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

Half-yearly Financial Report of Immsi Group at 30 June 2010

Index:

COMPANY BOARDS

The Board of Directors and the Board of Statutory Auditors of Immsi S.p.A. were appointed by shareholder resolution on 29 April 2009 and their term in office expires on the date of the Shareholders' Meeting called to approve the financial statements for the year ending at 31 December 2011.

BOARD OF DIRECTORS

Roberto Colaninno	***Chairman***
Carlo d'Urso	***Deputy Chairman***
Michele Colaninno (1)	***Managing Director***
Matteo Colaninno	***Director***
Mauro Gambaro	***Director***
Giorgio Cirla	***Director***
Giovanni Sala	***Director***
Enrico Maria Fagioli Marzocchi	***Director***
Ruggero Magnoni(2)	***Director***

BOARD OF STATUTORY AUDITORS

Alessandro Lai	***Chairman***
Giovannimaria Seccamani Mazzoli	***Standing Auditor***
Leonardo Losi	***Standing Auditor***
Gianmarco Losi	***Substitute Auditor***
Mariapaola Losi	***Substitute Auditor***

INDEPENDENT AUDITORS

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

GENERAL MANAGER

Michele Colaninno

(1) Appointed Managing Director, in place of Luciano La Noce, upon the Board's resolution on 27 August 2010.

(2) Co-opted Director, in place of Luciano La Noce, upon the Board's resolution on 27 August 2010.

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

REMUNERATION COMMITTEE

Carlo d'Urso — ***Chairman***
Mauro Gambaro
Giorgio Cirla

INTERNAL AUDIT COMMITTEE

Giovanni Sala — ***Chairman***
Mauro Gambaro
Giorgio Cirla

DIRECTOR APPOINTED

Michele Colaninno (1)

PERSON IN CHARGE OF THE INTERNAL AUDIT

Maurizio Strozzi

SUPERVISORY BOARD

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

MANAGER IN CHARGE OF PREPARING THE COMPANY ACCOUNTS AND DOCUMENTS

Andrea Paroli

INVESTOR RELATOR

Andrea Paroli

(1) Appointed, in place of Luciano La Noce, upon the Board’s resolution on 27 August 2010.

Interim management report of the Immsi Group

The Half-yearly Financial Report for the six months ended at 30 June 2010 has been prepared in accordance with Ital.Legisl.Decree 58/1998, as amended, and the Issuer Regulations issued by Consob.
This Half-yearly Financial Report also conforms with the requirements of the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") adopted by the European Union and has been prepared in accordance with IAS 34 – *Interim Financial Reporting.* The accounting principles applied are consistent with those used for preparation of the Consolidated Financial Statements at 31 December 2009, except as otherwise stated under paragraph "Accounting principles, amendments and interpretations adopted from 1 January 2010" contained in the subsequent Explanatory Notes.

Information on operations

In the first six months of 2010 the Immsi Group showed improving net revenues and operational results compared to the corresponding period of the preceding year. The above 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 and due to the different impact of seasonality.

Some of 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 the international accounting standards. A more detailed description of the figures below may be found later on in this document.

Immsi Group at 30 June 2010

In thousands of euros	*Property & holding sector*	*in %*	*Industrial sector*	*in %*	*Naval sector*	*in %*	*Immsi Group*	*in %*
Net revenues	2.712		820,819		46,003		869,534	
Operating earnings before depreciation and amortisation (EBITDA)	-3,154	-116.3%	117,528	14.3%	-3,244	-7.1%	111,130	12.8%
Operating earnings (EBIT)	-3,534	-130.3%	74,577	9.1%	-4,941	-10.7%	66,102	7.6%
Earnings before taxation	-5,083	-187.4%	62,771	7.6%	-6,733	-14.6%	50,955	5.9%
Earnings for the period including non-controlling interest	-4,809	-177.3%	33,080	4.0%	-7,005	-15.2%	21,266	2.4%
Group earnings for the period (consolidated)	-3,404	-125.5%	18,195	2.2%	-4,426	-9.6%	10,365	1.2%
Net financial position	-178,552		-341,656		-116,062		-636,270	
Personnel (number)	93		7,741		373		8,207	

The "property and holding sector" sets out some of the main income and balance sheet figures – net of the intragroup annulments and with reference to the consolidable share – 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..

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

Immsi Group at 30 June 2009

In thousands of euros	*Property & holding sector*	*in %*	*Industrial sector*	*in %*	*Naval sector*	*in %*	*Immsi Group*	*in %*
Net revenues	2,420		795,626		64,844		862,890	
Operating earnings before depreciation and amortisation (EBITDA)	-2,495	-103.1%	107,488	13.5%	-4,128	-6.4%	100,865	11.7%
Operating earnings (EBIT)	-2,860	-118.2%	61,576	7.7%	-5,777	-8.9%	52,939	6.1%
Earnings before taxation	-8,420	-347.9%	45,138	5.7%	-6,638	-10.2%	30,080	3.5%
Earnings for the period including non-controlling interest	-7,936	-327.9%	25,729	3.2%	-6,369	-9.8%	11,424	1.3%
Group earnings for the period (consolidated)	-6,426	-265.5%	14,771	1.9%	-4,034	-6.2%	4,311	0.5%
Net financial position	-164,906		-348,910		-79,967		-593,783	
Personnel (number)	97		7,339		415		7,851	

The “property and holding sector” sets out some of the main income and balance sheet figures – net of the intragroup annulments and with reference to the consolidable share – 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

In thousands of euros	30.06.2010	in %	30.06.2009	in %	Change	in %
Net revenues	2,712		2,420		292	12.1%
Operating earnings before depreciation and amortisation (EBITDA)	-3,154	-116.3%	-2,495	-103.1%	-659	-26.4%
Operating earnings (EBIT)	-3,534	-130.3%	-2,860	-118.2%	-674	-23.6%
Earnings before taxation	-5,083	-187.4%	-8,420	-347.9%	3,337	39.6%
Earnings for the period including non-controlling interest	-4,809	-177.3%	-7,936	-327.9%	3,127	39.4%
Group earnings for the period (consolidated)	-3,404	-125.5%	-6,426	-265.5%	3,022	47.0%
Net financial position	-178,552		-164,906		-13,646	-8.3%
Personnel (number)	93		97		-4	-4.1%

The “property and holding sector” sets out some of the main income and balance sheet figures – net of the intragroup annulments and with reference to the consolidable share – 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 **Parent company Immsi S.p.A.** records in the separate financial statements (gross of the intragroup annulments) a positive net result for the period equal to 22.9 million euros, compared to 11.6 million euros at 30 June 2009, mainly due to the higher positive financial items of income.
In the month of January, following the capital increase deliberated by Unicredit (of which Immsi S.p.A. holds in its portfolio approximately 9.3 million shares), the Company sold the related assigned rights on the market (in a ratio of 1 right per share held) collecting gross capital gains of 0.9 million euros.
In the month of March, Banca IMI was sold 10 million Piaggio shares for a total collection of 22.1 million euros and a gain, gross of the relative fiscal effect, equal to approximately 9.6 million euros (remember that during the first half of 2009 7,800,990 Piaggio shares were sold with a gross gain equal to 1.2 million euro); the gain achieved on the sale of Piaggio shares produces no effects on the consolidated net result, in accordance with the accounting standards of reference.
The dividends distributed in the month of May by the subsidiary Piaggio & C. S.p.A. and collected by Immsi S.p.A. amount to 14.2 million euros (12.7 million in the first half of 2009), as a consequence of a decrease in the number of shares held (from around 212.2 million at the end of May 2009, the dividend payment date, to around 202.2 million at the time of payment at the end of May 2010) with the coupon passed from €0.06 per share in 2009 to €0.07 euro per share in the year 2010.
In the month of May, the Company moreover collected approximately 279 thousand euros for dividends related to the approximately 9.3 million Unicredit shares held in its portfolio, with a coupon equal to €0.03 per share. To this regard, furthermore, it should be remembered, that during the first half of 2009, Unicredit had decided not to assign cash dividends to its shareholders but to attribute newly issued Unicredit shares (so-called “scrip dividend”) from a free share capital increase with the assignment of 29 new ordinary shares for every 159 ordinary shares held. The dividends in kind therefore attributed to Immsi S.p.A. (equal to over 1.8 million shares), in accordance with the accounting standards of reference, did not resulted in recording any proceeds to the Income Statement, but only to registration in the portfolio of the aforesaid shares of new issue.
With reference to the non-financial components of income, it should be noted that the net revenues accomplished in the first half of 2010 deriving from the real-estate operations and services amount to 2.4 million euros, basically constant compared to the 2.3 million of the corresponding period in the preceding year.
The net financial debt at 30 June 2010 is 62.3 million euros, significantly less (approximately 18 million euros) than the figure at 31 December 2009. The improvement highlighted in the first half of 2010 is mainly

due to the above-mentioned collection related to the sale of Piaggio shares and Unicredit rights (respectively equal to 22.1 and 0.9 million euros) as well as the collections related to the dividends distributed by Piaggio & C. S.p.A. and by Unicredit respectively equal to 14.2 million euros and 279 thousand euros. These positive streams have only partially been compensated for by the disbursement related to the payment by Immsi S.p.A. of the dividends of the Company's shareholders for a total value of 10.2 million euros as well as the outflow of 6.4 million sustained in the month of February and related to undersigning the financial instruments issued by the subsidiary ISM Investimenti S.p.A.. The issue of the aforesaid instruments has been finalized at obtaining financial resources for the purchase – for approximately 8.4 million euros – of 25% of the shareholdings of the subsidiary Is Molas S.p.A. from the minority shareholders M.R.S. S.r.l. and G.F.C. S.p.A.. After the above operation therefore ISM Investimenti S.p.A. holds 85% of the share capital of Is Molas S.p.A.. The net cash flow from management of Immsi S.p.A., net of the above operations, has therefore produced further cash absorption equal to about 2.9 million euros.

Regarding the additional initiatives in 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 accomplished in the first half of 2010, equal to 1.3 million euros, are up on the corresponding period of the preceding year by approximately 13.5% (they amounted to 1.2 million euros in June 2009).
In relation to what is stated in the Directors' Report on Operations of the Immsi Group at 31 December 2009, the first half of the year 2010 saw no particular evolutions in the general course of the business. On that occasion reference was made to the delivery and approval by the Municipality of Pula of the non-substantial change to the town and country plan, necessary following the checks required by the new hydrogeological regulations. On 24 February 2010, Is Molas S.p.A. delivered the documentation related to the whole project to the competent regional, provincial and municipal offices to submit to the procedure of *Valutazione di Impatto Ambientale - V.I.A.* (Environmental Impact Evaluation). The convocation of the Preliminary Conference related to the V.I.A. procedure took place on 5 May 2010 when supplements to the presented documentation were requested, for which the company arranged adequate responses forwarding them to the relevant offices on 12 July 2010. Further to the above, the Region of Sardinia convened the second Preliminary Conference on the Evaluation of Environmental Impact for 28 July 2010.
Also in view of the above, Is Molas S.p.A. recorded in the first half of 2010 a negative operating result equal to 2.2 million euros (-2 million in the corresponding period in the preceding year) and a net consolidable loss for the Immsi Group equal to 1.3 million euros.
The company's net financial position shows net indebtedness equal to 31.6 million euros, with a cash absorption of 1.8 million euros compared to 31 December 2009 in relation to the negative contribution of the cash generated internally.

With reference to the **Pietra Ligure Project**, it is noted that during 2009, in agreement with the regional competent offices, the procedures were identified for "*V.A.S.-Valutazione Ambientale Strategica*" (Strategic Environmental Evaluation) that the Administration is to activate, so that the project pursuant to Italian decree 509/1997 can be approved as a variant to the coast plan. The Department of the Environment has turned out to be the competent Authority for the V.A.S. and the related capability check. The project has been updated over a number of phases, in reference to the indications that emerged during the last reference meeting held in 2008. With specific attention to the indications of the Department of the Environment of the Regional Council, that requested a substantial change to the building types, the residential part of new planning was reworked with considerable improvement to the general performance of the project in terms of commercial surface area. With reference to the indications of the port authorities of Savona the planning forecasts have been improved as concerns the safety of entry into the future harbour. The designed construction to house the new shipyard has been integrally reviewed in relation to the industrial plan of the Rodriquez group and moreover to the new layout of the harbour, partly of the pertinence of the same yard, and partly specifically a tourist destination. The new production requirements have been combined with the requests of the Department of the Environment and will allow constructing, on the roof of the future industrial structure, one of the largest photovoltaic surface of the Region of Liguria, with accordingly considerable benefits from both the environmental point of view and the economic and financial one.
Moreover, in February 2010 the sentence was issued by the Court in Milan that endorsed that the preliminary contract stipulated in July 2005 between Rodriquez Cantieri Navali S.p.A. and Como (formerly Fimi Real Estate) is still valid, effective and binding between Rodriquez Cantieri Navali S.p.A. and Como, until the fulfilment or the acquisition of the certainty of the impossibility of the fulfilment of the condition of suspension consisting in the definition of the convention for the change in the registered use of the area, as

required by the preliminary contract.

With reference to the subsidiary **Apuliae S.p.A.**, the suspension of the work of renovation begun in March 2005 following investigations by the legal authorities continues. However it should be remembered that, on 16 March 2009, within the framework of the ordinary proceedings in progress at the Second Penal Section of the Court of Lecce regarding other subjects but the same type of crime of the shortened proceedings, the judges have issued a first degree sentence of acquittal beyond all reasonable doubt because the deed does not exist for all the accused and for all the disputed hypotheses of crime and also ordered the release from seizure of the properties. The sentence of the shortened proceedings of 2 November last ratified the acquittal for all the defendants for misfeasance and no right to proceed for having reached the prescription for the town-planning aspects. There remains the civil dispute between the Province of Lecce and the State Property in relation to the ownership of the property. In said judgment Apuliae appeared with a request for the quantification of damages. With deliberation of the Council on 28 April 2010, the Province of Lecce ordered the annulment of the deliberation of 20 December 2002 with which it started the procedure of the tender for assigning the construction and management of the former Colonia Scarciglia and then the revocation of the entire tender procedure. The dispute with the State Property has made it necessary for the Provincial Administration to recover the use of the property taking account that any intended use of the property must be arranged with the State Property and implemented by means of procedures consistent with the intended use. Therefore meetings finalized in this sense are in progress between the Provincial Administration and the State Property.

Overall, the property and holding company sector, which also includes the activities of RCN Finanziaria S.p.A., ISM Investimenti S.p.A. and Immsi Audit S.c.a.r.l. produced in the first half of 2010 consolidable negative net earning equal to 3.4 million euros (negative result equal to 6.4 million at 30 June 2009) and a negative net financial position equal to 178.6 million euros (164.9 million at 30 June 2009). The reduction in the consolidable loss is basically associated with the improved result of the Parent Company Immsi S.p.A. (net of the annulments on intragroup proceeds), while the variation in the net financial position (increase in the debt of 13.6 million euros) is mainly referable to the capital issue of 30 million euros undersigned and paid up by RCN Finanziaria S.p.A. to Rodriquez Cantieri Navali S.p.A., only partially compensated for by the decrease in the net financial debt of the Parent Company (from 84.5 million at 30 June 2009 to 62.3 million at 30 June 2010). The financial resources to back up the aforesaid increase in capital in Rodriquez Cantieri Navali S.p.A. by RCN Finanziaria S.p.A. have been made available by Immsi S.p.A. (22.8 million euros) and Intesa Sanpaolo S.p.A. (7.2 million euros) through long-term convertible shareholder financing.

The industrial sector: Piaggio group

In thousands of euros	30.06.2010	in %	30.06.2009	in %	Change	in %
Net revenues	820,819		795,626		25,193	3.2%
Operating earnings before depreciation and amortisation (EBITDA)	117,528	14.3%	107,488	13.5%	10,040	9.3%
Operating earnings (EBIT)	74,577	9.1%	61,576	7.7%	13,001	21.1%
Earnings before taxation	62,771	7.6%	45,138	5.7%	17,633	39.1%
Earnings for the period including non-controlling interest	33,080	4.0%	25,729	3.2%	7,351	28.6%
Group earnings for the period (consolidated)	18,195	2.2%	14,771	1.9%	3,424	23.2%
Net financial position	-341,656		-348,910		7,254	2.1%
Personnel (number)	7,741		7,339		402	5.5%

Regarding the **industrial sector**, in the first half of 2010, the Piaggio group sold a total of 340,800 vehicles worldwide, of which 232,800 in the Two-Wheeler business and 108,000 in the Commercial Vehicles business.
With regard to the Two-Wheeler business, this performance was achieved in a particularly difficult market context in the group's main reference areas. In fact compared to the same period of the previous year, demand in the Two-Wheeler business fell in Europe (including Italy), in both the scooter segment and motorcycle segment (11%).
An analysis of sales by geographical segment shows the growth achieved in the Asian Pacific area, thanks to the success of the Vietnamese subsidiary which had just started operations in the first half of 2009.
Sales of the group on the European market also increased (+2%) despite the overall market downturn (sellout). As a result, the Piaggio group improved its global market share, confirming its position as a leader in the scooter segment.
Performance declined in Italy (-10.5%) and in the Americas (-76.7%), where sales on the Canadian market were temporarily stopped, following a review of the distribution model in the first four months of 2010.
The Commercial Vehicles Division closed the first half of 2010 with 108,000 units sold, up 23.9% compared to the same period in 2009, thanks to the expansion of the Indian subsidiary (+ 27.7%) which had been affected by a downturn in the first half of 2009.

In the first half of 2010, consolidated revenues stood at 820.8 million euros, up 3.2% compared to the same period in 2009. The breakdown of revenues by sub-segments of reference shows that the increase was mostly driven by the successful performance of the Asian market in the Two-Wheeler segment and of the Indian market in the commercial vehicles sector, which more than made up for the downturns on the American and European markets.
The Operating earnings before depreciation and amortisation (EBITDA) in the first half of 2010 totals 117.5 million euros, equal to 14.3% of net revenues, an increase of 9.3% compared to 107.5 million euros, equal to 13.5% of net revenues during the first half of the previous year.
Operating income (EBIT) in the first half of 2010 totals 74.6 million euros compared to 61.6 million euros of the same period in 2009 (+13 million euros, or +21.1%), with depreciation for 43 million euros (a 3 million euros decrease, or 6.4% compared to the same period of the previous year).
In the first half of 2010 the earnings before taxes of the Piaggio group are positive for 62.8 million euros (+39.1% compared to the first half of 2009) and the earnings for the period including non-controlling interest is equal to 33.1 million euros (+28.6% compared to the first half of 2009). Total tax for the period – in pursuance of the IAS standards on the basis of the average expected tax rate for the entire financial year – amounts to 29.7 million euros (19.4 million euros at 30 June 2009).

Net financial debt of the group as of 30 June 2010 was 341.7 million euros compared to 352.0 million euros as of 31 December 2009 and compared to 348.9 million euros at 30 June 2009. The improvement of 10.3 million euros compared to 31 December 2009 is due to the positive trend of operating cash flow, which supported the financing of the investment programme, the distribution of dividends amounting to 25.8 million euros and the purchase of own shares for 2.9 million euros.

The market scenario

Two-Wheeler Business

In the first half of 2010, the world market for motorised two-wheelers exceeded 23 million vehicles sold, a +17% increase compared to the same period in 2009.
Asia was the most important geographical segment, in the first half of 2010 as well, selling nearly 21 million units and reporting a growth of 20% compared to 2009. The People's Republic of China is still the leading global market with more than 9 million vehicles sold and a 12% growth compared to the first six months of 2009. India ranks second, with 5.3 million vehicles sold, up 33% compared to the previous year, and registering the highest increase in percentage terms, in the first six months of the year. South East Asian markets also performed well, with more than 6 million vehicles sold (+20% compared to the first half of 2009). Indonesia is still the most important country, in terms of volumes and growth, increasing its sales of vehicles by 31%, with a total of 3.2 million units sold, accounting for 51% of sales in South East Asia. Vietnam ranks second in the area with nearly 1.3 million unit sold (+20%) followed by Thailand with 894 thousand units sold (+19%).
After the huge decline in 2009, sales continued to decrease in the first six months of 2010 on the North American market, with volumes falling below 300 thousand units (-15%). The United States continued to account for approximately 90% of sales in the area.
Sales in Latin America picked up (+10% compared to the first half of 2009) with a positive trend on the Brazilian market (the reference country in this area) which sold approximately 880 thousand units, up 11% compared to the first half of 2009.
Europe, the main reference area for the Piaggio group, continued to be negatively affected by the global economic recession and reported a decrease in sales of 11% compared to the first half of 2009 (-11% for both the scooter and motorcycle business). Both the over 50cc (-11%) and 50cc (-12%) sectors reported sales decreases. In the over 50cc sector in particular, scooter sales fell by 12%, partly affected by comparisons with 2009 when the sector benefited from state incentives in Italy, while motorcycle sales dropped by 9%. In the 50cc segment, the decrease in scooter sales (-11%) was lower than in the motorcycle segment (-23%).

The scooter market

The Italian scooter market closed the first half of 2010 with 176 thousand registered vehicles, a 19% decrease compared to 216 thousand registrations in the same period in 2009. Sales in both the 50cc segment (-6% with 44 thousand units sold) and over 50cc segment dropped. The over 50cc segment, without the state incentives to scrap old vehicles granted in 2009, sold approximately 132,000 thousand units, registering a decrease of 22% compared to the first half of last year.
In the first half of 2010, sales on the scooter market in Europe fell by 11%, from 631 thousand to 559 thousand units. In particular, performance declined in both the 50cc scooter segment, with sales falling by 11%, from 299 thousand units in the first part of 2009 to 267 thousand in 2010, and in the over 50cc scooter segment, where sales dropped by 12%, with 293 thousand units sold compared to 332 thousand in the same period in 2009. In geographical terms, Italy was still the most important market with 176 thousand units sold, followed by France with 97 thousand units and Germany with 56 thousand units. Spain ranked fourth, with sales of 53 thousand units, with the market showing clear signs of recovery. The French market decreased by 8% compared to the previous year, from 106 thousand to 97 thousand units. Unlike the past, the over 50cc scooter segment was affected to a greater extent (sales down 10%), while sales of 50cc scooters fell by 7%. The German market was affected by a considerable downturn (-24%) with approximately 56 thousand units sold in the first half of 2010. This trend was negative for both the 50cc scooter (-11%) and over 50cc scooter (-18%) segments. Sales on the UK market also fell, by 12%, compared to the same period in 2009, with just under 12 thousand vehicles sold. The decrease was more accentuated in the 50cc segment, which dropped by 15%, against a 10% decline in the over 50cc segment. The Spanish market reversed its trend of the last few years and reported an upturn. Sales picked up considerably, with over 53 thousand vehicles sold (+12%), compared to the same period in 2009 when nearly 48 thousand vehicles were registered. This positive trend is due to the good performance of the over 50cc scooter segment (+23%), which offset a new decline in the

50cc scooter segment (-12%).
The negative trend of the scooter market in North America in the first half of 2010 was less accentuated compared to the downturn in 2009. With 17.5 thousand units sold, sales were down by 12.4%. In particular, the United States (which accounts for nearly 80% of the reference area) reported a 12.2% drop, with the number of units sold falling to approximately 14 thousand.

