of which 12.5% is held through the direct subsidiary Piaggio China Company Ltd.
Compared to 31 December 2007, the book value of the equity investment remained unchanged, equal to zero.
In relation to the loans provided by banks to the subsidiary Piaggio Foshan Motorcycle Co. Ltd, the companies of the Grouphave issued bank guarantees totalling 12,862 thousand euros.

The following table summarises the main financial highlights of the joint venture:

In thousands of euros	Situation at 31 December 2008	
	Piaggio Foshan Motorcycle Co.	**45% of Piaggio group**
Net trade receivables	888	400
Trade receivables due from Piaggio group	8,204	3,692
Inventories	8,459	3,807
Trade payables	(9,032)	(4,065)
Amounts due to Piaggio group	(394)	(178)
Other receivables	74	34
Other payables	(4,373)	(1,968)
Operating capital	**3,826**	**1,722**
Tangibile assets	13,310	5,989
Intangibile assets	11	5
Total non-current assets	**13,321**	**5,994**
NET INVESTED CAPITAL	**17,147**	**7,716**
Other Reserves	551	248
Reserves	**551**	**248**
Financial payables	17,796	8,008
Short-term financial receivables and cash	(5,616)	(2,527)
Financial position	**12,179**	**5,481**
Share capital	26,954	12,129
Other reserves	36,024	16,211
Retained earnings	(60,540)	(27,243)
Earnings for the period	1,978	890
Shareholders' equity	**4,416**	**1,987**
TOTAL SOURCES OF FUNDS	**17,147**	**7,716**

- F5 - OTHER FINANCIAL ASSETS 124,278

- Non-current portion

The other non-current financial asset, equal to 100,164 thousand euros, are entirely represented by financial assets available for sale represented by investments in Alitalia – Compagnia Aerea Italiana, Consorzio Pisa Ricerche, GEO.FOR. S.p.A., S.C.P.S.T.V. and other minor companies.
The strong increase compared to the preceding year is tied to the acquisition by the Parent Company Immsi S.p.A. of a shareholding at 31 December 2008 equal to 11.8052% in Alitalia – Compagnia Aerea Italiana. The project requires acquisition by CAI of goods, corporate units, business complexes, assets and relations underlying the Alitalia group and the Air One group.
Immsi S.p.A. on 28 October 2008 undersigned a share capital increase for 100 million euros in CAI, now Alitalia – Compagnia Aerea Italiana S.p.A., finalized at permitting the accomplishment of the above-mentioned project.
At 31 December 2008 Immsi S.p.A. registered among the available non-current financial assets for sale 99,999 thousand euros related to 59,175,680 Alitalia shares, whose capital still to be paid up at the date amounted to 44,374 thousand euros.
Lastly, it is noted that on 23 December 2008 Immsi undersigned a commitment for the sale to Fire S.p.A. of 11,834,319 Alitalia shares, that was concluded early in 2009. After this sale and the regulation of the remaining debt, also concluded in early 2009, Immsi S.p.A. holds 47,341,361 Alitalia – Compagnia Aerea Italiana shares with a total net cash-out equal to 80 million euros.

There follows the detail of the other non-current financial assets:

In thousands of euros	***Balance at 31.12.2008***	***Balance at 31.12.2007***
Financial assets	100,164	177
Financial receivables	0	566
TOTAL	**100,164**	**743**

- Current portion

Other current financial assets total 24,114 thousand euros at the year end; 60,289 thousand euros decrease compared to 31 December 2007 and are detailed in the table below:

In thousands of euros	Balance at 31.12.2008	Balance at 31.12.2007
Financial assets	23,458	83,608
Financial receivables	656	795
TOTAL	**24,114**	**84,403**

The decrease in the financial assets is mainly referable to the reduction for 16,320 thousand euros in the certificates of deposit issued by an Indian social security institution underwritten by the Indian subsidiary so as make efficient use of its temporary liquidity as well as the decrease in the fair value the equity investment of Immsi S.p.A. in Unicredit for a total of 47,774 thousand euros.
Among the current financial receivables is the 597 thousand euros receivable of Rodriquez due from Ustica Lines.

- F6 - AMOUNTS DUE FROM THE TAX AUTHORITIES 44,955

Current and non-current amounts due from tax authorities total 44,955 thousand euros and are as follows:

- Non-current portion

In thousands of euros	Balance at 31.12.2008	Balance at 31.12.2007
Amounts due from the tax authorities for VAT	633	768
Amounts due from the tax authorities for income tax	4,852	11,210
Other amounts due from the tax authorities	6,723	531
TOTAL	**12,208**	**12,509**

It should be reminded that the Parent company, jointly with the subsidiary companies Piaggio & C. S.p.A., Moto Guzzi S.p.A., Is Molas S.p.A., Apuliae S.p.A., Rodriquez Cantieri Navali S.p.A., Intermarine S.p.A. and Conam S.p.A., has exercised the option to join Group taxation as provided for in art.117 follow. of the Consolidated Act of Income Taxes, for the financial years 2007, 2008 and 2009. During 2008 also the subsidiary RCN Finanziaria S.p.A. subscribed to the agreement for the three year period 2008-2010, while that with Is Molas S.p.A. ceased following the break in direct control by Immsi S.p.A. and the contract with Moto Guzzi S.p.A. finished its effectiveness following the merger of the latter with Piaggio & C. S.p.A..
In the light of the contracts signed with each subsidiary, Immsi S.p.A., as the consolidating company, has registered in its own financial statements receivables from the tax authorities for non-current taxes, related to withholdings suffered and IRES advance payments made, transferred from the companies included in the national fiscal consolidation, for 3,885 thousand euros, whose use is supposed to be following the current year in the light of the expected industrial plans.
The taxation of the Group calculated for the year 2008 has expressed a consolidated fiscal loss, therefore during 2009 no advance payments will be made to the account of IRES income tax.

- Current portion

In thousands of euros	Balance at 31.12.2008	Balance at 31.12.2007
Amounts due from the tax authorities for VAT	30,557	22,385
Amounts due from the tax authorities for income tax	1,894	2,532
Other amounts due from the tax authorities	296	159
TOTAL	**32,747**	**25,076**

Amounts due from tax authorities within 12 months mainly refer to VAT receivables of the Piaggio group, increased compared to 31 December 2007 mainly because of the increase in the VAT credit of the Indian subsidiary.

- F7 - DEFERRED TAX ASSETS 50,751

At 31 December 2008, net deferred tax assets falling due within 12 months total about 2,397 thousand euros while those falling due beyond 12 months amount to 48,354 thousand euros.

The Piaggio group has recognised 36,227 thousand euros of deferred tax assets compared to 33,532 thousand euros recorded at 31 December 2007. The change of 2,695 thousand euros was mainly due to Piaggio & C. S.p.A. that recognised new deferred tax assets for 17,075 thousand euros and used deferred tax assets recorded in previous years referred to the IRES taxable value offset by prior tax losses and against the reabsorption of temporary differences. This was carried out in the light of the expected results of Piaggio & C. S.p.A. of the using in the following years and taking account of the different timing between use and the due dates of the related tax benefits.

The deferred tax assets accrued by the Rodriquez group and recognized in relation to the reasonable certainty of achieving future taxable income sufficient to absorb them, total 9,294 thousand euros and are calculated mainly on a portion of the tax losses suffered in previous years by group companies and on the asset timing differences. The related fiscal benefit has been measured solely on the fiscal losses and on the temporary differences for which there is the probability of accomplishing taxable amounts able to absorb them, taking account of the industrial plans drawn up by the companies of the Rodriquez group and considering the results expected by the national fiscal consolidation underlying Immsi S.p.A. that Rodriquez Cantieri Navali S.p.A., Conam S.p.A. and Intermarine S.p.A. joined.

The deferred tax assets accrued by Is Molas S.p.A. total 4,609 thousand euros and they refer to temporary differences, losses of the years 2004-2005 brought forward without limit, to the losses of the years 2006-2007 (for the part that found no compensation in the Group's taxable income) and 2008 brought forward in the 5 following years. It has to be remembered that the application of the group taxation to Is Molas S.p.A. ceased in 2008 following the break in direct control by Immsi S.p.A..

As regards the measurements to define the deferred tax assets, the Group mainly took account of the tax regulations in the various countries in which it operates, 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, the expected financial results in the medium term for each individual company and the economic and tax effects deriving from organisational restructuring.
In view of the above considerations and for the sake of prudence, the tax benefits deriving from the losses carried forward were not fully recognised. In particular, the Piaggio group has not recognised 48.6 million euros of deferred tax assets against prior losses and other temporary differences, while the Rodriquez group has not recognised 7.3 million euros of overall deferred tax

assets on prior losses and other temporary differences.

- F8 - TRADE RECEIVABLES AND OTHER RECEIVABLES 282,151

- Non-current portion

Trade receivables and other receivables included under non-current assets total 21,163 thousand euros against 14,001 thousand euros at 31 December 2007 and are detailed below:

In thousands of euros	*Balance at 31.12.2008*	*Balance at 31.12.2007*
Trade receivables	0	0
Amounts due from subsidiaries	440	440
Amounts due from associated companies	359	390
Other receivables	20,364	13,171
TOTAL	**21,163**	**14,001**

This item includes trade receivables falling due beyond 12 months fully offset for 1,203 thousand euros.
Among the receivables from subsidiaries are 440 thousand euros due from AWS do Brasil while the payables due from associated companies includes only payables claimed by the Fondazione Piaggio.
Among the non-current receivables, the Piaggio group has mainly recorded 1,194 thousand euros of guarantee deposits, 523 thousand euros of amounts advanced to employees, 2,075 thousand euros of grants and 8,170 thousand euros receivables connected to hedging instruments.

- Current portion

Trade receivables and other receivables included under current assets are as follows:

In thousands of euros	*Balance at 31.12.2008*	*Balance at 31.12.2007*
Trade receivables	113,341	161,439
Amounts due from associated companies	2,893	3,058
Amounts due from joint ventures	399	1,064
Other receivables	144,355	68,091
TOTAL	**260,988**	**233,652**

The "Trade receivables" item comprises amounts due from normal sales transactions, stated net of a bad debt reserve detailed as follows:

In thousands of euros	
Balance at 31.12.2007	**29,246**
Increases on provisions	7,267
Decreases for applications	(2,706)
Balance at 31.12.2008	**33,807**

The Piaggio group sold most of its trade receivables without recourse ("*pro-soluto*") and with recourse ("*pro-solvendo*") operations. The contractual structure that the group formalized with major Italian and foreign factoring companies essentially reflects the need to optimize the monitoring and management of the credit as well as offering its customers an instrument for financing their own warehouse. At 31 December 2008 the "*pro-soluto*" sold trade receivables, that require the transfer of the related risks and benefits, altogether amount to 86,811 thousand euros on which the group received the consideration before the natural expiration of the credit for 80,426 thousand euros, while at 31 December 2008 the pro-solvendo sold receivables, that therefore do not require the transfer also of the related risks and benefits, amount to 13,020 thousand euros and are offset in the current liabilities.

The balance of receivables from associated companies refers mainly to receivables for 238 thousand euros from the Fondazione Piaggio and for 2,651 thousand euros from the Consorzio CTMI, while the receivables from joint ventures refer to a credit with Piaggio Foshan Motorcycles.

“Other receivables” include accrued income and prepaid expenses of 10,957 thousand euros, advances to suppliers for 34,888 thousand euros basically registered by Intermarine for the Finnish Navy order, 1,010 thousand euros for receivables connected to hedging instruments, 9,144 thousand euros relating to government grants received by the Rodriquez group, the receivables from Banca IMI for the sale of 9.2 million Piaggio shares by Immsi S.p.A. for 10,856 thousand euros settled in early 2009.
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 Rodriquez group, whose composition is detailed as follows:

In thousands of euros	*Balance at 31.12.2007*	*Increases*	*Decreases*	*Balance at 31.12.2008*
Contract work in progress gross of advances	**194,658**	85,269	(20,001)	**259,926**
Contractual advances received from customers	176,386			193,181
Contract work in progress net of advances	**18,272**			**66,745**
Costs incurred	165,459			223,548
Margins recorded (net of losses)	29,199			36,378

There are mortgages in favour of banks on constructions of Rodriquez Cantieri Navali S.p.A. for the Oman contract totalling 56,278 thousand euros.

- F9 - ASSETS INTENDED FOR DISPOSAL 21,482

The net book value of the assets intended for sale recorded by the Rodriquez group amounts to 21,482 thousand euros and it almost exclusively refers to the property of Pietra Ligure acquired at the public auction of the State in the month of December 2007 for a total of 19.1 million euros and accounted in the buildings destined to be dismissed in relation to the contracts and obligations undersigned by Rodriquez Cantieri Navali S.p.A.. For more details please refer to the comments in the Report on operations.

- F10 - INVENTORIES 328,071

Inventories are measured at the lower of cost and market value and total 328,071 thousand euros at the year end and comprise:

In thousands of euros	*Balance at 31.12.2008*			*Balance at 31.12.2007*		
	Cost	*Write-down*	*Net*	*Cost*	*Write-down*	*Net*
Goods	0	0	0	0	0	0
Consumables	38	0	38	30	0	30
Raw materials	117,946	(12,515)	105,431	115,773	(12,259)	103,514
Work in progress and semi-finished products	75,175	(852)	74,323	71,569	(1,208)	70,361
Finished products	169,696	(21,417)	148,279	135,991	(18,249)	117,742
TOTAL	**362,855**	**(34,784)**	**328,071**	**323,363**	**(31,716)**	**291,647**

The above write-downs were necessary for the presence of raw materials no longer usable in the production process and obsolete or slow-moving finished products and goods.

At 31 December 2008, the Piaggio group recognises, net of write-downs, inventories for 257,961 thousand euros referred to components, accessories, 2-wheeled and 4-wheeled vehicles. The Rodriquez group contributes 47,858 thousand euros, mainly raw materials and contract work in progress as well as internal construction and repairs. Finally, Is Molas S.p.A. records 22,252 thousand euros of inventories at the 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 55,353

Cash and cash equivalents at the year end total 55,353 thousand euros against 134,673 thousand euros at 31 December 2007, as detailed in the table below:

In thousands of euros	*Balance at 31.12.2008*	*Balance at 31.12.2007*
Cheques	1	0
Cash and cash equivalents	162	313
Amounts due from banks within 90 days	55,190	134,360
TOTAL	**55,353**	**134,673**

The decrease is essentially due to lower liquidity recorded both by the Piaggio group at the year end.
With the financing of 46 million euros granted by Efibanca, Immsi S.p.A. must for the entire duration of the contract channel the revenues from leasing into a deposit account and keep a minimum amount there equal to the interest instalment nearest expiration. This sum, equal to 234 thousand euros at 31 December 2008, is to all intents and purposes unavailable until attainment of the minimum amount deposited for the payment of the interest instalment in expiration.

- G - INFORMATION ON THE MAIN LIABILITIES ITEMS

Amounts are stated in thousands of euros unless otherwise indicated.

- G1 - SHAREHOLDERS' EQUITY 585,383

Shareholders' equity at 31 December 2008 stands at 585,383 thousand euros, of which 394,679 thousand euros being consolidated Group shareholders' equity and 190,704 thousand euros referring to minority interest capital and reserves.
Below is a reconciliation between shareholders' equity and earnings for the period of the parent company and the consolidated figures.

In thousands of euros	*Shareholders' equity*	*Earnings for the period*
Shareholders' equity and earnings for the period as recorded in the financial statements of the parent company Immsi S.p.A.	432,863	17,245
Dividends derecognition from subsidiaries of the Parent company	0	(13,520)
Pro rata earnings of investee companies	10,487	10,487
Differences between book value and pro rata value of shareholders' equity	(45,123)	0
Translation differences	(3,548)	0
TOTAL	**394,679**	**14,212**

Share capital

At 31 December 2008, the share capital of Immsi S.p.A., fully subscribed and paid up, comprises 343.2 million ordinary shares of nominal value 0.52 euros each, for a total of 178,464,000.00 euros.
During 2008 the Company, in compliance with the resolution of the Shareholders' General Meeting on 13 May 2008, purchased on the stock market 2,670,000 treasury shares for a total of 2,078 thousand euros at an average price of 0.7784 euros. In conformity with the provisions of the applicable international standards, the purchases of treasury stock, equal to 1.388 thousand euros, are carried to direct deduction from the share capital.
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 2007, in accordance with the provisions of law and totals 3,265 thousand euros at the year end.

Other reserves

This item totals 177,980 thousand euros. 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.
Other reserves also include the reserve generated from the Group's transition to international accounting standards as of 1 January 2004, equal to 5,300 thousand euros at end 2008, details of which are in the Report to the Financial Statements at 31 December 2005, also available on the www.immsi.it website.
The stock option reserve amounts to 3,971 thousand euros while the reserve allocated to the

evaluation of the financial instruments is equal to 2,886 thousand euros.

The details of this item are shown below:

In thousands of euros	Extraordinary reserve	Share premium reserve / share capital increase	IAS transition reserve	Reserves as per Law 413/91	Legal reserves	Translation reserve	Stock Option reserve	Financial instrument measurement reserve	Other reserves	Total other reserves
Balances at 31 December 2007	***7,103***	***95,216***	***5,300***	***4,602***	***1,153***	***(310)***	***2,805***	***48,542***	***9,860***	***174,271***
Measurement at fair value of financial assets								(46,283)		(46,283)
Taxation on items charged to shareholders' equity								627	(20,561)	(19,934)
Measurement at fair value of property investments									60,824	60,824
Translation differences						(3,238)				(3,238)
Other changes							1,166		11,174	12,340
Earnings for the period										0
Balances at 31 December 2008	***7,103***	***95,216***	***5,300***	***4,602***	***1,153***	***(3,548)***	***3,971***	***2,886***	***61,297***	***177,980***

Retained earnings

The earnings carried forward total 22,146 thousand euros and refer to cumulative Group gain.

Minority interest capital and reserves

At 31 December 2008 the balance of share capital and reserves attributable to third party shareholders totals 190,704 thousand euros, a 71,471 thousand euros decrease compared to 31 December 2007, mainly after the distribution of dividends, the reclassification (and subsequent liquidation) among the financial liabilities of the 2004-2009 Piaggio warrants only partly offset by the portion of the profit of the period owing to the third-party shareholders.

- G2 - FINANCIAL LIABILITIES 670,939

Financial liabilities total 670,939 thousand euros at 31 December 2008. The part recorded under non-current liabilities amounts to 338,187 thousand euros, against 384,316 at 31 December 2007, while the part included among current liabilities totals 332,752 thousand euros, a 134,436 thousand euros increase compared to the year end 2007.
The attached tables summarise the financial liabilities by type of financial debt:

- Non-current portion

In thousands of euros	*Balance at 31.12.2008*	*Balance at 31.12.2007*
Bonds	120,873	145,380
Amounts due to banks	172,273	203,170
Amounts due under finance leases	9,200	9,883
Amounts due to other lenders	35,841	25,883
TOTAL	**338,187**	**384,316**

- Current portion

In thousands of euros	Balance at 31.12.2008	Balance at 31.12.2007
Amounts due to banks	316,122	165,975
Amounts due under finance leases	769	736
Amounts due to other lenders	15,861	31,605
TOTAL	**332,752**	**198,316**

During 2008 there was a reduction in medium-long term debt, for 46.1 million euros, of which 58.1 million euros related to the Piaggio Group partly offset by the increase of 12 million euros due to ISM Investimenti S.p.A..
On the contrary the short-term portion grew by 134.4 million euros with the increase in the net financial debt of the Group.

The composition of the debt is the following:

In thousands of euros	Balance at 31.12.2008	Balance at 31.12.2007	Nominal value at 31.12.2008	Nominal value at 31.12.2007
Bonds	120,873	145,380	123,960	150,000
Amounts due to banks	488,395	369,145	489,305	370,518
Amounts due under finance leases	9,969	10,619	9,969	13,080
Amounts due to other lenders	51,702	57,488	52,703	59,192
TOTAL	**670,939**	**582,632**	**675,937**	**592,790**

The following prospectus shows the reimbursement plan for the debt at 31 December 2008 of the Group:

In thousands of euros	Nominal value at 31.12.2008	Portions falling due within 12 months	Portions falling due in 2010	Portions falling due in 2011	Portions falling due in 2012	Portions falling due in 2013	Portions falling due beyond
Bonds	123,960	0	0	0	123,960	0	0
Amounts due to banks	489,305	316,123	40,757	84,548	37,427	8,739	1,711
Amounts due under finance leases	9,969	841	865	791	827	866	5,779
Amounts due to other lenders	52,703	15,861	18,361	2,324	2,214	271	13,672
TOTAL	**675,937**	**332,825**	**59,983**	**87,663**	**40,468**	**133,836**	**21,162**

The following table analyzes the financial debt by currency and interest rate:

In thousands of euros	Saldo contabile al 31.12.2007	Saldo contabile al 31.12.2008	Valore nominale al 31.12.2008	Tasso interesse al 31.12.2008
Euro	575,984	650,606	665,826	5.51%
Vienamese Dong	0	5,278	5,278	9.50%
Singapore dollar	354	0	0	n/a
Indian rupee	3,296	9,705	n/a	n/a
US dollar	2,998	5,350	4,833	1.42%
TOTAL	**582,632**	**670,939**	**675,937**	**5.48%**

Amounts due to banks include the following loans mainly:

