Annual report at
31 December 2013

These financial statements were approved by the Board of Directors on 14 March 2014.

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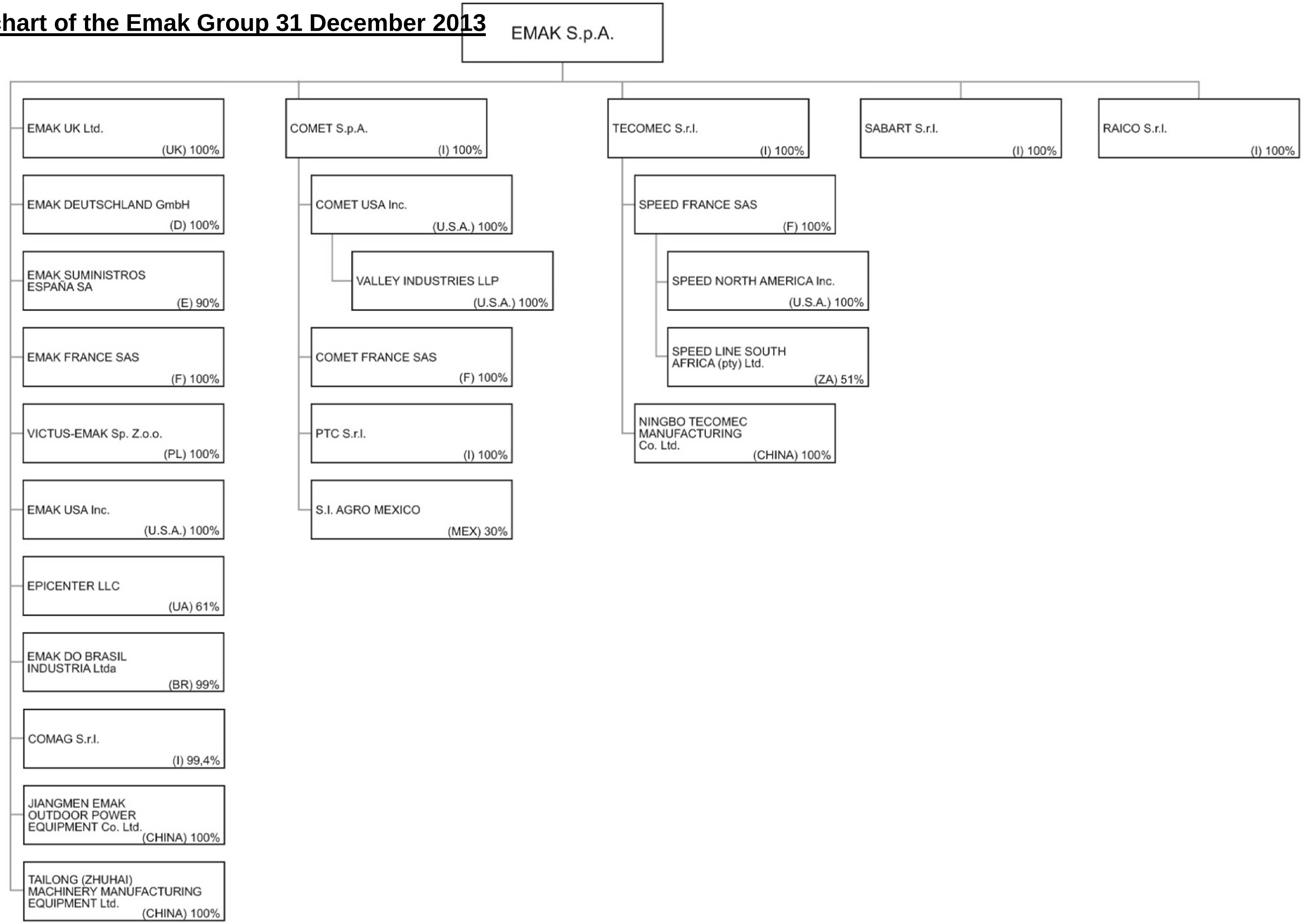
Contents

Organisational chart of the Emak Group 31 December 2013 2
Corporate Officers 4
Main shareholders of Emak S.p.A. 5
Main economic and financial figures for the Group 6
Directors' report 7
1. Economic situation 7
2. Sector trend 7
3. Strategic policy 7
4. Main risks and uncertainties 8
5. Research and development 9
6. Human resources 11
7. Significant events in the financial year and positions or transactions as a result of atypical and unusual operations 11
8. Economic and financial results of the Emak Group 13
9. Results of Group companies 17
10. Related party transactions 19
11. Plan to purchase shares Emak S.p.A. 19
12. Corporate governance and other information required by Issuers Regulations 20
13. Disputes 20
14. Other information 20
15. Business outlook, principle risks and elements of uncertainty 21
16. Subsequent events 21
17. Reconciliation between shareholders' equity and net profit of the parent company Emak and equity and the consolidated results 22
18. Proposal for the allocation of profit for the financial year and dividend 23
Emak Group – Consolidated Financial Statements at December 2013 24
Consolidated Income Statement 24
Statement of changes in consolidated equity for the Emak Group at 31.12.2012 and at 31.12.2013 26
Consolidated Cash Flow Statement 27
Explanatory notes to the consolidated financial statements of Emak Group 28
Emak S.p.A. – Income statements 70
Statement of changes in consolidated equity for the Emak Group at 31.12.2012 and at 31.12.2013 72
Explanatory notes to the consolidated financial statements of Emak Group 74
Certification of financial statements and consolidated financial statements pursuant to art. 154-bis, paragraph 5 of the Decree. 58/1998 (Consolidated Law on Finance) 117

Organisational chart of the Emak Group 31 December 2013



The company Jiangmen Emak Outdoor Power Equipment Co. Ltd. is controlled by Emak SpA 100% due the contract signed in December 2004 and subsequent amendments which provide for the obligation to repurchase the stake of 49% from Simest SpA on the date of 30.06.2014.

The participation in Valley Industries LLP is equal to 100% as a result of the "Put and Call Option Agreement" that governs the acquisition of the remaining 10% ownership of the company's General Manager.

Group Structure

Emak Group is a leading player in the global production and distribution of machines, parts and accessories for gardening, forestry, agriculture and industry. Its members are leaders in their various fields: (i) Emak S.p.A. - and its commercial subsidiaries - historical company active for more than fifty years in the production and commercialization of outdoor power equipment for gardening, forestry, agriculture; (ii) Comet Group is one of the leading manufacturer of high-pressure pumps for agriculture and industry, professional and semi-professional high pressure washers; (iii) Group Tecomec produces and sells components and accessories for machines of forestry, gardening, agriculture (particularly for machines for spraying and weed control), and high pressure industrial washing sectors; (iv) Sabart, company specialized in trading on the Italian market of spare parts and accessories for the forest, agricultural and gardening; (v) Raico, a company specialized in the commercialization on the Italian market of components and accessories for tractors and seats for professional use for in all off-road sectors (agriculture, construction, forklift engines) of the independent aftermarket segment.
The Group operates worldwide, offering a wide and complete range of products with recognized brands: Oleo-Mac, Efco, Bertolini, Nibbi, Staub (the latter only for the French market), Tecomec, Geoline, Mecline, Comet and HPP.
Regarding the products, the gardening industry includes lawnmowers, brush cutters, garden tractors and components and accessories, such as heads and nylon thread.
The main products of the forestry sector are represented by machines such as chiansaws, blowers and accessories related to the process of sharpening.
The most significant products of agriculture sector are the tillers and cultivators, the diaphgram pumps and also accessories and miscellaneous parts for machines for spraying machines and weeding control and spare parts for agriculture tractors.
Finally, in the industrial sector the Group is present with power cutters, piston pumps and high pressure washers and a wide range of accessories and components for pressure washers and high pressure washing machines.
The Group currently manages the distributions in the Italian market and in other 10 markets: the U.S.A., France, Germany, UK, Spain, Poland, Ukraine, China, South Africa and Brazil – through its subsidiaries.
In Italy and in the European countries in which it operates with commercial branches, the Group sells products directly, through a network of specialized dealers, who also provide technical support after the sale.
In countries where the Group does not have a direct presence, it uses distributors that operate on the basis of an exclusive relationship.
Depending on the type and characteristics of the products, the Group addresses costumers made up of private and professional users and manufacturers of technical equipment.

The production structure of the Group consists of the following plants:

Company	Registered production factory	Output
Emak	Bagnolo in Piano (RE) – Italia	Hand held products for the premium segment, cultivators, flailmowers, transporters
Comag	Pozzilli (IS) – Italia	Lawnmowers and rotary tillers
Emak Tailong	Zhuhai – Cina	Cylinders
Emak Jiangmen	Jiangmen – Cina	Hand held products for price sensitive segment
Tecomec	Reggio Emilia – Italia	Accessories for agricultural machinery for spraying and weeding and accessories and components for pressure washers
Speed France	Arnas – Francia	Nylon line and heads for brushcutters
Speed North America	Wooster, Ohio – USA	Nylon line for brushcutters
Speed Line South Africa	Pietermaritzburg - Sud Africa	Nylon line for brushcutters
Ningbo	Ningbo – Cina	Production of accessories and components for high pressure washing and chain saws and brushcutters
Comet	Reggio Emilia – Italia	Pumps, motor pumps and control units for agriculture and industry and pressure washers for the cleaning sector
PTC	Genova – Italia	Systems and technological applications high-pressure water

Corporate Officers

On 23 April 2013 the Ordinary General Meeting of the Shareholders of the Parent Company, Emak S.p.A., resolved to appoint the Board of Directors for the financial years 2013-2015; in the same meeting the Board of Auditors was appointed for the same duration.

Boards of Director

Chairman and Chief Executive Officer	Fausto Bellamico
Deputy Chairman	Aimone Burani
General Manager	Stefano Slanzi
Indipendent Directors	Ivano Accorsi
	Alessandra Lanza
	Massimo Livatino
Directors	Francesca Baldi
	Ariello Bartoli
	Luigi Bartoli
	Paola Becchi
	Giuliano Ferrari
	Vilmo Spaggiari
	Guerrino Zambelli

Audit Committee and Remuneration Committee

Chairman	Ivano Accorsi
Members	Alessandra Lanza
	Massimo Livatino

Board of Statutory Auditors	Paolo Caselli
Chairman	Francesca Benassi
Acting auditors	Gianluca Bartoli
	Maria Cristina Mescoli
Alternate auditors	Eugenio Poletti

Indipendent Auditors	Fidital Revisione S.r.l.

Financial Reporting Officer	Aimone Burani

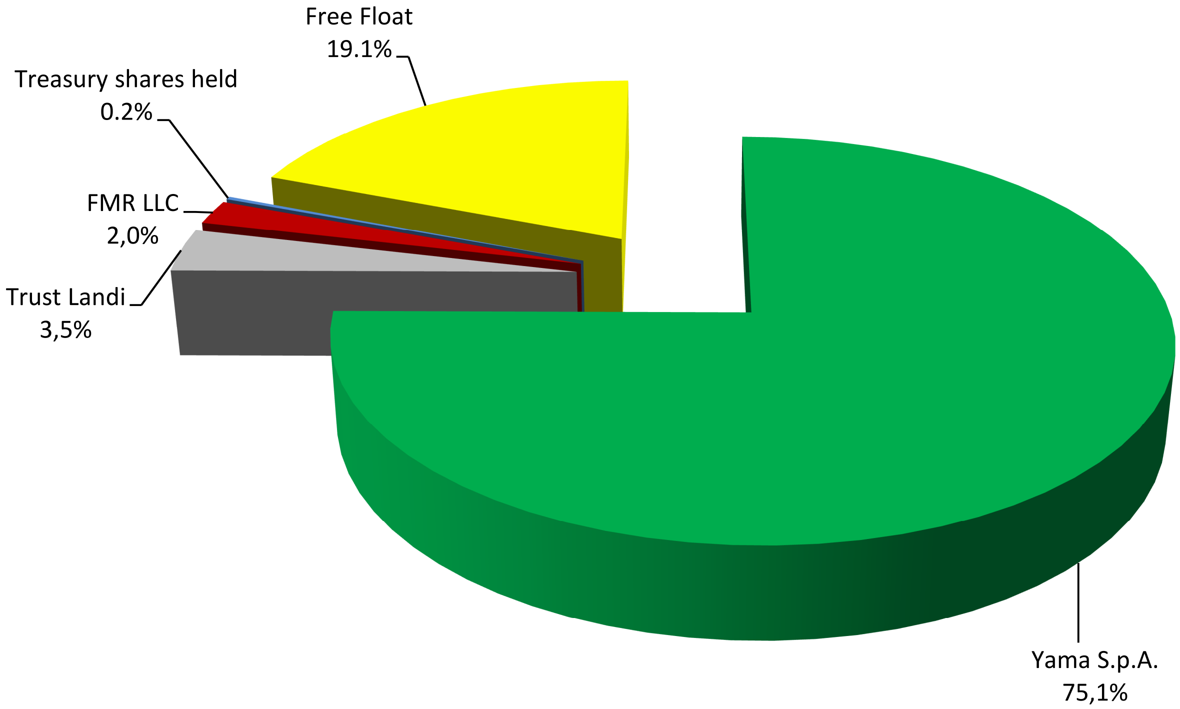
Supervisory Body as per Legislative Decree 231/01

Chairman	Sara Mandelli
Acting members	Roberto Bertuzzi
	Guido Ghinazzi

Main shareholders of Emak S.p.A.

The share capital of Emak S.p.A. consists of 163.934.835 shares with a par value of 0.26 euros per share. The Company is listed on the Milan Stock Exchange since June 25 1998. Since September 2011 the stock has been a member of the Securities Segment High Requirements (STAR).

The table below summarizes the composition of the Company as at December 31, 2013.



It should be noted that the shareholder Trust Landi, on 15/01/2014, has reduced its stake to below the 2% threshold.

Main economic and financial figures for the Group

Income statement (€/000)

	2013	2012
Net sales	355,033	354,780
EBITDA (1)	34,196	28,807
EBIT	22,375	16,647
Net profit	10,533	8,640

Investment and free cash flow (€/000)

	2013	2012
Investment in property, plant and equipment	7,396	7,769
Investment in intangible assets	1,701	1,481
Free cash flow from operations (2)	22,354	20,800

Balance sheet (€/000)

	31.12.2013	31.12.2012
Net capital employed	227,175	244,907
Net debt	(76,381)	(99,866)
Total equity	150,794	145,041

Other statistics

	2013	2012
EBITDA / Net sales (%)	9.63%	8.1%
EBIT/ Net sales (%)	6.3%	4.7%
Net profit / Net sales (%)	3.0%	2.4%
EBIT / Net capital employed (%)	9.8%	6.8%
Debt / Equity	0.51	0.69
Number of employees at period end	1,576	1,576

Share information

	2013	2012
Earnings per share (€)	0.063	0.051
Equity per share (€) (5)	0.911	0.876
Official price (€)	0.820	0.541
Maximum share price in period (€)	0.915	0.640
Minimum share price in period (€)	0.530	0.466
Stockmarket capitalization (€/million)	134.427	88.689
Average number of oustanding shares	163,537,602.000	163,537,602.000
Number of shares comprising share capital	163,934,835.000	163,934,835.000
Cash flow per share: net profit + amortization/depreciation (€) (6)	0.137	0.127
Dividend per share (€)	0.025	0.020

(1) "Ebit" plus "Amortization, depreciation and impairment losses"
(2) "Net Profit" plus "Amortization, depreciation and impairment losses"
(3) "Group equity" divided by "Number of outstanding shares at period end"
(4) "Group Net Profit + Amortization/depreciation" divided by "Average number of outstanding shares"

Directors' report

1. Economic situation

In 2013 the world economy grew overall by around 3%, continuing the upturn that began at the end of the previous year. After the first six months of slight improvement, characterised by a lower than expected growth in the emerging economies, by a slow exit from the recession on the part of the Euro area countries and the modest expansion of the American economy, in the second half-year global growth was more solid. In the advanced countries final demand increased, also as a result of the assortment of stocks. In the emerging countries' markets, the upturn in activity was linked mainly to a jump in exports, while the internal markets, with the exception of China, was flat.

2. Sector trend

During 2013 Emak Group's reference market was stable on the whole, with different trends in different product lines and geographical areas.
With regards to product lines, the market for gardening products, and in particular for brush-cutters and relative accessories, grew slightly. Overall, the demand for forestry products, including chainsaws, was stable. With regards to small farming machines (such as motor hoes and rotavators), aimed at a semi-professional or private clientele, the market shrank in volumes at a world level, since the weakness of the European economies, characterised by stagnation or recession, was matched by strong downturns in traditionally important areas such as Turkey, Australia and North Africa. The trend of components and accessories for farming machines intended for professional customers and European construction companies was, instead, positive. The "Construction and Industry" sector saw a further fall in volumes, especially in the hobby and semi-professional segments, strongly linked to the economic cycle, while the professional machines market was substantially stable.
In terms of geographical area, Europe had good growth performances for components and accessories, while the market for machines fell slightly, especially in the Mediterranean area, due to both the macro-economic situation, still uncertain, and to the negative impact of weather conditions that caused a late start to the season.
The North American market grew slightly for the entire product line, with the exception of the hobby segment in the "Construction and Industry" line. The trend in demand in the South American market, in particular in Brazil and the Far East, was positive.

The Emak Group operates and distributes its products worldwide. The main reference markets are Europe and North America, which together account for 70% of global demand.
The demand for products intended for forestry activities and gardening, agriculture and the hobby segment of the construction and industry line, is mainly driven by the economic cycle, by the purchasing power of consumers and weather conditions. With regards to the market for professional products in the Construction and Industry line, demand is strongly correlated to the building sector and other sectors such as, by way of example, the mining, shipbuilding and industrial washing sectors.
The factors that determine the trend in demand depend on the Group's clientele, which varies according to the type of product and the characteristics of each product and of the accessories with which they may be fitted. The market for finished products, such as brush cutters, chainsaws, pressure washers and relative spare parts and accessories (wire, bars, and chains) can be subdivided into hobby/private, semi-professional and professional on the basis of the final use. With regards to components, customers are major global machine manufacturers.

3. Strategic policy

The Emak Group's main goal is the creation of value for all its stakeholders.

For the purpose of achieving its aim, the Group focuses its efforts on growth, based on the following critical factors for success: (i) product quality and innovation, (ii) level of service, (iii) competitiveness, (iv) strengthening the distribution network and (v) development of human resources and relations with the customer.

Organic growth is pursued through product innovation, made possible by continuous investment in research and development, the use of new technologies and improvements in the product range.

Growth by external means is aimed at the creation of a sales network in countries with a high potential for development where the Group is not currently present and where there are prospects for extending its market share or where it is possible to develop in surrounding markets. Another motive for growth through acquisitions is to promote product diversification, or the acquisition of strategic technologies that require a long time for internal development.

The Group is aware of its role in the social and economic context and therefore pursues its growth, the creation of value for the business and for all parties involved, combining:

- **economic sustainability,** that is, the commitment to invest in company and Group growth on a continuous basis over time through a strategic plan focused on the fundamental critical factors for success;
- **social sustainability,** considered as the intention to meet the expectations of the stakeholders and to redistribute the value created in the public interest;
- **environmental sustainability,** through the identification, regulation, control and gradual reduction of environmental impacts deriving directly or indirectly from the business's activities.

In line with its guiding principles, Emak S.p.A. has embarked on this path which has involved formalising the integrated policy for quality, ethics and the environment and implementing a regularly updated management system integrated with the three main international standards: ISO 9001:2008, ISO 14001:2004 and SA 8000:2008.

4. Main risks and uncertainties

As part of its industrial activity, Emak Group is exposed to a series of risks, the identification, assessment and management of which are assigned to Managing Directors, also in the role of Executives Directors appointed pursuant to the self-regulatory Code of *Borsa Italiana S.p.A.*, and to business area managers.

The Chairman and CEO oversees the "risk management" process in line with the risk management policy established by the Board of Directors.

Internal Audit's task is to control the efficiency and effective functioning of the internal control and risk management system through risk assessment activities and the management of the results of this analysis, with particular attention to the continuous improvement of management policies.

The effective management of risks is a key factor in the creation of the Group's value over time, especially in the light of the difficult macro-economic situation, and is a support to management in defining the most appropriate competitive strategies.

As part of this process, different types of risk are classified on the basis of the assessment of their impact on the achievement of the strategic objectives, that is to say, on the basis of the consequences that the occurrence of the risk may have in terms of compromised operating or financial performance, or of compliance with laws and/or regulations.

The main strategic-operating risks to which the Emak Group is subject are:

Weather conditions
Weather conditions make the market demand in the sector more volatile and subject to short term factors that affect sales trends. Generally, weather conditions characterized by drought may provoke a drop in the sales of gardening products, while harsh winters have a positive effect on the sales of chainsaws.

Competition and market trends
The Group operates on a global scale, in a sector characterised by a high level of competition and in which sales are concentrated mainly in mature markets with moderate or low rates of growth in demand.
Performances are closely correlated to factors such as the level of prices, product quality, trademarks and technology, which define the competitive positioning of operators on the market.

Customers
The Group's results are influenced by the performances of a number of large customers, with which there are agreements involving minimum purchase quantities. As a result, the demand of such customers for fixed volumes of products cannot be guaranteed and it is impossible to rule out that a loss of important customers or the reduction of orders made by them could have negative effects on the Group's economic and financial results.

Operations
The Group's production activity consists mainly in the acquisition and assembly of components.
The management of different factories, the diversification of products and the fluctuation in demand expose the Group to risks typical of manufacturing companies and this has persuaded the Group to invest in implementing policies that allow it to have:

- a greater flexibility in logistics and production processes;
- a greater efficiency in the management of working capital;
- a lower level of indirect costs through computerisation and automation policies.

Raw material components
The Group's economic results are influenced by the trend in the price of raw materials and components. The main raw materials used are copper, steel, aluminium and plastic materials. Their prices can fluctuate significantly during the year since they are linked to official commodity prices on the reference markets.

Liability to customers and third parties
The Group is exposed to potential liability risks towards customers or third parties in relation to product liability due to possible design and/or manufacturing defects in the Group's products, also attributable to third parties such as suppliers and assemblers. Moreover, in the event that products are defective or do not meet technical and legal specifications, the Group, also by request of the control authority, could be obliged to withdraw such products from the market.

Financial risks
In the ordinary performance of its operating activities, the Emak Group is exposed to various risks of a financial nature. For detailed analysis, reference should be made to the appropriate section of the Notes to the Financial Statements in which the disclosures as per IFRS no. 7 are set out.

Risk management process
With the aim to reduce the financial impact of any harmful event, Emak has arranged the transfer of the residual risks to the insurance market, when insurable.
In this sense, Emak, as part of its risk management, has undertaken a specific activity of customization of insurance coverage in order to significantly reduce exposure, particularly with regard to possible damages arising from the manufacturing and marketing of products.
All companies of the Emak Group today are insured against major risks considered strategic, such as: product liability and product recall, general civil liability, Property "all risks". Other insurance policies have been stipulated at the local level in order to respond to regulatory requirements or specific regulations.
The analysis and transfer of insurance risks burdened on the Group is carried out in collaboration with an insurance broker who, through an international network is also able to assess the adequacy of the management of the Group's insurance programs on a global scale.

5. Research and development

Research and development is a major critical factor for the Goup's success as it is a source of competitive advantage in international markets and often determines the success of an enterprise. For this reason, where possible, the Group protects its products with international patents.
The activity is focused on product innovation, considered not only as the development of new technologies that improve the performances of the machines – in terms of lower consumption and gas emissions, more safety, comfort and fewer vibrations – and may further expand the fields of use of the components and accessories produced by the Group. With the aim of keeping step with the times and as far as possible anticipating future solutions, the Group has for some years entered into partnerships with the academic world in order to develop new technologies that can be applied to its products.

Below is a list of the main activities carried on by the Group subdivided by product lines.

Agriculture and Forestry:

The extension and renewal of the range of chainsaws and small machines for agriculture has continued during the year.
The development of a series of accessories for chainsaws, mainly electric sharpeners, chain breakers and rivet spinners has been completed, aimed at meeting the needs of users that carry out machine maintenance in the field or in the workshop.
The set-up of a new range of ceramic nozzles for spraying and weeding machines has been completed with the development of a specific technical catalogue already available for the clientele, which will also make it possible to promote the flow measurement and control systems already developed by the Group.
After having successfully completed the validation phase in the field for the first prototypes of electronic control products for spraying and weeding machines, and after the official presentation to the main trade fairs in the sector, the marketing phase began for these devices (computer with basic functions) that represent only the first step in the development of a wide range of articles for precision agriculture applications. The development of other electronic products, indispensable for completing the existing range and conceived with the aim of improving precision in treatments and assisting the end user is, in fact, moving ahead at the same time.
After around a year of studies, tests and applications, a polyethylene wire has been developed for use in agriculture (greenhouses, vineyards, the protection of plantations etc.) the sale of which began in the early months of 2013.
Finally, the range of diaphragm pumps for weeding has been completely renewed.

Constructions and Industry

During 2013 the sale of regulation and safety valves for pressures up to 750 bars began and guns, lances and nozzles intended for applications with the same pressure range will soon be included in the catalogue.
On the basis of the results already obtained and experience gained, research and development activities will also continue in 2014 for implementation of the range of professional accessories for industrial washing for use in circuits operating at pressures up to 1,000 bars.
Experiments of new products for cleaning photo-voltaic panels and for car/lorry washing systems made further progress in 2013.
Two important pressure washer projects were completed: one, with an internal combustion engine, for the industrial sector and another which is the central product in the range of professional electric pressure washers.
Finally, three new lines of products representing a complete renewal of the range of high pressure/capacity pumps are in the design phase.

Gardening

Besides the consolidation of sales of products launched on the market in the second half of 2012, such as the new garden rider, the new line of mowers made of sheet metal and a new line of small cylinder brush-cutters for private and professional needs, 2013 also saw the launch of a large number of products of strategic value to the company. Of these, particularly worth mentioning is a new robotised mower for surface areas up to 1,200 sq.m., a new line of mower with an aluminium body for professional use and a new brush-cutter for intensive use (size 43 cm^3). In the final months of the year a new range of small tractors with lateral discharge was introduced, as well as a robotised mower for surface areas up to 700 sq.m..
During the year, research and development for a new line of “pack-free” string trimmers (not requiring packaging) for use on professional, semi-professional and hobby machines was completed. The product, marketed from the final months of 2013, will be completed in the second half of 2014 with a special head currently in the final stages of designing and testing.
By exploiting the different engineering and technical know-hows developed internally, the Group is working on the design of integrated and specific products (string/head) for new battery-operated machines, some of which are already available for sale and subject to exclusive contracts with major OEMs. In addition, in the last few months of the year, experimentation started on the combination of blades/cutting discs in plastic for fitting onto brush-cutters and to replace, at least in part, the equivalent products in steel.

6. Human resources

The breakdown of staff by country at 31 December 2013 is shown in the table below:

Employees at	31.12.2013	31.12.2012
Italy	843	851
France	126	120
England	12	12
Spain	19	18
Germany	24	25
Poland	41	43
China	372	372
USA	88	85
Ukraine	37	37
South Africa	6	6
Brazil	8	7
Total	**1.576**	**1.576**

Emak Group's staff numbered 1,576 workers at 31 December 2013, unchanged overall compared to the previous financial year.
Measures aimed at improving and validating the organisation structures of companies included in the scope of consolidation continued: the Comet group (staff of 232), the Tecomec group (staff of 329), Sabart S.r.l. (staff of 53) and Raico S.r.l. (staff of 45). Specifically, the staff appraisal model for the Italian companies of the Group, with the definition of a common remuneration and benefits management policy, is currently being finalised.
The parent company has carried out 65,019 hours of job-sharing in the Bagnolo in Piano site. The job-sharing agreement has also been extended to the whole of 2014.
In 2013 2,680 hours of specialised and managerial training was provided, with 107 workers trained, besides a further 2,815 hours of safety and "lean production" (Kaizen project) instruction and training, involving 128 workers in production and indirect structures. On the theme of safety and "Kaizen training", 1,600 hours were also programmed in Comag S.r.l.
Again in relation to training, Tecomec provided around 3,000 hours of training (with an average of 30 hours per employee, excluding mandatory training), involving almost the entire workforce. At Emak Group level, 12,000 hours of training were organised in 2013.
As a result of the persistent uncertain market situation, use was made of periods of flexible working procedures in order to more effectively follow the trends in demand and the seasonality of products, besides making use of temporary layoffs in Comag S.r.l.
In Comag S.r.l. a procedure of incentivised voluntary redundancy was introduced in November, which will end in June 2014 and which so far has been taken up by 11 employees out of a total of 82.
With reference to company negotiations within the Group, company agreements of Emak S.p.A. and Comet S.p.A. (expired at the end of 2013) and Tecomec S.r.l. (expired 31/12/2011) are currently being renewed. Comag S.r.l.'s Supplementary Agreement was renewed in 2013.

7. Significant events in the financial year and positions or transactions as a result of atypical and unusual operations

7.1 Geoline Electronic Operation

On 12 July 2013 the subsidiary, Tecomec S.r.l., entered into an agreement with Dinamica Generale S.p.A. aimed at closer cooperation between the two companies, already tied by a supply relationship, for the technical-commercial development of electronic products to be marketed with the Geoline trademark. On 9 October 2013 the contract was finalised for the setting up of a new company, Geoline Electronic S.r.l., the share capital of which will be held 51% by Tecomec, which will carry out the development and production of electronic control systems for applications in the Agriculture sector.

The operation, which will involve an outlay for the Group of € 2,700 thousand, € 1,500 thousand of which will be tied up through an "escrow account" contract, will allow Tecomec S.r.l. to complete its product range, thereby increasing the value of its offer, extend its customer base, exploit cross-selling opportunities through the distribution of products already available in the Dinamica Generale S.p.A. portfolio and, as a whole, to strengthen its position on the market.

In addition, the Emak Group is going to acquire specific know-how in the electronics field, and be able to develop not only the Geoline business, but also that of other product families.

The company will be included in the scope of consolidation of the Group starting from 28 January 2014.

7.2 Disposal of a company branch

On 29 November 2013 the subsidiary Tecomec S.r.l. disposed of the company branch, no longer strategic for the Group, of spare parts for chainsaws intended for the after-market sector.
The company branch closed the 2012 financial year with a turnover of around € 4,000 thousand. The disposal price was € 471 thousand, with a capital gain of around € 270 thousand.

The operation was carried out through the transfer of the business and subsequent sale of the shares of the transferee company.

The economic effects of the eleven months of the company are included in the scope of the consolidation and have contributed a turnover of € 3,684.

7.3 Acquisition of Caj Tech sarl Au (now Speed Industrie Sarl)

On 12 December 2013 Speed France S.A.S., the French subsidiary of Tecomec S.r.l., entered into an agreement, coming into force 1 January 2014, for the acquisition of the entire share capital of the Moroccan company, Caj Tech Sarl Au, subsequently re-named Speed Industrie Sarl.

The company, incorporated in 2012, mainly performs packaging activities for Speed France.
The turnover of this company for the year ended 31 December 2013 was around € 850 thousand. The price of Caj Tech Sarl Au was contractually established at 269,000 dirhams, equivalent to around € 24 thousand, paid on 2 January 2014, the date of transfer of the company.

The acquisition will allow Speed France to directly control the costs of certain phases in the production process.

The company will be included in the scope of consolidation of the Group starting from 1 January 2014.

8. Economic and financial results of the Emak Group

Summary of economic results

The key figures of the consolidated income statement for the 2013 financial year are as follows:

€/000	FY 2013	%	FY 2012	%	Change %
Net sales	355,033	100	354,780	100	0.1
Ebitda reported	34,196	9.6	28,807	8.1	18.7
UBIT	22,375	6.3	16,647	4.7	34.4
Profit before taxes	17,427	4.9	12,056	3.4	44.6
Net profit	10,533	3.0	8,640	2.4	21.9

Analysis of sales trends

In the 2013 financial year the Emak Group achieved a consolidated turnover of € 355,033 thousand against € 354,780 thousand in 2012, an increase of 0.1%.