The motorcycle market

In the first half of 2010, the motorcycle market (including 50cc motorcycles) in Italy fell 12%, from 74 thousand units in the first half of 2009 to 65 thousand. The decrease was mainly due to the contraction in the 51cc - 125cc motorcycle subsegment (which fell from 5 thousand units in the first half of 2009 to 4 thousand units in the first half of 2010, down 12%) and in the 126 - 750cc motorcycle subsegment (which fell from 36 thousand units in the first half of 2009 to 26 thousand units in the first half of 2010, down 27%). Large engine motorcycles partly offset the negative trend of other segments. Sales in the first half of 2010 went up to 32 thousand units against 30 thousand in 2009 (+6%). The 50cc motorcycle segment was also stable, with just under 3 thousand units sold (-5%).
On a European level, sales decreased on the motorcycle market (including 50cc motorcycles) in the first half of 2010, from 401 thousand units in the first half of 2009 to 360 thousand units in the same period in 2010 (-10%). The most significant downturn was in the 50cc segment, with sales in 2010 amounting to 26 thousand units (34 thousand units in 2009, -23%). This was followed by the 126 - 750cc segment, with sales dropping from 157 thousand units to 127 thousand units (-19%) and the 51 - 125cc segment, with sales falling by 8% and 48 thousand units in the first half of 2010. Like the Italian market, aggregate European figures for the over 750cc motorcycle segment went up in the first half of 2010 (+1%), with nearly 160 thousand units sold. The main European market was France, (75 thousand units) which exceeded Italy in terms of sales volumes in the first half of 2009, followed by Germany (63 thousand units) in third place, Great Britain (40 thousand units) and Spain (35 thousand units). In Europe, large engine motorcycles, which the group sells under the Aprilia and Moto Guzzi brands, was the best performing subsegment (160 thousand units), followed in the first half of 2010 by medium engine motorcycles (127 thousand units), sold under the Aprilia, Moto Guzzi and Derbi brands. All main markets apart from Spain (+18%) reported a downturn in the first half of 2010. In particular sales decreased considerably on the UK market (-17%) and Italian market (-12%), while on the French and German markets sales fell by 8% and 7% respectively.
The world crisis, which began in the United States, continued to affect the North American motorcycle market, which registered a decline of 15%. In the first half of 2010, the motorcycle segment in the United States decreased by 15%, due to falling sales in all engine segments, with approximately 240 thousand units sold. The Canadian market also reported a drop of 13% with volumes down to approximately 33.5 thousand vehicles.

Commercial Vehicle business

In the first half of 2010, the European Light Commercial Vehicles market (vehicles with a Total Land Weight of ≤ 3.5 ton) improved its performance compared to the same period in 2009, with sales up 8% (EU countries, source ACEA). On the Italian domestic market, growth stood at 14.8%, with 101,728 units against 88,623 in 2009 (source: ACEA, deliveries declared by LCV market manufacturers).
The Indian Three-Wheeler market - where Piaggio Vehicles Private Limited, a subsidiary of Piaggio & C. S.p.A., operates - went up from 180,853 units in the first half of 2009 to 223,773 in the first half of 2010, registering a 23.7% increase. Within this market, and in the same reference period, the passenger transport vehicles segment continued its expansive trend, reaching 176,193 units, with a change of 22.5%, while the Cargo sector reported an increase of 28.4%, with sales going up from 37,045 to 47,580 units.
On the four-wheeler Light Commercial Vehicles market in India for goods transport (Cargo), in which Piaggio Vehicles Private Limited is present with the Apé Truk, sales amounted to 125,021 units in the first half of 2010, up 51.8% compared to the same period in 2009.

Two-wheeler business

In the first half of 2010, the Piaggio group sold a total of 232.8 thousand units in the Two-Wheeler segment (+ 2.6% compared to the same period in 2009), with a net turnover of 582.0 million euros (-2.3%) including spare parts and accessories. It should be noted that ‘sold’ means the number of vehicles sold to dealers (sell-in volumes), which differs from the number of new vehicles registered (sell-out volumes), due to stocks held by the sales network.

As regards the breakdown of sales by geographical segment, growth was achieved in the Asia Pacific area, thanks to the success of the Vietnamese production site which had only started operating at the end of June 2009.
Group sales were also up on the European market (+1.9%) against the scenario of a very challenging Two-Wheeler segment (sell-out), including Italy, where sales dropped by 11%. As a result, the Piaggio group improved its global market share, confirming its position as a leader in the scooter segment.
Results in Italy decreased, where performance in the overall market declined by approximately 16.9%. Results obtained by the group in the Americas were affected by the crisis on the global market (-15%), and by the change in the distribution model for the Canadian market.

Two-Wheeler product range

The Piaggio group sells a broad range of products, entrenched in the top sales rankings, ensuring excellent coverage of various market segments. In the first half of 2010, the Vespa LX was the most widely sold model (nearly 51 thousand units sold) and since 2009 it has also been manufactured at the new site in Vietnam for the local market; Piaggio Liberty was in second place: with a new look in 2009, the model was confirmed as a real icon of the scooter market with more than 23 thousand units sold compared to the 22 thousand of the first half of 2009. The Vespa GTS also performed well, with nearly 17 thousand units sold. The Beverly ranked fourth, with more than 17 thousand units sold, and featured a restyling in May. Piaggio's two entry-level products performed well: the Fly and Zip overall sold more than 23 thousand unit.
As mentioned, in the first half of 2010, the Piaggio group restyled Piaggio's most important scooter in terms of image and sales. Since it was unveiled in 2001, the Beverly has been a market leader, clocking up more than 270,000 units sold. The aim behind the new Beverly is to retain its market leadership and original concept, while offering a more innovative vehicle that meets customer needs. The critical factors for the restyling success are safety, with a special focus on the braking system; comfort, with a new seat compartment for two full jet helmets - making the model a leader in terms of transport in the high wheel scooter segment; style, with echoes of the original design, but a leaner look and more sophisticated details; ergonomics, with a more spacious riding position to improve riding conditions; technological content, with a new 125cc engine with electronic injection and new LED lights.
Numerous new models successfully came onto the market in the first half of the year. At the beginning of 2010, the spotlight was on the Vespa Brand, with four new special series, for each model, unveiled. The best-selling Vespa LX range was added to, with the LX Touring, a vehicle for touring fans, fitted out with exclusive accessories such as the chrome-plated front carriers, the fairing, side kickstand and seat. A special series was also launched for younger riders: the Vespa S College, available in a Red/White or Light blue/ White two-tone version. For customers with more sophisticated tastes, the new Vespa GTS Super Sport and GTV Via Montenapoleone were brought out. The Vespa GTS Super Sport is a new version of the GTS Super, the most powerful Vespa thanks to a 300cc engine. The GTV Via Montenapoleone is a celebration of Milan's famous shopping street, featuring chromeplated details, exclusive materials for the seat and a gloss black look, which sets apart the GTV model for the first time ever.
Two new versions of the Scarabeo brand were also introduced, which along with the Vespa, represents the group's premium product ranges. The 50cc and 100cc version Scarabeos were given a new look. Plus a special "NET" version, with a 125 and 200cc engine with electronic injection, was unveiled. As the name suggests, the version was specifically designed to appeal to a more technologically-minded customer, keen on the latest in hi-tech. In addition to a number of stylish features such as the seat material and standard pannier, the Scarabeo "NET" lets the rider use a helmet with Bluetooth which connects to various user devices.
The Aprilia range consolidated its flagship model the RSV4 in the first half of 2010, with the arrival of the R version, unveiled at the end of 2009, and the superb results it achieved in the World SBK Championship. In the first few months of the year, the twin-cylinder 750cc range was also updated, with the Shiver 750 My'10 (an important restyling) and Dorsoduro 750 Factory launched on the market. During 2010 Moto Guzzi, which is undergoing a major relaunch, had some important changes made to solve quality problems. All products in the range have been restyled though in a way which was not visible to customers. The Stelvio (basic and NTX) MY'10 was launched with functional changes, the Griso My'10 with a restyled engine and the Nevada Anniversario, with a new look to celebrate the 20 years of the Nevada 750. As for Derbi motorcycles, with the Senda 50 range to be restyled in the second half of the year, steps were taken to complete the process to modernise and relaunch the 125 range, with restyling of the Senda Baja and Mulhacen.

Commercial Vehicle business

The Commercial Vehicles Division ended the first six months of 2010 with 108 thousand units sold, up 23.9% compared to the first half of 2009, while turnover increased from 199.9 million euros in the first six months of 2009 to 238.8 million euros in the first six months of 2010 (+19.5%). Turnover generated in India reached 176.8 million euros while in Europe it stood at 62 million euros.
On the Indian three-wheeler market, Piaggio Vehicles continued to strengthen its role of reference player and market leader. Sales of Piaggio Vehicles in the three-wheeler market went up from 73,531 units in the first half of 2009 to 90,068 in the first half of 2010, recording an increase of 22.5%.
Detailed analysis of the three-wheeler goods transport segment (Cargo) shows that Piaggio Vehicles consolidated its role as market leader, with a market share of 57.9% in the first half of 2010. Sales in this segment went up from 19,966 in the first half of 2009 to 27,560 in the first half of 2010, thanks in particular to the Piaggio Apé 501. In the three-wheeler passenger transport segment (Passenger), the introduction of the new Apé City Passenger, available in Petrol, Diesel, CNG and LPG versions, contributed to sales increasing by 16.7%, up from 53,565 vehicles in the first half of 2009 to 62,508 vehicles in the first half of 2010; the market share for this segment is currently 35.5%.
Sales on the four-wheeler Light Commercial Vehicles market also increased. Sales of the Apé Truk went up from 4,013 units in the first half of 2009 to 5,339 units in the first half of 2010.

As regards activities for the product range, the new MultiTech petrol engine, designed for Euro 5 standards, was introduced in the first half of 2010. The new engine will be fitted on the Porter range to replace the current petrol engine, and will deliver a better performance, lower consumption (-34%) and fewer CO2 emissions (-22%) .
Network development was singled out in particular, and starting from 2009, a new strategy was adopted to increase area coverage (sales outlets and service centres) on main European markets and improve the professional standards of the existing network, to forge even better relations with end customers. In the first six months of 2010, more than fifty new Dealers and three Distributors were appointed in Europe.
As regards international non-European markets, new distribution projects were launched in Latin America, a strategically important area, where Piaggio is aiming to seize on new business opportunities stemming from the diverse mobility needs of emerging markets, through its Indian range, and on more developed markets, through its European range.

The naval sector: Rodriquez group

In thousands of euros	30.06.2010	in %	30.06.2009	in %	Change	in %
Net revenues	46,003		64,844		-18,841	-29.1%
Operating earnings before depreciation and amortisation (EBITDA)	-3,244	-7.1%	-4,128	-6.4%	884	21.4%
Operating earnings (EBIT)	-4,941	-10.7%	-5,777	-8.9%	836	14.5%
Earnings before taxation	-6,733	-14.6%	-6,638	-10.2%	-95	-1.4%
Earnings for the period including non-controlling interest	-7,005	-15.2%	-6,369	-9.8%	-636	-10.0%
Group earnings for the period (consolidated)	-4,426	-9.6%	-4,034	-6.2%	-392	-9.7%
Net financial position	-116,062		-79,967		-36,095	-45.1%
Personnel (number)	373		415		-42	-10.1%

With reference to the **naval sector**, in which Immsi Group is present via the group controlled by Rodriquez Cantieri Navali S.p.A., the first half of 2010 recorded a 29.1% decrease in net revenues compared to the same period of the preceding year, reaching 46 million euros. The decrease is mainly due to the parent company Rodriquez Cantieri Navali S.p.A. and to the subsidiary Intermarine S.p.A., with the latter that suffered in particular from delays in the progress of production in the yard of Sarzana, following the flood of the river Magra in the month of December 2009.

The progress in production, including the activities of research and development, and the completion of the constructions and deliveries have concerned particularly:

- the Fast Ferries division with 3 million euros, related in particular to the advances in the construction of three 52-metre catamarans and relative spare parts for the Sultanate of Oman, to the progress in the activities of research and development related to the projects in progress as well as, for the remainder, to repair work;
- the Yacht division with 4.6 million euros, mainly related to advances in the construction of two 41-metre Mega Yacht, two 38-metre Mega Yacht and one 40-metre Mega Yacht;
- the Intermarine division with 38.4 million euros, related particularly to the progress in the construction of minesweepers for the Finnish Navy, to the progress in the construction of the units (patrol boats) for *Guardia di Finanza* (i.e., Revenue Tax Corps) and the activities of modernization of minesweepers of the Gaeta class for the Italian Navy.

The production has been characterized, particularly in the Fast Ferries and 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, profits nevertheless from the use of the fund set aside in the 2009 financial statements to hedge finishing costs on the basis of the updated order estimates of the boats still under construction, while for the Yacht division, the production volumes of Conam have not allowed achieving positive marginality, mainly as a result of the costs of operation, amortization and financial burdens.

In the light of the above it is then noted how the general profitability is still negative, leading to a share of net consolidable result for the Immsi Group at 30 June 2010 equal to 4.4 million euros down on the negative 4 million euros at 30 June 2009.

At 30 June 2010, the overall order book amounts to approximately 314 million euros, of which that related to the subsidiary Intermarine represents the most significant component, and it mainly includes the contract with the Italian Navy for a total value of 195.2 million euros related to the activities of modernization of 8 minesweepers of the Gaeta class, stipulated during 2009. Other significant orders related to said subsidiary concern the programme for the construction of 3 minesweepers for the Finnish Navy for approximately 62.6 million euros and the stake in *Raggruppamento Temporaneo di Imprese* (Temporary Grouping of Enterprises) of the 22 metre patrol boats, including logistics, for *Guardia di Finanza* (*i.e.* Revenue Tax Corps) for an amount equal to approximately 48.5 million euros.

The net financial debt, equal to 116.1 million euros has improved compared to the balance at 31 December 2009, equal to 121.9 million euros, mainly because of the operation of refinancing of Rodriquez Cantieri Navali S.p.A. by the parent company RCN Finanziaria S.p.A. for a total value of 30 million euros: this operation was deliberated in the month of May and was considered appropriate in order to equip the company with the necessary resources to rebalance its financial situation, as well as to cope with the losses suffered especially as a result of the two recent floods. This positive cash flow and the self-financing generated by the Rodriquez group for approximately 0.7 million euros in the half have partially been absorbed by the negative change in the net working capital (equal to approximately 24.3 million euros) and the net investments of the period (equal to 0.5 million euros).

As already remembered, in the last few days of the month of December 2009, because of the exceptionally adverse weather conditions and despite the implementation of all the procedures geared to "protect" the site as much as possible, the River Magra very quickly flooded the whole production site of Intermarine, including the warehouses, offices on the ground floor, cafeteria, etc.. The event also determined a suspension in the production in the first quarter of 2010 with an impact on the second quarter because of the time for returning the damaged materials, with the consequence of less progress in production than originally estimated, since some of the work was necessarily directed to restoration and repairing the damage to the constructions and structures of the yard. The burdens of restoration of the yard and reconstruction and repair of the damage to the boats, that amounted in the period to 3.9 million euros, found partial compensation in the correlated insurance reimbursements for a total of 4.1 million euros, the group already having made provision in its financial statements at 31 December 2009 for the net costs due to the policy exemptions.

Financial situation and financial performance

In the first half of 2010 the Immsi Group presented net revenues and operational results up on the corresponding period of the preceding year, even with a particularly critical macroeconomic situation of reference.
The variation recorded in the perimeter of consolidation related to the establishment, on 12 March 2010, of a new selling agency in Canada by the Piaggio group does not alter the comparability of the balance sheet and income results between the two periods of reference.

On the contrary, the consolidated share of the Piaggio group, that at 30 June 2010 amounted to 55.08% was equal to 57.58% at 30 June 2009. This change is the consequence of the combined effect of i) the sale by Immsi S.p.A. of 10 million shares of Piaggio & C. S.p.A. to Banca Imi in the month of March 2010; ii) the cancellation of 24,247,007 treasury stock held in portfolio by Piaggio & C. S.p.A. (equal to approximately 6.12% of the total shares prior to cancellation) as deliberated by the company Shareholders' Meeting held on 16 April 2010 and iii) the further purchases of Piaggio shares on the "*MTA-Mercato Telematico Azionario"* (Electronic Share Market) market by Piaggio & C. S.p.A..

The consolidated net revenues have increased by 6.6 million euros (+0.8%) to 869.5 million euros, mainly with the contribution of the industrial sector for 820.8 million euros, an increase of 25.2 million euros (+3.2%) and of the naval sector for 46 million euros, a decrease of 18.8 million euros (-29.1%).

Operating earnings before amortisation and depreciation (EBITDA) at 30 June 2010 was 111.1 million euros, 12.8% of net revenues, while operating earnings (EBIT), were 66.1 million euros, 7.6% of net revenues. They therefore show an increase respectively of 10.3 million euros (+10.2%) and 13.2 million euros (-24.9%) compared to 30 June of the previous year.
Moreover, it is pointed out that operating earnings do not include impairment 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 carried out on 31 December 2009 no write-downs were deemed to be necessary in that such goodwill is considered to be recoverable with future cash flows. In addition, it should be noted that during the first half of 2010 no events occurred such as to indicate that the activities subject of impairment testing could have suffered a significant loss in value.

The earnings before taxes on 30 June 2010 amounted to 51 million euros, equal to 5.9% of net revenues compared to 30.1 million euros (3.5% of net revenues) at 30 June 2009.

The taxes for the period, amount to 29.7 million euros compared to 18.7 million at 30 June 2009, with a tax rate of respectively 58.3% and 62%. The increase in the taxation for the period is mainly due to the increase in the earnings before taxes achieved by the Group during the first half of 2010 compared to the results in the corresponding period of the preceding year.

Group earnings for the period stand at 10.4 million euros (1.2% of net revenues) compared to 4.3 million euros (0.5% of net revenues) at 30 June 2009.

Group net financial debt at 30 June 2010 totals 636.3 million euros, decreasing (1.7 million euros) compared to the balance of 638 million euros at 31 December 2009 and increasing by approx. 42.5 million euros compared to the balance of 593.8 million euros at 30 June 2009.

Group gross investments in the year totalled 44.2 million euros, divided as follows:

- 26.4 million euros in intangible assets, almost fully referring to the Piaggio group;
- 9.4 million euros in tangible assets, of which 8.6 million euros referring to the Piaggio group, 0.7 million euros to the Rodriquez group and the rest to the property and holding sector;
- 8.4 million euros for purchasing 25% of the shares of the subsidiary Is Molas S.p.A. from the minority shareholders M.R.S. S.r.l. and G.F.C. S.p.A.. made by ISM Investimenti S.p.A..

Besides the aforesaid cash flows in the period at issue there have been purchases on the market of treasury stock by Piaggio & C. S.p.A. for around 2.9 million euros.
It should be noted that Immsi has sold to Banca IMI 10 million of Piaggio shares for total 22.1 million of euros

receipt.

The total shareholders' equity of the Immsi Group at 30 June 2010 is equal to 639 million euros; excluding the portion for the non-controlling shareholders, the Group shareholders' equity is equal to 422.8 million euros.

Financial performance of the Group

The Group prepares reclassified figures as well as the financial statement schedules required by law.
A short description of the main balance sheet and income statement items is provided below the reclassified schedules. Further information on these items may be found in the Explanatory Notes on the consolidated accounting 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	*1st Half of 2010*		*1st Half of 2009*		*Change*	
Net revenues	**869,534**	**100%**	**862,890**	**100%**	**6,644**	**0.8%**
Costs for materials	494,379	56.9%	496,714	57.6%	-2,335	-0.5%
Costs for services and the use of third party assets	161,381	18.6%	174,757	20.3%	-13,376	-7.7%
Personnel costs	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 costs	26,816	3.1%	22,405	2.6%	4,411	19.7%
OPERATING EARNINGS BEFORE AMORTISATION/DEPRECIATION (EBITDA)	**111,130**	**12.8%**	**100,865**	**11.7%**	**10,265**	**10.2%**
Depreciation of tangibile assets	20,627	2.4%	20,863	2.4%	-236	-1.1%
Impairment of goodwill	0	-	0	-	0	-
Amortisation of finite life intangible assets	24,401	2.8%	27,063	3.1%	-2,662	-9.8%
OPERATING EARNINGS (EBIT)	**66,102**	**7.6%**	**52,939**	**6.1%**	**13,163**	**24.9%**
Earnings on equity investments	0	-	171	0.0%	-171	-
Financial income	13,766	1.6%	6,639	0.8%	7,127	107.4%
Financial charges	28,913	3.3%	29,669	3.4%	-756	-2.5%
EARNINGS BEFORE TAXATION	**50,955**	**5.9%**	**30,080**	**3.5%**	**20,875**	**69.4%**
Taxation	29,689	3.4%	18,656	2.2%	11,033	59.1%
EARNINGS AFTER TAXATION FROM CONTINUING ASSETS	**21,266**	**2.4%**	**11,424**	**1.3%**	**9,842**	**86.2%**
Profit (loss) from assets for disposal or sale	0	-	0	-	0	-
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTEREST	**21,266**	**2.4%**	**11,424**	**1.3%**	**9,842**	**86.2%**
Non-controlling interest earnings for the period	10,901	1.3%	7,113	0.8%	3,788	53.3%
GROUP EARNINGS FOR THE PERIOD	**10,365**	**1.2%**	**4,311**	**0.5%**	**6,054**	**140.4%**

Consolidated Group net revenues at 30 June 2010 is 869.5 million euros, of which 820.8 million euros from the Piaggio group, 46 million euros from Rodriquez group and 2.7 million euros from the property and holding company sector.

