



PIAGGIO & C.s.p.a.

Share capital 194,827,431.24 Euro fully paid up
Registered office: Viale R. Piaggio 25, Pontedera (Pisa)
Pisa Register of Companies and Tax Code 04773200011
Pisa Economic and Administrative Repertory 134077

Bondholders' Report

30 June 2005

This semi-annual report has been prepared by Piaggio & C. S.p.A. in compliance with the Indenture governing the Senior Notes due 2012 issued by Piaggio Finance S.A. and contains unaudited financial statements prepared in accordance with Italian Accounting Principles.

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that the actual results of our operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this report. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to:

- our ability to successfully continue to integrate, realize the benefits from, and improve the financial and operating results of, Aprilia S.p.A.
- our ability to continue to increase global outsourcing, expand sales of our products internationally and execute other strategic objectives;
- the highly competitive nature of the business in which we operate;
- the cyclical and seasonal nature of our business;
- our relations with important suppliers or significant increases in the price of components;
- the occurrence of significant product liability claims;
- any interruption of production at any of our manufacturing facilities, including because of labor disputes;
- the international economic, regulatory and political environment;
- our ability to retain our senior management and other key employees;
- the impact of currency exchange rate fluctuations;
- our indebtedness and the general interest rate environment; and
- other risks, uncertainties and factors inherent in our business.

We urge you to read the sections of the Offering Memorandum for the €150,000,000 10% Senior Notes due 2012 Guaranteed by Piaggio & C. S.p.A. and Aprilia S.p.A. entitled "Risk Factors", "Aprilia Acquisition", "Unaudited *Pro Forma* Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Business", and "Annex A – Summary of Certain Significant Differences Among Italian Accounting Principles, IFRS and U.S. GAAP" for a more complete discussion of the factors that could affect our future performance and the industry in which we operate. In light

of these risks, uncertainties and assumptions, the forward-looking events described in this report may not occur.

We undertake no obligation to update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise.

THIS REPORT DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO PURCHASE, ANY SECURITIES.

COMPANY BOARDS

Board of Directors	Chairman	Roberto Colaninno
	Deputy Chairman	Matteo Colaninno
	Chief Executive Officer	Rocco Sabelli
	Directors	Graham Clempson
		Daniele Discepolo ¹
		Luciano La Noce
		Giorgio Magnoni
	Gaetano Micciché	
	Carlo Pirzio Biroli	
	Secretary to the Board of Directors	Alberto Casacchia
Board of Statutory Auditors	Chairman	Giovanni Barbara
	Standing Auditors	Attilio Francesco Arietti
		Alessandro Lai
	Alternate Auditors	Mauro Girelli
Maurizio Maffeis		
“Organismo di vigilanza” as per Leg. Decree 231/2001		Giovanni Barbara
		Gianclaudio Neri
		Enrico Ingrilli
Incentives Plan Committee		Roberto Colaninno
		Graham Clempson
		Gaetano Micciché
General Manager		Gianclaudio Neri
Independent Auditors		Deloitte & Touche S.p.A.

¹ Co-opted pursuant to art. 2386, paragraph 1, of the Italian Civil Code on 8 April 2005, and will remain in office until approval of the financial statements at 31 December 2005.

FINANCIAL HIGHLIGHTS

(Italian GAAP)

Income Statement (reclassified)	June (1)			2004 statutory (2)
	2005	2004	2004 proforma	
Net Sales	814.3	596.6	761.9	1,084.2
Gross Industrial Margin	251.6	179.1	n.a.	322.9
Operating Expenses	(181.4)	(133.3)	n.a.	(254.9)
Operating Result	70.2	45.8	27.1	68.0
Profit Before Tax	52.5	24.5	(37.3)	20.8
Net Result	39.3	16.5	(46.5)	4.1
.Minority Interest	0.2	0.3	0.3	0.3
.Group	39.1	16.2	-46.8	4.1
Gross Margin on Net Sales	% 30.9	30.0	n.a.	29.8
Operating Result on Net Sales	% 8.6	7.7	3.6	6.3
Net Profit on Net Result	% 4.8	2.8	(6.1)	0.4
EBITDA	112.8	77.0	73.0	130.3
EBITDA on Net Sales	% 13.8	12.9	9.6	12.0