The following table shows an analysis of sales reported for 2013, broken down by line, compared with "adjusted" turnover and with the turnover of the same period of the previous year:

€/000	31.12.2013	%	31.12.2012	%	Var. %
Agriculture & Forestry	141,173	39.8%	145,026	40.9%	(2.7%)
Construction & Industry	64,850	18.3%	64,635	18.2%	0.3%
Lawn & Garden	149,010	42.0%	145,119	40.9%	2.7%
Total	**355,033**	**100%**	**354,780**	**100%**	**0.1%**

Sales of products in the “Agriculture and Forestry” line fell slightly compared to the previous financial year, with a significant upturn in the last part of the year: the good result obtained by components and accessories did not compensate for the delay in sales of small machines for agriculture and products in the forestry line.
The “Gardening” line grew in the year compared to the previous financial year: after a first quarter penalised by adverse weather conditions, the Group recovered over the rest of the year thanks to specific commercial initiatives, to consolidation of new products on the market and the extension of the season.

The following table shows the distribution of sales by geographical areas registered in 2013 compared with the turnover "adjusted" and with those of same period last year.

€/000	31.12.2013	%	31.12.2012	%	Var. %
Europe	253,843	71.5%	243,930	68.8%	4.1%
Americas	63,140	17.8%	66,027	18.6%	(4.4%)
Asia, Africa and Oceania	38,050	10.7%	44,823	12.6%	(15.1%)
Total	**355,033**	**100%**	**354,780**	**100%**	**0.1%**

Sales in the European market posted a healthy increase compared to the previous year. In particular, worth noting is the good performance achieved in Italy and in general in East European countries where the Group has a direct presence.
In the “Americas” area, despite the good results obtained in a number of important Latin American markets such as Mexico, sales were hit by the downturn in the Venezuelan market, penalised by the restrictions on imports, and on the North American market.
In the “Asia, Africa and Oceania” area, where sales were affected throughout the year by the difficulties in the Turkish market, there were good results achieved in the Chinese market, still not significant, but with encouraging signs of development.

Profitability analysis

EBITDA

Ebitda for the year amounts to € 34,196 thousand against € 28,807 thousand in the previous financial year, an increase of 18.7%.
The improvement in the result is mainly due to the better product mix, to efficiencies in purchasing procedures and to control of operating costs. The increase in staff costs is mainly linked to the increase in the average number of employees including internships, numbering 1,706 workers against 1,681 in the previous financial year as a result of productivity peaks in a number of the Group's factories.

Two non-recurring items had a negative effect on the 2012 financial year amounting overall to € 2,924 thousand: the economic effect of the reversal of intergroup margins deriving from the extension of the scope of consolidation for € 2,602 and consultancy fees for M&A operations for € 322 thousand. Adjusting for these effects, Ebitda for the 2013 financial year would have posted an increase of 7.8% against the previous financial year.

Ebitda as a proportion of revenues has moved from 8.1% at 31 December 2012 (from 8.9% excluding the non-recurring items) to 9.1% at 31 December 2013.

EBIT

EBIT for the year amounted to € 22,375 thousand, against with € 16,647 thousand in 2012. Amortization and depreciation provisions amount to € 11,821 thousand, compared to € 12,160 thousand in the same period of 2012.

Ebit as a percentage of sales moves from 4.7% of 2012, to 6.3% of 2012.

Non-annualized Ebit as a percentage of net invested capital has moved from 6.8% of 2012, to 9.8% in the same period of 2013.

Amortization and depreciation provisions amount to € 12,160 thousand, compared to € 7,117 thousand in the same period of 2011.

Net profit

The net profit for the financial year is € 10,533 thousand against € 8,640 thousand for the previous financial year.
The financial management performance has benefitted mainly from the lower charges related to the fall in the net negative financial position and from the "mark to market" valuation of financial instruments for hedging interest rates.
The currency management performance is negative for € 1,393 thousand, while in the previous financial year it was negative for € 387 thousand. The result was strongly penalised by the trend in exchange rates, particularly the US dollar during the second half-year.
The tax rate for the year was 39.6% against 28.3% in the previous financial year, mainly due to the tax credit accounted for amounting to € 1,437 thousand in the 2012 financial year (art. 4, paragraph 12 of law Decree 2 March 2012 no. 16, converted into Law no. 44 26 April 2012).

Earnings per share at 31 December 2013 is € 0.063 against € 0.051 in the previous financial year.

Emak
our power, your passion

Highlights from the consolidated balance sheet

€/000	31.12.2013	31.12.2012
Net non-current assets	84,963	88,985
Net working capiatal	142,212	155,922
Total net capital employed	**227,175**	**244,907**
Equity attributable to the Group	149,041	143,226
Equity attributable to minority interests	1,753	1,815
Net debt	(76,381)	(99,866)

Net non-current assets

The net non-current assets on December 31, 2013 amounted € 84,963 thousand compared to the € 88,985 thousand on December 31, 2012.

During the 2013 Emak Group invested € 9,097 thousand in property, plant and equipment and intangible assets, as follows:

- € 3,882 thousand for product innovation;
- € 2,203 thousand for adjustment of production capacity and for process innovation;
- € 1,213 thousand for upgrading the computer network system;
- € 718 thousand for adjustment of industrial buildings;
- € 1,021 thousand for other managerial working investments.

Investments broken down by geographical area are as follows:

- € 6,145 thousand in Italy;
- € 1,362 thousand in Europe;
- € 1,590 thousand in the Rest of the World.

Net working capital

Net working capital moved from € 155,922 thousand at 31 December 2012 to € 142,212 thousand, a fall of € 13,710 thousand.

The following table reports the change in net working capital in 2013 compared with the previous year:

€/000	FY 2013	FY 2012
Net working capital at 01 January 2013	**155,922**	**157,500**
increase/(decrease) in inventories	(2,403)	(8,748)
increase/(decrease) in trade receivables	(4,656)	(1,454)
(increase)/decrease in trade payables	(2,409)	4,035
change in scope of consolidation (acquisition)	-	4,078
change in scope of consolidation (disposal)	-	(247)
variation for acquisition line of business	-	147
variation for disposal line of business	30	-
other changes	(4,272)	611
Net working capital at 31 December 2013	**142,212**	**155,922**

The reduction in net working capital is mainly due to specific lean production measures implemented in various factories in the Group and to a better management of demand.

Equity

Equity at 31 December 2013 is € 150,794 thousand against € 145,041 thousand at 31 December 2012.

Net financial position

(€/000)	31.12.2013	31.12.2012
Cash and banks	15,122	16,229
Securities and derivative financial instruments	101	61
Other financial assets	1,503	2
Financial liabilities	(41,197)	(80,822)
Derivative financial instruments	(848)	(1,330)
Short-term net debt	**(25,319)**	**(65,860)**
Other financial assets	178	320
Financial liabilities	(51,240)	(34,326)
Long-term net debt	**(51,062)**	**(34,006)**
Cash and banks	15,122	16,229
Securities and derivative financial instruments	101	61
Other financial assets	1,681	322
Financial liabilities	(92,437)	(115,148)
Derivative financial instruments	(848)	(1,330)
Total net debt	**(76,381)**	**(99,866)**

The net financial position stood at € 76,381 thousand at December 31 2013 against € 99,866 thousand at December 31, 2012.

At December 31 2013, Net financial position to other related parties amount to € 1,069 thousand.

Long-term financial payables include not only the non-current portion of loan principal repayments but also the portion of finance leases falling due after more than 12 months.

Among the short-term debt are mainly included:
- Bank overdrafts;
- The mortgage repayments due by December 31 2014;
- Debts to other financial institutions due by 31 December 2014.

The improvement in the net financial position is thanks to the generation of cash deriving from efficiencies made on net working capital and the increase in operational cash flow: this last amount, net of taxes, stands at € 22,524 thousand against € 20,800 thousand in the previous financial year.

It should be noted that in 2013 the Group completed a number of operations aimed at repositioning the due dates of its financings in the medium-long-term in order to obtain a better financial equilibrium. The proportion of medium-long-term debt compared to the total net financial position is, in fact, 66.9% compared to 34.1% at 31 December 2012.

The schedule below shows the movements in the net financial position in the 2013 financial year:

€/000		
Opening NFP at 1/1	**(99,866)**	**(97,298)**
Cash flow from operations, excl. changes in operating assets and liabilities	22,354	20,800
Changes in operating assets and liabilities	13,552	3,251
Cash flow from operations	**35,906**	**24,051**
Cash flow from investments and disinvestments	**(8,112)**	**(8,577)**
Equity changes	**(4,780)**	**(3,740)**
Sale of business unit (Note 7.2)	**471**	**-**
Change in the scope of consolidation Valley LLP acquisition	**-**	**(14,319)**
Acquisition of business unit Le.Ma	**-**	**(228)**
Change in the scope of consolidation disposal Emak Benelux	**-**	**245**
Closing NFP at 31/12	**(76,852)**	**(99,866)**

9. Results of Group companies

9.1 Emak S.p.A. – Parent company

The Parent Company achieved net revenues of € 135,632 thousand against € 142,230 thousand in 2012, a fall of 4.8%. With regards to the product lines, the good performance of gardening products should be noted. In area terms, the fall is mainly attributable to the lower sales achieved in Turkey as a result of the difficulties in the local market.

Ebitda for the year amounts to € 5,816 thousand, against € 6,292 thousand in the previous financial year, a fall of 7.6%. Efficiencies in purchasing activities and the control of operating costs did not offset the negative effect of lower sales volumes.

Operating profit for the year is € 1,860 thousand, against € 2,110 thousand, a decrease of 11.8%.
Net profit is € 2,718 thousand, against € 4,479 thousand in 2012. The financial performance benefitted from the dividends distributed by subsidiary companies, albeit at lower amounts than the previous financial year, and a fall in financial charges. The currency management performance was hit by the unfavourable trend in exchange rates in the second half of the year. The tax rate was 20.4%: this figure was negatively affected by taxes relating to previous financial periods, while the tax rate in the previous financial year had a positive effect of the same nature, but in the opposite direction.
The net negative financial position moved from € 48,524 thousand at 31 December 2012 to € 37,340 thousand, mainly thanks to the reduction in net working capital, and to the cash flow from operations.

9.2 Subsidiaries

At 31 December 2013 the Emak Group was organised in a structure in which Emak S.p.A. stands at the top, holding direct and indirect controlling stakes in 23 companies operating in the three product lines (agriculture and forestry, construction and industry and gardening).

The table below shows the key economic figures of the subsidiaries in compliance with the international IAS/IFRS accounting standards:

Company	Head office	31/12/2013 Net sales	31/12/2013 Net profit	31/12/2012 Net sales	31/12/2012 Net profit	
Parent company						
Emak S.p.A.	Bagnolo in Piano (Italia)	135,632	2,718	142,230	4,479	
Fully consolidated companies						
Emak France Sas	Rixheim (Francia)	30,671	505	29,631	275	
Jiangmen Emak Outdoor Power Equipment Co. Ltd	Jiangmen City (Cina)	33,793	1,217	28,243	(970)	
Victus Emak Sp. Z o.o.	Poznam (Polonia)	11,994	473	12,654	84	
Comag Srl	Pozzilli, Isernia (Italia)	15,776	(151)	13,948	(85)	
Emak Deutschland GmbH	Fellbach-Oeffingen (Germania)	12,436	(92)	14,709	131	
Emak Suministros Espana SA	Madrid (Spagna)	5,687	276	5,276	99	
Emak U.K. LTD	Lichfield (UK)	3,650	27	3,870	92	
Emak USA Inc.	Burnsville-Minnesota (USA)	2,527	(295)	2,484	(382)	
Tailong (Zhuhai) Machinery Equipment Ltd.	Zhuhai (Cina)	5,608	696	6,597	766	
Epicenter LLC	Kiev (Ucraina)	6,853	296	7,079	365	
Emak Do Brasil Industria LTDA	Curitiba (Brasile)	1,520	(624)	247	(28)	(1)
Gruppo Tecomec	Reggio Emilia (Italia)	73,360		69,427		(2)
Tecomec Srl	Reggio Emilia (Italia)	44,271	2,398	42,379	2,379	
Speed France Sas	Arnax (Francia)	19,426	1,518	16,538	967	
Speed North America Inc.	Wooster (Ohio - USA)	7,630	372	9,074	524	
Speed Line South Africa (Pty) Ltd.	Pietermaritzbury (Sud Africa)	1,121	139	1,174	127	
Ningbo Tecomec Manufacturing Co. Ltd.	Ningbo City (Cina)	10,645	109	11,203	23	
Gruppo Comet	Reggio Emilia (Italia)	77,056		73,058		(2)
Comet Spa	Reggio Emilia (Italia)	53,774	2,630	51,168	2,588	
Comet France Sas	Wolfisheim (Francia)	5,047	271	4,554	134	
Comet USA	Burnsville Minnesota (USA)	5,458	(973)	5,646	(1,056)	(3)
Valley Industries LLP	Paynesville Minnesota (USA)	16,294	2,376	15,228	2,333	(3)
PTC Srl	Genova (Italia)	3,824	160	3,667	182	
Sabart Srl	Reggio Emilia (Italia)	22,277	2,017	21,001	1,452	
Raico Srl	Reggio Emilia (Italia)	11,406	160	11,391	56	

(1) in June 2012 the parent Company, Emak S.p.A., incorporated Emak Do Brasil Industria Ltda with registered office in Curitiba in the State of Paranà with a 99% shareholding.
(2) The Tecomec Group and the Comet Group have not drawn up their own consolidated financial statements, since they are controlled by Emak S.p.A. which has drawn up consolidated financial statements in accordance with the law; the consolidated income statement figures shown given in the table have been deduced from the financial statements for the financial year for the respective companies at 31 December 2012 and at 31 December 2013; The “net revenues” heading in the table derives from the consolidation process of the respective parameters;
(3) It should be noted that the net result of Comet Usa includes tax on income calculated on the result of its subsidiary Valley Industries LLP. As a matter of fact, this latter company is subject to a tax regime that provides for the direct taxation of partners’ earnings.

With reference only to companies and sub-groups, the following aspects should be noted:
- the growth in the turnover of the Comet Group was driven by the good performance of products for industry, particularly pressure washers and for agriculture. In geographical terms, there were good results in the European and South American markets;
- the Tecomec Group posted an increase in sales for accessories in the gardening and agriculture lines. Turnover grew strongly in Europe, Italy and Asia;

- the increase in Sabart's sales is mainly attributable to the good result achieved by products linked to forestry and gardening activities following the introduction of new articles and to focused commercial activities;
- Raico closed the year with a turnover in line with the previous financial year, despite the difficult Italian market situation.

10. Related party transactions

Extraordinary operations with related parties which are carried out directly by the parent Company, or through subsidiary companies, are regulated by the internal procedure called "Procedures relating to transactions entered into with related parties", last updated on 31 January 2014 by the Board of Directors of EMAK and prepared in accordance with law and regulations. The procedure can be consulted on the internet at the address http://www.emak.it, under the Corporate Governance section. The procedure defines and identifies related parties on the basis of IAS 24 ("Related party disclosures"), applies to operators involved in the process, distinguishes operations on the basis of their dimension and regulates the process, the taking of decisions and the control of the implementation of operations carried out in situations of conflict of interest. Subsidiaries, when involved in significant activities, albeit as part of their respective areas of competence, are furnished with procedures that attribute and assign to the controlling company the activation and performance of the guarantee process.
Directors, Statutory Auditors, General Managers and Executives with strategic responsibilities from every enterprise in the Group systematically disclose their respective related parties, significant for the purpose of the correct organisation and performance of operations carried out by enterprises in situations of conflict of interest. The monitoring of such relations occurs on the basis of harmonised procedures, applied systematically.

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Operations with related parties carried out by Emak in the period, of a usual nature and part of the ordinary course of business, mainly relate to two types of dealings with the holding company, Yama S.p.A. and with a number of companies controlled by the latter. These operations are characterized by all being carried out in the interest of the companies in the Emak Group.
They refer, first of all, to exchanges of goods and the performance of services, which form part of the ordinary course of industrial activities and are conducted at arm's length. The execution of such operations, corresponding to strictly industrial and commercial logic and aims, is regulated by specific and analytical procedures and by programmatic documents in the form of "framework resolutions" approved by the Board of Directors with the assistance and approval of the independent Directors meeting in the Internal Control Committee.
Other connections of a financial nature and of a usual character derive from the participation of the subsidiaries, Comet S.p.A., Tecomec S.r.l., Sabart S.r.l. and Raico S.r.l. in the fiscal consolidation as per arts. 117 and following, of the Italian Income Tax Code, between them, Yama and a number of other companies controlled by the latter. The criteria for, and regulation of these relations are established and formalised in consolidation agreements, based on the principle of equal treatment between participants

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The determination of the remuneration of Directors and Auditors and Managers with strategic responsibility in the parent company occurs as part of the governance framework illustrated to the Shareholders and to the public through the report as per art. 123-ter of Leg. Dec. 58/98, available on the site www.emak. The remuneration of Directors and Auditors and Managers with strategic responsibility in the parent company is also regulated by suitable protection procedures that provide for the Parent Company to perform control and harmonization activities.

11. Plan to purchase shares Emak S.p.A.

At December 31, 2013, the Company held 397,233 treasury shares in portfolio number to a value of € 2,029 thousand.

Dated April 23, 2013, the Shareholders' Meeting renewed the authorization to purchase and dispose of treasury shares for the purposes laid down by it. During the year 2013 there were no changes in either purchase nor sale of own shares without affecting the balances at beginning of year.

During the months of January and February 2014 Emak did not buy or sell shares, for which the stock and value are unchanged compared to December 31, 2013.

12. Corporate governance and other information required by Issuers Regulations

Emak S.p.A. adopted the Code of Conduct, approved by the Committee established at the Italian Stock Exchange as reformulated in December 2011 and available on the website www.borsaitaliana.it. Details of Emak's compliance with the Code's provisions are set out in the "**Report on corporate management and ownership structures**", provided for by arts. 123-bis of Legislative Decree 58/98, according to the "comply or explain"..

As already mentioned, remuneration paid, also by subsidiary companies, to Directors and Auditors of the parent company, as well as and the amounts and movements of Emak securities held by Directors, Auditors and the Managing Director, is now set out in the "**Remuneration Report"**, drawn up in accordance with art. 123-ter, Leg. Dec. 58/98.
Both reports are available to the public at the company's registered office and on the website: www.emak.it under the section "Investor Relations": "*Documentazione societaria*".

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Leg. Dec. 231/2001
It should be noted that the Emak Group has adopted the Organisation, Management and Control Model, provided for by art. 6 of Legislative Decree 231/01, periodically updated, in modular form, in line with the extension of company liability to new offences.
The Model makes use, in the different companies of the Group, of Supervisory Committees, furnished with autonomous powers of action and control regarding its effective and efficient application.

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Ethical Code
Emak has implemented and updated an Ethical Code, in which the company's chosen ethical principles are set out and which the Directors, Auditors, Employees, Consultants and Partners of the parent company, as well as of its subsidiary companies, are required to follow.
The model, as per art. 6, Leg. Dec. 231/01, and the Ethical Code are both available for consultation at the internet address: "http://www.emak.it/investor-relations.html".

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Significant operations: derogation from disclosure obligations
The Company has resolved to make use, with effect from 31 January 2013, of the right to derogate from the obligation to publish the informative documents prescribed in the event of significant merger, demerger, share capital increase through the transfer of goods in kind, acquisition and disposal operations, pursuant to art. 70, paragraph 8, and art. 71, paragraph 1-bis of *Consob* Issuers Regulations, approved with resolution no. 11971 of 4/5/1999 and subsequent modifications and integrations.

13. Disputes

There were no disputes in progress that might lead to liabilities in the financial statements other than those already described in note 34 of the consolidated financial statements.

14. Other information

With regard to the requirements of Article. 36 of the Market Rules - Consob Resolution No. 16191 dated October 29 2007, Emak reports to have currently the control on four large company, established and regulated under the law of a state outside the European Union:

- Jiangmen Emak Outdoor Power Equipment Co. Ltd. (Republic of China);
- Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd. (Republic of China);
- Comet Usa Inc. (United States of America);

- Valley industries LLP (United States of America)

For all the companies Emak S.p.A. has aligned itself with current legislation, including the deposit at the registered office, for the benefit of the public, the financial statements of subsidiaries prepared for the purposes of preparing the consolidated financial statements.

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With effect from 2010, and with subsequent renewal in 2013, Emak S.p.A. has exercised the option, in conjunction with Comag Srl, for the IRES taxation of group ("national fiscal consolidation"), pursuant to art. 117 et seq., Presidential Decree 917/86.

15. Business outlook, principle risks and elements of uncertainty

The macro-economic context has shown slight signs of improvement during last year, and in particular in the second half of the year. The positive trend is expected to continue in the near future, albeit with some misgivings concerning the fragility of a number of economies both in advanced countries and in emerging ones.
In this scenario the Group will continue to invest in research and development and in targeted commercial activities. Measures for the rationalisation of costs and for the optimisation of processes aimed at improving efficiency and further increasing operating margins will continue.

16. Subsequent events

16.1 Acquisition of control of S.I. Agro Mexico.

On 9 January 2014 the subsidiary, Comet S.p.A., acquired control of the distribution company, Siagro, with registered office in Guadalajara in Mexico, taking its shareholding from 30% to 85%. The additional stake was acquired from the family of the founder and chief executive officer of the company who, after the operation, will remain involved as a minority shareholder and responsible for operating management.

Siagro, a company incorporated in 2010 and of which Comet has been a shareholder from the start and involved in its management, will carry on the activity of sales of agricultural products, especially pumps, on the local market. In 2013 the company achieved a turnover of around € 1.2 million, with an Ebitda of around 15% of sales.
The operation forms part of Emak Group’s growth strategy, allowing it to strengthen its overall presence in an important market such as Mexico, and which has significant margins for development.

The consideration for the operation amounts to around € 1,000 thousand: € 694 thousand, the fixed part, has already been paid; € 300 thousand, the variable part, will be paid in 2016 on the basis of results obtained in the next two years.
Side agreements relating to the acquisition provide for a call option in favour of Comet for the acquisition of the remaining 15% of share capital at the end of the 5th year after closing the deal, at a price linked to Ebitda performance.

The inclusion of the company in the scope of consolidation of the Group shall take effect from 1 January 2014.

16.2 Finalising, incorporation and acquisition of Geoline Electronic S.r.l.

On 28 January 2014 the subsidiary, Tecomec S.r.l., finalised the agreement, described in paragraph 7 above, for the acquisition of Geoline Electronic.

16.3 Acquisition of Caj Tech sarl Au (now Speed Industrie Sarl)

On 2 January 2014 the transfer of the entire share capital of the company, Speed Industrie Sarl, was finalised on the basis of the agreement described in paragraph 7 above.

17. Reconciliation between shareholders' equity and net profit of the parent company Emak and equity and the consolidated results

Under the Consob Communication dated July 28 2006, the following table provides a reconciliation between net income for 2012 and shareholders' equity at December 31st 2013 of the Group (Group share), with the corresponding values of the parent company Emak:

€/000	Equity at 31.12.2013	Result for the year ending 31.12.2013	Equity at 31.12.2012	Result for the year ending 31.12.2012
Equity and result of Emak S.p.A.	142,788	2,718	143,647	4,479
Equity and result of consolidated subsidiaries	142,443	13,505	136,303	10,051
Total	**285,231**	**16,223**	**279,950**	**14,530**
Effect of the elimination of the accounting value of shareholdings	(130,213)		(130,987)	
Elimination of dividends		(5,363)		(5,636)
Elimination of other intergroup items and profits	(4,224)	(327)	(3,922)	(254)
Total consolidated amount	**150,794**	**10,533**	**145,041**	**8,640**
Minority interest	**(1,753)**	**(207)**	**(1,815)**	**(219)**
Equity and result attributable to the Group	**149,041**	**10,326**	**143,226**	**8,421**

18. Proposal for the allocation of profit for the financial year and dividend

Shareholders,
We submit for your approval the financial statements at December 31st 2013, which reports a profit of € 2,717,555.00. We also propose the distribution of a dividend of € 0.025 for each outstanding share.

We invite you to assume this resolution:

<< The Shareholders' Meeting of Emak S.p.A..

resolution

a) to approve the annual report and the financial statements at 31 December 2013, closed with a net profit of € 2,717,555.00;

b) to allocate the net profit of € 135,877.61, to statutory reserve;

c) to allocate to the Shareholders, in the form of dividends, the amount of € 4,088,440.05 assigning € 0.025, gross of legal deductions, for each share in circulation, with the exclusion of treasury shares held by the company, utilising:

   - € 2,.581,677.00 from profit for the year;
   - the remaining amount of € 1,.506,763.05 from "retained earnings", which therefore falls from € 23,916,568.27 to € 22,409,805.22;

d) to authorise the Chairman, if the number of treasury shares changes before the ex-dividend date of the coupon, to adjust the value of the "retained earnings" heading to take account of the treasury shares which have been acquired or sold in the meantime;

e) to pay the dividend (coupon no. 17) on 5 June 2014, with ex-dividend date June 2, and the record date June 4.>>

Bagnolo in Piano (RE), March 14 2014

On behalf of the Boards of Directors
The Chairman
Fausto Bellamico

Emak Group – Consolidated Financial Statements at December 2013

Consolidated Income Statement

€/000	Notes	Year 2013	of which related parties	Year 2012	of which related parties
Sales	10	355,033	2,051	354,780	2,603
Other operating incomes	10	2,405		3,506	
Change in inventories		(1,019)		(8,410)	
Raw and consumable materials and goods		(193,162)	(2,764)	(193,035)	(3,736)
Salaries and employee benefits	12	(62,746)		(61,196)	
Other operating costs	13	(66,315)	(2,035)	(66,838)	(1,930)
Amortization, depreciation and impairment losses	14	(11,821)		(12,160)	
Ebit		**22,375**		**16,647**	
Financial income	15	917		882	
Financial expenses	15	(4,472)	(576)	(5,086)	(700)
Exchange gains and losses		(1,393)		(387)	
EBT		**17,427**		**12,056**	
Income taxes	16	(6,894)		(3,416)	
Net profit		**10,533**		**8,640**	
(Profit)/loss attributable to minority interests		(207)		(219)	
Net profit attributable to the group		**10,326**		**8,421**	
Basic earnings per share	17	**0.063**		**0.051**	
Diluted earnings per share	17	**0.063**		**0.051**	

€/000	Notes	Year 2013	Year 2012
Net profit (A)		**10,533**	**8,640**
Profits/(losses) deriving from the conversion of foreign company accounts		**(1,080)**	**154**
Profits/(losses) deriving from the transfer of treasury shares in portfolio	**30**	**(782)**	**(295)**
Tax effect relating to other components		**214**	**81**
Total other components to be included in the comprehensive income statement (B):		**(1,648)**	**(60)**
Comprehensive net profit (A)+(B)		**8,885**	**8,580**
Comprehensive net profit attributable to minority interests		**(62)**	**(181)**
Comprehensive net profit attributable to the group		**8,823**	**8,399**

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of transactions with related parties on the consolidated income statement are shown in the scheme and are further described and discussed in note 38.

CONSOLIDATED FINANCIAL STATEMENT

ASSETS

€/000	Notes	31.12.2013	of which related parties	31.12.2012	of which related parties
Non-current assets					
Property, plant and equipment	18	56,079		59,155	
Intangible assets other than goodwill	19	4,555		4,823	
Goodwill	20	30,229	14,834	30,809	14,864
Equity investments	21	230		232	
Equity investments in related company	21	18		18	
Deferred tax assets	30	7,621		7,543	
Other non current financial assets	26	178		320	
Other receivables	23	2,464		2,503	
Total		**101,374**	**14,834**	**105,403**	**14,864**
Current assets					
Inventories	24	118,515		120,958	
Trade and other receivables	23	98,541	651	102,825	664
Current tax assets	30	4,805		6,023	
Other financial assets	26	1,503		2	
Derivative financial instruments	22	101		61	
Cash and cash equivalents	25	15,122		16,229	
Total		**238,587**	**651**	**246,098**	**664**
TOTAL ASSETS		**339,961**	**15,485**	**351,501**	**15,528**

EQUITY AND LIABILITIES

€/000		31.12.2013	of which related parties	31.12.2012	of which related parties
Capital and reserves					
Total Group	27	149,041		143,226	
Minorities interest		1,753		1,815	
Total equity		**150,794**		**145,041**	
Non-current liabilities					
Loans and borrowings	29	51,240	1,044	34,326	1,044
Deferred tax liabilities	30	3,881		4,182	
Provisions for employee benefits	31	9,490		9,071	
Provisions	32	1,762		1,696	
Other non-current liabilities	33	1,039		1,150	
Total		**67,412**	**1,044**	**50,425**	**1,044**
Current liabilities					
Trade and other payables	28	74,699	927	69,111	1,057
Current tax liabilities	30	3,419		3,488	
Loans and borrowings	29	41,197	25	80,822	14,480
Derivative financial instruments	22	848		1,330	
Provisions	32	1,592		1,284	
Total		**121,755**	**952**	**156,035**	**15,537**
TOTAL EQUITY AND LIABILITIES		**339,961**	**1,996**	**351,501**	**16,581**

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of related party transactions on the financial position are shown in the scheme and are further described and discussed in note 37.

Statement of changes in consolidated equity for the Emak Group at 31.12.2012 and at 31.12.2013

Euro/000	Share capital	Share premium	OTHER RESERVES					RETAINED EARNINGS		TOTAL GROUP	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	TOTAL
			Legal reserve	Revaluation reserve	Cumulative translation adjustment	Reserve Ias 19	Other reserves	Retained earnings	Net profit of the period			Totale generale
Balance at 31.12.2011	40,594	42,454	1,438	1,138	1,919	0	27,733	17,377	5,755	138,408	1,733	140,141
Change in treasury shares										0		0
Profit reclassification			262					1,405	(5,755)	(4,088)	(99)	(4,187)
Other changes								507		507		507
Net profit for the period					192	(214)			8,421	8,399	181	8,580
Balance at 31.12.2012	40,594	42,454	1,700	1,138	2,111	(214)	27,733	19,289	8,421	143,226	1,815	145,041
Change in treasury shares										0		0
Profit reclassification			224					4,926	(8,421)	(3,271)	(106)	(3,377)
Other changes								263		263	(18)	245
Net profit for the period					(935)				10,326	8,823	62	8,885
Balance at 31.12.2013	40,594	42,454	1,924	1,138	1,176	(214)	27,733	24,478	10,326	149,041	1,753	150,794

*the share capital at 31.12.13 of € 42,623 is shown net of treasury shares of a value of € 2,029 thousand

Consolidated Cash Flow Statement

€/000	Notes	2013	2012
Cash flow from operations			
Net profit for period		**10,533**	**8,640**
Amortization, depreciation and impairment losses	14	11,821	12,160
Capital (gains)/losses on disposal of property, plant and equipment		(282)	103
Decreases/(increases) in trade and other receivables		5,463	(1,577)
Decreases/(increases) in inventories		2,403	8,748
(Decreases)/increases in trade and other payables		5,114	(3,569)
Change in provision for employee benefits		481	195
Decreases/increases in provision for liabilities	32	374	(866)
Decreases/increases in derivate financial instruments		(522)	198
Net cash generated by operations		**35,385**	**24,032**
Cash flow from investment activities			
Increases in property, plant and equipment and intangible assets		(8,129)	(8,485)
(Increases) and decreases in financial assets		(1,357)	(187)
Proceeds from disposal of property, plant and equipment		13	(90)
Change in scope of consolidation Greenfield		471	-
Variation in acquisition of business branch Le.Ma.		-	(228)
Change in scope of consolidation Valley LLP		-	(11,609)
Change in scope of consolidation Emak Benelux		-	35
Net cash absorbed by investment activities		**(9,002)**	**(20,564)**
Cash flow from financial activities			
Other equity changes		(323)	293
Share capital increase		-	-
Change in short and long-term loans and borrowings		(21,409)	14,196
Change in finance leases		(468)	(479)
Dividends paid		(3,377)	(4,187)
Change in translation reserve		(1,080)	154
Net cash absorbed by financial activities		**(26,657)**	**9,977**
Net increase in cash and cash equivalents		**(274)**	**13,445**
Opening cash and cash equivalents		**9,572**	**(3,873)**
Closing cash and cash equivalents		**9,298**	**9,572**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

€/000	Notes	2013	2012
Reconciliation of cash and cash equivalents			
Opening cash and cash equivalents, detailed as follows:	25	**9,572**	**(3,874)**
Cash and cash equivalents		16,229	10,901
Overdrafts		(6,657)	(14,775)
Closing cash and cash equivalents, detailed as follows:	25	**9,298**	**9,572**
Cash and cash equivalents		15,122	16,229
Overdrafts		(5,824)	(6,657)
Other information:			
Tax paid		(2,261)	(4,348)
Interest income		162	201
Interest paid		(1,551)	(3,233)
Change in trade receivables and others toward related parties		13	1,070
Change in trade payables and others toward related parties		130	(1,108)
Change in trade receivables and others for fiscal assets		1,140	(2,375)
Change in trade payables and others for fiscal liabilities		(370)	311

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of related party transactions on the financial statements are identified in the section Other information

Explanatory notes to the consolidated financial statements of Emak Group

Contents

1. General information
2. Summary of principal accounting policies
3. Capital management
4. Financial risk management
5. Key accounting estimates and assumptions
6. Segment information
7. Significant non-recurring events and transactions
8. Balances or transactions arising from atypical and unusual operations
9. Net financial position
10. Sales and other operating income
11. Cost of raw and consumable materials and goods
12. Salaries and employee benefits
13. Other operating costs
14. Amortization, depreciation and impairment losses
15. Finance income and expenses
16. Income taxes
17. Earnings per share
18. Property, plant and equipment
19. Intangible assets
20. Goodwill
21. Equity investments
22. Derivative financial instruments
23. Trade and other receivables
24. Inventories
25. Cash and cash equivalents
26. Other financial income
27. Equity
28. Trade and other payables
29. Financial liabilities
30. Tax assets and liabilities
31. Long-term post-employment benefits
32. Provisions for liabilities and charges
33. Other non-current liabilities
34. Contingent liabilities
35. Information on financial risks
36. Commitments
37. Ordinary shares, treasury shares and dividends
38. Related party transactions
39. Subsequent events

1. General information

The Board of Directors of Emak S.p.A. on March 14, 2014 approved the Financial Report to December 31, 2013, and ordered his immediate notification under Art. 154-ter, paragraph 1-ter TUF, to the Board of Auditors and to the Auditors firm in order for them to carry out their relative duties. In connection with this communication, the company issued an appropriate press release with the key figures of the financial statements and the dividend proposal made to the Assembly.