The industrial sector has net revenues with an increase of approximately 3.2% million euros compared to the corresponding period of the preceding year (that is +25.2 million euros compared to 795.6 million at 30 June 2009). As regards the Two-Wheeled business, this performance was accomplished in the context of a particularly difficult market in the main areas of reference of the Piaggio group: in fact compared to the same period of the previous year, demand in the Two-Wheeler business fell in Europe (including Italy), in both the scooter segment and motorcycle segment. At the same time, the growth achieved in the Asian Pacific area, thanks to the success of the Vietnamese subsidiary which had just started operations in the first half of 2009, should be pointed out. With reference to the Commercial Vehicle segment of the group, a slight increase was recorded mainly thanks to the expansion of the Indian subsidiary which had been affected by a downturn of

the growth trend in the first half of 2009.
With reference to the naval sector, the net revenues amount at 30 June 2010 to 46 million euros, a decrease of 29.1%, compared to 64.8 million euros made in the first half of 2009 mainly because of the parent company Rodriquez Cantieri Navali S.p.A. and the subsidiary Intermarine S.p.A., with the latter suffering in particular from delays in the progress of production in the yard of Sarzana, following the flood of the river Magra in the month of December 2009.

Lastly, with reference to the property and holding sector, it should be noted that the net revenues of the period underline a positive trend (+0.3 million euros equal to +12.1%) compared to the final figures in the first half of 2009.

Operating costs and other consolidated Group net costs in the first half of 2010 total 758.4 million euros (equal to 87.2% of net revenues), of which 703.3 million euros relating to the Piaggio group (85.7% of the net revenues of the group).

Costs for materials total 494.4 million euros, 56.9% of net revenues. The part relating to the industrial sector amounts to 474.9 million euros, 57.9% of the net revenues of the sector.

Personnel costs total 142.3 million euros, or 16.4% of net revenues. The largest part, 132.5 million euros (16.1% of net revenues), refers to the Piaggio group. The average remunerated workforce amounts to 8,034 units compared to 7,482 units in the first half of 2009.

Operating earnings before depreciation and amortisation (EBITDA) during the first half of 2010, total 111.1 million euros, equal to 12.8% of net revenues compared to 100.9 million in the first half of 2009 (11.7% of the net revenues of the period), with an increase of 10.3 million euros.

Depreciation and amortisation for the period stand at 45 million euros (of which 43 million euros related to the industrial sector), with an incidence of 5.2% of net revenues and a 2.9 million euros decrease compared to the first half of 2009. Depreciation of tangible assets accounts for 20.6 million euros, while amortised intangibles excluding goodwill total 24.4 million euros.

Operating earnings (EBIT) stood at 66.1 positive million euros, 7.6% of net revenues, of which 74.6 million euros referring to the industrial sector.

The negative net financial balance totals 15.1 million euros, 1.7% of the net revenues of the Group, the result of a net negative balance of 11.8 million euros relating to the industrial sector, 1.8 million euros from the naval sector and 1.5 million euros from the property and holding sector.

Profit before taxation stands at 51 million euros, or 5.9% of net revenues, of which 62.8 million euros from the industrial sector, while the naval sector shows a loss of 6.7 million euros, and the property and holding sector a loss of 5.1 million euros.

Net earnings for the period, after taxation and net of non-controlling interest, totals 10.4 million euros (1.2% of net revenues) with a significant improvement (+6.1 million euros) over the 4.3 million euros recorded at 30 June 2009 (0.5% of net revenues).

Group financial situation

In thousands of euros	*30.06.2010*	*in %*	*31.12.2009*	*in %*	*30.06.2009*	*in %*
Current assets:						
Cash and cash equivalent	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%
Tangible assets	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	**638,959**	**26.2%**	**620,609**	**27.6%**	**597,353**	**25.4%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,436,759**	**100.0%**	**2,249,121**	**100.0%**	**2,349,060**	**100.0%**

Current assets at 30 June 2010 amounted to 1,037 million euros, an increase both over 31 December 2009 and 30 June 2009 of 175.7 million euros and 73.4 million euros respectively.
The increase compared to year end 2009 is mainly due to the growth in the net trade receivables (+115.5 million euros) and to the growth of the leftover stock (+25.9 million euros) mainly regarding the Piaggio group (respectively +110.6 and +25.2 million euros) because of the seasonality of the business.

Non-current assets at 30 June 2010 stand at 1,399.7 million euros against 1,387.7 million at 31 December 2009, with a 12 million euros increase.

Specifically, among the non-current assets, intangible assets total 827 million euros, a 6.7 million euros increase compared to 31 December 2009, tangible assets stand at 296.3 million euros (down by around 2.1 million euros compared to the end of 2009) and other assets of 276.4 million euros (against 269.1 million at the end of 2009).

Current liabilities at 30 June 2010 total 1,151.6 million euros, 170.4 million euros increase compared to 31 December 2009, mainly related to the increase in the trade payables (+128.9 million euros, of which +117.9 million in the Piaggio group), mainly in relation to the seasonality of the purchases.

Non-current liabilities at 30 June 2010 stand at 646.2 million euros, basically unchanged compared to the 647.3 million euros of 31 December 2009.

The consolidated Group and non-controlling interest shareholders' equity at 30 June 2010 is 639 million euros, of which 216.2 million euros attributable to non-controlling interest.

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

In thousands of euros	30.06.2010	in %	31.12.2009	in %	30.06.2009	in %
Current operating assets	809,845	56.7%	650,411	45.8%	770,535	57.1%
Current operating liabilities	-782,205	-54.8%	-616,539	-43.4%	-806,321	-59.7%
Net operating working capital	**27,640**	**1.9%**	**33,872**	**2.4%**	**-35,786**	**-2.7%**
Intangible assets	826,983	57.9%	820,265	57.7%	824,878	61.1%
Tangible assets	296,283	20.8%	298,375	21.0%	299,549	22.2%
Other assets	276,449	19.4%	269,100	18.9%	260,991	19.3%
Invested capital	**1,427,355**	**100.0%**	**1,421,612**	**100.0%**	**1,349,632**	**100.0%**
Non-current non-financial liabilities	152,126	10.7%	163,047	11.5%	158,496	11.7%
Non-controlling interest capital and reserves	216,196	15.1%	203,012	14.3%	194,020	14.4%
Consolidated shareholders' equity of the Group	422,763	29.6%	417,597	29.4%	403,333	29.9%
Total non-financial sources	**791,085**	**55.4%**	**783,656**	**55.1%**	**755,849**	**56.0%**
Net financial debt	**636,270**	**44.6%**	**637,956**	**44.9%**	**593,783**	**44.0%**

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

In thousands of euros	30.06.2010	30.06.2009
Cash generated internally	116,385	93,874
Change in net working capital	-71,688	-26,203
Net cash flow generated from operations	**44,697**	**67,671**
Payment of dividends by Parent company	-10,216	0
Payment of dividends to non-controlling interest by Group companies	-11,609	-9,383
Increase in Parent company share capital	0	0
Increase in share capital of subsidiaries underwritten by non-controlling interest	2,000	0
Purchase of treasury shares by the companies of the Group	-2.897	-868
Purchase of intangible assets	-26,410	-26,508
Purchase of tangibile assets	-9,379	-22,513
Sale price of tangibile assets	1,663	285
Acquisition of non-controlling equity investments, net of disposal	23	4
Acquisition of controlling equity investments, net of disposals	13,652	6,328
Other net movements	162	80
Change in net financial position	**1,686**	**15,096**
Initial net financial position	**-637,956**	**-608,879**
Closing net financial position	**-636,270**	**-593,783**

The net financial debt passes from 638 million euros at 31 December 2009 to 636.3 million euros at 30 June 2010 mainly due to the net cash flow generated from operations (44.7 million euros) able to offset the net investments of the period (20.5 million euros), dividends distributed to the Parent Company's shareholders (10.2 million euros) and to minority shareholders of companies in the Group (11.6 million euros).

The net **financial debt** of 636.3 million euros is analysed below and compared with the similar figure at 31 December 2009 and at 30 June 2009, according to the Consob Communication no. 6064293 dated 28 July 2006:

In thousands of euros	***30.06.2010***	***31.12.2009***	***30.06.2009***
Short-term liquidity			
Cash and cash equivalent	-199,664	-206,508	-168,851
Financial assets	-27,535	-4,462	-24,256
Total short-term financial assets	**-227,199**	**-210,970**	**-193,107**
Shot-term financial payables			
Bonds	0	0	0
Amounts due to bank	330,959	334,684	331,412
Amounts due under finance leases	794	800	784
Amounts due to other lenders	37,657	29,235	37,460
Total short-term financial payables	**369,410**	**364,719**	**369,656**
Total short-term financial debt	**142,211**	**153,749**	**176,549**
Medium/long-term financial assets			
Receivables for loans	0	0	0
Other financial assets	0	0	0
Total medium/long-term financial assets	**0**	**0**	**0**
Medium/long-term financial payables			
Bonds	138,321	137,665	119,239
Amounts due to bank	312,583	311,733	252,339
Amounts due under finance leases	7,903	8,329	8,765
Amounts due to other lenders	35,252	26,480	36,891
Total medium/long-term financial payables	**494,059**	**484,207**	**417,234**
Total medium/long-term financial debt	**494,059**	**484,207**	**417,234**
Net financial debt	**636,270**	**637,956**	**593,783**

Research & development

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

The Piaggio group implements R&D activities for new products or technologically advanced solutions that can be applied to its vehicles and engines at its production facilities. In the first half of 2010, the Piaggio group continued its policy of technological leadership in the industry, allocating total resources of 36.8 million euros to R&D, which accounts for 4.5% of turnover (4.5% in the first half of 2009), of which 24.2 million euros capitalised under intangible assets as development costs. R&D activities particularly concerned new vehicles and new engines, above all with an environmentally friendly focus.

As regards the naval sector, it should be remembered that in the last few years the Rodriquez group has started some important research projects. The first project 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, net of amortisations for 2,879 thousand euros have been capitalized at 30 June 2010 for this project. The second project, named “Enviroaliswath”, with an overall cost of about 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. With reference to this last project, 6,457 thousand euros of costs and amortisations for 991 thousand euros have been capitalized at 30 June 2010. The above items have been amortised until the year ending on 31 December 2004 at a rate of 20% a year. Beginning from 2005 the capitalized multi-year costs of research are no longer amortized until the completion of the project and they will restart when they begin to generate revenue. 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 30 June 2010, 1,501 thousand euros of costs have been capitalised and fully amortised.
Furthermore, costs were sustained during the first half of 2010, for 0.5 million euros, with particular reference to the construction of projects and prototypes of a new hydrofoil with immersed wings, which was partly capitalized under inventories as they concern the construction of the prototypes deriving from the projects and partly accounted in the Income Statement compensating for the contributions.

Risk factors

With reference to the risk factors that characterize the business of the Immsi Group, no significant variations have occurred during the first half of 2010 in relation to the contents of the Report of the Directors and the Financial Statements of the Immsi Group at 31 December 2009, to which reference is made for any further investigation. While, as concerns the main risks and uncertainties related to the second half, please refer to the paragraph related to the Events occurring after 30 June 2010 and operating outlook.

Human resources

At 30 June 2010, Immsi Group employed 8,207 staff, of which 93 in the property and holding sector, 7,741 in the industrial sector (Piaggio group) and 373 in naval (Rodriquez group).

The following tables divide resources by category and geographical area:

Human resources by category

numbers	30/06/2010			
	Property and holding sector	**Industrial sector**	**Naval sector**	**Group total**
Senior managers	7	110	12	129
Middle managers and employees	40	2,558	172	2,770
Manual workers	46	5,073	189	5,308
TOTAL	**93**	**7,741**	**373**	**8,207**

Human resources by geographical area

numbers	30/06/2010			
	Property and holding sector	**Industrial sector**	**Naval sector**	**Group total**
Italy	93	4,554	373	5,020
Rest of Europe	0	524	0	524
Rest of the World	0	2,663	0	2,663
TOTAL	**93**	**7,741**	**373**	**8,207**

Below is a comparison between 30 June 2010 and 31 December 2009, divided by category and geographical area.

Human resources by category

numbers	**30/06/2010**	**31/12/2009**	**Change**
Senior managers	129	130	-1
Middle managers and employees	2,770	2,717	53
Rest of the World	5,308	4,902	406
TOTAL	**8,207**	**7,749**	**458**

Human resources by geographical area

numbers	**30/06/2010**	**31/12/2009**	**Change**
Italy	5,020	4,580	440
Rest of Europe	524	535	-11
Rest of the World	2,663	2,634	29
TOTAL	**8,207**	**7,749**	**458**

Group staff at 30 June 2010 include also workers employed with term contracts, mainly belonging to Piaggio group to meet the seasonal cycle of the production activity.

Stock options

At 30 June 2010, Immsi S.p.A. has no existing stock option plan.
It is noticed that in the subsidiary company Piaggio & C. S.p.A., with reference to the incentive plan 2007-2009, deliberated by the General Meeting of the company on 7 May 2007 and reserved for senior executives 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 subsidiary companies ("Plan 2007-2009"), the following operations were carried out during the year:

- on 4 January 2010, assignments were made for 500,000 options at a price of 1.892 euros. At the date of assignment of the options the market price of the underlying financial instruments was 2.004 euros;
- on 6 February 2010, on the contrary, were expirations of 75,000 rights of option.

At the date of 30 June 2010 there were therefore assigned totally no. 8,520,000 rights of option for a corresponding number of shares.

Detailed information on the 2007-2009 Plan is available in the informative documents published by Piaggio & C. S.p.A. in accordance with art. 84-*bis* of the Consob Issuers Regulations, which can also be viewed on the company's institutional website www.piaggiogroup.com.

Rights	No. of options	Average exercise price (euro)	Market price (euro)
Rights existing at 31.12.2009	8,095,000		
° of which exercisable in 2009	0		
New rights granted in the first half of 2010	500,000	1.892	2.004
Rights exercised in the first half of 2010	0		
Rights expired in the first half of 2010	75,000		
Rights existing at 30.06.2010	8,520,000		
° of which exercisable at 30.06.2010	0		

Other information

Treasury Stock

At 30 June 2010, the Company held no. 2,670,000 shares of treasury stock, purchased on the stock market during 2008, at an average price of 0.7784 euros. In conformity with the provisions of the applicable international standards, the nominal value of the purchases of treasury stock, equal to 1,388 thousand euros, has been carried to direct deduction from the share capital.

Furthermore, it should be reminded that the Ordinary Shareholders’ Meeting of the Parent company held on 29 April 2009 approved the plan to purchase and dispose treasury stock, upon revocation – for the part not carried out – of the analogous authorization granted by the Ordinary Shareholders’ Meeting of 13 May 2008 and falling due on 13 November 2009. The operations of buying and selling treasury stock can be finalized at buying and/or selling treasury stock for the purposes of investment and stabilization of the price of the stock and its liquidity on the share market, or for the purposes of using treasury stock within operations connected with the current management or for projects in line with the strategies of the Company. The authorization is required for the purchase, even in more than one tranche, of common stock of the nominal value of 0.52 euro each, up to such a maximum amount, taking account of the common stock kept 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 maximum limit set down in the applicable “pro tempore” regulations, for a period of eighteen months as of the date of the deliberation. The Ordinary Shareholders’ Meeting has also, with no time limits, authorized the entire or partial use, at any time, of any treasury stock purchased on the basis of the aforesaid authorization or anyhow in the Company’s portfolio, by their sale or transfer of any real and/or personal rights related to them.

With reference to the subsidiary Piaggio & C. S.p.A., it should be remembered that the Shareholders' Meeting of the company held on 16 April 2010 deliberated to cancel 24,247,007 shares of treasury stock (equal to 6.12% of the shareholders' equity), after eliminating the nominal value of the outstanding common stocks and without reducing the numerical amount of the shareholders' equity. From 10 May 2010, following the registration of the deliberation in the Companies Register, the nominal shareholders' equity of Piaggio & C. S.p.A., entirely undersigned and paid up, remained unchanged and equal to 205,941,272.16 euros and is divided between 371,793,901 common stocks. During the first half of 2010 the company, on the basis of the deliberation taken by the Shareholders’ Meeting on 16 April 2009, purchased 1,342,393 treasury stock. Therefore at 30 June 2010 Piaggio & C. S.p.A. owned 4,642,393 treasury stock, equivalent to 1.25% of the capital stock.

Disputes in progress

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

Regarding the **property sector** and particularly Apuliae S.p.A. and the Pietra Ligure project, please refer to the paragraph related to the property and holding sector contained in this half-yearly report of the Immsi Group.

Again with reference to the property sector (Is Molas S.p.A.), it should be remembered that – with reference to the controversy related to the property “Le Ginestre,” for which the promissory buyers in the month of January 2008 notified a writ of summons to obtain withdrawal from the contract and accordingly reimbursement of double the deposit paid – the company submitted the dossier to its attorneys. The Court Technical Expert’s report was filed on 28 January 2010, concerning which the company is awaiting the determinations of the Court. On 7 April 2010 the parties presented the Court of Mantua with an application for the concession of ordinance ex art. 186 quater c.p.c.. This application was rejected by the Judge, which also reserved the right to decide on the admissibility of some documents produced by Is Molas and possible confirmation of the date of the hearing for the statement of the conclusions, previously set for the month of July 2011.

Regarding the **industrial sector** (Piaggio group), Leasys–Savarent S.p.A., summoned to appear before the Court of Monza by Europe Assistance in relation to the rental supply of Piaggio vehicles to the Italian Postal System, summoned the party to the Court of Pisa as a guarantee. The trial before the Court of Pisa was suspended while awaiting the resolution of the dispute pending before the Court of Monza, which issued a ruling in the meantime. Leasys, however, did not take up the case pending with the Court of Pisa. In relation to the same dispute, Leasys–Saverent S.p.A. also filed an appeal for an injunction with the Court of Pisa against the company, requesting the payment of certain invoices relative to costs sustained by Leasys itself for the servicing of the motorcycles rented by the Italian Postal System. The company appeared before the court in opposition to the abovementioned injunction, requesting a repeal given that the supply contract did not charge the company with these expenses. After turning down the request to temporarily enforce the injunction filed by Leasys during the proceedings, the Judge ruled in favour of the company, revoking the injunction. The term for Leasys to appeal against the ruling is pending.

By means of the deed notified on 25 May 2006, the Piaggio & C. S.p.A. summoned some companies of the Case New Holland Group (Italy, Holland and USA) before the Court of Pisa in order to recover damages under contractual and non-contractual liability relating to the execution of a supply and development contract of a new family of utility vehicles. CNH appeared before the court requesting the dismissal of the action taken by Piaggio, objecting to the lack of jurisdiction of the court as the contract had an arbitration clause. The Court of Pisa, in a ruling of 5 March 2010, declared its lack of jurisdiction to rule on the case. The company, with the term to appeal pending, appointed an arbitration board to rule on the dispute.

In a writ received on 29 May 2007, Gammamoto S.r.l. in liquidation, a former Aprilia licensee in Rome, brought a case against the Piaggio & C. S.p.A. before the Court of Rome for contractual and non-contractual liability. Piaggio & C. S.p.A. has opposed the injunction fully disputing the validity of Gammamoto's claims and objecting to the incompetence of the Judge in charge. The Judge, accepting the petition formulated by the company, declared its lack of jurisdiction with regards to the dispute. Gammamoto appealed against the ruling, referring the case to the Court of Cassation, for which a ruling is ongoing.

Da Lio S.p.A., by means of a writ received on 15 April 2009 - summoned the Piaggio & C. S.p.A. before the Court of Pisa to claim compensation for the alleged damages sustained for various reasons as a result of the termination of supply relationships. The company appeared in court requesting the rejection of all opposing requests. Da Lio requested a joinder with the opposition concerning the injunction obtained by Piaggio to return the moulds retained by the supplier at the end of the supply agreement. The hearing of 24 March 2010, convened to rule on the joinder, was postponed to 18 November 2010.

The Canadian Scooter Corp. (CSC), sole distributor of Piaggio for Canada, summoned Piaggio & C. S.p.A., Piaggio Group Americas Inc. and Nacional Motor S.A to appear before the Court of Toronto (Canada) to obtain compensation for damages sustained due to the alleged infringement of regulations established by Canadian law on franchising (the Arthur Wishart Act). Proceedings are in the investigation stage. Piaggio also took independent legal action against the Bank of Nova Scotia in relation to the non-payment of three letters of credit issued by the bank as a guarantee of supplies made by Piaggio in favour of CSC.

Following the appeal made by Piaggio & C. S.p.A. pursuant to article 700 of the Italian Code of Civil Proceedings, the Court of Naples, as a precautionary measure, issued an injunction against LML Italia S.r.l., a company distributing models of scooters in Italy manufactured by LML India Ltd, preventing it from using the "Piaggio", "Vespa" and "Vespa PX" brands on its sales information, advertising and promotional materials, stating that the continual matching of LML products with the Vespa manufactured by Piaggio constituted grounds for unfair competition. LML Italia appealed against the ruling and a hearing was set for 24 September 2010. Piaggio also took action against LML Italia to claim damages. LML India, in turn, referring to the arbitration clause in settlement agreements signed with Piaggio in 1999 to end the joint venture established in India, summoned the company to appear before an arbitration board in Singapore to obtain compensation for alleged damages sustained by LML India due to the effect of legal action taken by Piaggio against LML Italia.

The amounts allocated by the Piaggio & C. S.p.A. for the potential risks deriving from the current dispute appear to be consistent with the predictable outcome of the disputes.

As regards tax claim cases involving the parent company Piaggio & C S.p.A., three appeals are ongoing

against three tax assessments notified to the company and relative to the 2002 and 2003 tax years. These assessments originate from an audit conducted by the Inland Revenue Office in 2007 at the company's offices, following information filed in the Formal Notice of Assessment issued in 2002 following a general audit. A ruling in favour of the company was made in the first instance for the 2002 tax year. The Inland Revenue Office appealed against this ruling. Piaggio & C. S.p.A. appeared before the tax tribunal. At present, the date of the relative hearing has not been set. As regards the two appeals concerning the 2003 tax year, the company is awaiting a ruling in the first instance to be issued by the Provincial Tax Commission of Pisa. The company has not considered allocating provisions necessary, in view of the positive opinions expressed by consultants appointed as counsel.
The main tax disputes of other group companies concern P&D S.p.A. in liquidation, Piaggio Vehicles PVT Ltd and Piaggio France S.A.
More specifically, and in reference to P&D SpA in Liquidation, a dispute arose in relation to the tax assessments issued by the Inland Revenue Office for the 2000, 2001 and 2002 tax years and based on an audit conducted in 1999, with the issue of a Formal Notice of Assessment. In relation to these assessments, P&D S.p.A. obtained a ruling in its favour in the first instance. The Financial Administration appealed, partially objecting to the ruling of the Provincial Tax Commission of Pisa. The dispute regards the undue VAT deduction relative to the 2002 tax year. As a result the company appeared before the tribunal and a date for the hearing still has to be set. The company has not considered allocating provisions necessary, in view of the positive opinions expressed by consultants appointed as counsel.
As regards Piaggio Vehicles PVT Ltd, several disputes concerning different tax years from 1998 to 2008 are ongoing relative to direct and indirect tax assessments. As regards disputes concerning direct taxes, the Indian company has already paid the amounts in question, which will be reimbursed if the claim is settled in its favour. As regards the disputes concerning indirect taxes, no amount has been paid and considering the opinions of consultants appointed, no provisions have been allocated.
Following a general audit of the 2006 and 2007 tax years, conducted this year by the French tax authorities, Piaggio France S.A., received a notice of assessment (*Proposition de Rectification*). This notice includes assessments of income tax and VAT. The company is assessing the suitability of appealing against the notice. In this case as well, in view of the positive opinions of appointed consultants, the company has not allocated any relative provisions.