- A 45,918 thousand euros loan, nominal value 46,000 thousand euros, provided by Efibanca to Immsi S.p.A. at an average rate at the end of December of 5.901% maturing May 2010. The loan, which is secured by a 92 million euros mortgage on the building in via Abruzzi, 25 – Rome, envisages meeting two covenants to be calculated in relation to the ratio between financial liabilities and shareholders' equity (to be equal or lower than before), currently respected, and to the ratio between rental instalments and interest on the loan itself. The latter, despite the recorded increase in the lease income with respect to last year, worsened due to the trend of increasing rates that produced a reduction in the ratio below the parameter contractually tied to a value greater than or equal to 1. In the event of failing to observe even just one of the two ratios, Immsi must give a reason and state the measures taken to restore the conditions agreed upon or the institute will have the right to resolve the financing contract;
- contract of stock loan from Immsi S.p.A. to Banca Akros that, with the loan of 6.4 million Unicredit shares, requires delivery by the intermediary of cash collateral for an amount of 9,754 thousand euros represented by the market value of the stock at the date of subscription net of a spread that absorbs any downward swing of the stock. The contract, with expiration at revocation, requires a fee equal to 0.05% and negative interest equal to EONIA increased by 0.7%, calculated on the cash collateral received from Banca Akros;
- stock loan contract from Immsi S.p.A. to Banca Akros guaranteed by cash collateral undersigned in November and extinguished at the beginning of 2009. Banca Akros, with the loan of 7,695 thousand Piaggio shares by Immsi, disbursed cash collateral for a total of 5,000 thousand euros represented by the market value of the stock at the date of signing net of a spread that absorbs any downward swings in the stock. The contract requires a fee equal to 0.05% and negative interest equal to EONIA increased by 1.85%, calculated on the cash collateral received from Banca Akros;
- contract of stock loan from Immsi S.p.A. to Mediobanca that, with the loan of 3.5 million Unicredit shares, requires delivery by the intermediary of cash collateral for an amount of 7,298 thousand euros represented by the market value of the stock at the date of subscription. The contract requires that, with market swings exceeding 1 euro per share in relation to the value of the stock at the date of the subscription, Immsi refunds the corresponding portion of the collected collateral, if the stock swings downwards, or the intermediary disburses a further portion of cash collateral, if the quotation increases. The contract, with expiration in April 2009, requires a fee equal to 0.1% and negative interest for Mediobanca equal to Euribor at 6 months increased by 1.3%, calculated on the cash collateral received from Mediobanca;
- Bullet – Multi Borrower financing granted by Intesa Sanpaolo for a total of 70 million euros, with maturity at 31 December 2009 and variable reference rate equal to Euribor increased by 1.75%, of which 25 million euros granted to Immsi, 30 million euros disbursed to ISM Investimenti and 15 million euros disbursed to Rodriquez Cantieri Navali. This financing is guaranteed by 75 million Piaggio shares;
- two credit lines granted by Intesa Sanpaolo for Immsi S.p.A. used entirely of which the first one is revolving for 10 million euros with expiration in January 2010 and the second one for 15 million euros with expiration in the month of June 2009;
- a revolving credit line granted by Banca Popolare di Lodi for 20 million euros guaranteed by 18.5 million Piaggio shares with expiration at November 2009;
- 108,673 thousand euros (nominal value equal to 109,500 thousand euros) loan provided to Piaggio & C. S.p.A. by Mediobanca and Intesa San Paolo. This loan is part of a more articulated financial package that in April 2006 was syndicated to a restricted pool of banks. This package is composed of portion of 150,000 thousand euros nominal fully drawn down and a portion of 100,000 thousand euros to be used as a credit line, which at 31 December 2008 was completely undrawn. The structure envisages a 7-year duration, with a grace period of 18 months and 11 semi-annual instalments with last loan instalment due on 23 December 2012, a variable interest rate linked to the 6-month Euribor rate to which a variable margin of between a maximum of 2.10% and a minimum of 0.65% is added depending on the Financial Debt/ EBITDA ratio. In relation to the value of this index recorded in the 2007 annual financial

statements, this margin remained at 0.90% throughout 2008. For the portion relating to the credit line there is a commitment fee of 0.25%. The contract does not envisage the issue of guarantees but, in line with the market procedures, envisages the compliance with some financial parameters. It should be noted that, in reference to the 2008 financial statements, these parameters were comfortably met;

- 29,000 thousand euros for a loan granted to Piaggio & C. S.p.A. by a pool of 14 banks upon the acquisition of Aprilia for the purchase of an amount of 34 million euros in non self-liquidating financial receivables claimed by the same lenders from Aprilia S.p.A. The conditions envisaged a fixed interest rate of 3.69% with annual capitalization and repayment in a single instalment of capital and interest at the final maturity, set for 31 December 2009, aligned with the exercise date of the Piaggio 2004-2009 warrants underwritten by the same lenders during the Aprilia closing;
- a 1,106 thousand euros loan provided by Interbanca to Piaggio & C. S.p.A. in accordance with Italian Law 346/88 regarding subsidies for applied research, guaranteed by a mortgage on property;
- financing granted by Interbanca for 25 million euros stipulated in September 2008 of a duration of five years and not assisted by guarantees;
- non-interest bearing loan of 2,691 thousand euros provided by Banca Antonveneta originally to a subsidiary of the Aprilia group and, following the acquisition, taken on by Piaggio & C. S.p.A., with a single repayment date in 2011. The conditions envisage a market interest rate in the last two years based on the performance of the Piaggio 2004-2009 warrants;
- 1,030 thousand euros soft-loan provided by Efibanca and maturing on 28 December 2009;
- 2,290 thousand euros soft-loan provided by Intesa Sanpaolo in accordance with Italian Law 346/88 for applied research;
- 3,500 thousand euros referred to payables due to Interbanca as provider of the EMH instruments;
- 1,500 euros soft-loan at eight years provided by ICCREA in December 2008 in accordance with law 100/90 and connected to the investment of SIMEST in the capital of the Vietnamese company;
- financing in USA dollars disbursed by Intesa Sanpaolo for 4,658 thousand euros in order to allow the extinction of a currency option in expiration in the month of November 2008 of Rodriquez Cantieri Navali S.p.A.;
- financing to the subsidiary Intermarine equal to 4,945 thousand euros for advances on invoices referring to the line of 8,000 thousand euros granted by Banca Carige concerning the contract for the construction of no. 5 new Bigliani of 27 m and no. 2 Bigliani of 35 m;
- financing by Banca Popolare Italiana to Intermarine S.p.A. for 8,000 thousand euros against the financing assisted by a mortgage for 16,000 thousand euros on the property of Sarzana. On this financing there is a rate hedging contract for the whole amount. This coverage transforms the floating rate into a fixed rate for the whole contractual duration; the rate has been set at 4.20% plus a spread of 130 b.p.p..
- financing of Banca Antonveneta to Conam S.p.A. for 560 thousand euros, assisted by mortgage on the building of Pozzuoli for 2 million euros;
- loan granted by Banca Agricola Mantovana and Banca Popolare di Lodi to Is Molas S.p.A., with validity till revocation and usable for cash, for a total of 24.9 million euros equal to the actual debt for capital, interest and accessory burdens accrued and payable.

In December 2008 Piaggio & C. S.p.A. undersigned a medium-term financing contract of 150 million euros with the European Bank of Investments to finance the plan for investments in Research & Development planned in the period 2009-2012. The financing has a duration of 7 years, which can be used in one or more tranches and is remunerated at a variable rate with a margin above Euribor of 1.323%. The contractual terms require financial covenant while guarantees are excluded. At 31 December the Company had not yet requested disbursement.

The item “bonds falling due beyond 12 months” (120,873 thousand euros net book value) refers to the high-yield bonded loan issued on 27 April 2005 by the subsidiary Piaggio Finance S.A. (Luxembourg), for a nominal amount of 150,000 thousand euros, maturing on 30 April 2012 and with a semi-annual coupon with a fixed annual nominal rate of 10%. The bond issue was guaranteed by Piaggio & C. S.p.A. and in June 2008 benefited from an upgrade with Standard & Poor’s assigning a BB rating aligning it to the issuer’s rating with a “stable” outlook remark; and in July 2008 benefited from an upgrade with Moody’s rating agency assigning a rating of Ba2 with a “stable” outlook remark. The credit crunch of the last few months of 2008 was also reflected on the market prices of the bond that under those circumstances was priced under parity. The Piaggio group took advantage of this situation by buying back its own bonds directly on the market using the great amount of credit available. At the end of 2008 the issuing company repurchased a total nominal amount of 26,040 thousand euros of them, deciding not to annul the investments in portfolio, but reporting them in the financial statements to reduce the initial debt, as stated in the accounting standards.

Payables for financial leasing refer mainly to leases granted by Locat S.p.A. to Moto Guzzi S.p.A. for 9,740 thousand euros.

Payables to other financers are in all equal to 51,702 thousand euros, of which 35,841 thousand euros beyond one year, as detailed below:

- non-current liabilities for financial instruments of former Aprilia shareholders amounting to 8,999 thousand euros;
- non-current shareholders’ loan convertible in shares by Intesa Sanpaolo to RCN Finanziaria for 6 million euros;
- subsidized loans totalling 11,411 thousand euros granted by Simest and by the Ministry of Economic Development to Piaggio group pursuant to legislation to encourage exports and investment in research and development (non-current portion equal to 8,842 thousand euros);
- 2004-2009 Piaggio warrant for 263 thousand euros;
- current recourse factoring financial transactions, renegotiated by the Piaggio group for 13,020 thousand euros;
- financial payables to Banca IFIS for a total of 12,279 thousand euros referring to operations of maturity indirect factoring with suppliers of Rodriquez Cantieri Navali S.p.A. for 7,444 thousand euros and of Conam S.p.A. for 4,835 thousand euros. Conam formalized a plan with the Bank to annul its exposure in 18 monthly instalments as of December 2008, simultaneously closing the factoring programme. The debt of Conam to the IFIS bank is guaranteed with a fidejussory guarantee of RCN S.p.A. up to 5 million euros;
- shareholder financing for 12 million euros with duration equal to 10 years acknowledged by IMI Investimenti S.p.A. (Intesa Sanpaolo group) to ISM Investimenti S.p.A..

Rodriquez Cantieri Navali S.p.A. has in addition a signed line of credit for the contract with the Sultanate of Oman, guaranteed by a pool of banks (Intesa Sanpaolo, Banca di Roma and Unicredit), with which the company has undersigned a contract to issue the guarantees to the customer, both on performance (equal to 5% of the contract total) and on the advance payments made up to 90% of the order. The total value of the line of guarantees is 84.5 million US dollars to which the guarantee must be added for the portion of interest that has gradually accrued on the advance payments made by the customer up to the date of discharge for the deliveries in Oman; this guarantee was formed on a quarterly basis with the accreditation of the interest in a deposit account. The signed credit line is assisted by a bank guarantee of Immsi for 60 million US dollars, the release of the mortgages on the assets under construction, the transfer of the rights of insurance, the guarantee on the checking account on which the collections are channelled, the guarantee on the Cash Collateral account that must be constituted if the exposure of the guarantee exceeds the value of 60 million US dollars.

At 31 December 2008 the actual use of the line, for the performance bond and for the financial advances received, is equal to 60 million US dollars whereas the interest accredited on the contractually required deposit account amounted at 31 December 2008 to 4.1 million US dollars.

Financial instruments

Interest rate risk

With reference to the interest rate risk hedging, the operations of interest swaps enable transforming the floating rate of the contracts into a fixed rate. The coverages are made specifically for the Intermarine financing from Banca Popolare Italiana of 8 million euros but they are fully attributable to the financial debt for Rodriquez Cantieri Navali S.p.A. towards Unicredit Banca for 10 million euros. Both operations of *interest swa*p are falling due in 2014.

The companies have adjusted the value of the mark to market at 31 December 2008 in relation to the value registered in the preceding financial statements.

Exchange rate risk

Exchange rate hedges have been signed exclusively by the Piaggio group and by Rodriquez Cantieri Navali S.p.A..

In 2008, the Piaggio group managed exchange rate risk in line with the policy adopted in 2005 which aims to neutralise the possible negative effects of the changes in exchange rates on company cash-flow, by hedging the business risk, which concerns the changes in company profitability compared to the annual business budget on the basis of a key change (the so-called "budget change") and of the settlement risk, which concerns the differences between the exchange rate recorded in the financial statements for receivables or payables in foreign currency and that recorded in the related receipt or payment.

Exposure to business risk consists of the envisaged payables and receivables in foreign currency, taken from the budget for sales and purchases reclassified by currency and accrued on a monthly basis. The hedges must be at least 66% of the business exposure of each quarter.

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

Referring to contracts which are made to hedge exchange rate risk on receivables and payables in foreign currency (settlement risk), at 31 December 2008 Piaggio & C. S.p.A. had forward purchases of CAD/000 260 equivalent to 149 thousand euros (valued at the forward exchange rate), GBP/000 850 equivalent to 938 thousand euros, SEK/000 390 equivalent to 37 thousand euros, JPY/000,000 99 equivalent to 795 thousand euros and CHF/000 2,870 equivalent to 1,930 thousand euros. At 31 December 2008, the following forward sale contracts were outstanding:

- USD/000 23,540 corresponding to 17,652 thousand euros (valued at the forward exchange rate);
- GBP/000 2,050 corresponding to 2,235 thousand euros (valued at the forward exchange rate);
- JPY/000,000 80 corresponding to 682 thousand euros (valued at the forward exchange rate);
- NOK/000 1,160 corresponding to 131 thousand euros (valued at the forward exchange rate);
- SGD/000 540 corresponding to 268 thousand euros (valued at the forward exchange rate);
- DKK/000 1,290 corresponding to 173 thousand euros (valued at the forward exchange rate);
- CAD/000 2,775 corresponding to 1,775 thousand euros (valued at the forward exchange rate);
- and finally CHF/000 2,930 corresponding to 1,932 thousand euros (valued at the forward

exchange rate).

As regards contracts in place to hedge exchange rate risk on forecast transactions (business risk), at 31 December 2008, Piaggio & C. S.p.A. had forward purchase transactions of JPY/000 610,000 corresponding to 4,941 thousand euros (valued at the forward exchange rate) and of CNY/000 346,000 corresponding to 34,851 thousand euros (valued at the forward exchange rate) and forward sales transactions for a value of CHF/000 10,500 corresponding overall to 6,766 thousand euros (valued at the forward exchange rate).

Rodriquez Cantieri Navali S.p.A. has followed a policy of completely eliminating all exchange rate risk, therefore following the subscription of the contract with the Sultanate of Oman with payments in USA dollars, in May 2006, in line with the subscription of the contracts of construction, stipulated contracts of options on exchange rates with periodical expirations according to the foreseeable net streams in USA dollars.
This hedging set the Euro/US$ exchange rates at which the collections will be made and at which they will be valued, according to the progress, the revenues of the Oman order.
In the month of July, following the revision of the financial flows from the order, Rodriquez Cantieri Navali S.p.A. undersigned with forward exchange rate operations with Intesa Sanpaolo with expiration at 30 September, for following forward according to the expected flows, for the remaining value to be collected on the main order for 20 million USA dollars at the exchange rate of 1.5866 and trading an additional 7.6 million USA dollars at the exchange rate of 1.57 on the new orders acquired in July 2008 for the supplies of spare parts or rather forward contracts, together with other lesser operations for a total of 29.1 million USA dollars at the average exchange rate of 1.5575.
At the end of September 2008, following the redefinition of the expected cash flows, the forward contracts connected to the revised collections deriving from the orders in USA dollars were restructured with a synthetic forward operation by stipulating options at a strike price equal to 1.5675. The cost of the operation is represented, as a financial cost, by the difference in exchange rate compared to that of the original sale.
At the end of November 2008, even without the expected flow of income, in consideration of the value of the USA dollar, that differed from the spot exchange rate by over 10%, Rodriquez Cantieri Navali S.p.A. had to obligatorily exercise the options in expiration for 7.3 million USA dollars. Intesa Sanpaolo issued financing in USA dollars of a corresponding value that allowed exercising the option for an equivalent value of approximately 4.7 million euros; the liquidity was deposited in a deposit account and guaranteed by lien for Intesa Sanpaolo and will re-enter the liquidity of Rodriquez Cantieri Navali S.p.A. upon collection of the USA dollars from the customer and repayment of the financing in currency.
As concerns the options expiring at the end of December 2008 for 4.8 million USA dollars, considering the further delays in receiving the payments (also as a result of the customer's requests on construction 352) and a spot value of the USA dollar within the 10% deviation from the fixed value, Rodriquez Cantieri Navali S.p.A. has renegotiated a new expiration with Intesa Sanpaolo for exercising the option, with reinstatement at the end of June 2009.
At 31 December 2008 there are options on exchange rates for an overall value of 16.5 million USA dollars, with expirations staggered in the first half of 2009 with an average exchange rate of 1.5687.
At 31 December there are still forward contracts for staggered expirations from March to May 2009 for an overall value of 1.8 million USA dollars at an average exchange rate of 1.3792.

- G3 - TRADE PAYABLES AND OTHER PAYABLES 650,063

Trade payables and other payables total 650,063 thousand euros, of which 642,843 thousand euros falling due within one year. Trade payables and other current payables are detailed below:

In thousands of euros	Balance at 31.12.2008	Balance at 31.12.2007
Trade payables	490,794	443,008
Amounts due to subsidiaries	5	6
Amounts due to associated companies	9,077	4,684
Amounts due to Parent companies	2	4
Other payables	142,965	84,061
TOTAL	**642,843**	**531,763**

The "Other current payables" item is detailed below:

In thousands of euros	Balance at 31.12.2008	Balance at 31.12.2007
Amounts due to employees	28,744	25,128
Liabilities connected to hedging instruments	1,010	832
Advances from customers	2,375	2,703
Amounts due for agent commissions	397	397
Amounts due to partners and shareholders	3	3
Amounts due for guarantee deposits	1,034	1,033
Amounts due to company boards	292	310
Amounts due to social security institutions	11,419	13,114
Other amounts due to third parties	6,056	2,370
Other amounts due to subsidiaries	218	180
Accrued expenses	1,404	6,008
Deferred income	5,956	5,958
Other payables	84,057	26,025
TOTAL	**142,965**	**84,061**

Amounts due to employees include holidays accrued and not used, and other amounts to be paid at the end of December. The other payables include the debt of the Parent Company Immsi S.p.A. related to the remaining payment, equal to 44.4 million euros, for purchasing a stake in the company Compagnia Aerea Italiana (CAI), equal to 10 million euros, of which 55.6 million paid within 31 December 2008.
Current trade payables with related parties at 31 December 2008, equal to 10,612 thousand euros, mainly refer to purchases from Piaggio Foshan Motorcycles.

- G4 - RESERVES FOR SEVERANCE INDEMNITY AND SIMILAR OBLIGATIONS 69,469

The reserve for pension and similar obligations amounts to 69,469 thousand euros at 31 December 2008. The reserve is detailed below:

In thousands of euros	Balance at 31.12.2007	Provisions	Applications	Other movements	Balance at 31.12.2008
Employees' severance indemnity reserves	64,196	14,041	(16,134)	3,581	65,684
Other reserves	3,092	801	(108)	0	3,785
TOTAL	**67,288**	**14,842**	**(16,242)**	**3,581**	**69,469**

The other funds are composed of the funds for personnel set aside by the foreign companies and the supplementary indemnity fund for customers, that represents the indemnities owing to the agents in case of the agency contract winding up due to events not ascribable to them.
The uses refer to the liquidation of indemnities already set aside in preceding years while the allocations correspond at the current cost of the period. The interest cost and the actuarial gain of the period are given in the other transactions.
Because of the reform of complementary social security introduced by Italian Law 296 of 27 December 2006 and the following implementing decrees and regulations, the portions of TFR (staff severance fund) accrued up to 31 December 2006 will continue to remain in the company drawing up a defined benefits plan (obligation for the benefits accrued to be subject to actuarial evaluation), while the accruing portions since 1 January 2007, because of the choices made by the employees of the companies in the Group (with more than 50 employees), are intended for forms of complementary social security or transferred by the company to the treasury fund managed by INPS, being configured as of the time when the choice is formalized by the employee as defined contribution plans (no longer subject to actuarial evaluation).
Since the company has fewer than 50 employees, limited to the personnel that has not opted for complementary social security and for which the Companies will continue to manage the Staff Severance Fund, made the actuarial evaluation of the fund accruing since 1 January 2007.

- G5 - OTHER LONG-TERM RESERVES 54,697

The balance of other long-term reserves, including the portion falling due within 12 months, totals 54,697 thousand euros at the end of December, approximately in line compared to 31 December 2007.
The other reserves recognised in the financial statements are detailed below:

In thousands of euros	*Balance at 31.12.2007*	*Provisions*	*Applications*	*Other movements*	*Balance at 31.12.2008*	*Of which current portion*
Product warranty reserve	25,065	14,433	(16,328)	(13)	23,157	15,892
Reserve for risks on equity investments	5,949	0	(125)	0	5,824	302
Contractual risks reserve	8,020	0	(1,321)	2,312	9,011	530
Restructuring reserves	0	0	0	0	0	0
Severance indemnity reserves	1,605	0	(1,605)	0	0	0
Other provisions for risks and charges	120	0	0	0	120	120
Product warranty reserve	13,838	7,458	(4,007)	(704)	16,585	8,994
TOTAL	**54,597**	**21,891**	**(23,386)**	**1,595**	**54,697**	**25,838**

The product warranty reserve relates to provisions made by the Piaggio group for 18,537 thousand euros and by Rodriquez for 4,620 thousand euros, for technical support for products that are estimated to be carried out in the contractual warranty period. As regards 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. The Rodriquez group allocates this reserve for maintenance under guarantee to be carried out in the future years on naval vessels under construction delivered during the year and/or in previous years, assessed on the basis of the estimate of costs incurred in the past for similar vessels.
The provision for risks on equity investments covers the negative portion of shareholders’ equity of the subsidiaries Piaggio China Co. Ltd and AWS do Brasil and of the joint venture Piaggio Foshan Motorcycles, as well as charges that may arise therefrom.
During the year the provision for corporate restructuring costs was completely reset to zero for business restructuring following the completion of the operations of business reorganization for which it was established in the Piaggio group.
The provision for contractual risks refers largely to burdens that could derive from the negotiation

of a supply contract in progress by the Piaggio group. The allocation of 2,312 thousand euros is related to the estimated burdens for the three-year managerial plan.
Other provisions for risks and charges mainly comprise the provision for legal risks set aside by the Piaggio group for 5,586 thousand euros and the provision related to the negative margin referring to the completion of the Oman order of RCN S.p.A. for 3,378 thousand euros.

- G6 - DEFERRED TAX LIABILITIES 54,613

The "Deferred tax liabilities" item refers to tax payables provisioned by the individual companies on the basis of applicable national laws. The balance is offset by 5,562 thousand euros of deferred tax assets, consistent by due date and by nature, and the net amount falling due within 12 months is 1,134 thousand euros. Deferred tax liabilities are mainly recorded by the Piaggio group for 31,8 million euros, in particular Piaggio & C. S.p.A. as a result of the partial liberation of the difference between the civil and fiscal value of the Aprilia brand required by law 244/2007 and by the reabsorption of temporary differences. These releases have partially been offset by the registration of payable deferred taxes correlated to the exposure of the gross value of the Guzzi brand.
The Parent company Immsi S.p.A. registered about 21.5 million euros of net deferred tax liabilities at 31 December 2008 mainly for the evaluation at fair value of the real estate investment in Rome for a total of 19,652 thousand euros, for the capital gains made on the real estate sales concluded in 2005, made in instalments for fiscal purposes, for an amount equal to 1,238 thousand euros. In addition, deferred taxes were registered for 43 thousand euros, as required by IAS 38, on the fair value of the investment in Unicredit and payable deferred taxes for 1,187 thousand euros against lesser amortisations, measured at the time of transition to the international accounting standards, of buildings and plant amortised net of the value of the land and the recoverable value at the end of its useful life.
The Rodriquez group has registered deferred taxes for around 1.3 million euros, of which 1.1 million euros measured by Rodriquez Cantieri Navali S.p.A., related to taxes that will be paid in the future on the temporary differences taxable in subsequent years.

- G7 - CURRENT TAXATION 21,453

The "Current taxation" item, which includes tax payables allocated in relation to tax charges referring to individual companies on the basis of applicable national laws, increases by 9,527 thousand euros compared to the year end of 2007, as is as follows:

In thousands of euros

	Balance at 31.12.2008	***Balance at 31.12.2007***
Amounts due for income tax	2,456	2,524
VAT payables	3,962	5,876
Amounts due for withtholding tax	7,245	2,632
Amounts due for local taxes	0	0
Other payables	7,790	894
TOTAL	**21,453**	**11,926**

VAT payables refer exclusively to the Piaggio group.
Amounts due for withholding tax refer mainly to withholdings on salaries, on termination payments and self-employed income.
It is noted, as mentioned above, that the Parent Company has undersigned with Piaggio & C. S.p.A., Rodriquez Cantieri Navali S.p.A., Intermarine S.p.A., Conam S.p.A. and Apuliae S.p.A. a national fiscal consolidated contract for the three-year period 2007-2009 and with RCN Finanziaria S.p.A. for the three-year period 2008-2010, therefore payables, advance payments and withholdings suffered were transferred at the end of the year to the fiscal consolidated company.

