Immsi
SOCIETÀ PER AZIONI

PRESS RELEASE

IMMSI GROUP: FIRST HALF 2010

Consolidated figures:

Net sales € 869.5 million (+0.8%, compared to H1 2009)

EBITDA € 111.1 million (+10.2%, compared to H1 2009)

EBITDA margin increased to 12.8% of net sales (11.7% in H1 2009)

Operating earnings € 66.1 million (+24.9%, compared to H1 2009)

Consolidated net earnings € 10.4 million (+140.4%, compared to H1 2009)

Net debt € 636.3 million (down 1.7 million €, compared to 31.12.2009)

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Immsi S.p.A., the parent company:

Net profit of € 22.9 million (+96.6%, compared to H1 2009)

Net debt € 62.3 million (a reduction of 18 million €, compared to 31.12.2009)

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Michele Colaninno appointed Chief Executive of Immsi S.p.A.

Mantova, 27 August 2010 – At a meeting today in Mantova chaired by Roberto Colaninno, the Board of Directors of Immsi S.p.A. appointed the General Manager, Michele Colaninno, a member of the Board of Directors of Immsi S.p.A. since 2006, as Chief Executive of Immsi S.p.A..

Michele Colaninno, who will continue as General Manager of the Company, will remain in office until the shareholders' meeting called to approve the financial statements for the period ending 31 December 2011. The Board of Directors, assisted by the Internal Control Committee, also appointed the new Chief Executive Michele Colaninno as the Executive Director in charge of supervising the workings of the Internal Control System.

The Board of Directors also appointed –in accordance with article 2386 of the Italian Civil Code – Ruggero Magnoni a Director of Immsi S.p.A., substituting Luciano La Noce. His curriculum vitae will be available online at www.immsi.it.

At today's meeting, the Board of Directors also examined and approved the Group's results for the first half of 2010.

Immsi Group consolidated net sales at 30 June 2010 total € 869.5 million, an increase of 0.8%, compared to € 862.9 million in H1 2009.

Consolidated EBITDA totals € 111.1 million at 30 June 2010, an increase of 10.2%, compared to the € 100.9 million recorded in the first half of 2009. Also of note is the increase in the **EBITDA margin on net sales,** from 11.7% in H1 2009 to 12.8% of H1 2010.

First half 2010 **consolidated operating profit** (EBIT) totals € 66.1 million, an increase of 24.9%, compared to the € 52.9 million in first half 2009.

Consolidated **profit before tax** at 30 June 2010 totals € 51 million, an increase of 69.4%, compared to € 30.1 million of first half 2009.

Taxation for the period totals € 29.7 million, compared to € 18.7 million at 30 June 2009.

The **consolidated net profit for the period**, after taxation and minority interests, totals € 10.4 million at 30 June 2010, an increase of 140.4%, compared to the € 4.3 million recorded in H1 2009.

Group **net debt** at 30 June 2010 stands at € 636.3 million, down € 1.7 million, compared to 31 December 2009.

Group **consolidated shareholders' equity** (including minority interest capital and reserves) at 30 June 2010 stands at € 639 million, compared to € 620.6 million at 31 December 2009.

Examining the various sectors in which Immsi Group operates, in the **industrial sector** (**Piaggio Group**), net sales for the first six months of 2010 total € 820.8 million, an increase of 3.2%, compared to the same period in 2009. H1 2010 EBITDA totals € 117.5 million, or 14.3% of net sales, an increase of 9.3%, compared to € 107.5 million (or 13.5% of net sales) in the first half of the previous year. H1 2010 operating earnings (EBIT) total € 74.6 million, +21.1%, compared to the same period in 2009.
In H1 2010, Piaggio Group recorded pre-tax earnings of € 62.8 million - an increase of 39.1%, compared to the same period in 2009 – and a net profit of € 33.1 million, an increase of 28.6%, compared to H1 2009, after taxation totalling € 29.7 million (€ 19.4 million in H1 2009). Net debt at 30 June 2010 stands at € 341.7 million, a reduction, compared to the € 352 million recorded at 31 December 2009 and the € 348.9 million at 30 June 2009.
In the first six months of 2010, Piaggio Group sold 340,800 vehicles globally (+8.5%, compared to H1 2009), recording an increase in volumes in both the 2-wheeler business, with 232,800 vehicles (+2.6%, compared to the first six months of 2009), and in the commercial vehicle business with 108,000 vehicles sold (+23.9%, compared to the first six months of 2009).
The significant increases in sales volumes and in all the main indicators of financial performance and position are attributable to the success achieved by Piaggio Group in the Asian 2-wheeler market – as a result of the industrial and marketing operations in Vietnam – and in the Indian commercial vehicle market. Added to this performance, Piaggio Group essentially held its own in 2-wheels in Europe (losing just 3.1%, against a European motorcycle and scooter market in decline by 11%, compared to the first six months of 2009), as a result of improved market shares in various product segments and markets.