As regards the **naval sector** (Rodriquez group), it should be noted that no significant variations have taken place in the legal and fiscal disputes in relation to those described in the Directors' Report of the Immsi Group at 31 December 2009 – under the paragraph "Disputes in progress", with the exception of the defeat of Rodriquez Cantieri Navali S.p.A. in a dispute with a supplier for 230 thousand euros, that determined earmarking in the first half of 2010 168 thousand euros and the conclusion, in the month of July 2010, of a dispute related to a construction delivered in 2002 for construction defects and flaws, with the stipulation of a transactive agreement and the payment of 250 thousand euros, with a financial effect, taking account of the use of funds already earmarked, for 123 thousand euros.

Events occurring after 30 June 2010 and operating outlook

There are no significant events following 30 June 2010 to be noted, with the exception, with reference to the Piaggio group, of the signing, on 23 July 2010, with IFC (World Bank Group) of a contract for a credit line for the development of the industrial operations of the Piaggio group in Asia, in the field of two wheeler vehicles, commercial vehicles and engines featuring low environmental impact and reduced consumption. The credit line granted by IFC, for an amount of up to 45 million euros, will concern Piaggio Vietnam Co. Ltd (up to 15 million euros) and Piaggio Vehicles Private Limited in India (up to 30 million euros and initially undersigned for approximately 15 million).

Regarding the predictable evolution of the management of the Immsi Group during the second half of 2010, it can be hypothesized that the Piaggio group will continue its industrial and commercial growth strategy on key Asian markets – supported by the new group worldwide organization structure – in order to strengthen its leadership on the Indian three and four-wheel light commercial vehicle market and win additional market share in the scooter sector in Vietnam. At corporate level, Piaggio R&D will focus on the renewal of the group product ranges – scooters, motorcycles and commercial vehicles – with particular attention to development of energy-efficient engines with little or zero environmental impact.
For the naval sector, the Rodriquez Cantieri Navali group - in the current context of the international economic crisis - aims to grow significantly through the subsidiary Intermarine in both economic and financial terms. For the Fast Ferries and Yacht sectors in which the group operates, during 2010 there are no forecasts for significant growth potential and the group will operate trying to minimize the costs and the use of the financial resources waiting for the desired market recovery, while strengthening its commercial activities.
In the light of the results achieved in the first half of 2010 as well as of the probable progress in current production during the remainder of the year, a reduction in the Value of the production of the group is predictable for 2010, compared to 2009, and results not yet abreast of the expectations of economic equilibrium.
For the second half of of the year 2010, besides continuing the policy of containing and reducing the operating costs, the group must focus all its necessary efforts on the completion and delivery of the 3 constructions for the Sultanate of Oman and on the completion of the first Immersed Wing prototype, having at the same time to recover the effects of the delays caused by the flooding of the Magra river, particularly in order to complete the first minesweeper for the Finnish Navy to be delivered in March 2011 trying in parallel to strengthen its commercial activities in the Fast Ferries and Yacht sectors trying to seize on every possible opportunity.

Immsi Group

Condensed half-year financial statements at 30 June 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

Amounts in thousands of euros

ASSETS		30 June 2010	31 December 2009
NON-CURRENT ASSETS			
Intangible assets	*F1*	826,983	820,265
Tangible assets	*F2*	296,283	298,375
- of which with Related Parties		*39*	*48*
Property investments	*F3*	72,637	72,637
Equity investments	*F4*	251	251
Other financial assets	*F5*	80,333	80,165
Amounts due from the tax authorities	*F6*	8,925	8,717
Deferred tax assets	*F7*	69,098	68,719
Trade receivables and other receivables	*F8*	23,369	16,702
- of which with Related Parties		*470*	*468*
TOTAL NON-CURRENT ASSETS		1,377,879	1,365,831
ASSETS INTENDED FOR DISPOSAL	*F9*	21,836	21,909
CURRENT ASSETS			
Trade receivables and other receivables	*F8*	409,276	276,885
- of which with Related Parties		*2,352*	*1,810*
Amounts due from the tax authorities	*F6*	33,373	27,598
Inventories	*F10*	350,093	324,150
Other financial assets	*F5*	44,638	26,240
Cash and cash equivalent	*F11*	199,664	206,508
TOTAL CURRENT ASSETS		1,037,044	861,381
TOTAL ASSETS		2,436,759	2,249,121

LIABILITIES		30 June 2010	31 December 2009
SHAREHOLDERS' EQUITY			
Consolidated shareholders' equity of the Group		422,763	417,597
Non-controlling interest capital and reserves		216,196	203,012
TOTAL SHAREHOLDERS' EQUITY	*G1*	638,959	620,609
NON-CURRENT LIABILITIES			
Financial liabilities	*G2*	494,059	484,207
- of which with Related Parties		*2,900*	*16,000*
Trade payables and other payables	*G3*	8,522	8,677
Reserves for severance indemnity and similar obligations	*G4*	66,806	66,802
Other long-term reserves	*G5*	25,559	35,772
Deferred tax liabilities	*G6*	51,239	51,796
TOTAL NON-CURRENT LIABILITIES		646,185	647,254
LIABILITIES LINKED WITH ASSETS INTENDED FOR DISPOSAL		0	0
CURRENT LIABILITIES			
Financial liabilities	*G2*	369,410	364,719
- of which with Related Parties		*91*	*90*
Trade payables	*G3*	600,446	471,570
- of which with Related Parties		*13,883*	*13,512*
Current taxation	*G7*	41,285	20,749
Other payables	*G3*	105,106	102,587
- of which with Related Parties		*28*	*28*
Current portion of other long-term reserves	*G5*	35,368	21,633
TOTAL CURRENT LIABILITIES		1,151,615	981,258
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,436,759	2,249,121

CONSOLIDATED INCOME STATEMENT AT 30 JUNE 2010

Amounts in thousands of euros

		1st Half of 2010	1st Half of 2009
Net revenues	*H1*	869,534	862,890
- of which with Related Parties		*215*	*0*
Costs for materials	*H2*	494,379	496,714
- of which with Related Parties		*21,488*	*23,157*
Costs for services and the use of third party assets	*H3*	161,381	174,757
- of which with Related Parties		*433*	*331*
Personnel costs	*H4*	142,264	140,360
Depreciation of tangibile assets	*H5*	20,627	20,863
Impairment of goodwill		0	0
Amortisation of finite life intangible assets	*H6*	24,401	27,063
Other operating income	*H7*	66,436	72,211
- of which with Related Parties		*892*	*825*
Other operating costs	*H8*	26,816	22,405
OPERATING EARNINGS		66,102	52,939
Earnings on equity investments		0	171
Financial income	*H9*	13,766	6,639
Financial charges	*H10*	28,913	29,669
- of which with Related Parties		*43*	*0*
EARNINGS BEFORE TAXATION		50,955	30,080
Taxation	*H11*	29,689	18,656
EARNINGS AFTER TAXATION FROM CONTINUING ASSETS		21,266	11,424
Profit (loss) from assets for disposal or sale	*H12*	0	0
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTEREST		21,266	11,424
Non-controlling interest earnings for the period		10,901	7,113
GROUP EARNINGS FOR THE PERIOD	*H13*	10,365	4,311

EARNINGS PER SHARE

In euros

From continuing and discontinued operations:	1st Half of 2010	1st Half of 2009
Basic	0.030	0.013
Diluted	0.030	0.013

From continuing operations:	1st Half of 2010	1st Half of 2009
Basic	0.030	0.013
Diluted	0.030	0.013
Average number of shares::	340,530,000	340,530,000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 30 JUNE 2010

Amounts in thousands of euros

	1st Half of 2010	1st Half of 2009
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTEREST	21,266	11,424
Gains/(Losses) on cash flow hedges	126	609
Gains/(Losses) on exchange differences on translating foreign operations	9,261	122
Gains/(Losses) on evaluation at fair value of assets available for sale and property investments	(4,611)	3,713
TOTAL OTHER GAINS (LOSSES) FOR THE PERIOD	4,776	4,444
TOTAL OF COMPREHENSIVE INCOME (LOSSES) FOR THE PERIOD	26,042	15,868
Non-controlling interest earnings for the period	15,095	7,401
GROUP EARNINGS FOR THE PERIOD	10,947	8,467

STATEMENT OF CONSOLIDATED CASH FLOWS AT 30 JUNE 2010

Amounts in thousands of euros

		1st Half of 2010	1st Half of 2009
Operating assets			
Earnings of the period	*H13*	10,365	4,311
Non-controlling interest	*G1*	10,901	7,113
Taxation	*H11*	29,689	18,656
Depreciation of tangible assets (including property investments)	*H5*	20,627	20,863
Amortisation of intangible assets	*H6*	24,401	27,063
Provisions for risks and for severance indemnity and similar obligations	*H4 - H8*	24,607	16,213
Write-downs / (Revaluations)	*H7 - H8*	1,254	1,289
Losses / (Gains) on disposal of tangible assets (including property investments)	*H7 - H8*	(1,960)	21
Losses / (Gains) on disposal of intangible assets	*H7 - H8*	0	(18)
Losses / (Gains) on disposal of securities	*H9 – H10*	0	1,340
Interest receivable	*H9*	(1,281)	(2,042)
Interest payable	*H10*	16,433	23,989
Depreciation of grants	*H7*	(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 provisions for risks	*G5*	(13,408)	(10,657)
Increase / (Decrease) reserves for severance indemnity and similar obligations	*G4*	(7,684)	(5,159)
Other changes		(31,692)	22,550
Cash generated from operations		53,147	86,112
Interest paid		(9,053)	(17,823)
Taxation paid		(1,062)	(10,011)
Cash flow from operations		43,032	58,278

		1st Half of 2010	1st Half of 2009
Investments			
Acquisition of subsidiaries, net of cash and cash equivalents	*F1*	(8,438)	(2,877)
Sale price of subsidiaries, net of cash and cash equivalents		22,090	9,205
Investments in tangible assets	*F2*	(9,379)	(22,414)
Sale price, or repayment value, of tangible assets (including property investments)	*F2*	3,623	264
Investments 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 provided		0	(2)
Repayment of loans		1	612
Purchase of financial assets	*F5*	(23,097)	(18,159)
Sale price of financial assets		23	0
Interests received		620	1,085
Sale price from assets intended for disposal or sale		73	0
Other flows from assets intended for disposal or sale		0	(99)
Public grants received		17	8,437
Cash flow from investments		(40,700)	(50,425)
Financing			
Increase in share capital by third parties	*G1*	2,000	0
Purchase of treasury stock	*G1*	(2,897)	(868)
Loans received		144,721	219,381
Outflow for repayment of loans		(142,654)	(94,058)
Repayment of finance leases		(432)	(420)
Outflow for dividends paid to Parent company Shareholders	*G1 - N*	(10,216)	0
Outflow for dividends paid to Non-controlling Interest		(11,609)	(9,383)
Cash flow from financing		(21,087)	114,652
Increase / (Decrease) in cash and cash equivalents		(18,755)	122,505
Opening balance		184,571	16,403
Exchange differences		(15)	152
Closing balance		165,801	139,060

The variations in the working capital include higher trade payables and other payables toward Related Parties for 371 thousand euros and higher trade receivables and other receivables from Related Parties for 533 thousand euros. For greater detail on the relations between Related Parties taking place during the first half of 2010 please refer to the tables at the end of this half-yearly financial Report.

This schedule illustrates the changes in cash and cash equivalents, net of short-term bank overdrafts totalling 33.9 million euros at 30 June 2010.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AT 30 JUNE 2010
Amounts in thousands of euros

	Share capital	*Reserves and retained earnings*	*Earnings for the period*	*Group shareholders' equity*	*Non-controlling interest capital and reserves*	*Group and non-controlling interest shareholders' equity*
Balances at 31 December 2008	***177,076***	***203,391***	***14,212***	***394,679***	***190,704***	***585,383***
Allocation of Group earnings to Legal Reserve		862	(862)	0		0
Allocation of Group earnings to Dividends				0	(9,383)	(9,383)
Allocation of Group earnings to Retained Earnings		13,350	(13,350)	0		0
Purchase of treasury stock		(500)		(500)	(368)	(868)
Figurative cost of stock options		584		584	431	1,015
Other changes		103		103	5,235	5,338
Total of comprehensive income (losses) for the period		4,156	4,311	8,467	7,401	15,868
Balances at 30 June 2009	***177,076***	***221,946***	***4,311***	***403,333***	***194,020***	***597,353***

	Share capital	*Reserves and retained earnings*	*Earnings for the period*	*Group shareholders' equity*	*Non-controlling interest capital and reserves*	*Group and non-controlling interest shareholders' equity*
Balances at 31 December 2009	***177,076***	***224,311***	***16,210***	***417,597***	***203,012***	***620,609***
Allocation of Group earnings to Legal Reserve		726	(726)	0		0
Allocation of Group earnings to Dividends		0	(10,216)	(10,216)	(11,609)	(21,825)
Allocation of Group earnings to Retained Earnings		5,268	(5,268)	0		0
Purchase of treasury stock	0	(1,596)		(1,596)	(1,301)	(2,897)
Figurative cost of stock options		761		761	620	1,381
Other changes		5,270		5,270	10,379	15,649
Total of comprehensive income (losses) for the period		582	10,365	10,947	15,095	26,042
Balances at 30 June 2010	***177,076***	***235,322***	***10,365***	***422,763***	***216,196***	***638,959***

EXPLANATORY AND ADDITIONAL NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2010

- 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 Immsi Group), the information on the relevant events occurred after 30 June 2010 and on the predictable evolution of operations are described in the half-yearly Directors' Report on Operations. At 30 June 2010, Immsi S.p.A. was directly controlled by Omniainvest S.p.A., a company owned by Omniaholding S.p.A..

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

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

These condensed half-year financial statements are subject to audit limited 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 condensed half-year financial statements are drawn up in accordance with the International Financial Reporting Standards (IAS/IFRS), valid at the date, issued by the International Accounting Standards Board and approved by the European Union, as well as the provisions issued in implementation of art.9 of the Ital.Legisl.Decree 38/2005 (Consob Deliberation no. 15519 of 27 July 2006 stating "Instructions on the subject of outlines for financial statements", Consob Deliberation no. 15520 of 27 July 2006 stating "Changes and integration to the Issuers Regulations implemented with Deliberation no. 11971/99", Consob Communication no. 6064293 of 28 July 2006 stating "Company information required in accordance with art. 114, paragraph 5 of Legislative Decree no. 58/98"). In addition taking account of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called Standing Interpretations Committee ("SIC").

This condensed half-year financial report has been prepared in accordance with IAS 34 - *Interim Financial Reporting* applying the same accounting principles and policies used in the preparation of the Consolidated financial statements at 31 December 2009, other than those discussed in the following paragraph "Accounting principles, amendments and interpretations adopted from 1 January 2010".

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities recorded and disclosure of contingent assets and liabilities at the date of the end of the period. If in the future such estimates and assumptions, carried out by the management, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

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

CONTENT AND FORM OF THE CONSOLIDATED ACCOUNTING STATEMENTS

Further to the revision of IAS 1 – Presentation of financial statements, the Group has chosen to present all non-owner changes in equity in two statements showing performance for the period, titled “Consolidated income statement” and “Consolidated statement of comprehensive income”, respectively. These condensed half-year financial statements are therefore composed of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Statement of Consolidated Financial Position, the Statement of Changes in Consolidated Shareholders' Equity, the Statement of Consolidated Cash Flows and these Explanatory Notes.

With reference to Consob Resolution no. 15519 of 27 July 2006 it is pointed out that, as regards the financial schedules, specific Income statement and Statement of financial position schedules have been inserted with the evidence of significant related party dealings and non-recurring transactions. It is pointed out that no atypical or unusual operations have been carried out during the first half of 2010.

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 the Earnings for the period including non-controlling interest.

Consolidated Statement of Comprehensive Income

The consolidated statement of comprehensive income is presented in accordance with the provisions of reviewed version of IAS 1. It reports the net Income attributable to the shareholders of the parent company and the non-controlling shareholders.

Statement of Consolidated Financial Position

The statement of consolidated assets and liabilities is presented in facing sections with separate indications of the Assets, Liabilities and Shareholders' Equity. In their turn the Assets and Liabilities are given in the consolidated accounting situation on the basis of their classifications as current and non-current.

Statement of Consolidated Cash Flows

The statement of consolidated cash flows is presented divided into areas generating cash flows. The statement of Cash Flows implemented by the Immsi Group has been drawn up by applying the indirect method. The cash and cash equivalents included in the statement of Cash Flows include the asset balances of this item at the date of reference. The financial flows in foreign currency have been converted at the average exchange rate of the period. The proceeds and the costs related to interest, received dividends and corporate income taxes are included in the financial flows produced by the operating activity.

Statement of Changes in Consolidated Shareholders’ Equity

Starting 1 January 2009, the statement of the Changes to the consolidated shareholders’ equity has been reviewed as required by the reviewed version of IAS 1. It includes the total income statement, separately stating the amounts ascribed to the shareholders of the parent company and to the relevant stake of third parties, the amounts of the operations with shareholders acting in this quality and any effects of the retroactive application or of the retroactive determination in accordance with IAS 8. For each item a reconciliation is presented between the balance at the start and at the end of the period.

- B - CONSOLIDATION AREA

At 30 June 2010, the Immsi Group structure is the one attached at the end of these Explanatory Notes.
The scope of consolidation has changed compared to the Consolidated Financial Statements as of 31 December 2009 and as of 30 June 2009, following the establishment of a new selling agency in Canada on

12 March 2010. As the change is of a limited extent, comparability with data from previous periods has not been affected.

- C - CONSOLIDATION PRINCIPLES

Please refer to the explanatory and additional Notes on the consolidated financial statements at 31 December 2009 for details on the principles of consolidation implemented by the Company for drawing up the condensed half-year financial statements of the Immsi Group.

- D – ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED FROM 1 JANUARY 2010

The accounting standards implemented in drawing up these condensed half-year financial statements of the Immsi Group are the same ones followed in drawing up the consolidated financial statements at 31 December 2009 to which we refer you for further details. The standards, amendments and interpretations applied by the Group since 1 January 2010 are listed below.

Amendment to IAS 39 – Financial instruments: Recognition and Measurement
The amendment clarifies application of the standard to define its scope in particular situations. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

Interpretation of IFRIC 17 – Distribution of non-cash assets
Under this interpretation, a payable for dividends must be recognised when dividends are appropriately authorised and this payable must be valued at the fair value of the net assets which will be utilised for payment. The Group has applied the interpretation with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since its application.

IFRS 8 – Operating Segments
The amendment requires companies to provide the total value of assets for each reporting segment, if this value is provided at the highest level of operational decision-making. This information was previously requested even in the absence of this condition. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

IAS 1 – Presentation of Financial Statements
The amendment requires a company to classify a liability as current if it does not retain an unconditional right to postpone its settlement for at least 12 months after the closing of the year, even in the presence of an option on the part of the counterparty which could result in a settlement by means of the issue of equity instruments. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

IAS 7 – Statement of Cash Flow
The amendment clarifies that only cash flows deriving from expenses resulting in the booking of assets within the consolidated balance sheet can be classified in the Statement of Cash Flows as deriving from investment activities. Cash flows deriving from expenses which do not result in the booking of an asset must be classified instead as deriving from operating activities. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

IAS 17 – Leases
The amendment requires that - during the valuation of a lease contract that includes both land and buildings - the part relative to the land be considered, as customary, to be a finance lease if the land in question has an indefinite useful life given that, in this case, the risks associated with its use for the whole duration of the contract can be considered transferred to the lessee. On the date of adoption, all lands subject to the lease contracts which were previously effective and not yet expired must be separately valued with the potential

retroactive recognition of a new finance lease. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

IAS 36 – Impairment of Assets
This amendment requires each operational unit or group of operational units for which goodwill is allocated for the purposes of impairment tests to be no greater in size than the operating segment defined in section 5 of IFRS 8, prior to the combination allowed as per section 12 of the IFRS on the basis of similar economic conditions or other similar elements. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

IAS 39 – Financial instruments: Recognition and Measurement
The amendment restricts the exception of non-applicability contained within paragraph 2g of IAS 39 to forward contracts between a buyer and a selling shareholder - for the purposes of the sale of a company in a company grouping on future date of acquisition - if the completion of the company grouping only depends on the elapsing of a suitable amount of time. The amendment decrees that option rights (currently exercisable or not) which allow one of the two parties to retain control over the realisation or non-realisation of future events - and whose exercising involving the control of a company - fall within the realm of applicability of IAS 39. The amendment also clarifies that the implicit penalties for the advance redemption of loans - whose price compensates the lender with the loss of additional interest - must be considered strictly correlated to the financing contract and may therefore not be booked separately. Finally, the amendment provides that net income or losses on one hedged financial instrument must be reclassified from the shareholders' equity to the consolidated income statement in the period in which the expected and hedged cash flow has an effect on the consolidated income statement. The Group has applied the new amendment with a forward-looking approach as from 1 January 2010, however no accounting effects for the Group have arisen since the application.

Amendments and interpretations effective from 1 January 2010 but not applicable to the Group

The following amendments and interpretations, applicable as from 1 January 2010, regulate specific cases and case histories which are not present within the Group at the date of this half-year financial report:

Interpretation of IFRIC 18 – Transfer of assets from customers
The interpretation clarifies the accounting treatment to adopt if the company stipulates an agreement in which it receives a material asset from a customer to be used to connect the customer to a network or to provide him with specific access to the supply of goods and services.

Amendment to IFRIC 9 – Reassessment of embedded derivatives and to IAS 39 - Financial instruments: recognition and measurement
This amendment allows for certain financial instruments in particular circumstances to be reclassified outside of the accounting category which is "booked at fair value and offset in the income statement". This amendment clarifies that when reclassifying a financial instrument outside the above mentioned category - all implicit derivatives must be valued and, if necessary, booked separately in the financial statements.

IFRS 2 – Share-based payment
The amendment clarifies that the transfer of a company branch for the purposes of forming a joint venture or business combination or company branches under joint control is not covered by the scope of IFRS 2.