Immsi S.p.A., as the consolidating company, reports in its own financial statements both the amount due to the companies transferring fiscal losses and tax credits and the amount due to companies transferring a taxable amount (at the time of consolidation) set off respectively against the credit or the cumulative payables with the tax authorities.

- H - INFORMATION ON THE MAIN INCOME STATEMENT ITEMS

Amounts are expressed in thousands of euros unless otherwise indicated.

Before analysing the individual headings, it is pointed out that the general information on costs and revenues is in the Report on operations, in accordance with art.2428 of the Italian Civil Code.

- H1 - NET REVENUES 1,736,668

The revenues from sales and services at 31 December 2008 total 1,736,668 thousand euros, a -5.9% decrease (-109,804 thousand euros) compared to the same period of the previous year. The decrease is mainly attributable to the industrial sector (-122,066 thousand euros), partially offset by the increase in the naval sector (+12,569 thousand euros).
This item is stated net of premiums given to Piaggio group customers while 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 condominium fees, offset with the related costs incurred by the parent company.
In accordance with IFRS 5, revenues generated by assets intended for sale are stated separately, along with the related costs.
Below is a division of the revenues, net of premiums given to customers, by business sectors and by geographical area of destination, that is, referring to the nationality of the customer.

By business sector

In thousands of euros	*Year 2008*		*Year 2007*	
	Amount	*%*	*Amount*	*%*
Property and holding sector	5,307	0.3%	5,614	0.3%
Industrial sector (Piaggio Group)	1,570,060	90.4%	1,692,126	91.6%
of which 2-Wheeled business	1,159,500	66.8%	1,294,259	70.1%
of which Light Commercial Vehicle business	389,400	22.4%	380,155	20.6%
engines and other	21,160	1.2%	17,712	1.0%
Naval sector (Rodriquez Group)	161,301	9.3%	148,732	8.1%
TOTAL	**1,736,668**	**100.0%**	**1,846,472**	**100.0%**

By geographical area

In thousands of euros	*Year 2008*		*Year 2007*	
	Amount	*%*	*Amount*	*%*
Italy	634,347	36.5%	710,742	38.5%
Other European countries	683,576	39.4%	744,452	40.3%
Rest of the World	418,745	24.1%	391,278	21.2%
TOTAL	**1,736,668**	**100.0%**	**1,846,472**	**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 more favourable than the second six-month period.

- H2 - COSTS FOR MATERIALS 1,020,277

Costs for materials total 1,020,277 thousand euros, compared to 1,088,605 thousand euros for the previous year.
The decrease is essentially related to the lower production and sales volumes, with the percentage of net revenues from 59% in 2007 to 58.7% in 2008, thanks to the efficiencies achieved.
This item does not include the recharged costs for an equal amount to customers and the costs relating to assets intended for sale, recorded separately in the specific income statement item. The table below details the contents of the item:

In thousands of euros	*Year 2008*	*Year 2007*
Change in inventories of finished products, work in progress and semi-finished products	(33,193)	(3,598)
Change in capitalised piecework	(4,161)	(2,355)
Purchase of raw materials and consumables	1,059,728	1,093,598
Change in raw materials and consumables	(2,097)	960
TOTAL	**1,020,277**	**1,088,605**

This item includes the costs relating to purchases from the Chinese subsidiary Piaggio Foshan Motorcycles of scooters sold in European markets and engines assembled on scooters produced in Italy for an overall amount of 43,854 thousand euros. These transactions are detailed in related party dealings.

- H3 - COSTS FOR SERVICES AND THE USE OF THIRD PARTY ASSETS 363,147

Costs for services and use of third party assets total 363,147 thousand euros and are detailed in the table below:

In thousands of euros	*Year 2008*	*Year 2007*
Transport costs*	55,817	59,407
Product warranty costs	16,643	14,359
Advertising and promotion	47,895	50,934
Work performed by third parties	76,980	77,821
External maintenance and cleaning costs	9,239	8,703
Personnel costs	19,306	18,011
Technical, legal, tax, administrative consultancy, etc.*	50,277	54,024
Promotional material and activities	3	8
Sundry commercial expenses	13,441	12,781
Energy, telephone, postage costs, etc.	21,774	21,105
Services provided	1,023	860
Insurance	5,197	5,115
Cost of company boards	5,568	4,651
Sales commissions	5,048	8,602
Part-time staff and staff of other companies	1,643	2,579
Accessory purchase costs	42	61
Other costs*	18,732	17,779
TOTAL COSTS FOR SERVICES	**348,628**	**356,800**
Rental instalments of business property	5,168	5,203
Rental instalments for cars, office machines, etc.	1,085	942
Operating lease instalments for plant and machinery	302	341
Other instalments	7,964	8,004
TOTAL COSTS FOR USE OF THIRD PARTY ASSETS	**14,519**	**14,490**
TOTAL COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS	**363,147**	**371,290**

* reclassified values given on 2007 for comparative homogeneity with the year 2008.

The reduction of 8,143 thousand euros basically imputable to the reduction in the volumes of business and the efforts of expenditure containment.

- H4 - PERSONNEL COSTS 277,168

Personnel costs comprise the following:

In thousands of euros	Year 2008	Year 2007
Salaries and wages	202,304	199,766
Social security costs	55,772	56,860
Employee leaving indemnity	14,041	(617)
Pension and similar obligations	801	537
Stock options	1,980	1,749
Other costs	2,270	5,351
TOTAL	**277,168**	**263,646**

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

	Year 2008	Year 2007
Senior managers	138	143
Middle managers and clerical staff	2,600	2,448
Manual workers	5,072	5,202
TOTAL	**7,810**	**7,793**

It is pointed out that the average number of employees is influenced by the presence of seasonal workers in the summer months (fixed-term contracts) with 345 staff at 31 December 2008.

The cost of the personnel is increased in an absolute value of 13,522 thousand euros in relation to the values recorded in the last year (+5.1%). The increase is essentially referable to the fact that the year 2007 had revenue benefit of around 8.2 million euros deriving from the recalculation of the prior staff severance fund following the modifications introduced by the “Financial law 2007”, relating to the destination of the accruing portions, that modified the nature of the institute from a programme with definite benefits to a programme with definite contributions. Moreover, in 2008 the trend of the inflation rate and the rates used to be discounted had a negative effect on the personnel cost.

As stated in the Report on operations, with reference to the incentivation plan 2007-2009 deliberated by the Shareholders’ Meeting of the subsidiary Piaggio & C. S.p.A. on 7 May 2007 and reserved for the executives of the company or of Italian and/or foreign companies controlled by it in accordance with art.2359 of the Italian Civil Code, as well as for the directors with proxies in the aforesaid subsidiaries (“2007-2009 Plan”), it is noted that during the period 3,260,000 options were assigned on 31 July 2008 and 300,000 options were assigned on 3 October 2008 and no. 655.000 options. At 31 December 2008 altogether there were assigned 9,415,000 option rights for a corresponding number of shares.
It is likewise specified that subsequently at the close of the period, on 15 January 2009, a further 390,000 options were assigned at a price of 1.2218 euros. At the date of assignment of the options the market price of the underlying financial instruments was 1.1569 euros.
As stated above in the paragraph on consolidation policies, the cost is recognised under personnel costs on a straight line basis over the period between the date of allocation and that of maturity, with a counter-entry recognised directly in shareholders’ equity. This cost corresponds to the present value of the options, which the company has set using the Black-Scholes measurement

model using the average volatility of a basket of shares similar to that of the company and an interest rate obtained as the average of the interest rate swap for a multi-currency loan for a period equal to the length of the contract.

In accordance with CONSOB regulations, the following table shows the options allocated to directors, general managers and senior managers with strategic responsibilities:

		Options held at the beginning of the year			Options allocated during the year			Options exercised during the year			Options expired during the year	Options held at the end of the year		
	Office held	N°. of options	Average exercise price	Average maturity	N°. of options	Average exercise price	Average maturity	N°. of options	Average exercise price	Market price at exercise	N°. of options	N°. of options	Average exercise price	Average maturity
Bandiera Daniele	General Manager	1,365,000	3.55	13/06/2012	750,000	1.216	31/07/2013					1,365,000 750,00	3.55 1.216	13/06/2012 31/07/2013
Pallottini Michele	General Manager	1,365,000	3.55	13/06/2012	585,000	1.216	31/07/2013					1,365,000 585,000	3.55 1.216	13/06/2012 31/07/2013
Total		2,730,000			1,335,000							4,065,000		

- H5 - DEPRECIATION OF TANGIBLE ASSETS 42,177

A summary of the deprecation of tangible assets at 31 December 2008 is provided below. The depreciation rates are listed under the “Tangible assets” item:

In thousands of euros	*Year 2008*	*Year 2007*
Depreciation of property	4,316	4,289
Depreciation of plant and machinery	13,755	13,791
Depreciation of industrial and commercial equipment	20,124	21,257
Depreciation of assets to be given free of charge	1,072	1,282
Depreciation of other assets	2,910	3,271
DEPRECIATION OF TANGIBLE ASSETS	**42,177**	**43,890**

- H6 - AMORTISATION OF INTANGIBLE ASSETS WITH A FINITE LIFE 56,799

Amortisation of intangible assets with a finite life recognised in 2008 totals 56,799 thousand euros, which comprises the following:

In thousands of euros	*Year 2008*	*Year 2007*
Amortisation of development costs	33,646	28,479
Amortisation of concessions, patents, industrial and similar rights	13,767	13,245
Amortisation of trademarks and licences	9,195	8,345
Amortisation of software	88	148
Amortisation of other intangible assets with a finite life	103	84
AMORTISATION OF INTANGIBLE ASSETS	**56,799**	**50,301**

As specified in more detail in the paragraph on intangible assets, as of 1 January 2004, goodwill is no longer amortised but tested annually for impairment. The test carried out at 31 December 2008 confirmed the full recoverability of the amounts recorded in the financial statements.

- H7 - OTHER OPERATING INCOME 141,068

The “Other operating income” item comprises:

In thousands of euros	*Year 2008*	*Year 2007*
Gains on disposal of tangible assets	298	271
Sponsorships*	6,194	6,717
Grants	11,443	4,989
Recovery of sundry costs	58,108	65,172
Licence rights	1,617	1,336
Sale of materials and sundry equipment	790	216
Insurance settlements	466	204
Increases for capitalised internal construction	35,672	34,205
Reversal of provisions for risks and other provisions	583	583
Active instalments	10,742	9,599
Other operating income*	15,155	16,294
TOTAL	**141,068**	**139,586**

* reclassified values given on 2007 for comparative homogeneity with the year 2008.

The other operating income is substantially in line with the final value of the preceding year. In particular the increase in the active instalments essentially refers to the income for the lease of racing bikes to the teams taking part in the world motorcycling Championship.

Recorded under “Recovery of sundry costs” (less the amount in reduction of costs incurred) are transport costs recharged to customers, the charges for which are classified under “Costs for services and use of third party assets”.
The item includes moreover operational income accrued following operations with related parties especially with Piaggio Foshan for 1,957 thousand euros.

- H8 - OTHER OPERATING COSTS 44,302

The “Other operating costs” item totals 44,302 thousand euros at 31 December 2008 and comprises the following:

In thousands of euros	*Year 2008*	*Year 2007*
Losses on disposal of tangible assets	24	144
Taxation (not on the income)	4,949	5,050
Loss in value of tangible assets	812	91
Loss in value of intangible assets	2,137	1,550
Provisions for product warranty	14,733	14,204
Provisions for future and other risks	7,158	6,256
Write-down of trade receivables (including provisions to bad debt reserve)	4,453	2,740
Other operating costs	10,036	12,103
TOTAL	**44,302**	**42,138**

Overall, other operating costs increased by 2,164 thousand euros compared to the previous year mainly due to the greater write-downs during the year.

- H9 - FINANCIAL INCOME 44,341

Financial income recognised by the Group in 2008 is detailed below:

In thousands of euros	Year 2008	Year 2007
Interest receivable	4,955	3,627
Gains on disposal of securities	5,884	4,482
Exchange gains	28,421	14,679
Dividends	2,594	2,450
Other income	2,487	1,976
TOTAL	**44,341**	**27,214**

- H10 - FINANCIAL CHARGES 84,196

The financial charges at 31 December 2008 are detailed below:

In thousands of euros	Year 2008	Year 2007
Interest payable on bank loans	22,010	18,092
Interest payable on loans from third parties	7,786	7,054
Interest payable on bonds	15,620	15,766
Other interest payable	2,713	720
Fees payable	691	856
Loss on disposal of securities	1,580	0
Exchange losses	28,625	14,731
Charges for "amortisations/write-downs" of equity investment (except for associated companies and others to "FV to equity")	0	11
Other charges	5,171	4,800
TOTAL	**84,196**	**62,030**

The financial charges in 2008 increased by 22,166 thousand euros, of which 13,894 thousand euros reported to losses on exchange rates that find compensation in the growth of the profits on exchange rates equal to 13,742 thousand euros, the difference is primarily referable to the growth in the averge net indebtedness of the period, to the increase for discounted reserves for employees' severance indemnity and the increase in the average cost of the debt, connected with the increase in the Euribor.

- H11 - TAXATION 8,986

The expected income tax charge at 31 December 2008 for the companies consolidated on a line-by-line basis amounts to 8,986 thousand euros and comprises the following:

In thousands of euros	Year 2008	Year 2007
Current taxation	37,491	47,480
Deferred tax (assets and liabilities)	(28,505)	(12,517)
TOTAL	**8,986**	**34,963**

Taxation is about 26.4% of earnings before taxation compared to 38.2% of the previous year. The difference between 2008 and 2007 tax rate is mainly due to the registration of deferred tax assets by the Piaggio group correlated to fiscal losses that will be used in future years.

The entry into the National Fiscal Consolidation for the years 2007-2009 by the Parent Company Immsi S.p.A., Piaggio & C. S.p.A., Moto Guzzi S.p.A., Is Molas S.p.A., Rodriquez Cantieri Navali S.p.A., Intermarine S.p.A., Conam S.p.A. and Apuliae S.p.A. and for the years 2008-2010 by RCN Finanziaria S.p.A., allowed these companies to register taxes paid in advance for 1.4 million euro in the light of the forecast results within the framework of the Immsi Group. In this connection, it should be remembered that during 2008 the consolidated agreement ceased with Is Molas S.p.A., after the break in direct control by Immsi S.p.A., and with Moto Guzzi S.p.A., after the merger of the latter with Piaggio & C. S.p.A..

Below is a reconciliation between the theoretical tax burden and the actual tax burden:

	TOTAL
Earnings before taxation	*34,023*
Theoretical rate (27.5%)	
Theoretical income tax	***9,356***
Taxable revenues in 2009 and further	*16*
Deductible costs in 2009 and further	*-463*
Previous year incomes taxable in 2008 and further	*-333*
Other differences	*-8,067*
Tax effect arising from recognition of deferred tax liabilities not allocated in the previous years	*0*
Use of fiscal losses for which no deferred taxes were allocated	*-529*
Tax effect arising from profits earned in foreign countries	*2,935*
Income tax recognised in the financial statements (IRES)	***2,915***
IRAP	*6,071*
Income tax recognised in the financial statements	***8,986***

The impact of the IRAP rate was determined separately in that this tax is not calculated on earnings before taxation.

- H12 - GAIN/LOSS ON THE DISPOSAL OF ASSETS 0

At the balance sheet date there are no gains or losses from assets intended for sale or disposal, as well as for the previous year.

- H13 - EARNINGS FOR THE PERIOD 14,212

The Immsi Group earnings for the period total 25,037 thousand euros, of which 10,825 pertaining to minority interest.

- I - COMMITMENTS, RISKS AND GUARANTEES

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

TYPE		In thousands of euros
Bank guarantee from Cassa di Risparmio di Pisa issued in favour of the Administration of the Province of PISA		130
Bank guarantee from Banca Intesa San Paolo issued in favour of the La Spezia Customs Authority		200
Bank guarantee for the credit line of USD 8,100,000 agreed with Banca di Roma to the associated company Piaggio Foshan		5,820
Banca Intesa San Paolo bank guarantee issued in favour of AMIAT – Turin to guarantee contractual obligations for the supply of vehicles		230
Banca Intesa San Paolo bank guarantee issued in favour of the Algerian National Defence Ministry to guarantee contractual obligations for the supply of vehicles		505
Bank guarantee to guarantee the credit line agreed with Banca Intesa San Paolo to the subsidiary Piaggio Vespa BV for USD 20,000,000		
	- of which used	3,647
	- of which provided to the subsidiary Piaggio Foshan	7,042
	- of which unused	3,682
Bank guarantee from BNL in favour of Poste Italiane to guarantee contractual obligations for the supply of vehicles		2,040
Bank guarantee from BNL issued in favour of the Venice Customs Authority		206
Bank guarantee from MPS in favour of AMA SpA – Rome to guarantee contractual obligations for the supply of vehicles		226
Bank guarantee from Banca Intesa Madrid in favour of Soc. Estatal De Correos Tel. issued on 13-08-2007 to cover supplies		187
Bank guarantee from Banco di Brescia issued in favour of the Municipality of Scorzé to guarantee the payment of town planning charges		166
Bank guarantee from Banca di Credito Cooperativo di Fornacette issued on our behalf in favour of Poste Italiane – Rome to guarantee contractual obligations for the supply of vehicles		204
Bank guarantee from Banca di Credito Cooperativo di Fornacette issued on our behalf in favour of AMA SpA – Rome to guarantee contractual obligations for the supply of vehicles		500

The main commitments and guarantees recorded by the Rodriquez group are detailed below:

TYPE	In thousands of euros
Indirect guarantees in favour of third parties	187,534
Direct guarantees of the group in favour of third parties	2,284
Other risks	5,272
Assets on lease	155
Obligation to buy naval vessels	1,728

Included in the guarantees in favour of third parties are 203 thousand euros relating to the “Municipality of Messina dispute for concession of Area” item, arising from a dispute involving Rodriquez Cantieri Navali S.p.A. and the Municipality of Messina started in the 1960s regarding the repayment claimed by the Municipality of the public area in “Zona Falcata”, occupied by a warehouse of the company and the subsequent claim for payment of the related rental instalments.
The obligation to buy naval vessels refers to Conam S.p.A. for contractual obligations of the company to take in exchange second-hand boats, as part of the consideration, if payment has not been received by the customer upon delivery of the new boats.
Rodriquez Cantieri Navali S.p.A. has also issued a letter of guarantee for performance of the

contract by the subsidiary Intermarine S.p.A. in favour of the customer, the Finnish Navy, for an amount of 12,240 thousand euros for which it is considered that Intermarine S.p.A. is able to perform all contractual obligations.
The other risks include 4,070 thousand euros referred to the maximum penalty by virtue of the committment undertaken by Intermarine under the Industrial Participation contract (obligation to promote the exportation of Finish products) underwritten together with the construction contract for the Finish Navy amounting to 245 million euros.
To partially guarantee amounts due to banks by the Rodriquez group, two mortgages were released, relating to buildings located in Sarzana (Intermarine S.p.A.) for 16 million euros and Pozzuoli (Conam S.p.A.) for 2 million euros, respectively.

As regards Is Molas S.p.A., the amount of the commitment with the Municipality of Pula for the completion of the primary and secondary urbanisation works relating to the Is Molas allotment and deriving from the contract signed on 28 January 2005 and the Additional Act signed on 23 May 2006 is 7,395,000 euro; a guarantee was provided by Industria e Finanza S.p.A. and Etruria S.p.A. in favour of the Municipality of Pula to cover this commitment.

The Parent company has issued 92 million euros of collateral security (the building in via Abruzzi – Rome) to guarantee the 46 million euros loan received from Efibanca.
Against this loan, Immsi is bound during the period of duration of the contract to channel the lease revenues into a fixed deposit account keeping a minimum deposit equal to the amount of the interest instalment nearest the due date.
Immsi S.p.A. received guarantees for a total of 614 thousand euros and guarantee deposits for 34 thousand euros to cover the existing lease contracts at 31 December 2008.
Intesa Sanpaolo has moreover issued a revocable signed credit line equal to 0.4 million euros that Immsi has used for 350 thousand euros for the Cassa di Previdenza Integrativa (supplementary social security fund) of the personnel of Istituto San Paolo di Torino, with which Immsi stipulated in the month of December 2008 a contract to lease property located in Milan – Via Broletto. Against the work of restructuring, renovation and fitting out the leased property, the parties have agreed that the payments must be made as of the month of July 2010.
In the month of December, Bullet – Multi Borrower financing was stipulated for a total of 70 million euros with Intesa Sanpaolo (of which 25 million euros granted to Immsi, 30 million euros granted to ISM Investimenti and 15 million euros granted to Rodriquez Cantieri Navali). This financing, with expiration at the end of 2009, is guaranteed by 75,000,000 Piaggio shares equal to 140% of the value of the financed capital.
It is noted that the Company in view of the revolving credit line granted by Banca Popolare di Lodi has deposited 18.5 million Piaggio shares as a guarantee.
Immsi, as part of the supply contract for five catamarans to the Sultanate of Oman for which the Rodriquez group obtained a guarantee from a pool of banks for an amount of 84.5 million US dollars to guarantee payment of the consideration envisaged in the contract signed with the Sultanate of Oman for 90 million US dollars, counterguaranteed the "*performance bond*" and the "*advanced payment bond*" issued by the above banks for a maximum amount of 60 million US dollars and issued a letter of patronage for any part exceeding such amount in relation to Rodriquez Cantieri Navali S.p.A.'s obligations to channel payments. At 31 December this guarantee is equal to the maximum value of 60 million U.S. dollars.
Immsi has issued a letter of patronage to Banca Antonveneta guaranteeing the financing acknowledged during the month of May 2008 with expiration in October 2009 to Rodriquez Cantieri Navali S.p.A., agreed for a total of 5.2 million euros and paid out on 31 December 2008 for 2.6 million euros.
In the light of the contract stipulated between the Finnish Navy and the subsidiary Intermarine S.p.A. for the construction of three minesweepers, the Finnish Navy granted in the months of December 2007 and January 2008 three advance payments equal respectively to 16.3 million euros, 0.6 million euros and 32 million euros. These accounts are guaranteed, for an amount equal

to 115% of the sum received, through insurance guarantees issued by SACE, which has declared itself available to release the aforesaid guarantees provided there is the co-obligation of Immsi S.p.A..
In late 2008 the fidejussory guarantee ceased for Intesa Sanpaolo S.p.A. issued by Immsi S.p.A. in the interest of Rodriquez Cantieri Navali S.p.A., to cover an obligation of payment of the latter company for a total of 15 million euro extinguished at the end of the year.
In the month of September 2008 Immsi S.p.A. made a commitment to pay Piaggio & C. S.p.A. for the Financial Administration – Inland Revenue Office of Pontedera for a total of 26,511,940 euros equal to the VAT compensated for in 2007 resulting from the declaration related to the year 2006 and to the related interest until the end term of the assessment. Piaggio at the same time issued surety for Immsi and presented a request to replace Immsi with Piaggio itself as "Parent company", the positive outcome of which arrived in late February 2009.