Balance Sheet

Net Working Capital	70.8	(56.7)	18.0	54.3
Net Tangible Assets	239.5	171.4	233.8	237.9
Net Intangible Assets	511.7	412.6	530.6	532.8
Investments	8.9	14.5	27.4	25.7
Funds	(156.8)	(111.4)	(155.4)	(161.8)
Net Invested Capital	674.1	430.4	654.4	688.9
Net Financial Position	401.1	234.8	477.8	456.8
Shareholders' Equity	273.0	195.6	176.6	232.1
Sources of Funds	674.1	430.4	654.4	688.9
Minority Equity Interest	0.7	0.3		0.3

Change in Net Financial Position

Opening Net Financial Position	(456.8)	(281.9)	n.a.	(281.9)
Operating Cash Flow (Result + Depreciation and Amortisation)	97.5	60.0		93.4
(Increase)/Decrease Working Capital	(16.4)	14.1		(50.7)
(Increase)/Decrease Fixed Assets	(28.4)	-18.9		(142.5)
Net change Severance Indemnities Funds and other Funds	1.5	-7.0		(2.1)
Change in Shareholders' Equity	1.5	-1.1		47.8
<i>Of which Share Capital Increase</i>				50.0
Total Change	55.7	47.1		(54.0)
Aprilia Acquisition				(120.9)
Closing Net Financial Position	(401.1)	(234.8)		(456.8)

- 1.** June 2004 Proforma: this schedule restates performance in the first half of 2004 with reference to the Group's current post-Aprilia acquisition configuration, and is provided to permit a comparison of business and financial results in the two periods;
- 2.** Statutory: this schedule is an operating reclassification of the financial statements at 31 December 2004. Since Aprilia was acquired on 30 December 2004, in accordance with current accounting policies the consolidated financial statements at 31 December 2004 were drawn up by consolidating only the assets and liabilities of the Group in its current configuration; the 2004 consolidated income statement reflects the results of the Piaggio Group ante acquisition.

HIGHLIGHTS OF THE FIRST HALF OF 2005

Growth of consolidated net sales of 814.3 ML€, up 6.9% on the first half 2004 pro-forma result including the Aprilia Group.

The Piaggio Group (excluding the Aprilia Group) increased net sales from 596.6 to 628.4 ML€ (+5.3%), including revenues of 26.3 ML€ on engine sales to Aprilia; Aprilia Group increased net sales from 177.1 ML€ in the first half of 2004 to 212.2 ML€ in the first half of 2005 (+19.8%).

Consolidated EBITDA improved to 112.8 ML€, or 13.8% of Net Sales, from 73.0 ML€ (9.6% of Net Sales) in the year-earlier first half (an increase of 39.8 ML€).

The Piaggio Group (excluding Aprilia) strengthened EBITDA on Net Sales from 12.9% to 15.4% at 30/06/2005.

The Aprilia Group improved from -1.7% in the first half of 2004 to 7.9% at 30/06/2005.

EBIT was 70.2 ML€, compared with 27.1 ML€ in 2004.

The first-half net result showed a turnaround from -46.5 ML€ in 2004 to 39.3 ML€, with an increase of 85.8 ML€, also thanks to 18.6 ML€ eco-incentive granted by the Italian Government to cover discounts recognized to final customers in previous years.

The consolidated Net Financial Position changed from -456.8 ML€ at 31/12/2004 to -401.1 ML€ at 30/06/2005, primarily reflecting the seasonal nature of the Group's business while also including 18.6 ML€ of cash received for the mentioned eco-incentives and approximately 4.6 ML€ of fees paid in connection with the bond issued on 27 April 2005.