IFRS 5 – Non-current assets held for sale and discontinued operations
This amendment, with a forward-looking application, has clarified that IFRS 5 and the other IFRS which specifically refer to non-current assets classified as available for sale or as discontinued operations provide all required information for this type of assets or operations.

IFRIC 9 – Redetermination of the values of implicit derivatives
The amendment excludes implicit derivatives in contracts acquired during business combinations when joint control companies or joint ventures are formed from the scope of IFRIC 9.

Amendment to IFRS 2 – Share-based payment: Share-based payment of the Group in cash.
The amendment defines its realm of application and its relationship with other accounting principles. In particular, the amendment clarifies that the company which receives the goods and services as part of the payment plans based on shares must book these goods and services independently of the company of the Group which settles the transaction and independently of the fact that the settlement is in cash or shares. In addition, it states that the term "group" is to be interpreted as in IAS 27 - Consolidated and Separate Financial Statements, including the parent company and its subsidiaries. Finally, the amendment specifies that a company must recognise the goods and services which are received as part of a transaction settled in cash or shares from its own perspective and which could potentially not coincide with that of the group and with the relative amount recognised within the consolidated financial statements. The amendment incorporates the guidelines which were previously included in IFRIC 8 and IFRIC 2; as a result, the latter were removed.

Accounting standards, amendments and interpretations not yet applicable and not early adopted by the Group

On 8 October 2009, IASB issued an amendment to IAS 32 – *Financial instruments: Presentation – Classification of rights issues, to regulate the accounting of rights issues (rights, options or warrants) in a currency other than the operating currency of the issuer*. These rights were previously accounted for as liabilities from derivative financial instruments. The amendment requires these rights, in certain conditions, to be classified as Shareholders' equity regardless of the currency in which the exercise price is denominated. The amendment is applicable in a retrospective manner as of 1 January 2011.

On 4 November 2009, the IASB issued a revised version of IAS 24 – *Related Party Disclosures* – which simplifies the type of information required in the case of transactions with related parties controlled by the State and gives a clear definition of related parties. The amendment is applicable as of 1 January 2011. At the date of issue of these Condensed Half-year Financial Statements, the competent bodies of the European Union had not yet completed the process of approval necessary for its application.

On 12 November 2009 the IASB published IFRS 9 – *Financial Instruments* - on classifying and measuring financial assets as from 1 January 2013. This is the first step in a project which will entirely replace IAS 39 in stages. The new standard uses a single approach based on procedures for financial instrument management and on contract cash flows of financial assets to determine valuation criteria replacing different regulations in IAS 39. The new standard will also have a single method to determine impairment losses from financial assets. At the date of issue of these Condensed Half-year Financial Statements, the competent bodies of the European Union had not yet completed the process of approval necessary for its application.

On 26 November 2009 the IASB issued a minor amendment to IFRIC 14 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* – which allows companies to prepay minimum funding contributions and recognise them as an asset. The amendment is applicable as of 1 January 2011. At the date of issue of these Condensed Half-Year Financial Statements, the competent bodies of the European Union had not yet completed the approval process necessary for application of the amendment.

On 26 November 2009 the IFRIC issued an amendment to IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments* – which provides guidelines on recording the extinguishing of a financial liability with equity instruments. The interpretation establishes that if a business renegotiates extinguishing conditions of a financial liability and the creditor accepts extinguishing through the issue of the company's shares, the shares issued by the company will become a part of the price paid for extinguishing the financial liability and shall be valued at fair value; the difference between the book value of the extinguished financial liability and opening value of equity instruments shall be recorded in the consolidated income statement of the period. The amendment is applicable as of 1 January 2011. At the date of issue of these Condensed Half-Year Financial Statements, the competent bodies of the European Union had not yet completed the approval process necessary for application of the amendment.

On 6 May 2010 the IASB issued revised versions of IFRSs applicable as from 1 January 2011. Only revisions changing the way that financial statement items are presented, recognised and valued are indicated below:

- IFRS 3 - *Business combinations*: the amendment clarifies that components of non-controlling interests do not entitle holders to receive a proportional share of net assets of the subsidiary, which must be valued at fair value or as required by applicable international standards. Moreover, the Board further analysed the issue of share-based payments which are replaced in business combinations, adding specific guidelines clarifying accounting treatment;

- IFRS 7 - *Financial instruments: disclosures*: the change refers to the interaction between additional qualitative and quantitative information required by the standard on the nature and extent of risks concerning financial instruments. This should help readers of financial statements to associate presented information and obtain a general description of the nature and extent of risks concerning financial instruments. The requirement to disclose financing activities which have expired but not been renegotiated or impaired and to disclose the fair value of collaterals has been eliminated;

- IAS 1 - *Presentation of Financial Statements*: the amendment requires the reconciliation of changes in all items of equity to be presented in the notes and the financial statements;

- IAS 34 – *Interim financial reporting*: guidelines have been added on additional information to be included in Interim Financial Statements.

At the date of issue of these Condensed Half-Year Financial Statements, the competent bodies of the European Union had not yet completed the approval process necessary for application of the above amendments.

- E - SEGMENT REPORTING

The application of the IFRS 8 - *Operating Segments* is mandatory as of 1 January 2009. This principle requires operating segments to be identified on the basis of an internal reporting system which top company management utilises to allocate resources and to assess performance.

The information for operating sectors presented below reflects the internal reporting utilised by management for making strategic decisions. In this respect, as regards business areas, where possible information is provided relating to the property and holding sector, industrial and naval sectors.

Income statement

In thousands of euros	*Property and holding sector*	*Industrial sector*	*Naval sector*	*Immsi Group*
Net revenues to third parties	2,712	820,819	46,003	869,534
Net intercompany revenues				0
NET REVENUES	**2,712**	**820,819**	**46,003**	**869,534**
OPERATING EARNINGS	**-3,534**	**74,577**	**-4,941**	**66,102**
Gain / loss on equity investments	0	0	0	0
Financial income				13,766
Financial charges				28,913
EARNINGS BEFORE TAXATION				**50,955**
Taxation				29,689
EARNINGS AFTER TAXATION FROM CONTINUING ASSETS				**21,266**
Gain (loss) from assets intended for disposal or sale				0
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTEREST				**21,266**
Non-controlling interest earnings for the period				10,901
GROUP EARNINGS FOR THE PERIOD				**10,365**

Balance sheet

In thousands of euros	*Property and holding sector*	*Industrial sector*	*Naval sector*	*Immsi Group*
Segment assets	393,449	1,714,608	328,451	2,436,508
Equity investments in associated companies	0	229	22	251
TOTAL ASSETS	**393,449**	**1,714,837**	**328,473**	**2,436,759**
TOTAL LIABILITIES	**214,532**	**1,275,823**	**307,445**	**1,797,800**

Other information

In thousands of euros	*Property and holding sector*	*Industrial sector*	*Naval sector*	*Immsi Group*
Investments in tangible and intangible assets	**138**	**34,845**	**806**	**35,789**
Depreciation, amortisation and write-downs	**408**	**44,177**	**1,697**	**46,282**
Cash flow from operations	**-4,007**	**70,778**	**-23,739**	**43,032**
Cash flow from investments	**13,619**	**-53,911**	**-408**	**-40,700**
Cash flow from financing	**4,866**	**-51,877**	**25,924**	**-21,087**

Information by geographical areas

The following table presents the Group income statement and balance sheet figures for the first half of 2010 in relation to the geographical areas "of origin", that is, with reference to the country of the company which received the revenues or which owns the assets. It is pointed out that the distribution of revenues by the geographical area of "destination", that is, with reference to the customer's country, is analysed in the Explanatory Note under the item "Net revenues".

Income statement

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Net revenues to third parties	554,600	57,924	176,817	11,846	68,347	869,534
Net intercompany revenues						0
NET REVENUES	**554,600**	**57,924**	**176,817**	**11,846**	**68,347**	**869,534**

Balance sheet

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Segment assets	2,131,820	62,818	145,385	41,742	54,743	2,436,508
Equity investments in associated companies	203	3			45	251
TOTAL ASSETS	**2,132,023**	**62,821**	**145,385**	**41,742**	**54,788**	**2,436,759**

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Total receivables*	**251,219**	**51,520**	**12,592**	**5.213**	**14,985**	**335,529**
Total payables**	**589,490**	**52,429**	**59,809**	**1,698**	**10,648**	**714,074**

*Contract work in progress and Amounts due from the Tax authorities are not included.
**Financial liabilities and Payables for Current taxation are not included.

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	**26,941**	**500**	**6,600**	**0**	**1,748**	**35,789**
Depreciation, amortisation and write-downs	**40,679**	**1,018**	**2,475**	**234**	**1,876**	**46,282**

- F - INFORMATION ON THE MAIN ASSET ITEMS

Amounts are stated in thousands of euros unless otherwise indicated.

- F1 - INTANGIBLE ASSETS 826,983

Net intangible assets at 30 June 2010 total 826,983 thousand euros, a 6,718 thousand euros increase compared to 31 December 2009, as detailed below:

In thousands of euros	Gross amounts				
	Balance at 31.12.2009	***Increases***	***Change in consolidation area***	***Other movements***	***Balance at 30.06.2010***
Development costs	199,178	24,194	0	3,612	226,984
Concessions, patents, industrial and similar rights	160,391	1,946	0	543	162,880
Trademarks and licences	173,806	4	0	(38)	173,772
Goodwill	617,415	0	0	0	617,415
Other intangible assets	7,448	266	0	(737)	6,977
TOTAL	1,158,238	26,410	0	3,380	1,188,028

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

In thousands of euros	Accumulated amortisation					Net amounts
	Balance at 31.12.2009	***Amortisation***	***Change in consolidation area***	***Other movements***	***Balance at 30.06.2010***	***Balance at 30.06.2010***
Development costs	111,160	13,339	0	(2,122)	122,377	104,607
Concessions, patents, industrial and similar rights	135,498	6,115	0	117	141,730	21,150
Trademarks and licences	83,349	4,530	0	0	87,879	85,893
Goodwill	3,433	0	0	0	3,433	613,982
Other intangible assets	4,533	417	0	676	5,626	1,351
TOTAL	337,973	24,401	0	(1,329)	361,045	826,983

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. This item includes assets under construction for 57,351 thousand euros which instead 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 the first half of 2010 mainly refer to the new models Piaggio Beverly, MP3 Hybrid and to the new engines intended for scooters (350cc) and commercial vehicles (petrol and diesel). The costs of development recorded under this item are amortized at constant rates, in 3 years, in consideration of their residual utility. During the first half of 2010 development costs were directly ascribed to the Income Statement for around 12.6 million euros.
With reference to the naval sector please refer to the Interim Management Report of the Immsi Group – paragraph Activity of Research & Development.

Concessions, patents, industrial and similar rights

With particular reference to the Piaggio group, the item under question is predominantly composed of software (10,178 thousand euros) and patents and know-how (10,782 thousand euros) mostly related to the Vespa, MP3 and GP800 products. This item comprises assets under construction for 1,888 thousand euros. The increases of the period mainly refer, as regards the software, to the implementation of the new release of SAP in Piaggio & C. S.p.A., to the SRM platform and programs in the sales area. The costs of rights of industrial patents and rights of use of intellectual works are amortized in three years.

Trademarks and licences

The trademarks and licences with a finite life item, totalling 85,893 thousand euros, is as follows:

	Net Value at 30 June 2010	Net Value at 31 December 2009
Guzzi brand	28,945	30,468
Aprilia brand	56,875	59,869
Minor brands	73	120
Total brands	85,893	90,457

The gross value of the Aprilia brand is 89,803 thousand euros, while that of Moto Guzzi is 36,559 thousand euros. The values of the Aprilia and Moto Guzzi brands are based on the investigation of an independent third party carried out in 2005. These brands are amortised over a period of 15 years.

Goodwill

The goodwill registered by the Group has unchanged compared to the balances calculated at 31 December 2009 and its composition is detailed in the following table:

In thousands of euros	***Net balance at 30.06.2010***
Acquisition of 100% of Piaggio & C. S.p.A. by Piaggio Holding N. BV (in 2003)	405,985
Acquisition of 2.81% of Piaggio & C. S.p.A. by Piaggio Holding N. BV (in 2006)	14,620
Acquisition of 31.25% of Piaggio Holding N. BV by Immsi S.p.A. (in 2003)	3,480
Acquisition of 5.23% of Piaggio & C. S.p.A. by Immsi S.p.A. (in 2004) / Sale of 2.32% of Piaggio & C. S.p.A. by Immsi S.p.A. in 2008	3,643
Acquisition of 17.7% of Piaggio Holding N. BV by Immsi S.p.A. (in 2004 and 2006)	64,756
Acquisition of 2.22% of Piaggio & C. S.p.A. by Immsi S.p.A. (in 2007 and 2008)	7,143
Acquisition of 100% of Aprilia S.p.A. by Piaggio & C. S.p.A. (in 2004)	79,705
Acquisition of 66.49% of Rodriquez S.p.A. by RCN Finanziaria S.p.A. (in 2004)	30,337
Acquisition of 33.51% of Rodriquez S.p.A. by RCN Finanziaria S.p.A. (in 2005)	2,001
Acquisition of 2.37% of RCN Finanziaria S.p.A. by Immsi S.p.A. (in 2007)	1,286
Other acquisitions / changes	1,026
TOTAL	**613,982**

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* ("*impairment test"*).

As remembered, therefore, the recoverable value of the cash-generating unit, to which the single goodwills have been attributed, is periodically verified by determining the current value and submitted to an impairment test, applying the method required by IAS 36: this recoverable value has been estimated on the basis of the current value of the future financial flows that are estimated to be generated by the continuous use of the assets referred to the single cash generating units and by the terminal value attributable to them (method of "Discounted Cash Flow" in its "Unlevered" version). 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 at 31 December 2009.
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. It should be noted that the book value of the goodwill allocated to the cash-generating unit Piaggio group is equal to around 579.5 million euros.
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. It should be noted that the book value of the goodwill allocated to the Rodriguez group cash-generating unit is equal to around 34.4 million euros.
Please refer to the explanatory and additional Notes on the consolidated financial statements contained in the Report at 31 December 2009 of the Immsi Group for greater detail on the principal assumptions used in the determination of the utilization value of the cash-generating unit Piaggio group and Rodriquez group.
With reference to both cash-generating units the analyses carried out at 31 December 2009 have not shown any losses in value: therefore no impairment has been reflected in the data of the separate or consolidated financial statements of the Parent Company at 31 December 2009. During the first half of 2010 there were no events such as to indicate that the activities subject to an impairment test can have suffered a significant loss in value.
Furthermore, 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 1,351 thousand euros, mainly includes charges held by Piaggio Vietnam for obtaining permission from the Vietnamese Government for the new plant.

- F2 - TANGIBLE ASSETS 296,283

Net tangible assets at 30 June 2010 total 296,283 thousand euros, compared to 298,375 thousand euros at 31 December 2009, and comprise property assets of Immsi S.p.A. for 597 thousand euros, of the Piaggio group for 249,650 thousand euros, of the Rodriquez group for 27,634 thousand euros, of Is Molas S.p.A. for 18,362 thousand euros and of Immsi Audit S.c.a.r.l. for 39 thousand euros. The following table details this item:

In thousands of euros	Gross amounts					
	Balance at 31.12.2009	*Increases*	*Decreases*	*Change in consolidation area*	*Other movements*	*Balance at 30.06.2010*
Land	49,527	0	0	0	0	49,527
Property	150,937	308	(2,492)	0	2,716	151,469
Plant and machinery	359,905	3,291	(1,259)	0	10,639	372,576
Industrial and commercial equipment	470,600	4,122	(278)	0	228	474,672
Assets to be given free of charge	16,964	10	0	0	0	16,974
Other assets	49,867	1,644	(243)	0	739	52,007
TOTAL	1,097,800	9,375	(4,272)	0	14,322	1,117,225

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

In thousands of euros	Accumulated depreciation						Net amounts
	Balance at 31.12.2009	*Depreciation*	*Applications*	*Change in consolidation area*	*Other movements*	*Balance at 30.06.2010*	*Balance at 30.06.2010*
Land	766	0	0	0	0	766	48,761
Property	44,965	2,217	(1,152)	0	361	46,391	105,078
Plant and machinery	273,930	7,187	(1,083)	0	2,591	282,625	89,951
Industrial and commercial equipment	425,122	9,366	(148)	0	39	434,379	40,293
Assets to be given free of charge	13,025	574	0	0	0	13,599	3,375
Other assets	41,617	1,283	0	0	282	43,182	8,825
TOTAL	799,425	20,627	(2,383)	0	3,273	820,942	296,283

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

Among the tangible assets at 30 June 2010 there are 3,375 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.

Finally, it should be remembered that the assets described below – lands excluded – are amortized at rates considered fit to represent their useful life and in any case according to a plan of fixed rate amortization.

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 30 June 2010, the net value of the land and property owned under finance leases is 8,006 and 5,527 thousand euros respectively, exclusively referring to the property lease agreement for the facility of the Piaggio group located at Mandello del Lario: the commitments for leasing instalments falling due are detailed in the illustrative note related to the financial liabilities. The Group has registered 8,357 thousand euros for fixed assets in progress on buildings.

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 the 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 89,831 thousand euros. The Group has registered 17,910 thousand euros for fixed assets in progress and as a whole it uses plant and machinery completely amortised for a gross value of around 22,458 thousand euros.
Furthermore, the Rodriquez group has plant and machinery held under finance leases for a net book value of 120 thousand euros.

Industrial and commercial equipment

The “Industrial and commercial equipment” item, totalling 40,293 thousand euros, comprises essentially the production equipment of Piaggio & C. S.p.A., Nacional Motor S.A., Piaggio Vehicles Pvt. Ltd, Piaggio Vietnam Co Ltd and the Rodriquez group. The balance includes construction in progress for 9,698 thousand euros almost entirely recorded by the Piaggio group and fully depreciated equipment still in use totalling 4,936 thousand euros entirely related to the Rodriquez group.
The main investments in equipment regarded moulds for the new vehicles either launched by the Piaggio group during the first half of 2010 or expected to be launched within the year end, moulds for new engines and specific equipment for the assembly lines.

Other assets

The “Other assets” heading comprises vehicles, furniture, office fittings and EDP systems. The other assets are registered for a total value of 8,825 thousand euros, net of cumulative depreciation, and includes assets held under finance leases for 45 thousand euros. The Group uses fully depreciated assets belonging to this item of the financial statement with a gross value of 3,840 thousand euros and recorded fixed assets in progress for 1,500 thousand euros.

Guarantees

At 30 June 2010, he Group owns land and property encumbered by mortgages or pledges in favour of financial institutions to guarantee bank loans.

- F3 - PROPERTY INVESTMENTS 72,637

At 30 June 2010 property investments were registered in the Immsi Group for 72,637 thousand euros, completely referable to the Parent Company Immsi S.p.A..
As described more fully in the Report and Financial Statements of the Immsi Group at 31 December 2008, 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. In addition, it should be remembered that the valuation of the real estate investment at issue is based on an appraisal performed by an external advisor that estimated the fair value at the end of 2009 at no less than the value of registration in the financial statements at 31 December 2009. During the first half of 2010 no events or circumstances occurred such as to indicate that the activities could have suffered a significant loss in value.
Reference is made to the explanatory and additional Notes on the consolidated financial statements contained in the Report of the Directors and Financial Statements of the Immsi Group at 31 December 2008 and at 31 December 2009 for additional details on the reasons that have led to this change in intended use and to the related accounting method of the item subject of the comment.

- F4 - EQUITY INVESTMENTS 251

The balance of the “Equity investments” heading recorded by the Group is unchanged compared to the value at 31 December 2009 and is equal to 251 thousand euros.

- F5 - OTHER FINANCIAL ASSETS 124,971

- Non-current portion

The other non-current financial assets, equal to 80,333 thousand euros, are basically constant compared to 80,165 thousand euros at 31 December 2009 and are chiefly represented by financial assets available for sale represented by the investment in Alitalia – Compagnia Aerea Italiana S.p.A. held by Immsi S.p.A. and recorded in the financial statements for a value equal to 80 million euros.
It should be remembered that the shareholding in CAI is equal to 7.08% of the deliberated capital. In the light of the information made publicly available by the aforesaid company regarding the operational trend, that substantially confirm results in line with the industrial plans, it is reckoned that the fair value of the investment can be maintained equal to the book value registered at the time of acquisition of the investment.

- Current portion

Other current financial assets total 44,638 thousand euros at 30 June 2010; 18,398 thousand euros increase compared to 31 December 2009 and are detailed in the table below:

In thousands of euros		
	Balance at 30.06.2010	***Balance at 31.12.2009***
Financial assets	44,627	26,228
Financial receivables	11	12
TOTAL	**44,638**	**26,240**

Among the current financial assets are Italian government securities for 23,697 thousand euros purchased from the subsidiary Piaggio & C. S.p.A. and 3,527 thousand euros of shares in a liquidity fund purchased by the subsidiary Piaggio Vehicles Private Ltd. in order to efficiently use the liquidity temporarily available.
Immsi S.p.A., moreover, under this item registered the investment held in Unicredit (approximately 9.3 million shares) whose fair value at 30 June 2010 was equal to 17,103 thousand euros, down on the 21,778 thousand euros evaluated at 31 December 2009 as a result of the unfavourable trend in the stock market quotations of the Unicredit stock on the MTA (unit price at 30 June 2010 equal to 1.84 euro compared to the price at 31 December 2009 of 2.34 euros).

- F6 - AMOUNTS DUE FROM THE TAX AUTHORITIES 42.298

Current and non-current amounts due from tax authorities total 42,298 thousand euros and are as follows:

- Non-current portion

In thousands of euros		
	Balance at 30.06.2010	***Balance at 31.12.2009***
Crediti verso l'Erario per IVA	766	648
Crediti verso l'Erario per imposte sul reddito	3.639	4.040
Altri crediti verso l'Erario	4.520	4.029
TOTALE	**8.925**	**8.717**

It should be reminded that Immsi S.p.A., 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 2007-2009, and renewed during 2010 for the 2010-2012 three year period. During 2008 also the subsidiary RCN Finanziaria S.p.A. subscribed to the agreement for the three year period 2008-2010 and, during 2009, ISM Investimenti S.p.A. and Rodriquez Marine System S.r.l. for the three year period 2009-2011. Moreover, it should be noted that the agreements with Is Molas S.p.A. ceased following the interruption in direct control by Immsi S.p.A. pursuant to art. 120 T.U.I.R. and the contract with Moto Guzzi S.p.A. 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 3,058 thousand euros, whose use is supposed to be following the current year in the light of the expected industrial plans.

