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 2013

This Report is a translation provided only for the convenience of foreign readers

The Italian version will prevail

Index:

This report is available on www.immsi.it web site – under the "*Investors – Financial reports*" section

COMPANY BOARDS

The Board of Directors and the Board of Statutory Auditors of Immsi S.p.A. were appointed by a shareholder resolution on 11 May 2012 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 2014.

BOARD OF DIRECTORS

Roberto Colaninno	***Chairman***
Carlo d'Urso	***Deputy Chairman***
Michele Colaninno	***Managing Director***
Matteo Colaninno	***Director***
Rita Ciccone	***Director***
Giorgio Cirla	***Director***
Giovanni Sala	***Director***
Enrico Maria Fagioli Marzocchi	***Director***
Ruggero Magnoni	***Director***

BOARD OF STATUTORY AUDITORS

Alessandro Lai	***Chairman***
Daniele Girelli	***Standing Auditor***
Leonardo Losi	***Standing Auditor***
Gianmarco Losi	***Substitute Auditor***
Elena Fornara	***Substitute Auditor***

INDEPENDENT AUDITORS

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

GENERAL MANAGER

Michele Colaninno

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 Italian Legislative Decree D.Lgs. 231/01, the Board of Directors has established the following organs:

REMUNERATION COMMITTEE

Giovanni Sala	***Chairman***
Giorgio Cirla	
Carlo d'Urso	

CONTROL AND RISK COMMITTEE

Giovanni Sala	***Chairman***
Rita Ciccone	
Giorgio Cirla	

SUPERVISORY BOARD

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

LEAD INDEPENDENT DIRECTOR

Giovanni Sala

DIRECTOR APPOINTED

Michele Colaninno

PERSON IN CHARGE OF THE INTERNAL AUDIT

Maurizio Strozzi

MANAGER IN CHARGE OF PREPARING THE COMPANY ACCOUNTS AND DOCUMENTS

Andrea Paroli

INVESTOR RELATOR

Massimiliano Mattietti

Interim management report of the Immsi Group

The Half-yearly Financial Report for the six months ended at 30 June 2013 has been prepared in accordance with Ital.Legisl.Decree 58/1998, as amended, and the Issuer Regulations issued by Consob.
This 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 2012 by Immsi Group, except as otherwise stated under paragraph "Accounting principles, amendments and interpretations adopted from 1 January 2013" of the Explanatory Note. In particular:

- on 12 May 2011 the IASB issued the standard IFRS *13 – Fair value measurement* which explains how fair value is to be determined for financial statements and applied to all IFRS standards which require it or allow fair value measurement of the disclosure of information based on fair value. The standard shall be applicable as of 1 January 2013;
- on 16 June 2011 IASB issued an amendment to IAS 1 – *Presentation of financial statements* to require entities to group all items presented in Other comprehensive income based on whether they are potentially reclassifiable to profit or loss. The amendment is applicable to financial years started after or on 1 July 2012.

It should also be remembered that as of 30 June 2012 the Group had adopted in advance the IAS 19 *revised* principle.
Lastly, the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"), were also taken into account.

Information on operations

In the first six months of 2013, the Immsi Group recorded net revenues and operating results in contraction compared to the same period of the previous financial year, partly as a result of the continuing highly uncertain reference macroeconomic situation, that particularly concerned the domestic market because of sensing a prolonged downturn in consumption in the motor vehicle sector.

The above results also 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.
Referring to the explanations given later in this document for a more detailed description of what is written below, it should be noted at the outset that:

- the "property and holding sector" consolidates the balance sheet and income results 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 "industrial sector" includes the companies owned by the Piaggio group, while

- the "naval sector" includes Intermarine S.p.A. and other minor subsidiary or associate companies. In this regard, it should be remembered that the parent company Rodriquez Cantieri Navali S.p.A. was merged by incorporation into the company, with legal effect from 31 December 2012: the operation does not affect the comparability of the balance sheet and income results between the reporting periods, as more thoroughly specified below.

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 (IAS/IFRS). A more detailed description of the figures below may be found later on in this document.

Immsi Group at 30 June 2013

In thousands of euros	*Property and holding sector*	*in %*	*Industrial sector*	*in %*	*Naval sector*	*in %*	*Immsi Group*	*in %*
Net revenues	2,265		671,549		21,881		695,695	
Operating earnings before depreciation and amortisation (EBITDA)	-2,091	n/s	100,594	15.0%	-7,727	-35.3%	90,776	13.0%
Operating earnings (EBIT)	-2,366	n/s	57,565	8.6%	-8,944	-40.9%	46,255	6.6%
Earnings before taxation	-6,931	n/s	41,600	6.2%	-11,980	-54.8%	22,689	3.3%
Earnings for the period including non-controlling interest	-6,696	n/s	24,960	3.7%	-7,866	-35.9%	10,398	1.5%
Group earnings for the period (consolidable)	-4,378	n/s	13,667	2.0%	-4,970	-22.7%	4,319	0.6%
Net financial position	-236,905		-458,181		-145,382		-840,468	
Personnel (number)	89		8,150		304		8,543	

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

Immsi Group at 30 June 2012

In thousands of euros	*Property and holding sector*	*in %*	*Industrial sector*	*in %*	*Naval sector*	*in %*	*Immsi Group*	*in %*
Net revenues	2,178		764,076		33,500		799,754	
Operating earnings before depreciation and amortisation (EBITDA)	-2,853	n/s	114,412	15.0%	-16,593	-49.5%	94,966	11.9%
Operating earnings (EBIT)	-3,155	n/s	71,676	9.4%	-18,323	-54.7%	50,198	6.3%
Earnings before taxation	-7,741	n/s	56,332	7.4%	-21,504	-64.2%	27,087	3.4%
Earnings for the period including non-controlling interest	-5,789	n/s	33,792	4.4%	-12,480	-37.3%	15,523	1.9%
Group earnings for the period (consolidable)	-4,087	n/s	18,290	2.4%	-7,885	-23.5%	6,318	0.8%
Net financial position	-210,584		-384,004		-142,740		-737,328	
Personnel (number)	93		8,349		308		8,750	

It should be noted that the data given in the preceding tables refer to the consolidable results, that is in particular net of the intragroup revenues and costs and the dividends from subsidiaries.

Alternative non-GAAP performance measures

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

These measures – which are presented in order to measure the trend of the Group's operations to a better extent – should not be considered as an alternative to IFRS measures and are homogeneous with those included in the Annual report and financial statements at 31 December 2012 and in the periodical quarterly reports of the Immsi Group.

It should, furthermore, be borne in mind that the methods for calculating the measures applied therein might not be homogeneous with those adopted by others, as they are not specifically governed by the reference accounting standards, with the result that said measures might not prove sufficiently comparable.

In particular the following alternative performance measures have been used:

- **EBITDA**: defined as operating earnings gross of amortisation and depreciation;

- **Net financial debt**: represented by (current and non-current) financial liabilities, minus cash on hand and other cash and cash equivalents, as well as other (current and non-current) financial receivables. The other financial assets and liabilities arising from the valuation at fair value of the derivative financial instruments designated as hedges and the fair value adjustment of the related hedged items do not, however, enter into determining net financial debt. Among the schedules contained in this Report, a table detailing the composition of this indicator is also included.
  In this respect, pursuant to the CESR recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", it is noted that the indicator thus formulated represents what has been monitored by the Management of the Group and that it differs from what suggested by the Consob Communication no. 6064293 of 28 July 2006 as it also includes the non-current portion of financial receivables.

The property and holding sector

In thousands of euros	*30.06.2013*	*30.06.2012*	*Change*	*in %*
Net revenues	2,265	2,178	87	4.0%
Operating earnings before depreciation and amortisation (EBITDA)	-2,091	-2,853	762	26.7%
Operating earnings (EBIT)	-2,366	-3,155	789	25.0%
Earnings before taxation	-6,931	-7,741	810	10.5%
Earnings for the period including non-controlling interest	-6,696	-5,789	-907	-15.7%
Group earnings for the period (consolidable)	-4,378	-4,087	-291	-7.1%
Net financial position	-236,905	-210,584	-26,321	-12.5%
Personnel (number)	89	93	-4	-4.3%

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..

Overall, during the first six months of 2013, the **property and holding sector** produced consolidable negative net earning equal to approx. 4.4 million euros (-4.1 million in the corresponding period of the previous year) and a negative Net financial position equal to approx. 236.9 million euros, compared to 237.3 million euros and 210.6 million euros at 31 December 2012 and at 30 June 2012, respectively. In this regard it should be noted that - in view of the fact that the equity and business report prepared by the companies belonging to the segment in question has been prepared for the purposes of drafting this Immsi Group Half-yearly consolidated financial report at 30 June 2013 - these companies have not carried out specific analyses of the recoverability of the carrying value of the investments in subsidiaries, by virtue of being fully consolidated within the Consolidated financial statements of the Parent Company and therefore completely eliminated - along with any adjustments to the relative carrying values, which may result from the aforementioned recoverability analyses - upon consolidation. Below is a description of the developments of the management of the major companies belonging to the segment in question during the first half of 2013.

The **Parent company Immsi S.p.A.** records a positive net result for the period equal to approx. 18.1 million euros, compared to approx. 15 million euros at 30 June 2012, mainly due to the higher positive financial income components achieved in the first half of 2013 compared to the same period of the previous financial year. In particular, the dividends distributed in the month of May 2013 by the subsidiary Piaggio & C. S.p.A. and collected by Immsi S.p.A. amounted to approx. 18.1 million euros compared to approx. 16.2 million in the first half of 2012, as a consequence of the increase in the dividend per share to 0.092 euro per share (0.082 euro per share in the previous financial year), equivalent to the number of Piaggio & C. S.p.A. shares held by Immsi S.p.A. (approximately 197.2 million). Still in the month of May 2013, the Company also collected about 251 thousand euros related to the dividends on the approximately 2,788 thousand Unicredit shares held in treasury, with a coupon of 0.09 euro per share.
With reference to the non-financial components of income, it should be noted that the net revenues accomplished in the first half of 2013 deriving from the real-estate operations and services amount to 2.4 million euros, basically unchanged compared to the same period in the preceding year.
The Shareholders' equity of the Parent company Immsi S.p.A. at 30 June 2013 is approximately

423.4 million euros, while the Net financial debt is 54.4 million euros, an approximately 13 million euros decrease compared to the figure at 31 December 2012: such increase is mainly due to the aforesaid collection of dividends distributed in the month of May 2013 by the subsidiary Piaggio & C. S.p.A. (equal to approximately 18.1 million euros), net of the cash absorption linked to the operating management of the Company and to the hedging of the temporary financial need of some associated companies. In this regard, it should also be noted that Immsi S.p.A. did not pay dividends during the first half of 2013 (relating to the profits of the 2012 financial year), while in the first half of 2012, Immsi S.p.A. had distributed dividends (relating to the profits of the 2011 financial year) amounting to 0.03 euro per ordinary share for a total outlay of 10,216 thousand euros.

Regarding the initiatives in the property sector, and particularly with reference to the subsidiary **Is Molas S.p.A.**, which manages a tourist, hotel and sports resort at Pula (Cagliari, Sardinia), we point out that in February 2013 a contract was signed with a primary construction firm, while in March the site was opened to start the works for the construction of the first 15 villas and for the first stage of urbanization works while, from a commercial point of view, the commercialisation of the residential component of the project continued.
Turning to the results for the year, during the first half of 2013 net revenues equal to approx. 0.9 million euros were recorded, up by 17.8% on the corresponding period of the previous year, mainly as a result of an increase in attendance compared to the first half of 2012: the golfing activity was instead partially affected by the adverse weather conditions that occurred in the early months of the year. In terms of marginality, during the first half of 2013 the company recorded a negative operating result equal to approx. 1.9 million euros (-2.7 million in the first half of 2012) and a net consolidable loss for the Immsi Group equal to 1.3 million euros (-1.7 million in the first half of 2012).
The company's net financial position shows net indebtedness equal to 43.3 million euros, with a cash absorption of 1.4 million euros compared to 31 December 2012, mainly in relation to the negative contribution of the cash generated internally: in this respect, it should be remembered that in January 2013, the shareholder ISM Investimenti S.p.A. paid 0.9 million euros in relation to the exercise of its pre-emption right over the unsubscribed share of the first tranche of share capital increase equal to 6 million euros (inclusive of capital and premium), regarding which in December 2012 the same shareholder had fully exercised its emption right by paying 5.1 million euros. This capital increase was aimed at providing the subsidiary Is Molas S.p.A. with the financial resources necessary to enable the launch of the start-up phase of its real estate development project.

With reference to the **Pietra Ligure project**, during the first six months of 2013, we mainly proceeded to carry on the performance of all activities necessary to provide a comprehensive response to the comments and requirements of the Bodies attending the Services Conference and deriving from the analysis carried out by the above mentioned Bodies regarding the Final Project filed pursuant to art. 6 of D.P.R [Presidential Decree] 509/1997 – Burlando Decree. Also the meetings with professionals, with Municipal Authorities, as well as with Regional and Public Maritime Domain offices continued on the final revision of the documents related to the project and the intervention. On 8 April 2013, the Pietra Ligure municipal council approved the Definitive Project as per art. 6 of the Burlando Decree: the discussion by the municipal council was requested by the Liguria regional authority prior to calling the Reference Services Conference ex art. 6 of the Burlando Decree. On 26 April 2013, the Pietra Ligure municipal council called the Reference Services Conference for Thursday 16 May 2013, to examine the request for a concession of maritime public land for the construction and management of a tourist port in the areas covered by the project. On 16 May 2013 the aforementioned Reference Services Conference was held, during which, in the face of the essential confirmation of the sharing of the Project, some clarifications were requested in terms of improving security for the access (entry and exit from the marina) of the boats: 16 May 2013 marked the start of the 150 days required by the procedure for the proceedings to be closed with the Deliberating Services Conference. During this period, the team of professionals in charge will proceed with the completion of the documentation requested by the Services Conference in response to what was highlighted in the meeting of 16 May last.

With reference to the subsidiary **Apuliae S.p.A.,** there is no further updating compared to the Report of the Directors and Financial Statements of Immsi Group at 31 December 2012, which reference is made to herein.

The other major companies falling within the property and holding sector also include RCN Finanziaria S.p.A. and ISM Investimenti S.p.A.. With reference to the main income and balance sheet figures of the company in question, please note that:

- **RCN Finanziaria S.p.A.**, in which Immsi S.p.A. holds a 63.18% stake, and sole shareholder of Intermarine S.p.A., shows a net loss for consolidation purposes for the Immsi Group equal to approximately 1 million euros (-0.8 during the first half of 2012) and a Net financial debt at 30 June 2013 amounting to 102.9 million euros, an increase of approx. 9.8 million euros compared to 31 December 2012 (equal to 93.1 million euros): such increase is predominantly relative to the recapitalization of overall 10 million euros of the subsidiary Intermarine S.p.A. through the conversion of financial receivables owed by the subsidiary into equity reserves of the same;

- **ISM Investimenti S.p.A.**, in which Immsi S.p.A. holds a 72.64% stake, and which controls Is Molas S.p.A., shows a net loss for consolidation purposes for the Immsi Group equal to approximately 1 million euros (essentially in line with the figure recorded during the first half of 2012) and a Net financial debt at 30 June 2013 amounting to 58.2 million euros, an increase of approx. 1.4 million euros compared to 31 December 2012 primarily as a result of the aforementioned disbursement of 0.9 million euros in relation to the exercise of its pre-emption right over the unsubscribed share of the first tranche of share capital increase of the subsidiary Is Molas S.p.A..

The industrial sector: Piaggio group

In thousands of euros	30.06.2013	in %	30.06.2012	in %	Change	in %
Net revenues	671,549		764,076		-92,527	-12.1%
Operating earnings before depreciation and amortisation (EBITDA)	100,594	15.0%	114,412	15.0%	-13,818	-12.1%
Operating earnings (EBIT)	57,565	8.6%	71,676	9.4%	-14,111	-19.7%
Earnings before taxation	41,600	6.2%	56,332	7.4%	-14,732	-26.2%
Earnings for the period including non-controlling interest	24,960	3.7%	33,792	4.4%	-8,832	-26.1%
Group earnings for the period (consolidable)	13,667	2.0%	18,290	2.4%	-4,623	-25.3%
Net financial position	-458,181		-384,004		-74,177	-19.3%
Personnel (number)	8,150		8,349		-199	-2.4%

Regarding the **industrial sector**, in the first half of 2013, the Piaggio Group sold 298,500 vehicles worldwide, with a reduction in volumes totalling around 5.4% compared to the same period of the previous year, when 315,400 vehicles were sold. The number of vehicles sold in India went up considerably (+20.4%) as the Vespa production site was fully operative, with sales starting in the second quarter of 2012. Sales fell instead in Asia Pacific (-4.6%) and in EMEA and the Americas (-20.7%). As regards the type of products sold, the main downturn occurred in the two-wheeler segment (-6.8%).
Sales of two-wheeler vehicles were affected by a particularly complex market context and competitive scenario, at least as regards European markets. In particular, the two-wheeler market in EMEA registered a downturn equal to approximately 16% (-20% for scooters and -8% for motorcycles). In the EMEA area, the Piaggio Group retained its market leadership position, with a 17% share. The Group achieved excellent sales results on the American market (+12.9%) and in India, where sales of the Vespa totalled 25,400 units. Sales of commercial vehicles fell slightly (-2.2%). The decline in EMEA and the Americas was more considerable following the concurrent downturn on all reference markets: Germany (-9.6%), France (-9.2%), Spain (-9.0%) and Italy (-22.5%).

In terms of consolidated turnover, the Group ended the first half of 2013 with net revenues down by 12.1% compared to same period in 2012, and equal to 671.5 million euros. Turnover in India went up slightly (+0.5%), while revenues fell in Asia Pacific (-4.0%), and in EMEA and the Americas (-17.8%). As regards product type, sales of commercial vehicles fell by 10.1% and two-wheelers by 12.8%. As a result, the impact of two-wheeler vehicles on overall turnover went down from 73.5% in the first half of 2012 to the current figure of 72.9%; vice versa, the impact of commercial vehicles went up from 26.5% to 27.1%.

The operating earnings before depreciation and amortisation (EBITDA) of the Piaggio group was lower in absolute terms compared to the first half of 2012 (100.6 million Euro in the first half of 2013 compared to 114.4 million euros in the first half of 2012), but steady in relation to net revenues and equal to 15% in both periods taken into consideration. In terms of Operating earnings (EBIT), the performance of the period was also down in absolute terms compared to the first six months of 2012, with a consolidated EBIT equal to 57.6 million euros (71.7 million in the first half of the previous year), and down in relation to turnover, from 9.4% in the first half of the previous year to 8.6% in the first half of 2013, with depreciation and amortisations for 43 million euros (0.3 million euros increase, or +0.7% compared to the same period in the previous year).

The result of financial assets of the group worsened compared to the first half of the previous year, with net charges amounting to 16 million euros (15.3 million euros in the first half of 2012). This increase was affected by higher debt of the group, combined with a higher cost of funding, the negative impact of currency management and lower revaluation of the investment in the Chinese joint venture compared to the first half of 2012, and was offset by the capitalisation of 2.4 million euros in application of IAS 23.

In view of the dynamics outlined above, in the first half of 2013, earnings before tax of the Piaggio Group amount to 41.6 million euros (-26.2% compared to the first half of 2012) and the earnings for the period including minority interests amounts to 25 million euros (-26.1% compared to the first half of 2012). Taxes for the period – determined on application of IAS principles on the basis of the expected average tax rate for the full year – represent a cost of 16.6 million euros (22.5 million euros at 30 June 2012), with an incidence on the earnings before taxation of 40% (in line with the figure recorded in the first half of 2012).

Net financial debt of the group as of 30 June 2013 was 458.2 million euros compared to 391.8 million euros as of 31 December 2012 and compared to 384 million euros at 30 June 2012.
The increase of 66.3 million euros compared to the amount at 31 December 2012 is primarily due to the investment program sustained by the group, to the distribution of dividends and to the working capital increase, only partially offset by the positive performance of the operating cash-flow. In particular, the operating cash flow (defined by the net profit, adjusted for non-cash expenses and income) amounted to 66 million euros, the dynamics of the working capital involved approximately 60.4 million euros of cash whereas investing activities involved a total of 36.3 million euros of financial resources. The impact of the distribution of dividends in May 2013 on cash flow was equal to approximately 33.1 million euros, while the impact of the purchase of treasury shares was equal to 1.0 million euros.

The market scenario

Two-Wheeler Business

Sales on the world two-wheeler market in the first half of 2013 fell further to a figure just above 23 million vehicles, registering a drop of 2.3% compared to the same period in 2012.
Growth in India stopped, and a slight fall was recorded (-0.7%), with 6.9 million vehicles sold in the year, to make the country the leading market worldwide. The People's Republic of China also recorded a decrease in sales in the first half of 2013, by 8.9%, closing with 5.7 million vehicles sold.
After a year of decline, growth picked up in the Asean 5 area, by approximately 2.5% (just over 7 million vehicles sold). The most important country in this area, Indonesia, also recovered after the decline last year, with growth up by 3.7% to reach nearly 3.9 million units sold and still accounted for 55% of sales in South East Asia; Vietnam was still the second market in the area, with volumes just over 1.4 million units (+1.3%); Sales of vehicles in Thailand increased in the first half of 2013, with a growth rate of 1.7% and over 1.1 million units sold. In Malaysia, the market was stable compared to the first half of 2012 (+0.1%) closing with nearly 280,000 items sold. As for other Asian area countries, the Taiwanese market continued to grow in the first six months of 2013. With total volumes of nearly 302 thousand items, the country recorded the best performance on main world markets (+8.8%).

The North American market recorded a decrease of 3.6% and 288 thousand vehicles sold in the first half of 2013. Latin America slowed down in the first half of 2013 (-5.4%), due to the decrease of the Brazilian market (the area's reference country), with volumes at just over 810 thousand units (down by 9.3% compared to the first half of 2012).

Europe, which is the reference area for Piaggio Group operations, continued to struggle in the first half of 2013, with sales on the two-wheeler market down 15% compared to 2012 (-16% considering the sales to Poste Italiane - the Italian Postal Company - in 2012); on a segment level, sales of scooters fell by 20% (by 22% taking into account Poste Italiane sales in 2012), while sales of motorcycles went down by 8%. In the scooter segment, the downturn affected both the over 50cc market (-17, -20% with Poste Italiane considered), and the 50cc market (-24%). In the motorcycle segment, sales of over 50cc models were down 7%, while the negative trend for 50cc models was more marked, with a 21% decline.

The scooter market

Europe

The European scooter market in the first half of 2013 accounted for 349,000 registered vehicles, with a decrease in sales of 20% compared to 2012; if vehicles registered for the 2012 Poste Italiane job order are also taken into account, the trend would be -22%. Registered vehicles amount to 189,000 over 50cc vehicles, and 159,000 50cc vehicles. The former segment fell by 17% compared to 2012 (by 20% if Italian Postal Company sales are included), and the latter by 24%. Italy is still the most important market among leading nations, with 73,000 units registered, followed by France with 71,000 units and Germany with 41,000 units. Spain ranks fourth with 36,000 units, while the United Kingdom registered 15,000. In the first six months of 2013, the Italian market recorded a downturn compared to the previous year (-31%, and if Italian Postal Company sales of June 2012 are included, this figure would be -36%), when registered vehicles amounted to 105,000 units (115,000 with Italian Postal Company sales). The 50cc segment decreased by 39%, with 15,000 units registered, while the over 50cc segment sold 58,000 units equal to a decrease of 28% compared to 2012 (-36% including Italian Postal Company sales). The French market with 71,000 vehicles decreased by 20% compared to the 89,000 vehicles sold in the previous half year: this trend was attributable to both the over 50cc scooter (-23%) and the 50cc scooter (-18%) segments. The German market also registered a decrease (-18%) with approximately 41,000 vehicles sold in the first half of 2013 compared to 50,000 in 2012. This negative trend was equally attributable to the 50cc scooter, down 19%, and the over 50cc scooter (-16%) segments. Spain, with approximately 36,000 vehicles registered, reported a 10% decrease compared to the first half of 2012: in particular, the 50cc scooter segment declined considerably (-26%), while the decrease in the over 50cc segment, which has a far greater weight, was far more limited (-6%). After a positive performance in 2012, sales in the United Kingdom fell by 14% in the first half of 2013, reaching 15,000 units. This result is due mainly to the 50cc scooter segment (-22%) with a downturn that was far more evident than the over 50cc scooter segment (-9%).

North America

The scooter market in the first half of 2013 did not continue the positive trend reported at the end of 2012 and instead slowed down considerably (-18%); a total of 18,000 units were sold: this negative performance mainly refers to the over 50cc segment, where sales fell by 26%; the downturn was less marked in the 50cc scooter segment (-9%). The scooter market in the United States (which accounts for 91% of the reference area), declined by 21%, with 15,000 vehicles sold; growth on the Canadian market was significant, going up by 19%, with 2,500 vehicles registered in the first half of 2013.

South America

Brazil is still the area of greatest importance, also including the scooter market, with 237,500 units sold in the first six months of 2013, and a growth of approximately 0.5% compared to the first half of 2012. Sales of scooters are broken down as follows: 212,000 Cub scooters (scooters with gears) (up 2.9% compared to the first half of 2012) and 25,000 automatic scooters (-16.5% compared to the same period of the previous year).

India

The automatic scooter market increased by 8.8% in the first half of 2013, closing with over 1.5 million units sold. The over 90cc range is the main product segment, with more than 1.4 million units sold in the first half of 2013 (+11.2% compared to the first half of 2012) and accounting for 92.7% of the total automatic scooter market. The 50cc scooter segment is not operative in India.