Commitments for the Aprilia operation
Within the sphere of the agreements for the acquisition of Aprilia, in December 2004 the company issued warrants and financial instruments for the creditor banks of Aprilia and of the selling shareholders, exercisable in periods determined by the respective regulations starting from the approval of the consolidated financial statements at 31 December 2007 and whose commitments can be summarised as follows:
- Piaggio 2004/2009 Warrant for an overall issue price of 5,350.5 thousand euros, which envisages a redemption price, commensurate to the differential between the economic value of the Piaggio group on the date of exercising and a chart of threshold values that vary in relation to the different periods of exercise, and which can never exceed the overall issue price equal to 64,206 thousand euros by more than twelve times. Such redemption price can be regulated, with the option reserved for the issuer, both in cash and by delivering shares of Piaggio & C. S.p.A. that, as from 2005, has accounted the fair value of this commitment in a specific shareholders' equity reserve in the hypothesis of regulating the value of sale with the delivery of shares, having in the meantime started the process for listing the company and having a resolution of the Extraordinary Shareholders' Meeting for the increase in reserved capital by issuing up to a maximum of 25 million shares.
In the course of 2008 the almost entirety of the banks holding the warrants exercised them. The value realized by exercising the rights of the holders of the 9,959 exercised warrants turned out to be equal to 63,942,755.40 euros as per the evaluation made by an independent valuer on 5 June 2008. On 3 July liquidation was made by cash settlement. Following this decision what was previously classified among the reserves of shareholders' equity was reclassified as financial indebtedness. At 31 December 2008 there are still 41 warrants not yet exercised for a value of 263,244.60 euros;
- EMH 2004/2009 financial instruments for a global nominal value of 10,000 thousand euros, which grant the right to the payment, after approval of the financial statements at 31 December 2009, of a minimum guaranteed sum of 3,500 thousand euros, as well as a maximum sale value that can never exceed 6,500 thousand euros commensurate to the differential between the economic value of the Piaggio group on the date of exercising and a chart of threshold values, greater than those established for the Piaggio 2004/2009 Warrants that vary in relation to the different periods of exercise. The value realized by exercising the rights of the holders of the EMH Instruments turned out to be equal to 6,500 thousand euros as per the evaluation made by an independent valuer on 5 June 2008. On 3 July liquidation was made by Cash Settlement;
- Aprilia shareholder 2004/2009 financial instruments which envisage a maximum sale value that can never exceed 10,000 thousand euros commensurate to the differential between the economic value of the Piaggio group on the date of exercise and a chart of threshold values and subordinate to the total payment by Piaggio & C. S.p.A. of the maximum amount of the value required for the Piaggio 2004/2009 Warrants and the financial instruments EMH 2004/2009.

Operating leases

Piaggio & C. S.p.A. has signed operating leases for the use of tangible assets. Such contracts have an average life of 6.7 years. At 31 December 2008, the amount of irrevocable operating lease instalments still due is 191 thousand euros, a decrease compared to 31 December 2007, of which 106 thousand euros falling due within the year.
The Rodriquez group has signed operating leases mainly referring to software where the residual instalments total 155 thousand euros.

- L - RELATED PARTY DEALINGS

Reference should be made to the Report on operations as regards the main business relations of Group companies with related parties.

- M - FINANCIAL POSITION

The Immsi group net financial position at 31 December 2008 is shown below. Further details of the main components are provided in the tables in the Report on operations and the related information below them:

In thousands of euros	*31.12.2008*	*31.12.2007*
Cash and cash equivalents	-55,353	-134,673
Other short-term financial assets	-6,707	-19,222
Medium- and long-term financial assets	0	-566
Short-term financial payables	332,752	198,316
Medium- and long-term financial payables	338,187	384,316
Net financial debt	**608,879**	**428,171**

- N - DIVIDENDS PAID

Dividends paid over in 2008 (relating to the distribution of the profit for 2007, as per the shareholders’ resolution on 13 May 2008) total 10,296 thousand euros, equal to 0.03 euros per ordinary share.
The Parent company did not issue shares other than ordinary shares.
Last year, the dividends paid relating to 2006 and approved on 9 May 2007, totalled 10,296 thousand euros, equal to 0.03 euros per ordinary share.

- 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.

In euros	*31.12.2008*	*31.12.2007*
Net profit attributable to ordinary shareholders (euros)	14,212,000	32,716,000
Average weighted number of shares in circulation during the year	341,795,883	343,200,000
Basic earnings per share	**0.042**	**0.095**

Diluted income per share

Diluted income 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 own shares held. In determining the average number of potential shares in circulation, the average fair value of the shares referred to the individual period of reference is used.
The Company has no category of potential ordinary shares and treasury stock at 30 December 2008, therefore the diluted income per share coincides with the above basic income 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 that came into force on 1 January 2007.
The following table shows the financial instruments of the Immsi Group registered in the financial statements at 31 December 2008 and 31 December 2007:

In thousands of euros	*31.12.2008*	*31.12.2007*
ASSETS		
NON-CURRENT ASSETS		
Other financial assets	***0***	***566***
Financial receivables	0	566
CURRENT ASSETS		
Other financial assets	***6,707***	***19,222***
Financial receivables	656	795
Financial assets	6,051	18,427
LIABILITIES		
NON-CURRENT LIABILITIES		
Financial liabilities	***338,187***	***384,316***
Bonds	120,873	145,380
Amounts due to banks	172,273	203,170
Amounts due under finance leases	9,200	9,883
Amounts due to other lenders	35,841	25,883
CURRENT LIABILITIES		
Financial liabilities	***332,752***	***198,316***
Amounts due to banks	316,122	165,975
Amounts due under finance leases	769	736
Amounts due to other lenders	15,861	31,605

Financial assets

The item of financial Assets refers for 1,605 thousand euros to the subscription of certificates of deposit issued by an Indian Social Security institute made by the Indian subsidiary of Piaggio & C. S.p.A. in order to use the temporary liquidity efficiently. These securities that are intended to be held until expiration are reported at the amortised cost according to the method of the real interest rate.

Current and non-current liabilities

The current and non-current liabilities are fully commented upon within the illustrative note in the paragraph on the financial liabilities. In this section the debt is divided by type and detailed by expiration.

Lines of credit

At 31 December 2008 the most important irrevocable credit lines until expiry comprise:

- a line of 209,500 thousand euros that expire in 4 years, articulated by financing with amortisation and opening of credit fully reimbursable at expiration;
- an outline agreement with a pool of banks for granting credit lines for a total amount of 70,300 thousand euros that expires in 3 years, which can be used as credit up to 80% and as an advance on credits up to 60%;
- a line of 29,000 thousand euros that expires on 31 December 2009;
- a financing of 150 million euros that expires in 7 years;
- a financing of 25 million euros that expires in 5 years;
- a financing of 70 million euros that expires within one year.

Warrants and financial instruments

Within the sphere of the agreements signed in December 2004 on the occasion of the acquisition of Aprilia, Piaggio & C. S.p.A. issued warrants for Aprilia's credit banks and financial instruments for the selling shareholders fully commented on in the illustrative note in the paragraph on intangible Assets.

Management of financial risks

In the Piaggio group the governance of the Treasury functions and management of the financial risks is centralized. The treasury operations are performed in the sphere of policy and formalized guidelines, valid for all the companies in the group.

Management of capital and liquidity risk

The cash flows and the necessities for credit lines of the Piaggio group are monitored or managed centrally under the control of the Group Treasury with the objective of guaranteeing an effective and efficient management of the financial resources as well as optimizing the profile of the expirations of the debt. Piaggio & C. S.p.A. finances the temporary cash needs of the companies in the group holding current account relations with its subsidiaries, also with automatic daily balancing procedures (cash-pooling), regulated under normal market conditions.
The Parent Company Immsi S.p.A. operates with financing for the Group's subsidiaries or by issuing guarantees finalized at facilitating their supply: the above operations are regulated under normal market conditions.

For greater coverage of the risk of liquidity, at 31 December 2008 the Immsi Group had unused credit lines available for 435,248 thousand euros (299,814 thousand euros at 31 December 2007) of which 140,774 with expiration within 12 months and 294,474 thousand euros thousand euros with following expiration. With reference to the short-term lines, Immsi S.p.A. has 4.6 million euros and the Rodriquez group 10 million euros while the remainder refers to the Piaggio group.

Management of the exchange rate risk

The Group operates in an international context in which the transactions are conducted in different currencies to the euro and this exposes it to the risk. In particular the Piaggio group even since 2005 has adopted a policy on exchange rate risk management with the objective of neutralizing the possible negative effects of the variations in the exchange rates on the business cash-flow. The policy requires coverage of the economic risk, that concerns the variations in business profitability in relation to what is annually planned in the economic budget on the basis of a reference exchange rate (the so-called “budget exchange rate) for at least 66% of the exposure by using derivative contracts. The policy moreover requires full coverage of the transaction risk, that concerns the differences between the exchange rate recorded in the financial statements of receivables or payables in currency and that of recording the related collection or payment by using the natural compensation of the exposure (netting between sales and purchases in the same foreign currency), signing the derivative contracts of forward sale or purchase in foreign currency as well as advance payments of credits in foreign currency. The group is moreover exposed to the transferring risk, deriving from the conversion in euro of financial statements of subsidiary companies drawn up in different currencies to the euro made in the process of consolidationThe policy adopted by the group does not require coverage of this type of exposure also in relation to its modest amount. Following the net balance of the cash flows of the main currencies, while for the derivative contracts on the exchange rates in being at 31 December 2008 reference is made to the list in the illustrative note, in the paragraph regarding the financial liabilities.

	Amounts in millions of euros	
	Cash Flow 2008	**Cash Flow 2007**
Pound sterling	33.7	48.8
Indian rupee	20.9	19.1
Singapore dollar	0.6	1.0
Croatian kuna	17.7	17.1
US dollar	30.5	26,3
Canadian dollar	5.2	0
Swiss franc	14.0	12.3
Japanese yen	(23.4)	(19.4)
Chinese yuan*	(55.9)	(47.7)
Vietnamese dong	(13.0)	(5.0)
Total cah flow in foreign currency	**30.3**	**52.5**

*Flow settled in euro

Also the Rodriquez group covers the risks deriving from swings in the rates of exchange through specific operations tied to the single orders that require billing in currencies other than the euro.

In consideration of the above, hypothesizing an appreciation of 3% of the mean exchange rate of the euro on the portion of the economic exposure not covered on the main currencies observed in 2008, the consolidated operational income would be reduced by around 0.2 million euros.

Management of the interest rate risk

The exposure to the interest rate risk derives from the necessity to finance the operational activities, both industrial and financial, as well as whether to use the available liquidity. The variation in the interest rates can affect the costs and the yields of the operations of financing and investment. The Group regularly measures and checks its exposure to the risk of variation in the interest rates and it also manages such risks by resorting to derivatives, mainly Forward Rate Agreement and Interest Rate Swap, according to what is established by its administration policies. At 31 December 2008 the floating rate indebtedness, net of the financial assets, was equal to 402,4 million euros. As a result an increase or decrease of 1% of the Euribor above this net exposure would have produced greater or smaller interest of 4,020 thousand euros per year.

Credit risk

The Group considers its exposure to the risk of credit to be the following:

In thousands of euros	*31 December 2008*	*31 December 2007*
Cash and cash equivalents	55,353	134,673
Financial assets	6,051	18,427
Financial receivables	656	1,361
Trade receivables	113,341	161,439
Total	***175,401***	***315,900***

The Piaggio group monitors or manages the credit at central level via formalized policies and guidelines. The portfolio of the commercial credits does not present concentrations of credit risk in relation to good dispersion toward the network of dealers or distributors. Additionally most of the commercial credits have a short-term time profile. To optimize administration, the group has revolving programmes of without recouses ("*pro-soluto*") transfer of the commercial credits with some leading factoring companies both in Europe and in the United States of America.
With reference to the Rodriquez group, that by business type can present concentrations of credits with a few customers, it is noted that for the military division the most significant customers under the quantitative profile are represented by public bodies while in general the production to order requires substantial advance payments by the customer with advancement of the works thereby reducing the credit risk.

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND EQUITY INVESTMENTS AT 31 DECEMBER 2008, IN ACCORDANCE WITH ARTICLES 38 AND 39 OF ITAL.LEGISL.DECREE 127/1991

Company name	Currency	Share Capital (subscribed and paid-up)	% of share capital owned	% voting rights (if different)
LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH THE OVERALL INTEGRATION METHOD				
Apuliae S.p.A. P.zzetta Riccardi, 11 - 73100 Lecce Immsi S.p.A. equity investment of 85.00%	Euro	1,520,000.00	85.00%	
ISM Investimenti S.p.A. Via P. Verri, 1 - 46100 Mantova Immsi S.p.A. equity investment of 71.43%	Euro	5,000,000.00	71.43%	
Pietra S.r.l. Via Vivaio, 6 - 20122 Milano Immsi S.p.A. equity investment of 77.78%	Euro	40,000.00	77.78%	
Is Molas S.p.A. Località Is Molas - 09010 Pula (CA) ISM Investimenti S.p.A. equity investment of 60.00%	Euro	7,510,000.00	60.00%	
Immsi Audit S.c.a.r.l. P.zza Vilfredo Pareto 3 - 46100 Mantova Immsi S.p.A. equity investment of 25.00% Is Molas S.p.A. equity investment of 25.00% Piaggio & C. S.p.A. equity investment of 25.00% Rodriquez Cantieri Navali S.p.A. equity investment of 25.00%	Euro	40,000.00	100.00%	
RCN Finanziaria S.p.A. P.zza Vilfredo Pareto 3 - 46100 Mantova Immsi S.p.A. equity investment of 63.18%	Euro	32,135,988.00	63.18%	
Piaggio & C. S.p.A. v.le Rinaldo Piaggio, 25 - 56025 Pontedera (PI) - Italy Immsi S.p.A. equity investment of 54.92%	Euro	205,941,272.16	54.92%	58.88%
Aprilia Moto UK Limited *** 15, Gregory Way - SK5 7ST Stockport - Chesire - UK Aprilia World Service B.V. equity investment of 100.00%	GBP	2,555,325.00	100.00%	
Aprilia Racing S.r.l. v.le Rinaldo Piaggio,25 - 56025 Pontedera (PI) - Italy Nacional Motor S.A. equity investment of 100.00%	Euro	21,000.00	100.00%	
Aprilia World Service B.V. c/o Fortis Intertrust – Prince Bernhardplein, 200, 1097 JB Amsterdam (Holland) Piaggio & C. S.p.A. equity investment of 100.00%	Euro	6,657,500.00	100.00%	
Derbi Racing S.L. Calle La Barca 5-7, 08107 Martorelles Barcellona (Spain) Nacional Motor S.A. equity investment of 100.00%	Euro	1,263,000.00	100.00%	
Moto Laverda S.r.l. *** v. Galileo Galilei, 15 - 30033 Noale (VE) - Italy Piaggio & C. S.p.A. equity investment of 100.00%	Euro	80,000.00	100.00%	
Nacional Motor S.A. Calle Barcelona n. 19, 08107 Martorelles Barcellona (Spain) Piaggio & C. S.p.A. equity investment of 98.01% Aprilia World Service B.V. equity investment of 1.99%	Euro	9,368,904.00	100.00%	
P & D S.p.A. *** v.le Rinaldo Piaggio, 25 - 56025 Pontedera (PI) - Italy Piaggio & C. S.p.A. equity investment of 100.00%	Euro	416,000.00	100.00%	
Piaggio Asia Pacific PTE Ltd. 240 Macpherson Road # 02-02 - Pines Industrial Building 348574 Singapore Piaggio Vespa B.V. equity investment of 100.00%	SGD	100,000.00	100.00%	
Piaggio Benelux B.V. Hoevestein n.48, 4903 SC Oosterhout (Holland) Piaggio Vespa B.V. equity investment of 100.00%	Euro	45,378.00	100.00%	
Piaggio Deutschland Gmbh Marie-Curie Strasse 8 - 50170 Kerpen (Germany) Piaggio Vespa B.V. equity investment of 100.00%	Euro	5,113,500.00	100.00%	
Piaggio Finance S.A. 10-21, Boulevard du Prince Henri L-1724 Luxembourg RCS Luxembourg B 107.430 - c/o SEB Societé Europeenne de Banque Piaggio & C. S.p.A. equity investment of 99.99%	Euro	31,000.00	99.99%	
Piaggio France S.A.S. 21, Rue Georges Boisseau, 92586 Clichy Cedex (France) Piaggio Vespa B.V. equity investment of 100.00%	Euro	1,209,900.00	100.00%	
Piaggio Group Americas, Inc. 140 East 45th Street, 17th Floor New York, NY 10017 - U.S.A. Piaggio Vespa B.V. equity investment of 100.00%	USD	561,000.00	100.00%	

Company name	Currency	Share Capital (subscribed and paid-up)	% of share capital owned	% voting rights (if different)
Piaggio Group Japan 3-22-5-402 Shinyokohama Kouhoku-ku Yokohama shi - Kanagawa 222-0033 - Japan Piaggio Vespa B.V. equity investment of 100.00%	YEN	3,000,000.00	100.00%	
Piaggio Hellas S.A. 259, Imitu Street - 11631 Atene (Greece) Piaggio Vespa B.V. equity investment of 100.00%	Euro	2,704,040.00	100.00%	
Piaggio Hrvatska D.o.o. Kralja Stjepana Drzislava 7, 21000 Spalato (Croatia) Piaggio Vespa B.V. equity investment of 75.00%	HRK	400,000.00	75.00%	
Piaggio Limited 153-155 Masons Hill Linden House BR29HY Bromley Kent (UK) Piaggio Vespa B.V. equity investment of 99.9996% Piaggio & C. S.p.A. equity investment of 0.0004%	GBP	250,000.00	100.00%	
Piaggio Portugal Limitada *** Campo Grande n. 35 – 5° B Lisbona 16003100 (Portugal) Piaggio Vespa B.V. equity investment of 100.00%	Euro	5,000.00	100.00%	
Piaggio Vehicles Private Limited E-2, MIDC Area Baramati 413-133 Dist. Pune, Maharashtra, INDIA Piaggio & C. S.p.A. equity investment of 99.999997% Piaggio Vespa B.V. equity investment of 0.000003%	INR	340,000,000.00	100.00%	
Piaggio Vespa B.V. c/o Fortis Intertrust – Prince Bernhardplein, 200, 1097 JB Amsterdam HOLLAND Piaggio & C. S.p.A. equity investment of 100.00%	Euro	91,000.00	100.00%	
Piaggio Vietnam Co. Ltd. Lot M Binh Xuyen Industrial Zone Vinh Phuc Province, Vietnam (registered office) Floor 15, Vit Tower, 519 Kim Ma Str., Ba Dinh District, Hanoi, Vietnam (operational headquarters) Piaggio & C. S.p.A. equity investment of 51.00% Piaggio Vespa B.V. equity investment of 36.50%	Dong	64,800,000,000.00	87.50%	
Rodriquez Cantieri Navali S.p.A. v. S. Raineri, 22 - 98122 Messina RCN Finanziaria S.p.A. equity investment of 100,00%	Euro	14,040,000.00	100.00%	
Rodriquez Engineering Srl Via S. Raineri, 22 - 98122 Messina Rodriquez Cantieri Navali S.p.A. equity investment of 98.74%	Euro	119,756.00	98.74%	
Intermarine S.p.A. Via Alta - 19038 Sarzana (La Spezia) Rodriquez Cantieri Navali S.p.A. equity investment of 100.00%	Euro	10,000,000.00	100.00%	
Conam S.p.A. Via Provinciale Pianura - Loc. S. Martino, 15 80078 Pozzuoli (Napoli) Rodriquez Cantieri Navali S.p.A. equity investment of 89.00%	Euro	818,000.00	89.00%	
Rodriquez Logtec Srl Via Mercadante, 4C 89026 S. Ferdinando (Reggio Calabria) Rodriquez Cantieri Navali S.p.A. equity investment of 55.00%	Euro	60,000.00	55.00%	
Rodriquez Cantieri Navali do Brasil Ltda. Rua Miguel de Lemos n. 53 - Ponta da Areia - Niteroi - RJ CEP 24040-260 Rodriquez Cantieri Navali S.p.A. equity investment of 100.00% less 1 share of 1 R$ hold by Intermarine S.p.A.	R$	1,068,150.00	100.00%	
Rodriquez Yachts Srl Via S. Raineri, 22 - 98122 Messina Rodriquez Cantieri Navali S.p.A. equity investment of 95.00% Rodriquez Marine System S.r.l. equity investment of 5.00%	Euro	22,289.00	100.00%	
Rodriquez Marine System Srl Via S. Raineri, 22 - 98122 Messina Rodriquez Engineering S.r.l. equity investment of 90.00%	Euro	46,800.00	90.00%	
Rodriquez Pietra Ligure Srl Via Vivaio n. 6 20122 Milano Rodriquez Cantieri Navali S.p.A. equity investment of 100.00%	Euro	20,000.00	100.00%	

Company name	Currency	Share Capital (subscribed and paid-up)	% of share capital owned	% voting rights (if different)
EQUITY INVESTMENTS IN SUBSIDIARIES, ASSOCIATED AND JOINT CONTROL COMPANIES VALUED USING THE EQUITY METHOD				
Aprilia Brasil S.A.*** Av.da Carvalho Leal n° 1336, 2° andar, Manaus - Brazil Aprilia World Service Holding do Brasil Ltda equity investment of 51.00%	R$	2,020,000.00	51.00%	
Aprilia World Service Holding do Brasil Ltda. Rua Professor Alceu Maynard de Araujo, 121, Térreo, San Paolo - Brazil Aprilia World Service B.V. equity investment of 99.99995%	R$	2,028,780.00	99.99995%	
Piaggio China Co. LTD Suite 1901, 19/F, Cheung Kong Center, 2 Queen's Road Central Hong Kong Piaggio & C. S.p.A. equity investment of 99.999992%	USD	12,100,000.00	99.999992%	
Zongshen Piaggio Foshan Motorcycle Co. LTD. Zhenxing Road, Chengxi Industrial Zone, Zhangcha, Foshan City Guangdong Province - 52800 CHINA Piaggio & C. S.p.A. equity investment of 32.50% Piaggio China Co. LTD equity investment of 12.50%	USD	29,800,000.00	45.00%	
EQUITY INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES VALUED USING THE COST METHOD				
Acciones Depuradora Soc. Coop. Catalana Limitada Agrupacio d'Industrials del Baix Valles Doctor Lluis duran, 76 2° 08100 Mollet del Valles Barcelona - SPAIN Nacional Motor S.A. equity investment of 22.00%	Euro	60,101.21	22.00%	
Pont - Tech, Pontedera & Tecnologia S.c.r.l. v.le Rinaldo Piaggio, 32 - 56025 Pontedera (PI) - Italy Piaggio & C. S.p.A. equity investment of 20.44%	Euro	884,160.00	20.44%	
S.A.T. Societé d'Automobiles et Triporteurs S.A. 128 Avenue Jugurtha, Mutueville, 1082 Tunisi TUNISIA Piaggio Vespa B.V. equity investment of 20.00%	TND	210,000.00	20.00%	
Rodriquez Mexico *** Altamirano 750 Col El Esterito La Paz, BCS CP 23020 MEXICO Rodriquez Cantieri Navali S.p.A. equity investment of 50.00%	Pesos	50,000.00	50.00%	
Consorzio CTMI - Messina Via S. Raineri, 22 - 98122 Messina Rodriquez Cantieri Navali S.p.A. equity investment of 41.54%	Euro	53,040.00	41.54%	
Rodriquez Charter & Broker Srl *** Via S. Raineri, 22 - 98122 Messina Rodriquez Yachts S.r.l. equity investment of 100%	Euro	10,000.00	100.00%	
Fondazione Piaggio Onlus v.le Rinaldo Piaggio, 7 - 56025 Pontedera (PI) - Italy Piaggio & C. S.p.A. equity investment of 50%	Euro	103,291.38	50.00%	

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

Certification of the consolidated financial statements in accordance with art.81-*ter* of the Consob Regulations no. 11971 of 14th May 1999 and subsequent changes and amendments

The undersigned Roberto Colaninno, as Chairman of the Board of Directors, Luciano La Noce, as Managing Director and Andrea Paroli, as 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 Ital.Legisl.Decree 58 of 24 February 1998:

- adequacy in relation to the characteristics of the company and
- actual application

of the administrative and accounting procedures for forming the financial statements consolidated during the year 2008.