- Current portion

In thousands of euros		
	Balance at 30.06.2010	***Balance at 31.12.2009***
Amounts due from the tax authorities for VAT	30,284	24,864
Amounts due from the tax authorities for income tax	2,489	2,150
Other amounts due from the tax authorities	600	584
TOTAL	**33,373**	**27,598**

Amounts due from tax authorities within 12 months mainly refer to VAT receivables of the Piaggio group.

- F7 - DEFERRED TAX ASSETS 69,098

At 30 June 2010 the Group registered net taxes paid in advance with the reasonable certainty of making taxable income in the future to absorb them, for 69,098 thousand euros of which 3,676 thousand euros with expiration within 12 months and 65,422 thousand euros with expiration beyond 12 months.

The Piaggio group has recognised 46,417 thousand euros of deferred tax assets compared to 46,462 thousand euros recorded at 31 December 2009, referring mainly to the cancellation of capital gains between companies not made with third parties, to deferred tax assets on fiscal losses of Piaggio & C. S.p.A. and Nacional Motor S.A., as well as to deferred tax assets on temporary differences of Piaggio & C. S.p.A..

The deferred tax assets accrued by the Rodriquez group and by Is Molas S.p.A. and recognized in relation to the reasonable certainty of achieving future taxable income sufficient to absorb them, total 14,348 thousand euros and 6,207 thousand euros respectively, and are calculated mainly on a portion of the tax losses suffered in previous years by group companies and on the asset timing differences.

- F8 - TRADE RECEIVABLES AND OTHER RECEIVABLES 432.645

- Non-current portion

Trade receivables and other receivables included under non-current assets total 23,369 thousand euros against 16,702 thousand euros at 31 December 2009 and are detailed below:

In thousands of euros	*Balance at 30.06.2010*	*Balance at 31.12.2009*
Amounts due from subsidiaries	138	138
Amounts due from associated companies	332	330
Other receivables	22,899	16,234
TOTAL	**23,369**	**16,702**

This item includes trade receivables falling due beyond 12 months fully offset for 1,203 thousand euros.
Among the receivables from subsidiaries not entirely consolidated but evaluated with the equity method are 138 thousand euros due from Aprilia World Service Holding do Brasil Ltda., while the payables due from associated companies refer to payables claimed by the Fondazione Piaggio and by Piaggio China Co. Ltd for 321 thousand and for 11 thousand euros respectively.
Among the other non-current receivables, there are mainly 8,928 thousand euros receivables connected to hedging instruments, 1,018 thousand euros of guarantee deposits, 7,024 thousand euros of deferred charges and 159 thousand euros of amounts advanced to employees.

- Current portion

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

In thousands of euros	*Balance at 30.06.2010*	*Balance at 31.12.2009*
Trade receivables	246,947	134,224
Amounts due from associated companies	1,294	1,293
Amounts due from joint ventures	1,058	517
Other receivables	159,977	140,851
TOTAL	**409,276**	**276,885**

The “Trade receivables” item comprises amounts due from normal sales transactions, stated net of a bad debt reserve of 32,616 thousand euros, which at 30 June 2010 shows an increase of 265 thousand euros

compared to 31 December 2009.
As already remembered, the growth in the value of this item in the financial statements is mainly tied to the phenomenon of the seasonality of the sales made by the Piaggio group, particularly concentrated in the spring and summer months.
The balance of receivables from associated companies refers mainly to receivables for 1,267 thousand euros from the Consorzio CTMI and for 27 thousand euros from the Fondazione Piaggio, while the receivables from joint ventures (equal to 1,058 thousand euros at 30 June 2010) refer to credits with Piaggio Foshan Motorcycle Co. LTD.
Moreover, it should be reminded that the Piaggio group revolvingly transfers a large portion of its trade receivables with the pro-soluto and pro-solvendo clause. 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 30 June 2010 the “pro-soluto” sold trade receivables not yet expired altogether amount to 149,935 thousand euros, on which the Piaggio group received the consideration before the natural expiration of the credit for 94,796 thousand euros. At 30 June 2010, the pro-solvendo sold receivables amount to 34,563 thousand euros and are offset in the current liabilities.

The contract works in progress, whose balance is included among the Other Receivables, are reported net of the advances received from customers for 214,193 thousand euros and they refer entirely to the naval sector.

The composition of the works in progress is detailed as follows:

In thousands of euros	*Balance at 31.12.2009*	*Increases*	*Decreases*	*Balance at 30.06.2010*
Contract work in progress gross of advances	**326,068**	6,037	(20,796)	**311,309**
Contractual advances received from customers	245,880			214,193
Contract work in progress net of advances	**80,188**			**97,116**
Costs incurred	278,727			264,613
Margins recorded (net of losses)	47,341			46,696

Furthermore, it is noted that mortgages are recorded in favour of banks on constructions of Rodriquez Cantieri Navali S.p.A. for the Oman contract totalling 49.8 million US dollars.

“Other receivables” include accrued income and prepaid expenses of 10,997 thousand euros, advances to suppliers for 31,319 thousand euros, advance payments to employees for 1,155 thousand euros, 1,703 thousand euros relating to government grants received by the Rodriquez group and receivables from Social Security institutes for 207 thousand euros.

- F9 - ASSETS INTENDED FOR DISPOSAL 21,836

The net book value of the assets intended for sale recorded by the Rodriquez group amounts to 21,836 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 this Half-Yearly Financial Report on operations and to the Report on operations and Financial Statement of the Immsi Group at 31 December 2009.

- F10 - INVENTORIES 350,093

Inventories are measured at the lower of cost and market value and total 350,093 thousand euros at the year end and comprise:

In thousands of euros	Balance at 30.06.2010			Balance at 31.12.2009		
	Cost	*Write-down*	*Net*	*Cost*	*Write-down*	*Net*
Consumables	34	0	34	34	0	34
Raw materials	132,848	(14,763)	118,085	119,393	(15,167)	104,226
Work in progress and semi-finished products	73,276	(852)	72,424	75,327	(852)	74,475
Finished products	183,768	(24,218)	159,550	169,151	(23,736)	145,415
TOTAL	**389,926**	**(39,833)**	**350,093**	**363,905**	**(39,755)**	**324,150**

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 30 June 2010, the Piaggio group recognises, net of write-downs, inventories for 277,660 thousand euros referred to components, accessories, and vehicles. The growth compared to 31 December 2009 is due the seasonality of the production cycle.
The Rodriquez group contributes 49,252 thousand euros, mainly raw materials and semi-finished products and contract work in progress as well as internal construction and repairs.
Finally, Is Molas S.p.A. records 22,481 thousand euros of inventories at the end of the half-year period 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 199,664

Cash and cash equivalents at the year end total 199,664 thousand euros against 206,508 thousand euros at 31 December 2009, as detailed in the table below:

In thousands of euros	*Balance at 30.06.2010*	*Balance at 31.12.2009*
Cheques	1	8
Cash and cash equivalents	99	387
Securities	0	9,107
Amounts due from banks within 90 days	199,564	197,006
TOTAL	**199,664**	**206,508**

Cash and cash equivalents are primarily in the Piaggio group (177.2 million euros), Immsi S.p.A. (16.2 million euros) and the Rodriquez group (5.7 million euros) and are earmarked to finance the medium-term indebtedness and the instalments of the financings falling due as well as to support the investments programmed by the Group.

- G - INFORMATION ON THE MAIN LIABILITIES ITEMS

Amounts are stated in thousands of euros unless otherwise indicated.

- G1 - SHAREHOLDERS' EQUITY 638,959

Shareholders' equity at 30 June 2010 stands at 638,959 thousand euros, of which 422,763 thousand euros being consolidated Group shareholders' equity and 216,196 thousand euros referring to non-controlling interest capital and reserves.

Share capital

At 30 June 2010, 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.

It is noted that at 30 June 2010 the company held 2,670,000 shares of treasury stock, purchased on the stock market during 2008, at an average price of 0.7784 euros. In conformity with the provisions of the applicable international standards, the nominal value of the purchases of treasury stock, equal to 1,388 thousand euros, has been carried to direct deduction from the share capital.

Moreover, it is noted that the Extraordinary Shareholders' Meeting held on 29 April 2009, decided to grant the following rights to the Board of Directors, in accordance with art. 2443 of the Italian civil code:

- right to increase on one or more occasions, against payment and also in divisible amounts, within a period of five years from the date of the resolution, the share capital up to a maximum amount of 500 million euros of nominal value, with or without premium, by issuing new ordinary shares having the same features as those already in circulation, to be offered as an option to those entitled; and alternatively,
- right to increase on one or more occasions, against payment and also in divisible amounts, within a period of five years from the date of the resolution, the share capital up to a maximum amount of 500 million euros of nominal value: to be assigned to the service, for a maximum amount of 250 million euros, of bonds which may be convertible into ordinary shares and/or with warrants to be issued pursuant to art. 2420-ter of the Italian civil code in compliance with the right of option provided to those entitled; and, for a maximum amount of 250 million euros nominal value, as well as for the residual amount, if any, in case the convertible bonds are issued by not using fully the amount of such proxy, with or without premium, by issuing new ordinary shares having the same features as those already in circulation, to be offered as an option to those entitled.

Such proxy is subsequent to the expiration, on 17 March 2008, of a similar proxy granted by the Extraordinary Shareholders' Meeting to the Board of Directors on 17 March 2003.

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 2009, in accordance with the provisions of law and totals 4,853 thousand euros at the end of June 2010.

Other reserves

This item totals 191,890 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 the end of June 2010 and unchanged compared to 31 December 2009 – details of which are in the Report to the Financial Statements at 31 December 2005, also available on the www.immsi.it website – and the reserve for evaluation at fair value of property investments in Immsi S.p.A. for 41,171 thousand euros.
The stock option reserve amounts to 5,148 thousand euros while the reserve allocated to the evaluation of the financial instruments is equal to 5,973 thousand euros, a decrease compared to 31 December 2009 mainly due to the decrease in the fair value of the 9,294,879 Unicredit shares held by the Parent Company.

The details of the item "Other reserves" are shown below:

In thousand 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 2009	***7,103***	***95,216***	***5,300***	***4,602***	***1,153***	***(2,948)***	***4,387***	***10,514***	***59,950***	***185,277***
Other changes							761		5,270	6,031
Overall earnings for the period						5,123		(4,541)		582
Balances at 30 June 2010	***7,103***	***95,216***	***5,300***	***4,602***	***1,153***	***2,175***	***5,148***	***5,973***	***65,220***	***191,890***

Retained earnings

The earnings carried forward total 38,579 thousand euros and refer to cumulative Group earnings.

Non-controlling interest capital and reserves

At 30 June 2010 the balance of share capital and reserves attributable to third party shareholders totals 216,196 thousand euros, a 13,184 thousand euros increase compared to 31 December 2009, mainly after the earnings of the period, the sale of Piaggio & C. S.p.A. shares by the Parent company and after the distribution of dividends to minority shareholders of companies in the Group for 11.6 million euros.

- G2 - FINANCIAL LIABILITIES 863,469

Financial liabilities total 863,469 thousand euros at 30 June 2010. The part recorded under non-current liabilities amounts to 494,059 thousand euros, against 484,207 at 31 December 2009, while the part included among current liabilities totals 369,410 thousand euros, a 4,691 thousand euros increase compared to the year end 2009.

The attached tables summarise the financial liabilities by type of financial debt:

- Non-current portion

In thousands of euros	Balance at 30.06.2010	Balance at 31.12.2009
Bonds	138,321	137,665
Amounts due to bank	312,583	311,733
Amounts due under finance leases	7,903	8,329
Amounts due to other lenders	35,252	26,480
TOTAL	**494,059**	**484,207**

- Current portion

In thousands of euros	Balance at 30.06.2010	Balance at 31.12.2009
Amounts due to bank	330,959	334,684
Amounts due under finance leases	794	800
Amounts due to subsidiaries	91	90
Amounts due to other lenders	37,566	29,145
TOTAL	**369,410**	**364,719**

The composition of the debt is the following:

In thousands of euros	Balance at 30.06.2010	Balance at 31.12.2009	Nominal value at 30.06.2010	Nominal value at 31.12.2009
Bonds	138,321	137,665	150,000	150,000
Amounts due to bank	643,542	646,417	645,284	647,879
Amounts due under finance leases	8,697	9,129	8,697	9,129
Amounts due to subsidiaries	91	90	91	90
Amounts due to other lenders	72,818	55,625	72,818	55,625
TOTAL	**863,469**	**848,926**	**876,890**	**862,723**

The following prospectus shows the reimbursement plan for the debt at 30 June 2010 of the Group:

In thousands of euros	Nominal value at 30.06.2010	Portions falling due within 12 months	Portions falling due within the 1st half of 2012	Portions falling due within the 1st half of 2013	Portions falling due within the 1st half of 2014	Portions falling due within the 1st half of 2015	Portions falling due beyond the 1st half of 2015
Bonds	150,000	0	0	0	0	0	150,000
Amounts due to bank	645,284	331,154	116,077	91,712	33,087	28,220	45,034
Amounts due under finance leases	8,697	827	808	846	885	5,331	0
Amounts due to subsidiaries	91	91	0	0	0	0	0
Amounts due to other lenders	72,818	37,566	8,831	2,821	916	8,121	14,563
TOTAL	**876,890**	**369,638**	**125,716**	**95,379**	**34,888**	**41,672**	**209,597**

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

In thousands of euros	Balance at 31.12.2009	Balance at 30.06.2010	Nominal value at 30.06.2010	Interest rate at 30.06.2010
Euro	825,458	823,377	842,403	3.70%
Vienamese Dong	3,594	7,024	7,024	12.90%
Indian rupee	876	5,529	n/a	n/a
US dollar	18,998	27,539	27,463	1.10%
TOTAL	**848,926**	**863,469**	**876,890**	**3.69%**

Amounts due to banks mainly include the following loans:

Immsi S.p.A.

- a 45,394 thousand euros loan, nominal value 46,000 thousand euros, granted by the pool of banking firms composed of Banca Popolare di Lodi (10.5 million euros), Efibanca (25 million euros) and Cassa di Risparmio di Lucca Pisa Livorno (10.5 million euros) at a rate equal to the variable Euribor increased by 2.35% maturing June 2019 and the reimbursement in 18 constant half-yearly instalments beginning 31 December 2010. At the same time as starting the financing the company stipulated with Banca Aletti a contract to hedge the variable rate with a fixed rate equal to 2.41% on 75% of the nominal value of the loan. The loan, which is secured by a 92 million euros mortgage on the building in via Abruzzi, 25 – Rome and by a bonded securities deposit in which there must always be Piaggio shares for an amount equal to at least 10 million euros, envisages to respect two covenants to be calculated in relation to the ratio between financial liabilities and shareholders' equity (to be equal or lower than 1x), and to the ratio between rental instalments and interest on the loan itself (to be maintained equal to or greater than once). 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 9,290,000 million Unicredit shares, requires delivery by the intermediary of cash collateral for an amount of 14,864 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 disbursed from Banca Akros;
- Bullet – Multi Borrower financing granted by Intesa Sanpaolo for a total of 70 million euros, with maturity at 31 December 2010, 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 for an amount of 10 and 15 million euros respectively, granted by Intesa Sanpaolo for Immsi S.p.A. and used entirely, both with rate of reference equal to the variable Euribor increased by a 1.75% spread, and expirying in July 2011;
- a revolving credit line granted by Banca Popolare di Lodi for 20 million euros, of which 16 million used at 30 June 2010, guaranteed by 20 million Piaggio shares expirying at November 2010 and a rate of reference equal to the variable Euribor increased by 1.80%;
- a revolving credit line granted by Unicredit for 25 million euros, used for 12.8 million euros at 30 June 2010 and rate of reference equal to the variable Euribor increased by 1.75%;
- a revolving credit line granted in October 2009 by the bank Monte dei Paschi di Siena for a total of 20 million euros and used by the Company at 30 June 2010 for 11 million euros. The line, expirying at April 2011 and rate of reference equal to the variable Euribor increased by 1.25%, is guaranteed by the lien on 16 million Piaggio shares and the financial guarantee referred to the value of the shareholders' equity of the Group that must be greater than 200 million euros.

Piaggio group

- a 128,571 thousand euros medium-term loan granted to Piaggio & C. S.p.A. from the European Investment Bank to finance Research & Development investments planned for the period 2009-2012. The loan will fall due in February 2016 and has an amortisation quota of 14 six-monthly instalments to be repaid at a variable rate equal to the six-month Euribor plus a spread of 1.323%. The contractual terms envisage loan covenants but exclude guarantees. It should be noted that, in reference to the 2009 period, these parameters were comfortably met;

- a 89,212 thousand euros (par value €/000 90,000) medium-term loan from a pool of banks granted in July 2009 to Piaggio & C. S.p.A. by Banca Nazionale del Lavoro as banking agent and paid in August 2009. This loan falls due in August 2012, with a grace period of 18 months and three six-monthly instalments. The financial terms provide for a variable interest rate linked to the six-month Euribor plus an initial margin of 1.90%. This margin may vary from a minimum of 1.65% to a maximum of 2.20% in accordance with changes in the Net Financial Debt / Ebitda ratio. Guarantees are not issued. However in line with market practice, some financial parameters must be complied with. It should be noted that, in reference to the first half of 2010, these parameters were comfortably met;
- a 55,152 thousand euros (par value €/000 55,500) loan to Piaggio & C. S.p.A. from Mediobanca and Banca Intesa San Paolo. In April 2006, this loan was syndicated to a restricted pool of banks and it is part of a more articulated loan package. The loan package consisted of an initial instalment of €/000 150,000 (par value) which has been fully drawn on (as of 30 June 2010 €/000 55,500 was still due) and a second instalment of €/000 100,000 to be used as a credit line (still unused as of 30 June 2010). The structure envisages an initial 7-year term, with a grace period of 18 months and 11 six-monthly instalments with the last maturity on 23 December 2012 for the loan instalment, a variable interest rate linked to the 6 month Euribor to which a variable spread between a maximum of 2.10% and a minimum of 0.65% is added depending on the Net Financial Debt/EBITDA ratio. For the tranche relating to the credit line there is a commitment fee of 0.25%. Guarantees are not issued. However in line with market practice, some financial parameters must be complied with. It should be noted that, in reference to the first half of 2010, these parameters were comfortably met;
- an outline agreement with a pool of banks for granting credit lines for a total amount of 70.3 million euros and used for 25.9 million euros at 30 June 2010, that expires in December 2011, which can be used as credit up to 80% and as an advance on credits up to 60%;
- a 21,875 thousand euros initial five-year unsecured loan from Interbanca to Piaggio & C. S.p.A. entered into in September 2008;
- a 2,976 thousand euros subsidised loan from Banca Intesa San Paolo under Law 346/88 regarding applied research;
- 2,691 thousand euros as a non-interest bearing loan originally granted by Banca Antonveneta to a subsidiary of the Aprilia Group following the acquisition charged to Piaggio & C. S.p.A.; the lump sum due date is in 2011. The conditions envisage a market interest rate over the last two years based on the performance of the Piaggio 2004-2009 warrants;
- a 1,604 thousand euros subsidised loan from Banca Intesa San Paolo under Law 346/88 regarding applied research;
- a 1,500 thousand euros eight-year subsidised loan from ICCREA in December 2008 granted under Law 100/90 and linked to the SIMEST equity investment in the Vietnamese company;
- a 615 thousand euros loan from Interbanca in accordance with Law 346/88 regarding subsidies for applied research, secured by a mortgage lien on property.

RCN group

- financing by Banca Popolare Italiana to Intermarine S.p.A. for 8 million euros, with residual value of equal to 6 million euros at 30 June 2010, assisted by a mortgage for 16 million 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 with expiration at 30 September 2010 at a rate equal to Euribor increased by 1.75% issued by Intesa Sanpaolo to Intermarine S.p.A. for a total of 42 million euros, of which 12 million correlated with the insurance indemnities concerning the flooding of the river Magra at the Intermarine yard of Sarzana and 30 million as a revolving credit line correlated with the future receivables of the work order with the Finnish Navy. At 30 June 2010, the first of the two aforesaid financings is used for 5 million euros while the second one is used for 18.5 million euros;
- loan granted by Banca Ifis to Intermarine S.p.A. referring to the order for refitting Gaeta Minesweepers for a contract advance line of 10 million euros, one for advance billing of 15 million euros and a plafond for indirect factoring on suppliers for 4.2 million euros. At 30 June 2010, the use of the contract advance line – with due date aligned with the order with which it is associated and a negative rate equal to Euribor

increased by a 3% spread – is equal to 5 million euros, while the other facilities are at the moment unused;
- financial payables for operations of advance payments on invoices with Banca Carige to the subsidiary Intermarine S.p.A. for 19.1 million euros compared to a total credit line equal to 25 million euros;
- financial payables to Banca Ifis for a total of 3,675 thousand euros referring to operations of maturity indirect factoring with suppliers of Rodriquez Cantieri Navali S.p.A. for 3,580 thousand euros and of Conam S.p.A. for 96 thousand euros;
- financing of Monte dei Paschi di Siena to Rodriquez Cantieri Navali S.p.A. for 2.6 million euros;
- financing of Banca Antonveneta to Conam S.p.A. for a total of 321 thousand euros, assisted by mortgage on the building of Pozzuoli for 2 million euros.

Other companies

- loan granted by Monte dei Paschi di Siena to Is Molas S.p.A., with validity till revocation and usable for cash, for a total of 20 million euros equal to the actual debt for capital, interest and accessory burdens accrued and payable;
- financing of 5 million euros granted by Banca Popolare di Lodi to Is Molas S.p.A., assisted by a 1st degree mortgage on the "Le Ginestre" real estate complex for a duration of 7 years, stipulated on 26 November 2009; the terms of the mortgage require 2 years of preammortization at the Euribor three months rate increased by a spread of 2.25% repayable in deferred quarterly instalments. With reference to this financing a contract has been stipulated to hedge the rate, from variable to fixed-interest rate, that establishes the fixed rate of the financing at 2.29%, besides the spread.

The item Bonds amounting to 138,321 thousand euros (net book value) refers to the high yield debenture loan issued on 4 December 2009 by Piaggio & C. S.p.A., for a par value of 150,000 thousand euros, maturing on 1 December 2016 with a semi-annual coupon with fixed annual nominal rate of 7%. Standard & Poor's and Moody's had both assigned a BB and BA2 rating with a negative outlook for the issue. On 5 May Moody's revised its outlook from negative to stable. The issue partly served to finance the pre-reimbursement of the high-yield debenture loan called "*Piaggio Finance S.A. 10% senior notes due 2012*". Among the relations with related parties there is the undersigning of the debenture loan by Omniaholding S.p.A. for 2.9 million euros.