HIGHLIGHTS BY LINE OF BUSINESS

LINE of BUSINESS	2W			LTV (2)	ENGINES (3)	OTHER	TOTAL
	Piaggio/Gilera/Vespa	DERBI	APRILIA Group				
Turnover (1)	391.0	58.2	212.2	145.5	6.1	1.2	814.3
Employees	3.460	419	1.313	1.503	20		6.715
Investments	24.1	5.0	11.4	6.7			51.7
- Fixed Assets	9.4	3.0	6.0	4.5		1.8	24.7
- R&D (spending)	14.7	2.0	8.1	2.2			27.0

(1) Includes parts and accessories

(2) LTV = Light Commercial Vehicles Division

(3) net of 26.3 ML€ for engine sales to Aprilia

HIGHLIGHTS BY GEOGRAPHICAL AREA

GEOGRAPHICAL AREA	ITALY	EUROPE	U.S.A.	INDIA	OTHER	TOTAL
Turnover (1)	352.6	344.2	21.6	70.0	26.0	814.3
Employees	4.796	735	46	1.093	45	6.715
Investments	43.1	5.3	0.1	3.2		51.7
- Fixed Assets	18.1	3.3	0.1	3.2		24.7
- R&D (spending)	25.0	2.0				27.0

(1) net of 26.3 ML€ for engine sales to Aprilia

EVENTS AFTER 30 JUNE 2005

On 16 June 2005 the Boards of Piaggio & C. S.p.A. and Aprilia S.p.A. initiated the process of the full merger between the two companies with Piaggio & C S.p.A. as the surviving company. On 29 July 2005 the Florentine Regional Head Office of the Tax Authorities recognized the economic and industrial basis for the full merger between the two companies and consequently agreed that the relevant tax avoidance regulation would not be applicable.

FULL-YEAR BUSINESS OUTLOOK

In 2005 the Piaggio Group intends to consolidate its leadership on the two-wheeler market, where demand in Europe during the first half rose modestly by 1%. The recent joint venture set up in China in 2004 is expected to bring out its first products by the end of October.

One of Piaggio's priorities is the relaunch of the Aprilia and Guzzi brands and Aprilia's integration with the rest of the Group, in part to achieve the related synergies.

The focus in the Light Transportation Vehicles Division is mainly on enhancing the production capacity of the Indian subsidiary.

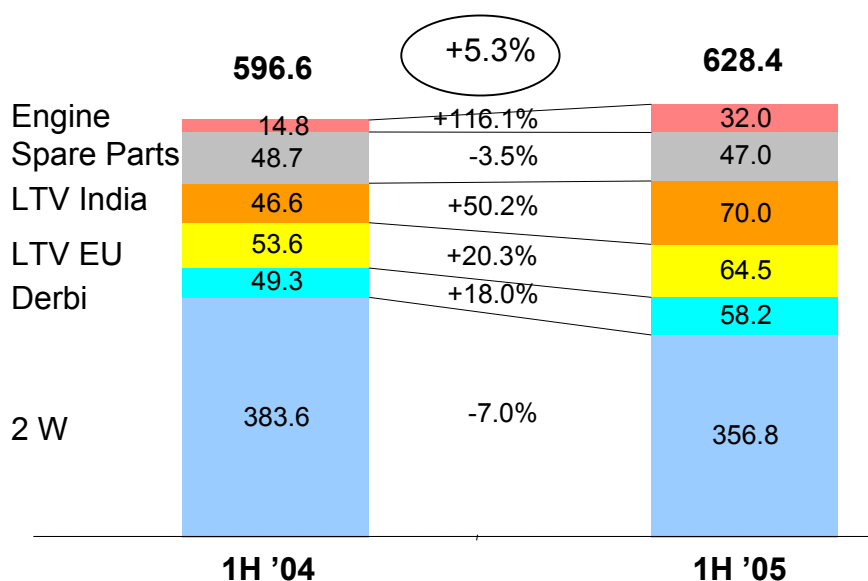
PIAGGIO GROUP BUSINESS & FINANCIAL REVIEW

The Piaggio Group closed the first half of 2005 with a net income of 39.3 ML€ (Italian GAAP), against a net loss of 46.5 ML€ in the year-earlier period including the Aprilia Group.

BUSINESS PERFORMANCE

Revenues from sales and services amounted to 814.3 ML€, compared with 761.9 ML€ a year earlier, up 6.9%.