To this regard no aspects of particular importance have emerged.

In addition, it is certified that the consolidated financial statements at 31 December 2008:

- correspond to the documentary results, the registers and the accounting records;
- 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;
- are suited to provide a truthful and correct representation of the issuer's assets and liabilities, profit and loss and financial situation of the companies included in the consolidation.

The Report on management includes a reliable analysis of the progress and result of management, as well as of the situation of the issuer and of the group of companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

24 March 2009

Chairman
Roberto Colaninno

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

Managing Director
Luciano La Noce

IMMSI S.p.A.

Financial statements at 31 December 2008

Below are the balance sheet, income statement, cash flow statement and schedule of changes in shareholders' equity, detailing the significant amounts relating to intragroup and related party dealings.

Balance sheet

In euro

ASSETS	Notes	31/12/2008	31/12/2007
NON-CURRENT ASSETS			
Intangible assets		0	0
Tangible assets	C1	581,304	11,631,058
- of which intragroup and related parties		*71,257*	*91,810*
Property investments	C2	72,349,120	0
Equity investments	C3	382,310,815	366,752,717
Other financial assets	C4	126,349,999	12,000,000
- of which intragroup and related parties		*26,350,000*	*12,000,000*
Amounts due from the tax authorities	C5	3,885,028	4,315,360
Deferred tax assets		0	0
Trade receivables and other receivables	C6	2,751,821	1,384,774
- of which intragroup and related parties		*2,747,986*	*1,380,937*
TOTAL NON-CURRENT ASSETS		**588,228,087**	**396,083,909**
ASSETS INTENDED FOR DISPOSAL		0	0
CURRENT ASSETS			
Trade receivables and other receivables	C6	13,864,948	1,314,264
- of which intragroup and related parties		*2,388,899*	*1,154,394*
Amounts due from the tax authorities	C5	136,530	216,305
Other financial assets	C4	35,427,150	79,881,794
- of which intragroup and related parties		*18,020,000*	*14,701,278*
Cash and cash equivalents	C7	9,149,587	8,219,899
TOTAL CURRENT ASSETS		**58,578,215**	**89,632,262**
TOTAL ASSETS		**646,806,302**	**485,716,171**

LIABILITIES	Notes	31/12/2008	31/12/2007
SHAREHOLDERS' EQUITY			
Share capital		177,075,600	178,464,000
Reserves and retained earnings		238,542,106	176,721,015
Net earnings of the period	E10	17,245,542	11,550,569
TOTAL SHAREHOLDERS' EQUITY	D1	**432,863,248**	**366,735,584**
NON-CURRENT LIABILITIES			
Financial liabilities	D2	45,917,633	45,862,758
Trade payables and other payables		0	0
Reserves for severance indemnity and similar obligations	D4	201,526	158,278
Other long-term reserves		0	0
Deferred tax liabilities	D6	21,531,884	5,574,184
TOTAL NON-CURRENT LIABILITIES		**67,651,043**	**51,595,220**
LIABILITIES LINKED WITH ASSETS INTENDED FOR DISPOSAL		0	0
CURRENT LIABILITIES			
Financial liabilities	D2	92,412,850	62,698,000
- of which intragroup and related parties		*360,000*	*540,000*
Trade payables	D3	1,501,296	1,059,018
- of which intragroup and related parties		*384,173*	*238,191*
Current taxation	D7	397,266	310,079
Other payables	D3	51,860,141	3,197,812
- of which intragroup and related parties		*49,926,236*	*2,324,678*
Current portion of other long-term reserves	D5	120,458	120,458
TOTAL CURRENT LIABILITIES		**146,292,011**	**67,385,367**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**646,806,302**	**485,716,171**

Income statement
In euros

IS	Notes	Year 2008	Year 2007
Financial income	E1	25,940,355	14,421,335
- of which intragroup and related parties		*15,836,992*	*7,349,275*
Financial charges	E2	(6,720,815)	(4,058,299)
- of which intragroup and related parties		*(29,247)*	*(32,813)*
Gain / loss on equity investments		0	0
Operating income	E3	4,242,069	4,254,653
- of which intragroup and related parties		*1,824,701*	*1,812,306*
Costs for materials		(60,887)	(60,428)
Costs for services and the use of third party assets	E4	(4,355,955)	(3,638,256)
- of which intragroup and related parties		*(387,750)*	*(418,293)*
Personnel costs	E5	(1,427,056)	(1,403,062)
Depreciation of tangibile assets	E6	(426,878)	(366,866)
Impairment of goodwill		0	0
Amortisation of finite life intangible assets		0	(187)
Other operating income	E7	301,255	636,776
- of which intragroup and related parties		*90,333*	*93,630*
Other operating costs	E8	(705,029)	(338,387)
- of which intragroup and related parties		*(747)*	*(14,354)*
EARNINGS BEFORE TAXATION		**16,787,059**	**9,447,279**
Taxation	E9	458,483	2,103,290
- of which intragroup and related parties		*(217,881)*	*183,782*
EARNINGS AFTER TAXATION FROM CONTINUING ASSETS		**17,245,542**	**11,550,569**
Gain (loss) from assets intended for disposal or sale		0	0
NET EARNINGS FOR THE PERIOD	E10	**17,245,542**	**11,550,569**

Earnings per share
In euros

	Year 2008	Year 2007
Basic	0.0505	0.0337
Diluted	0.0505	0.0337

Cash flow statement

In thousands of euros

	Notes	Year 2008	Year 2007
Operations:			
Earnings of the period	E10	17,246	11,551
Taxation (1)	E9	(458)	(2,103)
Depreciation of tangible assets (including property investments)	E6	427	367
Provisions for risks and for severance indemnity and similar obligations	D4	69	38
Write-downs / (Revaluations)	E8	281	7
Losses / (Gains) on disposal of tangible assets (including property investments)		0	21
Losses / (Gains) on disposal of securities	E1	(7,356)	(4,482)
Interest receivable (2)	E1	(2,275)	(927)
Dividend income (3)	E1	(16,114)	(8,987)
Interest payable (4)	E2	6,701	4,045
Change in working capital:			
(Increase) / Decrease in trade receivables (5)	C6	(3,083)	(877)
(Increase) / Decrease in trade payables (6)	D3	464	(667)
(Increase) / Decrease in provisions for risks		0	0
(Increase) / Decrease reserves for severance indemnity similar obligations	D4	(25)	(68)
Other changes (10)		35,978	85
Cash generated from operations		31,855	(1,997)
Interest paid (4)		(5,789)	(3,754)
Taxation paid		(86)	(13,500)
Cash flow from operations		**25,980**	**(19,251)**
Investments:			
Acquisition of subsidiaries, net of cash and cash equivalents (7)	C3	(42,938)	(25,952)
Sale price of subsidiaries, net of cash and cash equivalents (8)	C3	94,856	0
Investments in tangible assets	C1	(905)	(280)
Sale price, or repayment value, of tangible assets (including property investments)		2	4
Purchase of non-consolidated equity investments		(10)	0
Loans provided (9)	C4	(31,520)	(13,601)
Repayment of loans	C4	13,851	0
Purchase of financial assets	C4	(99,999)	0
Sale price of financial assets	E1	8,029	5,912
Interest received		128	163
Dividends from equity investments (3)	E1	16,114	8,987
Cash flow from investments		**(42,392)**	**(24,767)**
Financing:			
Increase in share capital by Group shareholders		0	0
Purchase of treasury stock	D1	(2,078)	0
Loans received	D2	70,000	62,158
Outflow for repayment of loans	D2	(40,285)	(180)
Outflow for dividends paid to Parent company Shareholders	I	(10,296)	(10,296)
Cash flow from financing		**17,341**	**51,682**
Increase / (Decrease) in cash and cash equivalents	C6	**929**	**7,664**
Opening balance		**8,220**	**556**
Exchange differences		0	0
Closing balance		**9,149**	**8,220**

(1) of which 197 thousand euros tax income and 415 thousand euros tax burden toward companies in the Group against the fiscal consolidation;

(2) of which 2,144 thousand euros from financings granted to companies in the Group;

(3) of which 13,520 thousand euros for dividends paid out by Piaggio & C. S.p.A.;

(4) of which 29 thousand euros for interest paid to Apuliae S.p.A.;

(5) of which 1,229 thousand euros increased for trade receivables from companies in the Group;

(6) of which 147 thousand euros increased related to payables to companies in the Group and other related parties;

(7) of which 30,020 thousand euros for the acquisition of ISM Investimenti S.p.A., 12,918 thousand euros for purchasing shares of Piaggio & C. S.p.A.;

(8) of which 84,000 thousand euros for the sale of the investment in Is Molas S.p.A. and 10,856 thousand euros for the sale of shares of Piaggio & C. S.p.A.;

(9) of which 15 million euros paid to Rodriquez Cantieri Navali S.p.A., 1,5 million euros to Is Molas S.p.A., 0.12 million euros to Ism Investimenti S.p.A., 14.5 million euros to RCN Finanziaria S.p.A. and 0.4 million euros to Pietra S.r.l.;

(10) of which 47.564 thousand euros increased related to payables to Alitalia – Compagnia Aerea Italiana S.p.A..

This schedule illustrates the changes in cash and cash equivalents, net of short-term bank overdrafts (equal to zero at 31 December 2008).

Changes in Shareholders’ Equity

In thousands of euros

	Share capital	Extraordinary reserve A - B - C	Share premium reserve A - B	Financial instrument measurement reserve	Measurement reserve for Entities Under Common Control A - B - C	Property Investment Revaluation reserve	Reserves for revaluation L.413/91 A - B - D	Legal reserve A	Other legal reserves A -B - D	Earnings reserves A - B - C	Reserves and retained earnings	Shareholders’ equity
Balances at 31 December 2006	**178,464**	**7,103**	**95,216**	**58,758**	**0**	**0**	**4,602**	**1,288**	**1,153**	**1,575**	**27,972**	**376,131**
Allocation of earnings to Legal Reserve								1,399			(1,399)	0
Allocation of earnings to Dividends											(10,296)	(10,296)
Allocation of earnings to Retained Earnings										16,277	(16,277)	0
Measurement at fair value of Assets				(10,650)								(10,650)
Gains (losses) recognised directly in equity												0
Purchase of treasury stock												0
Other changes												0
Net earnings for the period											11,551	11,551
Balances at 31 December 2007	**178,464**	**7,103**	**95,216**	**48,108**	**0**	**0**	**4,602**	**2,687**	**1,153**	**17,852**	**11,551**	**366,736**

	Share capital	Extraordinary reserve A - B - C	Share premium reserve A - B	Financial instrument measurement reserve	Measurement reserve for Entities Under Common Control A - B - C	Property Investment Revaluation reserve	Reserves for revaluation L.413/91 A - B - D	Legal reserve A	Other legal reserves A -B - D	Earnings reserves A - B - C	Reserves and retained earnings	Shareholders’ equity
Balances at 31 December 2007	**178,464**	**7,103**	**95,216**	**48,108**	**0**	**0**	**4,602**	**2,687**	**1,153**	**17,852**	**11,551**	**366,736**
Allocation of earnings to Legal Reserve								578			(578)	0
Allocation of earnings to Dividends											(10,296)	(10,296)
Allocation of earnings to Retained Earnings										677	(677)	0
Measurement at fair value of Assets				(45,005)		41,171						(3,834)
Gains (losses) recognised directly in equity					65,087							65,087
Purchase of treasury stock	(1,388)									(690)		(2,078)
Other changes										3		3
Net earnings for the period											17,245	17,245
Balances at 31 December 2008	**177,076**	**7,103**	**95,216**	**3,103**	**65,087**	**41,171**	**4,602**	**3,265**	**1,153**	**17,842**	**17,245**	**432,863**

Available for:
A: Loss balance
B: Share capital increase
C: Distribution to shareholders
D: Distribution to shareholders under tax suspension

Explanatory and additional notes to the financial statements at 31 December 2008

Note	Description
A	**General aspects**
B	**Accounting standards and measurement criteria**
C	**Information on the main asset items**
C1	Tangible assets
C2	Property investments
C3	Equity investments
C4	Other financial assets
C5	Amounts due from tax authorities
C6	Trade receivables and other receivables
C7	Cash and cash equivalents
D	**Information on the main liability items**
D1	Shareholders' equity
D2	Financial liabilities
D3	Trade payables and other payables
D4	Reserves for severance indemnity and similar obligations
D5	Other long-term reserves (current portion included)
D6	Deferred tax liabilities
D7	Current taxation
E	**Information on the main Income Statement items**
E1	Financial income
E2	Financial charges
E3	Operating income
E4	Costs for services and use of third party assets
E5	Personnel costs
E6	Depreciation of tangibile assets
E7	Other operating income
E8	Other operating costs
E9	Taxation
E10	Net earnings for the period
F	**Commitments, risks and guarantees**
G	**Net financial position**
H	**Dividends paid**
I	**Earnings per share**
L	**Related party dealings**
M	**Risks and Uncertainties**
N	**Emoluments paid to members of the supervisory and management boards, to general managers and to senior managers with strategic responsibilities**
O	**Auditing costs**

A – General aspects

Immsi S.p.A. (the Company) is a limited company established under Italian law and has registered offices in Mantova - P.zza Vilfredo Pareto, 3 and sub-offices in via Abruzzi, 25 – Rome and Via Vivaio, 6 – Milan. The main activities of the company and its subsidiaries (the Group) are described in the first section of the Directors' Report.
At 31 December 2008, Immsi S.p.A. was directly controlled by Omniainvest S.p.A., a company owned by Omniaholding S.p.A..

Following the coming into force of European Regulation no. 1606 in July 2002, Immsi S.p.A. has adopted the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Commission, the updates of those pre-existing ones (IAS), as well as the documents of the International Financial Reporting Interpretations Committee (IFRIC) deemed applicable to the transactions carried out by the Company.
The Financial Statements of Immsi S.p.A. are drawn up in conformity with the provisions of Italian Legislative Decree D. Lgs. 58 dated 24 February 1998 in force at the date. The Company did not deem significant the presentation of information by sector, as established in IAS 14.

The currency used in preparing these financial statements is the euro and the amounts are expressed in thousands of euros (unless otherwise indicated).

These financial statements are subject to audit by Deloitte & Touche S.p.A..

Presentation of the financial statements

The consolidated financial statements consist of the Balance Sheet, the Income Statement, the Cash Flow Statement, the Schedule of changes to Shareholders' Equity and the explanatory and additional Notes.
With reference to Consob Resolution no. 15519 of 17 July 2006 it is pointed out that, as regards the financial schedules, specific income statement, balance sheet have been inserted to evidence significant related party dealings and intragroup.

In relation to the options envisaged in IAS 1 "Presentation of Financial Statements", Immsi S.p.A. has opted to present the following types of accounting schedules:

- **Balance Sheet:** The Balance Sheet is presented in sections with Assets, Liabilities and Shareholders' Equity indicated separately. Assets and Liabilities are shown in the consolidated financial statements on the basis of their classification as current and non-current.
- **Income statement:** The Income Statement is presented with the items classified by their nature The Company, in the light of the evolution of the business in recent times that has involved a greater economic importance of the financial component in relation to the real estate and services component, has adopted from these financial statements a report on the profit and loss account that highlights at the top of the chart the predominant business that Immsi S.p.A. is carrying on.
- **Cash Flow Statement:** The Cash Flow Statement is presented divided into areas generating cash flows, as indicated by international accounting standards. The Cashflow Statement adopted by Immsi has been prepared using the indirect method.
- **Schedule of Changes in Shareholders' Equity:** The Schedule of Changes in Shareholders' Equity is shown as required by international accounting standards, with a separate indication of the result for the period and of every individual sale, income, charge and expense that has not been recorded in the income statement, but charged directly in net shareholders' equity on the

basis of specific IAS/IFRS accounting standards.

B - Accounting standards and measurement criteria

The accounting standards adopted in preparing this financial statements are the same as those applied in preparing the annual financial statements at 31 December 2007.
The directors have drawn up the financial statements with the presumption of the business continuing since, even in a difficult economic and financial context, the uncertainties found, as defined by IAS 1, are not significant and generate no significant doubts about the presumed continuity of the business.
No atypical, unusual or non-recurrent operations have been found during 2008.
No exceptional cases occurred that required derogations to the norms of the law related to the financial statements of the year in accordance with art.2423, 4th paragraph, of the Italian Civil Code.

The international accounting standards adopted are listed below.

Intangible assets

An intangible asset is recorded only if it is identifiable, verifiable and it is likely to generate future economic benefits and its costs can be reliably determined.
Intangible assets with a finite life are recorded at purchase cost net of accumulated amortisation and cumulative impairment. Amortisation is equated to their expected useful life and starts when the asset is available for use.

Tangible assets

Property, plant and equipment are recorded at purchase or production cost, including directly attributable accessory charges, net of accumulated depreciation and impairment. For an asset whose capitalisation is justified, the cost also includes the financial charges which are directly attributable to the purchase, construction or production of the asset.
The costs incurred following the purchase are capitalised only if they increase the future economic benefits inherent in the asset to which they refer. All the other costs are recorded in the income statement when they are incurred.
Construction in progress is valued at cost and is depreciated from the period in which it comes into operation.
Depreciation is determined on a straight-line basis over the estimated useful life of the assets or, in the case of disposal, until the end of the complete previous year.
Land is not depreciated.
The Company does not hold any asset under financial lease contract at 31 December 2008.
The other tangible assets are depreciated applying the criterion and rates indicated below:

Furniture and fittings, electrical machines	12%
Personal computers, hardware, EDP and telephon systems	20%
Motor vehicles	25%
Other equipment	from 15% to 25%

Property investments

As allowed by IAS 40, a non-instrumental property owned in order to obtain rents and/or for the appreciation of the property is valued at fair value net of the accumulated losses for the reduction in value.
The property investments are not subject to the process of amortisation and they are eliminated

from the financial statements when they are sold or when the property investment is durably unusable and no future economic benefits are expected from its sale.
The property investment registered by the Company refers to the property located in Rome – Via Abruzzi whose term of useful life has been estimated at 2023 while the term for the related fittings has been estimated at 2016.

Equity investments

Equity investments in subsidiaries and associated companies are recorded at cost including accessory costs and adjusted for any impairment. The flows of purchase and sale related to the investments follow the criterion of FIFO.

Impairment

Tangible assets and equity investments in subsidiaries and associated companies are subjected to impairment tests annually, or more frequently, whenever there is an indication that the asset may have suffered impairment. If there is evidence that the equity investments have been impaired, a write-down is recognized in the income statement. With reference to the measuring of the equity investments, if any portion belonging to the Company of the investee's losses exceeds the book value of the equity investment and the Company is answerable for them, the value of the equity investment is reversed and the portion of any further losses is recorded as a provision in the liabilities. If there is a subsequent positive change in the loss of value, this is recognised in the income statement as a restoration of value.

Receivables

Receivables are recorded at their nominal adjusted value, in order to align them to their presumed realisable value, through the recording of a bad debt provision. This provision is calculated on the basis of the recovery assessments carried out by analysis of the individual positions and of the overall risk of all the receivables, taking account of any guarantees.
When the payment of the sum due is deferred beyond normal credit terms offered to customers and the financial effect associated with such deferral is significant, it is necessary to discount the receivable.

Cash and cash equivalents

This heading includes cash in hand, on demand deposit accounts and other highly-liquid short-term financial investments, which are readily convertible into cash and have an insignificant risk of losing value.

Financial liabilities

Financial liabilities include loans that are recognised at the cost represented by the original value of the sums received net of accessory charges for acquiring the loan. After the initial recording, non-current financial liabilities – which differ from the financial liabilities measured at fair value and recognized in the income statement - are measured with the amortised cost method, using the effective interest rate. Financial assets are recorded and reversed from the financial statements on the basis of their trade date.

Financial assets

The item financial Assets includes: assets measured at fair value recognized in the income statement (held for trading), investments held at maturity, loans and receivables and the residual category for assets available for sale.

Included among financial assets are current securities, that is, short-term or negotiable securities that represent temporary investments of liquidity and do not meet the requirements for classification as cash equivalents. Their initial measurement takes account of the transition costs directly attributable to their purchase or issue.
After initial recognition at cost, financial instruments available for sale and these held for trading are measured at fair value.
When financial assets are held for trading (fair value to profit and loss), the gains and losses arising from changes in the fair value are charged to the income statement for the period. When financial assets are (available for sale), namely they are not classified as financial assets held for trading and they are not loans or receivables, the gains and losses arising from changes in the fair value are charged directly to shareholders' equity until the financial asset is sold or derecognised; at that moment the accumulated overall gains or losses, including the ones previously recognized in the shareholders' equity, are included in the income statement of the period.

The investments held to maturity and not for purposes of negotiation (financings and credits originated during the characteristic activity) and all the financial activities with preset maturities, for which there are no quotations available in an active market and whose fair value cannot be determined reliably, are valued according to the criterion of the amortised cost net of any devaluations operated to reflect losses in value.

The loans and receivables originated during the activity that Immsi S.p.A. does not hold for trading for which the fair value cannot be reliably determined, and they do not have a fixed maturity, are measured at purchase cost.

Payables

Trade payables falling due within normal business terms are not discounted and are recognised at nominal value, deemed representative of their discharge value. The interest portion possibly included in the nominal value not accrued at the end of the period is deferred to future periods.