Emak S.p.A. (hereinafter "Emak" or the "Parent Company") is a public company, with registered offices in Via Fermi, 4 to Bagnolo in Piano (RE). It is listed on the Italian stock market (MTA) on the the STAR segment.). It is one of the leading player worldwide in the production and distribution of machines, components and accessories for gardening, forestry, agriculture and industry.

Emak S.p.A. is controlled by Yama S.p.A., an industrial holding company, which firmly holds the majority of its capital and designate, in accordance with law and statute, the majority of the members of its governing bodies. Emak S.p.A., nonetheless, is not subject to management or coordination on the part of Yama, and its Board of Directors makes its own strategic and operating choices in complete autonomy.

In accordance with legal requirements, EMAK S.p.A. has set up specific procedures for regulating decisions that place certain Directors in positions of conflict of interest and for the carrying out of related party transactions. These procedures are aimed at improving the safeguard of the company and of its assets. In the particular case of the usual dealings with related parties, completed under market conditions and within the ordinary exercise of the business, the operation is governed by the framework resolutions. Reference is also made to them in paragraph 38 below.

Values shown in these notes are in thousands of Euros, unless otherwise stated.

The financial statements and consolidated financial statements are subject to statutory audit by Fidital Revisione S.r.l.

2. Summary of principal accounting policies

The main accounting policies used in the preparation of these consolidated financial statements are explained below and, unless otherwise indicated, have been uniformly adopted for all periods presented.

2.1 General methods of preparation

The consolidated financial statements of the Emak Group (hereinafter “the Group”) have been prepared in accordance with the IFRS issued by the International Accounting Standards Board and adopted by the European Union at the date of preparing this report. The term IFRS also refers to all revised international accounting standards (IAS) and all interpretations by the International Financial Reporting Interpretations Committee (IFRIC), previously named the Standing Interpretations Committee (SIC).

The consolidated financial statements have been prepared under the historical cost method, except for those financial assets and liabilities (including derivative instruments) measured at fair value.

On the basis of information available and of the current and foreseeable income and financial situation, the directors have drawn up the financial statements according to the going concern assumption.
On the basis of factors known to us, that is, the current situation and future forecasts of key economic, balance sheet and financial figures for the Group, and of an analysis of the Group’s risks, there are no significant uncertainties that may compromise the Group’s status as a going concern.

In accordance with the provisions of IAS 1, the consolidated balance sheet is constituted by the following reports and documents:

- Balance Sheet: based on the distinction between current and non-current assets and current and non-current liabilities;
- Income Statement: based on a classification of items of income and expense according to their nature;
- Cash flow Statement: based on a presentation of cash flows using the indirect method.
- Statement of Changes in Equity
- Notes to the consolidated financial statements.

The preparation of financial statements under IFRS requires management to make use of accounting estimates. The matters involving a high degree of judgement or complexity and the areas in which the assumptions and estimates could have a significant impact on the consolidated financial statements are discussed in note 5.

2.2 Methods of consolidation

Subsidiaries
The consolidated financial statements of the Emak Group include the financial statements of Emak S.p.A. and the Italian and foreign companies over which Emak exercises direct or indirect control by governing their financial and operating policies and receiving the related benefits, according to the criteria established by IAS 27 - Consolidated and separate financial statements.

The acquisition of subsidiaries is accounted for using the purchase method, except for those acquired in 2011 from Yama Group for which you can refer in the introduction of the present paragraph. The cost of acquisition initially corresponds to the fair value of the assets acquired, the financial instruments issued and the liabilities at the date of acquisition, as increased for any directly attributable acquisition costs, and ignoring any minority interests. The excess of the cost of acquisition over the group's share of the fair value of the net assets acquired is recognized as goodwill. If the cost of acquisition is lower, the difference is directly expensed to income (see note 2.7).
The financial statements of subsidiaries are included in the consolidated accounts starting from the date of taking control to when such control ceases to exist. Minority interests and the amount of profit or loss for the period attributable to minorities are shown separately in the consolidated balance sheet and income statement.

The subsidiary Jiangmen Emak Outdoor Power Equipment Co. Ltd. has been consolidated as a wholly-owned subsidiary in view of the commitment to buy back the 49% interest held by Simest S.p.A.. Subsidiaries are consolidated line-by-line from the date that the Group obtains control. The subsidiary Valley LLP is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 10% held by the current Managing Director of the company.

Associated companies
Associated companies are companies in which the Group exercises significant influence, as defined by IAS 28 - *Investments in Associates,* but not control lover financial and operating policies. Investments in associated companies are accounted for with the equity method starting from the date the significant influence begins, up to when such influence ceases to exist.

The scope of consolidation at December 31, 2013 following the acquisitions already mentioned above includes the following companies:

Name	Head office	Share capitale	Currency	% consolidated	Held by	% of participation
Emak S.p.A.	Bagnolo in Piano - RE (I)	42,623,057	€			
Emak Suministros Espana SA	Getafe-Madrid (E)	270,459	€	90.000	Emak S.p.A.	90.000
Comag S.r.l.	Pozzilli - IS (I)	1,850,000	€	99.442	Emak S.p.A.	99.442
Emak U.K. Ltd	Lichfield (UK)	342,090	GBP	100.000	Emak S.p.A.	100.000
Emak Deutschland Gmbh	Fellbach-Oeffingen (D)	553,218	€	100.000	Emak S.p.A.	100.000
Emak France SAS	Rixheim (F)	2,000,000	€	100.000	Emak S.p.A.	100.000
Jiangmen Emak Outdoor Power Equipment Co.Ltd (1)	Jiangmen (RPC)	25,532,493	RMB	100.000	Emak S.p.A.	100.000
Victus-Emak Sp. Z o.o.	Poznan (PL)	10,168,000	PLN	100.000	Emak S.p.A.	100.000
Emak USA Inc.	Burnsville-Minnesota (USA)	50,000	USD	100.000	Emak S.p.A.	100.000
Tai Long (Zhuhai) Machinery Manufacturing Ltd.	Zhuhai (RPC)	16,353,001	RMB	100.000	Emak S.p.A.	100.000
Epicenter LLC	Kiev (UA)	19,026,200	UAH	61.000	Emak S.p.A.	61.000
Raico S.r.l.	Reggio Emilia (I)	20,000	€	100.000	Emak S.p.A.	100.000
Sabart S.r.l.	Reggio Emilia (I)	1,900,000	€	100.000	Emak S.p.A.	100.000
Tecomec S.r.l.	Reggio Emilia (I)	1,580,000	€	100.000	Emak S.p.A.	100.000
Speed France SAS	Arnax (F)	300,000	€	100.000	Tecomec S.r.l.	100.000
Speed North America Inc.	Wooster-Ohio (USA)	10	USD	100.000	Speed France SAS	100.000
Speed Line South Africa Ltd	Pietermaritzbury (ZA)	100	ZAR	51.000	Speed France SAS	51.000
Ningbo Tecomec Manufacturing Co. Ltd	Ningbo City (PRC)	8,029,494	RMB	100.000	Tecomec S.r.l.	100.000
Comet S.p.A.	Reggio Emilia (I)	2,600,000	€	100.000	Emak S.p.A.	100.000
Comet France SAS	Wolfisheim (F)	320,000	€	100.000	Comet S.p.A.	100.000
Comet Usa Inc	Burnsville-Minnesota (USA)	181,090	USD	100.000	Comet S.p.A.	100.000
Ptc S.r.l. (2)	Genova (I)	50,000	€	100.000	Comet S.p.A.	100.000
Valley Industries LLP (3)	Paynesville Minnesota	0	USD	100.000	Comet Usa Inc	100.000
Emak do Brasil Industria LTDA	Curitiba (Brasile)	200,000	Real	99.000	Emak S.p.A.	99.000

(1) The share in Jiangmen Emak Outdoor Power Equipment Co. Ltd. for the Group's holding comprises Simest S.p.A., equal to 49%. Under the contract signed in December 2004 and subsequent amendments, the interest owned by Simest S.p.A. is subject to mandatory repurchase by Emak S.p.A. as of June 30, 2014.

(2) The share in Ptc S.r.l. increased from 98% to 100% as a result of the purchase agreement signed December 12, 2013 at the agreed price of € 60 thousand.

(3) The share in Valley Industries LLP is equal to 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 10% held by the current Managing Director of the company.

Intragroup transactions

Transactions, balance and non-realised profits from operations between Group companies are eliminated. Non-realised losses are eliminated in the same way, unless the operation gives rise to a loss in the value of the transferred asset. The financial statements of enterprises included in the consolidation area are appropriately adjusted, where necessary, to put them in line with the accounting principles adopted by the Group.

2.3 Segmental reporting criteria

IFRS 8 provides for information to be given for certain items in the financial statements on the basis of the operational segments of the company.

An operating segment is a component of a company:

(a) that carries on business activities generating costs and revenues;
(b) whose operating results are reviewed on a periodic basis at the highest executive levels for the purpose of taking decisions about resources to be allocated to the sector and for the evaluation of results;
(c) for which separate reporting information is available.

IFRS 8 is based on the so-called “management approach”, which defines sectors exclusively on the basis of the internal organisational and reporting structure used to assess performance and allocate resources.

On the basis of the new criteria for the definition of the operating segments introduced by IFRS 8, the Group identified, following the "management approach" a single segment of activity: production and distribution of agriculture, forestry and gardening machinery.

2.4 Translation differences

(a) Functional currency and presentation currency
Transactions included in the financial statements of each group company are recorded using the currency of the primary economic environment in which the company operates (functional currency). The consolidated financial statements are presented in euro, the functional and presentation currency of the Parent Company.

b) Transactions and balances
Transactions in foreign currencies are translated using the exchange rates at the dates of the transactions. Gains and losses arising from foreign exchange receipts and payments in foreign currency and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in income. Gains and losses realized on cash flow hedges whose hedged items are still unrealized are deferred in equity.

(c) Group companies
The financial statements of all group companies whose functional currency differs to the presentation currency of the consolidated financial statements are translated as follows:
(i) assets and liabilities are translated at the closing rate on the balance sheet date;
(ii) income and expenses are translated at the average rate for the period;
(iii) all translation differences are recognized as a separate reserve under equity ("cumulative translation adjustment").

The main exchange rates used to translate in Euro these financial statements are as follows:

Amount of foreign for 1 Euro	Average 2013	31.12.2013	Average 2012	31.12.2012
GB Pounds (UK)	0.85	0.83	0.81	0.82
Renminbi (Cina)	8.16	8.42	8.11	8.32
Dollar (Usa)	1.33	1.38	1.29	1.32
Zloty (Poland)	4.20	4.15	4.18	4.07
Zar (South Africa)	12.83	14.57	10.55	11.17
Uah (Ukraine)	10.79	11.33	10.36	10.58
Real (Brazil)	2.87	3.26	2,60 (1)	2.70

(1) Data refer to the second half of 2012

2.5 Property, plant and equipment

Land and buildings largely comprise production facilities, warehouses and offices; they are stated at historical cost, plus any revaluations carried out by law in years prior to the first-time adoption of IAS/IFRS, less the accumulated depreciation of the buildings. Other assets are recorded at historical cost, less accumulated depreciation and impairment.
Historical cost includes all the directly attributable costs of purchasing the assets.

Subsequent expenditure is added to the carrying amount of the asset only when it is probable that this expenditure will generate future economic benefits and these costs can be measured reliably. Expenditure on other repairs and maintenance is expensed to income in the period incurred. Land is not depreciated.

Other assets are depreciated on a straight-line basis over their estimated useful lives as follows:

- buildings, 10-33 years;
- plant and machinery, 7-10 years;
- other, 4-8 years.

The residual value and useful life of assets is reviewed and amended, if necessary, at the end of each year.
If the carrying amount of any asset is higher than the estimated recoverable amount, it is immediately reduced to realizable value.

Leases for which the group has substantially all the risks plus the right of redemption are classified as finance leases. The related assets are recognized under property, plant and equipment at the value of the future lease payments.
The principal element of repayments to be made is recorded as financial liabilities. The interest element is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period

Leases for which the lessor retains a significant portion of the risks and rewards incident to ownership are classified as operating leases, whose payments are recognized as an expense in the income statement over the lease term on a straight-line basis.

Government grants obtained for investments in buildings and machinery are treated as deferred income, which is recognized in the income statement over the period required to match these grants with the related costs.

2.6 Intangible assets

(a) Development costs
These are intangible assets with a finite life.
The development costs of new products are capitalized only if the following conditions are met:

- the costs can be measured reliably;
- the product's technical feasibility and expected price and market indicate that the costs incurred for development will generate future economic benefits.

Development costs include only that expenditure which can be attributed directly to the development process.
Development costs are amortized on the base of an estimate of the period in which it is expected that such activities generate cash flows and for any period not exceeding 5 years from commencement of production of the subject of development.

All other development costs are expensed to income as incurred.

(b) Concessions, licences and trademarks
Trademarks and licences are valued at historical cost. Trademarks and licences have a finite useful life and are stated after deducting accumulated amortization. Amortization is calculated on a straight-line basis so as to spread the asset's cost over its estimated useful life and in any case for a period not exceeding 10 years.

(c) Other intangible assets
These are intangible assets with a finite life.
An intangible asset is recognized only if it is identifiable, it is probable that it will generate future economic benefits and its cost can be measured reliably.
Intangible assets are recognized at purchase cost and amortized on a systematic basis over their estimated useful lives, which cannot exceed 10 years.

2.7 Goodwill

The goodwill deriving from purchase of subsidiaries, classified in the non-current assets, is initially recorded at cost value recognized at the acquisition date, as previously described and is considered by the Emak Group an asset with an indefinite useful life Consequently, this activity is not depreciated but is subject to regular checks to detect any impairment.

Goodwill is allocated to business units that generate cash separately identifiable and monitored in order to allow the verification of impairment.

2.8 Impairment of assets

Assets with an indefinite life are not amortized or depreciated but are reviewed annually for any impairment. Depreciable assets are reviewed for impairment every time that events or changes in circumstances indicate that their carrying value might not be recoverable. The impairment loss recognized is the amount by which the carrying amount of an asset exceeds its recoverable amount, corresponding to the higher of the asset's net selling price and its value in use. For the purposes of measuring impairment, assets are classified together into the smallest identifiable groups that generate cash inflows (cash-generating units).

2.9 Investment property

Property held for long-term capital appreciation and buildings held to earn rentals are measured at cost, less depreciation and any impairment losses.

2.10 Financial assets and investments

The group classifies financial assets and investments in the following categories: financial assets at fair value (with changes reported through the income statement), loans and receivables, held-to-maturity investments and financial assets held for sale. The classification depends on the purpose for which the investment has been made. The classification is made upon the asset's initial recognition and is reviewed at every balance sheet date.

(a) Marketable financial assets at fair value (with the value of fluctuations posted in the income statement)

This category includes securities that have been acquired principally for the purpose of generating a profit from short-term fluctuations in price (or for temporarily investing surplus cash balances). This category is classified in current assets on the basis of the period-end price, with gains and losses recognized directly in the income statement.
Unless they qualify for hedge accounting, derivatives are also classified as held for trading.

(b) Other financial assets

This balance includes loans given, securities held to maturity and other receivables deriving from financial activities. They are classified as non-current assets except those falling due within 12 months which are reclassified to current assets.
These financial assets feature determinable payments with fixed maturities, and the fact that the group has the intent and ability to hold them to maturity.
These assets are valued using the amortized cost method based on the effective rate of return, with gains recorded directly in the income statement.

(c) Equity investments

Investments in associates are accounted for using the equity method in accordance with IAS 28.
The item also includes minority interests in corporations, valued at amortized cost, adjusted for any impairment losses.

(d) Financial assets available-for-sale
Financial assets available-for-sale is a residual category relating to those assets not belonging to the previous three categories. They are reported as non-current assets unless management intends selling them within 12 months of the balance sheet date.
Purchases and sales of these assets are recognized on the transaction date, which is the date on which the group commits to purchase or sell the asset.

Unrealized gains and losses arising on changes in the fair value of non-monetary securities classified as available for sale are recorded in equity. When these instruments are sold or written down, the cumulative fair value adjustments are reversed to income as gains or losses on investments in securities.
All investments in financial assets not recorded at fair value through the income statement are recognized initially at fair value plus the related transaction costs. An investment is eliminated from the accounting records when the right to its cash flows is extinguished or when the group has transferred substantially all the risks and rewards of its ownership to third parties.

The fair value of listed investments is determined with reference to the market price reported at the close of trading on the balance sheet date. In the absence of an active market for a financial asset or if the securities have been suspended from listing, the group establishes fair value using valuation techniques. These techniques include the use of recent arm's length transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, bearing in mind the issuer's specific characteristics.

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists for the available-for-sale assets, the amount of the loss – measured as the difference between the asset's acquisition cost and current fair value less any impairment loss previously recognized in net profit or loss – is removed from equity and reported in the income statement. Impairment losses recognized in the income statement for equity instruments are not recovered through subsequent credits to the income statement.

2.11 Non-current assets held for sale

Assets held for sale are classified in this category when:

- the asset is available for immediate sale;
- the sale is highly probable within one year;
- management is committed to a plan to sell;
- a reasonable sales price is available;
- the plan for disposal is unlikely to change;
- a buyer is being actively sought.

.

These assets are measured at the lower of their carrying amount and fair value less costs to sell. Assets reclassified to this category cease to be depreciated.

2.12 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished products and work in progress includes raw material costs, direct labour costs, general manufacturing costs and other direct and indirect costs incurred in bringing the inventories to their present location and condition. Net realizable value is determined using prevailing selling prices less estimated costs of completion and sale.
Obsolete or slow-moving stocks are devalued on the basis of the presumed possibility of their use or of their future realisable value, by creating an appropriate provision that has the effect of reducing the inventories value.

2.13 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest method. Are recorded net of provisions, are deducted directly from accounts receivable to bring the evaluation at their estimated realizable value.
A provision for the impairment of trade receivables is recognized when there is objective evidence that the group will be unable to collect all the amounts according to the original terms and conditions. The amount of the provision for such loss is charged to the income statement.

2.14 Trade payables

Trade and other payables, due under normal commercial terms, are not discounted but are recognized at cost (identified by their face value), representing the expenditure required for their settlement.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks and short-term financial investments that are highly liquid. Bank overdrafts are classified in the balance sheet in short-term loans and borrowings under current liabilities.

In the consolidated cash flow cash and cash equivalents have been shown net of bank overdrafts at the closing date.

2.16 Share capital

Ordinary shares are classified under equity.

If a company of the Group purchases shares in the parent company, the consideration paid, including any attributable transaction costs less the related tax, is deducted as treasury shares from the total equity pertaining to the group until such time as these shares are cancelled or sold. Any proceeds from their sale, less directly attributable transaction costs and the related tax, are recognized in equity pertaining to the Group.

In accordance with the requirements of International accounting standard IAS 32, costs sustained for the increase in share capital (that is, registration costs or other charges due to regulation authorities, amounts paid to legal advisors, auditors or other professionals, printing costs, registration costs and stamp duty), are accounted for as a reduction in equity, net of any connected tax benefit, to the extent to which they are marginal costs directly attributable to the share capital operation (and would have been avoided otherwise).

2.17 Financial liabilities

Loans and borrowings are recognized initially at fair value, less the related transaction costs. They are subsequently measured at amortized cost; the difference between the amount received, less transaction costs, and the amount repayable is recognized in the income statement over the term of the loan, using the effective interest method.

Loans and borrowings are classified as current liabilities if the group does not have an unconditional right to defer the extinguishment of the liability to at least 12 months after the balance sheet date.

2.18 Taxes

Current taxes are the taxes accrued in accordance with the rules in force at the date of the financial statement in the various countries in which the Group operates also include adjustments to prior years' taxes.

Deferred tax assets and liabilities are recorded to reflect all temporary differences at the reporting date between the carrying amount of an asset / liabilities for tax purposes and allocated according to the accounting principles applied.
Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.
Deferred tax assets are recognized on all temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.
The same principle applies to the recognition of deferred tax assets on utilizable tax losses.
The carrying amount of deferred tax assets is reviewed at each balance sheet date and possibly reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of all or part of the deferred tax asset to be utilized. These assets are restored if the reasons for them no longer apply. As a general rule, apart from specific exceptions, deferred tax liabilities must always be recognized.
Income taxes (current and deferred) relating to items recognized directly in equity are also recognized directly in equity.
Current tax assets and liabilities are offset only if the company has a legally enforceable right to set off the recognized amounts and if it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities may be offset only if the company is able to offset current tax assets against current tax liabilities and if the deferred taxes refer to income taxes levied by the same taxation authority.

2.19 Provision for employee termination indemnities

Employee termination indemnities fall into the category of defined benefit plans for valuation on an actuarial basis (using death rates, expected changes in remuneration etc.) and reflect the present value of the benefit, payable at the end of employment, which employees have matured at the balance sheet date.
The costs relating to the increase in the obligation's present value, arising as the time of payment approaches, are recorded as financial expenses. All other costs relating to the provision are reported as payroll costs in the income statement. Actuarial gains and losses are recognized in the period in which they occur.

2.20 Provisions for liabilities and charges

Provisions for liabilities and charges are recognized when the Group has legal or constructive obligation arising from past events, is likely to be asked to pay the balance of the obligation and a reliable estimate can be made of the related amount.

2.21 Revenues

Revenues are recognized in the Income Statement on an accruals and temporal basis and are recognized to the extent that it is probable that the economic benefits y associated with the sale of goods or the provision of services will flow to the Company and their amount can be reliably measured.
Revenues are accounted net of returns, discounts, rebates and taxes directly associated with the sale of goods or the provision of the service.
sales are recognized at the fair value of the consideration received for the sale of products and services, when there are the following conditions:

- are substantially transferred the risks and rewards of ownership of the property;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the costs incurred or to be incurred can be measured reliably and respect the principle of correlation with revenues.

2.22 Government grants

Government grants are recognized at fair value when there is reasonable assurance that the grants will be received and all the conditions attaching to them have been satisfied.

Government grants related to costs (eg. operating grants) are recognized as revenue on a systematic basis over a number of years so as to match the costs that the grant is intended to offset.
Government grants related to assets (eg. facility grants) are recorded in non-current liabilities and gradually released to income on a systematic basis over the useful life of the asset concerned.

2.23 Financial income and expenses

Financial income and expenses are recognized on an accrual basis using the effective interest rate and include exchange gains and losses and gains and losses on derivatives charged to the income statement.

2.24 Payment of dividends

Dividends on the parent company's ordinary shares are reported as liabilities in the financial statements in the year in which the shareholders approve their distribution.

2.25 Earnings per share

Basic earnings per share are calculated by dividing the group's net profit by the weighted average number of shares outstanding during the period, excluding treasury shares.
Emak S.p.A. does not have any potential ordinary shares.

2.26 Cash flow statement

The cash flow statement has been prepared using the indirect method.
Cash and cash equivalents included in the cash flow statement comprise the cash-related balances at the reporting date. Cash flows in foreign currency have been translated at the average rate for the period. Interest income and expense, dividends received and income taxes are included in cash flow generated by operations.

2.27 Changes in accounting standards and new accounting standards

Accounting standards, amendments and interpretations in force from 1 January 2012, not relavant to Emak Group

- Amendments to IAS 19 *Employee Benefits*. This amendment eliminates the option of deferring the recognition of gains and losses, with the corridor method, requiring the presentation in the financial position of the deficit or surplus of the fund in its entirety, and the recognition in the income statement of the separate components cost related to job performance and financial expense, and the inscription, the actuarial gains and losses arising from the re-measurement of the liability each year, in the "prospect of the components of comprehensive income statement In addition, the return on assets included in net interest costs must be calculated on the basis of the discount rate of the liability rather than the expected return of the same. The amendments also introduce additional disclosures to be provided in the notes to the financial statements. The Group has elected to early application in the preparation of the annual financial report 2012.
- Amendaments to *IAS 1 Presentation of Financial Statements,* revised to clarify the exposure of the items included in "Other components of comprehensive income (OCI)" separating the components that may or may not be subsequently classified in Schedule "Income Statement". The Group has provided such information in the statement of comprehensive income.

Accounting standards, amendments and interpretations effective from 1 January 2013, relevant to the Group Emak and adopted in advance by the Group

- IFRS 13 *Fair Value Measurement.* The principle is applicable prospectively from January 1 2013 and did not have any effect on the valuation of the items included in the present report.

- Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting financial assets and liabilities, and IAS 32 Financial Instruments: Presentation. These amendments provide for the introduction, in special cases of new quantitative information regarding compensation agreements. The adoption of this standard shall be provided retroactively. The application has had no significant impact on the Group's financial statements.
- Amendments to IFRS 1 *Government Loans*: the amendments to to IFRS 1 relate to public funding at an interest rate lower than the market. The aim is to exempt first-time adopters of IFRSs from full retrospective application of the relevant provisions on the transition to IFRS. The amendment is not relevant to the Group.
- IFRIC 20 *Costs of excavation in the production phase of a open air mine.* The principle is not relevant to the Group.
- *Improvements* IAS / IFRS Improvements to the 2009-2011 cycle which incorporates the amendments to the standards (IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34) as part of the annual improvement process of international accounting standards. These improvements are applicable retrospectively from January 1, 2013, the adoption of these amendments did not have any effect on the valuation of assets and liabilities and disclosures.

Accounting standards and amendments not yet effective and not adopted in advance by the Group

- *IFRS 10, Consolidated Financial Statements*, replaces SIC-12 "Consolidation - Special Purpose Entities (SPV)" and parts of IAS 27 "Consolidated and Separate Financial Statements" which is "Separate Financial Statements" and governs the accounting treatment of investments in the separate financial statements. The new standard identifies the concept of control as the determining factor for the consolidation of a company in the consolidated financial statements of the parent company. It also provides a guide for determining whether control exists where, the latter is difficult to ascertain. The mandatory adoption in Europe has been postponed to January 1, 2014, compared to January 1, 2013 indicated by the IASB. It can apply them in advance on a voluntary basis.
- FRS 11 *Joint Arrangements*, which replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities - Contributions in kind by the venturers." The new standard provides the criteria for the identification of joint arrangements by focusing on the rights and obligations arising from the arrangement, rather than its legal form and stipulates that the equity method is the only method of accounting for investments in companies joint control. Following the issue of this principle, IAS 28 "Investments in associates" has been amended to include in its scope, accounting for investments in joint ventures. The mandatory adoption in Europe has been postponed to January 1, 2014, compared to January 1, 2013 indicated by the IASB. It can apply them in advance on a voluntary basis.
- IFRS 12 *Disclosure of Interests in other companies* that defines the additional information to be provided for each type of participation, including those of subsidiaries, joint arrangements, associates, special purpose vehicles and other companies not consolidated. The mandatory adoption in Europe has been postponed to January 1, 2014, compared to January 1, 2013 indicated by the IASB. It can apply them in advance on a voluntary basis.

- IAS 32 *Financial Instruments: Presentation*, clarifies the application of certain criteria for offsetting financial assets and financial liabilities in IAS 32 present. The amendments are effective retrospectively for financial years beginning on or after January 1, 2014. Earlier application is permitted;

- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in other companies* and IAS 27 Consolidated Financial Statements. These amendments relate to investment entities and will apply from 1 January 2014. Earlier application is permitted.

3. Capital management

The group's objectives for managing capital are:
- to safeguard the ability to continue operating as a going concern;
- to provide an adequate return for shareholders.

The group manages capital structure in proportion to the risk. In order to maintain or adjust its capital structure, the group may vary the amount of dividends paid to shareholders and the return on capital to shareholders, and it may issue new shares, or sell assets to reduce the level of debt.
During recent years the group's dividend policy has been to “pay out” around 40% of net profit attributable to the Group reported in the consolidated financial statements.

The Group monitors its capital on the basis of the ratio between net financial position and equity, and between bet financial position and Ebitda.

The Group's strategy is to maintain the relationship NFP / Equity ratio to a value not greater than 1 and a value in the long term, not exceeding 3 for the ratio NFP / EBITDA, in order to ensure access to finance at a limited cost while maintaining a high credit rating. This debt target could be revised in case of changes in the macroeconomic situation or breached for a short period in case of operations "of Mergers & Acquisitions". Considering the seasonality of the business, this ratio is subject to change during the year.
Reports NFP / Equity and NFP / EBITDA at 31 December 2013 and 31 December 2012 are as follows:

	Dec. 31 13	**Dec. 31 12**
	€/000	**€/000**
Net financial position (note 9)	76.381	99.866
Total equity	150.794	145.041
Ebitda (1)	**34.196**	**31.731**
Nfp/Equity	**0,51**	**0,69**
Nfp/Ebitda	**2,23**	**3,15**

(1) l'EBITDA 2012 was adjusted to significant and non-recurring transaction during the year.

4. Financial risk management

4.1 Financial risk factors

The Group's business is exposed to a number of different financial risks: market risk (including currency risk, fair value risk and price risk), credit risk, liquidity risk and interest rate risk. The Group's policies for managing and controlling financial risks focus on the unpredictability of financial markets and seek to minimize the potentially negative effects on the consolidated results. The Group uses derivative financial instruments to hedge certain risks.
Hedging of the Group's financial risks is managed by a head office function working in close collaboration with the individual operating units.

a) Market risk

(i) Interest rate risk
Since the group does not have significant interest-bearing assets, operating profits and cash flows are largely unaffected by changes in market interest rates. The group's interest rate risk relates to its long-term loans and borrowings. Variable rate loans expose the group to the cash flow risk associated with interest rates. Fixed rate loans expose the group to the fair value risk associated with interest rates.
The group's policy is based on constantly monitoring its level and structure of debt and on the trend in interest rates and macroeconomic variables that might directly influence them, with the goal of optimizing the cost of money.
At December 31 2012, financings with banking institutions and financial leasing companies are at variable rates. During the year the company has set up hedging operations aimed at limiting the effects of interest rate fluctuations.

(ii)Foreign exchange risk
The conducts its business internationally and is exposed to exchange risk arising from currency used, mainly U.S. dollars, Japanese yen, British pound, Chinese renminbi, Polish zloty, South African rand, the Ukrainian hryvnia, , Brazilian reais. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and the net investments in foreign companies

The Group's policy is based on the research of natural hedging receivables and payables and just cover the net positions in foreign currencies mainly using forward contracts.