Payables for financial leasing refer mainly to leases granted by Unicredit Leasing S.p.A. to Moto Guzzi S.p.A. for 8,643 thousand euros.

Overall, amounts due to other lenders are equal to 72,818 thousand euros (35,252 thousand euros beyond one year and 37,566 thousand euros for the current portion), as detailed below:

- subsidized loans totalling 11,940 thousand euros granted 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 8,937 thousand euros);
- advances from factoring operations on pro-solvendo transfer of trade receivables regarding the Piaggio group for 34,563 thousand euros;
- two non-current shareholder loans respectively of 6 and 7.2 million euros by Intesa Sanpaolo (shareholder of the company) to RCN Finanziaria S.p.A. convertible into shares;
- shareholder financing for 13.1 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 30 June 2010 the actual use of the line, for the performance bond and for the financial advances received, is equal to 49.8 million US dollars.

Financial instruments

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. With particular reference to the interest rate hedging operations, the interest swaps operations, allow converting the floating rate of the contracts into a fixed rate.

Immsi S.p.A. has an interest rate swap hedge contract with Banca Aletti specifically for the loan of 46 million euros granted by the pool of banks composed of Banca Popolare Italiana, Efibanca and Cassa di Risparmio di Lucca Pisa Livorno. The hedge contract makes provision to convert the floating rate into a fixed rate for the entire duration of the contract on 75% of the face amount of the financing; the rate has been fixed at 2.41% plus a spread of 235 b.p.p.. The mark to market value at 30 June 2010 is equal to zero as it coincides with the date of disbursement of the financing.

With reference to the Piaggio group, it should be remembered that the group regularly measures and checks its exposure to the risk of variation in the interest rates and manages such risks also by resorting to derivative instruments, mainly Forward Rate Agreement and Interest Rate Swap, according to the determinations of its own managerial policies.

The Rodriquez group has in being two hedging operations based on these instruments: the subsidiary Intermarine S.p.A. during 2007 stipulated an interest rate swap contract specifically for the loan granted by Banca Popolare Italiana to Intermarine S.p.A. for an original amount of 8 million euros and for a notional value at 30 June 2010 equal to 5.3 million euros. Rodriquez Cantieri Navali S.p.A. has a swap contract with Unicredit Banca finalized at completely hedging part of the company's financial indebtedness for a nominal value at 30 June 2010 equal to 10 million euros. Both operations mature in 2014. The companies have adjusted the mark to market value at 30 June 2010 with respect to the value recorded in the previous accounting situation.

Exchange rate risk

Exchange rate hedges have been signed exclusively by the Piaggio group and by Rodriquez group.
During the first half of 2010, the Piaggio group managed exchange rate risk in line with the policy adopted in 2006 which aims to neutralise the possible negative effects of the changes in exchange rates on company cash-flow, by hedging the business risk, which concerns the changes in company profitability compared to the annual business budget on the basis of a key change (the so-called "budget change") and of the settlement risk, which concerns the differences between the exchange rate recorded in the financial statements for receivables or payables in foreign currency and that recorded in the related receipt or payment. 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. 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 30 June 2010, Piaggio & C. S.p.A. has the following outstanding forward sale contracts:

- CAD/000 8,610 corresponding to 6,680 thousand euros (valued at the forward exchange rate);
- CHF/000 12,460 corresponding to 8,837 thousand euros (valued at the forward exchange rate);
- GBP/000 7,620 corresponding to 8,883 thousand euros (valued at the forward exchange rate);
- JPY/000.000 315 corresponding to 2,840 thousand euros (valued at the forward exchange rate);

- SEK/000 15,050 corresponding to 1,563 thousand euros (valued at the forward exchange rate);
- SGD/000 1,440 corresponding to 840 thousand euros (valued at the forward exchange rate);
- USD/000 7,710 corresponding to 6,185 thousand euros (valued at the forward exchange rate);

and forward purchases:

- CHF/000 4,200 corresponding to 3,097 thousand euros (valued at the forward exchange rate);
- GBP/000 1,340 corresponding to 1,624 thousand euros (valued at the forward exchange rate);
- JPY/000.000 525 corresponding to 4,472 thousand euros (valued at the forward exchange rate);
- SEK/000 6,200 corresponding to 651 thousand euros (valued at the forward exchange rate);
- USD/000 7,700 corresponding to 6,263 thousand euros (valued at the forward exchange rate).

As regards contracts in place to hedge exchange rate risk on forecast transactions (business risk), at 30 June 2010, Piaggio & C. S.p.A. had:

- forward purchase transactions of CNY/000.000 145 corresponding to 15,374 thousand euros;
- forward sales transactions for a value of CHF/000 8,100 corresponding overall to 5,386 thousand euros (valued at the forward exchange rate) and GBP/000 8,800 corresponding to 9,773 thousand euros (valued at the forward exchange rate).

With reference to the RCN group, it is noted that the policy concerning the foreign exchange risk implemented by the group is actualized in the total elimination of every risk through the definition of a fixed forward exchange rate to hedge for swings in exchange rates. 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. At 30 June 2010 there are still forward contracts for staggered expirations from July 2010 to December 2010 for an overall value of 13.8 million USA dollars at an average exchange rate of 1.3365. At 30 June 2010 there are no options on exchange rates, entirely extinguished in the 1st quarter of 2010. It must also be noted that among the receivables there is 3 million euros deposited to guarantee the signed Oman credit agreement, bonded and submitted to guarantee for the banks; in particular the account includes the Deposit Account for the interest attributable to the guarantees used on the capital line and 5.6 million referred to the sums deposited by the customer Guardia di Finanza (i.e., Revenue Tax Corps), for the balance of the supply receivables pertinent to Intermarine, from the stipulation of a loan Italian Law 431, awaiting the go-ahead from Ministry for release.

- G3 - TRADE PAYABLES AND OTHER PAYABLES 714.074

Trade payables and other payables total 714,074 thousand euros, of which 705,552 thousand euros falling due within one year, detailed below:

In thousands of euros	*Balance at 30.06.2010*	*Balance at 31.12.2009*
Trade payables	587,026	458,907
Amounts due to subsidiaries	16	14
Amounts due to associated companies	13,404	12,645
Amounts due to Parent companies	0	4
Other payables	105,106	102,587
TOTAL	**705,552**	**574,157**

The “Other current payables” item is detailed below:

In thousands of euros		
	Balance at 30.06.2010	***Balance at 31.12.2009***
Amounts due to employees	43,307	37,859
Liabilities connected to hedging instruments	155	343
Advances from customers	1,632	2,367
Amounts due for agent commissions	397	397
Amounts due to partners and shareholders	3	3
Amounts due for guarantee deposits	1,034	1,035
Amounts due to company boards	478	326
Amounts due to social security institutions	7,079	12,111
Other amounts due to third parties	3,110	3,614
Other amounts due to subsidiaries	28	28
Accrued expenses	95	316
Deferred income	8,502	6,215
Other payables	39,286	37,973
TOTAL	**105,106**	**102,587**

Amounts due to employees include holidays accrued and not used, and other amounts to be paid at the end of June.
Trade payables and other current payables with related parties at 30 June 2010, equal to 13,911 thousand euros, mainly refer to purchases from Zongshen Piaggio Foshan Motorcycle Co. LTD.

- G4 - RESERVES FOR SEVERANCE INDEMNITY AND SIMILAR OBLIGATIONS 66,806

The reserve for pension and similar obligations amounts to 66,806 thousand euros at 30 June 2010. The reserve is detailed below:

In thousands of euros					
	Balance at 31.12.2009	***Provisions***	***Applications***	***Other movements***	***Balance at 30.06.2010***
Employees' severance indemnity reserves	62,076	7,232	(7,532)	101	61,877
Other reserves	4,726	456	(253)	0	4,929
TOTAL	**66,802**	**7,688**	**(7,785)**	**101**	**66,806**

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 og the Piaggio group 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 to the indemnities matured in the period. In the other movements there are mainly the transfers to the funds of complementary social security.

- G5 - OTHER LONG-TERM RESERVES 60,927

The balance of other long-term reserves, including the portion falling due within 12 months, totals 60,927 thousand euros at the end of June 2010, a slight increase compared to 31 December 2009.

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

In thousands of euros						
	Balance at 31.12.2009	*Provisions*	*Applications*	*Other movements*	*Balance at 30.06.2010*	*Of which current portion*
Product warranty reserve	22,101	7,544	(7,016)	169	22,798	17,035
Reserve for risks on equity investments	5,522	0	0	1	5,523	43
Contractual risks reserve	10,029	0	(1,337)	0	8,692	2,254
Other provisions for risks and charges	19,753	9,375	(5,533)	319	23,914	16,036
TOTAL	**57,405**	**16,919**	**(13,886)**	**489**	**60,927**	**35,368**

The product warranty reserve relates to provisions made by the Piaggio group for 18,598 thousand euros and by Rodriquez for 4,200 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 first half of 2010 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 subsidiary of the group, Piaggio China Co. Ltd, as well as charges that may arise from the stake in the joint-venture Zongshen Piaggio Foshan Motorcycle Co. LTD.
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. Other provisions for risks and charges particularly comprise the provision for legal risks set aside by the Piaggio group for 6,111 thousand euros.

- G6 - DEFERRED TAX LIABILITIES 51,239

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 5,532 thousand euros of deferred tax assets, consistent by due date and by nature, and is entirely referable to deferred taxes falling due after at least 12 months. Deferred tax liabilities are mainly recorded by the Piaggio group for 29.2 million euros, mainly following the reabsorption of temporary differences, by the Parent company Immsi S.p.A. for about 20.5 million euros mainly for the evaluation at fair value of the real estate investment in Via Abruzzi – Rome, and by the Rodriquez group for around 1.6 million euros.

- G7 - CURRENT TAXATION 41,285

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 20,536 thousand euros compared to the year end of 2009, and it results as follows:

In thousands of euros		
	Balance at 30.06.2010	*Balance at 31.12.2009*
Amounts due for income tax	19,636	1,792
VAT payables	11,608	3,273
Amounts due for withtholding tax	4,916	9,784
Amounts due for local taxes	1	6
Other payables	5,124	5,894
TOTAL	**41,285**	**20,749**

Amounts due for income tax and VAT payables refer mainly to the Piaggio group.
Amounts due for withholding tax are mainly recorded against withholdings on salaries, on termination

payments and self-employed income.
It is noted 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., Apuliae S.p.A., RCN Finanziaria S.p.A., ISM Investimenti S.p.A. and Rodriquez Marine System S.r.l. a national fiscal consolidated contract, therefore payables, advance payments and withholdings suffered were transferred at the end of the period 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 stated 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 contained in the Interim Management Report on operations, in accordance with art.2428 of the Italian civil code.

- H1 - NET REVENUES 869,534

The revenues from sales and services at 30 June 2010 of the Immsi Group total 869,534 thousand euros, of which 820,819 thousand euros attributable to the industrial sector, 46,003 thousand euros to the naval sector and the balance to the property and holding sector (2,712 thousand euros).
This item is stated net of premiums given to the customers and it does not include transport costs recharged to customers and the recovery of advertising costs invoiced, which are shown under other operating income. Moreover, revenues do not include recharges for condominium fees, offset with the related costs incurred.
Below is a division of the revenues by business sectors and by geographical area of destination, that is, referring to the nationality of the customer.

By business sector

In thousands of euros	*First half of 2010*		*First half of 2009*	
	Amount	***%***	***Amount***	***%***
Property and holding sector	2,712	0.3%	2,420	0.3%
Industrial sector (Piaggio group)	820,819	94.4%	795,626	92.2%
of which 2-wheeler business	581,996	66.9%	595,742	69.0%
of which Commercial Vehicle business	238,823	27.5%	199,884	23.2%
Naval sector (Rodriquez group)	46,003	5.3%	64,844	7.5%
TOTAL	**869,534**	**100.0%**	**862.890**	**100.0%**

By geographical area

In thousands of euros	*First half of 2010*		*First half of 2009*	
	Amount	***%***	***Amount***	***%***
Italy	263,360	30.3%	308,561	35.8%
Other European countries	348,866	40.1%	346,327	40.1%
Rest of the World	257,308	29.6%	208,002	24.1%
TOTAL	**869,534**	**100.0%**	**862,890**	**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 494,379

Costs for materials total 494,379 thousand euros, compared to 496,714 thousand euros of the same period in the previous year.
The decrease is essentially related to the recoveries of efficiency achieved, with particular reference to the industrial sector, that have enabled reducing the percentage incidence on the net revenues of this item, passing from 57.6% in the first half of 2009 to 56.9% in the current period.
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	First half of 2010	First half of 2009
Change in inventories of finished products, work in progress and semi-finished products	(225)	5,252
Change in capitalised piecework	(304)	(784)
Purchase of raw materials and consumables	511,820	520,531
Change in raw materials and consumables	(16,912)	(28,285)
TOTAL	**494,379**	**496,714**

This item includes the costs relating to purchases of scooters from the Chinese subsidiary Zongshen Piaggio Foshan Motorcycle Co. LTD sold in European and Asian markets for an overall amount of 21,488 thousand euros. These transactions are detailed in Related Party dealings.

- H3 - COSTS FOR SERVICES AND THE USE OF THIRD PARTY ASSETS 161.381

Costs for services and use of third party assets total 161,381 thousand euros and are detailed in the table below:

In thousands of euros	First half of 2010	First half of 2009
Transport costs	25,051	26,815
Product warranty costs	6,656	6,768
Advertising and promotion	19,373	22,132
Work performed by third parties	24,455	30,268
External maintenance and cleaning costs	4,806	4,177
Personnel costs	9,718	9,093
Technical, legal, tax, administrative consultancy, etc.	18,859	17,869
Sundry commercial expenses	9,768	10,206
Energy, telephone, postage costs, etc.	10,389	10,234
Services provided	435	527
Insurance	2,752	2,637
Cost of company boards	3,102	2,725
Sales commissions	661	2,461
Part-time staff and staff of other companies	110	1,146
Accessory purchase costs	2	27
Other costs	17,387	19,688
TOTAL COSTS FOR SERVICES	**153,524**	**166,773**
Rental instalments of business property	3,153	2,955
Rental instalments for cars, office machines, etc.	280	362
Operating lease instalments for plant and machinery	48	53
Other instalments	4,376	4,614
TOTAL COSTS FOR USE OF THIRD PARTY ASSETS	**7,857**	**7,984**
TOTAL COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS	**161,381**	**174,757**

The costs for services and the use of third parties assets are down by 13,376 thousand euros compared to the same period of the preceding year following a decrease of most of the main cost items underlined, related particularly to the already mentioned recoveries of efficiency that have been achieved.

- H4 - PERSONNEL COSTS 142.264

Personnel costs comprise the following:

In thousands of euros		
	First half of 2010	*First half of 2009*
Salaries and wages	103,215	101,682
Social security costs	27,742	28,894
Employee leaving indemnity	7,232	5,204
Pension and similar obligations	456	456
Stock options	1,381	1,015
Other costs	2,238	3,109
TOTAL	**142,264**	**140,360**

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

	First half of 2010	*First half of 2009*
Senior managers	129	136
Middle managers and employees	2,744	2,655
Manual workers	5,161	4,691
TOTAL	**8,034**	**7,482**

In the first half of 2010 the cost of personnel increased by approximately 1.9 million euros (+1.4%) compared to the corresponding period of the preceding year, mainly due to an increase in the work force on average employed by the Piaggio group also following the beginning of the productive activity of the Vietnamese plant, initiated in June 2009.
It is pointed out that within the sphere of the cost of personnel 1,381 thousand euros have been recorded related to the burdens for stock options as required by the international accounting standards.

- H5 - DEPRECIATIONS OF TANGIBLE ASSETS 20,627

A summary of the deprecations of tangible assets at 30 June 2010 is provided below:

In thousands of euros		
	First half of 2010	*First half of 2009*
Depreciation of property	2,217	2,094
Depreciation of plant and machinery	7,187	6,607
Depreciation of industrial and commercial equipment	9,366	10,197
Depreciation of assets to be given free of charge	574	571
Depreciation of other assets	1,283	1,394
DEPRECIATION OF TANGIBLE ASSETS	**20,627**	**20,863**

- H6 - AMORTISATIONS OF FINITE LIFE INTANGIBLE ASSETS 24,401

Amortisations of intangible assets with a finite life recognised in the first half of 2010 total 24,401 thousand euros and include, under the item “Trademarks and licenses”, 2,994 thousand euros related to the amortization of the Aprilia brand and 1,523 thousand euros related to the amortization of the Moto Guzzi brand, and comprise the following:

In thousands of euros	First half of 2010	First half of 2009
Amortisation of development costs	13,339	16,820
Amortisation of concessions, patents, industrial and similar rights	6,076	5,162
Amortisation of trademarks and licences	4,530	4,597
Amortisation of software	39	39
Amortisation of other intangible assets with a finite life	417	445
AMORTISATION OF INTANGIBLE ASSETS	**24,401**	**27,063**

As specified in more detail in the Explanatory note 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 2009 confirmed the full recoverability of the amounts recorded in the financial statements. In addition, it should be noted that during the first half of 2010 no events occurred such as to indicate that the activities subject of impairment testing could have suffered a significant loss in value.

- H7 - OTHER OPERATING INCOME 66,436

The “Other operating income” item comprises:

In thousands of euros	First half of 2010	First half of 2009
Gains on disposal of tangible assets	1,991	20
Sponsorships	2,489	2,528
Grants	1,850	6,591
Recovery of sundry costs	26,948	27,519
Licence rights	2,083	869
Sale of materials and sundry equipment	452	180
Insurance settlements	5,776	4,280
Increases for capitalised internal construction	18,591	20,436
Reversal of provisions for risks and other provisions	241	290
Active instalments	290	2,976
Other operating income	5,725	6,522
TOTAL	**66,436**	**72,211**

The other operating income has decreased compared to the corresponding period of the preceding year for 5,775 thousand euros. The reduction is partially connected with the decrease in the positive instalments received by the Piaggio group for the lease of racing bikes as a result of the group not taking part in the 2010 Moto2 World Championship. The item of Contributions is, in particular, represented by the benefit for the Piaggio group deriving from the tax receivables for research and development contemplated for in art. 1, c. 280-284 of Italian Law no. 296/2006, while the Item “Recovery of costs of transport” refers to the expenses charged to customers, whose burdens are classified under the item “Costs for services and the use of third party assets” Lastly, it should be noted that the gains on assets mainly refer to the sale of the property of Corso Sempione in Milan owned by the Piaggio group.

- H8 - OTHER OPERATING COSTS 26,816

The “Other operating costs” item totals 26,816 thousand euros at 30 June 2010 and comprises the following:

In thousands of euros	First half of 2010	First half of 2009
Losses on disposal of tangible assets	31	41
Taxation (not on the income)	2,669	2,816
Provisions for product warranty	7,544	7,690
Provisions for future and other risks	9,375	2,863
Write-down of trade receivables (including provisions to bad debt reserve)	1,254	1,288
Other operating costs	5,943	7,707
TOTAL	**26,816**	**22,405**

Overall, other operating costs increased by 4,411 thousand euros compared to the same period of the previous year, mainly related to the greater allocations to the risk funds made by the Piaggio group during the half-year period.

- H9 - FINANCIAL INCOME 13,766

Financial income recognised by the Group at 30 June 2010 is detailed below:

In thousands of euros	*First half of 2010*	*First half of 2009*
Interest receivable	1,281	2,042
Exchange gains	11,300	3,580
Other income	1,185	1,017
TOTAL	**13,766**	**6,639**

The increase of 7,127 thousand euros is tied to the increase in the profits on foreign exchange, recorded above all by the Piaggio group, that finds partial compensation in the increase of the losses on exchange rates.

- H10 - FINANCIAL CHARGES 28,913

The financial charges at 30 June 2010 are detailed below:

In thousands of euros	*First half of 2010*	*First half of 2009*
Interest payable on bank loans	7,575	11,755
Interest payable on loans from third parties	2,260	4,388
Interest payable on bonds	5,858	6,429
Other interest payable	740	1,417
Fees payable	462	390
Charges for reductions and/or depreciation of loans	7	0
Loss on disposal of securities	0	1,340
Exchange losses	9,620	3,822
Financial component of retirement funds and staff severance fund (TFR)	5	11
Other charges	2,386	117
TOTAL	**28,913**	**29,669**

The financial charges at 30 June 2010 decreased by 756 thousand euros, mainly following the reduction in the cost of the financings of the Group with interest indexed to Euribor and, with particular reference to the Piaggio group, thanks to the refinancing at better conditions of the debenture loan. These positive effects have more than compensated for the increase of approximately 5,798 thousand euros of the losses on accounted exchange rates.

- H11 - TAXATION 29,689

The expected income tax charge at 30 June 2010 for the companies consolidated on a lineby-line basis amounts to 29,689 thousand euros, with an incidence on the earnings before taxation of 58.3%, equal to the best estimate of the expected weighted average rate for the whole year and basically in line with the tax rate underlined during the first half of 2009, equal to 62%.

- H12 - GAIN/LOSS ON THE DISPOSAL OF ASSETS 0

At the condensed half-yearly 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 10,365

The Immsi Group earnings for the period total 21,266 thousand euros, of which 10,901 pertaining to non-controlling interest.

- I - COMMITMENTS, RISKS AND GUARANTEES

As regards the main commitments, risks and guarantees, where not specifically updated in these Notes, please refer to the contents of the explanatory and additional Notes on the consolidated financial statements contained in the Report of the Directors and Financial Statements of the Immsi Group at 31 December 2009 for a general overview of the Group.

- L - RELATED PARTY DEALINGS

Reference should be made to the relevant paragraph as regards the main business relations of Group companies with related parties.

- M - FINANCIAL POSITION

The Immsi group net financial position at 30 June 2010 is shown below. Further details of the main components are provided in the tables in the interim Report on operations and the related information below them:

(in thousands of euros)	*30.06.2010*	*31.12.2009*	*30.06.2009*
Cash and cash equivalent	-199,664	-206,508	-168,851
Other short-term financial assets	-27,535	-4,462	-24,256
Medium/long-term financial assets	0	0	0
Shot-term financial payables	369,410	364,719	369,656
Medium and long-term financial payables	494,059	484,207	417,234
Net financial debt	**636,270**	**637,956**	**593,783**

- N - DIVIDENDS PAID

The dividends paid out in 2010 (related to a distribution of profits for the year 2009, as per deliberation of the shareholders' meeting of 27 April 2010) amount to 10,216 thousand euros, equal to 0.03 euro per common stock. In addition, it should be remembered that last year the Company did not distribute any dividends.
The Parent company did not issue shares other than ordinary shares.