Employee benefits

With the adoption of the IFRS, the employees' severance indemnity, that will now be held by the company, is considered a defined benefit obligation to be recorded in accordance with IAS 19 "Employee Benefits", consequently, it must be recalculated using the "Projected Unit Credit Method", by undertaking actuarial valuations at the end of each period.
The liabilities for benefits following the employment relationship recorded in the financial statements represent the present value of liabilities for defined benefit plans adjusted to take account of actuarial gains and losses and the unrecorded costs related to previous employment services, and reduced by the fair value of the programme assets. Any net assets resulting from this calculation are limited to the value of the actuarial losses and the cost relating to unrecorded previous employment services, plus the present value of any repayments and reductions in future contributions to the plan.
The interest element of the income/charge relating the employee plans discounting under the "Financial will income/charges" heading.

It is pointed out that with the coming into effect of the changes brought about by Italian Law 296 of 27 December 2006 and the following Decrees and Regulations for implementation on the subject of Severance Indemnity Reserves and complementary social security there has been no change in the evaluation of the liabilities, since the Company has less than 50 employees none of whom has opted for forms of complementary social security.

Provisions for risks and charges

Provisions for risks and charges are recorded when there is a legal or implicit obligation towards third parties and it is likely that the use of resources will be necessary to fulfil the obligation and when a reliable estimate of the amount of the obligation itself can be made.
Provisions are recognised at the amount representing the best estimate of the amount that the company would pay to settle the obligation or to transfer it to third parties at the period end date. Changes in the estimate are reflected in the income statement for the period in which the change occurred.
If the liability relates to tangible assets, the provision is recognised as a counter-entry to the asset to which it refers; recognition of the charge in the income statement is by depreciation of the tangible asset to which the charge refers.

Financial income and charges

Financial income is recorded on an accrual basis.
It includes interest income on invested funds and income arising from financial instruments.
Interest income is charged to the income statement as it accrues, considering the effective yield. Interests due on financial payables are calculated using the effective interest rate method.

Dividends recorded in the income statement are recorded when, following the resolution to distribute a dividend is passed by the investee company, the related tax credit right arises.

Operating revenues and costs

The costs and revenues from the sale of assets are given in the financial statements only when the risks and the correlated benefits to the owners of the assets are considered transferred while, as concerns the services, costs and revenues, they are ascribed to the income statement with reference to their advancement and the benefits achieved at the date of the financial statements.

The reporting criteria required by IAS 18 are applied to one or more operations as a whole when they are so closely connected that the commercial result cannot be valued without making reference to such operations as to a single whole, therefore the income from re-charging costs for materials and services sustained by Immsi S.p.A. on behalf of companies in the Group or third parties is not given in the income statement as it is offset with the related costs that generated them.

Current taxation

The income taxes for the year are calculated using the tax rates in force at the balance sheet date and are recorded in the income statement, except for income tax relating to items directly charged or debited to shareholders' equity, in which case the tax effect is recognized directly as a reduction or increase in shareholders' equity.
Other taxation unrelated to income is included in other operating costs.
Income tax for IRAP is recognised in the amounts due to the tax authorities net of advances while as for IRES it is noted, that the Company has undersigned with some companies of the Group a national fiscal consolidated contract for the three-year period 2007-2009, therefore the payables, advance payments and withholdings suffered were transferred at the end of the year to the fiscal consolidated company. Immsi S.p.A., as the consolidating company, has reported in its own financial statements both the amount due to the companies transferring fiscal losses and tax credits and the amount due to companies transferring a taxable amount set off respectively against the credit or the cumulative payables with the tax authorities.

Deferred taxation

Deferred taxation assets and liabilities are calculated on all of the temporary taxable differences between the book value and their tax value.
Deferred tax assets on tax losses are recognised only to the extent that the existence of adequate future taxable income of the Group against which to use this positive balance is considered likely. The book value of deferred tax assets is subject to annual review and is reduced to the extent to which the existence of sufficient taxable income to allow the whole or partial recovery of such assets is no longer probable.
Assets for deferred taxation and the reserve for deferred taxation are offset when there is a legal right to offset and when the taxes are due to the same tax authority.
Deferred taxation is determined on the basis of the tax rates which are expected to be applied in the periods in which such temporary differences will occur or be extinguished.
Deferred taxation may not be discounted and is classified under non-current assets and liabilities.

Use of estimates

The preparation of the financial statements and the related notes in application of the IAS/IFRS requires Management to make estimates and assumptions that have an impact on the values of the assets and liabilities in the financial statements and on the information relating to contingent assets and liabilities at the financial statement date. The actual results may differ from such estimates. The estimates are used to measure provisions for risks on receivables, amortisation and depreciation, write-downs of assets, employee benefits, tax, and other provisions and reserves. These estimates and assumptions are periodically reviewed and the impact of each change is immediately reflected in the income statement.

New accounting standards

Hereunder we state the main changes to the international accounting standards issued by the IASB and applicable as of 1 January 2009:

- On 30 November 2006 IASB issued the accounting principle IFRS 8 – *Operating Segments* in place of IAS 14 – *Segment Reporting*;
- On 29 March 2007 IASB issued a revised version of IAS 23 – *Borrowing costs*;
- On 6 September 2007 IASB issued a revised version of IAS 1 – *Presentation of the Financial Statements*;
- On 10 January 2008 IASB issued an updated version of IFRS 3 – *Business Combinations*;

On 10 January 2008 IASB issued an amendment to IAS 27 – *Consolidated and Separate Financial Statements*. The changes will be applicable in a perspective manner as of 1 January 2010.

On the date of issuing these financial statements, the relevant bodies of the European Union have not yet concluded the necessary process of type-approval for applying this amendment.

On 17 January 2008 the IASB issued an amendment to IFRS 2 – *Vesting Conditions and Cancellation*.

On 14 February 2008 the IASB issued an amendment to IAS 32 – *Financial Instruments: Presentation* and to IAS 1 – *Presentation of the Financial Statements*. This amendment must be applied as of 1 January 2009.

On 22 May 2008 the IASB issued a set of changes to the IFRS. There follow solely those indicated by the IASB as variations that will involve a change in the presentation, recognition and evaluation of the items in the financial statements, skipping those that will only determine terminological variations:

• IFRS 5 – *Non-current Assets Held for Sale and Disontinued Operations*. The change must be applied as of 1 January 2010;

- IAS 1 – *Presentation of the Financial Statements*. The change must be applied as of 1 January 2009 in a perspective way;
- IAS 16 – *Property, Plant and Equipment*. The change must be applied as of 1 January 2009;
- IAS 19 – *Employee Benefits*. The amendment must be applied in a perspective way as of 1 January 2009 to variations in the benefits occurring after said date;
- IAS 20 – *Accounting for Government Grants and Disclosure of Government Assistance*. The change must be applied as of 1 January 2009 in a perspective way;
- IAS 23 – *Borrowing costs*. The definition of borrowing costs has been reviewed. The change must be applied as of 1 January 2009;
- IAS 28 – *Investments in Associates*. The change must be applied also only in a perspective way as of 1 January 2009;
- IAS 28 – *Investments in Associates* and IAS 31 – *Interests In Joint Ventures*. These amendments that must be applied as of 1 January 2009. Accordingly changes have been made to IFRS 7 – *Financial Instruments: Disclosures* and IAS 32 – *Financial Instruments: Presentation*;
- IAS 29 – *Financial Reporting in Hyperinflationary Economies*. The change, to take this possibility into consideration, must be applied as of 1 January 2009;
- IAS 36 – *Impairment of Assets*. The change must be applied as of 1 January 2009;
- IAS 38 – *Intangible Assets*. The change must be applied as of 1 January 2009;
- IAS 39 – *Financial Instruments: Recognition and Measurement*. The amendment must be applied as of 1 January 2009;
- IAS 40 – *Investment Property*. The change must be applied in a perspective way as of 1 January.

On 3 July 2008 IFRIC issued interpretation IFRIC 16 – *Hedges of a Net Investment in a Foreign Operation*. The interpretation must be applied as of 1 January 2009.
On the date of issuing these financial statements, the relevant bodies of the European Union have not yet concluded the necessary process of type-approval for applying this principle.

On 31 July 2008 the IASB issued an amendment to IAS 39 – *Financial Instruments: Recognition and Measurement* that must be applied retrospectively as of 1 January 2010. On the date of issuing these financial statements, the relevant bodies of the European Union have not yet concluded the necessary process of type-approval for applying this principle.

C - Information on the main asset items

C1	Tangible assets	581

The changes in tangible assets are detailed below:

	Property	Land	Plant and machinery	Other assets	Total
Situation at 31.12.07	**4,002**	**6,742**	**265**	**622**	**11,631**
- Capital amount	5,463	6,742	1,288	1,012	14,505
- Accumulated depreciation	(1,461)	0	(1,023)	(390)	(2,874)
Increases for investments	**736**	**0**	**55**	**114**	**905**
Decreases for depreciation	**(229)**	**0**	**(43)**	**(155)**	**(427)**
Other changes	**(4,509)**	**(6,742)**	**(274)**	**0**	**(11,525)**
- (Capital amount)	(6,199)	(6,742)	(1,296)	0	(14,237)
- Accumulated depreciation	1,690	0	1,022	0	2,712
Decreases for disposals	**0**	**0**	**0**	**(3)**	**(3)**
- (Capital amount)	0	0	(23)	(6)	(29)
- Accumulated depreciation	0	0	23	3	26
Situation at 31.12.08	**0**	**0**	**3**	**578**	**581**
- Capital amount	0	0	24	1,120	1,144
- Accumulated depreciation	0	0	(21)	(542)	(563)

The investments made in the Buildings category concerning the property of Via Abruzzi – Rome refer to works of improvement and renovation of facades for 487 thousand euros and for the remainder to fixed assets in progress for restructuring works. The other investments are substantially measured with the purchase of furniture and furnishings for the offices of Rome and Mantua.
The heading “Other changes” refers to the reclassification to Property Investments of the property located in Rome, that happened at the end of 2008, following its changed intended use. For the relative comment, please refer to the item of Real Estate Investments given hereunder.
There is a 92 million euros mortgage on the property in Rome which secures the 46 million euros loan provided by Efibanca in 2005.

C2	Property investments	72,349

At the end of the year 2008 Management modified the classification of the property located in Rome – Via Abruzzi into a non-instrumental investment property, as defined by IAS 40, since the initial intended use was no longer representative of its actual use.
The reasons for this change in the intended use are various and for some of them there was a progressive confirmation during the last few years such as the constant reduction in the spaces occupied by the Parent Company, the reduction in the lease income in relation to the components of a financial nature and the reduction in the operational personnel assigned to the management of the property. Other reasons materialized in the second part of the year 2008 such as:

- the further investments of a financial character that underlined the decision to focus more and more on an activity of investments management;
- the sale of the real estate complex of Is Molas to ISM Investimenti S.p.A. within the strategy aimed at creating a specific company in which to concentrate portions of the different real estate projects to be associated from time to time with partners that strengthen its real estate capacity;
- the possibility then to consider, also in the light of demonstrations of interest by the market, the aforesaid property as being no longer instrumental to the typical activity, both of the Parent Company and of the Group, but vice versa a usable asset to finance the other activities of

investment set in being;

- the definition in the month of December 2008 of a contract with the Cassa di Previdenza Integrativa (supplementary social security fund) of the personnel of Istituto San Paolo di Torino, for the lease of an important property located in Milan that, in around 2,900 sq.m., will accommodate different offices and functions of importance of the various companies in the Immsi Group, therefore making it a fundamental managerial, operational and logistical point of reference for the whole Group.

The net accounting value was then classified at the date of changing the intended use of buildings, land and equipment related to the aforesaid property, equal to 11,276 thousand euros, from Tangible Fixed Asset to Real Estate Investment. At the same time these assets were revalued at their market value, on the basis of a survey carried out by an external advisor that estimated the fair value at the end of 2008 to be 72.1 million euros.
The criteria of evaluation used imply the block sale in the current state of lease of the property immediately available, applying in a weighted manner both the comparative method, based on the comparison between the asset at issue and other similar ones recently transferred or currently offered on the same market or on rival markets, and the revenue method, based on the current value of the potential future income from a property. Among the parameters used in applying the comparative method are the age, wear, state of maintenance and location, as well as the distribution of the surfaces, the building consistence, the type of construction and the predictable duration. The parameters used in determining the market value with the method of income are: the annual gross income deriving from leasing the property at current rates, the rate of capitalization and the costs to the owners such as ICI (property tax), insurance, administration and register tax.
The current global crisis of the financial system has created a widespread and alarming degree of uncertainty in the real estate market of the whole world. In this scenario it is possible that prices and values can encounter a period of extreme volatility until the market has recovered conditions of stability. The persistent lack of liquidity produces an objective difficulty in concluding transactions of sale in the short term.

The greater value measured in relation to the accounting value has been registered in a specific shareholders' equity reserve, net of the related tax effect.
The investment will no longer be subject to a process of amortisation starting from the year 2009 as required by the international accounting standards.
The value registered in the financial statements finally includes a further 249 thousand euros for work in progress that will be completed and will produce their utility as of the year 2009.

C3	Equity investments	382,311

Equity investments in subsidiaries are detailed below:

Company name and Head office	Share capital	Shareholders' equity	Net earnings	% of share capital owned	Pro rata shareholders' equity	Difference between pro rata shareholders' equity and book value	No. of shares	Book value
Apuliae S.p.A. – Lecce	1,520	1,391	-119	85.00%	1,182	-65	2,000,000	1,247
ISM Investimenti S.p.A. – Mantova	5,000	41,658	-342	71.43%	29,756	-264	5,000,000	30,020
Piaggio & C. S.p.A. – Pontedera *	192,148	307,066	29,984	58.88%	180,793	-110,875	396,040,908	291,668
RCN Finanziaria S.p.A. – Mantova	32,136	53,882	-2,027	63.18%	34,045	-6,560	64,271,976	40,605
Pietra S.r.l. – Milano	40	23,609	-263	77.78%	18,363	-397	n/a	18,761

* share capital net of treasury stock.

APULIAE S.p.A.

The equity investment in Apuliae S.p.A, is recognised in the financial statements for the amount underwritten upon establishing the company in December 2003, equal to 85% of the share capital, increased by the amount paid for a future increase in share capital in January 2004 for 2 millions euros. As a consequence of the extended suspension of the restructuring activities relating to the "*ex Colonia Scarciglia*" building in Santa Maria di Leuca (Lecce), during 2006 Immsi wrote down its shareholding by 2,453 thousand euros. The Extraordinary Shareholders' Meeting of Apuliae S.p.A. held on 28 April 2008 resolved, in compliance with the provisions of articles 2446 and 2447 of the Italian Civil Code, partial coverage of the losses accumulated at 31 December 2007 equal to 2,490 thousand euros by writing down the shareholders' equity and zeroing the reserve of 2 million euros paid by Immsi.

ISM Investimenti S.p.A.

Immsi S.p.A. acquired at the end of the year 2008 a stake equal to 100% in Ballo in Maschera S.r.l., then transformed into ISM Investimenti S.p.A.. The body of shareholders of this company was at the same time expanded with the entry in the capital of the minority shareholder IMI Investimenti S.p.A.. The shareholdings at 31 December 2008 of the two shareholders amount respectively to 71.43% for Immsi, with a total investment equal to 30 million euros and 28.57% for the shareholder IMI Investimenti that paid up a total of 12 million euros. The company ISM Investimenti S.p.A. has, after the aforesaid capitalization, acquired from Immsi S.p.A. the shares, equal to 60% of the capital, related to the investment in Is Molas S.p.A., previously held directly by Immsi S.p.A., paying an amount equal to 84 million euro.

The operation responds to the strategy of Immsi to concentrate some of the Group's business of tourist-real estate development in a specific company, with the objective of associating partners with these initiatives that strengthen the asset base.

On the basis of the agreements between the shareholders, Immsi S.p.A. has maintained control of Is Molas S.p.A..

The value of the registered investment is 264 thousand euros greater than the pro-quota shareholders' equity of Immsi S.p.A..

This difference is believed to be recoverable even in the light of the authorizations received at the beginning of 2008 from the relevant local authorities for starting the activities required by the project for residential and tourist-hotel development presented by the indirect subsidiary Is Molas.

PIAGGIO & C. S.p.A.

The shareholding of Immsi S.p.A. in Piaggio & C. S.p.A. in the assets at 31 December 2008 for 291,668 thousand euros, increased over 31 December of the previous year for 3,534 thousand euros. The variation depends on the purchases made on the market by Immsi S.p.A. for a total of 7,463,552 shares, equal to 12,918 thousand euros, and the block sale to the counterparty Banca IMI of 9,200,000 shares, for 10,856 thousand euros (9,384 thousand euros the book value). These operations, jointly with the purchases on the market of 19,310,686 shares of treasury stock made by Piaggio & C. S.p.A. took the shareholding from 56.4% at 31 December 2007 to 58.88% at 31 December 2008.

The portion of share capital at 31 December 2008 was 110,875 thousand euros more than the pro-quota shareholders' equity. This difference, which is considered by the Directors to be recoverable in relation to the success of the business and as backed up by the impairment test carried out on 31 December 2008 has increased compared to 31 December 2007, basically following the decision to settle the value of the 2004-2009 Piaggio warrants in cash and the consequent reclassification among the financial payables of 64,206 thousand euros previously registered by Piaggio in a specific reserve of shareholders' equity. For greater details regarding the impairment test, please refer to the comments in the Notes to the consolidated financial statements of the Immsi Group.

With reference to the Piaggio shares, it is specified that during the month of November 2008 the Company with Banca Akros undersigned a stock loan contract guaranteed by cash collateral

extinguished in early 2009. It is specified that contractually the undersigned agreements between the parties do not modify the ownership of the securities subject of the loan but they solely transfer the rights and duties deriving from their possession for the duration of the contract, therefore the shareholding is registered in the assets of Immsi for a liability corresponding to the liquidity disbursed by the Bank as collateral.
Banca Akros, with the loan of 7,695,000 shares by Immsi, disbursed cash collateral for a total of 5,000 thousand euros represented by the market value of the stock at the date of signing net of a spread that absorbs any downward fluctuations in the stock.
Lastly, it is noted that Immsi S.p.A. in view of the revolving credit line granted by Banca Popolare di Lodi has deposited 18.5 million Piaggio shares as a guarantee.

RCN Finanziaria S.p.A.

The 63.18% equity investment is recognised in the financial statements at the year end for an amount of 40,605 thousand euros, unchanged compared to 31 December 2007.
The amount recognised for the equity investment is 6,560 thousand euros higher than the pro-quota shareholders' equity (equal to 34,045 thousand euros). As regards the re-launch of the Rodriquez group, this difference is deemed recoverable, as supported by the impairment test carried out at 31 December 2008.
With reference to the impairment test, it has been considered reasonable to consider the Rodriquez cash-generating unit coincident with the Rodriquez group as a whole (Rodriquez Cantieri Navali S.p.A. and its subsidiaries). Therefore all the considerations related to the estimate of the utilization value of the cash-generating unit and to its use for the purposes of the impairment test were developed considering the Rodriquez group at consolidated level. The main hypotheses and assumptions used in determining the recoverable value of the cash-generating unit are related to i) the use of forecast economic and asset data of the Rodriquez group; ii) the discount rate used for making the estimated expected cash flows current; iii) the expected growth rate for the calculation of the terminal value.
With respect to the values of point i) owing to the current economic-financial crunch, the current prospects of the sector in which the group operates as well as the current phase of industrial restructuring of the group, the analyses were based – prudentially - on forecast data related to the period 2009-2012 approved at the time of the Board of Directors meeting of Rodriquez Cantieri Navali S.p.A. on 18 March 2009.
With reference to the value of point ii), to discount the estimated expected cash flows of the Rodriquez group, a discount rate has been used that reflects the current market evaluations of the cost of money and that takes account of the specific risks of the business and of the geographical area in which the group operates: the discount rate used for the purposes of the impairment test net of taxes was therefore estimated equal to 7.6%.
With respect to point iii), it is noted that in drawing up the impairment test, the terminal value was determined using a prudentially estimated perpetual growth rate ("g rate") of 1%, also in consideration of the current phase of industrial restructuring of the group and of the expectations of growth considered within the forecast data used for the purposes of the impairment test.
The conducted analyses have not highlighted any losses of value: therefore, no devaluation has been reflected in the data of the separate financial statements of the Parent Company at 31 December 2008.

The Management, in the light of the evolution of the market rates, believes an increase in the discount rate used for making the estimated cash flows current to be unlikely while, in the light of the general uncertainty of the macroeconomic context of reference, considers a reduction in the expected growth rate possible for calculating the terminal value, also prudentially estimated to be equal to 1%. Therefore the sensitivity analyses conducted on the results of the test on the cash-generating unit of the Rodriquez group with the hypothesis of a reduction in the perpetual growth rate ("g rate") of 0.5 percentage points have shown that there would be a loss in value equal to around a total of 9.1 million euros, a part of which for Immsi S.p.A. (63.18%) equal to

approximately 5.7 million euros.
In addition, it should be noted that the sensitivity analyses conducted on the results of the test on the cash-generating unit of the Rodriquez group have shown that there would be no losses in value down to a decrease of approximately 0.1 percentage points of the “g rate” used (for the same discount rate considered).

Considering that the analyses conducted to estimate the recoverable value 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 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 losses in value.

PIETRA S.r.l.
At the end of 2006, Immsi S.p.A. acquired a 77.78% equity investment in Rodriquez Pietra Ligure S.r.l. (transformed into Pietra S.r.l. in early 2007), recognised in the financial statements for an amount of 18,761 thousand euros, the amount paid upon the initial underwriting, equal to 16 thousand euros, and at the subsequent increases in share capital, 3,889 thousand euros during 2006 and in 2007 for 14,856 thousand euros.
This company, established in December 2006 by Rodriquez Cantieri Navali S.p.A., was then sold to the two current shareholders (Immsi S.p.A. and Intesa San Paolo S.p.A.), so as to be able to sign an agreement to sell the future receivable relating to the Pietra Ligure shipyard project with Rodriquez Cantieri Navali S.p.A. itself. The preliminary contract of transfer of the area from which arose the credit transferred from Rodriquez Pietra is terminated, by breach of the counterparty, therefore Pietra S.r.l. has registered in its assets the cost so far sustained to acquire the asset associated with the above operation.
In parallel with the transfer of the credit, Rodriquez Cantieri Navali S.p.A. granted Pietra S.r.l. the stock rights for the acquisition of the entire stake in the *Newco*, contributor of the industrial complex together with the area transferred from the State, at the price of 300 thousand euros. The option is subject to the condition of suspension of the non-stipulation of the final contract of sale of the shareholding to which Rodriquez Cantieri Navali S.p.A. and the promissory purchaser committed themselves by effect of the stated preliminary contract.
In relation to the goals of the company, the 397 thousand euros difference between the book value and the pro-rata shareholders’ equity is deemed recoverable.

Lastly, it is noted that, on 12 December 2008, a company was established called *IMMSI Audit Società Consortile di Internal Auditing del Gruppo Immsi a R.L.* (IMMSI Audit S.c. a r.l.), undersigning 25% of the shareholders' equity by Immsi S.p.A. equal to 10 thousand euros.