(iii) Price risk
The group is exposed to fluctuations in the price of raw materials. This exposure is mostly towards suppliers of parts since their price is generally tied by contract to the trend in market prices for raw materials. The group usually enters into medium-term contracts with certain suppliers for the purpose of managing and

limiting the risk of fluctuations in the price of its main raw materials such as aluminium, sheet metal, plastic and copper.

(b) Credit risk
The group does not have significant concentrations of credit risk and has adopted policies to ensure that products are sold to customers of proven creditworthiness and that certain types of receivable are insured. The group has policies that limit its credit exposure to any single financial institution.

(c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient financial availability of cash and marketable securities, funding through an adequate amount of bank credit.

Consequently, the treasury of the Group carries out the following activities:

- verification of financial requirements in order to implement the resulting actions;
- obtaining adequate lines of credit;
- optimization of liquidity, where feasible, through structures of centralized management of cash flows of the Group;
- Maintaining a balanced composition of net financial debt to investments;
- Achievement of a proper balance between short-term debt, medium and long term;
- limited credit exposure to individual financial institutions;
- Monitoring of compliance with the parameters set by the covenants relating to the financing of medium-long term.

Derivatives and short-term investments are undertaken only with primary financial institutions.

The Group has maintained its high level of creditworthiness on the part of credit institutes and analysts. As a result, there are no significant variations in available credit lines which already abundantly exceeded requirements.

4.2 Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are used exclusively for hedging purposes with the intent of reducing the risks of foreign currency and interest rate fluctuation. In line with its risk management policy, in fact, the Group does not carry out derivative operations for speculative purposes.
When such operations are not accounted for as hedging operations they are recorded as trading operations.
As established by IAS 39, derivative financial instruments may qualify for special hedge accounting only if (i) at the inception of the hedge the hedging relationship is formally designated and documented, (ii) the hedge is expected to be highly effective and (iii) the effectiveness of the hedge can be measured reliably.
Derivatives are initially recognized at cost and adjusted to fair value at subsequent balance sheet dates.

On the basis of the above, and of stipulated contracts, the accounting methods adopted are as follows:
1. Fair value hedge: the fair value variations of the hedging instrument are posted to the Income Statement together with variations in the fair value of the hedged transactions.
2. Cash flow hedge: the variations in fair value which are intended and proved to be effective for hedging future cash flows are posted to the Comprehensive Income Statement, while the ineffective portion is posted immediately to the Income Statement. If contractual commitments or planned hedging operations lead to the creation of an asset or liability, when this occurs the profits or losses on the derivative which have been posted directly to the Comprehensive Income Statement adjust the opening cost of acquisition or holding value of the asset or liability. For financial cash flow hedgings that do not lead to the creation of an asset or liability, the amounts which have been posted directly to the Comprehensive Income Statement are to be transferred to the Income Statement in the same period in which the contractual commitment or planned hedging operation are posted to the Income Statement.
3. Derived financial instruments not defined as hedging instruments: the variations in fair value are posted to the Income Statement.

The accounting method adopted for a hedge is applied until it expires, is sold, terminates, is exercised or is no longer defined as a hedge. Accumulated profits or losses from the hedging instrument recorded directly in the Statement of Comprehensive Income are maintained until the related operation effectively occurs. If the operation to which the hedge relates is no longer expected to occur, the accumulated profits or losses recorded directly in the Statement of Comprehensive Income are transferred to the Income Statement for the relevant period.

4.3 Measurement of fair value

The fair value of financial instruments with a quoted market price in an active market (such as publicly traded derivatives and securities held for trading and for sale) is based on the market price at the balance sheet date. The market price used for the group's financial assets is the bid price; the market price for financial liabilities is the offer price.

The fair value of financial instruments not quoted in an active market (for example, derivatives quoted over the counter) is determined using valuation techniques. The group uses various methods and makes assumptions that are based on existing market conditions at the balance sheet date. Long-term payables are valued using quoted market or trading prices for the specific or similar instruments. Other methods, such as estimating the present value of future cash flows, are used to determine the fair value of the other financial instruments. The fair value of forward currency contracts is determined using the forward exchange rates expected at the balance sheet date.

It is assumed that the face value less estimated doubtful receivables approximates the fair value of trade receivables and payables. For the purposes of these notes, the fair value of financial liabilities is estimated by discounting contractual future cash flows at the current market rate available to the group for similar financial instruments.

5. Key accounting estimates and assumptions

The preparation of the consolidated financial statements and the related notes under IFRS has required management to make estimates and assumptions affecting the value of reported assets and liabilities and the disclosures relating to contingent assets and liabilities at the balance sheet date. Actual results could differ from these estimates. Estimates are used for recording provisions for doubtful accounts and inventory obsolescence, amortization and depreciation, write-downs to assets, post-employment benefits, taxes and other provisions. Estimates and assumptions are reviewed periodically and the effects of any change are immediately reflected in the income statement.

In this context, it should be noted that the situation caused by the persistent difficulties of the economic and financial scenario has implied the need to make assumptions regarding the future outlook which is characterised by uncertainty. As a result, it cannot be excluded that the actual results obtained will be different from the forecasts, and therefore adjustments, even of significant amounts (which obviously cannot today be estimated or foreseeable) to the book value of the relative items may be necessary.

6. Segment information

On the basis of the new criteria introduced by IFRS 8 for the definition of operating segments, as described in note 2.3, the Group has identified a unique operating sector according to the “management approach”, that of the production and sale of machines, components and accessories for gardening, forestry, agriculture and industry

7. Significant non-recurring events and transactions

7.1 Geoline Electronic Operation

On 12 July 2013 the subsidiary, Tecomec S.r.l., entered into an agreement with Dinamica Generale S.p.A. aimed at closer cooperation between the two companies, already tied by a supply relationship, for the technical-commercial development of electronic products to be marketed with the Geoline trademark. On 9 October 2013 the contract was finalised for the setting up of a new company, Geoline Electronic S.r.l., the share capital of which will be held 51% by Tecomec, which will carry out the development and production of electronic control systems for applications in the Agriculture sector.

The operation, which will involve an outlay for the Group of € 2,700 thousand, € 1,500 thousand of which will be tied up through an "escrow account" contract, will allow Tecomec S.r.l. to complete its product range, thereby increasing the value of its offer, extend its customer base, exploit cross-selling opportunities through the distribution of products already available in the Dinamica Generale S.p.A. portfolio and, as a whole, to strengthen its position on the market.

In addition, the Emak Group is going to acquire specific know-how in the electronics field, and be able to develop not only the Geoline business, but also that of other product families.

The company will be included in the scope of consolidation of the Group starting from 28 January 2014, its date of incorporation..

7.2 Disposal of a company branch

On 29 November 2013 the subsidiary Tecomec S.r.l. disposed of the company branch, no longer strategic for the Group, of spare parts for chainsaws intended for the after-market sector.
The company branch closed the 2012 financial year with a turnover of around € 4,000 thousand. The disposal price was € 471 thousand, with a capital gain of around € 270 thousand.

The operation was carried out through the transfer of the business and subsequent sale of the shares of the transferee company.

The economic effects of the eleven months of the company are included in the scope of the consolidation and have contributed a turnover of € 3,684.

The book value of assets and liabilities subject to disposal with effect from November 29 2013, the collected price are detailed below:

€/000	Book values	Fair value adjustment	Assets disposed fair value
Non current assets			
Tangible assets	26	52	78
Intangible assets	205	(19)	186
Current assets			
Inventories	39	-	39
Non current liabilities			
Benefits for employees	(62)	-	(62)
Current liabilities			
Trade payables and other liabilities	(7)	-	(7)
Tax liabilities	-	(16)	(16)
Total net assets disposed	**201**	**17**	**218**
Sales price - Cash income	**471**		
Capital gain (note 10)	**270**		

7.3 Acquisition of Caj Tech sarl Au (now Speed Industrie Sarl)

On 12 December 2013 Speed France S.A.S., the French subsidiary of Tecomec S.r.l., entered into an agreement, coming into force 1 January 2014, for the acquisition of the entire share capital of the Moroccan company, Caj Tech Sarl Au, subsequently re-named Speed Industrie Sarl.

The company, incorporated in 2012, mainly performs packaging activities for Speed France.
The turnover of this company for the year ended 31 December 2013 was around € 850 thousand. The price of Caj Tech Sarl Au was contractually established at 269,000 dirhams, equivalent to around € 24 thousand, paid on 2 January 2014, the date of transfer of the company.

The acquisition will allow Speed France to directly control the costs of certain phases in the production process.

The company will be included in the scope of consolidation of the Group starting from 1 January 2014.

8. Positions or transactions deriving from atypical and unusual operations

During the year 2013 there were no transactions of atypical and unusual.

9. Net financial positions

Details of the net financial position are summarized in the following table:

	Net financial debt	31/12/2013	31/12/2012
A.	Cash and banks	15,122	16,229
B.	Other cash	-	-
C.	Assets for trading	-	-
D.	**Liquidity (A+B+C)**	**15,122**	**16,229**
E.	**Current financial receivables**	**1,604**	**62**
F.	Current bank loans	(19,972)	(49,924)
G.	Current portion if current loans	(19,838)	(14,461)
H.	Other financial debts	(2,235)	(17,767)
I.	**Current financial debts (F+G+H)**	**(42,045)**	**(82,152)**
J.	**Net current financial debts (I+E+D)**	**(25,319)**	**(65,861)**
Z.	**Non current financial receivables**	**179**	**320**
K.	Non current bank loans	(50,063)	(32,958)
L.	Bonds issued	-	-
M.	Other non current financial debts	(1,178)	(1,367)
N.	**Non current financial debts (K+L+M+Z)**	**(51,062)**	**(34,005)**
O.	**Net current financial debts (J+N)**	**(76,381)**	**(99,866)**

At December 31 2013 the net financial position to other related parties amount of € 1,069 thousand.

For more details see note no. 8 of the Directors' report.

10. Sales and other operating income

The Group's revenues amount to € 355,033 thousand, compared to € 354,780 thousand of last year, and are recorded net of returns for € 1,685 thousand, against € 833 thousand of last year.

The breakdown of revenues is as follows:

€/000	FY 2013	FY 2012
Net sales revenues (net of discounts and rebates)	353,642	352,717
Revenues from recharged transport costs	3,076	2,896
Returns	(1,685)	(833)
Total	**355,033**	**354,780**

Other operating income is analysed as follows:

€/000	FY 2013	FY 2012
Capital gains on property, plant and equipment	67	33
Capital gain on assets available for sale	270	0
Recovery of warrants costs	77	93
Insurance refunds	148	146
Advertising reimbursement	285	296
Government grants	346	631
Recovery of administrative costs	166	172
Recovery of other funds	43	929
Recovery of costs canteen	102	101
Other operative income	901	1,105
Total	**2,405**	**3,506**

The item "other recovery funds" accounted in the previous year to € 929 thousand, refers primarily to the release of provisions for risks posted in previous years for credit for the contribution of Law 488.

11. Cost of raw and consumable materials and goods

The cost of raw and consumable materials and goods is analysed as follows:

€/000	FY 2013	FY 2012
Raw materials, semi-finished products and	189,799	189,417
Other purchases	3,363	3,618
Total	**193,162**	**193,035**

12. Salaries and employee benefits

Details of these costs are as follows:

€/000	FY 2013	FY 2012
Wage and salaries	43,228	42,813
Social security charges	12,973	12,643
Employee termination indemnities	2,141	2,182
Other costs	1,943	1,552
Directors' emoluments	1,449	1,069
Temporary staff	1,012	937
Total	**62,746**	**61,196**

Details of changes in staff numbers are provided in section 6 of the Directors' report.

13. Other operating costs

Details of these costs are as follows:

€/000	FY 2013	FY 2012
Subcontract work	13,090	12,979
Maintenance	2,908	3,310
Trasportation	13,376	13,053
Advertising and promotion	3,033	3,158
Commissions	5,425	5,211
Travel	2,307	2,191
Postals and telecomunications	824	886
Consulting fees	3,674	3,753
Driving force	1,832	1,757
Various utilities	1,467	1,391
Services and bank fees	883	880
Costs of after sales warranty	868	1,165
Other services	6,070	6,537
Services	**55,757**	**56,271**
Rents, rentals and the enjoyment of third party assets	**6,965**	**6,795**
Increases in provvisions	**292**	**488**
Increases in prowision for doubtful accounts (note 23)	601	558
Capital losses on property, plant and equipment	54	120
Other taxes (not on income)	1,051	969
Grants	287	311
Other operating costs	1,308	1,326
Other costs	**3,301**	**3,284**
Total	**66,315**	**66,838**

During the year the Group has adopted a policy of cost rationalization, which in 2013 has resulted in a reduction of those for maintenance of approximately € 400 thousand and other services, primarily due to costs for logistics, for about € 470 thousand.

14. Amortization and depreciation

Details of these amounts are as follows:

€/000	FY 2013	FY 2012
Amortization of intangible assets (note 19)	1,993	1,776
Depreciaton of property, plant and equipment (note 18)	9,828	10,384
Total	**11,821**	**12,160**

15. Finance income and expenses

Financial income is analysed as follows:

€/000	FY 2013	FY 2012
Interest of trade receivables	154	481
Interest on bank and postal current accounts	130	241
Income from adjustment to fair value of derived instruments for hedging interest rate risk	591	85
Other financial income	42	75
Financial income	**917**	**882**

The decrease of Interest of trade receivables is due to a more conservative accounting for interest for late payment.

Financial expenses are analysed as follows:

€/000	FY 2013	FY 2012
Interest on medium-term bank loans and borrowings	2,026	1,663
Interest on short-term bank loans and borrowings	951	1,486
Financial charges from valuing employee terminations indemr	174	239
Proceeds from adjustment to fair value derived instruments for hedging interest rate risk	582	825
Other financial costs	739	873
Financial expense	**4,472**	**5,086**

Interests on bank borrowings for the year as a whole, decrease from the previous year and highlight the Group's strategic decision to prioritize the use of bank debt in the medium term at the expense of short-term debt.

The adjustments of derivative instruments include the measurement at fair value of hedging instruments of interest rate risk, giving rise to income and expenses, depending on the rate fluctuations and therefore the net effect is positive for the year amounted to 9 thousand euro against the negative effect of € 740 thousand in the previous year.

The breakdown of profits and losses is as follows:

€/000	FY 2013	FY 2012
Profit / (Loss) on exchange differences on trade transactions	(815)	(613)
Profit / (Loss) on exchange differences on financial assets	(578)	226
Exchange gains and losses	**(1,393)**	**(387)**

16. Income taxes

The estimated tax charge in 2012 for current and deferred tax amounts to € 3,416 thousand (€ 3,277 thousand in the previous year).

This amount is made up as follows:

€/000	FY 2013	FY 2012
Current income taxes	7,221	5,563
taxes from prior years	160	(1,618)
Deffered tax assets (note 30)	(216)	(209)
Deffered tax liabilities (note 30)	(271)	(320)
Total	**6,894**	**3,416**

Current income taxes include the cost of IRAP (regional company tax) to € 1,596 thousand, compared to € 1,465 thousand in 2012.

The tax, calculated on the gross, differ from the theoretical amount that would be determined using the rate of the country where the headquarters of the Parent company are, for the following reasons:

€/000	FY 2013	% rate	FY 2012	% rate
Profit before taxes	**17,427**		**12,056**	
Theoretical tax charge	**5,472**	**31.4**	**3,786**	**31.4**
Effect of IRAP differences calculated on different tax base	964	5.5	1,006	8.3
Non-taxable income	(143)	(0.8)	(311)	(2.6)
Non-deductible costs	316	1.8	478	4.0
Differences in rates with other countries	(114)	(0.7)	(5)	(0)
Taxes from prior years	160	0.9	(1,437)	(11.9)
Other differences	239	1.4	(101)	(0.8)
Effective tax charge	**6,894**	**39.6**	**3,416**	**28.3**

The effective tax rate is 38.6%, an increase from the 28.3% at December 31 2012.
This increase is mainly due to the effect, registered in the previous year, of the accounting receivable of € 1,437 thousand relating to the deductibility for IRES of IRAP paid on the cost of labor in previous years (Article 4, paragraph 12 of Law Decree of 2 March 2012 n .16 converted into Law 44 of April 26, 2012).
In addition, the item "Taxes for previous years" include at 31 December 2013 the allocation of funds for tax liabilities of € 370 thousand for the comments which refer to Note 32.

17. Earnings per share

"Basic" earnings per share are calculated by dividing the net profit for the period attributable to the parent company's shareholders by the weighted average number of ordinary shares outstanding during the period, excluding the average number of ordinary shares purchased or held by the parent company as treasury shares (see note 37). The parent company has only ordinary shares outstanding.

	FY 2013	FY 2012
Net profit attributable to ordinary shareholders in the parent company (€/1.000)	10,326	8,421
Weighted average number of ordinary shares outstanding	163,537,602	163,537,602
Basic earnings per share(€)	**0.063**	**0.051**

Diluted earnings per share are the same as basic earnings per share.

18. Property, plant and equipment

Changes in property, plant and equipment are shown below:

€/000	FY 31.12.2011	Change in scope of consolidation	Change in scope of consolidation in output	Increases	Decreases	Exchange differences	Reclass.	FY 31.12.2012
Lands and buildings	42,812	-	-	208	(168)	(164)	391	43,079
Accumulated depreciation	(10,969)	-	-	(1,230)	94	23	-	(12,082)
Lands and buildings	**31,843**	-	-	**(1,022)**	**(74)**	**(141)**	**391**	**30,997**
Plant and machinery	63,803	380	-	2,833	(529)	(195)	(584)	65,708
Accumulated depreciation	(46,078)	(244)	-	(4,364)	494	131	368	(49,693)
Plant and machinery	**17,725**	**134**	-	**(1,529)**	**(35)**	**(64)**	**(216)**	**16,015**
Other assets	78,898	26	(303)	3,598	(584)	(74)	1,205	82,766
Accumulated depreciation	(67,711)	(15)	298	(4,790)	495	79	(242)	(71,886)
Other assets	**11,187**	**11**	**(5)**	**(1,192)**	**(89)**	**5**	**963**	**10,880**
Advances and fixed assets in progress	**1,771**	**-**	**-**	**1,130**	**(493)**	**(7)**	**(1,138)**	**1,263**
Cost	**187,284**	**406**	**(303)**	**7,769**	**(1,774)**	**(440)**	**(126)**	**192,816**
Accumulated depreciation (note 14)	**(124,758)**	**(259)**	**298**	**(10,384)**	**1,083**	**233**	**126**	**(133,661)**
Net book value	**62,526**	**147**	**(5)**	**(2,615)**	**(691)**	**(207)**	**-**	**59,155**

€/000	FY 31.12.2012	Change in scope of consolidation	Increases	Decreases	Exchange differences	Reclass.	Other moviments	FY 31.12.2013
Lands and buildings	43,079	-	50	(35)	(104)	-	(1)	42,989
Accumulated depreciation	(12,082)	-	(1,230)	8	22	-	-	(13,282)
Lands and buildings	**30,997**	-	**(1,180)**	**(27)**	**(82)**	**-**	**(1)**	**29,707**
Plant and machinery	65,708	-	2,706	(538)	(291)	744	352	68,681
Accumulated depreciation	(49,693)	-	(4,293)	497	220	-	-	(53,269)
Plant and machinery	**16,015**	**-**	**(1,587)**	**(41)**	**(71)**	**744**	**352**	**15,412**
Other assets	82,766	(348)	2,966	(1,296)	(146)	362	113	84,417
Accumulated depreciation	(71,886)	322	(4,305)	1,151	128	(27)	46	(74,571)
Other assets	**10,880**	**(26)**	**(1,339)**	**(145)**	**(18)**	**335**	**159**	**9,846**
Advances and fixed assets in progress	**1,263**	**-**	**1,674**	**(1)**	**(4)**	**(1,079)**	**(739)**	**1,114**
Cost	**192,816**	**(348)**	**7,396**	**(1,870)**	**(545)**	**27**	**(275)**	**197,201**
Accumulated depreciation (note 14)	**(133,661)**	**322**	**(9,828)**	**1,656**	**370**	**(27)**	**46**	**(141,122)**
Net book value	**59,155**	**(26)**	**(2,432)**	**(214)**	**(175)**	**-**	**(229)**	**56,079**

Among the increases are worth mentioning investments:
- in equipment for the development of new products;
- in the adaptation and modernization of production lines;
-
- in the realization of the service school where training initiatives of technical customers will be conducted.

The decreases relate mainly to the replacement of obsolete dies and machines following organisational changes in the financial year.

There were no indicators of impairment of fixed assets.

The financial leasing contract in force at December 31 2012 related to Emak S.p.A.'s office building situated in Via Fermi 4 used as the company's registered office. The contract was entered into with Locat S.p.A, now Unicredit Leasing S.p.A., on November 10 2005. At December 31 2012 the net value of land and buildings under finance leases amounted to € 2,782 thousand, corresponding to a gross value of € 3,659 thousand net of accumulated depreciation amounted to € 877 thousand.

In the month of December 2013 Emak S.p.A. has exercised its option, provided in the contract, to purchase the asset of the contract, for a value of € 215 thousand.

Details of the value of land and buildings under finance leases are as follows:

€/000	**31.12.2013**	**31.12.2012**
Gross value	768	794
Accumulated depreciation	(506)	(500)
Net book value	**262**	**294**

The finance lease relates to manufacturing plants to be used in the production process of Tecomec S.r.l. and Speed France SAS.

There were no assets subject to restrictions as a result of collateral provided.

Over the years, the Group has benefited from some capital grants provided in accordance with the Law 488/92 to the subsidiary Comag Srl, established in Molise. The grants received are credited to income over its remaining useful life of the assets to which they relate and shall be shown in the balance sheet as deferred income

The contributions delivered are as follows:

- € 1,615 thousand in 1998 for investments worth € 4,532 thousand;

- € 636 thousand in 2002 for investments made in 2001 and 2002 worth around € 4,250.

With reference to the contribution ex Law 488/92 approved by the Ministry of Industry in 2008 in favor of Comag for a total of € 2,401 thousand, it should be noted that the bank licensee presented in June 2013 at the Ministry of Industry the investigation, at the conclusion of the intervention, for settlement. The amount of the contribution is subject to a partial revision depending on the final amount of the eligible investment. Therefore, as shown in Note 32, during the previous years a provision was accounted for an amount of € 388 thousand as partial adjustment of the credit.

19. Intangible assets

Intangible assets report the following changes:

€/000	FY 31.12.2011	Change in scope of consolidation	Increases	Decreases	Exchange differences	Reclass.	FY 31.12.2012
Development costs	2,039	-	115	-	(2)	-	2,152
Accumulated amortization	(1,142)	-	(262)	-	2	-	(1,402)
Development costs	**897**	**-**	**(147)**	**-**	**-**	**-**	**750**
Patents and intellectual property rights	11,012	12	905	-	(3)	(54)	11,872
Accumulated amortization	(9,112)	(1)	(996)	(2)	(1)	93	(10,019)
Patents	**1,900**	**11**	**(91)**	**(2)**	**(4)**	**39**	**1,853**
Concessions, licences and trademarks	1,973	-	41	-	52	-	2,066
Accumulated amortization	(1,185)	-	(236)	-	(52)	-	(1,473)
Concessions, licences and trademarks	**788**	**-**	**(196)**	**-**	**-**	**-**	**592**
Other intangible assets	2,586	141	89	-	(25)	-	2,791
Accumulated amortization	(1,290)	(5)	(282)	(7)	10	-	(1,574)
Other intangible assets	**1,296**	**136**	**(193)**	**(7)**	**(15)**	**-**	**1,217**
Advanced payments and fixed assets in progress	**227**	**-**	**331**	**(109)**	**-**	**(39)**	**410**
Cost	**17,837**	**153**	**1,481**	**(109)**	**22**	**(93)**	**19,291**
Accumulated depreciation (note 14)	**(12,729)**	**(6)**	**(1,776)**	**(9)**	**(41)**	**93**	**(14,468)**
Net book value	**5,108**	**147**	**(295)**	**(118)**	**(19)**	**-**	**4,823**

€/000	FY 31.12.2012	Change in scope of consolidation	Increases	Decreases	Exchange differences	Reclass.	Other moviments	FY 31.12.2013
Development costs	2,152	-	399	-	(1)	(148)	-	250
Accumulated amortization	(1,402)	-	(369)	-	2	122	-	(1,647)
Development costs	**750**	**-**	**30**	**-**	**1**	**(26)**	**-**	**755**
Patents and intellectual property rights	11,872	-	778	(149)	(12)	358	-	12,847
Accumulated amortization	(10,019)	-	(1,090)	149	10	(39)	-	(10,989)
Patents	**1,853**	**-**	**(312)**	**-**	**(2)**	**319**	**-**	**1,858**
Concessions, licences and trademarks	2,066	(257)	6	-	(13)	(56)	-	1,746
Accumulated amortization	(1,473)	52	(199)	-	13	41	-	(1,566)
Concessions, licences and trademarks	**593**	**(205)**	**(193)**	**-**	**0**	**(15)**	**-**	**180**
Other intangible assets	2,791	-	285	-	(18)	24	32	3,114
Accumulated amortization	(1,574)	-	(335)	-	8	(2)	-	(1,903)
Other intangible assets	**1,217**	**-**	**(50)**	**-**	**(10)**	**22**	**32**	**1,211**
Advanced payments and fixed assets in progress	**410**	**-**	**233**	**-**	**-**	**(300)**	**208**	**551**
Cost	**19,291**	**(257)**	**1,701**	**(149)**	**(44)**	**(122)**	**240**	**20,660**
Accumulated depreciation (note 14)	**(14,468)**	**52**	**(1,993)**	**149**	**33**	**122**	**-**	**(16,105)**
Net book value	**4,823**	**(205)**	**(292)**	**-**	**(11)**	**-**	**240**	**4,555**

The investments of the year relate mainly to the purchase of software for improving process efficiency

Research and development costs directly recorded in the Group's income statement amount to € 7,503 thousand.
All intangible fixed assets have a defined residual life and are amortised at constant rates on the basis of their remaining useful life.

20. Goodwill

The goodwill of € 30,229 thousand reported at December 31 2012 is detailed below:

€/000	31.12.2012	Ch. In scope of consolidation	Exchange differences	31.12.2013
Goodwill from the acquisition of Victus-Emak Sp. z o.o.	915	-	(18)	897
Goodwill from the acquisition of company branch Victus IT	5,059	-	(98)	4,961
Goodwill from the merger of Bertolini S.p.A.	2,074	-	-	2,074
Goodwill from the acquisition of Tailong Machinery Ltd.	2,516	-	(30)	2,486
Goodwill from the acquisition of Epicenter LLC	118	-	(7)	111
Goodwill from the acquisition of Gruppo Tecomec	2,807	-	-	2,807
Goodwill from the acquisition of Gruppo Comet	2,279	-	-	2,279
Goodwill from the acquisition of Speed France	2,854	-	-	2,854
Goodwill from the merger of HPP	1,974	-	-	1,974
Goodwill from transfer of the business PTC	360	-	-	360
Goodwill from the acquisition of Valley LLP	9,853	-	(427)	9,426
Total	**30,809**	**0**	**(580)**	**30,229**

- Goodwill on the purchase of Victus-Emak Sp. Z.o.o. for € 897 thousand relates to the difference between the acquisition price for 100% of the company regulated by Polish law, Victus-Emak Sp. Z.o.o., and its equity at the date of acquisition, while an amount of € 4,961 thousand relates to the acquisition of the company branch of Victus International Trading SA. Both acquisitions were finalized in 2005.

- Goodwill of € 2.074 thousand refers to the positive difference arising from the acquisition from the parent company Yama S.p.A. and further to the absorption of the company Bertolini S.p.A into Emak S.p.A. in 2008;

- The amount of € 2.486 thousand refers to the higher value arising, in favour of the Yama Group, from the acquisition of 100% of the company regulated by Chinese law, Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd. finalized in 2008;

- The amount of € 111 thousand relates to the acquisition of the company Epicenter LLC by Emak S.p.A., which is the resulting difference between the purchase price of 61% of Ukrainian law firm Epicenter LLC and its shareholders' equity at acquisition date (30 September 2011);

Godwill relating to the acquisition of the Tecomec Group, the Comet Group and of the Speed France Group on the part of Tecomec S.r.l respectively for € 2,807 thousand, € 2,279 thousand and € 2,854 thousand arise from the Greenfield Operation (for details on the operation, reference should be made to note 7 of the Notes to the Accounts); in compliance with the requirements of the reference accounting standards, the acquisition operations carried out between parties subject to common control are not regulated by IFRS 3, but are accounted for taking account of the requirements of IAS 8, that is, the concept of a reliable and faithful representation of the operation, and of the provisions of OPI 1 (Assirevi (Association of Italian Auditors) Preliminary Guidelines regarding IFRS), relating to the “accounting treatment of *business combinations of entities under common control* in the separate and consolidated financial statements”. As more fully specified in the aforementioned accounting standards, the choice of the accounting standard for the operations in question must make reference to the above-described elements, which imply the application of the criterion of the continuity of the values of the net assets transferred. The principle of the continuity of values gives rise to the recognition in the financial statements of the acquiring company of values equal to those that would have been shown if the net assets subject to aggregation had always been aggregated. The net assets must therefore be recognised at the book values shown in the accounts of the acquired companies before the operation or, if available, at the values shown in the consolidated accounts of the common controlling company.
Specifically, the company has chosen to account for the difference arising from the greater price paid for the acquisition of the stakes of the Tecomec Group and of the Comet Group only at the values already recognised in the consolidated accounts of the controlling company Yama at the time of the respective acquisitions.
Since the acquisition values of the shareholdings in the Greenfield Operation are greater than the equity values of the acquired companies at 31 December 2011, the excess of € 33,618 thousand has been eliminated by adjusting down equity in the consolidated financial statements

- The amount of € 1,974 thousand relates to the positive difference emerged following the acquisition and subsequent merger by incorporation of the company HPP in Comet S.p.A., finalized in 2010;

- The amount of € 360 thousand relates to the goodwill of a business unit contributed in 2011 by minority shareholders in PTC S.r.l., a Comet Group company;

- The amount of 9,426 thousand relates to the acquisition of Valley Industries LLP by Comet USA Inc. in February 2012, resulting from the difference arising between the acquisition price and its net assets.

In accordance with the requirements of IAS 36, goodwill is not amortised but is subject to an impairment test on an annual basis, or more frequently if specific events and circumstances occur that may imply a reduction in value. The impairment test is carried out by comparing the net book value of the goodwill with the recoverable value of the reference cash-generating unit, calculated with the "discounted cash flow" method.

In the basic assumption the discount rate after taxes used to discount back expected future cash flows gross of taxes was calculated for single market areas. This rate (WACC) reflects the current market value of the time value of money for the period considered and the specific risks of the Emak Group.

For the purpose of carrying out the impairment test on goodwill values, the discounted cash flow has been based on the following assumptions:

- The base figures are those taken from Emak Group's strategic plan 2013-2015. This plan is the best management forecast of the future operating performances of the single entities making up the Group in the period in question. The expected cash flows refer to the reference units in their present conditions and exclude possible operations of a non-ordinary nature. Regarding the goodwill resulting from the merger of Bertolini S.p.A. in Emak S.p.A., unlikely the previous year, have been considered the figures of the plan of the CGU (Cash Generating Unit) Emak S.p.A., as it represents the minimum level at which the 'goodwill is monitored by management for internal management purposes.
- With regards to the companies operating in the Euro area the gross Wacc used to discount back future cash flows expected for the CGUs located in the Euro area ranges from 7.35% to 10.4%.
- The gross WACC used to discount the cash flows of the CGUs that are located in Eastern Europe was 10%, for the CGU located in China is 9.85%, while for the CGU located in USA is 7.05%.
- The expected future cash flows were estimated in the single currencies in which they will be generated.
- Expected future cash flows refer to a period of 3 years and include a normalised terminal value used to express a summary forecast of future results beyond the time period explicitly considered.
- The terminal value has been determined on the basis of a long term growth rate (g) prudentially equal to 2%.

A sensitivity analysis was carried out on the basic assumption, assuming different scenarios of WACC variation of +10% o -10%; from the analysis, there were no further loss of value of the cash-generating unit analysed.