Asia

The main scooter market in the Asean 5 area is Indonesia, with over 3.3 million items sold, reporting a decrease compared to the first half of 2012 of 1.9%. This decline is due to the Cub segment, which decreased by 28% with 860 thousand units sold, while the automatic scooter segment increased by more than 13% (selling nearly 2.5 million units). Vietnam is the second most important market, recording a decrease of 1.1%, to sell over 1.4 million items, comprising 867 thousand Cub and 544 thousand automatic scooters. Thailand ranks after Vietnam, reporting an increase of 5.6% compared to 2012, to sell nearly 540 thousand scooters. In Malaysia, sales accounted for 307 thousand units, up 3% over 2012 (262,000 Cub and 45,000 automatic scooters).
With particular reference to Vietnam, this market mainly concerns scooters, as sales in the motorcycle segment are not particularly significant. The two main product segments are Cub scooters (867 thousand units in the first half of 2013, +0.5% over 2012) and automatic scooters (scooters+autocubs, 544 thousand units, up 2% over 2012). The 50cc scooter segment is not operative on this market. In the Cub segment, 51cc to 115cc models were the best performers, with approximately 738 thousand units sold (down 2.6 percentage points compared to 2012) accounting for 85% of the entire segment. The over 115cc segment sold 129 thousand units, up 23.6% compared to the first half of 2012. In the automatic vehicle segment, the 115cc-125cc range sold 94 thousand units in the first half of 2013, increasing sales by 10.8% compared to 2012. Sales increased by 7.8% in the 51cc-115cc segment (371 thousand units sold in the first six months of 2013), while in the over 125 segment sales went down from 105 thousand units to approximately 79 thousand (-24.4% compared to the same period of the previous year).

The motorcycle market

Europe

Sales on the European motorcycle market fell by 8% in the first half of 2013, from 298,000 units in 2012 to 275,000 units in 2013. Sales fell considerably in all engine subsegments, above all in the smaller engine ranges: the over 750cc maxi-engine segment, which is the most important, reported a decrease of 6%, with 138,000 vehicles sold. The same trend was reported in the 126-750cc segment (-7%) with 87,000 units sold, while downturns in the 51-125cc segment (-10% and 34,000 units sold) and 50cc segment (-21% and 15,000 units) were more marked. After several years, Germany regained its position as Europe’s main market, selling 68,000 units, followed by France (58,000), while Italy came third with sales of 35,000 units, followed by the United Kingdom (34,000 vehicles) and Spain (15,000 units) ranking fourth and fifth respectively. Germany is the only market to record a positive trend in the first half of the year (+4%), while considerable decreases were reported in France, Italy (both down 15%), and above all Spain (-21%); in the United Kingdom performance was down slightly (-1%). In Italy, with volumes falling from 42,000 units in the first half of 2012 to 35,000 in 2013, all subsegments were considerably affected: sales in the 51cc-125cc motorcycle segment fell by 20% to approximately 2,000 units, and by 15% in the 126-750cc segment from 15,000 units in 2012 to 13,000 units in 2013. The over 750cc motorcycle segment also decreased, with volumes down from 22,000 in 2012 to 19,000 in 2013 (-14%). The 50cc motorcycle segment reported the worst market trend, with sales at just under 1,500 units, down 27% compared to 2012.

North America

After a positive performance in 2012, the North American motorcycle market (USA and Canada) recorded a negative trend in the first half of 2013 (-3%), selling 270,000 units against 277,000 of the previous year. In the United States (accounting for 90% of the area), the motorcycle segment recorded a 4% decrease, selling 238,000 units against 247,000 units in 2012. An opposite trend occurred on the Canadian market, which closed the half year up 6%, with sales of 32,000 units.

South America

Brazil is the South American reference market for motorcycles, too. Sales of motorcycles in Brazil in the first six months of 2013 decreased by 18.8%, falling to 540 thousand units, compared to the previous year.

Commercial Vehicles Business

Europe

In the first half of 2013, the European market for light commercial vehicles (vehicles with a maximum mass of up to 3.5 tons) where the Piaggio Group operates, accounted for 679,969 units sold, down 6.6% compared to the same period in 2012. This downturn was due both to the trend of the Van segment and to Piaggio’s reference segment - Chassis Cabs. In detail, the downswing affected all main European reference markets: Germany (-9.6%), France (-9.2%), Spain (-9.0%) and Italy (-22.5%).

India

Sales on the Indian three-wheeler market, where Piaggio Vehicles Private Limited, a subsidiary of Piaggio & C. S.p.A. operates, went up from 241,400 units in the first half of 2012 to 244,800 in the same period of 2013, registering a 1.4% increase. Within this market, the passenger transport vehicles segment continued its growth trend, selling 197,700 units, up 2.9%, while the cargo segment reported a downturn of 4.3%, with sales falling from 49,200 units in the first half of 2012 to 47,100 units in the same period in 2013. The traditional three-wheeler market is flanked by the four-wheeler light commercial vehicles (LCV) market (cargo vehicles for goods transport) where Piaggio Vehicles Private Limited operates with the Porter 600 and 1000. The LCV cargo market, with vehicles with a maximum mass below 2 tons and where the Porter 600 and Porter 1000 compete, accounted for 108,300 units sold in the first half of 2013, falling by 15.6% compared to the same period of 2012.

The naval sector: Intermarine

In thousands of euros	*30.06.2013*	*in %*	*30.06.2012*	*in %*	*Change*	*in %*
Net revenues	21,881		33,500		-11,619	-34.7%
Operating earnings before depreciation and amortisation (EBITDA)	-7,727	-35.3%	-16,593	-49.5%	8,866	53.4%
Operating earnings (EBIT)	-8,944	-40.9%	-18,323	-54.7%	9,379	51.2%
Earnings before taxation	-11,980	-54.8%	-21,504	-64.2%	9,524	44.3%
Earnings for the period including non-controlling interest	-7,866	-35.9%	-12,480	-37.3%	4,614	37.0%
Group earnings for the period (consolidable)	-4,970	-22.7%	-7,885	-23.5%	2,915	37.0%
Net financial position	-145,382		-142,740		-2,642	-1.9%
Personnel (number)	304		308		-4	-1.3%

With reference to the **naval sector**, it should be noted at the outset that, during December 2012, the company Rodriquez Cantieri Navali S.p.A. was merged by incorporation into Intermarine S.p.A., a company previously controlled by it with a stake of 100%. The transaction in question represented the final step in an extensive process of restructuring which involved over the last two years the companies belonging to the Rodriquez Cantieri Navali group, in order to implement a simplification and streamlining of the corporate chain: please note, in fact, that in 2010 the companies Conam S.p.A. and Rodriquez Marine System S.r.l. were merged by incorporation into the then parent Rodriquez Cantieri Navali S.p.A.. All of these operations were aimed to achieve a more efficient administrative and business management of the activities of the companies involved, in order to pursue operating synergies, reduce overhead costs and simplify the management of the cash flows.

With reference to the economic data of the sector, during the first half of 2013 there was a decrease in net sales revenues (consisting of turnover and variations by order on the works in progress) on the corresponding period of the previous year equal to 34.7%, reaching 21.9 million euros, compared to 33.5 million euros in the first half of 2012. The progress in production, including the activities of research and development, and the completion of the constructions and deliveries have concerned particularly:

- the Defence division with 19.7 million euros (31.9 million euros during the first half of 2012), mainly for progress in the modernisation of the Italian Navy's Gaeta class minesweepers, in the construction and supply of logistics packages for the Guardia di Finanza (i.e.Tax Revenue Corps) and in the construction of the two remaining minesweeper units for the Finnish Navy (one of which was delivered to the customer on 20 August, as also indicated in the paragraph "Events occurring after 30 June 2013 and operating outlook");

- Fast Ferries and Yacht divisions, with overall 2.2 million euros (1.6 million euros during the first quarter of 2012), mainly for repair work, for activities related to the transfer to Oman of one of the two 52 meter catamarans for the Sultanate, and for progress of works on the remaining unit.

The production has been characterized by altogether still insufficient marginality to absorb the direct costs of production and those of the fixed structures, particularly due to i) final costs of Oman contract; and ii) costs incurred for the order of minesweepers for the Finnish Navy. Furthermore, it should be noticed that for the yacht business there is a continued lack of new significant sales contracts for both new and second-hand boats. The company, in the light of the results recorded, and pending a market recovery and developments on the sales front, which are crucial for absorbing indirect costs and overheads to an adequate degree, exploited to the full every opportunity to contain structural costs in the first half of 2013 so as to minimise the incurred losses.

Given the foregoing, a negative operating loss (EBIT) of 8.9 million euros (-18.3 million euros over the same period in 2012) was recorded in the first half of 2013, whereas the before taxes operating loss amounted to 12 million euros (-21.5 million euros in the first half of 2012). The negative net consolidable result for the Immsi Group amounted at 30 June 2013 to 5 million euros compared with the loss of 7.9 million euros during the first half of 2012.

At 30 June 2013, the overall order book of the company amounts to approximately 118 million euros. In particular, the share relating to the Defense business amounts to about 115 million euros, mainly related i) to the refitting programme of eight Gaeta minesweepers (for approx. 77 million euros); ii) to the programmes of construction and supply of logistics packages for the Guardia di Finanza (i.e. Tax Revenue Corps) (for approx. 34 million euros), and iii) to the residual advances with regard to the program of construction of three minesweepers (one delivered in May 2012 and another one in August 2013) for the Finnish Navy (for about 3 million euros). The remaining order book of the company is ascribable to the Fast Ferries business and mainly regards i) the completion of the contract for the Sultanate of Oman; ii) repair and maintenance works ; and iii) the share in the RTI order to build 22-metre patrol boats for the customer Guardia di Finanza.

From a financial standpoint, the Net financial debt, equal to 145.4 million euros at 30 June 2013 has increased by approximately 5.2 million euros compared to the balance at 31 December 2012, equal to 140,2 million euros. Such an increase is almost entirely due to the absorption of the resources related to the cash flow generated by the group management mainly referable to the use of credit lines to pay debts for the supply of the outstanding contracts and in particular the contract stipulated with the Finish Navy, whose collections will be after the delivery of the outstanding units. It is also noted that the variation in question also benefited from the recapitalization of overall 10 million euros of Intermarine S.p.A. made by the direct controlling company RCN Finanziaria S.p.A. through the conversion of financial receivables owed by the subsidiary into Shareholders' equity reserves of the same which resulted, therefore, in a reduction by the same amount of the net financial debt of Intermarine S.p.A..

Financial situation and financial performance

As already anticipated, in the first six months of 2013, the Immsi Group recorded net revenues and operating results in contraction compared to the same period of the previous financial year, partly as a result of the continuing highly uncertain reference macroeconomic situation, that particularly concerned the domestic market because of sensing a prolonged downturn in consumption in the motor vehicle sector.

The area of consolidation has not significantly changed compared to the consolidated financial statements at 31 December 2012 and the consolidated accounting situation at 30 June 2012. In particular:

- on 1 July 2012, the subsidiary company under Dutch law Aprilia World Service BV has been merged by incorporation into Piaggio Vespa BV, which is also a Dutch company, wholly owned by Piaggio & C. S.p.A.;
- the establishment of the company Piaggio Advanced Design Centre Corp., wholly owned by Piaggio & C. S.p.A. and based in Pasadena (California), took place on 8 October 2012;
- the conclusion of the liquidation procedures for the subsidiary P&D S.p.A. on 28 December 2012;
- the merger by incorporation of Rodriquez Cantieri Navali S.p.A. into the subsidiary Intermarine S.p.A., with legal effect as of 31 December 2012: in this regard it should be noted that, as a result of this transaction, the subsidiaries Rodriquez Pietra Ligure S.r.l. and Rodriquez Cantieri Navali do Brasil Ltda. were valued as of 31 December 2012 with the equity method rather than fully consolidated;
- the increase in the stake held by ISM Investimenti S.p.A. in Is Molas S.p.A., went from 85% at 30 June 2012 to 87.18% and to 87.50% at 31 December 2012 and at 30 June 2013 respectively, following the subscription of the share capital increase of the latter (in the month of December 2012) and the subscription of the unsubscribed share by the non-controlling shareholder IN.CO.FIN. S.p.A. in January 2013;
- the increase in the stake held by Immsi S.p.A. in Apuliae S.p.A., went from 85% at 30 June 2012 to 85.69% at the end of 2012 (following the subscription of the share capital increase of the latter in the month of December 2012) and in ISM Investimenti S.p.A., went from 71.43% at 30 June 2012 and at 31 December 2012 to 72.64% at 30 June 2013

did not alter the comparability of the balance sheet and income results between the two periods of reference, as the changes are of a limited extent.

Lastly, it is pointed out that the Piaggio group consolidated portion of shareholders' equity, that at 30 June 2013 amounted to 54.85%, was equal to 54.78% at 31 December 2012 and to 54.23% at 30 June 2012: such an increase is shown in the result of the effect of the purchases of Piaggio shares on the "*MTA-Mercato Telematico Azionario*" (Electronic Share Market) by Piaggio & C. S.p.A. during the second half of 2012 and during the first half of 2013: in this regard it should be noted that the cancellation of 11,049,021 treasury stock held by Piaggio & C S.p.A. - approved by the Shareholders' Meeting of the company on 15 April 2013 - had no effect on the consolidated share of Shareholders' equity of the Piaggio group being that share already calculated net of such securities.

The consolidated net revenues of the Immsi Group have decreased by approximately 104.1 million euros (-13%) to around 695.7 million euros, mainly with the contribution of the industrial sector for about 671.5 million euros (a decrease of approximately 92.5 million euros, or -12.1%) and of the naval sector for around 21.9 million euros (a decrease of about 11.6 million euros, or -34.7%). The net revenues related to the property and holding sector, amounting to approximately 2.3 million euros show a slight increase compared to the corresponding period of the previous year (+4%).

Operating earnings before amortisation and depreciation (EBITDA) at 30 June 2013 were approximately 90.8 million euros (-4.2 million euros, or -4.4%, compared to the first half of 2012), 13% of net revenues (11.9% in the corresponding period of 2012), while operating earnings (EBIT) were equal to 46.3 million euros (-3.9 million euros, or -7.9%, compared to the first half of 2012) or 6.6% of net revenues (6.3% in the corresponding period of 2012).

Moreover, it is pointed out that consolidated operating earnings (EBIT) do not include impairments of goodwill either in the first six months of 2013 or in the same period of preceding year, in that i) on the basis of the results expected in the multi-year development plans prepared by the Group companies and used for testing for impairment performed at 31 December 2012, as well as ii) on the basis of the analyses carried out by Group management, during the drawing up of this half-yearly financial report at 30 June 2013, no write-downs were deemed to be necessary in that such goodwill was considered to be recoverable with future cash flows.
Considering that the analyses conducted to estimate the recoverable value for the Immsi Group cash-generating unit have also been determined on the basis of estimates, the Group cannot assure that there will not be a loss in value of the goodwill in future periods. Owing to the current context of the crunch in the markets of reference and in the financial markets, the different factors – both inside and outside the identified cash-generating units – used in drawing up the estimates could in the future be reviewed. The Group will constantly monitor these factors and the possible existence of future losses in value.

The earnings before taxes on 30 June 2013 amounted to 22.7 million euros, equal to 3.3% of net revenues to 27.1 million euros Compared (3.4% of net revenues) at 30 June 2012. Such decrease can be traced back to the aforementioned reduction in operating profit (EBIT) of the Group as well as to a smaller positive contribution to the revaluation of the stake in the Chinese Zongshen Piaggio Foshan joint venture held by the Piaggio group: these negative effects were partially offset by an improved balance of Net financial charges, which benefited from the capitalisation of financial charges of 2.4 million euros made by the Piaggio group in accordance with accounting principle IAS 23.

The taxes for the period, amount to approximately 12.3 million euros compared to 11.6 million at 30 June 2012, with a tax rate of respectively 54,2% and 42.7%. The increase in the item in question is mainly due to a lower recording to deferred tax assets by the Group companies compared to what was recorded during the first half of 2012, only partially offset by the effect of the lower consolidated earnings before taxation achieved during the first half of 2013.

Group earnings for the period stand at 4.3 million euros (0.6% of net revenues) compared to 6.3 million euros (0.8% of net revenues) at 30 June 2012.

Group net financial debt at 30 June 2013 totals 840.5 million euros, increasing (+71.1 million euros) compared to the balance of 769.3 million euros at 31 December 2012 and increasing by approximately 103.1 millions euros compared to the balance of 737.3 million euros at 30 June 2012.

Group gross investments in the year totalled 43.9 million euros, divided as follows:

- 25.1 million euros in intangible assets, almost fully referring to the Piaggio group; and
- 18.8 million euros in tangible assets, of which 18.3 million euros referring to the Piaggio group, 0.2 million euros to the subsidiary Intermarine S.p.A. and the rest to the property and holding sector.

Besides the aforesaid cash flows in the period at issue there have been also purchases on the market of treasury stock by Piaggio & C. S.p.A. for overall around 1 million euros as well as the distribution of dividends to non-controlling shareholders in companies of the Group, for an amount of 14.9 million euros.

The total shareholders' equity of the Immsi Group at 30 June 2013 is equal to 541 million euros; excluding the portion for the non-controlling shareholders, the Group shareholders' equity is equal to 363.9 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 main aggregates 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 2013*		*1st Half of 2012*		*Change*	
Net revenues	**695,695**	**100%**	**799,754**	**100%**	**-104,059**	**-13.0%**
Costs for materials	396,519	57.0%	464,617	58.1%	-68,098	-14.7%
Costs for services and the use of third party assets	119,647	17.2%	147,968	18.5%	-28,321	-19.1%
Personnel costs	125,628	18.1%	128,862	16.1%	-3,234	-2.5%
Other operating income	52,049	7.5%	58,010	7.3%	-5,961	-10.3%
Other operating costs	15,174	2.2%	21,351	2.7%	-6,177	-28.9%
OPERATING EARNINGS BEFORE DEPRECIATION AND AMORTISATION (EBITDA)	**90,776**	**13.0%**	**94,966**	**11.9%**	**-4,190**	**-4.4%**
Depreciation of tangible assets	21,364	3.1%	20,103	2.5%	1,261	6.3%
Impairment of goodwill	0	-	0	-	0	-
Amortisation of finite life intangible assets	23,157	3.3%	24,665	3.1%	-1,508	-6.1%
OPERATING EARNINGS (EBIT)	**46,255**	**6.6%**	**50,198**	**6.3%**	**-3,943**	**-7.9%**
Earnings on equity investments	1,000	0.1%	2,550	0.3%	-1,550	-60.8%
Financial income	8,554	1.2%	6,155	0.8%	2,399	39.0%
Financial charges	33,120	4.8%	31,816	4.0%	1,304	4.1%
EARNINGS BEFORE TAXATION	**22,689**	**3.3%**	**27,087**	**3.4%**	**-4,398**	**-16.2%**
Taxation	12,291	1.8%	11,564	1.4%	727	6.3%
EARNINGS AFTER TAXATION FROM CONTINUING ASSETS	**10,398**	**1.5%**	**15,523**	**1.9%**	**-5,125**	**-33.0%**
Profit (loss) from assets for disposal or sale	0	-	0	-	0	-
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTEREST	**10,398**	**1.5%**	**15,523**	**1.9%**	**-5,125**	**-33.0%**
Non-controlling interest earnings for the period	6,079	0.9%	9,205	1.2%	-3,126	-34.0%
GROUP EARNINGS FOR THE PERIOD	**4,319**	**0.6%**	**6,318**	**0.8%**	**-1,999**	**-31.6%**

Consolidated Immsi Group net revenues at 30 June 2013 is approximately 695.7 million euros, of which around 671.5 million euros from the Piaggio group, about 21.9 million euros from the subsidiary Intermarine S.p.A. and approximately 2.3 million euros from the property and holding sector.

The industrial sector has net revenues with a decrease of approximately 12.1% compared to the corresponding period of the preceding year (that is -92.5 million euros compared to around 764.1 million at 30 June 2012), while with reference to the naval sector, the net revenues amount at 30 June 2013 to 21.9 million euros, a decrease of 34.7%, compared to 33.5 million euros made in the first half of 2012, mainly due to the lesser production progress registered by the Defence division. Lastly, with reference to the property and holding sector, the net revenues at 30 June 2013, equal to approximately 2.3 million euros, show an improvement (+4%) compared to the first six months of 2012, mainly due to higher revenues from the hospitality (tourism/hotel) sector of the subsidiary Is Molas S.p.A..

Operating costs and other consolidated Group net costs in the first half of 2013 total 604.9 million euros (equal to 87% of net revenues), of which 571 million euros relating to the Piaggio group (85% of the net revenues of the group).

Costs for materials total 396.5 million euros, 57% of net revenues. The part relating to the industrial sector amounts to 386.3 million euros, 57.5% of the net revenues of the sector.

Personnel costs total 125.6 million euros, or 18.1% of net revenues. The largest part, 116.2 million euros (17.3% of net revenues of the sector), refers to the Piaggio group. The average remunerated workforce amounts to 8,715 units compared to 8,643 units in the first half of 2012.

Operating earnings before depreciation and amortisation (EBITDA) during the first half of 2013, total about 90.8 million euros, equal to 13% of net revenues compared to 95 million in the first half of 2012 (11.9% of the net revenues of the period), with a decrease of 4.2 million euros (-4.4%).

Depreciation and amortisation for the period stand at 44.5 million euros (of which 43 million euros related to the industrial sector), with an incidence of 6.4% on turnover and an approximately 0.2 million euros decrease compared to the first half of 2012. Depreciation of tangible assets accounts for 21.4 million euros (20.1 in the corresponding period of the previous year), while amortised intangibles excluding goodwill total 23.2 million euros (24.7 in the first half of 2012).

Operating earnings (EBIT) stood at 46.3 positive million euros, 6.6% of net revenues, of which 57.6 million euros referring to the industrial sector.

The negative net financial balance – including the Earning on equity investments – totals 23.6 million euros, 3.4% of the net revenues of the Group, the result of a net negative balance of 16 million euros relating to the industrial sector, 3 million euros from the naval sector and 4.6 million euros from the property and holding sector.

Profit before taxation stands at 22.7 million euros, or 3.3% of net revenues, of which 41.6 million euros from the industrial sector, while the naval sector shows a loss of 12 million euros, and the property and holding sector a loss of 6.9 million euros.

Net earnings for the period, after taxation and net of non-controlling interest, totals 4.3 million euros (0.6% of net revenues), down (-2 million euros) over the 6.3 million euros recorded at 30 June 2012 (0.8% of net revenues).

Reclassified financial situation of the Group

In thousands of euros	*30.06.2013*	*in %*	*31.12.2012*	*in %*	*30.06.2012*	*in %*
Current assets:						
Cash and cash equivalent	106,410	4.6%	96,623	4.4%	110,510	4.6%
Financial assets	12,770	0.6%	1,292	0.1%	37	0.0%
Operating assets	714,523	31.0%	617,239	28.1%	789,608	32.9%
Total current assets	**833,703**	**36.2%**	**715,154**	**32.6%**	**900,155**	**37.5%**
Non-current assets:						
Financial assets	0	0.0%	2,893	0.1%	2,753	0.1%
Intangible assets	835,170	36.2%	839,146	38.2%	830,504	34.6%
Tangible assets	354,882	15.4%	360,062	16.4%	342,051	14.3%
Other assets	282,206	12.2%	276,657	12.6%	323,811	13.5%
Total non-current assets	**1,472,258**	**63.8%**	**1,478,758**	**67.4%**	**1,499,119**	**62.5%**
TOTAL ASSETS	**2,305,961**	**100.0%**	**2,193,912**	**100.0%**	**2,399,274**	**100.0%**
Current liabilities:						
Financial liabilities	473,160	20.5%	459,763	21.0%	356,787	14.9%
Operating liabilities	689,797	29.9%	657,822	30.0%	798,446	33.3%
Total current liabilities	**1,162,957**	**50.4%**	**1,117,585**	**50.9%**	**1,155,233**	**48.1%**
Non-current liabilities:						
Financial liabilities	486,488	21.1%	410,387	18.7%	493,841	20.6%
Other non-current liabilities	115,556	5.0%	118,002	5.4%	150,531	6.3%
Total non-current liabilities	**602,044**	**26.1%**	**528,389**	**24.1%**	**644,372**	**26.9%**
TOTAL LIABILITIES	**1,765,001**	**76.5%**	**1,645,974**	**75.0%**	**1,799,605**	**75.0%**
TOTAL SHAREHOLDERS' EQUITY	**540,960**	**23.5%**	**547,938**	**25.0%**	**599,669**	**25.0%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,305,961**	**100.0%**	**2,193,912**	**100.0%**	**2,399,274**	**100.0%**

Current assets at 30 June 2013 amounted to 833.7 million euros, an increase over 31 December 2012 of 118.5 million euros and a decrease over 30 June 2012 of 66.5 million euros. The increase compared to year end 2012 is mainly due to the growth in the net trade receivables and other receivables (+64.8 million euros) and to the growth of the inventory stock (+35.7 million euros) mainly regarding the Piaggio group (respectively +53.2 and +35.9 million euros) because of the seasonality of the business. In this regard, it should be noted that during the first half of 2013 - albeit in a particularly difficult market context - the group was able to maintain an important balance in the evolution of the net working capital, mainly thanks to a careful management in the collection of trade receivables, to a strong focus on management and on the optimisation of its warehouses, and to the implementation of new trade agreements and supply chain financing on the side of the trade payables.

Non-current assets at 30 June 2013 stand at 1,472.3 million euros against 1,478.8 million at 31 December 2012, with a 6.5 million euros decrease.
Specifically, among the non-current assets, intangible assets total 835.2 million euros, a 4 million euros decrease compared to 31 December 2012, tangible assets stand at 354.9 million euros (down by around 5.2 million euros compared to the end of 2012) and other assets of 282.2 million euros (against 276.7 million at the end of 2012). With particular reference to the Piaggio group, it should be highlighted that the adjustment of the equity items at the exchange rate at period end generated a reduction in the book value of non-current tangible assets of approximately 5.4 million euros and of non-current intangible assets of about 3.2 million euros compared to 31 December 2012.