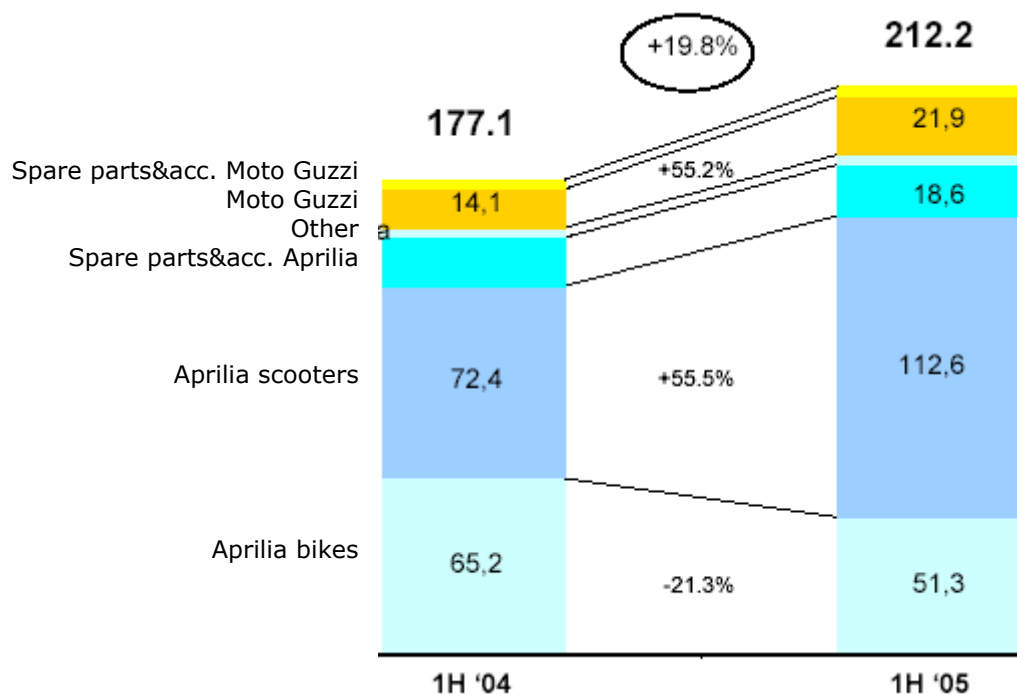
Piaggio sales were 628.4 ML€ compared with 596.6 ML€ a year earlier, up 5.3%. Two Wheels sales (Piaggio, Vespa and Gilera brand) decrease 7.0%, while Derbi brand sales performed positively increasing 18%, in an unfavourable scooter market which has performed negatively contracting 1.3% in Europe and 10.1% in Italy.



US sales and LTV sales have performed strongly with an increase of 12% and 39% respectively.

Aprilia Group sales amount to 212.2 ML€ compared with 177.1 the year earlier, up 19.8%. Scooter and Moto Guzzi brand sales experienced a solid recovery, up 55%, while the Aprilia bikes performed negatively declining 21%

in a moderately favourable market (bikes) which grew 3% in Europe and 1.6% in Italy.



EBITDA was 112.8 ML€ (13.8% of net sales) compared with 73.0 ML€ in 2004 (9.6% of net sales). The increase reflected stronger performance at the Piaggio Group compared with the first half of 2004 (+19.5 ML€, up 25.3%) and the recovery achieved by the Aprilia Group in respect of the year-earlier first half (+19.8 ML€), when the financial and business problems led Aprilia to halt production in April 2004, which were resolved with the acquisition by Piaggio on 30 December last year.

Piaggio improved its EBITDA margin thanks to efficiencies obtained in purchasing related to an increase of the incidence of low-cost supplies and the re-negotiation of existing contracts. In addition Piaggio has benefited from savings obtained in operating expenses mainly in marketing and other commercial costs.

Aprilia Group improved its EBITDA due to the volume increase and to efficiencies in manufacturing costs. In addition EBITDA was positively affected by initial synergies obtained in purchasing of components and engines.