21. Equity investments

The amount of the balance of "other investments" is € 232 thousand.
Investments are not subject to impairment losses; risks and benefits associated with the possession of the investment are negligible.
The Group owns a minority interest in Netribe S.r.l., a company operating in the IT sector. This investment is valued at its cost of € 223 thousand since its fair value cannot be determined.
The percentage of participation of Emak S.p.A. in Netribe S.r.l. increased from 10.42% to 15.41% of 31.12.2012 following the withdrawal of some shareholders and the consequent reduction in share capital carried out by a resolution of 22 November 2013.

The Group also holds a share of 30% of S.I.Agro Mexico amounting to € 18 thousand recorded in "Investments in associated companies." During the month of January 2014 this shareholding has increased following the acquisition of an additional stake in the company, as described in paragraph 16, "Subsequent Events" of the Financial Report, to which refer for further details.

22. Derivative financial instruments

The financial statements values relate to changes in the fair value of financial instruments for:
-hedging purchases in foreign currency;
-hedging the risk of changes in interest rates.
All derivative financial instruments belonging to this heading are valued at fair value at the second hierarchical level, that is, the estimate of their fair value has been carried out using variables other than Prices quoted in active markets and which are observable (on the market) either directly (prices) or indirectly (derived from prices).

In the case in point, the fair value recorded is equal to the "market to market" estimation provided by the bank, which represents the current market value of each contract calculated at the date at the closing date of the Financial Statements.

Accounting for the underexposed instruments is at fair value. According to the IFRS principles these effects were accounted in the income statement of the current year.
The current value of this contracts at December 31 2013 is shown as follows:

€/000	**31.12.2013**	**31.12.2012**
Positive *fair value* assesment exchange rate hedge	90	61
Positive *fair value* assesment IRS and interest rate options	11	0
Total derivative financial instrument	**101**	**61**
Negative *fair value* assesment exchange rate hedge	125	41
Negative *fair value* assesment IRS and interest rate options	633	1,199
Assesment fair value other instrument	90	90
Total derivative financial instrument liabilities	**848**	**1,330**

At December 31 2013 appear outstanding purchases / sales of foreign currencies with forward contracts for:

	Company		**Nominal value (€/000)**	**Exchange rate**	**Due to**
Contratti a termine di acquisto in valuta					
Yen/Euro	Emak Spa	Yen	16,415	139.23	20/03/2014
Euro/Pounds sterlin	Emak UK Ltd.	€	700	0.83	30/06/2014
Dollaro/Euro	Sabart S.r.l.	Usd	4,275	1.35	19/12/2014
Yen/Euro	Sabart S.r.l.	Yen	14,100	140.50	30/05/2014
Dollar/Euro	Emak France SAS	Usd	500	1.38	31/12/2014
Yen/Euro	Emak France SAS	Yen	50,000	128.19	23/09/2014
Euro/Dollar	Comet U.S.A. Inc.	€	2,250	1.32	22/08/2014
Dollar/Zloty	Victus-Emak Sp.Zo.o	Usd	300	3.08	31/03/2014

Finally, on December 31 2013 result also outstanding IRS contracts and options on interest rates with the aim of covering the risk of variability of interest rates on loans.

The total notional amount of the contracts signed amounted to € 50,060 thousand, and the maturity of the instruments is analyzed as follows:

Bank	Company	Notional Euro (€/000)	Date of the operation	Due to
Banca Popolare di Verona	Emak S.p.A.	538	10/02/2009	31/03/2014
Banca Popolare di Verona	Emak S.p.A.	3,626	28/03/2013	30/09/2017
Carisbo	Emak S.p.A.	2,000	19/07/2011	15/06/2016
Banca Popolare dell'Emilia Romagna	Emak S.p.A.	1,000	20/01/2010	31/12/2016
Banca Nazionale del Lavoro	Emak S.p.A.	3,125	03/05/2012	20/04/2016
Banca Nazionale del Lavoro	Emak S.p.A.	3,125	27/06/2012	20/04/2016
UniCredit	Emak S.p.A.	4,000	22/05/2013	31/03/2018
Banca Popolare Comm. Industria	Comet S.p.A.	2,000	23/10/2009	31/10/2014
Banca Popolare di Verona	Comet S.p.A.	1,000	22/09/2010	24/09/2015
Banca Popolare Comm. Industria	Comet S.p.A.	2,000	10/10/2011	12/10/2016
Banca Popolare Comm. Industria	Comet S.p.A.	2,000	09/05/2012	28/04/2017
UniCredit	Comet S.p.A.	4,800	22/05/2013	29/03/2018
Banca Popolare di Verona	Tecomec S.r.l.	5,000	28/07/2009	30/07/2014
Banca Nazionale del Lavoro	Tecomec S.r.l.	5,000	04/08/2009	06/08/2014
Banca Popolare di Verona	Tecomec S.r.l.	3,000	11/05/2010	11/05/2015
UniCredit	Tecomec S.r.l.	2,045	11/04/2012	31/07/2017
Intesa San Paolo	Comet USA	5,801	27/02/2013	19/02/2019
Total		**50,060**		

The average interest rate resulting from the instruments is equal to 2.09%.

All contracts, although having the purpose and characteristics of a hedging strategy, do not respect the rules to be formally recognized as such, so all changes in fair value are expensed in the income statement of the period.

The value of these contracts at December 31 2013 appears to be totaling to a negative fair value of € 622 thousand.

Were also recorded long term derivative financial instruments for € 90 thousand, related to higher interest expense resulting from the reimbursement of the participation share of Simest in the company Jiangmen Emak Outdoor Power Equipment Co. Ltd.

23. Trade and other receivables

Details of these amounts are as follows:

€/000	31.12.2013	31.12.2012
Trade receivables	97,908	102,473
Provision for doubtful accounts	(3,297)	(3,219)
Net trade receivables	**94,611**	**99,254**
Trade receivables from related parties (note 38)	651	664
Prepaid expenses and accrued income	1,185	895
Other receivables	2,094	2,012
Total current portion	**98,541**	**102,825**
Other non current receivables	2,464	2,503
Total non current portion	**2,464**	**2,503**

The item "Other short-term receivables" includes payments for the supply of goods and receivables from social security institutions.

It also includes an amount of € 456 thousand for receivables of certain Group companies towards the controlling company Yama S.p.A., emerging from the relationships that govern the tax consolidation to which the same participate, and referring to the instance of reimbursement submitted in 2012 by the consolidating company in order to obtain the tax benefit associated with the deductibility, from taxable IRES, of IRAP related to personnel costs, employee and treated as such, under Article 2, paragraph 1-c of the Decree-law no. 201/2011.

The item "Other non-current" is also accounted for the credit for the contribution Law 488 for a total of approximately € 2,401 thousand (Note 18).
In view of these trade receivables was posted a provision for a total amount of € 388 thousand (Note 32).

All non-current receivables mature within five years. There are no trade receivables maturing beyond one year.

The movement in the provision for bad debts is as follows:

€/000	31.12.2013	31.12.2012
Opening balance	**3,219**	**3,285**
Change in scope of consolidation	-	3
Change in scope of consolidation in output	-	(6)
Provisions (note 13)	601	558
Decreases	(516)	(623)
Exchange differences	(7)	2
Closing balance	**3,297**	**3,219**

The book value reported in the balance sheet corresponds to fair value.

24. Inventories

Inventories are detailed as follows:

€/000	31.12.2013	31.12.2012
Raw, ancillary and consumable materials	37,997	37,941
Work in progress and semi-finished products	17,139	17,218
Finished products and goods	63,379	65,799
Total	**118,515**	**120,958**

Inventories at December 31 2013 are stated net of provisions amounting to € 4,838 thousand (€ 4,670 thousand at December 31 2012) intended to align the obsolete and slow moving items to their estimated realizable value.

The inventories provision is an estimate of the loss in value expected by the Group, calculated on the basis of past experience, historic trends and market expectations. The deterioration of the economic and financial situation could cause a worsening of the obsolescence indices already taken into consideration in the quantification of provisions recorded in the financial statements.

Details of changes in the provision for inventories are as follows:

€/000	FY 2013	FY 2012
Opening balance	4,670	4,738
Change in scope of consolidation	-	(1)
Provisions	401	312
Effect of exchange differences	(5)	3
Uses	(228)	(382)
Closing balance	**4,838**	**4,670**

The decreases in the provision refer to obsolete material disposed of during the year.

25. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

€/000	31.12.2013	31.12.2012
Bank and post office deposits	15,000	16,173
Cash	122	56
Total	**15,122**	**16,229**

For the purposes of the cash flow statement, closing cash and cash equivalents comprise:

€/000	31.12.2013	31.12.2012
Cash and cash equivalents	15,122	16,229
Overdrafts (note 29)	(5,824)	(6,657)
Total	**9,298**	**9,572**

26. Other financial assets

Other non-current financial assets, are equal to € 1.503 thousand against € 2 thousand of the previous year, refers to the sum of € 1,500 thousand paid by Tecomec S.r.l., through a contract of "escrow account" as part of the acquisition of shares of the company Geoline Electronic S.r.l., as more fully described in Note 7.1.
Other current financial assets amount to € 178 thousand (€ 320 thousand at 31 December 2012).

27. Equity

Share capital
Share capital is fully paid up at 31 December 2013 and amounts to € 42,623 thousand, remaining unchanged during the year under examination. It consists of 163,934,835 ordinary shares of par value € 0.26 each.

Treasury shares
The adjustment of share capital for purchase of treasury shares, equal to € 2,029 thousand, is the overall exchange value paid by Emak S.p.A. for the acquisition on the market of treasury shares held at December 31 2013 (note 37).
The nominal value of these treasury shares is € 104 thousand.

As for the sale and purchase of shares made during the period, please refer to the appropriate section of the directors' report.

Share premium reserve

At December 31 2013 the share premium reserve is € 42,454 thousand, unchanged from the previous year is consists of the premiums on newly issued shares.

Legal reseve
The legal reserve at December 31 2013 of € 1,924 thousand (€ 1,700 thousand at December 31 2012).

Revaluation reserve
At 31 December 2013, the revaluation reserve includes reserves deriving from the revaluation pursuant to former L. 72/83 to € 371 thousand and ex L. 413/91 for € 767 thousand.

Other reserves:
The extraordinary reserve, amounts to € 27,088 thousand at 31 December 2013, inclusive of all allocations of earnings in prior years.

At December 31 2013, reserves qualifying for tax relief refer to tax provisions for grants and donations for € 129 thousand, to reserves for merger surpluses for € 394 thousand and to reserves from capital grants deriving from the merger of Bertolini S.p.A. for € 122 thousand.
These reserves remained unchanged from the previous year.

At December 31 2013 the reserve for conversion differences for a positive amount of € 1,176 thousand is entirely attributable to the differences generated from the translation of balances into the Group's reporting currency.

At December 31 2013 the reserve Ias 19 is equal a negative amount of € 782 thousand, for the difference actuarial valuation of post-employment benefits to employees.

Details of the restrictions and distributability of reserves are contained in the specific table in the notes to the financial statements of the parent company Emak S.p.A..

In addition, there is a restriction regarding the distribution of the "Profits brought forward" heading in the consolidated balance sheet amounting to € 6,534 thousand.

28. Trade and other payables

Details of trade and other payables are set out below:

€/000	31.12.2013	31.12.2012
Trade payables	59,723	57,191
Payables due to related parties (note 38)	927	1,057
Payables due to staff and social security institution	8,609	8,136
Accrued expense and deffered income (note 33)	312	328
Advances from customers	1,757	830
Other payables	3,371	1,569
Total	**74,699**	**69,111**

The book value reported in the balance sheet corresponds to fair value.

The figure "Other payables" includes € 1,371 thousand for current IRES tax liabilities accounted for by certain Group companies to the controlling company Yama SpA and arising from the relationships that govern the consolidated tax return, according to art. 116 and following of the Presidential Decree n. 917/1986, to which the same participants.

29. Financial liabilities

Details of **short-term loans and borrowings** are as follows:

€/000	31.12.2013	31.12.2012
Overdrafts (note 25)	5,824	6,657
Bank loans	33,783	57,412
Finance leases	75	544
Loans from related parties (note 38)	25	14,480
Financial accrued expense and deffered income	232	471
Other loans	1,258	1,258
Total current	**41,197**	**80,822**

The decrease of "Loans from related parties" refers to the payment of of the discounted back deferred price of the "Greenfield" operation in favour of the controlling Yama S.p.A. and of the related company Sabart S.p.A..

The item "Other loans" is related to the interest subscribed by Simest S.p.A. in the subsidiary Jiangmen Emak Outdoor Power Equipment Co. Ltd amounting to € 1,258 thousand.
This company is 100% consolidated in accordance with the commitment to buy back the 49%, originally due on 30 June 2013 and subsequently extended to June 30, 2014. The loan's face value does not differ significantly from its fair value.
The amount that Emak S.p.A. must repay Simest S.p.A. in 2013 will be the higher between Simest's share of equity reported in the latest approved financial statements of the Chinese company Jiangmen Emak Outdoor Power Equipment Co. Ltd. and the amount of share capital subscribed by Simest S.p.A.
Any greater value will be recognised by Emak S.p.A. as payable to Simest only up to the amount of € 514 thousand increased by 6% (which refers to the stake subscribed by Simest in accordance with Law 100/90 in the form of a shareholding) and € 746 thousand increased by 8% (which refers to the stake subscribed by Simest in accordance with Law 100/90 in execution of the "Fund" contract).

The company has therefore accounted for long-term derivative liabilities for € 90 thousand; this amount refers to the greater financial costs deriving from the reimbursement on June 30 2014 of the Simest shareholding in the company Jiangmen Emak Outdoor Power Equipment Co. Ltd.

This transaction does not present any other significant risks for the group.

Long-term loans and borrowings are repayable as follows:

€/000	31.12.2013	31.12.2012
Bank loans	50,062	32,959
Finance leases	134	133
Loans from related parties (note 38)	1,044	1,044
Other loans	-	190
Total non current portion	**51,240**	**34,326**

During the year, the Group has entered into some medium/long term loans subject to financial covenants verified on the basis of ratios Net debt / EBITDA and Net debt / Equity consolidated. At 31 December 2013 the Group complied with all the benchmarks set in.

Lease obligations in the event of insolvency are guaranteed by the right of the lessor on the leased asset.

Loans from related parties amounted to € 1,044 thousand, refer to the discounted residual debt to the shareholder of the transferor Valley LLP as a result of the "Put and Call Option Agreement" to purchase the remaining 10% of the company to be exercised in 2017.

The **medium and long term loans** are reimbursed under the following repayment plans:

€/000	Due within 2 years	Due within 3 years	Due within 4 years	Due within 5 years	Total due within 5 years	Due beyond 5 years
Bank loans	18,729	19,374	8,163	2,115	**48,381**	**1,681**
Finance leases	62	66	6	-	**134**	**-**
Financial debt from related parties	-	-	1,044	-	**1,044**	**-**
Total	**18,791**	**19,440**	**9,213**	**2,115**	**49,559**	**1,681**

The interest rates applied on short and medium-long term are as follows:

- on bank loans in Euro is applied Euribor plus a fixed spread;
- on bank loans in British pounds is applied the "base rate" Bank of England plus a fixed spread;
- on bank loans in U.S. dollars is applied LIBOR plus a fixed spread;
- On finance leases is applied Euribor plus a fixed spread.

With regard to liabilities for loans obtained for the purchase of leased assets shall provide the following information:

€/000	31.12.2013	31.12.2012
Future minimum payments of less than year	80	554
Future minimum payments between 1 and 5 years	142	137
Future minimum payments over 5 years	-	-
Total minimum payments	**222**	**691**
Due to future financial charge	**(13)**	**(14)**
Present value	**209**	**(667)**
Average interest rate	**4,4%**	**2,3%**

The book value of items in the financial statements does not differ from its fair value.

30. Tax assets and liabilities

Deferred tax assets are detailed below:

€/000	31.12.2012	Increases	Decreases	Other movements	Exchange differences	31.12.2013
Deffered tax on impairment of assets	1,165	4	(93)	(35)	(1)	1,040
Reversal of unrealized intercompany gains	1,530	188				1,718
Provision for inventory obsolescence	1,042	219	(176)	14		1,099
Losses in past financial periods	1,092	139	(274)	(1)	(33)	923
Provisions for bad debts	192	10	(6)			196
Other deferred tax assets	2,522	608	(403)	(80)	(2)	2,645
Total (note 16)	**7,543**	**1,168**	**(952)**	**(102)**	**(36)**	**7,621**

The portion of taxes which are expected to reverse within the following 12 months is estimated to be in line with the decrease registered in 2013.

The usability of tax losses carried forward for an unlimited duration except for the subsidiary Emak USA Inc. for which it begin to lose the benefits of the tax credit starting from 2026.

Deferred tax liabilities are detailed below:

€/000	31.12.2012	Increases	Decreases	Other movements	Exchange differences	31.12.2013
Deffered tax on property IAS 17	1,475		(39)			1,436
Valutation of provision for employee termination indemnities under IAS 19	259		(191)	(18)		50
Taxation on capital gains	276	5	(145)			136
Other deferred tax liabilities	2,172	483	(384)	19.	(31)	2,259
Total (note 16)	**4,182**	**488**	**(759)**	**1**	**(31)**	**3,881**

"Other deferred tax liabilities" refers mainly to revenues that will be fiscally recognised in future financial periods.
The portion of taxes which are expected to reverse within the following 12 months is estimated to be in line with the decrease registered in 2013.

Hypothetical tax liabilities, which could arise if dividends are paid further to distribution from the "Profits brought forward" or "Profit for the financial period" reserves on the part of subsidiaries, amounts at December 31, 2013 to € 2,450 thousand, against € 1,893 thousand in 2012.
It should be noted, moreover, that deferred taxes relating to the revaluation reserves (which are reserves in partial tax suspension) have not been allocated since it is unlikely that there will be any operations carried out giving rise to taxation.
The tax credits amount at December 31 2013 to € 4,805 thousands, against € 6,023 thousand at December 31 2012, refer to VAT credits, surplus payments on account of direct tax and other tax credits.

Current tax liabilities amount to € 3,419 thousand at December 31 2013 compared with € 3,488 thousand a year earlier. They refer to payables for direct tax for the period, VAT and withholding taxes.

31. Long-term post-employment benefits

At December 31 2013 such benefits refer principally to the discounted liability for employment termination indemnity payable at the end of an employee's working life, amounting to € 9,149 thousand against € 8,725 thousand at December 31 2012. The valuation of the indemnity leaving fund (TFR) at the closing date, carried out according to the nominal debt method in force would be € 9,303 thousand against € 9,705 at December 31 2012.

Movements in this liability are as follows:

€/000	2013	2012
Opening balance	**9,071**	**8,856**
Current service cost and other provision	57	132
Actuarial (gains)/losses	782	295
Interest cost on obligation (note 15)	174	239
Change from extraordinary operation	(62)	19
Change from area of consolidation		-
Disbursements	(532)	(470)
Closing balance	**9,490**	**9,071**

The principal economic and financial assumptions used are as follows:

	FY 2013	FY 2012
Annual inflation rate	2.4%	2.0%
Rising discount rate	1.5%	2.1%
Rate of dismissal	1.0%	2.0%

Demographic assumptions refer to the most recent statistics published by ISTAT.

In the 2014 financial year, payments are expected to be in line with 2013.

32. Provisions for liabilities and charges

Movements in these provisions are detailed below:

€/000	31.12.2012	Increase	Decrease	Exchange differences	31.12.2012
Provisions for agents' termination indemnity	1,673	130	(64)	-	1,739
Other provisions	23	60	-	-	83
Total non current portion	**1,696**	**190**	**(64)**	**-**	**1,822**
Provisions for products warranties	449		(24)	(1)	424
Other provisions	835	472	(194)	(5)	1,108
Total current	**1,284**	**472**	**(218)**	**(6)**	**1,532**

The provision for agents' termination indemnity is calculated on the basis of agency relationships in force at the close of the financial year. It refers to the probable indemnity which will have to be paid to the agents.

Other non-current provisions relate to future costs to be incurred, equal to € 23 thousand, have been allocated in respect of a dispute for IRES, IRAP and VAT taxes for the financial years 1999-2006, for a total disputed amount of € 376 thousand all-inclusive (including taxes, interests and sanctions The disputes are currently at different stages of legal proceedings, currently suspended waiting for the Supreme Court to rule at least once, with effect of invalidating all pending proceedings. All the sentences so far passed by the relevant Tribunal Commissions have been in favour of Emak S.p.A. and it is expected that the out come of the proceedings will be favourable also in the last resort. It is confirmed the provision already allocated in case of the possible compensation for legal costs.

The product warranty provision refers to future costs for repairs on warranty which will be incurred for products sold covered by the legal and/or contractual warranty period; the al location is based on estimates extrapolated from the historic trend.

The "Other current provisions heading ", for the current part, refers to the best possible estimation of probable liabilities taking into consideration:

- a general tax audit at Emak S.p.A., that tool place in the first six months of 2013, with reference to the years 2008-2010. The outcome has led to some findings concerning the transfer prices of industrial supplies from Emak Jiangmen (China). The total taxable disputed, for the three years amount to about € 4 million, of which correspond taxes of € 1.3 million, plus interest. However, there are no ascertainable sanctions at any extent, given the provisions of Art. 1, paragraph 2-ter of Legislative Decree 471/97. At present it has been notified Emak with only a notice of assessment, provisionally enforceable, to the findings reported annuality 2008 amounted to about € 500 thousand, all-encompassing. Already in the course of the audit, the Company has expressed its disagreement with the evaluations carried out by the inspectors reiterated its proper operation and announced its intention to oppose all possible future disputes in the appropriate accertative and litigation. Convinced of his good reasons, but at the same time desirous, as far as possible, to prevent the cost and time of litigation, Emak has claimed exploratory tax settlement, at the same time allocating a risk provision for the definition of 'whole affair, an amount of € 370 thousand, which is in addition to the provision for risks correlative defense costs, previously set aside for an additional € 60 thousand.
- adjustments of the value of capital grants ex law 488/92 accounted for in previous financial years, for around € 388 thousand
- a number of claims relating to disputes arising during the last financial year for around € 183 thousand;
- costs related to penalties that could be charged to the Group in the future for around € 81 thousand;
- expenses related to commercial prize transactions still in progress for 48 thousand;
- the reimbursement of excess amounts on civil liability accidents for € 38 thousand.

33. Other non-current liabilities

€/000	31.12.2013	31.12.2012
Deffered income - Law 488 grants	1,039	1,150
Social security charges		-
Total	**1,039**	**1,150**

The deferred income refers to the capital grant received by Comag S.r.l. under Law 488/92 which will be recognized over future years. The portion of the grant recognizable this year is classified under current liabilities as accrued expenses and deferred income (note 28) and amounts to € 110 thousand (€ 138 thousand in 2012).

34. Contingent liabilities

Below we highlight further disputes that the Group has entered into and that may give rise to contingent liabilities:

- On February 29 2012 has been completed a controlled access to Tecomec Srl by the Agency of Revenue of Reggio Emilia, aimed at checking tax on annuities, 2008, 2009 and 2010. The notices of assessment that have ensued entirely confirm the findings set out in the notice of assessment and demand an amount inclusive of taxes, interest and penalties of € 524 thousand. After an unsuccessful attempt to assessment Tecomec proposed formal recourse, qualifying, with the unanimous comfort of the views collected, the findings of the Office for largely unfounded. The reasonably probable liabilities incumbent therefore amount to only € 75 thousand, over € 50 thousand for costs of defense.

- On October 12 2012, at the conclusion of the audit by the Internal Revenue Service, was issued a report on findings against the company Comet S.p.A. for the period of tax year 2010. The findings currently pending in litigation concern the IRES and IRAP for about € 70 thousand, plus interest.

- The controlled company Tecomec S.r.l. has entered into a tax dispute concerning the years 2002, 2003, 2004 and 2005 involving a total potential burden equal to 435 thousand euros, including taxes, interest and penalties. With the judgment of the Tax Court of Reggio Emilia in October 2008 was accepted the appeal by the company. The ruling was appealed by the Office. All procedures were then suspended by mutual agreement, in view of a decision of the Supreme Court, waiting about a similar case. The directors of the company, supported by the opinion of its defenders in court, believe to have valid reasons to support the company's claim with respect to all disputes and all levels of courts activated; therefore this liability was not considered probable.

It should be noted that any abovementioned liabilities refers to a period when the control on the different companies was exercised by Yama S.p.A., that sold to Emak the partecipations on 22/12/2011.
By virtue of the contractual guarantees issued at the time in favour of the transferee Emak, any liability which it may have to be defined in relation to the various positions mentioned above will be subject to recast the integral part of the Group or of the same Yama SpA subsidiary Sabart. For this reason, at the above-mentioned securities, there is no provision for risks.

35. Information on financial risks

The Group is exposed to a variety of financial risks associated with its business activities:

- credit risk, regarding both normal commercial relations and to financing activities;
- liquidity risk, with particular reference to the availability of financial resources and to access to the credit market;
- market risks, with particular reference to exchange and interest rates, since the Group operates at an international level in different currencies and uses financial instruments that generate interest.

As described in the section “Management of financial risk”, the Emak Group constantly monitors the financial risks to which it is exposed, so as to minimise potential negative effects on financial results.

Qualitative and quantitative information is given below regarding the nature of such risks for the Emak Group.
The quantitative figures shown below have no value for forecasting purposes. Specifically, the *sensitivity analysis* on market risks are unable to reflect the complexity and associated reactions of the market as a result of each change hypothesised.

Credit risk
The maximum theoretical exposure to credit risk for the Group at 31 December 2013 is the accounting value of financial activities shown in the financial statements.

It should be pointed out that the credit granted to clients involves specific assessments of solvency. Generally the Group obtains guarantees, both financial and otherwise, against credits granted for the supply of products. Certain categories of credits to foreign customers are also covered by insurance with SACE.

Credit positions are subject to constant analysis and possible individual devaluation in the case of singularly significant positions that are in a condition of partial or total insolvency.

The total devaluation is estimated on the basis of recoverable flows, from relative collection data, from the costs and expenses of future recovery, as well as possible guarantees in force. For those credits that are not subject to individual devaluation, bad debt provisions are allocated on an overall basis, taking account of historical experience and statistical data.

At December 31 2013 there were no significant positions of insolvency subject to individual devaluation. Allocation to the bad debt provision was made on the basis of a constant analysis of outstanding amounts as a whole.

At December 31 2013 "Trade receivables and Other receivables", equal to € 98,541 thousand (€ 102,825 thousand at 31 December 2012), include € 9,649 thousand (€ 10,291 thousand at 31 December 2012) outstanding by more than 3 months. This value has been rescheduled according to repayment plans agreed with the clients.

The value of amounts receivable covered by SACE insurance or by other guarantees at December 31 2013 is € 39,444 thousand (€ 40,342 thousand at December 31 2012).

At December 31 2013 the first 10 customers account for 23.2% of total trade receivables (26.6% at December 31 2012), while the top customer represents 6.2% of the total (8% at December 31 2012)

Liquidity risk
Liquidity problems can occur as a result of the inability to obtain financial resources necessary for the Group's operations at acceptable conditions.
The two main factors determining the Group's liquidity situation are, on the one hand, the resources generated or absorbed in its operating and activities and by investment, and on the other hand, by the expiry or renewal of debt or by the liquidity of financial commitments and market conditions.
As described under the "Management of financial risk" heading, the Group reduces liquidity risk and optimises the management of financial resources through:

- maintaining a suitable level of liquid funds;
- obtaining appropriate lines of credit;
- monitoring future cash flows, taking account of the company's planning process.

The characteristics and nature of the expiry of debts and of the Group's financial activities are set out in Notes 25 and 29 relating respectively to Cash and Cash Equivalents and Financial Liabilities.

The management considers that currently unused funds and credit lines, amounting to € 148 million, as well as those which will be generated from operating and financial activities, will allow the Group to meet its requirements deriving from investment activities, the management of working capital and the repayment of debts at their natural maturity dates.

Exchange risk

The Group is exposed to risks deriving from fluctuations in exchange rates, which may affect the economic result and value of equity.
The net balances at December 31 2013 for which the Group is exposed to exchange rate risk as a result of the use of a currency different from Group companies' local reporting currency are as follows:

Credit position in US Dollars	20.930.292
Debt position in Yen	77.844.303
Debt position in Swiss Francs	116.955
Debt position in Taiwanese dollars	2.356.606
Debt position in Renminbi	38.893.272
Debt position in Euro	2.883.326

Specifically:

- in cases in which the companies in the Group incur costs expressed in different currencies from those of their respective revenues, the fluctuation of exchange rates may affect the operating result of such companies.
  In the 2013 financial period, the overall amount of revenues directly exposed to exchange risk represented around 11.2% of the Group's aggregate turnover (11.7% in the 2012 financial period), while the amount of costs exposed to exchange risk is equal to 19.4% of aggregate Group turnover (14.2% in the 2012 financial period).

The main currency exchanges to which the Group is exposed are the following:
- EUR/USD, relating to sales in dollars made in the North American market and in other markets in which the dollar is the reference currency for commercial exchanges, and to production/purchases in the Euro zone;
- EUR/GBP, essentially in relation to sales in the UK market;
- EUR/RMB, in relation to Chinese production activities and to relative import/export flows;
- EUR/YEN, relating to purchases in the Japanese market and to sales in other markets;
- EUR/PLN, relating to sales in the Polish market;
- EUR/UAH, in respect of sales on the Ukrainian market;
- EUR/REAIS, in respect of sales on the Brazilian market;
- EUR/ZAR, relating to purchases in the South African market.

There are no significant commercial flows with regards to other currencies.

The Group's policy is to cover net currency flows, typically through the use of forward contracts, evaluating the amounts and expiry dates according to market conditions and net future exposure, with the objective of minimising the impact of possible variations in future exchange rates.

- With regards to commercial activities, the companies in the Group are able to hold commercial credits and debits expressed in currencies which are different from the currency in which they keep their accounts and the variation in exchange rates may result in the realisation or ascertainment of exchange risks.
  The Group's policy is to partly cover, after appropriate evaluation of exchange rate trends, exposed positions resulting from credits and debits expressed in a currency different from that in which the company keeps its accounts.

- A number of subsidiary companies in the Group are located in countries which are not members of the European Monetary Union, in particular, the United States, the United Kingdom, Poland, China, Ukraine, South Africa and Brazil.. Since the reference currency for the Group is the Euro, the income statements for these companies are converted into Euro at the average exchange rate for the period and variations in exchange rates may affect the equivalent value of revenues, costs and results in Euro.

- Assets and liabilities of subsidiary companies in the Group, whose accounting currency is different from the Euro, may have different equivalent values in Euro depending on the trend in exchange rates. As

provided for by the accounting principles adopted, the effects of such variations are recorded directly in equity, under the heading “Translation reserve (see Note 26).
At the balance sheet date there was no hedging in force with regards to these exposures for conversion exchange risk.

Sensitivity analysis
The potential loss of fair value of the net balance of financial assets/liabilities subject to the risk of variation in exchange rates held by the Group at December 31 2012, as a result of a hypothetical unfavourable and immediate variation of 10% in all relevant single exchange rates, would amount to around € 1,158 thousand (€ 1,693 thousand at December 31 2011).

Interest rate risk
The companies in the Group utilise external financial resources in the form of debt and invest liquid funds in monetary and financial market instruments. Variations in market interest rates influence the cost and return of the various forms of financing and utilisation, affecting the level of the Group’s financial expenditure and income.

The Group uses derivative financial instruments to cover interest rate risk.

Sensitivity analysis
The possible effects of variations in interest rates are analysed for their potential impact in terms of cash flows, since almost all the Group’s financial assets and liabilities accrue variable interest.

A hypothetical, instantaneous and unfavourable negative variation of one base point in annual interest rates in force at December 31 2012 applicable to financial liabilities at a variable interest rate would result in a greater net cost, on an annual basis, of around € 912 thousand (€ 852 thousand at December 31 2011). The above calculation takes into consideration the total amounts of financial liabilities net of the total amount of IRS operations carried out for hedging purposes.

Other risks on derivative financial instruments
As described in Note 22, the Group holds a number of derivative financial instruments whose value is linked to the trend in exchange rates (forward currency purchase operations) and the trend in interest rates.