In the **shipbuilding sector** (**Rodriquez group**), consolidated net sales at 30 June 2010 total € 46 million, down 29.1%, compared to 30 June 2009, due to the river Magra breaking its banks twice in 2009, which led to a four-month halt in production at the Sarzana shipyard (Rodriquez group’s main production facility).

As regards the **property and holding company sector**, especially the subsidiary **Is Molas S.p.A.,** which manages a tourist, hotel and sports complex in Pula (Cagliari), net sales of € 1.3 million were recorded in the first half of 2010, an increase of some 13.5%, compared to the first half of the previous year.

Immsi S.p.A., the parent company

In H1 2010, the parent company, Immsi S.p.A., recorded a **net profit for the period** (before intragroup transactions) of € 22.9 million, an increase of 96.6%, compared to € 11.6 million at 30 June 2009, primarily as a result of more components of financial income, especially the dividends paid out in May by the subsidiary Piaggio & C. S.p.A. and received by Immsi S.p.A. totalling € 14.2 million (12.7 million in H1 2009), against a decrease in the number of shares held (from about 212.2 million shares at the end of May 2009, when they went ex-dividend, to about 202.2 million shares when they went ex-dividend at the end of May 2010), with the dividend improving from 0.06 euros per share in 2009 to 0.07 euros per share in 2010.
Furthermore, in March, 10 million Piaggio shares were sold to Banca IMI for 22.1 million euros and a pre-tax gain of some 9.6 million euros: N.B. this gain does not affect the consolidated net earnings, in accordance with the accounting standards employed.
Net debt at 30 June 2010 stands at € 62.3 million, a significant reduction (about 18 million euros), compared to 31 December 2009.

Events after 30 June 2010 and operating outlook

On 23 July 2010, a credit line was signed with IFC (World Bank Group) for the development of industrial operations in Asia, regarding 2-wheelers, commercial vehicles and engines with low environmental emissions and fuel consumption. The credit line provided by IFC, for an amount up to € 45 million, is in favour of Piaggio Vietnam Company Limited (up to € 15 million) and Piaggio Vehicles Private Limited in India (up to € 30 million, initially underwritten for about € 15 million).

Regarding the shipbuilding sector (Rodriquez group), the second MCMV 2010 class minesweeper that Intermarine built for the Finnish Navy was launched on 26 August 2010 at the Sarzana shipyard.

As regards the operating outlook for Immsi Group in the second half of the year, Piaggio group will pursue its strategy of developing its industrial and marketing presence on the main Asian markets – supported by the group's new global organizational model – strengthening its leadership in the Indian 3- and 4-wheeler light commercial vehicle market and gaining further market shares in the Vietnamese scooter sector. Centrally, the group's research and development activities will focus on renewing the product lines - scooters, motorcycles and commercial vehicles – paying special attention to developing engines with low fuel consumption and low-to-no environmental emissions.

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The manager in charge of preparing the company accounts and documents, Andrea Paroli, certifies that, in accordance with paragraph 2 Art. 154-*bis* of the Consolidated Financial Act, the accounting disclosures in this press release correspond to the documentation, the ledgers and the accounting records.

The Interim Financial report at 30 June 2010, including the Auditors' Report, will be available to the public as of today, at the registered offices of the company in Mantova, at Borsa Italiana S.p.A., and may also be viewed online at www.immsi.it.

Furthermore, this press release not only provides the conventional financial indicators envisaged by the IFRS, but also some alternative performance indicators such as, for example, EBITDA (defined as operating earnings before amortisation and depreciation, as indicated in the reclassified consolidated Income Statement schedule) and net debt (consisting of current and non-current financial liabilities, net of current financial assets, cash and cash equivalents, as indicated in the reclassified Balance Sheet schedule). These indicators are provided also for an improved understanding of the financial situation and performance of the Group. N.B. Not being specifically governed by the accounting standards adopted, the methods of determining these indicators may differ from those employed by others and, therefore, may not be directly comparable.