C4	**Other financial assets**	**161,777**

Other non-current financial assets, equal to 126,350 thousand euros, include the convertible shareholder loan totalling 12,000 thousand euros underwritten in RCN Finanziaria S.p.A. falling due within 2009 and a loan for a total of 14,350 thousand euros due at the end of 2009 disbursed to RCN Finanziaria S.p.A. for which renewal is foreseeable.

The Company has moreover been invited to participate in a Project comprising the acquisition, through the Italian Company Compagnia Aerea Italiana – CAI, of assets, business units, corporate complexes, businesses and relations underlying the Alitalia group and the Air One group. For the solely provisional purpose of allowing immediate use of CAI, necessary for making any participation in the Project concretely possible, Immsi, on 27 August 2008, undersigned shares of CAI for a corresponding total of 10,000 euros.
The Board of Directors of Immsi S.p.A. has therefore approved the investment in the the above-

mentioned Project and on 28 October 2008 signed the capital issue for 99,989 thousand euros deliberated by the Extraordinary Shareholders' Meeting of CAI, now Alitalia - Compagnia Aerea Italiana S.p.A..
At 31 December 2008 Immsi S.p.A. registered among the available non-current financial assets for sale 99,999 thousand euros related to 59,175,680 Alitalia shares, equal to 11.8052%, whose capital still to be paid up at the date amounts to 44,374 thousand euros.
Lastly, it is noted that on 23 December 2008 Immsi undersigned a commitment for the sale to Fire S.p.A. of 11,834,319 Alitalia shares, that was concluded early in 2009. After this sale and the regulation of the remaining debt, also concluded in early 2009, Immsi S.p.A. holds, at the date of approval of these financial statements by the Board of Directors, 47,341,361 Alitalia – Compagnia Aerea Italiana shares having sustained a total net cash-out equal to 80 million euro.

Current financial assets amount at 31 December 2008 to 35,427 thousand euros and include the shareholding in Unicredit equal to 9,975,443 shares, evaluated at fair value for an overall amount equal to 17,407 thousand euro, down on the end of 2007 for a total of 47,774 thousand euro following the sale in the month of January 2008 of 1.5 million shares at an average price of 5.35 euro and the generalized negative trend of the financial markets that has reduced the fair value of the shares remaining in portfolio.

In euros	Purchase cost		Market Value	
	unit	overall	unit	overall
Unicredit	1.43	14,261,393	1.745	17,407,148

With reference to the Unicredit shares, the 9.9 million shares are bound at 31 December 2008 by two security loan contracts guaranteed by cash collateral, signed during the month of December 2007 and renewed during 2008 with Banca Akros and Mediobanca. It is specified that contractually the undersigned agreements between the parties do not modify the ownership of the securities subject of the loan but they solely transfer the rights and duties deriving from their possession for the duration of the contract, therefore the shareholding is registered in the assets of Immsi for a liability equal to the liquidity disbursed by the Banks as collateral.
The existing revocation contract with Banca Akros, with the loan of 6.4 million of Unicredit shares, requires delivery by the intermediary of cash collateral for an amount of 9,754 thousand euros represented by the market value of the stock at the date of subscription net of a spread that absorbs any downward swing of the stock.
Mediobanca, with the loan of 3.5 million shares with expiration in April 2009, has disbursed cash collateral for an amount of 7,298 thousand euros represented by the value of the stock at the date of subscription. The contract requires that, with market swings exceeding overall 3.5 million euros share in relation to the value of the stock at the date of the subscription, Immsi refunds the corresponding portion of the collected collateral, if the stock swings downwards, or the intermediary disburses a further portion of cash collateral, if the quotation increases.
It is noted, in compliance with the provisions of IAS 10, that the value of the Unicredit stock, in the early months of 2009 suffered a significant drop in line with the trend of the national and international stock markets and the difficult economic and financial context, that in perspective could lead to a reduction in the fair value registered in the shareholders’ equity.

Included among the other current financial assets is also 15 million thousand euros relating to short-term loans in favour of Rodriquez Cantieri Navali S.p.A., 1 million euros to RCN Finanziaria S.p.A., 1.5 million euros paid out to Is Molas S.p.A. and 0.4 million and 0.12 million euros respectively disbursed to Pietra S.r.l. and to ISM Investimenti S.p.A..

C5	Amounts due from tax authorities	4,022

It is reminded that the Company, jointly with the subsidiary companies Piaggio & C. S.p.A., Moto Guzzi S.p.A., Is Molas S.p.A., Apuliae S.p.A., Rodriquez Cantieri Navali S.p.A., Intermarine S.p.A. and Conam S.p.A., has exercised the option to join Group taxation as provided for in art.117 follow. of the Consolidated Act of Income Taxes, for the financial years 2007, 2008 and 2009.
During 2008 also the subsidiary RCN Finanziaria S.p.A. subscribed to the agreement for the three year period 2008-2010, while that with Is Molas S.p.A. ceased following the break in direct control by Immsi S.p.A. and the contract with Moto Guzzi S.p.A. finished its effectiveness following the merger of the latter with Piaggio & C. S.p.A..

In the light of the contracts signed with each subsidiary, Immsi S.p.A., as the consolidating company, has registered in its own financial statements receivables from the tax authorities for non-current taxes, related to withholdings suffered and IRES advance payments made, transferred from the companies included in the national fiscal consolidation, for 3,885 thousand euros, whose use is supposed to be following the current year in the light of the communicated industrial plans.
The taxation of the Group calculated for the year 2008 has expressed a consolidated fiscal loss, therefore in year 2009 no advance payments will be made to the account of IRES income tax.

Current amounts due from tax authorities total 137 thousand euros and refer to residual receivables for advance payments of IRAP (*i.e.*, Regional tax on productive activities) for 87 thousand euros and other receivables equal to 50 thousand euros.

C6	**Trade receivables and other receivables**	**16,617**

Trade receivables and other receivables included in the non-current assets total 2,752 thousand euros and refer essentially to interest receivable accrued on the 12 million euros convertible shareholder loan provided to RCN Finanziaria S.p.A..

The trade receivables and the other receivables included in the current portion are substantially represented by trade receivables from third parties and from the Group for contracts of lease, contracts of management, remunerations paid for appointments made to employees of the Parent Company and expenses charged for activities managed by Immsi S.p.A. on behalf of the subsidiaries. These receivables include intercompany receivables for 2,389 thousand euros particularly from the Rodriquez group for 1,376 thousand euros, the Piaggio group for 479 thousand euros and for the remainder from other subsidiaries.
Trade receivables are recorded net of a bad debt reserve prudently allocated for 978 thousand euros against the uncertain recoverability of approx. 690 thousand euros receivables due from Volare Group and 269 thousand euros from Legal Service 2003 S.r.l.. With reference to the Volare Group it is noted that the company is subject to extraordinary administration since the end of 2004 and Immsi, proving its debts, has been admitted to the benefit. We are therefore awaiting the division of the assets of the former tenant of the property of Via Pirelli – Milan sold by Immsi during 2005.
As concerns Legal Service 2003 S.r.l., former tenant of the property in via Abruzzi - Rome to which is due the increase in the reserve compared to 31 December last, eviction has been completed and the injunction has been notified to forcibly recover the arrears.

Among the other current receivables there are moreover 10,856 thousand euros related to the sale, made on 30 December 2008 and settled in the first few days of the month of January 2009, of 9,200,000 Piaggio shares to Banca Imi.

The Company has no receivables due from foreign companies or receivables falling due beyond 5 years.

Finally, as security for rental agreements for the building at Via Abruzzi – Rome, Immsi S.p.A. received guarantees for 614 thousand euros and guarantee deposits recorded under other current receivables for 34 thousand euros.

C7	**Cash and cash equivalents**	**9,150**

The cash holdings at the end of the period amount to 9,150 thousand euros compared to 8,220 thousand euros reported at 31 December 2007.

With the financing of 46 million euros received from Efibanca with maturity in May 2010, Immsi must for the entire duration of the contract channel the revenues from leasing into a deposit account and keep a minimum amount there equal to the interest instalment nearest maturity. This sum, equal to 234 thousand euros at 31 December 2008, is to all intents and purposes unavailable until attainment of the minimum amount deposited for the payment of the interest instalment in expiration.

D - Information on the main liability items

D1	Shareholders’ equity	432,863

Share capital

At 31 December 2008, the share capital of Immsi S.p.A. comprises 343.2 million ordinary shares with a nominal value of 0.52 euros each, for a total of 178,464,000 euros, fully subscribed and paid up.
The General Shareholders’ Meeting of the Company held on 13 May 2008 authorized, for a period of eighteen months as of the date of the deliberation, operations to purchase and transfer treasury stock for the purposes of investment and stabilization of the price of the stock and its liquidity on the share market, that is for the purposes of using treasury stock within operations connected with the current management and/or projects in line with the strategies that the Company intends to pursue, in the terms and with the methods established by the applicable provisions and indicated by the Meeting.
During 2008 the Company, in compliance with the deliberation, purchased on the share market 2,670,000 of its own shares for a total of 2,078 thousand euros at an average price of 0.7784 euros.
In conformity with the provisions of the applicable international standards, the purchases of treasury stock, equal to 1.388 thousand euros, are carried to direct deduction from the shareholders’ equity.
The majority shareholder is Omniainvest S.p.A..

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

Other reserves and retained earnings

This item includes the legal reserve comprising provisions approved following the distribution of the profit for 3,265 thousand euros, legal reserves for a total of 1,153 thousand euros, the tangible asset revaluation reserve set up in accordance with Italian Law 413/91 by Sirti and transferred to Immsi following the demerger for 4,602 thousand euros, the extraordinary reserve for 7,103 thousand euros and the share premium reserve that includes the increase in share capital of 44,880 thousand euros in early 2005, as well as the consideration for the 2006 increase in share capital of 50,336 thousand euros.

Other reserves also include the reserve generated from financial instruments measurement. This reserve decreased by approx 45,005 thousand euros compared to 31 December 2007 further to the disposal of 1.5 million Unicredit shares and measuring at fair value the remaining 9,975,443 shares still in portfolio whose price at 31 December 2008 was down by approximately 3.935 euros per share compared to 31 December 2007.

The company has registered in Other Reserves, net of the related fiscal component, also the reserve for evaluation at fair value of the real estate investments for 41,171 thousand euros and the evaluation reserve under common control equal to 65,087 thousand euros, in conformity with the orientation of the OPI (Assirevi preliminary orientation on the subject of IFRS) no. 1, whose underlying operation is commented on in the investments item.

Earnings reserves include 20,148 thousand euros related to retained earnings and the transition reserve to international accounting standards included with 1,619 thousand euros negative in accordance with IAS 38 and the portion related to the purchase of treasury stock exceeding its nominal value.

During 2008, 10,296 thousand euros (0.03 euro per share) of dividends were paid out as resolved by the Ordinary Shareholders' Meeting on last 13 May.

D2	Financial liabilities	138,330

Non-current financial liabilities exclusively comprise the amount due to Efibanca for the loan of 46 million euros nominal value, provided to Immsi maturing in 2010. The loan, which is secured by a 92 million euros mortgage on the building owned in via Abruzzi, 25 – Rome, is recognised at a net amount of 45,918 thousand euros by effect of measurement at amortised cost, in accordance with international accounting standards.
The loan envisages meeting two financial covenants. The former, defined gearing, is to be calculated in relation to the ratio between the net financial liabilities and the shareholders' equity and latter, defined interest service cover ratio, is calculated as the ratio between the rental payments for the lease of the property in Rome and interest on the financing. The latter, despite the recorded increase in the lease income with respect to last year, went down as a consequence of the increasing trend of the rates that led to a reduction in the ratio below the parameter that is contractually tied to a value greater than or equal to 1. In case of failure to respect even just one of the two ratios, Immsi must state the reason and steps taken to restore the agreed conditions or the institute will have the right to terminate the financing contract.

Current financial liabilities include the 360 thousand euros interest-bearing deposit agreed with Apuliae S.p.A. renewed until 31 December 2009.
The Company has moreover profited from a revolving credit line granted by Banca Popolare di Lodi for 20 million euro guaranteed by 18.5 million Piaggio shares with expiration at November 2009.
Current financial liabilities include moreover the collateral in cash received from Banca Akros with the Unicredit and Piaggio stock loan, respectively for 9,754 thousand euros and 5,000 thousand euros, and the collateral received from Mediobanca with the Unicredit stock loan for 7,298 thousand euros, the comment on this is given under the item of Equity Investments and Other Financial Assets.
Lastly, it is noted that Intesa Sanpaolo during the second half granted two credit lines for Immsi S.p.A. used entirely of which the first one is revolving for 10 million euros with expiration in January 2010 and the second one for 15 million euros with expiration in the month of June 2009.
In addition, during the month of December 2008, Bullet – Multi Borrower financing was stipulated with Intesa Sanpaolo for a total of 70 million euros, with maturity at 31 December 2009 and reference rate equal to Euribor at one month increased by 1.75%, of which 25 million euros granted to Immsi, 30 million euros granted to ISM Investimenti and 15 million euros granted to Rodriquez Cantieri Navali. This financing is guaranteed by 75 million Piaggio shares.

During the months of June and November 2008 Immsi S.p.A. moreover paid back the financing in two tranches with Banca di Roma for a total of 25 million euros guaranteed by a lien of 21 million common stock of Piaggio & S.p.A..

The management plans to renew the credit lines falling due with new loans for the medium term.

D3	Trade payables and other payables	53,361

Current trade payables refer to invoices received and not yet paid and to invoices to be received assessed according to the competence standard and total 1,501 thousand euros, of which 384 thousand euros to related parties and intercompany for consultancy services.

Among the other current payables Immsi S.p.A., as the consolidating company defined in the national fiscal consolidation undersigned with some companies in the Group, registered the liability with the companies that at the end of the period transferred a fiscal loss and receivables for withholding taxes suffered for a total of 5,524 thousand euros.

The Company has registered payables to the partly owned company Alitalia – Compagnia Aerea Italiana S.p.A. for 44,374 thousand euros against 75% of the share capital not yet called up at 31 December 2008. It is noted that Immsi in early January 2009 completed the sale of 11,834,319 shares to Fire S.p.A. and that the remaining capital was entirely paid up during the same month of January.

Other current payables lastly includes amounts due to social security institutions for 94 thousand euros, amounts due to employees for 185 thousand euros, amounts due to directors and auditors for 148 thousand euros, amounts due for guarantee deposits received for 34 thousand euros, payables to banking institutes for commissions to be liquidated for 205 thousand euros, payables for 7,500 euros toward Immsi Audit S.C.a R.L. against the quota of share capital still to be paid up, accrued liabilities and deferred income for 1,283 thousand euros, of which 20 thousand toward companies in the Group and other payables for around 6 thousand euros.

At end of year 2008 there were no amounts due to foreign companies or payables falling due beyond 5 years.

D4	**Reserves for severance indemnity and similar obligations**	**202**

Liabilities related to the reserve for severance total 202 thousand euros at the end of 2008. At the same date none of the Immsi S.p.A. employees chose to assign their indemnities, as foreseen by the Ital.Legisl.Decree 252/2005 and by the Ital.Law 296 of 27 December 2006, to any other supplementary form of social security managed by the company, therefore, since Immsi has fewer than 50 employees, limited to the personnel that has not opted for complementary social security and for which the Companies will keep on managing such reserve until otherwise indicated by the personnel.
The new IFRS financial reporting identifies the liability relating to employees' severance indemnity using the actuarial measurement method. An estimate is made of the probable employment period in the company for each employee. The annual salary is increased by the rate of 3.5% for this period, and revalued on the basis of an inflation rate of 2%. A part (the legal portion) was set aside as employees' severance indemnity. The portion of employees' severance indemnity already accrued, and the portion that will accrue up to the foreseeable date of terminating the employment, is revalued on the basis of a rate of 3%, then discounted at a rate of 5.5%.
In consideration of the evolutionary character of the economic conditions, the evaluation of the liabilities according to IAS 19 could undergo variations according to the dynamics of the above technical-financial parameters.

The employee leaving indemnity reserve during the year is detailed below:

In thousands of euros	
Balance at 31.12.2007	**158**
Provisions for the year	69
Applications for employment termination	-11
Payment of additional social security contributions	-31
Advances to employees	0
IAS19	17
Balance at 31.12.2008	**202**

D5	Other long-term reserves (current portion included)	120

Other long-term reserves, recorded entirely in the current portion, total 120 thousand euros and refer to the risk, already reported in 2005, of the recall letter relating to amounts received by Immsi as of March 2004 being presented by the liquidator of Volare Group in relation to the lease contract agreed for some office spaces rent in the former property in via Pirelli - Milan.

D6	**Deferred tax liabilities**	**21,532**

Deferred tax liabilities at 31 December 2008 total 21,532 thousand euros. The balance is offset by 594 thousand euros of deferred tax assets, consistent for due date and nature, allocated for differences in time. The estimated portion falling due within 12 months totals 1,134 thousand euros.

Deferred tax liabilities are mainly recognised in relation to the measurement at fair value of the property investment in Rome equal to overall 19,652 thousand euros, gains realised on property disposals over 2005, which were by instalments for tax purposes totalling 1,238 thousand euros. Moreover, 43 thousand euros deferred tax liabilities are recognised, in accordance with IAS 38, to measurement at fair value of the equity investment in Unicredit and deferred taxes for 1,187 thousand euros against lower amortisations, calculated during the acquisitions of the International Accounting Standards, of buildings and plant amortised net of the value of the land and the recoverable value at the end of its useful life.

D7	**Current taxation**	**397**

The current taxes at 31 December 2008 are mainly represented by the withholdings operated on the income from employee and self-employed work for 341 thousand euros.
No liabilities are registered for IRES since, following the the above-mentioned fiscal consolidation, the taxable amount measured by Immsi S.p.A. is compensated for by the fiscal losses recorded by the other companies complying with the contract, indeed the Group taxation for the year 2008 expressed a consolidated fiscal loss.

E - Information on the main Income Statement items

E1	Financial income	25,940

The item “financial income” is increasing compared to the same period of the previous year for 11,519 thousand euros mainly as a result of the dividend paid out during 2008 by Piaggio & C. S.p.A. equal to 13,520 thousand euros (6,537 thousand euros in 2008), the sale of 1.5 million Unicredit shares registered at a value equal to around 1.43 euro per share was sold for capital gains equal to 5,884 thousand euros and the sale of 9.2 million Piaggio shares at a price equal to 1.18 euros registered at a book value determined by applying the FIFO method equal to 1.02 euros, therefore making a gain equal to 1,472 thousand euros.
During 2008 Immsi S.p.A. moreover collected dividends from Unicredit S.p.A. for 2,594 thousand euros.
Lastly, the financial income includes interest and commissions from subsidiaries for around 2,317 thousand euros and accrued interest receivable on a/c for around 128 thousand euros.

E2	Financial charges	6,721

Financial charges include 6,128 thousand euros of interest accrued on bank loans, 545 thousand euros arising from interests payable on a/c, 17 thousand euros as financial charge deriving from the discounting of the severance indemnity in pursuance of IAS 19, 29 thousand euros regarding the interests acknowledged to the subsidiary Apuliae S.p.A. as consideration for 540 thousand euros interest-bearing deposit and other charges for 2 thousand euros.

E3	Operating income	4,242

Operating income include revenues for about 2,575 thousand euros arising from the rental of the property located in Rome, of which 158 thousand euros to companies of the Group. Moreover, during 2008, revenues accrued for 1,667 thousand euros from service contracts with subsidiaries.

Revenues arising from the recharge of costs for materials and services incurred by Immsi S.p.A. on behalf of Group companies or tenants are not shown in the income statement as they are offset by the related costs that generated them, as required by IAS 18 according to which the commercial result of operations that as a whole are closely connected, cannot be valued without making reference to these operations as a single whole.
The income for the management of condominium expenses not submitted to such reporting and therefore stated among the operational income amounts to 49 thousand euros of which 3 thousand from intragroup operations.

E4	Costs for services and use of third party assets	4,356

Costs for services and use of third party assets, net of the costs recharged in accordance with IAS 18 as described above, total 4,356 thousand euros, of which about 388 thousand euros deriving from intragroup transactions and with related parties whose details are provided at the end of this Note.

Costs for services are detailed below:

In thousands of euros	Year 2008	Year 2007
Transport costs	21	5
External maintenance and cleaning expenses	232	248
Personnel costs	62	69
Technical, legal, tax, administrative consultancy, etc.	630	558
Advertising, promotional activities and materials	9	8
Energy, telephone, postal costs, etc.	112	110
Insurance	48	53
Board of Directors operating costs	2,240	1,478
Board of Statutory Auditors operating costs	131	120
Communication and publication costs	13	13
Auditing costs and listing rights	136	175
Condominium, security and porter costs	70	54
Bank charges and miscellaneous	75	68
Charges for property rentals	437	530
Charges for rents and other renting	140	149
Total	**4,356**	**3,638**

The increase compared to 2007 is essentially due to the remuneration acknowledged for the special positions held within the Board of Directors for the year 2008.

E5	Personnel costs	1,427

Personnel costs recognised in 2008 refer to 1,057 thousand euros of salaries, 301 thousand euros of social security payments and 69 thousand euros of provisions for employees' severance indemnity. The evaluation of the Staff Severance Fund (TFR) has not suffered any variation after the coming into force of Ital.Legisl.Decree 252/2005 regarding supplementary benefit, as better described in the item "Reserves for severance and similar obligations".
Immsi S.p.A. currently has no employee stock option plan.
The average workforce paid in the year is 16 employees, of which 3 senior managers.

E6	Depreciation of tangibile assets	427

Depreciation of tangible assets referred to 2008 total 427 thousand euros and include depreciation of buildings for 229 thousand euros, and of plant and machinery for 43 thousand euros relating to the property owned in via Abruzzi, 25 – Rome, any information is referred to the items tangible assets and Property Investments. Depreciation of electronic machines, hardware, vehicles, furniture and fittings and miscellanoeous equipment total 155 thousand euros.
As regards investments during the year, it was deemed appropriate to apply the depreciation rates reduced by 50% due to their limited use. The Company also fully depreciated those assets of minor value whose use had essentially ended during the year.

E7	Other operating income	301

At the end of the year, this item totals 301 thousand euros, net of income generated from recharged costs in accordance with IAS 18, and it mainly includes extraordinary income and income for emoluments repaid by the company's employees for company's office held within the Group. The other operating income show a decrease compared to the previous year of around 336 thousand euros as a result of the collection during 2007 of receivables cancelled in previous years.