Although these operations have been entered into for hedging purposes, accounting principles do not permit their treatment using hedge accounting. As a result, changes in underlying values may affect the economic results of the Group.

Sensitivity analysis
The potential loss of fair value of derivative financial instruments held by the Group at December 31 2013 as a result of a hypothetical unfavourable and immediate variation of 10% in underlying values would amount to around € 151 thousand (€ 229 thousand at December 31 2012).

36. Commitments

Fixed asset purchases
The Group has commitments for purchases of fixed assets not accounted for in the financial statements at December 31 2013 for an amount of € 779 thousand (€ 1,409 thousand at December 31 2012). These commitments relate to the purchase of equipment, plant and machinery.

Guarantees granted
The group has € 2,488 thousand in guarantees granted to third parties at December 31 2013.

Purchases of additional shares of equity

Please note that with respect to shares held directly or indirectly by the Parent Company Emak S.p.A. are in place the following contractual agreements:

- The contract for the purchase of the subsidiary Epicenter LLC was fixed in favor of Emak a call option to purchase an additional share of 14% to be exercised within June 30 2014, with the possibility, therefore, to bring its shareholding to 75%. This option does not have the characteristics set out in IAS 32 since it is not being closed and binding on the Company;
- In the contract of acquisition of the subsidiary Valley Industries LLP has been defined Put and Call option for the remaining 10% interest in favor of the General Manager of the company to be exercised by 2017;
- The subsidiary Tecomec S.r.l. has entered into an agreement to purchase 51% of the new company Geoline Electronic Srl, completed on January 28, 2014;
- Speed France S.A.S., French subsidiary of Tecomec S.r.l., on December 12, 2013, has signed an agreement for the acquisition of the totalitarian shareholding in the Moroccan company Caj Tech Sarl Au (subsequently renamed Speed Industries Sarl), with effect from 1 January 2014.

37. Ordinary shares, treasury shares and dividends

Share capital is fully paid up at December 31 2013 and amounts to € 42,623 thousand. It consists of 163.934.835 ordinary shares of par value € 0.26 each.

	31.12.2013	31.12.2012
Number of ordinary shares	163,934,835	163,934,835
Treasury shares	(397,233)	(397,233)
Total outstanding shares	**163,537,602**	**163,537,602**

The dividends for 2013 approved by the shareholders on April 23 2013, totalling € 3.271 thousand, were paid during 2012.

At December 31 2013 the company held in portfolio 397.233 treasury shares for a value of € 2.029 thousand.

During 2013 no treasury shares were purchased or sold by Emak S.p.A..

Therefore, at December 31 2013 the company held 397.233 treasury shares in portfolio for a value of € 2.029 thousand

In January and February 2014 no treasury shares were acquired or sold by Emak S.p.A.. As a result, the holding and value of treasury shares is unchanged with respect to December 31 2013.

38. Related party transactions

During the year there were no significant transactions carried out with related parties of an extraordinary nature, except for the financial regulation of a previous operation, as further explained below.

On the other hand, in the course of its normal business operations, Emak and the companies of its Group frequently maintain current business relationships with the controlling company Yama S.p.A. and with certain companies that are part of its group..

This activity consists mainly in the exchange of goods and provision of services; related transactions have been adjusted according to market conditions (ie, conditions equivalent to those that would be applied in relations between independent parties), all fall within 'in ordinary exercise of the activity and were carried out in the interests of the Group companies Emak. Such transactions, corresponding to a strict logic and purpose industrial and commercial, have been regulated by specific and analytical "framework decisions" made by the competent Board of Directors of group companies, in accordance with specific procedures for protection.

Reports of a financial nature attain the participation of the companies Comet S.p.A., Tecomec S.r.l., Sabart S.r.l. and Raico S.r.l. to the tax consolidation under Articles. 117 et seq., Tax Code, which involves Yama and certain other subsidiaries of the latter. The criteria and procedures for the settlement of such transactions are established and formalized in agreements of consolidation, based on the principle of equal treatment between participants. The regulations of the financial relations that follow the group payment of corporation tax take place contemporaneously with the settlement with the tax authorities of the credit reports and debt aggregates by the consolidating YAMA

The nature and extent of the commercial operations described above is represented in the following two tables.

Sale of goods and services and receivables:

Related parties (€/000)	Net sales	Receivables
Agro D.o.o.	268	31
Cofima S.r.l	-	1
Euro Reflex D.o.o.	320	153
Garmec S.r.l.	125	29
Mac Sardegna S.r.l.	630	394
Selettra S.r.l.	5	1
Yama S.p.A.	-	
Total Yama Group	**1,348**	**609**
Other related parties	**703**	**42**
Total (note 23)	**2,051**	**651**

Purchase of goods and services and payables:

Companies belonging to Yama Group (€/000)	Purchases of raw and finished products	Other costs	Commercial and other payables	Financial charges	Current financial liability	Non current financial liability
Agro D.o.o.	39	-	1	-	-	-
Cofima S.r.l.	721	312	395	-	-	-
Euro Reflex D.o.o.	1,203	5	198	-	-	-
Garmec S.r.l.	113	-	46	-	-	-
Mac Sardegna S.r.l.	-	2	1	-	-	-
Meccanica Veneta S.r.l.	-	-	-	-	-	-
Sabart S.p.A.	-	234	-	106	-	-
Selettra S.r.l.	635	-	208	-	-	-
Yama Immobiliare S.r.l.	-	1,410	78	-	-	-
Yama S.p.A.	-	11	-	423	-	-
Total Yama Group	**2,711**	**1,974**	**927**	**529**	**-**	**-**
Other related parties	**53**	**61**	**-**	**47**	**25**	**1,044**
Total (note 28-29)	**2,764**	**2,035**	**927**	**576**	**25**	**1,044**

Financial charges accrued in favor of Sabart SpA and Yama S.p.A. are the only relations of extraordinary nature recurring during the year; in fact represent the expenses generated by the debt extinguished on 16/12/2013, corresponding to the balance of the purchase price of shares as part of the "Greenfield" deal, which took place in 2011 and fully described in previous financial reports .

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The remunerations of the Directors and Auditors of the Parent company for the financial year 2013, the different components of the total remuneration, the remuneration policy adopted, the procedures followed for their calculation and the shareholdings in the group owned by the above officers, are set out in the

“Remuneration report”, drawn up pursuant to art. 1123-*ter*, Leg. Dec. 58/98 and available on the company website (www.emak.it, “Investor relations” section).

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During the year there are no other significant intercompany transactions with related parties, other than those described in these notes.

39. Subsequent events

For the description of subsequent events please refer to the note 16 of the directors’ report.

Financial statements

Emak S.p.A. – Income statements

€/000	Notes	Year 2013	of which related parties	Year 2012	of which related parties
Sales	8	135,631,932	31,843,670	142,229,959	33,748,976
Other operating incomes	8	285,031		588,262	
Change in inventories		(67,273)		(6,803,277)	
Raw and consumable materials and goods	9	(91,000,347)	(52,987,346)	(89,328,270)	(48,054,077)
Salaries and employee benefits	10	(19,930,221)		(20,452,706)	
Other operating costs	11	(19,102,654)	(1,244,326)	(19,942,071)	(1,497,907)
Amortization, depreciation and impairment losses	12	(3,956,023)		(4,181,769)	
Ebit		**1,860,445**		**2,110,128**	
Financial income	13	4,754,408	4,410,894	5,213,937	4,524,674
Financial expenses	13	(2,329,815)	(565,199)	(2,773,395)	(741,461)
Exchange gains and losses	13	(871,219)		(174,332)	
EBT		**3,413,819**		**4,376,338**	
Income taxes	14	(696,264)		102,209	
Net profit		**2,717,555**		**4,478,547**	
Basic earnings per share	15	**0,017**		**0,027**	
Diluted earnings per share	15	**0,017**		**0,027**	

Comprehensive income statement

€/000	Notes	Year 2013	Year 2012
Net profit (A)		**2,717,555**	**4,478,547**
Gains/(losses) on defined benefit plans	**30**	**(422,000)**	**(86,000)**
Fiscal effect		**116,000**	**24,000**
Total other components to be included in the comprehensive income statement (B):		**(306,000)**	**(62,000)**
Comprehensive net profit (A)+(B)		**2,411,555**	**4,416,547**

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of transactions with related parties on the consolidated income statement are shown in the scheme and are further described and discussed in note 35.

CONSOLIDATED FINANCIAL STATEMENT

ASSETS

€/000	Notes	31.12.2013	of which related parties	31.12.2012	of which related parties
Non-current assets					
Property, plant and equipment	16	19,319,151		20,878,805	
Intangible assets other than goodwill	17	1,228,571		1,603,556	
Goodwill	18	2,074,305	2,074,305	2,074,305	2,074,305
Equity investments	19	104,048,946		104,354,946	
Deferred tax assets	28	1,685,358		1,496,548	
Other non current financial assets	21	8,643,259	8,578,259	7,271,721	7,233,774
Other receivables	22	1,849		1,849	
Total		**137,001,439**	**10,652,564**	**137,681,730**	**9,308,079**
Current assets					
Inventories	23	36,685,520		36,752,794	
Trade and other receivables	22	49,981,342	3,542,753	57,783,015	11,578,132
Current tax assets	28	1,569,001		2,315,223	
Other financial assets	21	1,450,221	1,450,221	-	
Cash and cash equivalents	24	3,121,132		9,959,029	
Total		**92,807,216**	**10,992,974**	**106,810,061**	**11,578,132**
TOTAL ASSETS		**229,808,655**	**21,645,538**	**244,491,791**	**20,886,211**

EQUITY AND LIABILITIES

€/000	Notes	31.12.2013	of which related parties	31.12.2012	of which related parties
Capital and reserves					
Issued capital		40,594,388		40,594,388	
Share premium		42,454,420		42,454,420	
Other reserves		30,426,698		30,508,771	
Retained earnings		29,312,124		30,089,247	
Total equity	**25**	**142,787,630**		**143,646,826**	
Non-current liabilities					
Loans and borrowings	27	26,252,401		20,600,318	
Deferred tax liabilities	28	1,626,021		1,973,635	
Provisions for employee benefits	29	4,413,568		4,193,823	
Provisions	30	549,621		497,959	
Total		**32,841,611**		**27,265,735**	
Current liabilities					
Trade and other payables	26	28,166,640	7,541,815	27,119,825	7,592,675
Current tax liabilities	28	838,899		850,838	
Loans and borrowings	27	24,057,790	5,007,175	44,739,345	16,577,913
Derivative financial instruments	20	244,167		415,184	
Provisions	30	871,918		454,038	
Total		**54,179,414**	**12,548,990**	**73,579,230**	**24,170,588**
TOTAL EQUITY AND LIABILITIES		**229,808,655**	**12,548,990**	**244,491,791**	**24,170,588**

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of related party transactions on the financial position are shown in the scheme and are further described and discussed in note 35.

Statement of changes in consolidated equity for the Emak Group at 31.12.2012 and at 31.12.2013

€/000	Share capital	Share premium	OTHER RESERVES			RETAINED EARNINGS		TOTAL
			Legal reserve	Revaluation reserve	Other reserves	Retained earnings	Net profit for the period	
Total at 31.12.2011	**40,594**	**42,454**	**1,438**	**1,138**	**27,733**	**24,714**	**5,248**	**143,319**
Change in treasury shares								
Payment of dividends							(4,088)	**(4,088)**
Reclassification of 2010 net profit				262		898	(1,160)	**(262)**
Other changes								
Net profit for 2011							4,478	**4,478**
Total at 31.12.2012	**40,594**	**42,454**	**1,438**	**1,400**	**27,733**	**25,612**	**4,478**	**143,709**
Change in treasury shares								
Payments of dividends							(3,271)	**(3,271)**
Reclassification of 2011 net profit				224		983	(1,207)	**(224)**
Others								
Net profit for 2012							2,718	**2,718**
Total at 31.12.2013	**40,594**	**42,454**	**1,438**	**1,624**	**27,733**	**26,595**	**2,718**	**143,156**

*the share capital at 31.12.13 of € 42,623 is shown net of treasury shares of a value of € 2,029

Consolidated Cash Flow Statement

€/000	Notes	2013	2012
Cash flow from operations			
Net profit for period		**2,718**	**4,479**
Amortization, depreciation and impairment losses	12	3,956	4,182
Capital (gains)/losses on disposal of property, plant and equipment		(18)	59
Dividends income		(3,963)	(4,161)
Decreases/(increases) in trade and other receivables		8,358	(1,767)
Decreases/(increases) in inventories		67	6,803
(Decreases)/increases in trade and other payables		686	(1,653)
Change in provision for employee benefits	29	220	13
Decreases/increases in provision for liabilities	30	470	(144)
Decreases/increases in derivate financial instruments		(171)	(94)
Net cash generated by operations		**12,323**	**7,717**
Cash flow from investment activities			
Dividends income		3,963	4,161
Increases in property, plant and equipment and intangible assets		(2,021)	(1,839)
(Increases) and decreases in financial assets		(2,516)	(116)
Proceeds from disposal of property, plant and equipment		18	16
Change in scope of consolidation Emak Benelux		-	50
Net cash absorbed by investment activities		**(556)**	**2,272**
Cash flow from financial activities			
Dividends paid		(3,271)	(4,089)
Change in short and long-term loans and borrowings		(15,283)	11,123
Change in finance leases		(474)	(512)
Change in equity		(306)	(62)
Net cash absorbed by financial activities		**(19,334)**	**6,460**
Net increase in cash and cash equivalents		**(7,567)**	**16,449**
Opening cash and cash equivalents		**8,984**	**(7,465)**
Closing cash and cash equivalents		**1,417**	**8,984**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

€/000		2013	2012
Reconciliation of cash and cash equivalents			
Opening cash and cash equivalents, detailed as follows:	24	**8,984**	**(7,465)**
Cash and cash equivalents		9,959	1,447
Overdrafts		(975)	(8,912)
Closing cash and cash equivalents, detailed as follows:	24	**1,417**	**8,984**
Cash and cash equivalents		3,121	9,959
Overdrafts		(1,704)	(975)
Other information:			
Tax paid		(190)	(853)
Interest paid		(1,766)	(1,585)
Interest receivables on financings to subsidiary company		245	330
Interest receivables on financings from subsidiary company		(22)	(29)
Interest receivables on bank account		44	129
Interest receivables on trade receivables		126	81
Effects of exchange rate changes		(260)	261
Change in related party financial assets transactions		(2,794)	(220)
Change in trade receivables and others toward related parties		(2,035)	(2,755)
Change in trade payables and others toward related parties		(51)	2,734
Change in trade receivables and others for fiscal assets		557	761
Change in trade payables and others for fiscal liabilities		(360)	45

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of related party transactions on the financial statements are identified in the section Other information

Explanatory notes to the consolidated financial statements of Emak Group

Contents

1. General information
2. Summary of principal accounting policies
3. Financial risk management
4. Key accounting estimates and assumptions
5. Significant non-recurring events and transactions
6. Balances or transactions arising from atypical and unusual operations
7. Net financial position
8. Sales and other operating income
9. Cost of raw and consumable materials and goods
10. Salaries and employee benefits
11. Other operating costs
12. Amortization, depreciation and impairment losses
13. Finance income and expenses
14. Income taxes
15. Earnings per share
16. Property, plant and equipment
17. Intangible assets
18. Goodwill
19. Equity investments
20. Derivative financial instruments
21. Other financial income
22. Trade and other receivables
23. Inventories
24. Cash and cash equivalents
25. Equity
26. Trade and other payables
27. Financial liabilities
28. Tax assets and liabilities
29. Long-term post-employment benefits
30. Provisions for liabilities and charges
31. Contingent liabilities
32. Information on financial risks
33. Commitments
34. Ordinary shares, treasury shares and dividends
35. Related party transactions
36. Subsequent events

1. General information

On March 14 2014 the Board of Directors of Emak S.p.A. approved the Directors' report for the financial year to December 31 2013, and pursuant to art. 154-*ter*, paragraph 1-*ter* of the Consolidated Finance Law, immediately made them available to the Board of Auditors and to the appointed Auditing firm in order for them to carry out their relative duties. At the same time, the company issued an appropriate press release containing summary figures and information regarding the proposed dividend resolved by the General Meeting of Shareholders.

Emak S.p.A., as the Parent Company, has also prepared the consolidated financial statements for the Emak Group at December 31 2012, which was also approved by the Board of Directors of Emak S.p.A. at its meeting on March 15 2013 and are subject to statutory audit by Fidital Revisione S.r.l..

Emak S.p.A. (hereinafter referred to as "Emak" or the "Company") is a public company, whose shares are listed on the Star segment of the Italian stock exchange. Its registered office is in Via Fermi 4, Bagnolo in Piano (Reggio Emilia), Italy. It is one of Europe's leading producers of gardening, forestry and small-scale agricultural machinery, such as chainsaws, brushcutters, lawnmowers, trimmers, rotavators and croppers and a vast assortment of accessories.

EMAK S.p.A. is controlled by YAMA S.p.A., an industrial holding company, which holds the majority of its share capital on a permanent basis and, in accordance with the law and with the articles of association, appoints the majority of its corporate Bodies. Emak S.p.A., nonetheless, is not subject to management or coordination on the part of Yama and its Board of Directors, and makes its own strategic and operating choices in complete autonomy.

In accordance with legal requirements, EMAK S.p.A. has set up specific procedures for regulating decisions that place certain Directors in positions of conflict of interest and for the carrying out of non recurring related party transactions. These procedures are aimed at an improved safeguarding of the company and of its assets. Reference is also made to them in paragraph 35 below.

Usual transactions entertained with related parties, improved to market conditions and falling under ordinary course of business, are governed by the framework resolutions, that identify and define the nature and terms of conduct. For these operations, also refer in paragraph 35 below.

2. Summary of principal accounting policies

The main accounting standards used for the preparation of these financial statements are set out below and, unless otherwise indicated, have been uniformly adopted for all periods presented.

2.1 General methods of preparation

The financial statements have been prepared in accordance with the IFRS issued by the International Accounting Standards Board and adopted by the European Union at the date of preparing this report. The term IFRS also refers to all revised international accounting standards (IAS) and all interpretations by the International Financial Reporting Interpretations Committee (IFRIC), previously named the Standing Interpretations Committee (SIC).

The financial statements have been prepared under the historical cost method, except for those financial assets and liabilities (including derivative instruments) measured at fair value.

On the basis of information available and of the current and foreseeable income and financial situation, the directors have drawn up the financial statements according to the going concern assumption.
On the basis of factors known to us, that is, the current situation and future forecasts of key economic, balance sheet and financial figures for Emak and for the Group, and of an analysis of the Group's risks, there are no significant uncertainties that may compromise the Group's status as a going concern.
The company has adopted the following formats for its financial statements as required by IAS 1:

- Balance Sheet: based on the distinction between current and non-current assets and current and non-current liabilities;
- Income Statement and Comprehensive Income Statement: based on a classification of items according to their nature;
- Cash flow Statement: based on a presentation of cash flows using the indirect method;
- Statement of Changes in Equity;
- The notes to the separate financial statements.

The preparation of financial statements under IFRS requires management to make use of accounting estimates. The matters involving a high degree of judgement or complexity and the areas in which the assumptions and estimates could have a significant impact on the financial statements are discussed in note 4.

With reference to Consob Resolution n. 15519 of July 27 2006 on the financial statements, it is stated that the income statement and statement of financial position include evidence of transactions with related parties.

2.2 Presentation currency

(a) The financial statements are presented in Euros.

(b) Transactions and balances

A foreign currency transaction is translated using the rate of exchange at the date of the transaction. Exchange gains and losses arising upon receipt and payment of the foreign currency amounts and upon translation at closing rates of monetary items denominated in a foreign currency are reported in profit or loss for the period. Gains and losses realized on cash flow hedges whose hedged items are still unrealized are deferred in equity.

2.3 Property, plant and equipment

Land and buildings largely comprise production facilities, warehouses and offices. They are stated at historical cost, plus any revaluations carried out by law in years prior to the first-time adoption of IAS/IFRS, less the accumulated depreciation of the buildings. Other assets are recorded at historical cost, less accumulated depreciation and impairment.
Historical cost includes all the directly attributable costs of purchasing the assets.

Subsequent expenditure is added to the carrying amount of the asset or is accounted for as a separate asset only when it is probable that this expenditure will generate future economic benefits and these costs can be measured reliably. Expenditure on other repairs and maintenance is expensed to income in the period incurred.

Land is not depreciated. Other assets are depreciated on a straight-line basis over their estimated useful lives as follows:

- buildings, 10-33 years;
- plant and machinery, 7-10 years;
- other, 4-8 years.

The residual value and the useful life of assets are reviewed and modified, if necessary, at the end of each year.

If the carrying amount of any asset is higher than the estimated recoverable amount, it is immediately reduced to realizable value.

Leases for which the company has substantially all the risks plus the right of redemption are classified as finance leases. The related assets are recognized under property, plant and equipment at the value of the future lease payments.

The principal element of repayments to be made is recorded as financial liabilities. The interest element is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases for which the lessor retains a significant portion of the risks and rewards incident to ownership are classified as operating leases, whose payments are recognized as an expense in the income statement over the lease term on a straight-line basis.

2.4 Intangible assets

(a) Development costs
These are intangible assets with a finite life.
The development costs of new products are capitalized only if the following conditions are met:

- the costs can be measured reliably;
- the product's technical feasibility and expected price and market indicate that the costs incurred for development will generate future economic benefits.

Development costs include only that expenditure which can be attributed directly to the development process. Costs for internal requirements are not capitalised.
Capitalized development costs are amortized over 5 years, commencing from the start of production of the products developed.
All other development costs are expensed to income as incurred.

(b) Concessions, licences and trademarks
Trademarks and licences have a definite useful life and they are valued at historical cost and shown net of accumulated depreciation. Amortization is calculated on a straight-line basis so as to spread the asset's cost over its estimated useful life, which for this category is 10 financial years.

(c) Other intangible assets
Other intangible assets are recognized in accordance with IAS 38 - Intangible assets, when the asset is identifiable, it is probable that future economic benefits and its costs can be measured reliably. Intangible assets are recorded at cost and amortized over the period of estimated useful life and in any case for a period not exceeding 10 years.

2.5 Impairment of assets

Assets with an indefinite life are not amortized or depreciated but are reviewed annually for any impairment. Depreciable assets are reviewed for impairment every time that events or changes in circumstances indicate that their carrying value might not be recoverable. The impairment loss recognized is the amount by which the carrying amount of an asset exceeds its recoverable amount, corresponding to the higher of the asset's net selling price and its value in use. For the purposes of measuring impairment, assets are classified together into the smallest identifiable groups that generate cash inflows (cash-generating units).

2.6 Investment property

Property held for long-term capital appreciation and buildings held to earn rentals are measured at cost, less depreciation and any impairment losses.

2.7 Financial assets and investments

The company classifies financial assets and investments in the following categories: financial assets at fair value (with changes reported through the income statement), loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investment has been made. The classification is made upon the asset's initial recognition and is reviewed at every balance sheet date.

(a) Marketable financial assets at fair value (with the value of fluctuations posted in the income statement)

This category includes securities that have been acquired principally for the purpose of generating a profit from short-term fluctuations in price (or for temporarily investing surplus cash balances). This category is classified in current assets on the basis of the period-end price, with gains and losses recognized directly in the income statement.
Unless they qualify for hedge accounting, derivatives are also classified as held for trading.

(b) Other financial assets

This balance includes loans given, securities held to maturity and other receivables deriving from financial activities. They are classified as non-current assets except those falling due within 12 months which are reclassified to current assets.
These financial assets feature determinable payments with fixed maturities, and the fact that the company has the intent and ability to hold them to maturity.
These assets are valued using the amortized cost method based on the effective rate of return, with gains recorded directly in the income statement.

(c) Equity investments

This item includes shares in subsidiaries and interests in joint-stock companies accounted for using the cost method as adjusted for any impairment losses.

(d) Available-for-sale financial assets

Available-for-sale financial assets is a residual category relating to those assets not belonging to the previous three categories. They are reported as non-current assets unless management intends selling them within 12 months of the balance sheet date.
Purchases and sales of these assets are recognized on the transaction date, which is the date on which the company commits to purchase or sell the asset.
Unrealized gains and losses arising on changes in the fair value of non-monetary securities classified as available for sale are recorded in equity. When these instruments are sold or written down, the cumulative fair value adjustments are reversed to income as gains or losses on investments in securities.

All investments in financial assets not recorded at fair value through the income statement are recognized initially at fair value plus the related transaction costs. An investment is eliminated from the accounting records when the right to its cash flows is extinguished or when the company has transferred substantially all the risks and rewards of its ownership to third parties.

The fair value of listed investments is determined with reference to the market price reported at the close of trading on the balance sheet date. In the absence of an active market for a financial asset or if the securities have been suspended from listing, the company establishes fair value using valuation techniques. These techniques include the use of recent arm's length transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, bearing in mind the issuer's specific characteristics.

The company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists for the available-for-sale assets, the amount of the loss – measured as the difference between the asset's acquisition cost and current fair value less any impairment loss previously recognized in net profit or loss – is removed from equity and reported in the income statement. Impairment losses recognized in the income statement for equity instruments are not recovered through subsequent credits to the income statement.

2.8 Non-current assets held for sale

Assets held for sale are classified in this category when:

- the asset is available for immediate sale;
- the sale is highly probable within one year;
- management is committed to a plan to sell;
- a reasonable sales price is available;

- the plan for disposal is unlikely to change;
- a buyer is being actively sought.

These assets are measured at the lower of their carrying amount and fair value less costs to sell. Assets reclassified to this category cease to be depreciated.

2.9 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished products and work in progress includes raw material costs, direct labour costs, general manufacturing costs and other direct and indirect costs incurred in bringing the inventories to their present location and condition. Net realizable value is determined using prevailing selling prices less estimated costs of completion and sale.
Obsolete or slow-moving stocks are devalued on the basis of the presumed possibility of their use or of their future realisable value, by creating an appropriate provision that has the effect of reducing the inventories value

2.10 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest method. Are recorded net of provisions, are deducted directly from accounts receivable to bring the evaluation at their estimated realizable value.
A provision for the impairment of trade receivables is recognized when there is objective evidence that the company will be unable to collect all the amounts according to the original terms and conditions. The amount of the provision for such loss is charged to the income statement.

2.11 Trade payables

Trade and other payables, due under normal commercial terms, are not discounted but are recognized at cost (identified by their face value), representing the expenditure required for their settlement.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks and short-term financial investments that are highly liquid and originally mature in three months or under, less bank overdrafts. Bank overdrafts are classified in the balance sheet in short-term loans and borrowings under current liabilities.

In the consolidated cash flow cash and cash equivalents have been shown net of bank overdrafts at the closing date.

2.13 Share capital

Ordinary shares are classified under equity.

Any proceeds from their sale, less directly attributable transaction costs and the related tax, are recognized in equity pertaining to the Society.

In accordance with the requirements of International accounting standard IAS 32, costs sustained for the increase in share capital (that is, registration costs or other charges due to regulation authorities, amounts paid to legal advisors, auditors or other professionals, printing costs, registration costs and stamp duty), are accounted for as a reduction in equity, net of any connected tax benefit, to the extent to which they are marginal costs directly attributable to the share capital operation (and would have been avoided otherwise).

2.14 Financial liabilities

Loans and borrowings are recognized initially at fair value, less the related transaction costs. They are subsequently measured at amortized cost; the difference between the amount received, less transaction costs, and the amount repayable is recognized in the income statement over the term of the loan, using the effective interest method.

Loans and borrowings are classified as current liabilities if the company does not have an unconditional right to defer the extinguishment of the liability to at least 12 months after the balance sheet date.

2.15 Taxes

Current taxes are accrued in accordance with the rules in force at the date of the financial statement and include adjustments to prior years' taxes.
Deferred tax assets and liabilities are recorded to reflect all temporary differences at the reporting date between the carrying amount of an asset / liabilities for tax purposes and allocated according to the accounting principles applied.
Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.
Deferred tax assets are recognized on all temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.
The same principle applies to the recognition of deferred tax assets on utilizable tax losses.
The carrying amount of deferred tax assets is reviewed at each balance sheet date and possibly reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of all or part of that deferred tax asset to be utilized. Any such reductions are reversed if the reasons for them no longer apply. As a general rule, apart from specific exceptions, deferred tax liabilities must always be recognized.
Income taxes (current and deferred) relating to items recognized directly in equity are also recognized directly in equity.
Current tax assets and liabilities are offset only if the company has a legally enforceable right to set off the recognized amounts and if it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities may be offset only if the company is able to offset current tax assets against current tax liabilities and if the deferred taxes refer to income taxes levied by the same taxation authority.

During 2013, Emak has renewed the option for consolidated taxation of IRES for the three-year period 2013-2015 with its subsidiary COMAG. The tax assets and liabilities entries acquired from COMAG by virtue of the consolidation converge with the corresponding balances recorded by the consolidating company EMAK in relation to its position with the Inland Revenue. The reciprocal accounting entries between EMAK and COMAG are regulated in compliance with the consolidation agreements, executed on 24 May 2013.

2.16 Provision for employee termination indemnities

Employee termination indemnities fall into the category of defined benefit plans for valuation on an actuarial basis (death rates, expected changes in remuneration etc.) and reflect the present value of the benefit, payable at the end of employment, which employees have matured at the balance sheet date.
The costs relating to the increase in the obligation's present value, arising as the time of payment approaches, are recorded as financial expenses. All other costs relating to the provision are reported as payroll costs in the income statement. All actuarial gains and losses are recognized in the period in which they occur.

2.17 Provisions for liabilities and charges

Provisions for liabilities and charges are recognized when (i) the company has a legal or constructive obligation as a result of past events, (ii) it is probable that a payment will be required to settle the obligation and (iii) a reliable estimate can be made of the related amount.

2.18 Revenues

Revenues are recognized in the Income Statement on an accruals and temporal basis and are recognized to the extent that it is probable that the economic benefits y associated with the sale of goods or the provision of services will flow to the Company and their amount can be reliably measured.
Revenues are accounted net of returns, discounts, rebates and taxes directly associated with the sale of goods or the provision of the service.
sales are recognized at the fair value of the consideration received for the sale of products and services, when there are the following conditions:

- are substantially transferred the risks and rewards of ownership of the property;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the costs incurred or to be incurred can be measured reliably and respect the principle of correlation with revenues.

2.19 Government grants

Government grants are recognized at fair value when there is reasonable assurance that the grants will be received and all the conditions attaching to them have been satisfied.
Government grants related to costs (e.g. operating grants) are recognized as revenue on a systematic basis over a number of years so as to match the costs that the grant is intended to offset.
Government grants related to assets (e.g. facility grants) are recorded in non-current liabilities and gradually released to income on a systematic basis over the useful life of the asset concerned.

2.20 Financial income and expenses

Financial income and expenses are recognized on an accrual basis using the effective interest rate and include dividends received from subsidiaries, exchange gains and losses and gains and losses on derivatives charged to the income statement.

2.21 Payment of dividends

Dividends on ordinary shares are reported as liabilities in the financial statements in the year in which the shareholders approve their distribution.

2.22 Earnings per share

Basic earnings per share are calculated by dividing the company's net profit by the weighted average number of shares outstanding during the period, excluding treasury shares.
The company does not have any potential ordinary shares.

2.23 Cash flow statement

The cash flow statement has been prepared using the indirect method.
Cash and cash equivalents included in the cash flow statement comprise the cash-related balances at the reporting date. Cash flows in foreign currency have been translated at the average rate for the period.
Interest income and expense, dividends received and income taxes are included in cash flow generated by operations.

2.24 New accounting standards

Reference should be made to note 2.27 in the consolidated accounts.

3. Financial risk management

3.1 Risk factors of a financial nature

The Company's business is exposed to a number of different financial risks: market risk (including currency risk, fair value risk and market price risk), credit risk and liquidity risk. The Company's policies for managing and controlling financial risks focus on the unpredictability of financial markets and seek to minimize the potentially negative effects on the financial results. The Company uses derivative financial instruments to hedge certain risks.
Hedging of the Company's financial risks is managed by a head office function working in close collaboration with the individual operating units.