Below are the schedules of the reclassified consolidated Income Statement, the consolidated statement of comprehensive income, the reclassified Balance Sheet and the consolidated cash flows. In compliance with CONSOB Communication no. 9081707 of 16 September 2009, the unaudited reclassified schedules have been specifically disclosed. At the date of this press release, the audit activities of the concise consolidated half-year financial statements at 30 June 2010 of Immsi Group have not yet been completed.

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Immsi Group reclassified consolidated income statement

Unaudited

'000 euros	*H1 2010*		*H1 2009*		*Change*	
Net sales	**869,534**	**100%**	**862,890**	**100%**	**6,644**	**0.8%**
Cost of materials	494,379	56.9%	496,714	57.6%	-2,335	-0.5%
Cost of services and use of third-party assets	161,381	18.6%	174,757	20.3%	-13,376	-7.7%
Employee expenses	142,264	16.4%	140,360	16.3%	1,904	1.4%
Other operating income	66,436	7.6%	72,211	8.4%	-5,775	-8.0%
Other operating expense	26,816	3.1%	22,405	2.6%	4,411	19.7%
EBITDA	**111,130**	**12.8%**	**100,865**	**11.7%**	**10,265**	**10.2%**
Depreciation of tangible assets	20,627	2.4%	20,863	2.4%	-236	-1.1%
Amortisation of goodwill	0	-	0	-	0	-
Amortisation of intangible assets with finite life	24,401	2.8%	27,063	3.1%	-2,662	-9.8%
EBIT	**66,102**	**7.6%**	**52,939**	**6.1%**	**13,163**	**24.9%**
Share of result of associates	0	-	171	0.0%	-171	-
Finance income	13,766	1.6%	6,639	0.8%	7,127	107.4%
Finance expense	28,913	3.3%	29,669	3.4%	-756	-2.5%
EARNINGS BEFORE TAX	**50,955**	**5.9%**	**30,080**	**3.5%**	**20,875**	**69.4%**
Income tax	29,689	3.4%	18,656	2.2%	11,033	59.1%
NET EARNINGS FOR THE PERIOD FROM CONTINUING OPERATIONS	**21,266**	**2.4%**	**11,424**	**1.3%**	**9,842**	**86.2%**
Profit (loss) from discontinued operations	0	-	0	-	0	-
NET EARNINGS FOR THE PERIOD INCLUDING MINORITY INTERESTS	**21,266**	**2.4%**	**11,424**	**1.3%**	**9,842**	**86.2%**
Minority interests	10,901	1.3%	7,113	0.8%	3,788	53.3%
GROUP NET EARNINGS FOR THE PERIOD	**10,365**	**1.2%**	**4,311**	**0.5%**	**6,054**	**140.4%**

Immsi Group consolidated statement of comprehensive income

'000 euros	*H1 2010*	*H1 2009*
NET PROFIT FOR THE PERIOD INCLUDING MINORITY INTERESTS	21,266	11,424
Effective component of gains (losses) on cash flow hedges	126	609
Gains (losses) on translation of financial statements of foreign entities	9,261	122
Fair value gains (losses) on available-for sale assets and investment property	(4,611)	3,713
TOTAL OTHER GAINS (LOSSES) FOR THE PERIOD	4,776	4,444
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	26,042	15,868
Minority interests	15,095	7,401
GROUP COMPREHENSIVE INCOME FOR THE PERIOD	10,947	8,467