EBIT was positive at 70.2 ML€ (8.6% of net sales) compared with 27.1 ML€ in 2004 (3.6% of net sales). Piaggio's Ebit was 69.1 ML€ (+50.9% vs. the first half of 2004). Also Aprilia showed signs of recovery with a positive

performance of its operating profitability by reaching a +1.6 ML€ vs. a negative 17.7 ML€ of the first half of 2004.

Net profit for the period was positive at 39.3 ML€ (-46.5 ML€ in 2004) of which Piaggio contributed for 43.9 ML€ and Aprilia Group contributed with a loss of 3.0 ML€. This performance was positively affected by 18.6 ML€ eco-incentives granted by the Italian Government to cover discounts recognised to final customers in previous years partially off-set by 3.3 ML€ one-time expenses for restructuring.

The workforce at 30 June 2005 consisted of 6,715 employees (6,119 at 31 December 2004), as follows:

	30-06-2005	31-12-2004	Change
Italy	4,796	4,276	+520
Abroad	1,919	1,843	+76
Total	6,715	6,119	+596

The change in the number of employees is consistent with the seasonal nature of the Group's production cycle, for which it employs staff on temporary contracts.

FINANCIAL PERFORMANCE

Capital expenditure and R&D (spending) in the first half of 2005 totalled 51.7 ML€, as follows:

ML€	30-06-2005
Fixed Assets	24.7
Piaggio	18.7
Aprilia	6.0
R&D (spending)	27.0
Piaggio	18.9
Aprilia	8.1
TOTAL	51.7

While focusing on curbing the absorption of financial resources for Fixed Assets, the Group dedicated 24.7 ML€ in the first half of 2005 mainly for new product development and for the expansion of the production capacity of the Indian plant.

The net financial position was 401.1 ML€ at 30 June 2005, a decrease of 55.7 ML€ from 31 December 2004 (456.8 ML€). This was largely due to the strong operating cash flow (net profit + depreciation and amortisation) of 99 ML€ of which 18.6 ML€ for eco-incentives recognized in previous years to final customers. This was partially compensated by a 16.1 ML€ use of resources for Working Capital. In accordance with Italian GAAP the use of advance payment from factoring does not appear in the balance sheet nor do the related accounts receivables appear. Since the outstanding for advance payment from factoring as of 30 June 2005 was significantly lower than the outstanding as of the 2004 year end (2.5 ML€ vs. 43.6 ML€) the Working Capital variation net of such effect was a decrease of 25 ML€ reflecting the seasonal nature of the business.

The table below illustrates the net financial position:

ML€	30-06-2005	31-03-2005	31-12-2004
Bond	150.0	100.0	100.0
Medium/long-term borrowings	260.5	263.3	260.0
Short-term borrowings	48.6	188.1	141.8
(Cash & Financial Receivables)	(58.0)	(34.1)	(45.0)
Total	401.1	517.3	456.8

Cash and Financial Receivables includes a receivable of 9.5 ML€ due from one of Piaggio's minority shareholders.

Shareholders' equity amounted to 273.0 ML€ (232.1 ML€ at 31 December 2004), consisting of Piaggio Group shareholders for 272.3 ML€ (231.8 ML€ at 31 December 2004) and Minority Equity Interest of 0.7 ML€ (0.3 ML€ at 31 December 2004).

The change arose from the first-half consolidated net income.

PIAGGIO GROUP – CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2005

The consolidation criteria and policies used to draw up the financial statements for the first six months of 2005 are consistent with those used to draw up the 2004 full-year consolidated financial statements and are in accordance with Italian GAAP, with the adaptations required by the nature of the half-year reports. Income tax has been determined on the basis of the estimated tax rates for 2005 and recognised under "Amounts due to Tax Authorities".

Since Piaggio & C. S.p.A. acquired the Aprilia Group at the end of December 2004 and Aprilia S.p.A. was not required to draw up interim financial statements in accordance with Accounting Policy no. 30, the figures recorded by the Company for the first half of 2004 cannot be used for comparative purposes.

Therefore, since the figures available for the first half of 2004 refer to the Piaggio Group prior to its acquisition of Aprilia, the attached schedules also provide a comparison with the 2004 full-year consolidated financial statements.