(a) Market risk

(i) Interest rate risk
Since the Company does not have significant interest-bearing assets, operating profits and cash flows are largely unaffected by changes in market interest rates. The Company's interest rate risk relates to its long-term loans and borrowings. Variable rate loans expose the Company to the cash flow risk associated with interest rates. Fixed rate loans expose the Company to the fair value risk associated with interest rates.
The Company's policy is based on constantly monitoring its level and structure of debt and on the trend in interest rates and macroeconomic variables that might directly influence them, with the goal of optimizing the cost of money. At December 31 2013, the Company's bank loans and borrowings and finance leases all carried variable interest.

(ii) Currency risk
The Company conducts its business internationally and is exposed to exchange risk associated with the currencies used, mainly US dollars, yen. Currency risk derives from future commercial transactions, from recognized assets and liabilities and net investments in foreign enterprises. The Company's policy, in line with the directives shared across the Group, is based on research of natural hedging receivables and payables and just cover the net positions in foreign currencies mainly using forward contracts.

(iii) Price risk
The Company is exposed to fluctuations in the price of raw materials. This exposure is mostly towards suppliers of parts since their price is generally tied by contract to the trend in market prices for raw materials. The Company usually enters into medium-term contracts with certain suppliers for the purpose of managing and limiting the risk of fluctuations in the price of its main raw materials such as aluminium, sheet metal, plastic and copper, as well as semi-finished products such as motors.

(b) Credit risk
The Company does not have significant concentrations of credit risk and has adopted policies to ensure that products are sold to customers of proven creditworthiness and that certain types of receivable are insured. The Company has policies that limit its credit exposure to any single financial institution.

(c) Liquidity risk
Prudent management of liquidity risk implies the maintenance of sufficient liquid funds and marketable securities, the availability of funding through adequate credit lines and the ability to close positions off-market.
Consequently, the treasury, in accordance with the general directives of the Group, shall put on the following activies:

- verification of financial requirements in order to implement the resulting actions;
- obtaining adequate lines of credit;
- liquidity optimization, where feasible, through structures of centralized management of cash flows of the Group;
- maintaing a balanced composition of net financial debt to investments;
- pursuit of a balance between short-term debt, medium and long term;;
- limited credit exposure to individual financial institutions;
- monitoring of compliance with the parameters set by the covenants relating to the financing of medium-long term.

Derivatives and short-term investments are undertaken only with primary financial institutions.

The company, through a financial management of the Group has maintained high levels of reliability on the part of banks and analysts, lines of credit available to significantly exceed the requirements.

3.2 Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are used exclusively for hedging purposes with the intent of reducing the risks of foreign currency fluctuation. In line with its risk management policy, in fact, the Group does not carry out derivative operations for speculative purposes.
When such operations are not accounted for as hedging operations they are recorded as trading operations
As established by IAS 39, derivative financial instruments may qualify for special hedge accounting only if (i) at the inception of the hedge the hedging relationship is formally designated and documented, (ii) the hedge is expected to be highly effective and (iii) the effectiveness of the hedge can be measured reliably.
Derivatives are initially recognized at cost and adjusted to fair value at subsequent balance sheet dates
When such operations are not accounted for as hedging operations they are recorded as trading operations.
Derivatives are initially recognized at cost and adjusted to fair value at subsequent balance sheet dates.

On the basis of the above, and of stipulated contracts, the accounting methods adopted are as follows:

1. fair value hedge: the fair value variations of the hedging instrument are posted to the Income Statement together with variations in the fair value of the hedged transactions.

2. cash flow hedge: the variations in fair value which are intended and proved to be effective for hedging future cash flows are posted to the Comprehensive Income Statement, while the ineffective portion is posted immediately to the Income Statement. If contractual commitments or planned hedging operations lead to the creation of an asset or liability, when this occurs the profits or losses on the derivative which have been posted directly to the Comprehensive Income Statement adjust the opening cost of acquisition or holding value of the asset or liability. For financial cash flow hedgings that do not lead to the creation of an asset or liability, the amounts which have been posted directly to the Comprehensive Income Statement are to be transferred to the Income Statement in the same period in which the contractual commitment or planned hedging operation are posted to the Income Statement.

3. derived financial instruments not defined as hedging instruments: the variations in fair value are posted to the Income Statement.

Hedge accounting is discontinued when the hedging instrument expires, is sold, terminated or exercised, or no longer meets the criteria for hedge accounting. The cumulative gains or losses on the hedging instrument recognized directly in the Comprehensive Income Statement remain until the forecast transaction effectively occurs. If the forecast transaction is no longer expected to occur, the cumulative gains or losses recognized directly in Comprehensive Income Statement are transferred to the Income Statement for the period.

3.3 Measurement of fair value

The fair value of financial instruments with a quoted market price in an active market (such as publicly traded derivatives and securities held for trading and for sale) is based on the market price at the balance sheet date. The market price used for the company's financial assets is the bid price; the market price for financial liabilities is the offer price.

The fair value of financial instruments not quoted in an active market (for example, derivatives quoted over the counter) is determined using valuation techniques. The company uses various methods and makes assumptions that are based on existing market conditions at the balance sheet date. Long-term payables are valued using quoted market or trading prices for the specific or similar instruments. Other methods, such as estimating the present value of future cash flows, are used to determine the fair value of the other financial instruments. The fair value of forward currency contracts is determined using the forward exchange rates expected at the balance sheet date.

It is assumed that the face value less estimated doubtful receivables approximates the fair value of trade receivables and payables. For the purposes of these notes, the fair value of financial liabilities is estimated by discounting contractual future cash flows at the current market rate available to the company for similar financial instruments.

4. Key accounting estimates and assumptions

The preparation of the financial statements and the related notes under IFRS has required management to make estimates and assumptions affecting the value of reported assets and liabilities and the disclosures relating to contingent assets and liabilities at the balance sheet date. Actual results could differ from these estimates. Estimates are used for recording provisions for doubtful accounts and inventory obsolescence, amortization and depreciation, write-downs of assets, post-employment benefits, taxes and other provisions. Estimates and assumptions are reviewed periodically and the effects of any change are immediately reflected in the income statement.

In this context, it should be noted that the situation caused by the persistent difficulties of the economic and financial scenario has implied the need to make assumptions regarding the future outlook which is characterised by uncertainty. As a result, it cannot be excluded that the actual results obtained will be different from the forecasts, and therefore adjustments, even of significant amounts (which obviously cannot today be estimated or foreseeable) to the book value of the relative items may be necessary. The financial statements heading most affected by the use of estimates is shareholdings in subsidiaries and associates included among non-current assets, where the estimates are used to establish any devaluations and recoveries of value. Any effects are not, however, particularly critical or material, considering their low significance in relation to the underlying account headings.

5. Significant non-recurring events and transactions

The following operations occurred during the year.

6. Positions or transactions deriving from atypical and unusual operations

During the year 2013 there were no atypical or unusual operations.

7. Net financial position

Details of the net financial position are summarized in the following table:

	Net financial debt	31/12/2013	31/12/2012
A.	Cash and banks	3,121	9,959
D.	**Liquidity (A+B+C)**	**3,121**	**9,959**
E.	**Current financial receivables**	**1,450**	**-**
F.	Current bank loans	(5,842)	(15,994)
G.	Current portion if current loans	(11,921)	(10,280)
H.	Other financial debts	(6,539)	(18,881)
I.	**Current financial debts (F+G+H)**	**(24,302)**	**(45,155)**
J.	**Net current financial debts (I+E+D)**	**(19,731)**	**(35,196)**
Z.	**Non current financial receivables**	**8,643**	**7,272**
K.	Non current bank loans	(26,252)	(20,600)
N.	**Non current financial debts (K+L+M+Z)**	**(17,609)**	**(13,328)**
O.	**Net current financial debts (J+N)**	**(37,340)**	**(48,524)**

At December 31 2013 the net financial position includes:

- financing active in the medium and long term granted by Emak S.p.A. to subsidiaries amounting to € 8,578 thousand, recorded under not current financials credit;
- financing active in the short term granted by Emak S.p.A. to susidiary Comet USA for € 1.450 thousand, recorded under current financials credit;
- debts to loans to the subsidiaries Sabart S.r.l., Victus Emak and Emak Suministros Espana for an amount of € 5,007 thousand recorded under Other current financial liabilities.

At December 31 2012 the net financial position included:

- the debt to the parent Yama S.p.A. for an amount of € 11,577 thousand and with the related company Sabart S.p.A. for an amount of € 2,894 thousand;
- financing active in the medium and long term granted by Emak S.p.A. to subsidiaries amounting to € 7,062 thousand, recorded under Non-current financial assets;
- the debt for loan to the controlled company Sabart S.r.l. for an amount of € 2.107 thousand recorded under other current financials debts.

8. Sales and other operating income

Sales revenues amount to € 135,632 thousand, compared with € 142,230 thousand in the prior year. They are stated net of € 974 thousand in returns, compared with € 293 thousand in the prior year.

Details of sales are as follows:

€/000	FY 2013	FY 2012
Net sales revenues (net of discounts and rebates)	135,253	141,239
Revenues from recharged transport costs	1,353	1,284
Returns	(974)	(293)
Total	**135,632**	**142,230**

Other operating income is analysed as follows:

€/000	FY 2013	FY 2012
Subsidies for operation	46	234
Capital gains on tangible fixed assets	18	19
Insurance refunds	86	27
Out-of-period income	70	244
Other	65	64
Total	**285**	**588**

The item "”Subsidies for operations" refers to Fondimpresa contribution of € 26 thousand, for costs incurred by the Company for training its staff and other contributions amounted to € 20 thousand.

9. Cost of raw and consumable materials and goods

The heading is analysed as follows:

€/000	FY 2013	FY 2012
Raw materials	37,943	41,323
Consumable materials	51,801	46,541
Finished products	106	150
Other purchases	1,150	1,314
Total	**91,000**	**89,328**

10. Salaries and employee benefits

Details of these costs are as follows:

€/000	FY 2013	FY 2012
Wage and salaries	13,636	14,284
Social security charges	4,390	4,506
Employee termination indemnities	985	1,065
Other costs	128	74
Directors' emoluments	791	376
Temporary staff	-	148
Total	**19,930**	**20,453**

The decrease in personnel costs is related mainly to the job-sharing contract, ongoing since the beginning of 2013, for a total of 65,019 hours.

Employees are broken down by grade as follows:

	December 31 2013		December 31 2012	
	(1)	(2)	(1)	(2)
Executives	16	16	17	17
Office staff	187	182	190	189
Factory workers	199	198	205	202
Total	**402**	**396**	**412**	**408**

(1) Average number of employees in year
(2) Number of employees at this date

11. Other operating costs

Details of these costs are as follows:

€/000	FY 2013	FY 2012
Subcontract work	1,927	2,525
Trasportation	5,149	4,587
Advertising and promotion	1,617	1,912
Maintenance	1,191	1,535
Commissions	1,377	1,316
Consulting fees	1,683	1,493
Costs of after sales warranty	651	857
Insurance	372	418
Travel	291	329
Postals and telecomunications	192	234
Other services	1,753	1,931
Services	**16,203**	**17,137**
Rents, rentals and the enjoyment of third party assets	**1,714**	**1,676**
Increases in provvisions	**148**	**168**
Increases in provision for doubtful accounts (note 23)	237	191
Other taxes (not on income)	228	198
Other operating costs	572	572
Other costs	**1,037**	**961**
Total	**19,103**	**19,942**

Services costs recorded a decrease to € 930 thousand compared to the previous year, mainly due to the reduction of costs for external work, for maintenance, for after sales support and other general services.
The costs for transport, for purchasing and for sale, recorded an increase over the previous year due to an increase in import volumes and the combination of different markets of destination.
The decrease in "provisions" is mainly due to the non-provision of the clients prize fund because no action was in progress at year end.

12. Amortization and depreciation

Details of these amounts are as follows:

€/000	FY 2013	FY 2012
Amortization of intangible assets (note 16)	3,049	3,267
Depreciaton of property, plant and equipment (note 17)	907	914
Total	**3,956**	**4,181**

13. Finance income and expenses

Details of these amounts are as follows:

€/000	FY 2013	FY 2012
Dividends from subsidiaries	3,963	4,161
Interest on trade receivables	100	428
Interest on commercial receivables to subsidiaries (note 35)	60	32
Interest on loans to subsidiaries (note 35)	388	330
Interest on bank and post office accounts	44	169
Costs from adjustement to fair value and closure of derivates instruments for hedging interest rate risk	197	-
Other financial income	2	94
Financial income	**4,754**	**5,214**

The heading "Dividends from shareholdings in subsidiaries" refers to the dividends received from Emak Suministros Espana S.A, Tecomec S.r.l. e Sabart S.r.l.

The decrease in Interest on trade receivables is due to a more conservative accounting for interest for late payment.

Financial expenses are analyzed as follows:

€/000	FY 2013	FY 2012
Interest on long-term bank loans and borrowings	1,235	791
Interest on short-term bank loans and borrowings	174	668
Interest on loans to related parties (note 35)	565	741
Financial charges from valuing employee termination ind. (note 29)	89	119
Proceeds from adjustment to fair value derived instruments for hedging interest rate risk	211	303
Losses on subsidiaries	-	77
Other financial costs	56	74
Financial expense	**2,330**	**2,773**

Interests on bank borrowings for the year, as a whole, decrease from the previous year and highlight the Company's strategic decision to prioritize the use of bank debt in the medium term at the expense of short-term debt.

Interest on loans to related parties refer mainly to the payable YAMA SpA and Sabart S.p.A. for deferred payment for the purchase of shares in Sabart Srl, Raico Srl, Srl Tecomec and Comet SpA.: this debt was repaid during the month of December 2013.
The adjustments of derivative instruments accept the fair value measurement of hedging instruments of interest rate risk, resulting in operating income and a second rate fluctuations and therefore the net effect of loss for the year amounted to € 14 thousand, compared to the negative effect of € 122 thousand in the previous year.

Details of exchange rate gains and losses are given in the table below:l

€/000	FY 2013	FY 2012
Positive exchange rate differences	1,082	1,629
Unrealized gains/(losses)	(597)	(846)
Negative exchange rate differences	(1,356)	(957)
Exchange gains and losses	**(871)**	**(174)**

14. Income taxes

The estimated tax charge in 2013 for current and deferred tax amounts to € 390 thousand, beside the negative effect due to prior year taxes for € 306 thousand, for a net total of € 696 thousand.
The estimated tax charge in 2012 amounted to € 673 thousand, gross of positive due to prior year taxes for € 775 thousand.

This amount is made up as follows:

€/000	FY 2013	FY 2012
Current income taxes	1,044	1,134
taxes from prior years	306	(775)
Deffered tax assets (note 28)	(379)	(409)
Deffered tax liabilities (note 28)	(275)	(52)
Total	**696**	**(102)**

Current income taxes include the cost of IRAP (regional company tax) to € 567 thousand, compared to € 577 thousand in 2012.

This increase is mainly due to the effect, registered in the previous year, of the accounting receivable of € 1,437 thousand relating to the deductibility for IRES of IRAP paid on the cost of labor in previous years (Article 4, paragraph 12 of Law Decree of 2 March 2012 n .16 converted into Law 44 of April 26, 2012).
In addition, the item "Taxes for previous years" include at 31 December 2013 the allocation of funds for tax liabilities of € 370 thousand for the comments which refer to Note 32.

In 2013, the item "Taxes for previous years" include at 31 December 2013 the allocation of funds for tax liabilities of € 370 thousand for the comments which refer to Note 30; this effect is partially compensated by a recovery of deductibility of IRAP from IRES from previous years ex Article 2, paragraph 1-*quarter* 12 of Law Decree n. 201/2011, for an amount of €64 thousand. The same figure in 2012 amounted to € 740 thousand.

The theoretical tax charge, calculated using the ordinary rate of 31.40%, is reconciled to the effective tax charge as follows:

€/000	FY 2013	% rate	FY 2012	% rate
Profit before taxes	**3,414**		**4,376**	
Theoretical tax charges	**1,072**	**31,4**	**1,374**	**31,4**
Effect of IRAP differences calculated on different tax base	433	12.7	405	9.2
Dividends	(1,035)	(30.3)	(1,118)	(25.5)
Non-deductible costs	83	2.4	157	3.6
Previous period tax	306	9.0	(775)	(17.7)
Other differences	(163)	(4.8)	(145)	(3.3)
Effective tax charge	**696**	**20.4**	**-102**	**(2.3)**

The tax rate for the current year reflects the negative impact of taxes relating to prior years for an incidence of 9%, while the tax rate for the previous year was positively affected by an effect of the same nature but of opposite sign for an incidence of 17.7%.
The tax rate without the above-mentioned effects would be equal to 11.4% in 2013 against 15.4% in 2012.

15 Earnings per share

"Basic" earnings per share are calculated by dividing the net profit for the period attributable to the company's shareholders by the weighted average number of ordinary shares outstanding during the period, excluding the average number of ordinary shares held as treasury shares (see note 34).
The company has only ordinary shares outstanding

	FY 2013	FY 2012
Net profit attributable to ordinary shareholders (€/1.000)	2,718	4,479
Weighted average number of ordinary shares outstanding	163,537,602	163,537,602
Basic earnings per share(€)	**0.017**	**0.027**

Diluted earnings per share are the same as basic earnings per share.

16. Property, plant and equipment

Changes in property, plant and equipment are shown below:

€/000	FY 31.12.2011	Increases	Decreases	Other moviments	FY 31.12.2012
Lands and buildings	19,397	34	-	391	19,822
Accumulated depreciation	(5,835)	(475)	-	-	(6,310)
Lands and buildings	**13,562**	**(441)**	**-**	**391**	**13,512**
Plant and machinery	9,361	78	(197)	102	9,344
Accumulated depreciation	(5,645)	(857)	195	-	(6,308)
Plant and machinery	**3,715**	**(779)**	**(2)**	**102**	**3,036**
Other assets	42,533	1,119	(157)	441	43,936
Accumulated depreciation	(37,977)	(1,935)	150	-	(39,762)
Other assets	**4,556**	**(816)**	**(7)**	**441**	**4,174**
Advances and fixed assets in progress	**995**	**98**	**-**	**(936)**	**157**
Cost	**72,286**	**1,329**	**(354)**	**(2)**	**73,259**
Accumulated depreciation (note 12)	**(49,458)**	**(3,267)**	**345**	**-**	**(52,380)**
Net book value	**22,828**	**(1,938)**	**(9)**	**(2)**	**20,879**

€/000	FY 31.12.2012	Increases	Decreases	Other moviments	FY 31.12.2013
Lands and buildings	19,822	3	-	-	19,825
Accumulated depreciation	(6,310)	(476)	-	-	(6,786)
Lands and buildings	**13,512**	**(473)**	**-**	**-**	**13,039**
Plant and machinery	9,344	68	(99)	349	9,662
Accumulated depreciation	(6,308)	(823)	99	-	(7,032)
Plant and machinery	**3,036**	**(755)**	**-**	**349**	**2,630**
Other assets	43,936	880	(551)	90	44,355
Accumulated depreciation	(39,762)	(1,751)	551	-	(40,962)
Other assets	**4,174**	**(871)**	**-**	**90**	**3,392**
Advances and fixed assets in progress	**157**	**538**	**-**	**(438)**	**257**
Cost	**73,259**	**1,489**	**(650)**	**1**	**74,099**
Accumulated depreciation (note 12)	**(52,380)**	**(3,050)**	**650**	**-**	**(54,780)**
Net book value	**20,879**	**(1,561)**	**-**	**1**	**19,319**

No evidence of impairment has been reported for property, plant and equipment.

The increases relate to:

- the plant and machinery category, mainly due to the completion of a number of new plant and equipment installed in various departments ammounted to € 68 thousand;
- the “other assets” category mainly refers:
  - the purchase of equipment and dies for the development of new products and for the upgrading and modernization of production lines, for € 754 thousand;
  - the purchase of electronic machines, for € 60 thousand;
  - the purchase of instruments for testing and control, for € 56 thousand;
  - the purchase of internal means of transport, for € 10 thousand.

The item "Advance payments and construction in progress" refers to the amounts paid for the construction of equipment and dies for the production.

The company does not have any assets whose ownership title is restricted.

The financial leasing contract in force at December 31 2012 related to Emak S.p.A.’s office building situated in Via Fermi 4 used as the company’s registered office. The contract was entered into with Locat S.p.A, now Unicredit Leasing S.p.A., on November 10 2005. At December 31 2012 the net value of land and buildings under finance leases amounted to € 2,782 thousand, corresponding to a gross value of € 3,659 thousand net of accumulated depreciation amounted to € 877 thousand.

In the month of December 2013 Emak S.p.A. has exercised its option, provided in the contract, to purchase the asset of the contract, for a value of € 215 thousand.

17. Intangible assets

Intangible assets report the following changes:

€/000	FY 31.12.2011	Increase	Decrease	Other movements	FY 31.12.2012
Development costs	1,788	33	-	9	1,830
Accumulated amortization	(1,039)	(197)	-	-	(1,236)
Development costs	**749**	**(164)**	**-**	**9**	**594**
Patents and intellectual property rights	5,557	422	-	3	5,982
Accumulated amortization	(4,700)	(558)	-	-	(5,258)
Patents	**857**	**(136)**	**-**	**3**	**724**
Concessions, licences and trademarks	104	6	-	-	110
Accumulated amortization	(44)	(10)	-	-	(54)
Concessions, licences and trademarks	**60**	**(4)**	**-**	**-**	**56**
Other intangible assets	621	17	-	-	638
Accumulated amortization	(302)	(149)	-	-	(451)
Other intangible assets	**319**	**(132)**	**-**	**-**	**187**
Advanced payments and fixed assets in progress	**12**	**43**	**-**	**(12)**	**43**
Cost	**8,082**	**521**	**-**	**-**	**8,603**
Accumulated depreciation (note 12)	**(6,085)**	**(914)**	**-**	**-**	**(6,999)**
Net book value	**1,997**	**(436)**	**-**	**-**	**1,604**

€/000	FY 31.12.2012	Increase	Decrease	Other movements	FY 31.12.2013
Development costs	1,830	-	-	-	1,830
Accumulated amortization	(1,236)	(193)	-	-	(1,429)
Development costs	**594**	**(193)**	**-**	**-**	**401**
Patents and intellectual property rights	5,982	330	-	-	6,312
Accumulated amortization	(5,258)	(531)	-	-	(5,789)
Patents	**724**	**(201)**	**-**	**-**	**523**
Concessions, licences and trademarks	110	2	-	-	112
Accumulated amortization	(54)	(11)	-	-	(65)
Concessions, licences and trademarks	**56**	**(9)**	**-**	**-**	**47**
Other intangible assets	638	127	-	37	802
Accumulated amortization	(451)	(172)	-	-	(623)
Other intangible assets	**187**	**(45)**	**-**	**37**	**179**
Advanced payments and fixed assets in progress	**43**	**72**	**-**	**(37)**	**78**
Cost	**8,603**	**532**	**-**	**-**	**9,135**
Accumulated depreciation (note 12)	**(6,999)**	**(907)**	**-**	**-**	**(7,906)**
Net book value	**1,604**	**(375)**	**-**	**-**	**1,229**

The investments of the year relate mainly to the purchase of software for improving process efficiency for € 330 thousand, including customizations of the management system. The increase in other intangible assets mainly include investments related to the implementation of projects of web marketing.

All the intangible assets have a finite residual life and are amortized on a straight-line basis over the following periods:

- Development costs	5 years
- Intellectual property rights	3 years
- Concessions, licences, trademarks and similar rights	10/15 years

Research and development costs directly recorded in the income statement amount to € 5,298 thousand.

18. Goodwill

The amount of € 2,074 thousand refers to the positive difference arising from the acquisition from the parent company Yama S.p.A. and further to the absorption of the company Bertolini S.p.A into Emak S.p.A..

Goodwill has been subject to an impairment test according to the methods described in note 20 of the consolidated financial statements.

19. Equity investments

Details of equity investments are as follows:

€/000	31.12.2012	Increases	Decrease	31.12.2013
Equity investments				
- in subsidiary companies	104,130	-	**(306)**	103,824
- in other companies	225	-	-	225
TOTAL	**104,355**	**-**	**(306)**	**104,049**

Investments in **subsidiaries** amounted to € 103,824 thousand, a decrease of € 306 thousand as a "price adjustment" provided by contract as part of the "Greenfield" deal, that led to the acquisition by Emak of the entire share capital of Comet, Tecomec, Sabart and Raico, at the end of 2011. The amount, recast by the parent company Yama S.p.A. and the affiliate Sabart SpA, was held from the last tranche of price regulated in December 2013.

In Annexes 1 and 2 are set out in detail the values of investments in subsidiaries.

For the purpose of carrying out the impairment test on goodwill values, the discounted cash flow has been based on the following assumptions:

- The base figures are those taken from Emak Group's strategic plan 2013-2015. This plan is the best management forecast of the future operating performances of the single entities making up the Group in the considered period. The expected cash flows are referred to the reference units in their current condition and exclude any non-current operations;
- The gross WACC used to discount the future cash flows expected to Emak USA was equal to 7.05%, while for Emak UK was 7.35%;

- The terminal value used to express a synthetic estimate of future results beyond the time period explicitly considered was determined on the basis of a conservative long-term growth rate (g) 2%.
- The WACC rate reflects the current market assessments of the time value of money for the period considered and the specific risks of the subsidiary.

A sensitivity analysis was performed on the assumption of basic-different scenarios of changes in WACC and increasing the same as +10% or -10%, this analysis shows that, by varying the WACC, the recoverable amount of the cash-generating unit would still be higher than its book value.

The carrying value of the participation Emak Do Brasil Industria Ltda, amounting to 78 thousand, has not been subjected to an impairment test as the company is in the start up phase.

Equity investments in **other companies** relate to:

- a minority interest in Netribe S.r.l., a company operating in the IT sector; this investment is valued at its cost of € 223 thousand since its fair value cannot be determined. The percentage of participation of Emak S.p.A. in Netribe S.r.l. increased from 10.42% to 15.41% of 31.12.2012 following the withdrawal of some shareholders and the consequent reduction in share capital carried out by a resolution of 22 November 2013.
- one share for membership of the ECOPED Consortium as required by Decree 151/2005, with a value of € 1 thousand;
- one share for membership of the ECOPED Consortium as required by Decree 151/2006, with a value of € 1 thousand.

20. Derivative financial instruments

The financial statements values relate to changes in the fair value of financial instruments:
- hedging purchases in foreign currency;
- hedging the risk of changes in interest rates.

All derivative financial instruments belonging to this heading are valued at fair value at the second hierarchical level, that is, the estimate of their fair value has been carried out using variables other than Prices quoted in active markets and which are observable (on the market) either directly (prices) or indirectly (derived from prices).

In the case in point, the fair value recorded is equal to the “market to market” estimation provided by the bank, which represents the current market value of each contract calculated at the date at the closing date of the Financial Statements.

At December 31 2013 appear outstanding purchases / sales of foreign currencies with forward contracts for:

		Nominal value (€/000)	Exchange rate	Due to
Forward contracts for foreign currencies purchases				
Yen/Euro	Yen	16,415	139.23	20/03/2014

The accounting of the abovementioned instruments is at fair value. The current value of these contracts has resulted in the recognition of negative fair values for € 12 thousand. In accordance with the the applicable accounting standards such effects have been accounted for in the income statement in the current period.

Emak S.p.A., has also underwritten a number of IRS contracts and options on interest rate, with the objective of hedging the risk of changes in interest rates on financings for a notional amount of € 17,414 thousand.

The expiry of the instruments is as follows:

- € 538 thousand will be amortised in financial years up to 2014;
- € 9,250 thousand will be amortised in financial years up to 2016;
- € 3,626 thousand will be amortised in financial years up to 2017;

- € 4,000 thousand will be amortised in financial years up to 2018.

The value of these contracts at December 31 2013 appears to be totaling to a negative fair value of € 141 thousand.

The average interest rate resulting from the instruments is equal to 1.30%.

All the contracts, while having the purpose and characteristics of hedging operations, do not formally comply with the rules for being accounted for as such. For this reason all the changes in fair value have been recorded in the income statement in the relevant financial period on the accruals basis.

Were also recorded long term derivative financial instruments for € 90 thousand; for more details refer to note 27.

21. Other financial assets

The other non-current assets amounted to € 8,643 thousand, against € 7,272 thousand in the previous year and refer to loans quoted in Euros and U.S. Dollars, granted to subsidiaries amounting to € 8,578 thousand and borrowings in the amount of € 65 thousand.
Other current financial assets amounting to €1,450 thousand refer to the U.S. Dollar loan granted to the controlled company Comet Usa.

The interest rates applied to loans granted by Emak to the subsidiaries have been established in accordance with the framework resolutions that define the nature and terms of conduct. In general, the compensation varies depending on:

- the type and duration of the loan granted;
- the performance of the financial markets in which Emak and its subsidiaries operate and official reference rates (12 months Euribor and 12 months Libor);
- the currency of the loan granted;

22. Trade and other receivables

Details of these amounts are as follows:

€/000	31.12.2013	31.12.2012
Trade receivables	41,389	47,194
Provision for doubtful accounts	(1,362)	(1,296)
Net trade receivables	**40,027**	**45,898**
Trade receivables from related parties (note 35)	9,543	11,578
Prepaid expenses and accrued income	180	137
Other receivables	231	170
Total current portion	**49,981**	**57,783**
Other non current receivables	2	2
Total non current portion	**2**	**2**

Trade receivables include the following amounts in foreign currency:
- USD 23,417,457;
- JPY 81,000.

Trade receivables middly have fall due within 106 days.

All non-current receivables mature within five years. There are no trade receivables due after one year.
Trade receivables" are analysed by geographical area as follows:

€/000	Italy	Europe	Rest of the world	Total
Trade receivables	11.61	16.888	11.529	**40.027**
Related parties receivables	560	5.164	3.819	**9.543**

The movement in the provision for bad debts is as follows:

€/000	FY 2013	FY 2012
Opening balance	**1,296**	**1,139**
Increases (nota 11)	237	191
Decreases	(171)	(34)
Closing balance	**1,362**	**1,296**

The book value of this balance approximates its fair value.

23. Inventories

Inventories are detailed as follows:

€/000	31.12.2013	31.12.2012
Raw, ancillary and consumable materials	18,632	18,367
Work in progress and semi-finished products	4,955	5,012
Finished products and goods	13,099	13,374
Total	**36,686**	**36,753**

Inventories are stated net of a provision of € 1,339 thousand at December 31 2013 (€ 1,268 thousand at December 31 2012) destined to align obsolete and slow-moving items to their estimated realizable value.

Details of changes in the provision for inventories are as follows:

€/000	FY 2013	FY 2012
Opening balance	**1,268**	**1,133**
Increase	193	399
Uses	(122)	(264)
Closing balance	**1,339**	**1,268**

The decreases in the provision refer to obsolete material disposed of during the 2013 financial year.

The inventories provision is a management estimate of the loss in value expected by the Group, calculated on the basis of past experience, historic trends and market expectations.

None of the company's inventories at December 31 2013 act as security against its liabilities.

24. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

€/000	31.12.2013	31.12.2012
Bank and post office deposits	3,115	9,914
Cash	6	6
Accrued bank interests	-	39
Total	**3,121**	**9,959**

For the purposes of the cash flow statement, closing cash and cash equivalents comprise:

€/000	31.12.2013	31.12.2012
Cash and cash equivalents	3,121	9,959
Overdrafts (note 27)	(1,704)	(975)
Total	**1,417**	**8,984**

25. Equity

Share capital
Share capital is fully paid up at December 31 2013 and amounts to € 42,623 thousand, remaining unchanged during the year under examination. It consists of 163,934,835 ordinary shares of par value € 0.26 each.

Treasury shares
The adjustment of share capital for purchase of treasury shares, equal to € 2,029 thousand, is the overall exchange value paid by Emak S.p.A. for the acquisition on the market of treasury shares held at 31 December 2013 (note 34).
The nominal value of these treasury shares is € 104 thousand.
As for the sale and purchase of shares made during the period, please refer to the appropriate section of the directors' report.

Share premium reserve
At December 31 2013, the share premium reserve amounts to € 42,454 thousand, unchanged from the previous year is made up of premiums on newly issued shares. The reserve is shown net of expenses related to the capital increase, which occurred in the previous year, amounting to € 1,598 thousand and adjusted for the tax effect of € 501 thousand.

Legal reserve
The legal reserve at December 31 2013 of € 1,924 thousand (€ 1,700 thousand at December 31 2012).