E8	Other operating costs	705

Other operating costs incurred during 2008 total 705 thousand euros and are slightly increasing compared to the same period of the previous year basically due to the write-down of the credit with the former tenant Legal Service 2003 S.r.l. as commented under the heading Trade receivables and other receivables and to miscellaneous costs related to the investment held by Immsi S.p.A. in Piaggio Holding Netherlands B.V. until 2006. The details of other operating costs are indicated below:

In thousands of euros	Year 2008	Year 2007
- losses on disposal	-	21
- ICI (local property tax)	207	205
- losses on receivables	281	7
- other taxes and duties	56	47
- other operating charges	161	58
Total	**705**	**338**

E9	Taxation	458

With earnings before taxes equal to 16,787 thousand euros the income taxes of the year, calculated according to the legal rates in force at the end of 2008, are registered as a positive component of income for 458 thousand euros, equal to 1,018 thousand euros for taxes paid in advance partially compensated for by current taxes for 560 thousand euros, since the greater components of income are composed of financial entries, such as dividends and capital gains commented under the entry of Financial income, subject to limited taxation, also by effect of the participation exemption, that reduces the taxable amount to 5% of the income made.

Remember that the Company has for the three-year period 2007-2009 signed a contract of national fiscal consolidation with some subsidiary companies in order to optimize fiscal management also according to the Group's forecast industrial plans as described under the heading Receivables from tax authorities.

A reconciliation between the theoretical tax burden and the actual tax burden follows:

IRES

	Income		Taxation	
In thousands of euros	Earnings	Components	Current	Deferred
Earnings before taxation	**16.787**			
Theoretical tax charge (benefit)			**4.616**	
Timing differences taxable in later years	0	0	0	0
Timing differences deductible in later years	404	-404	111	-111
Reversal of timing differences arisen in previous years	9,029	-9,029	2,483	-2,483
Permanent differences that will not be reversed in later years	-12,543	0	-3,450	0
Total differences	**-3,110**	**-9,433**	**-856**	**-2,594**
Taxable income	**13,677**			
Total tax charge (benefit) on income for the period			**3,760**	**-2,594**
Other amendments			-1,520	20
Total tax charge (benefit) on income registered in the FS			**2,241**	**-2,574**

IRAP

	Income		Taxation	
In thousands of euros	Earnings	Components	Current	Deferred
Value of gross production	**-2.432**			
Theoretical tax charge (benefit) on income			**-117**	
Financial charges/income	-4,177	0	-201	0
Timing differences taxable in later years	0	0	0	0
Timing differences deductible in later years	0	0	0	0
Reversal of timing differences arisen in previous years	9,029	-9,029	435	-435
Permanent differences that will not be reversed in later years	4,014	0	193	0
Total differences	**8,866**	**-9,029**	**427**	**-435**
Taxable income /Value of net production	**6,434**			
Total tax charge (benefit) on income for the period			**310**	**-435**

In the other rectifications indicated in the prospectus related to IRES there is the release of deferred taxes due to the payment of the substitutive tax for the purposes of freeing the extra-accounting deductions made until 2007, the decrease in taxes due to the direct measurement in the shareholders' equity reserve of the gain made with the sale of Is Molas S.p.A. and the fiscal benefit deriving from Immsi joining the fiscal consolidation.
Indeed, remember that, because of the national fiscal consolidation contract described under the entry of Receivables from the tax authorities, Immsi S.p.A. transferred a taxable amount to the Group's taxation, prior to consolidation rectifications, equal to 13,677 thousand euros that permitted the recovery of a portion of the fiscal losses transferred from the other companies in the consolidation already in the 2008 financial statements instead of in a time span of 5 years. The payment acknowledged to Immsi for having advanced the recovery of such losses already at the time of the 2008 financial statements, as contractually required between the parties, was calculated to be 197 thousand euros and registered as tax income.
At the time of Group taxation, in addition, the quota of negative interest and assimilated costs not deducted by each company in the fiscal consolidation was deducted, in the limit of the capacity of Gross Operating Result not used by the other companies in the Group taxation as required by art.96 of the TUIR ("Testo Unico Imposte sui Redditi"). Immsi therefore profited from a decrease in the taxable amount equal to approximately 3 million euros corresponding to a fiscal benefit, net of the income acknowledged for the companies transferring ROL ("Reddito Operativo Lordo"), of 415 thousand euros.

E10	**Net earnings for the period**	**17,246**

Immsi S.p.A. in the course of 2008 made a profit of 17,246 thousand euros up on the same period of the preceding year mainly due to the dividends paid out by the subsidiary Piaggio & C. S.p.A. and the sale of 1.5 million shares of Unicredit S.p.A. and 9.2 million shares of Piaggio & C. S.p.A. as commented on under the entry of Financial income.

F - Commitments, risks and guarantees

The Company has a real guarantee for mortgage (the building located in via Abruzzi – Rome) to secure the 92 million euros loan provided by Efibanca for 46 million euros.
With this financing, Immsi must for the entire duration of the contract channel the revenues from leasing into a deposit account and keep a minimum amount there equal to the interest instalment nearest maturity.

To guarantee the lease contracts in being at the date of 31 December 2008 Immsis S.p.A. received bank guarantees for a total of 614 thousand euros and guarantee deposits for 34 thousand euros.

Intesa Sanpaolo has moreover issued a revocable signed credit line equal to 0.4 million euros that Immsi has used for 350 thousand euros for the Cassa di Previdenza Integrativa (supplementary social security fund) of the personnel of Istituto San Paolo di Torino, with which Immsi stipulated in the month of December 2008 a contract to lease property located in Milan – Via Broletto. Against the work of restructuring, renovation and fitting out the leased property, the parties have agreed that the payments must be made as of the month of July 2010.

In the month of December, Bullet – Multi Borrower financing was stipulated for a total of 70 million euros with Intesa Sanpaolo (of which 25 million euros granted to Immsi, 30 million euros granted to ISM Investimenti and 15 million euros granted to Rodriquez Cantieri Navali). This financing, with expiration at the end of 2009, is guaranteed by 75,000,000 Piaggio shares equal to 140% of the value of the financed capital.

It is noted that the Company in view of the revolving credit line granted by Banca Popolare di Lodi for 20 million euros has deposited 18.5 million Piaggio shares as a guarantee.

Immsi, as part of the supply contract for 5 catamarans to the Sultanate of Oman for which the Rodriquez group obtained a guarantee from a pool of banks for an amount of 84.5 million US dollars to secure payment of the consideration envisaged in the contract signed with the Sultanate of Oman for a value of 90 million US dollars, counterguaranteed the “performance bond” and the “advanced payment bond” issued by the above banks for an amount of 60 million US dollars and issued a letter of patronage for any part exceeding such amount in relation to Rodriquez Cantieri Navali S.p.A.’s obligations to channel payments.
On 2 July 2008 in Oman the customer undersigned the final Protocol of Delivery and Acceptance with which he has accepted the first Rescue boat (no. 350). Due to the final acceptance of the construction, guarantees have been discharged for 17.5 million USA dollars and mortgages on the construction for 25 million USA dollars and new guarantees issued for 1.8 million USA dollars. With these discharges of guarantees the real exposure of Rodriquez Cantieri Navali toward the banks at 31 December 2008 dropped below the limit guaranteed by Immsi of 60 million USA dollars. For the second construction (no. 352), in the month of December 2008 the preliminary official tests concluded positively in Messina and Rodriquez Cantieri Navali received formal authorization to transfer the boat to Oman whose official delivery to the customer was made on 14 March 2009. This should make it possible to proceed, after acceptance by the customer, to discharge the guarantees on the advance payments received and free the sums deposited, for bank guarantees, on a Cash Collateral account and on a Deposit Account (for the portion of interest related to the second boat), further reducing the actual exposure of Rodriquez Cantieri Navali toward the banks.

Immsi has issued a letter of patronage to Banca Antonveneta guaranteeing the financing acknowledged during the month of May 2008 with expiration in October 2009 to Rodriquez Cantieri Navali S.p.A., agreed for a total of 5.2 million euros and paid out on 31 December 2008 for 2.6 million euros.

In the light of the contract stipulated between the Finnish Navy and the subsidiary Intermarine S.p.A. for the construction of three minesweepers, the Finnish Navy granted in the months of December 2007 and January 2008 three advance payments equal respectively to 16.3 million euros, 0.6 million euros and 32 million euros. These deposits are guaranteed, for an amount equal to 115% of the sum received, through insurance guarantees issued by SACE, which has declared itself available to release the aforesaid guarantees provided there is the co-obligation of Immsi S.p.A..

In late 2008 the fidejussory guarantee ceased for Intesa Sanpaolo S.p.A. issued by Immsi S.p.A. in the interest of Rodriquez Cantieri Navali S.p.A., to cover an obligation of payment of the latter company for a total of 15 million euros extinguished at the end of the year.

In the month of September 2008 Immsi S.p.A. made a commitment to pay Piaggio & C. S.p.A. for the Financial Administration – Inland Revenue Office of Pontedera for a total of 26,511,940 euros equal to the VAT compensated for in 2007 resulting from the declaration related to the year 2006 and to the related interest until the end term of the assessment. Piaggio at the same time issued surety for Immsi and presented a request to replace Immsi with Piaggio itself as "Parent company", the positive outcome of which arrived in late February 2009.

G - Net financial position

The net financial debt at 31 December 2008 of Immsi S.p.A. is shown below. Further details on its components may be found in Notes to the financial statements above.

In thousands of euros	31/12/2008	31/12/2007
Cash and cash equivalents	(9,150)	(8,220)
Other short-term financial assets	(18,020)	(14,701)
Medium- and long-term financial assets	(26,350)	(12,000)
Short-term financial payables	92,412	62,698
Medium- and long-term financial payables	45,918	45,863
Net financial debt	**84,810**	**73,640**

The net financial debt amounts at 31 December 2008 to 84,810 thousand euros, an increase over 31 December 2007 of 11,170 thousand euros, mainly due to the purchases of shares in Piaggio for 12,918 thousand euros and in ISM Investimenti S.p.A. for 30,020 thousand euros, undersigning the shareholders' equity for 99,999 thousand euros in Alitalia and 10 thousand euros in Immsi Audit S.C. a R.L., the purchase of treasury stock for 2,078 thousand euros, and the distribution of dividends 10,296 thousand euros partially compensated for by the sale of 1.5 million Unicredit shares for an amount of 8,028 thousand euros, of 9,200,000 Piaggio shares for 10,856 thousand euros, from the transfer of the investment in Is Molas S.p.A. to the subsidiary ISM Investimenti S.p.A. for 84,000 thousand euros and from the cash flow produced by operations for 42,169 thousand euros which includes the payables to Alitalia for the capital not yet paid up and the receivables from Banca IMI for the sale of 9.2 million Piaggio shares settled in early 2009, as detailed below:

In thousands of euros	31/12/2008	31/12/2007
Cash generated internally	8,889	684
Change in net working capital	33,280	(10,855)
Cash flow generated from operations	**42,169**	**(10,171)**
Payment of dividends by Parent company	(10,296)	(10,296)
Purchase of tangible assets	(905)	(280)
Disposal of tangible assets	2	25
Acquisition of non-controlling equity investments, net of disposals	(91,980)	5,912
Acquisition of controlling equity investments, net of disposals	51,918	(25,952)
Other net movements	(2,078)	0
Change in net financial position	**(11,170)**	**(40,762)**
Initial net financial position	**(73,640)**	**(32,878)**
Closing net financial debt position	**(84,810)**	**(73,640)**

H - Dividends paid

Dividends paid by Immsi S.p.A. in 2008 (relating to the distribution of 2007 profits, in accordance with the shareholder resolution on 13 May 2008) total 0.03 euros per ordinary share equal to 10,296 thousand euros. The Parent company has issued no shares other than ordinary shares.

I - Earnings per share

The earnings per share are determined in accordance with IAS 33 and is calculated by dividing the profit of Immsi S.p.A. by the number of shares in circulation during 2008 net of treasury stock. No

preferred shares were issued at 31 December 2008.
During 2008 the Company, in compliance with the resolution of the Meeting on 13 May 2008, purchased on the share market 2,670,000 of its own shares for a total of 2,078 thousand euros at an average price of 0.7784 euros.
Diluted earnings per share correspond to the basic profit in that there are no potential shares having a diluting effect.

Earnings per ordinary share for 2008 is as follows:

In euros	
Profit for the year attributable to ordinary shares	17,245,542
Average number of shares in 2008	341,795,833
Earnings per share	0.0505
Number of shares at 31.12.2008	340,530,000
Earnings per share	0.0506

L - Related Parties dealings

As regards the information to be provided on related party transactions in accordance with IAS 24 (Related Party Disclosures), we would like to point out that such transactions take place as part of normal operations at market conditions or as laid down under specific laws. No atypical or unusual transactions were carried out at the end of 2008.

The following table shows the impact of related party transactions on the income statement (excluding revenues from amounts recharged to subsidiaries and parent companies in accordance with IAS 18) and on each single item of the balance sheet of Immsi S.p.A. at 31 December 2008:

Main income statement and balance sheet items	Amounts in €/000	% incidence on balance sheet items	Description of the transactions
Transactions with Related Parties:			
Current trade payables	*310*	*20.7%*	*Legal advice provided by Studio d'Urso Gatti e Associati*
Other current payables	*44,374*	*85.6%*	*Portion of share capital to be paid to Alitalia Compagnia Aerea Italiana S.p.A.*
Costs for services and use of third party assets	*126*	*2.9%*	*Legal advice provided by Studio d'Urso Gatti e Associati*
Transactions with Parent Companies:			
Tangible assets	*71*	*12.2%*	*Fittings and motor vehicles provided by Omniainvest S.p.A.*
Costs for services and the use of third party assets	*187*	*4.3%*	*Lease of offices in Mantova made available by Omniaholding S.p.A.*
Transactions with Subsidiaries:			
Other non-current financial assets and receivables	*14,181* *14,917*	*11.0%* *11.6%*	*Convertible loan granted to RCN Finanziaria S.p.A. and interest* *Medium-term loan granted to RCN Finanziaria S.p.A. and interest*
Current trade receivables and other receivables	*1,376* *479* *371* *99* *57*	*9.9%* *3.5%* *2.7%* *0.7%* *0.4%*	*Amounts due by the Rodriquez group for recharged costs, rental of offices in Roma, interest, fees and consultancy contract* *Amounts due by the Piaggio group for recharged costs, consultancy contract and repayment of emoluments* *Amounts due by Is Molas S.p.A. for recharged costs, consultancy contract and repayment of emoluments* *Amounts due by ISM Investimenti S.p.A. for recharged costs and interest* *Amounts due by RCN Finanziaria S.p.A. for recharged costs and interest*
Other current financial assets	*1,000* *400* *120* *1,500* *15,000*	*2.8%* *1.1%* *0.3%* *4.2%* *42.3%*	*Loans granted to RCN Finanziaria S.p.A.* *Loans granted to Pietra S.r.l.* *Loan granted to ISM Investimenti S.p.A.* *Loans granted to Is Molas S.p.A.* *Loan granted to Rodriquez Cantieri Navali S.p.A.*
Current financial liabilities	*360*	*0.4%*	*Interest-bearing deposit granted by Apuliae S.p.A.*
Current trade payables	*75*	*5.0%*	*Amounts due to Piaggio & C. S.p.A. for recharged costs*
Other current payables	*5,524* *17*	*10.7%* *0.0%*	*Payables from national tax consolidation agreement* *Deferred income towards Rodriquez Cantieri Navali S.p.A.*
Financial income	*13,520* *1,424* *876* *10*	*3.4%* *5.5%* *52.1%* *0.0%*	*Dividends from Piaggio & C. S.p.A.* *Interest income from RCN Finanziaria S.p.A.* *Interest income and guarantee fees from the Rodriquez group* *Interest income from Is Molas S.p.A.*
Financial charges	*29*	*0.4%*	*Interest on interest-bearing deposit granted by Apuliae S.p.A.*
Operating income	*1,134* *600* *88*	*26.7%* *14.1%* *2.1%*	*Consultancy & Assistance contract and rental of offices in Roma and Milano rented to Piaggio & C. S.p.A.* *Consultancy & Assistance contract with Is Molas S.p.A.* *Consultancy & Aassistance contract and rental of offices in Roma rented to Rodriquez Cantieri Navali S.p.A.*
Costs for services and the use of third party assets	*75*	*1.7%*	*Recharges to be received by Piaggio & C. S.p.A.*
Other operating income	*43* *40*	*14.3%* *13,3%*	*Repayment of emoluments by Piaggio group* *Repayment of emoluments by Is Molas S.p.A.*
Taxation	*197* *415*	*43.0%* *n/a*	*Tax income for transfer of tax incombe to national tax consolidation agreement* *Tax charges for transfer of Rol from Group company due to national tax consolidation agreement*

Figures including non-deductible VAT.

In the month of September 2008 Immsi S.p.A. made a commitment to pay Piaggio & C. S.p.A. for the Financial Administration – Inland Revenue Office of Pontedera for a total of 26,511,940 euros equal to the VAT compensated for in 2007 resulting from the declaration related to the year 2006 and to the related interest until the end term of the assessment. Piaggio at the same time issued surety for Immsi and presented a request to replace Immsi with Piaggio itself as "Parent company". The guarantee is remunerated up to a maximum of 80 thousand euros. The positive outcome of the request arrived in late February 2009.

In addition, it is noted that 75,000,000 Piaggio shares are deposited with Intesa Sanpaolo as a guarantee for the Bullet – Multi Borrower financing stipulated in the month of December 2008 for a total of 70 million euros of which 30 million granted to ISM Investimenti S.p.A. and 15 million to Rodriquez Cantieri Navali S.p.A..

Immsi, as part of the contract for the supply of 5 catamarans to the Sultanate of Oman for which the Rodriquez group stipulated an endorsement credit contract with a pool of banks for an amount of 84.5 million U.S. dollars to guarantee payment of the consideration envisaged in the contract signed with the Sultanate of Oman for 90 million US dollars, counter-guaranteed the "performance bond" and the "advanced payment bond" issued by the above banks for an amount of 60 million U.S. dollars with the issue of a fidejussory guarantee and for any excess part with a letter of patronage in relation to Rodriquez Cantieri Navali S.p.A.'s obligations to channel payments.

A letter of patronage was issued in the month of May 2008 to Banca Antonveneta guaranteeing financing granted to Rodriquez Cantieri Navali S.p.A., with expiration 31 October 2009, agreed for a total of 5.2 million euros and paid out on 31 December 2008 for 2.6 million euros.

It should be also noted that further to the amendments of the contract stipulated between the Finnish Navy and the subsidiary Intermarine S.p.A., regarding the job order for the construction of three minesweepers, the Finnish Navy committed itself to pay in January 2008, besides the advance payment foreseen by the contract for 32 million euros, two further advanced payments of 16.3 million euros and 600 thousand euros. These accounts are guaranteed, for an amount equal to 115% of the sum received, through insurance guarantees issued by SACE, provided there is the co-obligation of Immsi S.p.A. for an amount equal to 36.8 thousand euros, 18,745 thousand euros and 690 thousand euros.

M - Risks and Uncertainties

Financial instruments

With reference to the financial instruments, already commented on in the supplementary and explanatory Notes, the Parent Company has not found any differences between the fair value and the accounting value for all the items at issue, since at 31 December 2008 the Company has no long-term fixed rate assets and liabilities for which it is necessary to recalculate the relative value according to the current market rates. It is noted, as specified under the item Financial Assets, that the investment held in Unicredit, valued in the financial statements at the fair value of the end of the year, in the early months of 2009 suffered a significant drop in line with the trend of the national and international stock markets and according to the difficult economic and financial context, that in perspective could lead to a reduction in fair value registered in the shareholders' equity. If the fair value should stably drop below the purchase value, an impairment test could be become necessary that, if there were a permanent reduction in the value of the asset, would require registering this reduction in value among the cost components.

Interest Rate Risk

As is known, the variations in the interest rates on the market can impact the fair value of a financial asset or liability.

Exposure to the market risk deriving from the variation in interest rates is mainly connected to the operations of medium and long term financing.
The following table illustrates the accounting value, for expiration in relation to 31 December 2008, of the Company's financial assets and liabilities, that are exposed to the risk of interest rates at 31 December 2008, divided depending on whether they are contractually subject to fixed or variable rates. It is specified that the floating rate financings represent 100% of the Company's financings.

In thousands of euros	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Total fixed rate	0	0	0	0	0	0	0
Total variable rate	(28,532)	(56,278)	0	0	0	0	**(84,810)**

An increase or decrease of 1% of the Euribor rate with reference to the net punctual exposure of Immsi S.p.A. would have produced greater or lesser interest for 848 thousand euros per year.

Price Risk

Concerning the price risk on the investments held by the Company and classified among the other financial assets available for sale, please refer to the comments under the item Financial Instruments.

Credit risk

The Company has credits with companies in the Group and third-party customers for which no insolvency risks are recognized that are not reflected in the related items of the financial statements.
The following table gives an analysis by maturity of the item of Trade receivables, including the devalued or guaranteed payables, for the related comment please see the Notes on the financial statements:

In thousands of euros	31.12.2008	31.12. 2007
Overdue receivables		
0-30 days	502	311
30-60 days	11	5
60-90 days	84	60
> 90 days	2,035	1,242
Total overdue receivables	2,632	1,618
Total receivables on maturity	395	-10
Total	3,027	1,608

Liquidity Risk

While the Company is not exposed to its own and specific risks of liquidity connected with its holding business, it could suffer from possibly critical situations concerning the subsidiaries, especially those for which it granted short-term financings. With reference to the position of payables, during 2009 the Company plans to renew the credit lines falling due with new loans for the medium term.
As concerns the risk of liquidity to which the Immsi Group is exposed, in relation to its own operational activity, please read the comments in the Notes on the consolidated financial statements.

N - Emoluments paid to members of the supervisory and management boards, to general managers and to senior managers with strategic responsibilities

In relation to the disclosure requirements established in art.78, paragraph 1 of the Issuers' Regulation regarding emoluments of any kind and for any reason paid to members of management and supervisory boards, to general managers and to senior managers with strategic responsibilities, even by subsidiaries, refer to the annual Report on Corporate Governance.

It is notified, as required by paragraph 1-*bis* of the above-mentioned article of the Issuers Regulations, that the Company has not set in being any operations to favour the purchase or the subscription of shares in accordance with art.2358 of the Italian Civil Code.

O - Auditing costs

In relation to the information obligations required by art.149-*duodecies* of the Issuers Regulations, on the subject of consideration pertaining to the year for the appointments conferred by Immsi S.p.A. to the auditing firm, please read the Report on Operations.

Certification of the financial statements of the year in accordance with art.81-*ter* of the Consob Regulations no. 11971 of 14th May 1999 and subsequent changes and amendments

The undersigned Roberto Colaninno, as Chairman of the Board of Directors, Luciano La Noce, as Managing Director 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 Ital.Legisl.Decree 58 of 24 February 1998:

- adequacy in relation to the characteristics of the company and
- actual application

of the administrative and accounting procedures for forming the financial statements during the year 2008.

To this regard no aspects of particular importance have emerged.

In addition, it is certified that the financial statements at 31 December 2008:

- correspond to the documentary results, the registers and the accounting records;
- 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;
- are suited to provide a truthful and correct representation of the issuer's assets and liabilities, profit and loss and financial situation.

The Report on management includes a reliable analysis of the progress and result of management, as well as of the situation of the issuer, together with a description of the main risks and uncertainties to which they are exposed.

24 March 2009

Chairman
Roberto Colaninno

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

Managing Director
Luciano La Noce