As envisaged by Italian Accounting Policy no. 17, the 2004 consolidated financial statements do not include the Income Statement of the Aprilia Group, since ownership of the Group was transferred to Piaggio at the end of December 2004. Opening shareholders' equity includes the Aprilia Group's net result for 2004.

The figures in the attached schedules for the situation at 30 June 2005 have not been reviewed by the Independent Auditors, nor by the Board of Statutory Auditors.

CONSOLIDATED INCOME STATEMENT

€/000

INCOME STATEMENT	June 2005	December 2004	June 2004
A) Value of production			
1) Revenues from sales and services	814.257	1.084.239	596.560
2) Change in stocks of work in progress, semifinished and finished product	17.891	(9.228)	2.589
3) Change in contract work in progress			
4) Work performed for own purposes and capitalised	12.003	17.337	9.325
5) Other revenue and income			
- other	46.649	43.295	23.762
- grants for operating purposes	11.491	2.243	2.119
Total value of production	902.291	1.137.886	634.355
B) Cost of production			
6) Raw materials, consumables and goods for resale	500.745	602.231	347.597
7) Services	152.795	217.750	124.833
8) For use of assets owned by others	6.973	7.383	3.918
9) Personnel:			
a) Wages and salaries	87.970	111.402	58.793
b) Social security contributions	24.278	35.571	18.843
c) Employee severance indemnities	5.254	7.336	3.626
d) Pensions and similar benefits	0	0	0
e) Other costs	580	1.111	399
10) Depreciation, amortisation and write-downs			
a) Amortisation of intangible assets	34.961	51.886	24.627
b) Depreciation of tangible assets	23.357	35.124	18.878
c) Other fixed asset write-downs	3.421	3.222	137
d) Write-downs on receivables held as current assets and on liquid asset	2.637	7.670	6.000
11) Change in stocks of raw materials, consumables and goods for resale	(19.518)	(7.411)	(13.919)
12) Provisions for risks	7.208	8.310	50
13) Other provisions	3.406	10.917	3.875
14) Other operating expense	2.547	4.464	3.208
Total cost of production	836.615	1.096.966	600.865
Difference between value and cost of production (A-B)	65.676	40.920	33.490
C) Financial income and charges			
15) Income from equity investments:			
- subsidiaries	(0)	3	3
- other Group companies	0	0	0
- others	0	0	0
Total income from equity investments	0	3	3
16) Other financial income:			
a) from receivables held as fixed assets:			
- subsidiaries	0	0	0
- associated companies	0	0	0
- parent companies	0	0	0
- others	0	1	0
b) from securities held as fixed assets	0	0	0
c) from securities held as current assets	0	0	0
d) income other than the above:			
- subsidiaries	0	0	0
- associated companies	0	0	0
- parent companies	0	0	0
- others	4.158	1.775	1.272
Total other financial income	4.158	1.776	1.272
17) Interest and other financial charges:			
- subsidiaries	(0)	0	0
- associated companies	0	7	5
- parent companies	144	518	374
- others	19.972	21.057	10.080
Total interest and other financial charges	(20.116)	(21.583)	(10.459)
17-bis) Foreign exchange gains and losses	438	(189)	130
Total financial income (charges)	(15.520)	(19.992)	(9.055)
D) Adjustments to financial asset values			
18) Upward revaluations:			
a) of equity investments	379	0	0
b) of investments	0	0	0
c) of securities held as current assets	0	0	0
d) income on equity investments valued with the equity method	0	0	45
19) Write-downs:			
a) equity investments	51	72	130
b) fixed financial assets	0	0	0
c) securities held as current assets	0	0	0
d) impairment of equity investments valued with the equity method	61	124	756
e) financial receivables			
Total adjustments to financial asset values	267	(196)	(841)
E) Extraordinary income and charges			
20) Income:			
- gains on disposals	1.154	2.022	1.039
- other	11.387	6.585	4.857
Total extraordinary income	12.541	8.608	5.896
21) Charges:			
- losses on disposals	405	158	113
- income tax on preceding years	1.111	490	23
- other	8.903	7.880	4.852
Total extraordinary charges	10.419	8.528	4.988
Total extraordinary items	2.122	79	907
Result before tax (A-B+/-C+/-D+/-E)	52.545	20.811	24.502
22) Income tax	13.217	16.751	7.970
23) Result for the period	39.329	4.060	16.531
Minority interest	240	313	250
26) Group profit (loss) for the period	39.088	3.747	16.281