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SOCIETÀ PER AZIONI

Immsi Group reclassified Balance Sheet

Unaudited

'000 euros	*30.06.2010*	*in %*	*31.12.2009*	*in %*	*30.06.2009*	*in %*
Current assets:						
Cash and cash equivalents	199,664	8.2%	206,508	9.2%	168,851	7.2%
Financial assets	27,535	1.1%	4,462	0.2%	24,256	1.0%
Operating assets	809,845	33.2%	650,411	28.9%	770,535	32.8%
Total current assets	**1,037,044**	**42.6%**	**861,381**	**38.3%**	**963,642**	**41.0%**
Non-current assets:						
Financial assets	0	0.0%	0	0.0%	0	0.0%
Intangible assets	826,983	33.9%	820,265	36.5%	824,878	35.1%
Property, plant and equipment	296,283	12.2%	298,375	13.3%	299,549	12.8%
Other assets	276,449	11.3%	269,100	12.0%	260,991	11.1%
Total non-current assets	**1,399,715**	**57.4%**	**1,387,740**	**61.7%**	**1,385,418**	**59.0%**
TOTAL ASSETS	**2,436,759**	**100.0%**	**2,249,121**	**100.0%**	**2,349,060**	**100.0%**
Current liabilities:						
Financial liabilities	369,410	15.2%	364,719	16.2%	369,656	15.7%
Operating liabilities	782,205	32.1%	616,539	27.4%	806,321	34.3%
Total current liabilities	**1,151,615**	**47.3%**	**981,258**	**43.6%**	**1,175,977**	**50.1%**
Non-current liabilities:						
Financial liabilities	494,059	20.3%	484,207	21.5%	417,234	17.8%
Other non-current liabilities	152,126	6.2%	163,047	7.2%	158,496	6.7%
Total non-current liabilities	**646,185**	**26.5%**	**647,254**	**28.8%**	**575,730**	**24.5%**
TOTAL LIABILITIES	**1,797,800**	**73.8%**	**1,628,512**	**72.4%**	**1,751,707**	**74.6%**
TOTAL SHAREHOLDERS' EQUITY		**26.2%**	**620,609**	**27.6%**	**597,353**	**25.4%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**100.0%**	**2,249,121**	**100.0%**	**2,349,060**	**100.0%**

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Immsi Group consolidated statement of cash flows

'000 euros		H1 2010	H1 2009
Operating activities			
Net profit for the period	*H13*	10,365	4,311
Minority interests	*G1*	10,901	7,113
Tax	*H11*	29,689	18,656
Depreciation fixed assets (including investment property)	*H5*	20,627	20,863
Amortisation intangible assets	*H6*	24,401	27,063
Provision for risks, retirement funds and similar	*H4 - H8*	24,607	16,213
Write-downs / (Write-ups)	*H7 - H8*	1,254	1,289
Losses / (gains) on sale of fixed assets (including investment property)	*H7 - H8*	(1,960)	21
Losses / (gains) on sale of intangible assets	*H7 - H8*	0	(18)
Losses / (gains) on sale of securities	*H9 – H10*	0	1,340
Interest income	*H9*	(1,281)	(2,042)
Interest expense	*H10*	16,433	23,989
Amortisation of government grants		(1,850)	(6,591)
Change in working capital:			
(Increase) / Decrease in trade receivables	*F8*	(113,260)	(142,941)
(Increase) / Decrease in inventories	*F10*	(25,943)	(21,822)
Increase / (Decrease) in trade payables	*G3*	128,876	121,249
(Increase) / Decrease in contract work in progress	*F8*	(16,928)	10,685
Increase / (Decrease) in reserves for risks	*G5*	(13,408)	(10,657)
Increase / (Decrease) in reserves for pension and similar obligations	*G4*	(7,684)	(5,159)
Other changes		(31,692)	22,550
Cash generated by operating activities		53,147	86,112
Interest expense paid		(9,053)	(17,823)
Tax paid		(1,062)	(10,011)
Cash flow from operating activities		43,032	58,278
Investing activities			
Acquisition of subsidiaries, less cash and cash equivalents	*F1*	(8,438)	(2.877)
Sale price of subsidiaries, less cash and cash equivalents		22,090	9.205
Investment in fixed assets	*F2*	(9,379)	(22.414)
Sale price, or repayment value, of fixed assets (including investment property)	*F2*	3,623	264
Investment in intangible assets	*F1*	(26,410)	(26.508)
Sale price, or repayment value, of intangible assets		177	27
Sale price of non-consolidated equity investments		0	4
Loans received		0	(2)
Repayment of loans received		1	612
Purchase of financial assets	*F5*	(23,097)	(18.159)
Sale price of financial assets		23	0
Interest collected		620	1.085
Sale price of discontinued operations		73	0
Other flows from discontinued operations		0	(99)
Government grants received		17	8.437
Cash flow from investing activities		(40,700)	(50.425)
Financing activities			
Increase in minority interest capital	*G1*	2,000	0
Purchase of own shares	*G1*	(2,897)	(868)
Loans received		144,721	219.381
Outlay for loan repayments		(142,654)	(94.058)
Repayment finance leases		(432)	(420)
Outlay for dividends paid to parent company shareholders	*G1 - N*	(10,216)	0
Outlay for dividends paid to minority interests		(11,609)	(9.383)
Cash flow from financing activities		(21,087)	114.652
Increase / (Decrease) in cash and cash equivalents		(18,755)	122.505
Opening balance		184,571	16.403
Exchange-rate differences		(15)	152
Closing balance		165,801	139.060