Current liabilities at 30 June 2013 total 1,163 million euros, 45.4 million euros increase compared to 31 December 2012, mainly related to the increase in the trade payables (+32 million euros, of which +32.1 million in the Piaggio group), mainly in relation to the seasonality of the purchases.

Non-current liabilities at 30 June 2013 stand at 602 million euros, up by approximately 73.7 million euros compared to the 528.4 million euros of 31 December 2012, while the consolidated Group and non-controlling interest shareholders' equity at 30 June 2013 is 541 million euros, of which 177.1 million euros attributable to non-controlling interest.

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

In thousands of euros	*30.06.2013*	*in %*	*31.12.2012*	*in %*	*30.06.2012*	*in %*
Current operating assets	714,523	47.7%	617,239	43.0%	789,608	53.1%
Current operating liabilities	-689,797	-46.1%	-657,822	-45.8%	-798,446	-53.7%
Net operating working capital	**24,726**	**1.7%**	**-40,583**	**-2.8%**	**-8,838**	**-0.6%**
Intangible assets	835,170	55.8%	839,146	58.5%	830,504	55.8%
Tangible assets	354,882	23.7%	360,062	25.1%	342,051	23.0%
Other assets	282,206	18.9%	276,657	19.3%	323,811	21.8%
Invested capital	**1,496,984**	**100.0%**	**1,435,282**	**100.0%**	**1,487,528**	**100.0%**
Non-current non-financial liabilities	115,556	7.7%	118,002	8.2%	150,531	10.1%
Non-controlling interest capital and reserves	177,072	11.8%	187,943	13.1%	203,957	13.7%
Consolidated shareholders' equity of the Group	363,888	24.3%	359,995	25.1%	395,712	26.6%
Total non-financial sources	**656,516**	**43.9%**	**665,940**	**46.4%**	**750,200**	**50.4%**
Net financial debt	**840,468**	**56.1%**	**769,342**	**53.6%**	**737,328**	**49.6%**

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

In thousands of euros	*30.06.2013*	*30.06.2012*
Cash generated internally	46,553	67,902
Change in net working capital	-61,918	-8,623
Net cash flow generated from operations	**-15,365**	**59,279**
Payment of dividends by Parent company	0	-10,216
Payment of dividends to non-controlling interest by Group companies	-14,940	-13,704
Purchase of treasury shares by the companies of the Group	-962	-2,385
Purchase of intangible assets	-25,063	-31,470
Purchase of tangible assets	-18,829	-38,069
Net decrease from property disposals	89	130
Acquisition of non-controlling equity investments, net of disposal	2	-3,612
Other net movements	3,942	867
Change in net financial position	**-71,126**	**-39,180**
Initial net financial position	**-769,342**	**-698,148**
Closing net financial position	**-840,468**	**-737,328**

The **net financial debt** passes from 769.3 million euros at 31 December 2012 to 840.5 million euros at 30 June 2013 mainly due to the flow of cash generated internally (+46.6 million euros) able to only partially offset the cash absorption deriving from the trend of the working capital (-61.9 million euros), the net investments of the period (-43,9 million euros), the disbursements borne by Piaggio & C. S.p.A. for the purchase of treasury stock on the market (-1 million euros) as well as the dividends distributed to the Group's companies non-controlling interest (-14,9 million euros).

The net financial debt of 840.5 million euros at 30 June 2013 is analysed below and compared with the similar figure at 31 December 2012 and at 30 June 2012. In accordance with Consob Communication no. 6064293 dated 28 July 2006 and in conformity with the CESR recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", the net financial debt – excluding the Credits for medium and long term financing – would amount to 772,235 thousand euros and 740,081 thousand euros at 31 December 2012 and at 30 June 2012 respectively: this adjustment did not affect the figures at 30 June 2013 as there are no medium/long-term financial Receivables.

In thousands of euros	***30.06.2013***	***31.12.2012***	***30.06.2012***
Short-term liquidity			
Cash and cash equivalent	-106,410	-96,623	-110,510
Financial assets	-12,770	-1,292	-37
Total short-term financial assets	**-119,180**	**-97,915**	**-110,547**
Short-term financial payables			
Bonds	0	0	0
Amounts due to bank	409,095	406,719	319,074
Amounts due under finance leases	957	936	915
Amounts due to other lenders	63,108	52,108	36,798
Total short-term financial payables	**473,160**	**459,763**	**356,787**
Total short-term financial debt	**353,980**	**361,848**	**246,240**
Medium/long-term financial assets			
Receivables for loans	0	-2,893	-2,753
Other financial assets	0	0	0
Total medium/long-term financial assets	**0**	**-2,893**	**-2,753**
Medium/long-term financial payables			
Bonds	194,413	193,550	192,708
Amounts due to bank	283,186	206,496	260,342
Amounts due under finance leases	5,325	5,809	6,282
Amounts due to other lenders	3,564	4,532	34,509
Total medium/long-term financial payables	**486,488**	**410,387**	**493,841**
Total medium/long-term financial debt	**486,488**	**407,494**	**491,088**
Net financial debt *	**840,468**	**769,342**	**737,328**

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

With reference to the composition of the debt it is possible to note, compared to 31 December 2012, a decrease in the short-term financial debt, passing from a balance equal to 361.8 million euros to a balance equal to 354 million euros (or -7.9 million euros), mainly due to an increase of Cash and cash equivalent (passing from 96.6 million euros at 31 December 2012 to 106.4 million euros at 30 June 2013, or +9.8 million euros) and of Financial assets (passing from 1.3 million euros at 31 December 2012 to 12.8 million euros at 30 June 2013, or +11.5 million euros). The financial debt over the medium and long term (equal to 486.5 million euros at 30 June 2013) is increasing for 79 million euros compared to the balance at 31 December 2012 (equal to 407.5 million euros), mainly further to an increase in the Amounts due to bank, passing from 206.5 million euros at 31 December 2012 to 283.2 million euros at 30 June 2013 (or +76.7 million euros).

Research & development

The Immsi Group carries out research and development activities through the Piaggio group and the subsidiary Intermarine S.p.A.. Below is a summary of the main current activities in the two respective sectors (industrial and naval) while for further information refer to what is stated in the paragraph "*Research and development*" contained within the Report and financial statements of the Immsi Group at 31 December 2012.

With reference to the **industrial sector**, the main objective of the Piaggio group is to meet the most progressive needs for mobility, while reducing the environmental impact and consumption of its vehicles, guaranteeing their performance and levels of excellence. A constant focus is placed on research into vehicles that are at the forefront in terms of:

- environmental credibility: products that can reduce pollutant gas and CO_2 emissions in town and out-of-town use; this is achieved by further developing traditional engine technologies (increasingly sophisticated internal combustion engines), as well as making more use of renewable, sustainable energy sources;
- reliability and safety: vehicles that enable a growing number of users to get about town easily, helping to reduce traffic congestion and guaranteeing high standards of active, passive and preventive safety;
- recyclability: i.e. products that minimise environmental impact at the end of their useful life cycle;
- cost-effectiveness: vehicles with lower running and maintenance costs.

Piaggio's research and development is strongly focussed on two main themes:

- developing engines that are even more environmentally friendly and with an even better performance; and
- vehicles with an improved functionality and safety.

Anticipating customer requirements, creating products that are innovative in terms of their technology, style and functionality, as well as pursuing research for a better quality of life are all fields of excellence in which the Piaggio Group excels, as well as a means for measuring its leadership position on the market. The group develops these areas through research and development at 6 centres in Italy, India, Vietnam and China. In the first half of 2013, the group continued its policy of retaining technological leadership in the sector, allocating total resources of 31.8 million euros to research and development, of which 22.8 million euros capitalised under intangible assets as development costs.

As regards the **naval sector**, it should be remembered that in the last few years Intermarine S.p.A. has started some important research projects: the first project envisages the planning and construction of two prototypes of a new submerged-foil hydrofoil, whereas the second project, named "Enviroaliswath", envisages the planning and construction of a naval vessel that is innovative as regards environmental impact in terms of wake wash reduction. During the first half of 2013, no cost was borne regarding the construction of the aforementioned prototypes.

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 2013 in relation to the contents of the Report of the Directors and the Financial Statements of the Immsi Group at 31 December 2012, to which reference is made for any further investigation. As concerns the main risks and uncertainties related to the second half of the year under examination, please refer to the paragraph related to the Events occurring after 30 June 2013 and operating outlook.

Human resources

At 30 June 2013, Immsi Group employed 8,543 staff, of which 89 in the property and holding sector, 8,150 in the industrial sector (Piaggio group) and 304 in naval (Intermarine S.p.A.). The following tables divide resources by category and geographical area:

Human resources by category

numbers	30/06/2013			
	Property and holding sector	**Industrial sector**	**Naval sector**	**Group total**
Senior managers	7	97	8	112
Middle managers and employees	39	2,726	141	2,906
Manual workers	43	5,327	155	5,525
TOTAL	**89**	**8,150**	**304**	**8,543**

Human resources by geographical area

numbers	30/06/2013			
	Property and holding sector	**Industrial sector**	**Naval sector**	**Group total**
Italy	89	3,840	304	4,233
Rest of Europe	0	290	0	290
Rest of the World	0	4,020	0	4,020
TOTAL	**89**	**8,150**	**304**	**8,543**

Below is a comparison between 30 June 2013 and 31 December 2012, divided by category and geographical area:

Human resources by category

numbers	**30/06/2013**	**31/12/2012**	**Change**
Senior managers	112	111	1
Middle managers and employees	2,906	2,968	-62
Manual workers	5,525	5,440	85
TOTAL	**8,543**	**8,519**	**24**

Human resources by geographical area

numbers	**30/06/2013**	**31/12/2012**	**Change**
Italy	4,233	4,263	-30
Rest of Europe	290	445	-155
Rest of the World	4,020	3,811	209
TOTAL	**8,543**	**8,519**	**24**

The increase in the number of employees at 30 June 2013 is basically related to the new two-wheeler plant of Piaggio group in India, which has more than offset the reductions recorded in the other geographical areas of operation of the group. This figure includes 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 2013, Immsi S.p.A. has no existing stock option plan.

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 subsequently amended, 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"), it should be noted that during the first half of the year 19,200 option rights were exercised.

At the date of 30 June 2013 there were therefore assigned totally 3,920,800 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 in the *Governance* section.

Rights	**No. of options**
Rights existing at 31 December 2012	3,940,000
° of which exercisable at 31 December 2012	3,940,000
New rights granted in the first half of 2013	0
Rights exercised in the first half of 2013	(19,200)
Rights expired in the first half of 2013	0
Rights existing at 30 June 2013	3,920,800
° of which exercisable at 30 June 2013	3,920,800

Other information

Treasury Stock

At 30 June 2013, Immsi S.p.A. held no treasury stock. In this respect, it should be remembered that the Company Shareholders' General Meeting (Extraordinary session) of 30 April 2013 approved the cancellation of 2,670,000 own shares in portfolio (representing 0.778% of the share capital and purchased on the share market during 2008 at an average price of Euro 0.7784), subject to elimination of the par value of outstanding ordinary shares and without a reduction in the numerical amount of the share capital. After this operation and after registration of the resolution in the Companies Register – on 9 May – the share capital of Immsi S.p.A. is unchanged at 178,464,000.00 euro, represented by 340,530,000 ordinary shares with no nominal value.

Furthermore, it should be remembered that the Ordinary Shareholders' Meeting of Immsi S.p.A. of 30 April 2013 approved a plan for the purchase and disposal of treasury shares of the Company, revoking the shareholder resolution of 11 May 2012 during the Ordinary Shareholders' Meeting, for the part not executed. The Board of Directors of Immsi S.p.A. held on 14 May 2013 – following the above authorisation by the shareholders' general meeting – deliberated a programme to purchase treasury stocks within the scope of the "market practices" as permitted by Consob in accordance with art. 180, paragraph 1, lett. c) of the TUF with deliberation no. 16839 dated 19 March 2009 and in the EC regulation no. 2273/2003 of 22 December 2003. In particular, the aim of the purchase programme will be the constitution of a "securities portfolio" to be used for executing any future investment operations to be made through exchange, trade, conferment, transfer or other act of disposing of own shares, including the obligation to guarantee the Company's financial operations. The purchase may cover a maximum of 10,000,000 Immsi ordinary shares, without expressed nominal value, and, therefore, within the limits of the law (20% of the share capital pursuant to art. 2357, paragraph 3, of the Italian Civil Code) and must take place within the limits of the distributable dividends and the available reserves shown in the last approved financial statements (including interim) at the time of the transaction. Purchases of treasury shares shall be made in compliance with the operating conditions established by Consob pursuant to art. 180, paragraph 1, subparagraph c) of the TUF with resolution no. 16839 of 19 March 2009 and by EC Regulation no. 2273/2003 of 22 December 2003, where applicable, as well as in compliance with art. 144-bis, paragraph 1, subparagraph b) of Consob Regulation 11971/1999 (as amended) and any applicable provisions, in such a way as to allow the equal treatment of shareholders pursuant to art. 132 of the TUF. The buyback programme can be carried out, even in various instalments, within 30 October 2014.

With reference to the subsidiary Piaggio & C. S.p.A., it should be remembered that the company Shareholders' General Meeting held on 15 April 2013 approved the cancellation of 11,049,021 own shares in portfolio, subject to elimination of the par value of outstanding ordinary shares and without a reduction in the numerical amount of the share capital. During the first half of 2013, Piaggio & C. S.p.A. purchased 491,156 ordinary shares: therefore, at 30 June 2013 the company owned 1,168,656 treasury stock, equivalent to 0.324% 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., please refer to the paragraphs related to the property and holding sector contained in the Directors' Report on Operations of the Immsi Group at 31 December 2012.

Again with reference to the real estate sector (**Is Molas S.p.A.**), with regard to the "Sarroch Granulati S.r.l." lawsuit, dated 4 June 2013 the court held the case in decision setting the deadlines for the closing briefs and closing rebuttal briefs respectively for 26 July, as has already occurred, and next 30 September: on 26 July, the company filed its own closing brief. With regard to the other pending cases there is no significant activity to report compared to what is stated in the Immsi Group Directors' report on operations at 31 December 2012, to which we refer you.

Regarding the **industrial sector** (Piaggio group), Piaggio opposed the proceedings undertaken by the consumer association Altroconsumo, in accordance with article 140 of the Code of Consumers, opposing, also with the filing of a specific technical report written by an independent expert, the alleged existence of a design defect and hazardous nature of the Gilera Runner first series, which was manufactured and sold by Piaggio from 1997 to 2005. The trial judge rejected the claim, ordering Altroconsumo to pay Piaggio's legal fees. Following the appeal made by Altroconsumo, a technical appraisal was ordered to ascertain the existence of the design defect claimed by Altroconsumo. Following the results of the appraisal and hearing held on 18 December 2012, the Board informed the parties on 29 January 2013 that Altroconsumo's appeal had been upheld, ruling Piaggio to (i) inform owners of the hazardous nature of the product, (ii) publish the ruling of the Board in some newspapers and specialised magazines (iii) recall the product. The effects of the ruling were subsequently suspended by the Court of Pontedera with a ruling ("inaudita altera parte") of 28 March 2013, concerning the appeal made by Piaggio, in accordance with article 700 of the Italian Code of Civil Proceedings. Following the cross examination with Altroconsumo, the suspension ruling was confirmed by the Court of Pontedera on 3 June 2013. Altroconsumo appealed against the suspension ruling before the Board at the Court of Pisa. A hearing to discuss the claim has been set for 9 October 2013. Piaggio has also taken action before the Court of Pontedera for a final dismissal of the ruling of the Court of Pisa of 29 January 2013. The first hearing, called for 12 July and not held because of a lawyer's strike, was held on 30 July 2013: in that session, the judge granted the deadlines for the briefs exchange pursuant to art. 183 of the Italian Code of Civil Proceedings, and set the hearing for discussion on 19 December 2013.

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) in August 2009 to obtain compensation for damages sustained due to the alleged infringement of regulations established by Canadian law on franchising (the Arthur Wishart Act). Proceedings have been stopped while a settlement of the dispute is being defined.

By means of the deed of 3 June 2010, the Company took action to establish an arbitration board through the Arbitration Chamber of Milan, for a ruling against some companies of the Case New Holland Group (Italy, Holland and the US), 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 (NUV). In the award notified to the parties on 3 August 2012, the Board rejected the claims made by the Company. The Company has appealed against this award to the Appeal Court of Milan, which has established the first hearing for 4 June 2013. The case has been adjourned to 12 January 2016 for specification of the pleadings.

Da Lio S.p.A., by means of a writ received on 15 April 2009, summoned the Company 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. Judgements were considered and a ruling issued pursuant to article 186ter of the Italian Code of Civil Proceedings, on 7 June 2011, ordering Piaggio to pay the sum of approx. 110 thousand euros, in addition to interest, relative to sums which were not disputed. During 2012, testimonial evidence was presented. The case will be ruled on by the Judge as concerns further petitions (Court Technical Expert) requested by Da Lio.

In June 2011 Elma srl, a Piaggio dealer since 1995, started two separate proceedings against the Company, claiming the payment of approximately 2 million euros for alleged breach of the sole agency ensured by Piaggio for the Rome area and an additional 5 million euros as damages for alleged breach and abuse of economic dependence by the Company. Piaggio opposed the proceedings undertaken by Elma, fully disputing its claims and requesting a ruling for Elma to settle outstanding sums owing of approximately 966.000 euros. During the case, Piaggio requested the payment of bank guarantees that ensured against the risk of default by the dealer issued in its favour by three banks. Elma attempted to stop payment of the guarantees with preventive proceedings at the Court of Pisa (Pontedera section): the proceedings ended in favour of Piaggio that collected the amounts of the guarantees (over 400,000 euros). Trial proceedings have begun and the hearing for the admission of evidence was held on 24 April 2013, with the Judge still to issue a judgement. As regards the matter, Elma has also brought a case against a former senior manager of the Company with the Court of Rome, claiming compensation for damages: Piaggio appeared in the proceedings, requesting, among others, that the case be moved to the Court of Pisa. The next hearing will be held on 27 January 2014 for the admission of items of evidence.

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 Company before the Court of Rome for contractual and non-contractual liability. The Company fully opposed the injunction disputing the validity of Gammamoto's claims and objecting to the lack of jurisdiction 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 has continued proceedings through the Court of Venice. The Judge admitted testimonial evidence and evidence for examination requested by the parties, establishing the hearing for the preliminary investigation on 12 November 2012. After defining the conclusions of the hearing of 26 June 2013, the terms for final statements and relative replies were granted, and the case will be ruled on.

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 Company as a guarantee, also filing for damages against Piaggio for alleged breach of the supply agreement. The Court of Monza declared its lack of jurisdiction concerning the applications filed against Piaggio, and Leasys-Savarent therefore summoned Piaggio to appear before the Court of Pisa. The trial was suspended while awaiting the resolution of the dispute pending before the Court of Monza, which turned down the application of Leasys-Savarent. Leasys-Savarent continued proceedings through the Court of Pisa, applying only for damages against Piaggio. On the hearing of 5 October 2011, the parties requested the admission of preliminary briefs and the Judge deferred its decision. After making its decision, the Judge admitted some of the testimonial evidence requested and rejected the request for a Court-appointed expert. The next hearing, to complete testimonial evidence, will be held on 22 October 2013.

In August 2012, the Nigerian company Autobahn Techniques Ltd brought a case against Piaggio & C. S.p.a. and PVPL before the High Court of Lagos (Nigeria) claiming compensation for alleged damage, estimated as over 5 billion Naira (approximately €20 million), arising from the alleged breach by the Company of the exclusive distribution agreement signed between the parties in 2001. Piaggio appeared before the court, preliminarily claiming the lack of jurisdiction of the Nigerian Court to rule on the dispute due to the existence of an arbitration clause in the agreement. After several hearings, the next hearing, established for the final discussion and decision concerning the preliminary exceptions of Piaggio, will be held on 30 September 2013.

The amounts allocated by the Company for the potential risks deriving from the current dispute appear to be consistent with the predictable outcome of the disputes.

The main tax disputes of other Group companies concern Piaggio Vehicles Private Ltd and Piaggio France S.A.. With reference to the Indian subsidiary, some disputes concerning different tax years from 1998 to 2011 are ongoing related to direct and indirect tax assessments and for a part of which, considering positive opinions expressed by consultants appointed as counsel, provisions have not been made in the financial statements. The Indian company has already partly paid the amounts contested, as required by local laws, that will be paid back when proceedings are successfully concluded in its favour. As regards the French company, a favourable ruling was issued in December 2012 by the *Commission Nationale des Impots directes et des taxes sur le chiffre d'affaires*, the decision-making body ruling prior to legal proceedings in disputes with the French tax authorities concerning a general audit of the 2006 and 2007 periods. The French tax authorities however upheld its claims against the company, requesting payment of the amounts claimed. The company therefore filed an appeal against the claims of the local authorities and is waiting for a relative outcome. The Company has not considered allocating provisions necessary, in view of the positive opinions expressed by consultants appointed as counsel, as well as the opinion of the above *Commission*.
A tax assessment of Piaggio & C. is being conducted for the 2010 tax year.

As regards the **naval sector** (Intermarine S.p.A.), refer to what is described in the directors' report on operations of the Immsi Group at 31 December 2012 – paragraph "Disputes in progress", with the exception of what is described below.
With regard to the Sea Service arbitration, following the ruling of the arbitration between Intermarine S.p.A. and Sea Services, during the second quarter of 2013 the company settled the dues with the company and with the lawyers for more than 450 thousand euros.
Furthermore, during the first half of 2013 Intermarine S.p.A. obtained a favourable ruling on a dispute for compound interest against Banca MPS - Antonveneta, which led to the collection of 420 thousand euros in the month of July 2013: during the first half of 2013, an extraordinary income was therefore recorded for 396 thousand euros, net of the costs of the solicitors who assisted the company.

Events occurring after 30 June 2013 and operating outlook

Regarding the subsidiary **Intermarine S.p.A.** (naval sector), on 20 August 2013 in Porto Lotti (La Spezia) there was the delivery ceremony for the ship "Purunpää", the second of three 52.5 metre "Katanpää" class minesweepers built by Intermarine for the Finnish Navy. The successful completion of the tests allowed the Intermarine shipyard to complete the delivery of the second of three extremely sophisticated ships. As confirmation of its international leadership in the sector of defence ships, Intermarine has already completed 41 minesweeper units, in 8 different configurations, for the navies of 7 countries, including the U.S., Australia and Italy.

As regards the **Piaggio group** (industrial sector), at its meeting of 26 July 2013 the Board of Directors of Piaggio & C. S.p.A. approved the ways in which the *Vespa for Children* charity project will develop, in its intent to pursue humanitarian goals and implement initiatives to achieve social solidarity in health care and social services for children in the most disadvantaged areas of the world and in developing countries. Piaggio intends to allocate to the project funds corresponding to an amount not below 1% of net profits of the previous year. In order to evaluate future charitable initiatives and to coordinate the activities related to the *Vespa for Children* project, a special committee has been appointed. The *Vespa for Children* project was announced for the first time on 24 April 2013, on the occasion of the inauguration of the collaboration between the Hanoi *National Hospital for Pediatrics* and the Bambino Gesù Pediatric Hospital in Rome aimed at treating more than two thousand Vietnamese children between the ages of 0 and 18, thanks to the contribution of Piaggio Vietnam.

With reference to the subsidiary **Is Molas S.p.A.**, it should be noted that on 26 July 2013 the Board of Directors of the company requested the execution of a second tranche of capital increase with a rights issue to eligible shareholders of 400,000 newly issued ordinary shares, at a subscription price of Euro 4.00 each (of which Euro 3.00 as share premium) for a total amount of 1,600 thousand euros, including premium: during the month of August, the partner ISM Investments S.p.A. fully exercised their option right, communicating their wish to avail themselves of their pre-emption right on any unopted shares.

With reference to the companies belonging to the **property and holdings** sector no significant events occurred after 30 June 2013.

Regarding the predictable evolution of the management during the second half of 2013, with regard to the subsidiary **Is Molas S.p.A.** it is expected that the course of the year will see the continuation of the construction of the residential component of the project and - based on the indications obtained from the market - the construction will proceed for additional residential lots as well as with the start of the hospitality (tourism/hotel) sector investment.

Regarding the industrial sector, despite the slowdown in growth at a global level and of western economies in particular, the **Piaggio group** is committed to the strategies outlined in its industrial plan presented in December 2011. Thus it is committed to generating strong growth for productivity (harnessing its increased international presence, to increase the competitiveness of product costs in key processes such as purchasing, manufacturing and design), to its strategy of industrial and business development in Asia and to consolidating its leadership position on western markets. As regards business and industrial operations:

- the growth strategy for the Asia Pacific area will be continued, expanding the range of two-wheeler vehicles and pursuing development on various markets in the area, also through an industrial presence which was further consolidated in 2012, with the start-up of the engine manufacturing plant in Vietnam;
- sales on the Indian scooter market, which is characterised by high growth rates and where the Group started operations in spring 2012, introducing its premium brand Vespa, will

gradually increase, also supported by expansion of the sales network and consolidation of product ranges;

- the Group's leadership position on the European two-wheeler market will be confirmed, through further consolidation of the product range and increased sales and margins in the motorcycle segment, with the Moto Guzzi and Aprilia ranges;
- sales of commercial vehicles in India will go up, also because of the new Apé City being launched on the three-wheeler market in India, and new models being launched in the four-wheeler segment; in emerging countries, a further development in exports to African, Asian and Latin American markets will be targeted;
- current positions on the European commercial vehicles market will be maintained.