CONSOLIDATED BALANCE SHEET

€/000

ASSETS		June 2005	December 2004	June 2004
€ /000				
A)	Receivables from shareholders for capital contributions	0	0	0
B)	Fixed assets			
	I. Intangible assets			
	1) Start-up and expansion costs	253	379	544
	2) Research, development and advertising costs	38.338	39.504	25.610
	3) Industrial patents and intellectual property rights	3.022	3.508	4.149
	4) Concessions, licences, trademarks and similar rights	47.056	49.989	369
	5) Goodwill	1	291	(0)
	6) Assets in process of formation and payments on account	38.347	40.318	20.883
	7) Other intangible assets	7.096	8.735	5.819
	8) Consolidation difference	377.600	390.737	355.233
		511.711	533.461	412.607
	II. Tangible assets			
	1) Land and buildings	101.205	100.144	66.639
	2) Plant and machinery	58.977	57.522	52.753
	3) Industrial and commercial equipment	48.427	48.791	34.271
	4) Other tangible assets	8.882	9.388	6.017
	5) Assets under construction and payments on account	21.956	21.412	11.732
		239.448	237.257	171.413
	III. Investments			
	1) Equity investments in:			
	a) subsidiaries	970	971	0
	b) associated companies	609	1.119	1.218
	c) other companies	183	235	117
	2) Receivables:			
	a) due from subsidiaries	364	342	0
	b) due from associated companies	3.719	9.760	10.161
	c) due from parent companies	0	0	0
	d) due from others	1.206	13.229	2.934
		5.289	1.779	1.779
	3) Other securities	0	0	0
	4) Own shares	0	0	0
		8.831	25.656	14.431
	Total fixed assets	759.990	796.373	598.451
C)	Current assets			
	I. Inventory			
	1) Raw materials, consumables and goods for resale	92.615	75.350	57.325
	2) Work in progress and semifinished products	17.834	17.190	14.789
	3) Contract work in progress	0	0	0
	4) Finished products and goods	137.320	119.915	76.665
	5) Payments on account	2	17	90
		247.771	212.473	148.869
	II. Receivables			
	1) Trade receivables	333.740	1.608	161.785
	2) Due from subsidiaries	(0)	0	359
	3) Due from associated companies	684	0	551
	4) Due from parent companies	0	0	0
	4-bis) Tax receivables	13.775	1.998	14.568
	4-ter) Deferred tax assets	(0)	36.852	29.321
	5) Due from others	13.728	2.608	14.206
		361.926	43.066	220.790
		404.992	235.587	220.790
	III. Investments held as current assets			
	1) Equity investments in subsidiaries	0	0	0
	2) Equity investments in associated companies	0	0	0
	3) Other equity investments	0	10	0
	4) Own shares	0	0	0
	5) Other securities	55	55	0
	6) R Receivables			
	- Due from subsidiaries	(0)	0	0
	- Due from associated companies	159	159	192
	- Due from parent companies	0	0	0
	- Due from other companies	9.550	9.558	9.314
		9.764	9.782	9.505
	IV. Liquid assets			
	1) Bank and postal accounts	47.343	34.818	24.525
	2) Cheques	748	290	0
	3) Cash and cash equivalents	110	90	65
		48.202	35.198	24.590
	Total current assets	710.728	493.040	403.753
D)	Accrued income and prepaid expenses			
	- loan discounts	0	1	1
	- other	16.414	6.745	1.844
		16.414	6.745	1.845
	TOTAL ASSETS	1.487.133	1.296.158	1.004.049