- O - EARNINGS PER SHARE

Earnings per share

Earnings per share is calculated by dividing the net consolidated income attributable to Parent company shareholders by the average weighted number of ordinary shares in circulation during the period, from which 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.

	30.06.2010	*30.06.2009*
Net profit attributable to ordinary shareholders (euros)	10,365,000	4,311,000
Average weighted number of shares in circulation during the year	340,530,000	340,530,000
Basic earnings per share	**0.030**	**0.013**

Diluted earning per share

Diluted earning per share is calculated by dividing the net income for the year attributable to Parent company ordinary shareholders by the average weighted number of shares in circulation during the year, taking account of the diluting effect of potential shares. Excluded from this calculation are any treasury shares held. 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 at 30 June 2010.

- 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 2009.

The following table shows the financial instruments of the Immsi Group registered in the financial statements at 30 June 2010 and at 31 December 2009:

In thousands of euros	*30 June 2010*	*31 December 2009*
ASSETS		
NON-CURRENT ASSETS		
Other financial assets	***0***	***0***
Financial receivables	0	0
CURRENT ASSETS		
Other financial assets	***27,535***	***4,462***
Financial receivables	11	12
Financial assets	27,524	4,450
LIABILITIES		
NON-CURRENT LIABILITIES		
Financial liabilities	***494,059***	***484,207***
Bonds	138,321	137,665
Amounts due to bank	312,583	311,733
Amounts due under finance leases	7,903	8,329
Amounts due to other lenders	35,252	26,480
CURRENT LIABILITIES		
Financial liabilities	***369,410***	***364,719***
Amounts due to bank	330,959	334,684
Amounts due under finance leases	794	800
Amounts due to subsidiaries	91	90
Amounts due to other lenders	37,566	29,145

Financial assets

The item of financial Assets mainly refers to the subscription of Italian government securities purchased by the subsidiary Piaggio & C. S.p.A. for 23,697 thousand euros and to shares in a liquidity fund purchased by the subsidiary Piaggio Vehicles Private Ltd. for 3,527 thousand euros.

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

To hedge further for the liquidity risk, at 30 June 2010 the Immsi Group has unused credit lines available for 334,122 thousand euros (341,403 thousand euros at 31 December 2009) of which 185,637 with expiration within 12 months and 148,485 thousand euros with expiration after that time. The unused credit lines available for the Parent Company Immsi S.p.A. amounted at 30 June 2010 to 20,800 thousand euros.

Management of financial risks

In particular, both within the Piaggio group and within the Rodriquez 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 Parent Company Immsi S.p.A. operates with financing for the Group's subsidiaries or by issuing guarantees finalized at facilitating their supply: it is specified that the above operations are regulated under normal market conditions.
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 through the disbursement of short-term loans regulated under market conditions.

Management of the exchange rate risk

The Group, particularly through Piaggio and Rodriquez groups, operates in an international context in which the transactions are conducted in different currencies to the euro and this exposes it to the risk due to the fluctuation in exchange rates.
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 consolidation. The policy adopted by the group does not require coverage of this type of exposure. Following the net balance of the cash flows of the main currencies, while for the derivative contracts on the exchange rates in being at 30 June 2010 reference is made to the list in the explanatory Note regarding the financial liabilities.

	Amounts in million of euros	
	Cash Flow first half of 2010	Cash Flow first half of 2009
Pound sterling	5.7	5.6
Indian rupee	16.4	19.8
Croatian kuna	1.3	6.3
US dollar	(28.3)	8.3
Canadian dollar	0.4	3.4
Swiss franc	5.6	3.7
Chinese yuan*	(29.8)	(25.4)
Vietnamese dong	25.3	0
Japanese yen	(10.6)	(15.8)
Total cah flow in foreign currency	**(14.0)**	**5.9**

* 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 cash flows denominated in a different currency to the euro (net of the financial hedging) of the first half of 2010, the consolidated operating income would be increased by around 186 thousand euros.

Management of the interest rate risk

The exposure to the interest rate risk derives from the necessity to finance the operational activities of the Group, 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 30 June 2010 the floating rate indebtedness, net of the financial assets, was equal to 462.3 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 4,6 million euros per year.

Credit risk

The Group considers its exposure to the risk of credit to be the following:

In thousands of euros	*30 June 2010*	*31 December 2009*
Cash and cash equivalent	199,664	206,508
Financial assets	27,524	4,450
Financial receivables	11	12
Trade receivables	246,947	134,224
Total	***474,146***	***345,194***

In particular, 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 company 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 Intermarine 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.

Hierarchical fair value valuation levels

As regards financial instruments recorded under financial position at fair value, IFRS 7 requires these values to be classified on the basis of hierarchical levels which reflect the significance of the inputs used in determining fair value. These levels are as follows:

- level 1 – quoted prices taken from an active market in terms of assets and liabilities under valuation;
- level 2 – directly (prices) or indirectly (price-derived) observable market inputs other than Level 1 inputs;
- level 3 – inputs not based on observable market data.

The table below shows the assets and liabilities valued at fair value as of 30 June 2010, based on fair value hierarchical levels.

In thousands of euros	*Level 1*	*Level 2*	*Level 3*
Assets valued at fair value	17,103		80,000
Other assets		1,938	
Total assets	***17,103***	***1,938***	***80,000***
Liabilities valued at fair value			
Other liabilities		(2,813)	
Total liabilities	***0***	***(2,813)***	***0***
Balance at 30 June 2010	***17,103***	***(875)***	***80,000***

In thousands of euros	*Level 1*	*Level 2*	*Level 3*
Balance at 31 December 2009	21,778	(1,027)	80,000
Gain and (loss) recognised in the income statement		(46)	
Increases / (Decreases)	(4,675)	198	
Balance at 30 June 2010	***17,103***	***(875)***	***80,000***

During the first half of 2010 transfers between Levels did not take place.

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND EQUITY INVESTMENTS AT 30 JUNE 2010 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 ON A LINE-BY-LINE BASIS				
Immsi S.p.A. P.zza Vilfredo Pareto, 3 - 46100 Mantova Parent Company	Euro	178,464,000.00		
Apuliae S.p.A. P.zzetta Riccardi, 11 - 73100 Lecce Immsi S.p.A. equity investment: 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: 71.43%	Euro	5,000,000.00	71.43%	
Pietra S.r.l. Via Broletto, 13 - 20121 Milano Immsi S.p.A. equity investment: 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: 85.00%	Euro	7,510,000.00	85.00%	
Immsi Audit S.c.a r.l. P.zza Vilfredo Pareto 3 - 46100 Mantova Immsi S.p.A. equity investment: 25.00% Is Molas S.p.A. equity investment: 25.00% Piaggio & C. S.p.A. equity investment: 25.00% Rodriquez Cantieri Navali S.p.A. equity investment: 25.00%	Euro	40,000.00	100.00%	
RCN Finanziaria S.p.A. Piazza Vilfredo Pareto, 3 - 46100 Mantova Immsi S.p.A. equity investment: 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: 54.39%	Euro	205,941,272.16	54.39%	55.08%
Aprilia Racing S.r.l. v.le Rinaldo Piaggio, 25 - 56025 Pontedera (PI) – Italy Piaggio & C. S.p.A. equity investment: 100.00%	Euro	250,000.00	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: 100.00%	Euro	6,657,500.00	100.00%	
Atlantic 12 – Fondo Comune di Investimento Immobiliare c/o First Atlantic Re SGR S.p.A. Galleria Sala dei Longobardi, 2 – 20100 Milano Piaggio & C. S.p.A. equity investment: 100.00%	Euro	19,500,000.00	100.00%	
Derbi Racing S.L. Calle La Barca 5-7, 08107 Martorelles Barcellona (Spain) Nacional Motor S.A. equity investment: 100.00%	Euro	3,006.00	100.00%	
Moto Laverda S.r.l. *** v. Galileo Galilei, 15 - 30033 Noale (VE) - Italy Piaggio & C. S.p.A. equity investment: 100.00%	Euro	80,000.00	100.00%	
Nacional Motor S.A. Calle Barcelona, 19 - 08107 Martorelles Barcellona (Spain) Piaggio & C. S.p.A. equity investment: 100.00%	Euro	1,588,422.00	100.00%	
P & D S.p.A. *** v.le Rinaldo Piaggio, 25 - 56025 Pontedera (PI) – Italy Piaggio & C. S.p.A. equity investment: 100.00%	Euro	416,000.00	100.00%	
Piaggio Asia Pacific PTE Ltd. 9 Tomasek Boulevard # 29-02 Suntec Tower 2 038989 Singapore Piaggio Vespa B.V. equity investment: 100.00%	SGD	100,000.00	100.00%	
Piaggio Deutschland Gmbh Marie-Curie Strasse 8 - 50170 Kerpen (Germany) Piaggio Vespa B.V. equity investment: 100.00%	Euro	250,000.00	100.00%	
Piaggio Espana S.L.U. C/Mijancas 1 – Planta 2 – Madrid 28 – Madrid (Spain) Piaggio & C. S.p.A. equity investment: 100.00%	Euro	426,642.00	100.00%	
Piaggio France S.A.S. 21, Rue Georges Boisseau, 92586 Clichy Cedex (France) Piaggio Vespa B.V. equity investment: 100.00%	Euro	1,209,900.00	100.00%	

Company Name	Currency	Share Capital (subscribed and paid-up)	% of Share Capital owned	% voting rights (if different)
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: 99.99%	Euro	31,000.00	99.99%	
Piaggio Group Americas, Inc. 140 East 45th Street, 17th Floor New York, NY 10017 - U.S.A. Piaggio Vespa B.V. equity investment: 100.00%	USD	561,000.00	100.00%	
Piaggio Group Japan Shinyokohama Meguro Bldg, 4F 3-22-5 Shinyokohama Kouhoku-ku Yokohama 222-0033 (Japan) Piaggio Vespa B.V. equity investment: 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: 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: 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: 99.9996% Piaggio & C. S.p.A. equity investment: 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: 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: 99.999997% Piaggio Vespa B.V. equity investment: 0.000003%	INR	340,000,000.00	100.00%	
Piaggio Vespa B.V. Hoevestein n. 48 4903 SC Oosterhout (Holland) Piaggio & C. S.p.A. equity investment: 100%	Euro	91,000.00	100.00%	
Piaggio Vietnam Co. Ltd. Lot M Binh Xuyen Industrial Zone Vinh Phuc Province, Vietnam (egistered office) Floor 15, Vit Tower, 519 Kim Ma Str., Ba Dinh District, Hanoi, Vietnam (operational headquarters) Piaggio & C. S.p.A. equity investment: 51.00% Piaggio Vespa B.V. equity investment: 36.50%	VND	64,751,000,000.00	87.50%	
Piaggio Group Canada, Inc. 100 King Street West, Suite 6100, 1 First Canadian Place Toronto, Ontario, Canada M5X 1B8 Piaggio Group Americas, Inc. equity investment: 100.00%	CAD$	10,000.00	100.00%	
Rodriquez Cantieri Navali S.p.A. V. S. Raineri, 22 - 98122 Messina RCN Finanziaria S.p.A. equity investment: 100.00%	Euro	14,040,000.00	100.00%	
Intermarine S.p.A. Via Alta - 19038 Sarzana (La Spezia) Rodriquez Cantieri Navali S.p.A. equity investment: 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: 100.00%	Euro	1,500,000.00	100.00%	
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: 100.00% less 1 share of 1 R$ hold by Intermarine S.p.A.	R$	1,068,150.00	100.00%	
Rodriquez Marine System S.r.l. Via S. Raineri, 22 - 98122 Messina Rodriquez Cantieri Navali S.p.A. equity investment: 100.00%	Euro	46,800.00	100.00%	
Rodriquez Pietra Ligure S.r.l. Via Broletto, 13 – 20121 Milano Rodriquez Cantieri Navali S.p.A. equity investment: 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: 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 Piaggio Group Americas Inc. equity investment: 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: 99.99999%	USD	12,100,000.00	99.99999%	
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: 32.50% Piaggio China Co. LTD equity investment: 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: 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: 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: 20.00%	TND	210,000.00	20.00%	
Rodriquez Engineering S.r.l. *** Via S. Raineri, 22 - 98122 Messina Rodriquez Cantieri Navali S.p.A. equity investment: 100.00%	Euro	119,756.00	100.00%	
Rodriquez Mexico *** Altamirano 750 Col El Esterito La Paz, BCS CP 23020 - Mexico Rodriquez Cantieri Navali S.p.A. equity investment: 50.00%	Pesos	50,000.00	50.00%	
Rodriquez Yachts S.r.l. *** Via S. Raineri, 22 - 98122 Messina Rodriquez Cantieri Navali S.p.A. equity investment: 95.00% Rodriquez Marine System S.r.l. equity investment: 5.00%	Euro	22.289,00	100,00%	
Consorzio CTMI - Messina Via S. Raineri, 22 – 98122 Messina Rodriquez Cantieri Navali S.p.A. equity investment: 41.538%	Euro	53.040,00	41,538%	
Rodriquez Charter & Broker S.r.l. *** Via S. Raineri, 22 - 98122 Messina Rodriquez Yachts S.r.l. equity investment: 100.00%	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: 50.00%	Euro	103.291,38	50,00%	

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

Group and 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 during the first half of 2010.

Immsi Group

In detail the main effects on the income statement and on the balance sheet of the operations with Related Parties and their incidence on each item in the financial statements shown in the consolidated data of the Immsi Group at 30 June 2010 are given in the table below. The effects on the income statement and on the balance sheet deriving from consolidated intragroup operations have been removed during consolidation.

Main income statement and balance sheet headings	Amounts in €/000	% incidence on balance sheet items	Description of the transactions
Transactions with Related Parties:			
Current trade payables	*463*	*0.1%*	*Legal advice provided by St. d'Urso Gatti & Ass. to the Group*
Costs for services and the use of third party assets	*164*	*0.1%*	*Legal advice provided by St. d'Urso Gatti & Ass. to the Group*
Transactions with Parent companies:			
Tangible assets	*39*	*0.0%*	*Fittings and motor vehicles provided by Omniainvest S.p.A.*
Non-current financial liabilities	*2,900*	*0.6%*	*Bonded loan undersigned by Omniaholding S.p.A. in Piaggio & C. S.p.A.*
Costs for services and the use of third party assets	*151*	*0.1%*	*Lease of offices in Mantova made available by Omniaholding S.p.A. to the Group*
Transactions with Subsidiaries, Associated companies, Joint Ventures:			
Trade receivables and other non-current receivables	*470*	*2.0%*	*Receivables from Fondazione Piaggio, AWS do Brasil and Piaggio China*
Current trade receivables and other receivables	*1,267* *1,085*	*0.3%* *0.3%*	*Receivables from Consorzio CTMI* *Trade receivables from Fondazione Piaggio and Piaggio Foshan*
Current financial liabilities	*91*	*0.0%*	*Financial payables to Rodriquez Engineering S.r.l.*
Current trade payables	*13,193* *227*	*2.2%* *0.0%*	*Trade payables mainly to Piaggio & C. S.p.A. to Piaggio China and Piaggio Foshan* *Payables to Consorzio CTMI and Armas Ocean Jets*
Other current payables	*28*	*0.0%*	*Payables to Fondazione Piaggio*
Net sales	*215*	*0.0%*	*Sales to Piaggio Foshan*
Costs for materials	*21,488*	*4.3%*	*Purchases by Piaggio & C. S.p.A. from Piaggio Foshan*
Costs for services and the use of third party assets	*118*	*0.1%*	*Costs of purchases by Piaggio Foshan*
Other operating income	*892*	*1.3%*	*Income from Piaggio Foshan*
Financial charges	*43*	*0.1%*	*Charges to Piaggio Foshan*

The bank Intesa Sanpaolo S.p.A., minority shareholder of RCN Finanziaria S.p.A., has two convertible shareholder financing agreements in the company in which the investment is made for 6 million euros and 7.2 million euros undersigned respectively in September 2005 and May 2010.

With reference to the naval sector, it should be noted that Intesa Sanpaolo S.p.A., moreover has financing operations in being with the Rodriquez group specified below.
Rodriquez Cantieri Navali S.p.A. has stipulated with Intesa Sanpaolo, in pool with Unicredit 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. The guarantee line is used for 49.8 million USA dollars, of which one third is with Intesa Sanpaolo. In relation to this order there are moreover contracts with this Institute for the sale of USA dollars with a fixed forward exchange rate for a total of 13.8 million USA dollars.

The Rodriquez Group takes over financial assets toward the Intesa Sanpaolo group for 4.5 million euros and bound deposits for 3 million euros.

Intermarine S.p.A. has stipulated a financing contract with Intesa Sanpaolo for a total of 42 million euros, of which 12 million euros correlated with the insurance indemnities concerning the flooding of the Sarzana yard and 30 million euros as a revolving line correlated with the future receipts on the order with the Finnish Navy. In order to guarantee this loan, Immsi S.p.A. in April 2009 undersigned a commitment letter and an independent first request guarantee for a maximum amount of 50 million euros in favour of Intesa Sanpaolo and deposited 35 million Piaggio shares in a bonded deposit account. At 30 June 2010 the revolving line was used for 18.5 million euros, while as regards the insurance indemnifications the exposure was equal to 5 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 13.1 million euros.

It is noted that Intesa Sanpaolo granted a Bullet – Multi Borrower financing, stipulated in the month of December 2008, with expiration at the end of December 2009 and renewed at the end of 2010 for a total of 70 million euros of which 25 million euros to Immsi S.p.A., 30 million disbursed to ISM Investimenti S.p.A. and 15 million euros to Rodriquez Cantieri Navali S.p.A.. Immsi guaranteed such loan by depositing 75,000,000 Piaggio securities.

The Immsi Group lastly has purchased plane tickets at normal market conditions through travel agencies that choose from the carriers with availability for the route and date. Under these terms there may be relations of a commercial nature with Alitalia – Compagnia Aerea Italiana S.p.A., in which the Parent Company holds a minority stake (to date not considered a Related Party).

Immsi S.p.A.

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 30 June 2010:

Main income and balance sheet headings	Amounts in €/000	% incidence on balance sheet items	Description of the transactions
Transactions with Related Parties:			
Current trade payables	*78*	*2.9%*	*Legal advice provided by Studio d'Urso Gatti e Associati*
Costs for services and the use of third party assets	*78*	*2.9%*	*Legal advice provided by Studio d'Urso Gatti e Associati*
Transactions with Parent companies:			
Tangible assets	*39*	*6.5%*	*Fittings and motor vehicles provided by Omniainvest S.p.A.*
Costs for services and the use of third party assets	*104*	*3.9%*	*Lease of offices in Mantova made available by Omniaholding S.p.A.*
Transactions with Subsidiaries:			
Tangible assets	*55*	*9.2%*	*Plants and fittings provided by Is Molas S.p.A.*
Other non-current financial assets and receivables	*37,829*	*32.1%*	*Loans granted to RCN Finanziaria S.p.A. and interest*
Current trade receivables and other receivables	*2,913*	*35.5%*	*Amounts due by the Rodriquez group for recharged costs, rental of offices in Roma, interest, fees and consultancy contract*
	1,592	*19.4%*	*Amounts due by the Piaggio group for recharged costs, consultancy contract and repayment of emoluments*
	1,506	*18.3%*	*Amounts due by Is Molas S.p.A. for recharged costs, consultancy contract, repayment of emoluments and interest*

	1,366	*16.6%*	*Amounts due by RCN Finanziaria S.p.A. for recharged costs and interest*
	140	*1.7%*	*Amounts due by ISM Investimenti S.p.A. for recharged costs and interest*
	32	*0.4%*	*Amounts due by Pietra S.p.A. for interest*
Other current financial assets	*19,000*	*41.3%*	*Loans granted to Rodriquez Cantieri Navali S.p.A.*
	15,570	*33.9%*	*Loan granted to RCN Finanziaria S.p.A.*
	7,050	*15.3%*	*Loans granted to Is Molas S.p.A.*
	2,000	*4.3%*	*Loan granted to Intermarine S.p.A.*
	1,940	*4.2%*	*Loan granted to ISM Investimenti S.p.A.*
	430	*0.9%*	*Loan granted to Pietra S.r.l.*
Current financial liabilities	*180*	*0.2%*	*Interest-bearing deposit granted by Apuliae S.p.A.*
Current trade payables	*23*	*0.9%*	*Amount due to Immsi Audit S.C.a R.L. for audit contract*
Other current payables	*6,226*	*89.8%*	*Payables from national tax consolidation agreement*
	33	*0.5%*	*Amount due to Piaggio & C. S.p.A. for recharged costs*
	26	*0.4%*	*Deferred income for compensation on lien to Intermarine S.p.A.*
Financial income	*14,156*	*54.5%*	*Dividends from Piaggio & C. S.p.A.*
	478	*1.8%*	*Interest income and guarantee fees from the Rodriquez group*
	454	*1.7%*	*Interest income from RCN Finanziaria S.p.A.*
	22	*0.1%*	*Interest income from ISM Investimenti S.p.A.*
	81	*0.3%*	*Interest income from Is Molas S.p.A.*
Net revenues	*660*	*27.3%*	*Consultancy & Assistance contract and rental of offices in Roma and Milano rented to Piaggio & C. S.p.A.*
	300	*12.4%*	*Consultancy & Assistance contract with Is Molas S.p.A.*
	56	*2.3%*	*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	*65*	*2.4%*	*Internal audit activity presented by Immsi Audit S.C.a R.L.*
	33	*1.2%*	*Recharges to be received by Piaggio & C. S.p.A.*
Other operating income	*20*	*25.0%*	*Repayment of emoluments by Piaggio & C. S.p.A.*
	20	*25.0%*	*Repayment of emoluments by Is Molas S.p.A.*

Figures including non-deductible VAT.

To integrate the above, it should be also noted that, regarding the job order for the construction of three minesweepers by Intermarine, 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. In addition Immsi has issued a letter of patronage to Assicurazioni Generali for the extension of the guarantee policy of 20,470 thousand euros related to the advance payments received by the subsidiary.

Immsi has lastly issued a letter of patronage to Banca Carige in reference to the credit facilities granted by the bank to Intermarine S.p.A. used at 30 June 2010 for 20 million euros.

Certification of the condensed half-year financial statements pursuant to art. 154-*bis* of the Ital.Legisl.Decree No. 58/98

The undersigned Roberto Colaninno, as Chairman of the Board of Directors, Michele Colaninno, 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:

- appropriateness in relation to the characteristics of the company and
- effective application

of the administrative and accounting procedures for forming the condensed financial statements during the first half of 2010.

To this regard no aspects of particular importance have emerged.

In addition, it is certified that the condensed half-year financial statements:

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

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

27 August 2010

Chairman
Roberto Colaninno

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

Managing Director
Michele Colaninno