As for technology, the Piaggio Group will continue its focus on developing ranges of two-wheeler and commercial vehicles, and standard and hybrid engines that offer considerable fuel savings and lower pollutant emissions. In view of continuing difficulties in the macroeconomic context, the company will present a new 2014-2018 Strategic Plan before the end of the year, ahead of the end of the previous 2011-2014 Plan.

With reference to the naval sector (**Intermarine S.p.A.**), it is pointed out how – in the current context of the international and sectorial economic crisis – the company aims to grow significantly in the Defence sector that doesn't seem to show the same critical state shown in the pleasure craft and passenger transport markets. This goal will be pursued with the completion of orders in progress and the participation in important tenders and negotiations at present occurring on an international level. The main objectives for the second half of 2013 will be:

- continue the construction of the third minesweeper unit for the Finnish Navy, whose delivery is scheduled for the first quarter of 2014. In this regard it should be noted that the second minesweeper unit was delivered to the customer on 20 August and the consequent collection (expected during the month of September 2013) will allow the partial reimbursement of the existing bank lines in place and the unloading of the relative works in progress;
- complete and deliver the last unit under construction to the Sultanate of Oman, allowing the discharge of the guarantees given to customer, which will thus remain active only for the post delivery portion: in this respect, it should be remembered that the second to last remaining unit of such order was delivered in Muscat and accepted by the customer in May 2013.

Furthermore, the company, awaiting for market recovery and commercial developments – decisive to absorb adequately indirect and general costs – will continue pursuing the possibility to reduce any structure costs in view of minimizing the losses and building up a cost structure consistent with the production status progress. In light of the foregoing and of the foreseeable progress in production that will be made during the second half of 2013 on the existing contracts, the forecast for 2013 is for a result not yet in line with the expectations of economic equilibrium but nonetheless an improvement compared to the previous financial year.

Immsi Group

Condensed half-year financial statements at 30 June 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

Amounts in thousands of euros

ASSETS		30 June 2013	31 December 2012
NON-CURRENT ASSETS			
Intangible assets	F1	835,170	839,146
Tangible assets	F2	354,882	360,062
- of which with Related Parties		*0*	*10*
Property investments	F3	73,566	73,562
Equity investments	F4	7,067	6,069
Other financial assets	F5	55,776	59,622
Amounts due from the tax authorities	F6	7,729	3,223
Deferred tax assets	F7	98,463	93,767
Trade receivables and other receivables	F8	16,164	20,174
- of which with Related Parties		*231*	*234*
TOTAL NON-CURRENT ASSETS		**1,448,817**	**1,455,625**
ASSETS INTENDED FOR DISPOSAL	**F9**	**23,441**	**23,133**
CURRENT ASSETS			
Trade receivables and other receivables	F8	351,446	292,153
- of which with Related Parties		*4,162*	*4,241*
Amounts due from the tax authorities	F6	25,353	22,713
Inventories	F10	327,691	292,039
Other financial assets	F5	22,803	11,626
Cash and cash equivalent	F11	106,410	96,623
TOTAL CURRENT ASSETS		**833,703**	**715,154**
TOTAL ASSETS		**2,305,961**	**2,193,912**

LIABILITIES		30 June 2013	31 December 2012
SHAREHOLDERS' EQUITY			
Consolidated shareholders' equity of the Group		363,888	359,995
Non-controlling interest capital and reserves		177,072	187,943
TOTAL SHAREHOLDERS' EQUITY	**G1**	**540,960**	**547,938**
NON-CURRENT LIABILITIES			
Financial liabilities	G2	497,753	422,793
- of which with Related Parties		*2,900*	*2,900*
Trade payables and other payables	G3	7,065	9,178
Reserves for severance indemnity and similar obligations	G4	54,175	54,840
Other long-term reserves	G5	12,409	13,048
Deferred tax liabilities	G6	30,642	28,530
TOTAL NON-CURRENT LIABILITIES		**602,044**	**528,389**
LIABILITIES LINKED WITH ASSETS INTENDED FOR DISPOSAL		**0**	**0**
CURRENT LIABILITIES			
Financial liabilities	G2	473,160	459,877
- of which with Related Parties		*87*	*93*
Trade payables	G3	581,494	549,387
- of which with Related Parties		*15,786*	*17,220*
Current taxation	G7	21,105	17,517
Other payables	G3	67,529	68,133
- of which with Related Parties		*32*	*142*
Current portion of other long-term reserves	G5	19,669	22,671
TOTAL CURRENT LIABILITIES		**1,162,957**	**1,117,585**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,305,961**	**2,193,912**

CONSOLIDATED INCOME STATEMENT AT 30 JUNE 2013
Amounts in thousands of euros

		1st Half of 2013	1st Half of 2012
Net revenues	H1	695,695	799,754
- of which with Related Parties		*32*	*0*
Costs for materials	H2	396,519	464,617
- of which with Related Parties		*13,991*	*19,626*
Costs for services and the use of third party assets	H3	119,647	147,968
- of which with Related Parties		*445*	*549*
Personnel costs	H4	125,628	128,862
Depreciation of tangible assets	H5	21,364	20,103
Impairment of goodwill		0	0
Amortisation of finite life intangible assets	H6	23,157	24,665
Other operating income	H7	52,049	58,010
- of which with Related Parties		*304*	*26*
Other operating costs	H8	15,174	21,351
OPERATING EARNINGS		**46,255**	**50,198**
Earnings on equity investments	H9	1,000	2,550
Financial income	H10	8,554	6,155
Financial charges	H11	33,120	31,816
- of which with Related Parties		*102*	*186*
EARNINGS BEFORE TAXATION		**22,689**	**27,087**
Taxation	H12	12,291	11,564
EARNINGS AFTER TAXATION FROM CONTINUING ASSETS		**10,398**	**15,523**
Profit (loss) from assets for disposal or sale	H13	0	0
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTEREST		**10,398**	**15,523**
Non-controlling interest earnings for the period		6,079	9,205
GROUP EARNINGS FOR THE PERIOD	**H14**	**4,319**	**6,318**

EARNINGS PER SHARE
In euros

From continuing and discontinued operations:	**1st Half of 2013**	**1st Half of 2012**
Basic	0.013	0.019
Diluted	0.013	0.019

From continuing operations:	**1st Half of 2013**	**1st Half of 2012**
Basic	0.013	0.019
Diluted	0.013	0.019

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 30 JUNE 2013

Amounts in thousands of euros

	1st Half of 2013	1st Half of 2012
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTEREST	**10,398**	**15,523**
Items that cannot be reclassified in the Income statement		
Actuarial Gains (Losses) on defined benefit plans	484	(2,347)
Total	**484**	**(2,347)**
Items that can be reclassified in the Income statement		
Gains/(Losses) on cash flow hedges	2,252	(1,087)
Gains/(Losses) on exchange differences on translating foreign operations	(3,944)	(960)
Gains/(Losses) on evaluation at fair value of assets available for sale and property investments	(301)	(1,269)
Total	**(1,993)**	**(3,316)**
Other items of Consolidated statement of comprehensive income	**(1,509)**	**(5,663)**
TOTAL OF COMPREHENSIVE INCOME (LOSSES) FOR THE PERIOD	**8,889**	**9,860**
Comprehensive non-controlling interest earnings for the period	5,323	7,401
COMPREHENSIVE GROUP EARNINGS FOR THE PERIOD	**3,566**	**2,459**

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

STATEMENT OF CONSOLIDATED CASH FLOWS AT 30 JUNE 2013

Amounts in thousands of euros

		1st Half of 2013	1st Half of 2012
Operating assets			
Earnings of the period	H14	4,319	6,318
Non-controlling interest	G1	6,079	9,205
Taxation	H12	12,291	11,564
Depreciation of tangible assets (including property investments)	H5	21,364	20,103
Amortisation of intangible assets	H6	23,157	24,665
Provisions for risks and for severance indemnity and similar obligations	H4 - H8	12,398	18,630
Write-downs / (Revaluations)	H7 - H8	1,456	663
Losses / (Gains) on disposal of tangible assets (including property investments)	H7 - H8	17	3
Interest receivable	H10	(1,651)	(1,294)
Dividend income	H10	(146)	(6)
Interest payable	H11	23,938	25,101
Depreciation of grants	H7	(3,786)	(1,469)
Portion of earnings before taxation of the period due to associated companies (and other companies valued using the equity method)	H9	(1,000)	(2,550)
Change in working capital:			
(Increase) / Decrease in trade receivables	F8	(76,031)	(60,760)
(Increase) / Decrease in inventories	F10	(35,652)	(51,172)
(Increase) / Decrease in contract work in progress	F8	5,492	21,816
Increase / (Decrease) in trade payables	G3	32,002	106,697
Increase / (Decrease) in provisions for risks	G5	(11,626)	(9,848)
Increase / (Decrease) reserves for severance indemnity and similar obligations	G4	(5,060)	(3,841)
Other changes		32,587	(24,999)
Cash generated from operations		**40,148**	**88,826**
Interest paid		(19,004)	(18,013)
Taxation paid		(33,382)	(9,182)
Cash flow from operations		**(12,238)**	**61,631**

STATEMENT OF CONSOLIDATED CASH FLOWS AT 30 JUNE 2013 *(continued)*

Amounts in thousands of euros

		1st Half of 2013	1st Half of 2012
Investments			
Acquisition of subsidiaries, net of cash and cash equivalents		(962)	(2,385)
Investments in tangible assets	F2	(18,515)	(37,872)
Sale price, or repayment value, of tangible assets (incl. property investments)	F2	72	127
Investments in intangible assets	F1	(25,063)	(31,470)
Sale price, or repayment value, of intangible assets		11	914
Sale price of non-consolidated equity investments		2	0
Loans provided		(12,235)	(193)
Repayment of loans		1,328	0
Purchase of financial assets	F5	0	(7,823)
Sale price of financial assets		1,260	29
Interests received		520	340
Sale price from assets intended for disposal or sale		6	0
Other flows from assets intended for disposal or sale		(314)	(197)
Cash flow from investments		**(53,890)**	**(78,530)**
Financing			
Increase in share capital by shareholders of the Group	G1	35	0
Loans received		150,132	138,300
Outflow for repayment of loans		(59,397)	(152,030)
Repayment of finance leases		(463)	(442)
Outflow for dividends paid to Parent company Shareholders	G1 - N	0	(10,216)
Outflow for dividends paid to Non-controlling Shareholders		(14,940)	(13,704)
Cash flow from financing		**75,367**	**(38,092)**
Increase / (Decrease) in cash and cash equivalents		**9,239**	**(54,991)**
Opening balance		**74,678**	**139,271**
Exchange differences		0	150
Closing balance		**83,917**	**84,430**

The variations in the working capital include lower trade payables and other payables toward Related Parties for 1,550 thousand euros and lower trade receivables and other receivables from Related Parties for 79 thousand euros. For greater detail on the relations between Related Parties taking place during the first half of 2013 please refer to the tables at the end of this half-yearly financial Report.

This schedule illustrates the changes in cash and cash equivalents totalling 106.4 million euros at 30 June 2013, gross of short-term bank overdrafts equal to 22.5 million euros.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AT 30 JUNE 2013

Amounts in thousands of euros

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 2011	**177,076**	**217,576**	**9,094**	**403,746**	**211,983**	**615,729**
Allocation of Group earnings to Legal Reserve		551	(551)	0		0
Allocation of Group earnings to Dividends		0	(10,216)	(10,216)	(13,704)	(23,920)
Allocation of Group earnings to Retained Earnings		(1,243)	1,243	0		0
Purchase of treasury stock by Piaggio & C. S.p.A.	0	(1,293)		(1,293)	(1,092)	(2,385)
Figurative cost of stock options		209		209	176	385
Other changes		808		808	(807)	1
Total of comprehensive income (losses) for the period		(3,859)	6,318	2,459	7,401	9,860
Balances at 30 June 2012	**177,076**	**212,748**	**5,888**	**395,712**	**203,957**	**599,669**

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 2012	**177,076**	**216,528**	**(33,609)**	**359,995**	**187,943**	**547,938**
Allocation of Group earnings to Legal Reserve		0	0	0		0
Allocation of Group earnings to Dividends		0	0	0	(14,940)	(14,940)
Allocation of Group earnings to Retained Earnings		(2,245)	2,245	0		0
Purchase of treasury stock by Piaggio & C. S.p.A.	0	(528)		(528)	(434)	(962)
Figurative cost of stock options		0		0	0	0
Other changes		855		855	(820)	34
Total of comprehensive income (losses) for the period		(753)	4,319	3,566	5,323	8,889
Balances at 30 June 2013	**177,076**	**213,857**	**(27,045)**	**363,888**	**177,072**	**540,960**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2013

- A - GENERAL ASPECTS

Immsi S.p.A. (the “Company”) is a limited company established under Italian law and has registered offices in Mantova - P.zza Vilfredo Pareto, 3 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 2013 and on the predictable evolution of operations are described in the half-yearly Directors’ Report on Operations. At 30 June 2013, 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 limited audit by PricewaterhouseCoopers S.p.A. pursuant to the mandate granted by the Shareholders’ Meeting in 11 May 2012 for the period 2012-2020.

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

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

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 2012, other than those discussed in the following paragraph “Accounting principles, amendments and interpretations adopted from 1 January 2013”. In this regard, it should be noted that:

- On 12 May 2011 the IASB issued the standard IFRS *13 – Fair value measurement* which explains how fair value is to be determined for financial statements and applied to all IFRS standards which require it or allow fair value measurement of the disclosure of information based on fair value. The standard shall be applicable as of 1 January 2013;
- On 16 June 2011 IASB issued an amendment to IAS 1 – *Presentation of financial statements* to require entities to group all items presented in Other comprehensive income based on whether they are potentially reclassifiable to profit or loss. The amendment is

applicable to financial years started after or on 1 July 2012.
Furthermore, it should be pointed out that the Group adopted in advance the IAS 19 "revised" principle as of 30 June 2012.

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

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

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Group has chosen to highlight all changes generated by transactions with non-shareholders within two statements reporting trends of the period, respectively named the "Consolidated Income Statement" and "Consolidated Statement of Comprehensive Income". These condensed half-year financial statements are therefore composed of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and these Explanatory Notes about the consolidated financial statements.
With reference to Consob Resolution no. 15519 of 27 July 2006 it is pointed out that, as regards the financial schedules, specific Income statement and Statement of Financial Position Schedules have been inserted with the evidence of significant related party dealings and non-recurring transactions. It is pointed out that no atypical or unusual operations have been carried out during the first half of 2013 and the corresponding period of the previous year.

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

Consolidated Statement of Comprehensive Income
The Consolidated comprehensive income statement is presented as provided for in IAS 1 revised. It requires the indication of the Income attributable to the parent company shareholders and to non-controlling interests to be recorded net of the corresponding fiscal effect. In this respect, it should be noted that on 16 June 2011 IASB issued an amendment to IAS 1 – *Presentation of financial statements* to require entities to group all items presented in Other comprehensive income based on whether they are potentially reclassifiable to profit or loss. The amendment is applicable to financial years started after or on 1 July 2012.

Consolidated statement of financial position
The Consolidated balance sheet is presented in opposite sections with separate indication of assets, liabilities, and shareholders’ equity. In turn, assets and liabilities are reported in the

Consolidated Financial Statements on the basis of their classification as current and non-current.

Consolidated cash flow statement

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

Net consolidated financial position

The statement of the Consolidated net financial position contained in this half-yearly financial Report details this aggregate: in this respect, in conformity with the CESR recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", it should be noted that the indicator, thus formulated, represents what was monitored by the Group's management and that it differs from what is suggested by Consob Communication no. 6064293 of 28 July 2006, as it also highlights the non-current portion of financial receivables.

Consolidated statement of changes in shareholders' equity

The statement of the Changes to the consolidated shareholders' equity is presented 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 2013, the Immsi Group structure is the one attached at the end of these Explanatory Notes. The area of consolidation has not significantly changed compared to the consolidated financial statements at 31 December 2012 and the consolidated accounting situation at 30 June 2012. In particular:

- on 1 July 2012, the subsidiary company under Dutch law Aprilia World Service BV has been merged by incorporation into Piaggio Vespa BV, which is also a Dutch company, wholly owned by Piaggio & C. S.p.A.;
- the establishment of the company Piaggio Advanced Design Centre Corp., wholly owned by Piaggio & C. S.p.A. and based in Pasadena (California), took place on 8 October 2012;
- the conclusion of the liquidation procedures for the subsidiary P&D S.p.A. on 28 December 2012;
- the merger by incorporation of Rodriquez Cantieri Navali S.p.A. into the subsidiary Intermarine S.p.A., with legal effect as of 31 December 2012: in this regard it should be noted that, as a result of this transaction, the subsidiaries Rodriquez Pietra Ligure S.r.l. and Rodriquez Cantieri Navali do Brasil Ltda. were valued as of 31 December 2012 with the equity method rather than fully consolidated;
- the increase in the stake held by ISM Investimenti S.p.A. in Is Molas S.p.A., went from 85% at 30 June 2012 to 87.18% and to 87.50% at 31 December 2012 and at 30 June 2013 respectively, following the subscription of the share capital increase of the latter (in the month of December 2012) and the subscription of the unsubscribed share by the non-controlling shareholder IN.CO.FIN. S.p.A. in January 2013;

- the increase in the stake held by Immsi S.p.A. in Apuliae S.p.A., went from 85% at 30 June 2012 to 85.69% at the end of 2012 (following the subscription of the share capital increase of the latter in the month of December 2012) and in ISM Investimenti S.p.A., went from 71.43% at 30 June 2012 and at 31 December 2012 to 72.64% at 30 June 2013

did not alter the comparability of the balance sheet and income results between the two periods of reference, as the changes are of a limited extent.

Lastly, it is pointed out that the Piaggio group consolidated portion of shareholders' equity, that at 30 June 2013 amounted to 54.85%, was equal to 54.78% at 31 December 2012 and to 54.23% at 30 June 2012: such an increase is shown in the result of the effect of the purchases of Piaggio shares on the "*MTA-Mercato Telematico Azionario*" (Electronic Share Market) by Piaggio & C. S.p.A. during the second half of 2012 and during the first half of 2013: in this regard note that the cancellation of 11,049,021 treasury shares held by Piaggio & C S.p.A. - approved by the Shareholders' Meeting of the company on 15 April 2013 - had no effect on the consolidated share of Shareholders' equity of the Piaggio group because that share had already been calculated net of such securities.

- C - CONSOLIDATION PRINCIPLES

Please refer to the explanatory and additional Notes on the consolidated financial statements at 31 December 2012 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 PRINCIPLES, AMENDMENTS AND INTERPRETATIONS ADOPTED FROM 1 JANUARY 2013

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 2012 to which we refer you for further details. The standards, amendments and interpretations applied by the Group since 1 January 2013 are listed below.
On 12 May 2011 the IASB issued the standard IFRS *13 – Fair value measurement* which explains how fair value is to be determined for financial statements and applied to all IFRS standards which require it or allow fair value measurement of the disclosure of information based on fair value. The standard shall be applicable as of 1 January 2013.
On 16 June 2011 IASB issued an amendment to IAS 1 – *Presentation of financial statements* to require entities to group all items presented in "Other comprehensive income" based on whether they are potentially reclassifiable to profit or loss. The amendment is applicable to financial years started after or on 1 July 2012.
Furthermore, it should be pointed out that the Group adopted in advance the IAS 19 "revised" principle as of 30 June 2012.

Amendments and interpretations applied as from 1 January 2013 and not relevant to the Group

The following amendments and interpretations, applicable as from 1 January 2013, regulate specific cases and case histories which are not present within the Group as of the date of these condensed half-year financial statements:

- On 20 December 2010 the IASB issued a minor amendment to *IAS 12 - Income Taxes* which requires businesses to measure deferred tax assets and liabilities arising from an asset based on the manner in which the carrying amount of the asset will be recovered (through continued use or through sale). Consequently this amendment *SIC-21 – Income* *taxes – Recovery of Revalued Non-Depreciable Assets* – will no longer be applicable. The standard is applicable in a retrospective manner as of 1 January 2013;

- On 16 December 2011, the IASB issued some amendments to IFRS 7 - *Financial Instruments: Disclosures.* The amendments require information on the effects or potential effects of netting contracts for financial assets and liabilities on the balance sheet. The amendments are applicable for financial years beginning on or after 1 January 2013 and interim periods subsequent to that date. The information must be provided retrospectively.

Accounting standards, amendments and interpretations which are not yet applicable and not adopted in advance by the Group

The competent bodies of the European Union adopted the following accounting principles and amendments:

- On 12 May 2011 the IASB issued standard *IFRS 10 - Consolidated Financial Statements* which will replace *SIC 12 Consolidation - Special purpose entities* and parts of *IAS 27 - Consolidated and Separate Financial Statements* what will be renamed "Separate financial statements" and will regulate the accounting treatment of equity investments in separate financial statements. The new standard deviates from existing standards by identifying the concept of control, according to a new definition of it, as the determinant factor for the purposes of consolidation of a company in the consolidated financial statements of the parent company. It also provides a guide for determining the existence of control where it is difficult to establish (actual control, potential votes, special purpose entity, etc.). The standard is applicable in a retrospective manner as of 1 January 2014;

- On 12 May 2011 the IASB issued the standard IFRS 11 – Joint arrangements which will replace IAS 31 – Interests in Joint Ventures and SIC 13 – Jointly controlled entities - Non-monetary contributions by venturers. The new standard provides methods for identifying joint arrangements based on the rights and obligations under such arrangements rather than their actual legal form and establishes the equity method as the only accounting treatment for jointly controlled entities in consolidated financial statements. The standard is applicable in a retrospective manner as of 1 January 2014. After the issue of the standard IAS 28 – Investments in associates it was amended to include jointly controlled entities within its field of application, as of the date the standard became effective;

- On 12 May 2011 the IASB issued standard *IFRS 12 – Disclosure on interests in other entities* which is a new and complete standard on disclosures to provide on all types of investments including in subsidiaries, joint arrangements, associates, special purpose entities and unconsolidated structured entities. The standard is applicable in a retrospective manner as of 1 January 2014;

- On 16 December 2011, the IASB issued some amendments to *IAS 32 - Financial Instruments: Presentation in the balance sheet* to clarify the application of certain criteria for offsetting financial assets and financial liabilities present in IAS 32. The amendments are applicable retrospectively for financial years beginning on or after 1 January 2014.

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

- On 12 November 2009 the IASB published IFRS 9 – *Financial Instruments*: the same principle was then amended on 28 October 2010. The principle, applicable from 1 January

2015 retrospectively, is the first part of a process by phases that has the purpose of entirely replacing the IAS 39 and introduces new criteria for the classification and evaluation of financial assets and liabilities and for the elimination (derecognition) of financial assets from the financial statement. In particular, for financial assets 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. On the other hand, for financial liabilities the main modification that took place concerns the accounting of the variations in fair value of a financial liability designated as a financial liability evaluated at fair value through the Income statement, if due to the variation of the credit merit of the liability itself. According to the new principle, such variations must be assessed in the total Other Profits and Losses and will no longer transit in the Income Statement.

- 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.

Information by business areas

Income statement

In thousands of euros	*Property and holding sector*	*Industrial sector*	*Naval sector*	*Immsi Group*
NET REVENUES	**2,265**	**671,549**	**21,881**	**695,695**
OPERATING EARNINGS (EBIT)	**-2,366**	**57,565**	**-8,944**	**46,255**
Gain / loss on equity investments	0	1,000	0	1,000
Financial income				8,554
Financial charges				33,120
EARNINGS BEFORE TAXATION				**22,689**
Taxation				12,291
EARNINGS AFTER TAXATION FROM CONTINUING ASSETS				**10,398**
Gain (loss) from assets intended for disposal or sale				0
EARNINGS FOR THE PERIOD INCLUDING NON-CONTROLLING INTEREST				**10,398**
Non-controlling interest earnings for the period				6,079
GROUP EARNINGS FOR THE PERIOD				**4,319**

Balance sheet

In thousands of euros	*Property and holding sector*	*Industrial sector*	*Naval sector*	*Immsi Group*
Segment assets	368,255	1,583,743	353,748	2,305,746
Equity investments in associated companies	0	201	14	215
TOTAL ASSETS	**368,255**	**1,583,944**	**353,762**	**2,305,961**
TOTAL LIABILITIES	**263,508**	**1,154,780**	**346,713**	**1,765,001**

Other information

In thousands of euros	*Property and holding sector*	*Industrial sector*	*Naval sector*	*Immsi Group*
Investments in tangible and intangible assets	**22**	**43,359**	**197**	**43,578**
Depreciation, amortisation and write-downs	**303**	**44,381**	**1,293**	**45,977**
Cash flow from operations	**-7,746**	**7,279**	**-11,771**	**-12,238**
Cash flow from investments	**-10,368**	**-41,499**	**-2,023**	**-53,890**
Cash flow from financing	**16,685**	**46,592**	**12,090**	**75,367**

Information by geographical areas

The following table presents the Group income statement and balance sheet figures or the first half of 2013 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 on consolidated financial statements at 30 June 2013 under the item "Net revenues" of the Income statement.

Income statement

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
NET REVENUES	**378,749**	**18,108**	**165,856**	**40,833**	**92,149**	**695,695**

Balance sheet

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Segment assets	1,969,771	31,245	163,216	27,675	113,839	2,305,746
Equity investments in associated companies	150	3	0	0	62	215
TOTAL ASSETS	**1,969,921**	**31,248**	**163,216**	**27,675**	**113,901**	**2,305,961**

In thousands of euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Immsi Group*
Total receivables *	**167,138**	**50,407**	**13,561**	**3,804**	**20,909**	**255,819**
Total payables **	**427,595**	**110,210**	**78,578**	**4,477**	**35,228**	**656,088**

*) 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	**34,059**	**160**	**4,407**	**20**	**4,932**	**43,578**
Depreciation, amortisation and write-downs	**35,108**	**521**	**6,836**	**58**	**3,454**	**45,977**

- F - INFORMATION ON THE MAIN ASSET ITEMS

Amounts are stated in thousands of euros unless otherwise indicated.