€/000

LIABILITIES AND SHAREHOLDERS' EQUITY		June 2005	December 2004	June 2004
€/000				
A) Shareholders' Equity				
I.	Share capital	194.827	194.827	169.347
II.	Share premium reserve	24.500	24.500	0
III.	Revaluation reserve	0	0	0
IV.	Legal reserve	723	671	671
V.	Reserve for own shares	0	0	0
VI.	Statutory reserves	0	0	0
VII	Other reserves	2.079	284	1.286
VII bis	Consolidation reserve	992	993	993
VIII	Retained earnings/(accumulated losses)	10.076	6.724	6.734
IX	Profit (loss) for the period	39.088	3.747	16.281
	Total Group shareholders' equity	272.286	231.746	195.313
	Minority interest	664	327	277
	Total shareholders' equity	272.950	232.073	195.590
B) Provisions for risks and charges				
	1) Provision for pensions and similar obligations	407	892	875
	2) Provision for tax and deferred tax	7.605	7.625	4.717
	3) Other	75.170	81.640	50.190
		83.182	90.157	55.783
C) Employee severance indemnities		73.639	71.601	55.564
D) Payables				
		12 months	beyond	
	1) Bonds	0	150.000	150.000
	2) Convertible bonds			100.000
	3) Amounts due to banks	41.993	247.680	289.674
	4) Amounts due to other financiers	6.397	12.817	19.214
	5) Payments on account	1.425	0	1.425
	6) Amounts due to suppliers	487.866	1.173	489.038
	7) Payables represented by credit instruments	0	0	0
	8) Amounts due to subsidiaries:	0	0	0
	9) Amounts due to associated companies:	188	0	188
	10) Amounts due to parent companies:	2.667	0	2.667
	11) Amounts due to tax authorities	24.766	664	25.430
	12) Amounts due to social security authorities	5.892	1.422	7.313
	13) Other payables	49.167	5.371	54.538
		620.360	419.127	1.039.487
				884.918
				690.359
E) Accrued expenses and deferred income		17.874	17.410	6.753
	TOTAL LIABILITIES	1.214.183	1.064.085	808.459
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1.487.133	1.296.158	1.004.049

CONSOLIDATED CASH FLOW STATEMENT

(€/000)

	30.06.2005	31.12.2004
A. <u>OPENING NET FINANCIAL POSITION</u>	(456.830)	(281.866)
B. <u>CASH FLOW FROM APRILIA GROUP ACQUISITION</u>		
Opening debt of acquired companies	0	(120.864)
Net assets (liabilities) acquired	0	(40.990)
Goodwill paid	0	(47.502)
Equity reserves attributable to minorities	0	1
	0	(209.355)
C. <u>CASH FLOW FROM (FOR) OPERATING ACTIVITIES</u>		
Profit (loss) for the period	39.329	3.747
Depreciation and amortisation	58.318	87.010
(Gains) or losses from disposal of tangible and intangible assets	(893)	(2.026)
(Gains) or losses from disposal of investments	(79)	
(Write-ups) or write-downs of fixed assets (tang.,intang.,inv.)	3.421	3.222
Net change in severance indemnities provision and other provisions	1.522	3.388
Profit (loss) for the period before changes in working capital	101.618	95.341
(Increase) decrease in inventory	(35.298)	2.577
Increase (decrease) in amounts due to suppliers and other payables	197.293	(24.767)
(Increase) decrease in trade receivables and other receivables	(169.405)	(32.251)
(Increase) decrease in other working capital items	(9.204)	3.699
	85.005	44.599
D. <u>CASH FLOW FROM (FOR) INVESTING ACTIVITIES</u>		
(Investments) divestments of fixed assets:		
- intangible assets	(18.490)	(28.966)
- tangible assets	(21.059)	(41.531)
- investments	10.445	917
Realisable value of fixed assets	1.846	10.010
Currency translation differences	(3.585)	993
	(30.843)	(58.577)
E. <u>CASH FLOW FROM (FOR) FINANCIAL ACTIVITIES</u>		
Increase in share capital and share premium reserve	0	49.980
Change in equity reserves attributable to minorities	337	(663)
Change in consolidation area	0	0
Currency translation reserve	1.211	(948)
	1.548	48.369
F. <u>CASH FLOW FOR THE PERIOD</u>	55.710	(174.964)
G. <u>CLOSING NET FINANCIAL POSITION</u>	(401.120)	(456.830)