- F1 - INTANGIBLE ASSETS 835,170

Net intangible assets at 30 June 2013 total 835,170 thousand euros, a 3,976 thousand euros decrease compared to 31 December 2012, as detailed below:

In thousands of euros	Gross amounts				
	Balance at 31.12.2012	***Increases***	***Change in consolidation area***	***Other movements***	***Balance at 30.06.2013***
Development costs	187,235	22,825	0	(25,837)	184,223
Concessions, patents, industrial and similar rights	231,979	2,057	0	(2,230)	231,806
Trademarks and licences	148,422	0	0	778	149,200
Goodwill	617,415	0	0	0	617,415
Other intangible assets	8,802	181	0	1,014	9,997
TOTAL	**1,193,853**	**25,063**	**0**	**(26,275)**	**1,192,641**

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

In thousands of euros	Accumulated amortisation					**Net amounts**
	Balance at 31.12.2012	***Depreciation***	***Change in consolidation area***	***Other movements***	***Balance at 30.06.2013***	***Balance at 30.06.2013***
Development costs	77,001	12,355	0	(20,240)	69,116	115,107
Concessions, patents, industrial and similar rights	186,378	7,827	0	(1,280)	192,925	38,881
Trademarks and licences	80,880	2,414	0	778	84,072	65,128
Goodwill	3,433	0	0	0	3,433	613,982
Other intangible assets	7,015	561	0	349	7,925	2,072
TOTAL	**354,707**	**23,157**	**0**	**(20,393)**	**357,471**	**835,170**

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

Development costs

Development costs mainly include costs for products and engines in projects for which there is an expectation for the period of the useful life of the asset to see net sales at such a level as to allow the recovery of the costs incurred. This item includes assets under construction for 26,546 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.

With reference to the **Piaggio** group, the new projects capitalized during the first half of 2013 mainly refer to the new models Vespa 946 and Aprilia Caponord. In this respect, please note that the financial charges on the loans acquired to finance the development of products that require a substantial period of time to be completed are capitalised as part of the cost of the assets themselves, in accordance with the relevant accounting standard IAS 23 – *Financial charges*. Development costs included under this item are amortised on a straight line basis over 5 years (founding products) or 3 years, in consideration of their remaining useful life. During the first half of 2013, development costs of approximately 9 million euros were also recognised directly in profit or loss.

With reference to the naval sector (**Intermarine S.p.A.**) please refer to the Interim Management Report of the Immsi Group at 30 June 2013 – paragraph "Activity of Research & Development".

Concessions, patents, industrial and similar rights

The net balance of this item, equal to 38,881 thousand euros at 30 June 2013, is mainly related to the Piaggio group (38,818 thousand euros) and is composed of software, patents and know-how, particularly referable to the vehicles Vespa, GP 800, MP3, RSV 4, MP3 hybrid and 1200cc engine and to the NT3 prototype. The costs of rights of industrial patents and rights of use of intellectual works are amortized in three years, in consideration of their residual utility. This item comprises assets under construction for 5,035 thousand euros.

Trademarks and licences

The trademarks and licences with a finite life item, totalling 65,128 thousand euros, is as follows:

	Net Value at 30 June 2013	Net Value at 31 December 2012
Moto Guzzi brand	21,937	22,750
Aprilia brand	43,105	44,702
Minor brands	86	90
Total Brands	**65,128**	**67,542**

The decrease recorded in the first half of the year amounting to 2,414 thousand euros relates to the amortization of the marks themselves. With reference to the Piaggio group, it should be noticed that as of 31 December 2012, the residual useful life of the Moto Guzzi and Aprilia brands was revised, in compliance with IAS 38, section 104: as of 31 December 2011, the residual useful life for both brands was 8 years. It should be also remembered that the gross value of the Aprilia brand is 89,803 thousand euros, while that of Moto Guzzi is 36,559 thousand euros. In particular, the revision of the residual useful life is based on the assumption related to the potential and future economic benefits arising from the considerable investments made in recent years by the Piaggio Group to renew the range of Moto Guzzi and Aprilia products that change the expectations and potential of future economic benefits related to the industrial and commercial use of both brands. Therefore, as provided for by IAS/IFRS, the residual useful life of the Moto Guzzi and Aprilia brands was therefore extended to 2026, changing the annual depreciation allowance calculated on the residual net carrying amount: this change was applied on an annual and forward-looking basis starting from 2012, as provided for by IAS 8. The accounting effects of the above change are as follows:

Data in thousands of euros		Aprilia brand	Moto Guzzi brand
Expected useful life			
	Previous valuation	Up to 2019	Up to 2019
	New valuation	Up to 2026	Up to 2026
Annual depreciation			
	Previous valuation	5,987	3,047
	New valuation	3,193	1,625
Annual charge of deferred taxes			
	Previous valuation	(794)	(955)
	New valuation	(423)	(509)
Annual net impact on the Income Statement			
	Previous valuation	5,193	2,092
	New valuation	2,770	1,116
	Difference	*2,423*	*976*

Goodwill

The goodwill registered by the Group has unchanged compared to 31 December 2012 and its composition is detailed in the following table:

In thousands of euros	*Net balance at 30.06.2013*
Acquisition of 100% of Piaggio & C. S.p.A. by Piaggio Holding N. BV (in 2003)	405,985
Acquisition of 2.81% of Piaggio & C. S.p.A. by Piaggio Holding N. BV (in 2006)	14,620
Acquisition of 31.25% of Piaggio Holding N. BV by Immsi S.p.A. (in 2003)	3,480
Acquisition of 5.23% of Piaggio & C. S.p.A. by Immsi S.p.A. (in 2004) / Sale of 2.32% of Piaggio & C. S.p.A. by Immsi S.p.A. in 2008	3,643
Acquisition of 17.7% of Piaggio Holding N. BV by Immsi S.p.A. (in 2004 and 2006)	64,756
Acquisition of 2.22% of Piaggio & C. S.p.A. by Immsi S.p.A. (in 2007 and 2008)	7,143
Acquisition of 100% of Aprilia S.p.A. by Piaggio & C. S.p.A. (in 2004)	79,705
Acquisition of 66.49% of Rodriquez Cantieri Navali S.p.A. by RCN Finanziaria S.p.A. (in 2004)	30,337
Acquisition of 33.51% of Rodriquez Cantieri Navali S.p.A. by RCN Finanziaria S.p.A. (in 2005)	2,001
Acquisition of 2.37% of RCN Finanziaria S.p.A. by Immsi S.p.A. (in 2007)	1,286
Other acquisitions / changes	1,026
TOTAL	**613,982**

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 of 1 January 2004 goodwill is no longer amortised: the recoverable value of the cash-generating unit, to which the single goodwills have been attributed, is verified by determining the current value and submitted to an impairment test, applying the method required by the International Accounting Standard IAS 36. Such value has been estimated on the basis of:

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

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

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

While the balance sheet of the Immsi Group at 31 December 2012 was being drawn up, with reference to the Piaggio group cash-generating unit, the impairment test was arranged in-house by the Immsi S.p.A. company management, whereas for the Intermarinecash-generating unit, the Parent Company called in an external consultant to draw up an impairment report to support the Parent Company's Board of Directors for the purposes of the application of the procedure set out in accounting standard IAS 36.
As concerns the Piaggio group, it has been considered reasonable to consider the **Piaggio group *cash-generating unit*** coincident with the Piaggio group as a whole (Piaggio & C. 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 Piaggio group at consolidated level. It should be noted that the book value of the

goodwill allocated to such cash-generating unit is equal to around 579.5 million euros. As concerns the **Intermarine *cash-generating unit***, note that Intermarine S.p.A. - following the incorporation of the parent company Rodriquez Cantieri Navali S.p.A. in December 2012 - coincides today with the so-called "naval sector" identified by the Immsi Group within its segment reporting in accordance with the accounting principle *IFRS 8 - Operating Segments*: the book value of the goodwill allocated to such cash-generating unit is equal to around 34.4 million euros.
Therefore, please refer to the explanatory and additional Notes on the consolidated financial statements contained in the Report at 31 December 2012 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 Intermarine. It should hereby be remembered that with reference to both cash-generating units the analyses carried out at 31 December 2012 have not shown any losses in value for the tested goodwill: therefore no impairment has been reflected in the data of the separate or consolidated financial statements of the Immsi Group at 31 December 2012.

As concerns the Piaggio group cash-generating unit, the management of the group has verified, as is the case for all cash-generating units internal to the Piaggio group, that the EBIT forecasted in the approved budget and by the plan used for the impairment tests at 31 December 2012 has essentially been achieved and that the rates applied at the time are still valid. Therefore there are no indications of impairment of the goodwill and it was therefore unnecessary to conduct any impairment tests on the carrying value of the goodwill recognised by the Immsi Group and allocated to the cash-generating unit Piaggio group.
With reference to Intermarine cash-generating unit, the results of the first half of 2013 have shown negative deviations with respect to what was originally forecast by company management, due mainly to delays in the progress of a few orders and in sustaining additional costs that led to reviews of the initial order estimates. The company management has therefore formulated a synthetic economic forecast for the 2013 financial year and for the 2014-2016 period regarding the likely evolution of the order portfolio compared to that used for the impairment test at 31 December 2012. In this regard, we stress how the forecast data considered – uncertain and variable by nature – reflect the evolution of the company's order portfolio as well as its future industrial and commercial strategies: such data, in particular, are based largely on the acquisition of future orders relatively to which today there are negotiations in various stages of progress with various international navies. In this regard, we point out how – in order to prudentially mitigate the degree of uncertainty associated with the forecast of these future orders – company management associated a different degree of acquisition probability to each one of them, of which the economic-financial order data of each one was weighed: updates, revisions or negative developments relative to the aforesaid assumptions and to the projections that should occur after the date of reference of this evaluation work could influence, even significantly, the results of the impairment test. In this regard, we point out that during the preceding years the final results of Intermarine showed significant variances with respect to what was forecast in the forward looking financial data used, even after several exceptional and non foreseeable events, such as the floods in the Intermarine site in Sarzana: given the intrinsically uncertain nature of the forward looking data considered, it cannot be excluded that these variances may continue to take place even in the future.
Also on the basis of this data, the Parent Company Immsi S.p.A. proceeded with the appropriate analyses in order to assess the recoverability of the goodwill recorded at 30 June 2013 and allocated to Intermarine cash-generating unit. These analyses have not led to highlight any impairment of the balance sheet item tested: therefore no devaluation has been reflected in the data of the consolidated balance sheet of Immsi Group at 30 June 2013.

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

Other intangible assets

The “Other intangible assets with a finite life” item, totalling 2,072 thousand euros, mainly includes charges held by Piaggio Vietnam.

- F2 - TANGIBLE ASSETS 354,882

Net tangible assets at 30 June 2013 total 354,882 thousand euros, compared to 360,062 thousand euros at 31 December 2012, and comprise assets of Immsi S.p.A. for 296 thousand euros, of the Piaggio group for 317,076 thousand euros, Intermarine S.p.A. for 19,873 thousand euros, of Is Molas S.p.A. for 17,615 thousand euros and of Immsi Audit for 21 thousand euros. The following table details this item:

In thousands of euros	Gross amounts					
	Balance at 31.12.2012	***Increases***	***Decreases***	***Change in consolidation area***	***Other movements***	***Balance at 30.06.2013***
Land	48,197	0	0	0	0	48,197
Property	182,655	970	0	0	(1,348)	182,277
Plant and machinery	442,482	9,253	(1,469)	0	(2,546)	447,720
Industrial and commercial equipment	505,674	7,543	(929)	0	(603)	511,685
Assets to be given free of charge	10,388	0	0	0	0	10,388
Other assets	52,491	745	(532)	0	259	52,963
TOTAL	**1,241,887**	**18,511**	**(2,930)**	**0**	**(4,238)**	**1,253,230**

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

In thousands of euros	Accumulated amortisation						Net amounts
	Balance at 31.12.2012	***Depreciation***	***Applications***	***Change in consolidation area***	***Other movements***	***Balance at 30.06.2013***	***Balance at 30.06.2013***
Land	0	0	0	0	0	0	48,197
Property	56,569	2,658	0	0	(229)	58,998	123,279
Plant and machinery	309,888	9,552	(1,469)	0	(1,634)	316,337	131,383
Industrial and commercial equipment	462,034	7,621	(916)	0	(450)	468,289	43,396
Assets to be given free of charge	9,356	469	0	0	0	9,825	563
Other assets	43,978	1,064	(131)	0	(12)	44,899	8,064
TOTAL	**881,825**	**21,364**	**(2,516)**	**0**	**(2,325)**	**898,348**	**354,882**

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

Among the tangible assets at 30 June 2013 there are 563 thousand euros related to entirely freely transferable assets owned by Intermarine S.p.A. represented by light constructions, property 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, for details of which reference is made to the Report and financial statements of the Immsi Group at 31 December 2012 – paragraph “Accounting standards and measurement criteria”.

Land and property
Land and industrial property refer to the industrial complex of Intermarine S.p.A. mainly in Sarzana (SP) and to the hospitality (tourism/hotel) structure managed by Is Molas S.p.A. in the Municipality of Pula (Cagliari), and to production facilities of the Piaggio group located in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Baramati (India) e Vinh Phuc (Vietnam), and at the group's Spanish plant of Martorelles now no longer in operation. The book value of the latter was confirmed by a specific appraisal requested from an independent expert, whom, under the IAS 36 accounting principle, carried out a "*Fair value less costs of disposal*" valuation using a market approach (as provided by IFRS 13): this analysis did not reveal any impairment.
At 30 June 2013, the net value of the land and property owned under finance leases is 8,006 and 5,127 thousand euros, 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. Furthermore, the Group has registered 5,335 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), Baramati (India) and Vinh Phuc (Vietnam) and at the group's Spanish plant of Martorelles now no longer in operation, as well as the structures owned by Intermarine S.p.A. 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 131,383 thousand euros: please note that the financial charges on the purpose loans acquired to finance the building of properties that require a substantial period of time to be ready for use are capitalised as part of the cost of the assets themselves. The Group has also registered 18,783 thousand euros for fixed assets in progress and as a whole it uses plant and machinery completely amortised for a gross value of around 22,020 thousand euros.

Industrial and commercial equipment
The “Industrial and commercial equipment” item, totalling 43,396 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 plants of Intermarine S.p.A.. The balance includes construction in progress for 13,640 thousand euros mainly recorded by the Piaggio group and fully depreciated equipment still in use totalling 6,751 thousand euros entirely related to the subsidiary Intermarine S.p.A.. The main increases recorded during the semester are mainly related to the Piaggio group and are related to the moulds for new vehicles launched during the period and the logistical and industrial reorganisation of the external local units.

Other assets
The “Other assets” item comprises vehicles, furniture, office fittings and EDP systems. The other assets are registered for a total value of 8,064 thousand euros, net of depreciation. The Group uses assets belonging to this item and fully depreciated assets with a gross value of 4,265 thousand euros and recorded fixed assets in progress for 691 thousand euros.

Guarantees
At 30 June 2013, the Group has land and property encumbered by mortgages or pledges in favour of financial institutions to guarantee bank loans, for which reference is made to paragraph I – “Commitments, risks and guarantees”.

- F3 - PROPERTY INVESTMENTS 73,566

At 30 June 2013 property investments were registered in the Immsi Group for 73,566 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. 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 for additional details on the reasons that have led to this change in intended use and to the related accounting method. To this regard, we can briefly note that the greater value measured at the time of modifying the classification was registered in a specific shareholders' equity reserve, net of the related tax effect. The investment moreover is no longer subject to a process of amortization starting from the year 2009 as required by the international accounting standards.

The valuation of the real estate investment at issue is based on a survey performed by an external advisor that estimated the fair value at 31 December 2012 at no less than the value of registration in the financial statements at such date. In the preparation of the valuation document, the consultant adhered to generally accepted valuation principles and methodologies, using - in particular - a comparative/ revenue based mixed method, both as regards the determination of the unit values and as pertains their market profitability, on the comparison between the asset at issue and other similar ones recently subject to sale and/or lease or currently offered on the same market or on competing markets. The consultant also collected information on the local market in order to determine the relevant data needed for the development of estimation considerations such as, inter alia, current prices, levels of supply and demand, market expectations, rents and rates of return: this data was then referenced with the functional purposes of the asset being valued to derive the value of the asset estimating it on the basis of its current state and its current intrinsic and extrinsic characteristics.

During the first half of 2013, according to the opinion of the company management, no events or circumstances occurred such as to indicate that the activity subject of impairment testing could have suffered a significant loss in value while the increase of 4 thousand euros compared to the value recorded at 31 December 2012 is related to work of reorganisation and restructuring incurred during the first half of the year.

Rental income referred to the building and recognised by Immsi S.p.A. during the first half of 2013 among Net proceeds revenues amounts to approximately 1.5 million euros. The costs connected to it refer substantially to ordinary maintenance and operating administration of the building. Most of these costs are then debited to the tenants as per condominium regulations.

There is also a 92 million euro mortgage on this building under examination in guarantee of the financing obtained by Immsi S.p.A. in 2010 by a pool of banks (Efibanca-Banco Popolare, Cassa di Risparmio Lucca Pisa Livorno and Banca Popolare di Lodi, now merged into Banco Popolare) for an original amount of 46 million euros in place at 30 June 2013 for residual 30.7 million euros, the extinction of which is foreseen in June 2019.

- F4 - EQUITY INVESTMENTS 7,067

The balance of 7,067 thousand euros of the Equity investments item recorded by the Group showed an increase of 998 thousand euros compared to 31 December 2012 (equal to 6,069 thousand euros) mainly following the increase in the valuation of the shareholders' equity stake held in the Zongshen Piaggio Foshan Motorcycles Co. Ltd. group joint venture pertaining to the Piaggio group, adjusted to take account of the criteria of evaluation adopted by the group, as well as its recoverable value.
Also note that the book value of the investments held by Immsi S.p.A. in fully consolidated

subsidiaries - equal to 342.9 million euros at 30 June 2013 - is fully eliminated on consolidation.

- F5 - OTHER FINANCIAL ASSETS 78,579

- Non-current portion

The other non-current financial assets, equal to 55,776 thousand euros, decreased of 3,846 thousand euros compared to the value at the end of 2012 (equal to 59,622 thousand euros) and are entirely represented by financial assets available for sale represented by the shareholding (equal to 7.08% of capital) in Alitalia – Compagnia Aerea Italiana S.p.A. held by Immsi S.p.A..
In connection with this investment, recorded at a value equal to 43,712 thousand euros at 30 June 2013, please note that the valuations conducted during the preparation of this Half-yearly financial report have not highlighted the need to proceed with any impairment test, confirming - therefore - the book value at 31 December 2012: no write-down was therefore recorded in the Income statement of the Immsi Group. In this respect, please note that i) in the light of the information made publicly available by Alitalia - Compagnia Aerea Italiana S.p.A. ii) in the absence of quoted prices in an active market for the asset being valued, and iii) in view the company's procedure relating to the determination of write-downs of financial instruments representing equity classified as "Available for Sale" ("AFS"), Immsi S.p.A. has based its analysis on market multiples of major listed companies comparable with Alitalia – Compagnia Aerea Italiana S.p.A.
The item in question also includes:

- for a total of 11,901 thousand euros, the fair value of the hedging derivative instruments entered into by the Piaggio group in relation to its foreign currency borrowings and comprising:
  - 7,224 thousand euros from the fair value of the cross currency swap relative to a private debenture loan;
  - 4,600 thousand euros from the fair value of the cross currency swap relative to a medium-term loan of the Indian subsidiary; and
  - 77 thousand euros from the fair value of the cross currency swap relative to a medium-term loan of the Vietnamese subsidiary.
- the book value of the investments held in other smaller companies by the Piaggio group for an overall amount of approx. 163 thousand euros.

- Current portion

Other current financial assets total 22,803 thousand euros at 30 June 2013, showing a 11,177 thousand euros increase compared to 31 December 2012. This item mainly includes:

- a share of about 10,907 million euros of the subordinated convertible bond approved by the Extraordinary General Meeting of Alitalia - Compagnia Aerea Italiana S.p.A. in February 2013: to this regard it should be noted that an amount of 12.2 million euros was initially subscribed and that – on 3 April 2013 – Immsi S.p.A., in its capacity as "anticipatory" shareholder, received a reimbursement of approximately 1.3 million euro on the amount initially subscribed, as envisaged under the bond regulation;
- for an amount of 10,033 thousand euros, the shareholding (equal to 2,788,464 shares) held by Immsi S.p.A. in Unicredit S.p.A., with fair value evaluation at the reference date of 30 June 2013 and down by approx. 301 thousand euros compared to 31 December 2012.
  During recent months, the value of the Unicredit S.p.A. security underwent a significant downturn following the trend of national and international stock markets and particularly in the banking and finance sector, against a particularly difficult economic and financial reference context as well as significant tension over government debts of some of the principal countries in the euro zone.

Based on the analyses undertaken by the Company with regard to the extent of the fair value reduction (i.e. market price) of the security Unicredit below its carrying value in the balance sheet of Immsi S.p.A. and the continuation of such reduction, the Company Management did not think that they are indicators of a significant or prolonged reduction of the fair value and therefore the negative difference between the carrying value of the securities and the estimated fair value was charged in the "Evaluation reserve at the fair value of financial activities available for sale" included in Shareholders' equity of the Company.

In this regard, it should be noted that the procedure of Immsi S.p.A. relating to the determination of impairment of equity financial instruments classified as "Available For Sale" ("AFS") has defined alternatively the conditions of a prolonged and significant reduction in the fair value on the basis of i) a reduction in the market value exceeding two thirds of the original cost, and ii) a market value continuously lower than the original carrying amount, observed over a period of time of at least two years: neither of these identified conditions occurred as at 30 June 2013. It remains understood that, in exceptional circumstances, the Company Management may consider any such decline as not representative of a significant or prolonged loss of value of the security and exceptionally derogate from the specified thresholds, reserving the right - in justified circumstances - to change the aforementioned thresholds in order to reflect any significant changes in the economic and financial context;

- for an amount of 1,831 thousand euros, the deposit made by Intermarine S.p.A. to guarantee the signing of the credit agreement relating to the contract with the Sultanate of Oman, bound and subjected to pledge in favour of the guarantor banks.

Lastly, it should be pointed out that the item in question at 31 December 2012 also included - for an amount of 1,260 thousand euros – the value of the proceeds from the sale by the Piaggio group of a license in France which, in accordance with local legislation, had been tied up in a bank deposit, up to the quarterly expiration of the term granted by law for any opponents: at 30 June 2013 the obligation failed due to the above period of opposition.

- F6 - AMOUNTS DUE FROM THE TAX AUTHORITIES 33,082

Current and non-current amounts due from tax authorities total 33,082 thousand euros and are as follows:

- Non-current portion

In thousands of euros	***Balance at 30.06.2013***	***Balance at 31.12.2012***
Amounts due from the tax authorities for VAT	5,348	894
Amounts due from the tax authorities for income tax	102	102
Other amounts due from the tax authorities	2,279	2,227
TOTAL	**7,729**	**3,223**

In this respect, it should be reminded that Immsi S.p.A. has outstanding fiscal consolidated contracts with the subsidiary companies Piaggio & C. S.p.A., Aprilia Racing S.r.l. Apuliae S.p.A., Intermarine S.p.A., RCN Finanziaria S.p.A., ISM Investimenti S.p.A. and Pietra S.r.l..

- Current portion

In thousands of euros	Balance at 30.06.2013	Balance at 31.12.2012
Amounts due from the tax authorities for VAT	22,508	18,840
Amounts due from the tax authorities for income tax	1,214	1,639
Other amounts due from the tax authorities	1,631	2,234
TOTAL	**25,353**	**22,713**

Amounts due from tax authorities within 12 months mainly refer to VAT receivables of the Piaggio group, increased compared to 31 December 2012 mainly because of the increase in the VAT credit of Piaggio & C. S.p.A. and of the Indian subsidiary company of the Piaggio group. The item “Amounts due from the tax authorities” mainly includes the IRAP deposit paid.

- F7 - DEFERRED TAX ASSETS 98.463

At 30 June 2013, net deferred tax assets that will fall due within 12 months total 4,263 thousand euros while those falling due beyond 12 months amount to 94,200 thousand euros.
The Piaggio group has recognised 36,829 thousand euros of deferred tax assets compared to 36,714 thousand euros recorded at 31 December 2012. The deferred tax assets recognized by the subsidiary Intermarine S.p.A. at 30 June 2013 total 44,501 thousand euros (compared to 40,279 thousand euros at 31 December 2012), while those recognized by the subsidiary Is Molas S.p.A. total 10,560 thousand euros (compared to 9,863 thousand euros at 31 December 2012). The remaining share of 6,573 thousand euros is recorded by the other companies belonging to the property and holding sector, net of eliminations and consolidation adjustments.
As regards the measurements to define the deferred tax assets, the companies of the Immsi Group took account of the tax regulations in the various countries where the companies of the Group operate, their impact in terms of timing differences and any tax benefits deriving from the use of prior tax losses, as well as the expected taxable income in the medium term for each individual company.
In view of the above considerations and also for the sake of prudence, the tax benefits deriving from the losses carried forward and from temporary differences were not fully recognised.

- F8 - TRADE RECEIVABLES AND OTHER RECEIVABLES 367,610

- Non-current portion

Trade receivables and other receivables included under non-current assets total 16,164 thousand euros against 20,174 thousand euros at 31 December 2012 and are detailed below:

In thousands of euros	Balance at 30.06.2013	Balance at 31.12.2012
Trade receivables	28	28
Receivables from associated companies	231	234
Other receivables	15,905	19,912
TOTAL	**16,164**	**20,174**

Among the receivables from associated companies are 231 thousand euros due from Fondazione Piaggio, while “Other receivables” are mainly related to the Piaggio group and are represented mainly by prepaid expenses of various kinds, security deposits and advances to employees and suppliers.

- Current portion

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

In thousands of euros	Balance at 30.06.2013	Balance at 31.12.2012
Trade receivables	174,065	97,812
Amounts due from subsidiaries *)	2,557	2,555
Receivables from associated companies	550	547
Receivables from joint ventures	1,054	1,140
Other receivables	173,220	190,099
TOTAL	**351,446**	**292,153**

*) not consolidated on a global integration basis

Trade receivables at 30 June 2013 total 174,065 thousand euros, an increase of approx. 76,253 compared to the value recorded at 31 December 2012 and equal to 97,812 thousand euros: as already remembered, the growth in this value 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 “Trade receivables” item comprises amounts due from normal sales transactions, stated net of a bad debt reserve of 35,983 thousand euros (of which 1,203 thousand euros related to non-current receivables), which at 30 June 2013 shows an increase of 750 thousand euros compared to 31 December 2012.
The balance of receivables from subsidiaries, equal to 2,557 thousand euros, refers to trade receivables from the subsidiary Rodriquez Cantieri Navali do Brasil Ltda, not fully consolidated but recorded according to the equity method. On the other hand, the balance of receivables from associated companies refers to receivables from Consorzio CTMI for 515 thousand euros and from Fondazione Piaggio for 35 thousand euros while the receivables from joint ventures (equal to 1,054 thousand euros at 30 June 2013) refer to receivables from Zongshen Piaggio Foshan Motorcycle Co. Ltd.

It should also be remembered that the Piaggio group transfers on a regular basis a large part of its trading receivables mainly with the “pro-soluto” and “pro-solvendo” clause [i.e., without and with recourse]. The contractual structure that Piaggio 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, for the disposals that took place without a substantial transfer of risks and benefits. In contrast, for non-recourse disposals, contracts were formalised aimed at the material transfer of risks and benefits. At 30 June 2013, the “pro-soluto” sold trade receivables not due yet altogether amount to 125,408 thousand euros, on which the Piaggio group received the consideration before the natural expiration for 106,484 thousand euros. At 30 June 2013, the advances received – both from factoring firms and from banks – on “pro-solvendo” disposals of trade receivables total 30,179 thousand euros and are offset in the current liabilities.

“Other receivables” include advances to suppliers for 34,738 thousand euros basically registered by the subsidiary Intermarine S.p.A., accrued income and prepaid expenses for a total amount of 9,909 thousand euros, 563 thousand euros for advances to employees, security deposits for 217 thousand euros, credits towards social security and welfare agencies for 126 thousand euros as well as claims relating to hedging instruments for 326 thousand euros relating to the fair value of derivatives used by the Piaggio Group to hedge the exchange rate risk on forecast transactions, recorded in accordance with the cash flow hedge principle.
Finally the other receivables include the equivalent value of the works in progress to order net of the advance payments received, referable entirely to the subsidiary Intermarine S.p.A., whose composition is detailed as follows:

In thousands of euros	Balance at 31.12.2012	Increases	Decreases	Balance at 30.06.2013
Contract work in progress gross of advances	**284,363**	5,340	(29,314)	**260,389**
Contractual advances received from customers	167,080			148,598
Contract work in progress net of advances	**117,283**			**111,791**
Costs incurred	264,458			246,068
Margins recorded (net of losses)	19,905			14,321

It is noted that at 30 June 2013 a mortgage is recorded in favour of banks on the remaining construction of Intermarine S.p.A. for the residual portion of the Oman contract, for a countervalue of approx. 14.1 million euros (18.5 million USD): the reduction in respect to the value recorded at 31 December 2012 (approximately 27.2 million euros) is associated with the previously mentioned delivery of one of the two vessels remaining at 31 December 2012, which took place during the first months of 2013.

- F9 - ASSETS INTENDED FOR DISPOSAL 23,441

The net book value of the assets intended for sale recorded by Intermarine S.p.A. amounts to 23,441 thousand euros and it refers almost exclusively 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 the company. The increase by 308 thousand euros compared to the 31 December 2012 figure is attributable to the capitalisation of the building project development costs incurred during the first half of 2013. Please refer to what is described in the Interim report on operations of the Immsi Group at 30 June 2013 for an update on the situation regarding the progress of the project pertaining to the real estate complex in Pietra Ligure.

- F10 - INVENTORIES 327,691

Inventories are measured at the lower of cost and market value and total 327,691 thousand euros at the year end and comprise:

In thousands of euros	Balance at 30.06.2013			Balance at 31.12.2012		
	Cost	Write-down	Net	Cost	Write-down	Net
Consumables	26	0	26	26	0	26
Raw materials	129,573	(15,915)	113,658	107,673	(16,254)	91,419
Work in progress and semi-finished products	74,414	(1,102)	73,312	78,799	(1,102)	77,697
Finished products	162,387	(21,692)	140,695	150,973	(28,076)	122,897
TOTAL	**366,400**	**(38,709)**	**327,691**	**337,471**	**(45,432)**	**292,039**

The increase compared to the figure recorded at 31 December 2012 (+35,652 thousand euros) is mainly ascribable to the Piaggio group and is derived from the production peak typical of the summer months, resulting from the aforementioned seasonal nature of the group's business, while 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 2013, the Piaggio group recognises, net of write-downs, inventories for 256,992 thousand euros referred to components, accessories, 2-wheeled, 3-wheeled and 4-wheeled vehicles. Intermarine S.p.A. contributes 45,130 thousand euros, mainly raw materials and contract work in progress for prototypes, internal construction and repairs. Finally, Is Molas S.p.A. records 25,569 thousand euros of inventories at the year end relating to the hotel business, as well as work in progress and semi-finished products represented by land, volumes, costs for services and consultancy for the property development project relating to the allotment located in Is Molas - Cagliari.

- F11 - CASH AND CASH EQUIVALENTS 106,410

Cash and cash equivalents at the year end total 106,410 thousand euros against 96,623 thousand euros at 31 December 2012, as detailed in the table below:

In thousands of euros	*Balance at 30.06.2013*	*Balance at 31.12.2012*
Cheques	8	9
Cash and cash equivalents	109	109
Securities	261	14,627
Bank and postal deposits	106,032	81,878
TOTAL	**106,410**	**96,623**

This item covers cash, current bank accounts, deposits refundable on demand and other short-term high-liquidity financial investments readily convertible into cash and subject to an insignificant risk of variation in value. For details of the evolution of the item in question during the first half of 2013 refer to the Consolidated cash flow statement at 30 June 2013 included among the financial statements contained within this Report.

Cash and cash equivalents are primarily in the Piaggio group (approximately 101.9 million euros), the subsidiary Is Molas S.p.A. (approximately 2.8 million euros) and the subsidiary Intermarine S.p.A. (approximately 1.1 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. The item Securities relates to contracts of deposit made by the Indian subsidiary of the Piaggio Group to effectively utilize its temporary liquidity.

- G - INFORMATION ON THE MAIN LIABILITIES ITEMS

Amounts are stated in thousands of euros unless otherwise indicated.

- G1 - SHAREHOLDERS' EQUITY 540,960

Shareholders' equity at 30 June 2013 stands at 540,960 thousand euros, of which 363,888 thousand euros being consolidated Group shareholders' equity and 177,072 thousand euros referring to non-controlling interest capital and reserves.

Share capital

At 30 June 2013, the share capital of Immsi S.p.A., fully subscribed and paid up, comprises n. 340,530,000 ordinary shares with no nominal value, for a total of 178,464,000.00 euros.

As already anticipated, it should be remembered that at 30 June 2013, Immsi S.p.A. held no treasury stock, since the Company Shareholders' General Meeting (Extraordinary session) of 30 April 2013 approved the cancellation of 2,670,000 own shares previously in portfolio (representing 0.778% of the share capital and purchased on the share market during 2008 at an average price of Euro 0.7784), subject to elimination of the par value of outstanding ordinary shares and without a reduction in the numerical amount of the share capital.

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

Legal reserve

The legal reserve comprises reserves allocated following the distribution of profits of Immsi S.p.A. from the year 2000 to the year 2012, in accordance with the provisions of law and totals 6,247 thousand euros at the end of June 2013, unchanged compared to 31 December 2012.

Other reserves

This item totals 185,003 thousand euros, 101 thousand euros increase compared to the value recorded at 31 December 2012.

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 2013 and unchanged compared to 31 December 2012, 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 40,709 thousand euros.

The stock option reserve amounts to 6,603 thousand euros (unchanged compared to the figure at 31 December 2012) while the reserve allocated to the evaluation of the financial instruments is negative for 6,856 thousand euros, a 1,139 thousand euros increase compared to 31 December 2012 mainly due to the increase in the fair value of the Unicredit shares held by the Parent Company: for further details thereof, refer to the Illustrative note *F5 – Other financial assets.*

The details of the item “Other reserves” are shown below:

In thousands of euros

	Extraordinary reserve	Share premium reserve / share capital increase	IAS transition reserve	Reserves as per Law 413/91	Legal reserves	Translation reserve	Stock Option reserve	Reserve for Staff Severance Fund (TFR) authorisation	Financial instrument measurement reserve	Other reserves	Total other reserves
Balances at 31 December 2012	***7,103***	***95,216***	***5,300***	***4,602***	***1,153***	***(9,167)***	***6,603***	***(1,440)***	***(7,996)***	***83,527***	***184,902***
Other changes							0	0		855	855
Overall earnings for the period						(2,159)		267	1,139	0	(753)
Balances at 30 June 2013	***7,103***	***95,216***	***5,300***	***4,602***	***1,153***	***(11,326)***	***6,603***	***(1,173)***	***(6,856)***	***84,382***	***185,003***

Retained earnings

The earnings carried forward total 22,607 thousand euros and refer to cumulative Group earnings.

Non-controlling interest capital and reserves

At 30 June 2013 the balance of share capital and reserves attributable to third party shareholders totals 177,072 thousand euros, a 10,871 thousand euros decrease compared to 31 December 2012. This change is mainly deriving from recognizing the share of the profit for the period due to minority shareholders, net of the dividends distributed to non-controlling shareholders by Piaggio & C. S.p.A. in May 2013.

- G2 - FINANCIAL LIABILITIES 970,913

Financial liabilities total 970,913 thousand euros at 30 June 2013, a 88,243 thousand euros increase compared to the value recorded at 31 December 2012. The part recorded under non-current liabilities amounts to 497,753 thousand euros, against 422,793 at 31 December 2012, while the part included among current liabilities totals 473,160 thousand euros, a 13,283 thousand euros decrease compared to the year end 2012.
Non-current financial liabilities also include the fair value evaluation of the derived financial instruments designated as cover of the exchange and interest rate risk and of the relative items covered – underwritten by the Piaggio group – for a total of 11,265 thousand euros, 1,141 thousand euros decrease compared to 31 December 2012.
The attached tables summarise the financial liabilities by type of financial debt:

- Non-current portion

In thousands of euros	*Balance at 30.06.2013*	*Balance at 31.12.2012*
Bonds	194,413	193,550
Amounts due to bank	283,186	206,496
Amounts due under finance leases	5,325	5,809
Amounts due to other lenders	3,564	4,532
TOTAL	**486,488**	**410,387**

We point out that in the item “Amounts due to bank” and in the item “Bonds” there are financings treated from an accounting point of view according to the criterion of amortised cost. According to this criterion the nominal amount of the liability is deceased by the amount of the relative issuing and/or stipulation costs in addition to any costs linked to refinancing previous liabilities. Amortisation of such costs is determined according to the method of the actual interest rate, meaning the rate that discounts the future flow of passive interest and reimbursements of capital to the net accounting value of the financial liability. Furthermore, some financial liabilities related to the Piaggio group are entered at fair value with registration in the Income statement of the relative effects.

- Current portion

In thousands of euros	*Balance at 30.06.2013*	*Balance at 31.12.2012*
Amounts due to bank	409,095	406,719
Amounts due under finance leases	957	936
Amounts due to subsidiaries *)	87	93
Amounts due to other lenders	63,021	52,015
TOTAL	**473,160**	**459,763**

*) not consolidated on a global integration basis

The composition of the gross financial debt is the following:

In thousands of euros	*Balance at 30.06.2013*	*Balance at 31.12.2012*	*Nominal value at 30.06.2013*	*Nominal value at 31.12.2012*
Bonds	194,413	193,550	201,799	201,799
Amounts due to bank	692,281	613,215	694,957	613,330
Amounts due under finance leases	6,282	6,745	6,282	6,745
Amounts due to subsidiaries *)	87	93	87	93
Amounts due to other lenders	66,585	56,547	66,585	56,547
TOTAL	**959,648**	**870,150**	**969,710**	**878,514**

*) not consolidated on a global integration basis

The following prospectus shows the reimbursement plan for the gross financial debt at 30 June 2013 of the Immsi Group:

In thousands of euros	*Nominal value at 30.06.2013*	*Portions falling due within 12 months*	*Portions falling due within 30.06.2015*	*Portions falling due within 30.06.2016*	*Portions falling due within 30.06.2017*	*Portions falling due within 30.06.2018*	*Portions falling due beyond*
Bonds	201,799	0	0	0	150,000	9,669	42,130
Amounts due to bank	694,957	409,205	54,456	138,817	36,589	28,274	27,616
Amounts due under finance leases	6,282	957	5,325	0	0	0	0
Amounts due to subsidiaries *)	87	87	0	0	0	0	0
Amounts due to other lenders	66,585	63,021	1,636	978	314	317	319
TOTAL	**969,710**	**473,270**	**61,417**	**139,795**	**186,903**	**38,260**	**70,065**

*) not consolidated on a global integration basis

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

In thousands of euros	Balance at 31.12.2012	Balance at 30.06.2013	Nominal value at 30.06.2013	Interest rate at 30.06.2013
Euro	819,992	894,248	904,310	3.95%
Vietnamese Dong	14,894	32,554	32,554	11.71%
Japanese Yen	3,952	3,439	3,439	1.90%
Indian Rupee	25,291	25,644	25,644	10.30%
Indonesian Rupiah	2,989	2,234	2,234	8.00%
US Dollar	3,032	1,529	1,529	2.10%
TOTAL	**870,150**	**959,648**	**969,710**	**4.37%**

Amounts due to banks mainly include the following loans:

Immsi S.p.A.

- a 30,342 million euros loan (residual nominal value 30,667 thousand euros) granted by the pool of banking firms originally composed of Banca Popolare di Lodi, Efibanca and Cassa di Risparmio di Lucca Pisa Livorno (now merged into Banco Popolare) at a rate equal to the variable Euribor increased by a spread 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 a contract to hedge the variable rate with a fixed rate equal to 2.41% (plus spread) 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 two covenants (complied with at the last verification date) to be calculated in relation to the ratio between Net financial debt and Shareholders' equity of Immsi S.p.A., and to the ratio between rental instalments and interest on the loan itself;
- revolving credit line granted by the bank Monte dei Paschi di Siena for a total nominal value of 30 million euros (fully used at 30 June 2013) and entered in the balance sheet for a value of 29,890 thousand euros based on the principle of amortised cost. The line, expiring at April 2014 and rate of reference equal to the variable Euribor increased by a spread, is guaranteed by the lien on approximately 23.3 million Piaggio & C. S.p.A. shares and envisages meeting a covenant regarding the minimum Immsi Group shareholders' equity (complied with at the last verification date);
- Bullet – Multi Borrower financing granted by Intesa Sanpaolo for a total of 70 million euros, with maturity at December 2013, and variable reference rate equal to Euribor increased by a spread, of which 25 million euros granted to Immsi, 30 million euros disbursed to ISM Investimenti and 15 million euros disbursed to Rodriquez Cantieri Navali S.p.A. (merged by incorporation into the subsidiary Intermarine S.p.A. with legal effect from 31 December 2012): This financing is guaranteed by the lien on 45 million Piaggio & C. S.p.A. shares;
- revolving credit line granted by Intesa Sanpaolo for 25 million euros, fully used at 30 June 2013, with reference rate equal to the Euribor increased by a spread and maturing in June 2014. This line envisages a covenant (complied with at the last verification date) to be calculated from the ratio between Net financial position and Shareholders' equity at Immsi Group level;
- credit line granted by Intesa Sanpaolo for a total nominal value of 15 million euros (fully used at 30 June 2013) and entered in the balance sheet for a value of 14,832 thousand euros based on the principle of amortised cost. The line, expiring in February 2016 and having a rate of reference equal to the variable Euribor increased by a spread, is guaranteed by the lien on 10 million Piaggio & C. S.p.A. shares and envisages meeting a

covenant regarding the ratio between Net financial position and Shareholders' equity at Immsi Group level (complied with at the last verification date);

- revolving credit line granted by Unicredit for 25 million euros (used for 11 million euros at 30 June 2013), with reference rate equal to the Euribor increased by a spread and maturing in April 2014. This line is assisted by a deposit of overall 20 million Piaggio & C. S.p.A. shares, and envisages a covenant (complied with at the last verification date) to be calculated from the ratio between the total value of shares held by Immsi S.p.A. in Piaggio & C. S.p.A. and the net financial debt of the Company;
- revolving credit line granted by Banco Popolare for 20 million euros (fully used at 30 June 2013), guaranteed by approx. 12.7 million Piaggio & C. S.p.A. shares, expiring at November 2013 and a rate of reference equal to the variable Euribor increased by a spread;
- loan granted by Banca Popolare dell'Emilia Romagna for nominal value 15 million euros (fully used) and entered in the balance sheet at 30 June 2013 for 14,836 thousand euros, based on the principle of the amortized cost, falling due in March 2017 at the reference rate equal to the Euribor increased by a spread. This facility provides for an amortisation schedule in half-yearly instalments of an increasing amount from September 2013 and is guaranteed by the lien on 11.6 million Piaggio & C. S.p.A. shares. This loan also envisages two covenants regarding the ratio between Net financial position/EBITDA and Net financial position/Shareholders' equity at Immsi Group level (complied with at the last verification date);
- a revolving credit line granted by the bank Banca Nazionale del Lavoro for a total of 10 million euros (fully used at 30 June 2013). The line, expiring at October 2013 and rate of reference equal to the variable Euribor increased by a spread, is guaranteed by the lien on approx. 7 million Piaggio & C. S.p.A. shares, and envisages meeting two covenants regarding the ratio between Net financial position/EBITDA at Immsi Group level and Net financial position and Shareholders' equity of Immsi S.p.A. (complied with at the last verification date);
- contract of stock loan from Immsi S.p.A. to Banca Akros that, with the loan of 2,787,000 Unicredit shares, requires delivery by the intermediary of cash collateral for an amount of approx. 8,835 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 a spread, calculated on the cash collateral disbursed from Banca Akros.

Piaggio group

- an approx. 64,286 thousand euros medium-term loan 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 initial amortisation quota of 14 six-monthly instalments to be repaid at a variable rate equal to the six-month Euribor plus a spread: contract terms provide for covenants (a full description of which can be found in section *P – Information on financial instruments*). An interest rate swap was taken out on the loan to hedge the interest rate risk;
- a 60,000 thousand euros medium-term loan from the European Investment Bank to finance Research & Development investments planned for the period 2013-2015. The loan will fall due in December 2019 and has an amortisation quota of 11 six-monthly instalments at a fixed rate. Contract terms provide for covenants (a full description of which can be found in section *P – Information on financial instruments*);
- a medium-term revolving syndicated loan of 63,090 thousand euros (nominal value of 65,000 thousand euros): granted in December 2011 and finalised in January 2012, as suspension conditions had been met. The loan, of a total value of 200,000 thousand euros,

has an irrevocable duration of 4 years and because of this commitment undertaken by the lenders, inter-annual use may be extended up to final maturity. Consequently, the loan is classified under non-current liabilities. Contract terms provide for covenants (a full description of which can be found in section *P – Information on financial instruments*);

- a 23,537 thousand euros medium-term loan (equal to 36,850 thousand USD) granted by International Finance Corporation (a World Bank member) to the subsidiary Piaggio Vehicles Private Limited with interest accruing at a variable rate. The loan will fall due on 15 July 2019 and has an amortisation quota of six-monthly instalments from January 2014. Contract terms provide for a guarantee from Piaggio & C. S.p.A. and compliance with some covenants (a full description of which can be found in section *P – Information on financial instruments*). Cross currency swaps were taken out on the loan to hedge the exchange risk and interest rate risk;
- a 14,857 medium-term loan (equal to 19,680 thousand USD) granted by International Finance Corporation to the subsidiary Piaggio Vietnam with interest accruing at a variable rate. The loan will fall due on 15 July 2018 and has an amortisation quota of six-monthly instalments from July 2014. Contract terms provide for a guarantee from Piaggio & C. S.p.A. and compliance with some covenants (a full description of which can be found in section *P – Information on financial instruments*). Cross currency swaps were taken out on the loan to hedge the exchange risk and interest rate risk;
- a 3,125 thousand euros five-year unsecured loan from GE Capital Interbanca stipulated in September 2008;
- 4,465 thousand euros of loans from various banks pursuant to Italian Law no. 346/88 on subsidised applied research;
- a 4,556 loan from Banca Intesa granted pursuant to Italian Law no. 297/99 on subsidised applied research;
- a 1,050 thousand euros eight-year subsidised loan from ICCREA in December 2008 granted under Italian Law 100/90.

It should be pointed out that all the above financial liabilities are unsecured.

Intermarine S.p.A.

- loans from Intesa Sanpaolo for a total of 46.5 million euros to be repaid following the receipts relating to the contract for three minesweepers with the Finnish Navy;
- existing line of credit for 10 million euros with Intesa Sanpaolo and counter-secured at 50% by SACE, fully used at 30 June 2013, dedicated to cover the residual requirement necessary for completing the order with the Finnish Navy;
- amortising loan disbursed by Intesa Sanpaolo for 15 million euros and fully used at 30 June 2013, with a maturity of five years, two years of pre-amortisation, and assisted by a second mortgage on the Intermarine buildings of Sarzana;
- outstanding loan for a residual amount of approx. 3.1 million euros with Banca Popolare di Lodi to be repaid in seven annual instalments, maturing in March 2015, and secured by a first mortgage on the Intermarine buildings located in Sarzana: on the loan there is a rate hedging contract that transforms the floating rate into fixed rate;
- existing lines with Banca Ifis for advance operations, used at 30 June 2013 for 10.6 million euros related to advances on contract and for 8.4 million euros to advances on lines for advances on contract and invoices;
- existing lines with Banca Carige for a total of 11.9 million euros, of which approximately 9.5 million euros used for invoice advances;
- use of loans for overdrafts of 2.3 million euros.

Is Molas S.p.A.

- 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;
- 1st degree mortgage loan on the "Le Ginestre" real estate complex for a duration of 7 years, stipulated in November 2009 with Banca Popolare di Lodi for an amount equal to 5 million euros, which to date is outstanding for approx. 4.5 million euros; the terms of the mortgage require 2 years of preammortization at the Euribor three months rate increased by a spread.

The item Bonds amounting to around 194.4 thousand euros (par value of around 201.8 thousand euros) refers to:

- for 142,938 thousand euros the high yield debenture loan issued on 4 December 2009 for a nominal amount of 150,000 thousand euros, maturing on 1 December 2016 with a semi-annual coupon with fixed annual nominal rate of 7%. The Standard & Poor's and Moody's rating agencies both assigned BB- and Ba3 ratings respectively with stable outlook;
- for 51,475 thousand euros (nominal amount of 51,799 thousand euros) the private debenture loan ("US Private Placement") issued on 25 July 2011 for 75,000 thousand USD entirely underwritten by an American institutional investor, reimbursable in 5 annual instalments starting from July 2017 with a six-monthly coupon at the fixed annual nominal rate of 6.50%. A Cross Currency Swap was placed on this bond issue to cover the exchange risk and the interest rate risk.

Payables for financial leasing refer to the lease granted by Unicredit Leasing S.p.A. to Piaggio & C. S.p.A. for a total amount of 6,282 thousand euros, of which 5,325 thousand euros falling due beyond 12 months.

Overall, amounts due to other lenders are equal to 66,585 thousand euros, of which 63,021 thousand euros falling due within one year. They are detailed below:

- subsidized loans granted to Piaggio group totalling 5,191 thousand euros granted by the Ministry of Economic Development and by the Ministry of University and research pursuant to legislation to encourage exports and investment in research and development (non-current portion equal to 3,564 thousand euros);
- advances both from factoring operations and banks on pro-solvendo transfer of trade receivables equal to 30,179 thousand euros related to the Piaggio group;
- two shareholder loans respectively of 6,000 and 7,892 thousand euros by Intesa Sanpaolo (shareholder of the company) to RCN Finanziaria S.p.A. convertible into shares of the beneficiary, expiring in April 2012 and in April 2015 respectively: for the first, to date tacitly extended, the renewal with the same maturity of the second is in its preparation phase;
- shareholder financing for 17,323 thousand euros with duration equal to 10 years and expiring in December 2018, acknowledged by IMI Investimenti S.p.A. (company shareholder) to ISM Investimenti S.p.A..

- G3 - TRADE PAYABLES AND OTHER PAYABLES 656,088

Trade payables and other payables total 656,088 thousand euros (compared to 626,698 thousand euros at 31 December 2012), of which 649,023 thousand euros (compared to 617,634 thousand euros at 31 December 2012) falling due within one year: the increase in the item in question during the first half of 2013 is due primarily to the aforementioned seasonal nature of the Piaggio group's business. The following is a breakdown of the trade payables and other current liabilities:

In thousands of euros	Balance at 30.06.2013	Balance at 31.12.2012
Trade payables	566,243	532,759
Amounts due to related companies	15,231	16,742
Amounts due to controlling companies	20	0
Other payables	67,529	68,133
TOTAL	**649,023**	**617,634**

Payables due to related companies at 30 June 2013 refer for 15,028 thousand euros to the purchase of vehicles made by the Piaggio group from the Chinese joint venture Zongshen Piaggio Foshan Motorcycle Co. Ltd. and 203 thousand euros from payables of Intermarine S.p.A. towards the CTMI Consortium.

The “Other current payables” item is detailed below:

In thousands of euros	Balance at 30.06.2013	Balance at 31.12.2012
Amounts due to employees	28,339	21,150
Liabilities connected to hedging instruments	884	1,635
Advances from customers	915	813
Amounts due to partners and shareholders	2	3
Amounts due for guarantee deposits	34	213
Amounts due to company boards	545	489
Amounts due to social security institutions	6,787	10,212
Other amounts due to third parties	1,222	2,618
Other amounts due to associated companies	32	127
Other amounts due to controlling companies	0	16
Accrued expenses	9,888	10,615
Deferred income	6,765	6,611
Other payables	12,116	13,631
TOTAL	**67,529**	**68,133**

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

- G4 - RESERVES FOR SEVERANCE INDEMNITY AND SIMILAR OBLIGATIONS 54,175

The reserve for pension and similar obligations amounts to 54,175 thousand euros at 30 June 2013, an approx. 665 thousand euros decrease compared to the figure at 31 December 2012. The reserve is detailed below:

In thousands of euros	Balance at 31.12.2012	Service cost	Actuarial cost	Interest cost	Applications and other movements	Balance at 30.06.2013
Employees’ severance indemnity reserves	53,739	4,272	6,103	70	(11,122)	53,062
Other reserves	1,101	123	0	0	(111)	1,113
TOTAL	**54,840**	**4,395**	**6,103**	**70**	**(11,233)**	**54,175**

The item "Provision for severance indemnities", constituted by the severance indemnity fund for the employees of the Italian companies belonging to the Immsi Group, includes the post-employment benefits identified as defined benefit plans. With regard to the discount rate, the evaluation of this parameter took as reference the index iBoxx Corporates A with a duration of 10+ at 30 June 2013: if the index *iBoxx Corporates AA* with a duration of 10+, the values of the actuarial losses and of the provision would have been higher by approx. 1.6 million euros.
The item "Other funds" is mainly composed of funds for personnel set aside by the foreign companies of the Immsi Group and of the supplementary indemnity fund for customers, that represents the indemnities owing to the agents of 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.

- G5 - OTHER LONG-TERM RESERVES 32,078

The balance of other long-term reserves, including the portion falling due within 12 months, totals 32,078 thousand euros at the end of June 2013, a 3,641 thousand decrease compared to 31 December 2012.
The other reserves recognised in the financial statements are detailed below:

In thousands of euros	*Balance at 31.12.2012*	*Provisions*	*Applications*	*Other movements*	*Balance at 30.06.2013*	*Of which current portion*
Product warranty reserve	17,753	5,499	(5,731)	(32)	17,489	12,647
Reserve for risks on equity investments	3,084	67	0	0	3,151	2,904
Contractual risks reserve	4,321	0	(19)	0	4,302	386
Other provisions for risks and charges	10,561	2,437	(5,968)	106	7,136	3,732
TOTAL	**35,719**	**8,003**	**(11,718)**	**74**	**32,078**	**19,669**

The product warranty reserve mainly relates to provisions made at 30 June 2013 by the Piaggio group for 14,782 thousand euros (14,836 thousand euros at 31 December 2012) and by the subsidiary Intermarine S.p.A. for 2,707 thousand euros (2,917 thousand euros at 31 December 2012) for technical support for products that are estimated to be carried out in the contractual warranty period. As regards – in particular – the forecasts made by the Piaggio group, this period varies according to the type of goods sold and the market, and is also determined by the customer take-up to commit to planned maintenance. With reference to Intermarine S.p.A., it should be noticed that the company allocates this reserve for maintenance under guarantee to be carried out in the future years on naval vessels under construction delivered during the year and/or in previous years, assessed on the basis of the estimate of costs incurred in the past for similar vessels.
The risk funds on participations was set up against the charges that could derive from some foreign companies currently having a negative shareholder’s equity, whereas 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 also comprise the provision for legal risks and the provision related to the negative margin referring to the completion of the Oman order of the subsidiary Intermarine S.p.A..

- G6 - DEFERRED TAX LIABILITIES 30,642

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 2,311 thousand euros of deferred tax assets, consistent by due date and by nature while the increase by 2,112 thousand euros compared

to the book value at 31 December 2012 is mainly ascribable to the Piaggio group and derives from the deferred taxes recorded on the reserves of the Indian affiliate that will be subject to taxation when they will be transferred to Piaggio & C. S.p.A..
Deferred tax liabilities are therefore recorded by the Piaggio group for 8,639 thousand euros, by the Parent company Immsi S.p.A. – for 20,050 thousand euros, mainly for the evaluation at fair value of the real estate investment in Rome – and by the subsidiary Intermarine S.p.A. for 1,953 thousand euros.

- G7 - CURRENT TAXATION 21,105

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 3,588 thousand euros compared to the year end of 2012, and it results as follows:

In thousands of euros	***Balance at 30.06.2013***	***Balance at 31.12.2012***
Amounts due for income tax	8,938	4,326
VAT payables	5,972	3,076
Amounts due for withholding tax	4,004	6,240
Amounts due for local taxes	39	65
Other payables	2,152	3,810
TOTAL	**21,105**	**17,517**

The item under examination, which refers for 20,310 thousand euros to the Piaggio group, includes tax payables recorded in the financial statements of each consolidated company, allocated in relation to tax charges referring to individual companies on the basis of applicable national laws, whereas amounts due for withholding tax are mainly recorded against withholdings on salaries, on termination payments and self-employed income. It is also pointed out that this line item also includes non-current tax liabilities of 232 thousand euros, entirely attributable to the Piaggio group.

- H - INFORMATION ON THE MAIN INCOME STATEMENT ITEMS

Amounts are stated in thousands of euros unless otherwise indicated.

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

- H1 - NET REVENUES 695,695

The revenues from sales and services at 30 June 2013 of the Immsi Group total 695,695 thousand euros (a 104,059 thousand euros decrease compared to the same period of the previous year, or -13%), of which 671,549 thousand euros attributable to the industrial sector (-92,527 or -12.1%), 21,881 thousand euros to the naval sector (-11,619 or -34.7%) and the balance to the property and holding sector (2,265 thousand euros, a 87 thousand euros increase compared to 30 June 2012, or +4%).
This item is stated net of premiums given to the customers of the Piaggio group (dealers) and it does not include transport costs recharged to customers and the recovery of advertising costs invoiced, which are shown under other operating income. Moreover, revenues do not include recharges for condominium fees, offset with the related costs incurred by the Parent Company Immsi S.p.A..
Below is a division of the revenues by business sectors and by geographical area of destination, that is, referring to the nationality of the customer.

By business sector

In thousands of euros	*First half of 2013*		*First half of 2012*	
	Amount	*%*	*Amount*	*%*
Property and holding sector	**2,265**	**0.3%**	**2,178**	**0.3%**
Industrial sector (Piaggio group)	**671,549**	**96.5%**	**764,076**	**95.5%**
of which Two-Wheeler business	489,804	70.4%	561,901	70.3%
of which Commercial Vehicle business	181,745	26.1%	202,175	25.3%
Naval sector (Intermarine S.p.A.)	**21,881**	**3.1%**	**33,500**	**4.2%**
TOTAL	**695,695**	**100.0%**	**799,754**	**100.0%**

By geographical area

In thousands of euros	*First half of 2013*		*First half of 2012*	
	Amount	*%*	*Amount*	*%*
Italy	126,461	18.2%	170,932	21.4%
Other European countries	251,703	36.2%	321,309	40.2%
Rest of the World	317,531	45.6%	307,513	38.5%
TOTAL	**695,695**	**100.0%**	**799,754**	**100.0%**

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

- H2 - COSTS FOR MATERIALS 396,519

Costs for materials total 396,519 thousand euros, compared to 464,617 thousand euros of the same period in the previous year: 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 reduction in Costs of materials is mainly ascribable to the Piaggio group, whose Costs of materials went from 443,299 in the first half of 2012 to 386,266 in the same period of 2013, showing a decrease of 57,033 thousand euros or -12.9%: the relative percentage impact on the net revenues of the group also shows a decrease, from 58% in the first half of 2012 to 57.5% at 30 June 2013 due to the lower weight of the scooter purchases from the Chinese joint venture Zongshen Piaggio Foshan, which are sold on European and Asian markets and whose value in the semester amounted to 13,991 thousand euros (19,626 thousand euros in the first half of 2012).

Consequently, even at an Immsi Group level the incidence of Costs of materials on the net revenues were down during the first half of 2013, amounting to 57% compared to 58.1% in the corresponding period of 2012.

The table below details the contents of the item under examination:

In thousands of euros	*First half of 2013*	*First half of 2012*
Change in inventories of finished products, work in progress and semi-finished products	(8,409)	(31,227)
Change in capitalised piecework	(408)	(75)
Purchase of raw materials and consumables	433,920	513,164
Change in raw materials and consumables	(28,584)	(17,245)
TOTAL	**396,519**	**464,617**

- H3 - COSTS FOR SERVICES AND THE USE OF THIRD PARTY ASSETS 119,647

Costs for services and use of third party assets total 119,647 thousand euros and are detailed in the table below:

In thousands of euros	*First half of 2013*	*First half of 2012*
Transport costs	17,248	21,641
Product warranty costs	4,370	8,281
Advertising and promotion	12,577	16,385
Work performed by third parties	14,257	18,912
External maintenance and cleaning costs	4,320	4,339
Personnel costs	8,285	11,060
Technical, legal, tax, administrative consultancy, etc.	14,402	14,508
Sundry commercial expenses	5,214	8,160
Energy, telephone, postage costs, etc.	11,756	11,779
Services provided	269	567
Insurance	2,409	2,538
Cost of company boards	2,384	2,632
Sales commissions	514	554
Part-time staff and staff of other companies	695	437
Other costs	11,925	15,534
TOTAL COSTS FOR SERVICES	**110,625**	**137,327**

Rental instalments of business property	4,552	4,703
Rental instalments for cars, office machines and other instalments	4,470	5,938
TOTAL COSTS FOR USE OF THIRD PARTY ASSETS	**9,022**	**10,641**
TOTAL COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS	**119,647**	**147,968**

The costs for services and the use of third parties assets are down by 28,321 thousand euros (or -19.1%) compared to the same period of the preceding year: these savings were mainly related to the reduction in the volume of the Group's activities. In particular, the savings relative to Costs for use of third party assets is mainly ascribable to the Piaggio group and results from the concentration of spare parts in the new warehouse, which has allowed the closure of other logistics warehouses occupied as lessee in Italy and France.

- H4 - PERSONNEL COSTS 125,628

Personnel costs comprise the following:

In thousands of euros	*First half of 2013*	*First half of 2012*
Salaries and wages	96,257	98,188
Social security costs	24,769	25,200
Employee leaving indemnity	4,272	4,699
Pension and similar obligations	123	349
Stock options	0	385
Other costs	207	41
TOTAL	**125,628**	**128,862**

In the first half of 2013 the cost of personnel decreased by 3,234 thousand euros (-2.5%) compared to the corresponding period of the preceding year. The savings achieved are mainly attributable to the Piaggio group, also subsequent to the failure to assess a significant part of the variable costs related to incentive systems of staff at all levels, due to the non-achievement of the targets. Furthermore, it is pointed out that within the sphere of the cost of personnel 6,625 thousand euros have been recorded for the charges related to mobility plans applied to the production sites of the Piaggio group in Pontedera, Noale and Martorelles. Furthermore, it is pointed out that within the sphere of the cost of personnel no burdens for stock options have been recorded (compared to 385 thousand euros during the first half of the previous year).

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

	First half of 2013	*First half of 2012*
Senior managers	111	111
Middle managers and employees	2,938	2,937
Manual workers	5,666	5,595
TOTAL	**8,715**	**8,643**

The increase in headcount was attributable mainly to the Piaggio group and is mainly related to the new two-wheeler plant in India, which has more than offset the reductions recorded in the other geographical areas. It is also noted that the average number of the personnel is affected by the presence of seasonal workers in the summer months (fixed-term employment contracts): in fact the group, in order to cope with the peaks in demand typical of the summer months, recruits fixed-term employees.

- H5 - DEPRECIATION OF TANGIBLE ASSETS 21,364

A summary of the depreciations of tangible assets at 30 June 2013 is provided below:

In thousands of euros	First half of 2013	First half of 2012
Depreciation of property	2,658	2,481
Depreciation of plant and machinery	9,552	7,887
Depreciation of industrial and commercial equipment	7,621	8,148
Depreciation of assets to be given free of charge	469	501
Depreciation of other assets	1,064	1,086
DEPRECIATION OF TANGIBLE ASSETS	**21,364**	**20,103**

The increase in depreciation of the tangible assets (amounting to 1,261 thousand euros, ie +6.3%) is mainly ascribable to the Piaggio group and is derived from the full operational condition in 2013 of the new factories for Vespa in India and engines in Vietnam, which became operational during 2012.

- H6 - AMORTISATIONS OF FINITE LIFE INTANGIBLE ASSETS 23,157

Amortizations of intangible assets with a finite life recognised in the first half of 2013 total 23,157 thousand euros and include, under the item “Trademarks and licenses”, 1,597 thousand euros related to the amortization of the Aprilia brand and 813 thousand euros related to the amortization of the Moto Guzzi brand. The item under examination comprises the following:

In thousands of euros	First half of 2013	First half of 2012
Amortisation of development costs	12,355	11,472
Amortisation of concessions, patents, industrial and similar rights	7,822	8,242
Amortisation of trademarks and licences	2,414	4,521
Amortisation of software	5	28
Amortisation of other intangible assets with a finite life	561	402
AMORTISATION OF INTANGIBLE ASSETS	**23,157**	**24,665**

The decrease in the amortisation of intangible assets with a finite life (equivalent to 1,508 thousand euros, ie -6.1%) is mainly due to the change in the useful life of the Aprilia and Moto Guzzi trademarks made at 31 December 2012, which more than offset the entry into operation of the development costs of some important new vehicles of the Piaggio Group. For further details, please refer to what is more fully described in the Explanatory notes relating to Intangible assets contained within this Half-yearly financial report at 30 June 2013.

Furthermore, it should be remembered that as of 1 January 2004, goodwill is no longer amortised but tested annually for impairment: reference is made to the Explanatory note on Intangible assets for details about the activities carried out. Here it should be noted that among the amortization of intangible assets, goodwill impairments are not recognized both in the first six months of 2013 and in the corresponding period of the previous year, as i) on the basis of the results projected in the long-term development plans prepared by the Group companies and used in the impairment tests carried out at 31 December 2012, and ii) on the basis of the analysis conducted by the Management of the Group upon the preparation of this Half-yearly Financial Report at 30 June 2013, no need arose for any write-downs as the goodwill was deemed to be recoverable through future cash flows.

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

- H7 - OTHER OPERATING INCOME 52,049

The "Other operating income" item comprises:

In thousands of euros	*First half of 2013*	*First half of 2012*
Gains on disposal of tangible assets	15	3
Sponsorships	1,632	1,980
Grants	3,786	1,469
Recovery of sundry costs	18,735	20,282
Licence rights	911	1,118
Sale of materials and sundry equipment	729	468
Insurance settlements	1,789	1,705
Increases for capitalised internal construction	17,654	21,511
Active instalments	151	69
Other operating income	6,647	9,405
TOTAL	**52,049**	**58,010**

The other operating income has decreased compared to the corresponding period of the preceding year for 5,961 thousand euros (or -10.3%). This reduction is mainly due to the Piaggio group which showed a decrease of 5,479 thousand euros (or -10%) in the item under examination, mainly due to a drop in its assets volume.

The contributions, mainly related to the Piaggio group, mainly refer to government and EU funding for research projects, recognised in profit or loss, with reference to the amortisation and depreciation of capitalised costs for which the grants were received. The same item also includes export contributions received from the Indian subsidiary of the Piaggio group. "Recovery of sundry costs" (less the amount in reduction of costs incurred) are related to transport costs recharged to customers, the charges for which are classified under "Costs for services and use of third party assets".

- H8 - OTHER OPERATING COSTS 15,174

The "Other operating costs" item totals 15,174 thousand euros at 30 June 2013 and comprises the following:

In thousands of euros	First half of 2013	First half of 2012
Losses on disposal of tangible assets	32	6
Taxation (not on the income)	2,509	2,281
Provisions for future and other risks	8,003	13,582
Write-down of trade receivables (including provisions to bad debt reserve)	1,456	663
Other operating costs	3,174	4,819
TOTAL	**15,174**	**21,351**

Overall, other operating costs decreased by 6,177 thousand euros (-28.9%) compared to the same period of the previous year, mainly due to lower allocations to the risk funds made mainly by the subsidiary Intermarine S.p.A. compared to the same period in the previous year.

- H9 - EARNINGS ON EQUITY INVESTMENTS 1,000

The item referred to shows a positive balance of 1,000 thousand euros at 30 June 2013 and regards the equity assessment and the stake in the Zongshen Piaggio Foshan Motorcycle Co. Ltd. joint venture.

- H10 - FINANCIAL INCOME 8,554

Financial income recognised by the Group at 30 June 2013 is detailed below:

In thousands of euros	First half of 2013	First half of 2012
Interest receivable	1,651	1,294
Exchange gains	6,238	4,549
Other income	665	312
TOTAL	**8,554**	**6,155**

The increase by 2,399 thousand euros (+39%) was mainly due to higher exchange gains recorded by the Piaggio group, which is partially offset by the increase in exchange losses entered in the item Financial Income.

- H11 - FINANCIAL CHARGES 33,120

The financial charges at 30 June 2013 are detailed below:

In thousands of euros	First half of 2013	First half of 2012
Interest payable on bank loans	11,403	14,324
Interest payable on loans from third parties	3,005	3,785
Interest payable on bonds	6,071	6,031
Other interest payable	3,459	961
Fees payable	1,057	1,128
Exchange losses	6,825	4,229
Fair value and interest rate hedging charges	41	0
Financial component of retirement funds and staff severance fund (TFR)	799	1,017
Other charges	460	341
TOTAL	**33,120**	**31,816**

Financial charges at 30 June 2013 increased by 1,304 thousand euros (+4.1%), primarily as a result of an increase in the average cost of funding and the increase in foreign exchange Losses recorded by the Piaggio group, which are partially offset by the increase of the exchange Gains recorded in the preceding Financial income item. The item in question also benefited from the capitalisation of 2.4 million euros of borrowing costs in accordance with IAS 23 by the Piaggio group.

- H12 - TAXATION 12,291

The expected income tax charge at 30 June 2013 for the companies consolidated on a line-by-line basis amounts to 12,291 thousand euros, with an incidence on the earnings before taxation of 54.2% (42.7% during the first half of 2012), equal to the best estimate of the expected weighted average rate for the whole year. The increase in the item in question compared to what was recorded during the first half of 2012 (+727 thousand euros) is mainly ascribable to a lower recording of deferred tax assets by the Group companies compared to what was recorded during the first half of 2012, only partially offset by the effect of the lower consolidated earnings before taxation achieved during the first half of 2013.

- H13 - 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 corresponding period of the previous year.

- H14 - GROUP EARNINGS FOR THE PERIOD 4,319

The Immsi Group earnings for the period total 10,398 thousand euros, of which 6,079 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 2012 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 30 June 2013 is shown below, compared to the corresponding figures at 31 December 2012 and at 30 June 2012. 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)	***30.06.2013***	***31.12.2012***	***30.06.2012***
Cash and cash equivalent	-106,410	-96,623	-110,510
Other short-term financial assets	-12,770	-1,292	-37
Medium/long-term financial assets	0	-2,893	-2,753
Short-term financial payables	473,160	459,763	356,787
Medium/long-term financial payables	486,488	410,387	493,841
Net financial debt *	**840,468**	**769,342**	**737,328**

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

As laid down by CONSOB communication no. 6064293 of 28 July 2006 and in conformity with the CESR recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses" the Net financial debt - calculated excluding the Credits for medium and long term loans - would amount to 772,235 thousand euros and 740,081 thousand euros at 31 December 2012 and at 30 June 2012 respectively: this adjustment did not affect the figures at 30 June 2013 as there are no medium/long-term financial Receivables.

- N - DIVIDENDS PAID

As proposed by the Board of Directors on 25 March 2013 and as approved by the Ordinary Shareholders' Meeting on 30 April 2013, the Parent company did not distribute any dividends during the first half of 2013.
It should be remembered that during the first half of 2012, Immsi S.p.A. had distributed dividends (relative to the distribution of the 2011 fiscal year profits, as deliberated in the assembly of 11 May 2012) equal to 0.03 euros per ordinary share for a total of 10,216 thousand euros.

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

	30.06.2013	30.06.2012
Net profit attributable to ordinary shareholders (in thousands of euros)	4,319	6,318
Average weighted number of shares in circulation during the year	340,530,000	340,530,000
Basic earnings per share	**0.013**	**0.019**

Diluted earning per share

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

The Company has no category of potential ordinary shares at 30 June 2013, therefore the diluted income per share coincides with the above basic earning per share.

- P - INFORMATION ON FINANCIAL INSTRUMENTS

Below we summarise the information related to the financial instruments, the risks connected with them, as well as the "sensitivity analysis" in accordance with the requirements of IFRS 7. The following table shows the financial instruments of the Immsi Group registered in the financial statements at 30 June 2013 and at 31 December 2012:

In thousands of euros	*30 June 2013*	*31 December 2012*
ASSETS		
NON-CURRENT ASSETS		
Other financial assets	***55,776***	***59,652***
Financial receivables	0	2,923
Financial assets	55,776	56,729
CURRENT ASSETS		
Other financial assets	***22,803***	***11,626***
Financial receivables	12,738	0
Financial assets	10,065	11,626
LIABILITIES		
NON-CURRENT LIABILITIES		
Financial liabilities	***497,753***	***422,793***
Bonds	194,413	193,550
Amounts due to bank	283,186	206,496
Amounts due under finance leases	5,325	5,809
Amounts due to other lenders	3,564	4,532
Financial liabilities for hedging instruments	11,265	12,406
CURRENT LIABILITIES		
Financial liabilities	***473,160***	***459,763***
Amounts due to bank	409,095	406,719
Amounts due under finance leases	957	936
Amounts due to subsidiaries	87	93
Amounts due to other lenders	63,021	52,015

Financial assets

The current and non-current financial assets are fully commented upon within the Explanatory note *F5 – Other financial assets*, which reference is made to.

Current and non-current liabilities

The current and non-current liabilities are fully commented upon within the Explanatory note *G2 – Financial liabilities*, which reference is made to. In this section the debt is divided by type and detailed by expiration.
The main loan agreements, fully described in Note G2 on Financial Liabilities, require, in line with market practices for borrowers with a similar credit standing, compliance with:

- financial covenants, on the basis of which the company undertakes to comply with certain levels of contractually defined financial indices, with the most significant comprising the ratio of net financial debt/gross operating margin (EBITDA), measured on the consolidated perimeter of the Group, according to definitions agreed on with lenders;
- negative pledges according to which the company may not establish collaterals or other constraints on company assets;
- "pari passu" clauses, on the basis of which the loans will have the same repayment priority as other financial liabilities, and change of control clauses, which are effective if the majority shareholder loses control of the company;
- limitations on the extraordinary operations the company may carry out.

The measurement of financial covenants and other contract commitments is monitored by the Group companies on an ongoing basis. According to results as of the most recent verification dates, all covenants had been fully met.

With particular reference to the Piaggio group, the debenture loan issued by the company in December 2009 requires compliance with typical covenants of international high-yield market practices. In particular, the company must observe the EBITDA/Net financial borrowing costs index, based on the threshold established in the Prospectus, to increase financial debt defined during issue. In addition, the Prospectus includes some obligations for the issuer, which limit, inter alia, the capacity to i) pay dividends or distribute capital; ii) make some payments; iii) grant collaterals for loans; iv) merge with or establish some companies; and v) sell or transfer own assets. Failure to comply with the covenants and other contract commitments of the loan and debenture loan, if not remedied in agreed times, may give rise to an obligation for the early repayment of the outstanding amount of the loan.

Lines of credit

At 30 June 2013 the Group had irrevocable credit lines up to expiry, which amount to 734.1 million euros (794.9 million euros at 31 December 2012), the detail of which is found in the Explanatory note *G2 – Financial liabilities*.

Management of financial risks

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

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

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

<u>Management of capital and liquidity risk</u>

The liquidity risk derives from the possibility that available financial resources may not be sufficient to hedge, in the means and times, future disbursements generated by financial and/or commercial bonds.
The **Parent Company Immsi S.p.A.** operates with financing for the Group's subsidiaries and/or by issuing guarantees finalized at facilitating their supply: the above operations are regulated under normal market conditions.
With particular reference to the **Piaggio group**, to face such risk, cash flows and the company's credit line needs are monitored and/or managed centrally under the control of the Group's Cash management in order to guarantee an effective and efficient management of the financial resources as well as optimising the debt's maturity standpoint. Moreover, Piaggio & C. S.p.A. finances the temporary cash requirements of Group companies by providing direct or indirect short-term loans regulated in market conditions or through guarantees.

For greater coverage of the risk of liquidity, at 30 June 2013 the Immsi Group had unused credit lines available for 321,491 thousand euros (464,813 thousand euros at 31 December 2012) of which 186,491 with expiration within 12 months and 135,000 thousand euros with following expiration.

<u>Management of the exchange rate risk</u>

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

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

- <u>The transactive exchange risk</u>: the policy provides the integral hedging of this risk, which derives from 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. To cover this type of exchange risk, first of all recourse is taken to the natural offsetting of the exposure (netting between sales and purchases in the same foreign currency) and, if necessary, to signing derived contracts of temporary sales or purchase in foreign currency as well as denominated credit advances in foreign currency. As of 30 June 2013 Piaggio & C. S.p.A. had in place the following forward purchase contracts (accounted for on a regulation date basis):

    - for a value of CAD/000 1,780 corresponding to 1,328 thousand euros (valued at the forward exchange rate), with average maturity on 31 July 2013;
    - for a value of CNY/000 73,500 corresponding to 9,176 thousand euros (valued at the forward exchange rate), with average maturity on 3 July 2013;
    - for a value of GBP/000 350 corresponding to 412 thousand euros (valued at the forward exchange rate), with average maturity on 26 July 2013;
    - for a value of JPY/000 225,000 corresponding to 1,740 thousand euros (valued at

the forward exchange rate), with average maturity on 6 July 2013;

- o for a value of USD/000 10,820 corresponding to 8,318 thousand euros (valued at the forward exchange rate), with average maturity on 3 July 2013;

and forward sales contracts:

- o for a value of CAD/000 2,420 corresponding to 1,800 thousand euros (valued at the forward exchange rate), with average maturity on 31 July 2013;
- o for a value of CNY/000 15,500 corresponding to 1,900 thousand euros (valued at the forward exchange rate), with average maturity on 3 July 2013;
- o for a value of GBP/000 550 corresponding to 645 thousand euros (valued at the forward exchange rate), with average maturity on 15 September 2013;
- o for a value of JPY/000 115,000 corresponding to 891 thousand euros (valued at the forward exchange rate), with average maturity on 10 August 2013;
- o for a value of SEK/000 5,300 corresponding to 616 thousand euros (valued at the forward exchange rate), with average maturity on 5 August 2013;
- o for a value of USD/000 6,570 corresponding to 5,020 thousand euros (valued at the forward exchange rate), with average maturity on 30 July 2013.

The following is the detail of ongoing operations at other Piaggio group companies:

- o at Piaggio Vehicles Private Limited there are sales for 1,814 thousand US dollars with average due date 25 August 2013 and purchases for 6,000 thousand US dollars with average due date 15 October 2013;
- o at Piaggio Indonesia there are purchases for 1,000 thousand euros with average due date 5 July 2013;
- o at Piaggio Vietnam there are purchases for 3,000 thousand euros with average due date 17 July 2013 and sales for 3,000 thousand euros with average due date 17 July 2013.

- The transfer risk: arises from the conversion into Euros of consolidated financial statements of subsidiaries drawn up in currencies different from Euros performed during the consolidation process. The policy adopted by the Piaggio group does not impose the hedging of such a kind of exposure;

- The business risk: arises from changes in company profitability in relation to annual figures planned in the economic budget on the basis of a reference change (the "budget change") and is covered by derivatives. The items of these hedging operations are therefore represented by foreign currency costs and revenues forecast by the sales and purchases budget. The total of forecast costs and revenues is processed monthly and relative hedging is positioned exactly on the average weighted date of the economic event, recalculated based on historical criteria. The economic occurrence of future receivables and payables will occur during the budget year. As of 30 June 2013, the Piaggio group had the following transactions to hedge the business risk:

  - o purchase contracts for a value of CNY/000 106,000 corresponding to 12,763 thousand euros (valued at the forward exchange rate), with average maturity 13 September 2013.

To hedge the business risk, cash flow hedging is adopted with the effective portion of profits and losses recognised in a specific shareholders' equity reserve. Fair value is determined based on market quotations provided by main traders. As of 30 June 2013 the total fair value of hedging instruments accounted for on a hedge accounting basis was negative and

equal to 326 thousand euros. During the first half of 2013 profit under other components of the Statement of comprehensive income were recognised amounting to 464 thousand euros and profit from other components of the Statement of comprehensive income were reclassified under profit/loss for the period amounting to 247 thousand euros.
The net balance of cash flows during the first half of 2013 is shown below in the main currencies:

Amounts in million of euros	**Cash Flow first half of 2013**
Pound sterling	10.0
Indian rupee	(14.8)
Croatian kuna	1.3
US dollar	0.2
Canadian dollar	5.9
Swiss franc	(1.1)
Vietnamese Dong	0.6
Chinese yuan*	(17.0)
Japanese Yen	(5.1)
Total cash flow in foreign currency	**(20.0)**

* flow partially settled in euro

Also the subsidiary **Intermarine S.p.A.** 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 particular, the policy concerning the foreign exchange risk implemented by the company 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/USD 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. As of 30 June 2013, there are forward sales contracts with maturity date in October 2013 for an overall sum of 4.4 million USD at the average exchange rate of 1.32678. It is also to be noted that the Current assets include approximately 1.8 million euros deposited as security for the Sultanate of Oman credit contract (deposit account), tied and subject to lien in favour of the banks for the interest attributable to the guarantees used on the capital line.

In consideration of the above, hypothesizing an appreciation of 3% of the mean exchange rate of the euro on the portion of the economic exposure not covered on the main currencies observed in the first half of 2013, the consolidated operating income of the Immsi Group would be reduced by around 0.6 million euros.

Management of the interest rate risk

The exposure to interest rate risk arises from the necessity to fund operating activities, both industrial and financial, of the Group companies, besides to use the available cash. Changes in interest rates may affect the costs and the returns of investment and financing operations. The Group, therefore, regularly measures and controls its exposure to interest rates changes and manages such risks also resorting to derivative instruments, mainly Interest Rate Swap and Cross Currency Swap, also according to what established by its own management policies. As of 30 June 2013, variable rate debt, net of financial assets and considering the hedging derivatives, was equal to around 481.1 million euros. Consequently a 1% increase or decrease in the Euribor above this net exposure would have generated higher or lower interest payables of approximately 4.8 million euros per year.

With reference to the **Piaggio group**, as of 30 June 2013, the following hedging derivatives were taken out:

- Interest Rate Swap to hedge the variable rate loan for a nominal amount of 117,857 thousand euros (as of 30 June 2013 for 64,286 thousand euros) granted by the European Investment Bank. The structure has fixed step-up rates, in order to stabilise financial flows associated with the loan; in accounting terms, the instrument is recognised on a cash flow hedge basis, with profits/losses arising from the fair value measurement allocated to a specific reserve in shareholders' equity; as of 30 June 2013, the fair value of the instrument was negative by 2,479 thousand euros; sensitivity analysis of the instrument, assuming a 1% increase and decrease in the shift of the variable rates curve, shows a potential impact on Shareholders' Equity, net of the related tax effect, equal to 481 thousand euros and -494 thousand euros respectively;
- a Cross Currency Swap to hedge the private debenture loan issued by Piaggio & C. S.p.A. for a nominal amount of 75,000 thousand US dollars. The purpose of the instrument is to hedge both the exchange risk and interest rate risk, turning the loan from US dollars to euro, and from a fixed rate to a variable rate; the instrument is accounted for on a fair value hedge basis, with effects arising from the measurement recognised as profit and loss. As of 30 June 2013, the fair value of the instrument was 7,224 thousand euros. The net economic effect arising from the measurement of the instrument and underlying private debenture loan was equal to -405 thousand euros; sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on the Income Statement, net of the related tax effect, of 157 thousand euros and -187 thousand euros respectively, assuming constant exchange rates; whereas assuming a 1% reversal and write-down of exchange rates, sensitivity analysis identified a potential impact on the Income Statement, net of the related tax effect, of a negligible amount;
- a Cross Currency Swap to hedge a loan related to the Indian subsidiary for 36,850 thousand US dollars granted by International Finance Corporation. The purpose of the instrument is to hedge the exchange risk and interest rate risk, turning the loan from US dollars to Indian Rupees, and approximately a third of said loan from a variable rate to a fixed rate; As of 30 June 2013, the fair value of the instrument was 4,600 thousand euros. Sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on the Income Statement, net of the relative tax effect, 68 thousand euros and -70 thousand euros respectively, assuming constant exchange rates. Assuming a 1% reversal and write-down of the exchange rate of the Indian Rupee, sensitivity analysis of the instrument and its underlying identified a potential impact on the Income Statement, net of the relative tax effect, of -15 thousand euros and 16 thousand euros respectively;
- a Cross Currency Swap to hedge a loan related to the Vietnamese subsidiary for 19,680 thousand US dollars granted by International Finance Corporation. The purpose of the instrument is to hedge the exchange risk and partially hedge the interest rate risk, turning the loan from US dollars at a variable rate into Vietnamese Dong at a fixed rate, except for a minor portion (24%) at a variable rate. As of 30 June 2013, the fair value of the instrument was equal to 77 thousand euros. The sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on the Income Statement, net of the relative tax effect of 162 thousand euros and -166 thousand euros respectively, assuming constant exchange rates. Assuming a 1% reversal and write-down of the exchange rate of the Vietnamese Dong, sensitivity analysis of the instrument and its underlying identified a potential impact on the Income Statement, net of the relative tax effect, of a negligible amount.

	FAIR VALUE *
Piaggio & C. S.p.A.	
Interest Rate Swap	(2,479)
Cross Currency Swap	7,224
Piaggio Vehicles Private Limited	
Cross Currency Swap	4,600
Piaggio Vietnam	
Cross Currency Swap	77

**) the figures deduct CVA/DVA related to the counterparty or issuer.*

The subsidiary **Intermarine S.p.A.** – in relation to the interest rate risk hedging – has set up operations of Interest Rate Swaps for converting the variable rate of the contracts to a fixed rate. Hedging instruments are made specifically for a loan taken out by Intermarine S.p.A. with a residual value of approx. 3.1 million euros at 30 June 2013, while they are overall attributable to the financial debt of the company for 10,000 thousand euros. Also note that the Parent company **Immsi S.p.A.** has set up an Interest Rate Swap to change from variable to fixed the 75% of the flows for interest related to the current loan for residual nominal 30.7 million euros granted by the pool of lenders originally composed by Banca Popolare di Lodi, Efibanca e Cassa di Risparmio di Lucca Pisa Livorno (now merged into Banco Popolare): at 30 June 2013, the fair value of the instrument is negative and equal to 1,042 thousand euros.

The overall fair value of the hedge instruments entered in accordance with the hedge accounting principle was negative to the tune of 3,847 thousand euros at 30 June 2013.

Credit risk

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

In thousands of euros	30 June 2013	31 December 2012
Cash and cash equivalent	106,410	96,623
Financial assets	32	1,292
Financial receivables	12,738	2,893
Trade receivables	174,093	97,840
Total	***293,273***	***198,648***

In particular, the **Piaggio group** monitors or manages credit centrally by using established policies and guidelines. The portfolio of trade receivables shows no signs of concentrated credit risk in light of the broad distribution of its own licensee or distributor network. In addition, most trade receivables are short-term. In order to optimise credit management, Piaggio & C. S.p.A. has established revolving programmes with some primary factoring companies for selling its trade receivables without recourse in Europe and the United States.

With reference to the subsidiary **Intermarine S.p.A.**, that by business type can present concentrations of credits with a few customers, it is noted that the most significant customers under the quantitative profile are represented by public bodies: moreover, in general the production to order requires substantial advance payments by the customer with advancement of the works thereby reducing the credit risk.

With reference to the other companies of the Immsi Group, there is currently no significant exposure to credit risk.

Hierarchical fair value valuation levels

On 1 January 2013, the IFRS 13 - *Fair Value Measurement* principle came into force, which defines the fair value as the price that would be received for the sale of an asset or would be paid in case of transfer of a liability in a free transaction between market operators at the valuation date. In case of absence of an active market or of irregular operation of the same, the determination of the fair value must be carried out by means of valuation techniques.

The principle therefore defines a hierarchy of fair value:

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

The IFRS 7 principle also requires the determination, for the sole purposes of the disclosure, of the fair value of the payables recorded according to the amortised cost method. The table below highlights these values:

Figures in thousand of euros	**Nominal Value**	**Book value**	***Fair Value* Estimate ***
Piaggio group - High yield debenture loan	150,000	142,938	155,812
Piaggio group - Private debenture loan	51,799	51,475	57,128
Piaggio group - BEI [*i.e.*, European Investment Bank] (2009-2012 R&D fund)	64,286	64,286	64,169
Piaggio group - BEI (2013-2015 R&D fund)	60,000	60,000	55,014
Piaggio group - Syndicated Revolving Credit line	65,000	63,090	64,960
Immsi S.p.A. – Mortgage loan with Banco Popolare	30,667	30,342	28,401

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

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

The table below shows the assets and liabilities valued at fair value as of 30 June 2013, based on fair value hierarchical levels:

In thousands of euros	*Level 1*	*Level 2*	*Level 3*
Assets valued at fair value	10,033	0	43,712
Derivative hedging financial instruments		11,824	77
Equity investments in other companies		0	163
Property investments			73,566
Other assets		326	
Total assets	***10,033***	***12,150***	***117,518***
Liabilities valued at fair value		(101,458)	
Derivative hedging financial instruments		(1,368)	
Other liabilities		(2,479)	
Total liabilities	***0***	***(105,305)***	***0***
Balance at 30 June 2013	***10,033***	***(93,155)***	***117,518***

The following table highlights the changes that occurred during the first half of 2013:

In thousands of euros	*Level 1*	*Level 2*	*Level 3*
Balance at 31 December 2012	*10,334*	*(97,577)*	*117,241*
Gain and (loss) recognised in the income statement			273
Increases / (Decreases)	(301)	4,422	4
Balance at 30 June 2013	***10,033***	***(93,155)***	***117,518***

With reference to the information at 31 December 2012, please note that - following the adoption of the IFRS 13 accounting principle, which provides, inter alia, for the inclusion of a specific disclosure regarding the hierarchy level of the fair value also for real estate investments - the Immsi Group has taken steps to include retrospectively within Level 3 the fair value of the investment property in Via Abruzzi (Rome) held by the Parent Company.
Within this hierarchical level then, in addition to that investment property and the interest held by Immsi S.p.A. in Alitalia - Compagnia Aerea Italiana S.p.A., at 30 June 2013, the valuation of the *Cross Currency Swap* on the Vietnamese subsidiary of the Piaggio group is also included. This classification reflects the characteristics of illiquidity of the local market that do not allow a valuation with the traditional criteria. If we had adopted the valuation techniques typical of liquid markets, a characteristic that is notably not found in the Vietnamese market, the derivatives would have expressed a negative fair value amounting to 3 million euros, instead of 77 thousand euros and accrued expenses on derivative hedging financial instruments amounting to 1,016 thousand euros.

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND EQUITY INVESTMENTS AT 30 JUNE 2013

Pursuant to CONSOB Resolution 11971 of 14 May 1999 and subsequent amendments thereto (Article 126 of the Regulations), a list of the IMMSI Group companies and its major equity investments it is set out below. The list states the companies, divided according to consolidation procedure. The following information is also shown for each company: its corporate name, its registered headquarters and nationality and its share capital in the original currency. The percentage stakes owned by IMMSI S.p.A. or other group companies are also stated. The percentage of Ordinary Shareholders' Meeting votes is also shown in a separate column where it differs from the equity percentage held in the share capital.

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. Mantova (MN) – Italy Parent Company	Euro	178,464,000.00		
Apuliae S.p.A. Lecce (LE) – Italy Immsi S.p.A. equity investment: 85.69%	Euro	1,000,000.00	85.69%	
ISM Investimenti S.p.A. Mantova (MN) – Italy Immsi S.p.A. equity investment: 72.64%	Euro	6,654,902.00	72.64%	
Pietra S.r.l. Milano (MI) – Italy Immsi S.p.A. equity investment: 77.78%	Euro	40,000.00	77.78%	
Is Molas S.p.A. Pula (CA) – Italy ISM Investimenti S.p.A. equity investment: 87.50%	Euro	9,010,000.00	87.50%	
Immsi Audit S.c.a r.l. Mantova (MN) – Italy 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% Intermarine S.p.A. equity investment: 25.00%	Euro	40,000.00	100.00%	
RCN Finanziaria S.p.A. Mantova (MN) – Italy Immsi S.p.A. equity investment: 63.18%	Euro	32,135,988.00	63.18%	
Piaggio & C. S.p.A. Pontedera (PI) – Italy Immsi S.p.A. equity investment: 54.67%	Euro	205,952,233.02	54.67%	54.85%
Aprilia Racing S.r.l. Pontedera (PI) – Italy Piaggio & C. S.p.A. equity investment: 100.00%	Euro	250,000.00	100.00%	
Atlantic 12 – Fondo Comune di Investimento Immobiliare Milano (MI) – Italy Piaggio & C. S.p.A. equity investment: 100.00%	Euro	11,491,958.00	100.00%	
Derbi Racing S.L. Barcellona – Spain Nacional Motor S.A. equity investment: 100.00%	Euro	3,006.00	100.00%	
Foshan Piaggio Vehicles Technology Research & Development Co. Ltd Foshan City – China Piaggio Vespa B.V. equity investment: 100.00%	RMB	10,500,000.00	100.00%	
Nacional Motor S.A. Barcellona – Spain Piaggio & C. S.p.A. equity investment: 100.00%	Euro	1,588,422.00	100.00%	
Piaggio Asia Pacific PTE Ltd. Singapore – Singapore Piaggio Vespa B.V. equity investment: 100.00%	SGD	100,000.00	100.00%	
Piaggio Advanced Design Center Corp. California – USA Piaggio & C. S.p.A. equity investment: 100.00%	USD	100,000.00	100.00%	

Company Name	Currency	Share capital (subscribed and paid-up)	% of Share Capital owned	% voting rights (if different)
Piaggio Deutschland Gmbh Kerpen – Germany Piaggio Vespa B.V. equity investment: 100.00%	Euro	250,000.00	100.00%	
Piaggio Espana S.L.U. Alcobendas – Spain Piaggio & C. S.p.A. equity investment: 100.00%	Euro	426,642.00	100.00%	
Piaggio France S.A.S. Clichy Cedex – France Piaggio Vespa B.V. equity investment: 100.00%	Euro	1,209,900.00	100.00%	
Piaggio Group Americas Inc. New York - USA Piaggio Vespa B.V. equity investment: 100.00%	USD	2,000.00	100.00%	
Piaggio Group Japan Tokyo – Japan Piaggio Vespa B.V. equity investment: 100.00%	YEN	99,000,000.00	100.00%	
Piaggio Hellas S.A. Atene – Greece Piaggio Vespa B.V. equity investment: 100.00%	Euro	2,704,040.00	100.00%	
Piaggio Hrvatska D.o.o. Spalato – Croatia Piaggio Vespa B.V. equity investment: 75.00%	HRK	400,000.00	75.00%	
Piaggio Limited 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 Vehicles Private Limited 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. Breda – Holland Piaggio & C. S.p.A. equity investment: 100%	Euro	91,000.00	100.00%	
Piaggio Vietnam Co. Ltd. Hanoi – Vietnam Piaggio & C. S.p.A. equity investment: 63.50% Piaggio Vespa B.V. equity investment: 36.50%	VND	64,751,000,000.00	100,00%	
Piaggio Group Canada, Inc. Toronto – Canada Piaggio Group Americas Inc. equity investment: 100.00%	CAD$	10,000.00	100,00%	
PT Piaggio Indonesia Jakarta – Indonesia Piaggio Vespa B.V. equity investment: 99.00% Piaggio & C. S.p.A. equity investment: 1.00%	Rupiah	4,458,500,000.00	100,00%	
Aprilia Brasil Industria de Motociclos S.A.*** 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.*** San Paolo – Brazil Piaggio Group Americas Inc. equity investment: 99.99995%	R$	2,028,780.00	99.99995%	
Piaggio China Co. LTD Hong Kong – China Piaggio & C. S.p.A. equity investment: 99.99999%	USD	12,100,000.00	99.99999%	
Intermarine S.p.A. Sarzana (SP) – Italy RCN Finanziaria S.p.A. equity investment: 100.00%	Euro	10,000,000.00	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				
Zongshen Piaggio Foshan Motorcycle Co. Ltd. Foshan City – 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%	
Rodriquez Cantieri Navali do Brasil Ltda. Rio de Janeiro – Brazil Intermarine S.p.A. equity investment: 100.00%	R$	1,511,649.00	100.00%	
Rodriquez Engineering S.r.l. *** Messina (ME) – Italy Intermarine S.p.A. equity investment: 100.00%	Euro	119,756.00	100.00%	
Rodriquez Pietra Ligure S.r.l. Milano (MI) – Italy Intermarine S.p.A. equity investment: 100.00%	Euro	20,000.00	100.00%	
EQUITY INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES VALUED USING THE COST METHOD				
Depuradora d'Aigües de Martorelles S.C.C.L. Barcellona – Spain Nacional Motor S.A. equity investment: 22.00%	Euro	60,101.21	22.00%	
Pont - Tech, Pontedera & Tecnologia S.c.r.l. 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. Tunisi – Tunisia Piaggio Vespa B.V. equity investment: 20.00%	TND	210,000.00	20.00%	
Mitsuba Italia S.p.A. Pontedera (PI) – Italy Piaggio & C. S.p.A. equity investment: 10.00%	Euro	1,000,000.00	10.00%	
Rodriquez Mexico *** La Paz – Mexico Intermarine S.p.A. equity investment: 50.00%	Pesos	50,000.00	50.00%	
Consorzio CTMI – Messina Messina (ME) – Italy Intermarine S.p.A. equity investment: 25.00%	Euro	53,040.00	25.00%	
Fondazione Piaggio Onlus 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.

* * *

This document was published on 29 August 2013 against authorisation of the Chairman of the Company, Roberto Colaninno.

Group and Related Parties dealings

As regards the information to be provided on related party transactions in accordance with IAS 24 - *Related Parties Disclosures*, kept by the companies of the Groups, it should be pointed 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 period to 30 June 2013.

It should be noted that, in compliance with the Regulations no. 17221 regarding Related Parties dealings issued by Consob on 12 March 2010 and subsequently amended by resolution no. 17389 of 23 June 2010, the Company adopted a new procedure aimed at regulating the approval practices for Related Party dealings.

The following table shows the impact of Related Party transactions on the income statement and on the balance sheet of the Immsi Group at 31 December 2012: it should be pointed out that the effects on the income statement and on the balance sheet deriving from consolidated intragroup operations have been removed during consolidation.

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	*450*	*0.1%*	*Legal assistance provided by St. d'Urso Gatti Bianchi & Ass. to the Group*
	78	*0.0%*	*Tax advisory services provided by St. Girelli & Ass. to the Group*
Costs for services and the use of third party assets	*147*	*0.1%*	*Legal assistance provided by St. d'Urso Gatti Bianchi & Ass. to the Group*
	62	*0.1%*	*Tax advisory services provided by St. Girelli & Ass. to the Group*
Transactions with Parent companies:			
Non-current financial liabilities	*2,900*	*0.6%*	*Piaggio bonded loan (PO) undersigned by Omniaholding S.p.A.*
Current trade payables	*27*	*0.0%*	*Rental of offices provided by Omniaholding S.p.A. to the Group*
Costs for services and the use of third party assets	*197*	*0.2%*	*Rental of offices provided by Omniaholding S.p.A. to the Group*
Financial charges	*102*	*0.3%*	*Charges related to the Piaggio PO undersigned by Omniaholding S.p.A.*
Transactions with Subsidiaries, Associated companies, Joint Ventures:			
Trade receivables and other non-current receivables	*231*	*1.4%*	*Receivables from Fondazione Piaggio*
Current trade receivables and other receivables	*3,073*	*0.9%*	*Receivables mainly from Consorzio CTMI and Rodriquez do Brasil*
	1,089	*0.3%*	*Trade receivables from Fondazione Piaggio and Piaggio Foshan*
Current financial liabilities	*87*	*0.0%*	*Financial payables to Rodriquez Engineering S.r.l.*
Current trade payables	*15,028*	*2.6%*	*Trade payables by Piaggio & C. S.p.A. to Piaggio Foshan*
	203	*0.0%*	*Payables to CTMI*
Other current payables	*32*	*0.0%*	*Payables to Fondazione Piaggio*
Net revenues	*32*	*0.0%*	*Sales to Piaggio Foshan*
Costs for materials	*13,991*	*3.5%*	*Purchases by Piaggio & C. S.p.A. from Piaggio Foshan*
Costs for services and the use of third party assets	*38*	*0.0%*	*Costs for services rendered by Consorzio CTMI*
Other operating income	*304*	*0.6%*	*Income from Piaggio Foshan*

It should be noted that Intesa Sanpaolo S.p.A., minority shareholder of RCN Finanziaria S.p.A., ISM Investimenti S.p.A. and Pietra S.r.l., has convertible shareholder financing agreements in the companies in which the investment is made, and financing and warranties towards some companies of the Immsi Group.

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. (to date not considered a Related Party), in which the Parent Company holds a minority stake.

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 2013.

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.

28 August 2013

Chairman
Roberto Colaninno

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

Managing Director
Michele Colaninno

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AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

To the Shareholders of
IMMSI SpA

1 We have reviewed the condensed consolidated interim financial statements of IMMSI SpA and its subsidiaries ("IMMSI Group") as of 30 June 2013, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated cash flow statement and the explanatory notes. The Directors of IMMSI SpA are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

2 Our work was conducted in accordance with the criteria for a review recommended by the Italian Commission for Listed Companies and the Stock Exchange (Consob) with Resolution no. 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the condensed consolidated interim financial statements and about the consistency of the accounting principles utilised therein as well as the application of analytical review procedures on the data contained in the above mentioned consolidated financial statements. The review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express a professional audit opinion on the condensed consolidated interim financial statements.

For the opinion on the consolidated financial statements of the prior period and on the condensed consolidated interim financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 29 March 2013 and 28 August 2012 respectively.

PricewaterhouseCoopers SpA

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3 Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the IMMSI Group as of 30 June 2013 have not been prepared, in all material respects, in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Brescia, 29 August 2013

PricewaterhouseCoopers SpA

Signed by

Alessandro Mazzetti
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international reader