Revaluation reserve
At 31 December 2013, the revaluation reserve includes reserves deriving from the revaluation pursuant to former L. 72/83 to € 371 thousand and ex L. 413/91 for € 767 thousand.
No change occurred during the year.

Other reserves:
The extraordinary reserve, amounts to € 27,088 thousand at December 31 2013, inclusive of all allocations of earnings in prior years.

At 31 December 2013 other reserves also include:

- reserves qualifying for tax relief, referring to tax provisions for grants and donations for € 129 thousand;
- reserves for merger surpluses for € 394 thousand;
- reserves from capital grants deriving from the merger of Bertolini S.p.A. for € 122 thousand.

These reserves are unchanged compared to previous year.

The following table analyses equity according to its origin, its possible uses and distribution:

Nature/Description (€/000)	Amount	Possible use	Available portion	Summary of uses in past three years: Coverage of losses	Other reasons
Share capital	**42.623**				
Capital reserve					
Share premium reserve (§)	42.454	A-B-C	42.454	-	-
Revaluation reserve under Law 72/83 (#)	371	A-B-C	371	-	-
Revaluation reserve under Law 413/91 (#)	767	A-B-C	767	-	-
Merger surplus reserve (#)	394	A-B-C	394	-	-
Other untaxed reserve (#)	122	A-B-C	122	-	-
Reserves formed from earnings					
Legal reserve	1.924	B	-	-	-
Extraordinary reserve	27.088	A-B-C	27.088	-	-
Untaxed reserve (#)	129	A-B-C	129	-	-
Treasury shares	(2,029)		(2,029)		
Profits brought forward in FTA	2.678	A-B	2.678	-	-
Valutation reserve	(368)		(368)		
Profits brought forward	23.917	A-B-C	23.917	-	-
Total	**97.447**		**95.523**	-	-
Undistributable portion (*)			**(9,802)**	-	-
Distributable balance			**85.721**	-	-
Net profit for the period (**)	**2.718**		**2.582**	-	-
Total equity	**142.788**				

A: for share capital increases
B: for covering losses
C: for distribution to shareholders

(#) subject to tax payable by the company in the event of distribution.
(*) Equal to the reserve First Time Adoption (€ 2,678 thousand), the share of long-term costs not yet amortized (€ 659 thousand) in addition to the share of necessary future allocation to the legal reserve (€ 6,465 thousand). This bond bears specifically on the share premium reserve (§);
(**) subject to obliged allocation to the legal reserve for € 136 thousand.

26. Trade and other payables

Details of these amounts are as follows:

€/000	31.12.2013	31.12.2012
Trade payables	16,284	16,166
Payables due to related parties (note 35)	7,541	7,593
Payables due to staff and social security institution	2,134	2,333
Other payables	2,208	1,028
Total	**28,167**	**27,120**

The item "Payables to related parties", the details of which are provided in the relevant note, includes € 298 thousand as debt to the subsidiary Comag Srl emerging from the ratio of fiscal consolidation which involves the two companies.
The item "Other payables" includes a guarantee received from a customer for € 1,351 thousand Euro and payables due to directors and employees for € 664 thousand.

Trade payables do not generate interest and are average settled after 78 days.

This balance includes the following amounts in foreign currency:

- USD 4,814,499;
- JPY 74,093,790;
- CHF 28,999;
- TWD 698,102;
- RNB 37,924,717.

"Trade payables" and "Payables due to related parties" are analyzed by geographical area below:

€/000	Italy	Europe	Rest of the world	Total
Trade payables	10,520	1,196	4,568	16,284
Related parties payables	3,488	500	3,554	7,542

The book value reported in the balance sheet corresponds to fair value.

27. Financial liabilities

Financial liabilities at December 31 2013 do not include any secured payables.

Details of **current financial liability** are as follows:

€/000	31.12.2013	31.12.2012
Overdrafts (note 24)	1,704	975
Bank loans	15,921	25,192
Finance leases	-	475
Financial accrued expense and deffered income	168	261
Other loans	1,258	1,258
Loans from related parties (note 35)	5,007	16,578
Total current	**24,058**	**44,739**

The figure “Loans from related parties” at 31 December 2012 included the residual debt toward the controlling company Yama S.p.A. and the affiliate company Sabart S.p.A. amounting to € 12,274 thousand for the acquisition of Sabart S.r.l., Raico S.r.l., Tecomec S.r.l. and Comet S.p.A., related to the “Greenfield” deal: this debt has been extinguished during the month of December 2013.

The item "other financial liabilities" amounting to € 1,258 thousand euros, refers to the amount held by Simest SpA in the capital of subsidiary Jiangmen Emak Outdoor Power Equipment Co. Ltd whose payment is calculated as follows:

- Simest shareholding: fixed rate of 6.25% and a variable rate depending on the profits of the subsidiary with a Cap of 7%;
- Fund amount: interest rate of 2.5%.

The nominal value of the loan does not differ significantly from its fair value.

Alla data di rimborso, originariamente prevista per il 30 giugno 2013 e prorogata al 30 giugno 2014, il valore che Emak S.p.A. dovrà corrispondere alla Simest S.p.A. sarà pari al maggiore tra il valore pro-quota del patrimonio netto dell’ultimo bilancio approvato da Jiangmen Emak Outdoor Power Equipment Co. Ltd. e il valore della quota di capitale sottoscritta da Simest S.p.A.

Any greater value will be recognised by Emak S.p.A. as payable to Simest only up to the amount of € 514 thousand increased by 6% (which refers to the stake subscribed by Simest in accordance with Law 100/90 in the form of a shareholding) and € 746 thousand increased by 8% (which refers to the stake subscribed by Simest in accordance with Law 100/90 in execution of the "Fund" contract.).

The company has posted long-term derivative liabilities for € 90 thousand; this amount refers to the greater financial charges deriving from the reimbursement on 30 June 2014 of the Simest shareholding in Jiangmen Emak Outdoor Power Equipment Co. Ltd.
There are no elements of risk associated with the operation affecting Emak S.p.A.

Short-term loans and borrowings are repayable as follows:

€/000	Due within 6 months	Due within 6 and 12 months	Total
Bank loans	7,793	8,127	**15,921**
Other financial loans	1258	-	**1258**
Loans from related parties (note 35)	5,007	-	**5,007**
Total non current portion	**14,058**	**8,127**	**22,186**

La voce "Finanziamenti da parti correlate" si riferisce a debiti per finanziamenti fruttiferi concessi dalle società controllate Sabart S.r.l., Victus Emak e Emak Suministros Espana.

The interest rates applied to loans granted to Emak by subsidiaries have been established in accordance with the framework resolutions that define the nature and terms of conduct. Generally the remuneration varies depending on:
- the type and duration of the loan granted;
- the performance of the financial markets in which Emak and its subsidiaries operate and official reference rates (Euribor);
- the currency of the loan granted;

The details of **long-term loans** is as follows:

€/000	31.12.2013	31.12.2012
Bank loans	26,252	20,600
Total non current portion	**26,252**	**20,600**

The increase in bank loans was primarily due to the company's decision to give priority to the use of bank medium term debt at the expense of short-term debt.

Long and medium-term loans and borrowings are repayable as follows:

€/000	Due within 2 years	Due within 3 years	Due within 4 years	Due within 5 years	Total due within 5 years	Due beyond 5 years
Bank loans	**10,193**	**12,328**	**3,518**	**213**	**22,255**	**-**

The interest rates refer to 3-6 months Euribor plus an avarage spread of 3.1 percentage points.

Emak S.p.A. has signed in the course of a few medium-to long-term subject to financial covenants verified on the basis of ratios Net debt / EBITDA and Net debt / Equity consolidated. At December 31 2013 the Group complied with all the benchmarks set.

28. Tax assets and liabilities

Deferred tax assets are detailed below:

€/000	31.12.2012	Increases	Decreases	Other movements	31.12.2013
Provision for inventory obsolescence	349	53	(33)	-	369
Provision for doubtful accounts	39	-	-	-	39
Other deferred tax assets	1,109	389	(134)	(87)	1,277
Total (note 14)	**1,497**	**442**	**-167**	**-87**	**1,685**

Si stima che la quota di imposte che presumibilmente si riverseranno entro i 12 mesi successivi sia in linea con il decremento registrato nel corso del 2013.
"Other deferred tax assets" includes the remaining credit for deferred tax assets for € 403 thousand relating to expenses incurred for the capital increase and credited directly to shareholders' equity and M&A costs expensed in 2011 as part of the "Greenfield" deal.

Deferred tax liabilities are detailed below:

€/000	31.12.2012	Increases	Decreases	Other movements	31.12.2013
Buildings redeemed under finance lease IAS 17	272	5	(143)	-	134
Valutation of provision for employee termination indemnities under IAS 19	143	-	(119)	-	24
Deffered provision on capitan gains	1455	-	(30)	-	1,425
Other deferred tax liabilities	104	44	(136)	31	43
Total (note 14)	**1,974**	**49**	**-428**	**31**	**1,626**

The portion of the taxes which will reverse in the next 12 months amounted to about € 160 thousand.

It should be noted that no deferred taxes were allocated in respect of the revaluation reserves, which are reserves in partial suspension of the tax, as it is likely that will not be made operations that will lead to taxation. The total amount of these taxes is € 408 thousand.

The **deferred tax assets** amount at December 31 2013 to € 1,569 thousand, against € 2,315 thousand at December 31 2012, refer to:

- deferred tax of previous years required for reimbursement for € 1,036 related to the instance of reimbursement submitted during 2012 related to the IRAP ex. Law no. 201/2011 for an amount of € 848 thousand euros and € 188 thousand euros with reference to the instance of a refund of 10% of IRAP under Decree Law 185/2009;
- VAT credits for € 263 thousand;
- credits for income taxes due to higher IRAP advances for € 25 thousand and more IRES advances for € 150 thousand;
- other tax credits for € 95 thousand.

Current tax liabilities amount to € 839 thousand at December 31 2013 compared with € 851 thousand a year earlier and all refer to withholding taxes.

29. Long-term post-employment benefits

The liability refers to the time-discounted debt for termination indemnity due at the end of an employee’s working life, amounting to € 4,414 thousand. The amount of termination indemnity calculated according to the nominal debt method in force at the closing date would be € 4,502 thousand.

Movements in this liability are as follows:

€/000	2013	2012
Opening balance	**4,194**	**4,181**
Actuarial (gains)/losses	422	86
Interest cost on obligation (note 13)	89	119
Disbursements	(291)	(192)
Closing balance	**4,414**	**4,194**

The principal economic and financial assumptions used are as follows:

	FY 2013	FY 2012
Annual inflation rate	2.4%	2.0%
Rising disount rate	1.5%	2.1%
Rate of dismissal (average overall rate)	1.0%	2.0%

Demographic assumptions refer to the most recent statistics published by ISTAT.

Payments in 2014 are expected to be in line with 2013.

30. Provisions for liabilities and charges

Movements in this balance are analysed below:

€/000	31.12.2012	Increase	Decrease	31.12.2013
Provisions for agents' termination indemnity	475	40	(48)	467
Other provisions	23	-	-	23
Total non current portion	**498**	**40**	**(48)**	**550**
Provisions for clients bonus	**-**	**48**	**-**	48
Provisions for products warranties	350	-	-	350
Other provisions	104	430	-	534
Total current portion	**454**	**478**	**-**	**872**

The provision for agents' termination indemnity is calculated with reference to the agency contracts in existence at year end and refers to the indemnity that is likely to be paid to agents.

Other non-current provisions relate to future costs to be incurred, equal to € 23 thousand, the same figure as for the previous year. They have been allocated in respect of a dispute for IRES, IRAP and VAT taxes for the financial years 1999-2006, for a total disputed amount of € 376 thousand all-inclusive (including taxes, interests and sanctions). The disputes are currently at different stages of legal proceedings. All the sentences so far passed by the relevant Tax Commissions have been in favour of Emak S.p.A. and it is expected that the final outcome of the proceedings will be favourable also in the last resort. It is confirmed the provision previously allocated, for the possible compensation of legal costs.

The provision for client bonus include the provision for charges related to commercial prize transactions still in progress.

The warranty provision relates to future costs for warranty repairs that will be incurred for products sold covered by the guarantee period and / or contract, the provision is based on estimates extrapolated from historical trends.

The “Other current provisions” heading, standing at € 534 thousand, refers to the best possible estimation of probable liabilities taking into consideration:

- a general tax audit at Emak S.p.A., that tool place in the first six months of 2013, with reference to the years 2008-2010. The outcome has led to some findings concerning the transfer prices of industrial supplies from Emak Jiangmen (China). The total taxable disputed, for the three years amount to about € 4 million, of which correspond taxes of € 1.3 million, plus interest. However, there are no ascertainable sanctions at any extent, given the provisions of Art. 1, paragraph 2-ter of Legislative Decree 471/97. At present it has been notified Emak with only a notice of assessment, provisionally enforceable, to the findings reported annuality 2008 amounted to about € 500 thousand, all-encompassing. Already in the course of the audit, the Company has expressed its disagreement with the evaluations carried out by the inspectors reiterated its proper operation and announced its intention to oppose all possible future disputes in the appropriate accertative and litigation. Convinced of his good reasons, but at the same time desirous, as far as possible, to prevent the cost and time of litigation, Emak has claimed exploratory tax settlement, at the same time allocating a risk provision for the definition of 'whole affair, an amount of € 370 thousand, which is in addition to the provision for risks correlative defense costs, previously set aside for an additional € 60 thousand.
- a number of claims relating to disputes arising during the last financial year for around € 183 thousand;
- costs related to penalties that could be charged to Emak in the future for around € 81 thousand;
- Provisions equal to the excess of claims for product liability insurance for € 23 thousand.

31. Contingent liabilities

At the date of December 31 2013 the Company does not have any disputes that could give rise to future liabilities that have not already been reflected in the balance sheet.
In the Director’s opinion, at the closing date there were no reasonable grounds for the occurrence of additional future liabilities with respect to those already provided for in the accounts.

32. Information on financial risks

The Company is exposed to a variety of financial risks associated with its business activities:

- credit risk, regarding both normal commercial relations and to financing activities;
- liquidity risk, with particular reference to the availability of financial resources and to access to the credit market;
- market risks, with particular reference to exchange and interest rates, since the Company operates at an international level in different currencies and uses financial instruments that generate interest.

As described in the section “Management of financial risk”, The Company constantly monitors the financial risks to which it is exposed, so as to minimise potential negative effects on financial results.

Qualitative and quantitative information is given below regarding the nature of such risks for the Company.
The quantitative figures shown below have no value for forecasting purposes. Specifically, the *sensitivity analysis* on market risks are unable to reflect the complexity and associated reactions of the market as a result of each change hypothesised.

Credit risk

The maximum theoretical exposure to credit risk for the Company at 31 December 2013 is the accounting value of financial activities shown in the financial statements.

It should be pointed out that the credit granted to the clients involves specific assessments of solvency. Generally the Company obtains guarantees, both financial and otherwise, against credits granted for the supply of products. Certain categories of credits to foreign customers are also covered by insurance with SACE.

Credit positions are subject to constant analysis and possible individual devaluation in the case of singularly significant positions that are in a condition of partial or total insolvency.

The total devaluation is estimated on the basis of recoverable flows, from relative collection data, from the costs and expenses of future recovery, as well as possible guarantees in force. For those credits that are not subject to individual devaluation, bad debt provisions are allocated on an overall basis, taking account of historical experience and statistical data.

At December 31 2013 there were no significant positions of insolvency subject to individual devaluation. Allocation to the bad debt provision was made on the basis of a constant analysis of outstanding amounts as a whole.

At December 31 2013 “Trade receivables and Other receivables”, equal to € 49,983 thousand (€ 57,785 thousand at December 31 2012), include € 4,757 thousand (€ 5,998 thousand at December 31 2012) outstanding by more than 3 months. This value has been rescheduled according to repayment plans agreed with the clients.

The maximum exposure to credit risk deriving from trade receivables at the end of the financial period, broken down by geographical area (using the Sace reclassification) is as follows:

€/000	2013	2012
Trade receivables due from customers with SACE 1 rating	13,299	13,507
Trade receivables due from customers with SACE 2 e 3 rating	27,687	33,365
Trade receivables due from customers with non-insurable SACE rating assicurabili	403	322
Total (Note 22)	**41,389**	**47,194**

Countries with SACE 1 rating are those for which insurance covers 90% of the amounts receivable. Countries with SACE 2 rating are those for which insurance covers 85% of the amounts receivable, and those with SACE 3 rating, 80%. SACE provides no coverage for non-Insurable or suspended countries.

The value of amounts receivable covered by SACE insurance or by other guarantees at December 31 2013 is € 18,527 thousand.

At December 31 2013 the 10 most important customers (not including companies belonging to the Emak Group) account for 53.6% of total trade receivables, while the top customer represents 14.8% of the total.

Liquidity risk

Liquidity problems can occur as a result of the inability to obtain financial resources necessary for the Company’s operations at acceptable conditions.
The two main factors determining the Company’s liquidity situation are, on the one hand, the resources generated or absorbed in its operating and investment activities, and on the other hand, by the expiry or renewal of debt or by the liquidity of financial commitments and market conditions.

As noted in the section "Financial risk management" the Company, in line with the general directives of the Group reduces the liquidity risk and optimizes the management of financial resources: gives rise to the following activities:

- verification of financial requirements in order to implement the resulting actions;
- obtaining adequate lines of credit;
- liquidity optimization, where feasible, through structures of centralized management of cash flows of the Group;
- Maintaining a balanced composition of net financial debt to investments;
- pursuit of a balance between short-term debt, medium and long term;
- limited credit exposure to individual financial institutions;
- Monitoring of compliance with the parameters set by the covenants relating to the financing of medium-long term.

The characteristics and nature of the expiry of debts and of the Company's financial activities are set out in Notes 25 and 28 relating respectively to Cash and Cash Equivalents and Financial Liabilities.
The management considers that currently unused funds and credit lines, amounting to € 74,004 million, as well as those which will be generated from operating and financial activities, will allow the Company to meet its requirements deriving from investment activities, the management of working capital and the repayment of debts at their natural maturity dates.

Exchange rate risk

The Company is exposed to risks deriving from fluctuations in exchange rates, which may affect the economic result and value of equity.
Specifically in cases in which the Company incurs costs expressed in different currencies from those of their respective revenues, the fluctuation of exchange rates may affect the operating result.
In 2013 the overall amount of revenues directly exposed to exchange risk represented around 29% of the turnover (16% in 2012), while the amount of costs exposed to exchange risk is equal to 32% of turnover (17% in 2012).

The main currency exchanges to which the Company is exposed are the following:
- EUR/USD, relating to sales in dollars made mainly in the markets that use the dollar as preferential currency;
- EUR/YEN, relating to purchases in the Japanese market and to sales in other markets;
- EUR/RMB, relating to purchases in the Chinese market.

There are no significant commercial flows with regards to other currencies.

The Company's policy is to cover net currency flows, typically through the use of forward contracts, evaluating the amounts and expiry dates according to market conditions and net future exposure, with the objective of minimising the impact of possible variations in future exchange rates.

Sensitivity analysis
The potential loss of fair value of the net balance of financial assets/liabilities subject to the risk of variation in exchange rates held by the Company at December 31 2013, as a result of a hypothetical unfavourable and immediate variation of 10% in all relevant single exchange rates, would amount to around € 1,502 thousand (€ 990 thousand at December 31 2012).

Interest rate risk
The Company utilises external financial resources in the form of debt and invest liquid funds in monetary and financial market instruments. Variations in market interest rates influence the cost and return of the various forms of financing and utilisation, affecting the level of the Company's financial expenditure and income.

The Company at December 31 2012 holds certain derivative financial instruments whose value is linked to interest rates.

Although these transactions were entered into for hedging purposes, the accounting principles do not allow hedge accounting treatment. Therefore, the variability of the underlying values could affect the financial results of the company.

Sensitivity analysis
The possible effects of variations in interest rates are analysed for their potential impact in terms of cash flows, since almost all the Company's financial assets and liabilities accrue variable interest.

A hypothetical, instantaneous and unfavourable negative variation of one base point in annual interest rates in force at December 31 2013 applicable to financial liabilities at a variable interest rate would result in a greater net cost, on an annual basis, of around € 326 thousand (€ 482 thousand at December 31 2011). For the purpose of the calculation account has been taken of the amounts of financial liabilities net of IRS operations for hedging purposes.

Other risks on derivative financial instruments

The Company as at 31 December 2013 holds certain derivative financial instruments whose value is linked to the exchange rate (operations such as forward purchases of foreign currency) and the interest rates trend.

Although these transactions were entered into for hedging purposes, the accounting principles do not allow hedge accounting treatment. Therefore, the variability of the underlying values could affect the economic results of the company.

Sensitivity analysis

The potential loss in fair value of derivative financial instruments to hedge the exchange rates at 31 December 2013, as a result of a hypothetical, instantaneous unfavorable 10% change in the underlying values, would be about € 11 thousand.

33. Commitments

Fixed asset purchases

The company has € 254 thousand in unrecorded commitments to purchase fixed assets at December 31 2013 (€ 497 thousand at December 31 2012). These commitments relate entirely to the purchase of equipment, plant and machinery.

Purchases of additional shares of equity

Please note that in the contract for the purchase of the subsidiary Epicenter LLC was fixed in favor of Emak a call option to purchase an additional share of 14% to be exercised within June 30 2014, with the possibility, therefore, to bring its shareholding to 75%. This option does not have the characteristics set out in IAS 32 since it is not being closed and binding on the Company.

Guarantees granted *to third parties:*
They amount to € 836 thousand and are made up as follows:

- € 417 thousand for a bank guarantee in favour of EPA (United Environmental Protection Agency) in compliance with an American regulation in force from 2010 regarding the emissions of combustion engines;
- € 350 thousand for surety policy in favour of the Naples Customs Office for guaranteeing customs duties;
- € 39 thousand for sureties in favour of the Ministry of Production for promotional prize contests;
- € 20 thousand for surety policy in favour of the Reggio Emilia Customs Office for guaranteeing customs duties;
- € 10 thousand for surety policy in favour of the Reggio Emilia Customs Office for guaranteeing customs duties.

letters of patronage to subsidiary companies:

These amount to € 32,122 thousand, and refer to the balance of credit line used as at December 31 2013, broken down as follows:
- € 11,681 thousand to the subsidiary Tecomec S.r.l..
- € 3,310 thousand to the subsidiary Emak Deutschland GmbH;
- € 2,801 thousand to the subsidiary Emak France SAS;
- € 1,755 thousand to the subsidiary Emak U.K. Ltd.;
- € 78 thousand to the subsidiary Jiangmen Emak Outdoor Power Equipment Co. Ltd.;
- € 290 thousand to the subsidiary Epicenter Limited;
- € 12,207 thousand to the subsidiary Comet S.p.A.

34. Ordinary shares, treasury shares and dividends

Share capital is fully paid up at December 31 2013 and amounts to € 42.623 thousand. It consists of 163.934.835 ordinary shares of par value € 0.26 each.

	31.12.2013	31.12.2012
Number of ordinary shares	163,934,835	163,934,835
Treasury shares	(397,233)	(397,233)
Total outstanding shares	**163,537,602**	**163,537,602**

The dividends for 2013 approved by the shareholders on 23 April 2013, totalling € 3,271 thousand, were paid during 2012.

At December 31 2013 the company held in portfolio 397.233 treasury shares for a value of € 2.029 thousand.
During 2013 no treasury shares were purchased or sold by Emak S.p.A..

Therefore at December 31 2013 the company held 397.233 treasury shares in portfolio for a value of € 2,029 thousand.

In January and February 2014 no treasury shares were acquired or sold by Emak S.p.A.. As a result, the holding and value of treasury shares is unchanged with respect to December 31 2013.

35. Related Party transactions

Emak adopted in accordance with the law an assurance procedure for the operations typically extraordinary, entered into with related parties, which defines and governs all the potential relationships of this nature, to be applied to all entities of the Group. This procedure, originally introduced and approved November 12, 2010, was subject to review and rationalization during 2013, while retaining the characteristics of full adequacy to regulatory requirements. The revised procedure was approved by the Board of Directors on January 31, 2014. The procedure is available on the website www.emak.it, in the "Investor Relations" - "corporate documents" - "Corporate Governance".

In the current year were not made significant transactions with related parties of an extraordinary nature, except for the financial regulation of a previous operation, as further explained below.

Emak S.p.A. has many dealings with related parties, carried out in the ordinary exercise of its business activities and conducted at market conditions. For the purpose of their regulation, Emak follows guidelines in the form of framework resolutions, which are examined and approved every year with the contribution of the internal Control Committee. The supporting evidence of the ordinary activities carried out in each accounting period are systematically examined on an overall basis by the Board of Directors.

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Related party transactions in 2013 within the Group controlled by Emak S.p.A.

With regards to the group of companies under its control, transactions for the supply and purchase of goods and services carried out by Emak correspond to the industrial and commercial supply chain relating to its normal business activity.
It should be noted that all transactions relating to the exchange of goods and the provision of services that occurred in 2013 as part of are part of ordinary business of the Emak Group and have been adjusted based on market conditions (ie, conditions equivalent to those that would be applied in relations between independent parties).These conditions correspond with aims strictly industrial and commercial and of Group financial management optimization.
The execution of these transactions is governed by specific and analytical procedures and programmatic documents ("framework resolutions"), approved by the Board of Directors, with the assistance and consent of the independent directors, meeting in the Audit and Risk Committee.

It should be noted in particular that certain correlations of a financial nature and of ordinary nature arise from membership of Emak and Comag in the tax consolidation under Articles. 117 et seq., Tax Code. The criteria and procedures for the settlement of such transactions are established and formalized in agreements of consolidation, based on equal treatment for all applicants and recognition accrual of costs and benefits

The operations carried out in 2013 with parties belonging to the Emak Group and the values of such relations in force at the closing date of the financial year are shown below.

Receivables for loans and interest:

Companies belonging to Emak S.p.A. (€/000)	Financial income	Current financial assets	Non current financial assets
Comag S.r.l.	81	-	928
Emak Deutschland GmbH	104	-	2,400
Emak UK Ltd.	14	-	316
Comet USA Inc.	9	-	-
Emak USA Inc.	11	1,450	218
Emak Do Brasil Industria Ltda	30	-	1,515
Equipment	34	-	676
Raico S.r.l.	84	-	1,800
Epicenter Llc.	21	-	725
Total (note 13 and note 21)	**388**	**1,450**	**8,578**

Due for loans and interests:

Companies belonging to Yama Group (€/000)	Financial charges	Current financial liability
Sabart S.r.l.	26	3,507
Emak Suministros Espana SA	7	500
Victus Emak Sp. z.o.o.	3	1,000
Total (A)	**36**	**5,007**

Other reports related to financial nature concerning the relationship of the guarantee referred to in paragraph 33 above.

Sale of goods and services and receivables:

Companies belonging to Yama Group (€/000)	Net sales	Interest on late payments	Dividends	Total	Trade payables
Emak Suministros Espana SA	3,228	-	963	**4,191**	**632**
Comag S.r.l.	147	-	-	**147**	**47**
Emak Deutschland Gmbh	3.401	-	-	**3,401**	**547**
Emak UK Ltd.	1,623	-	-	**1,623**	**757**
Emak France SAS	10,843	-	-	**10,843**	**2,210**
Jiangmen Emak Outdoor Power Equipment Co. Ltd.	1836	-	-	**1,836**	**548**
Victus Emak Sp. z.o.o.	3646	-	-	**3,646**	**279**
Emak USA Inc.	1826	-	-	**1,826**	**2,247**
Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd.	19	-	-	**19**	**10**
Epicenter Llc.	3,010	60	-	**3,070**	**552**
Emak Do Brasil Industria Ltda	796	-	-	**798**	**1,025**
Comet S.p.A.	35	-	-	**35**	**13**
Comet USA Inc.	-	-	-	**-**	**9**
Sabart S.r.l.	232	-	1,500	**1,732**	**71**
Raico S.r.l.	18	-	-	**18**	**11**
Tecomec S.r.l.	46	-	1,500	**1,546**	**23**
Total (C)	**30,706**	**60**	**3,963**	**34,731**	**8,981**

Purchase of goods and services and payables:

Companies belonging to Yama Group (€/000)	Purchases of raw and finished products	Other costs	Total costs	Trade payables
Emak Suministros Espana SA	7	73	**80**	**41**
Comag S.r.l.	15,743	-	**15,743**	**2,503**
Emak Deutschland Gmbh	25	235	**260**	**44**
Emak UK Ltd.	-	42	**42**	**20**
Emak France SAS	64	399	**463**	**104**
Jiangmen Emak Outdoor Power Equipment Co. Ltd.	-	146	**146**	**25**
Emak USA Inc.	31,678	48	**31,726**	**3,326**
Victus Emak Sp. z.o.o.	-	157	**157**	**46**
Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd.	1,218	-	**1,218**	**330**
Epicenter Llc.	-	58	**58**	**13**
Emak Do Brasil Industria Ltda	-	19	**-**	**3**
Comet S.p.A.	522	-	**522**	**161**
Sabart S.r.l.	31	-	**31**	**17**
Tecomec S.r.l.	1,195	13	**1,208**	**271**
Speed France SAS	413	-	**413**	**21**
Total (D)	**50,896**	**1,190**	**52,867**	**6,925**

* * * * * * *

Related party transactions in 2013 within the Group controlled by Yama S.p.A.

Emak S.p.A. is part of the larger group of companies that are owned by Yama SpA, its parent company.

The transactions with YAMA S.p.A. and the other companies of this still directly controlled, occurred in 2013, with the exception referred to below, are exclusively ordinary business, all of which fall in the usual course of typical Emak and all regulated at market conditions.
Within the broader Yama Group, which operates mainly in the sectors of machinery and equipment for agriculture and gardening, engine components and real estate; certain Company provide to Emak components and materials, other Company purchase from Emak products which with complete their respective range of commercial offer.

The following table shows the evidence of transactions carried out with related parties in 2013 are part of the Yama Group and the consistency of its existing at the balance sheet date.

Sale of goods and services and receivables**:**

Companies belonging to Yama Group (€/000)	Net sales	Receivables
Agro D.o.o.	157	-
Euro Reflex D.o.o.	320	153
Garmec S.r.l.	36	19
Mac Sardegna S.r.l.	620	390
Selettra S.r.l.	5	-
Totals (E)	**1,138**	**562**
Total C+E (note 22)	**31,844**	**9,543**

Purchase of goods and services and payables:

Companies belonging to Yama Group (€/000)	Purchases of raw and finished products	Other costs	Total costs	Trade payables
Yama S.p.A.	-	10	**10**	**-**
Agro D.o.o.	-	-	**-**	**1**
Cofima S.r.l.	501	41	**542**	**230**
Garmec S.r.l.	1	-	**1**	**-**
Euro Reflex D.o.o.	1,138	1	**1138**	**193**
Mac Sardegna S.r.l.	-	2	**2**	**1**
Selettra S.r.l.	451	-	**451**	**191**
Totals	**2,091**	**54**	**2,144**	**616**
Total (F)				
Totals D+F (note 26 and 27)	**52,987**	**1,244**	**55,011**	**7,541**

Financial charges:

Companies belonging to Yama Group (€/000)	Financial charges	Current financial liability
Yama S.p.A.	423	-
Sabart S.p.A.	106	-
Total (B)	**529**	**-**
Totals (A)+(B) (note 26 and 27)	**565**	**5,007**

Financial charges accrued in favor of Sabart SpA and Yama S.p.A. are the only relations of extraordinary nature recurring during the year; in fact represent the expenses generated by the debt extinguished on 16/12/2013, corresponding to the balance of the purchase price of shares as part of the "Greenfield" deal, which took place in 2011 and fully described in previous financial reports .

* * * * * * *

Other transactions with related parties

Other significant dealings on the part of Emak with related parties are those concerning the remuneration of company officers, established in compliance with general meeting resolutions which have established, for the three-year period of office, maximum global remunerations and, with regards to the Directors, bonus schemes. The resolutions of the Board of Directors regarding the remuneration are taken with the opinion of the Committee, composed exclusively of independent Directors.

Costs incurred during the financial period for the remuneration of Emak Sp.A.'s directors and auditors, also including their fees for services rendered in favour of Group companies, are as follows:

(€/000)	FY 2013	FY 2012
Emoluments of directors and statutory auditors	846	363
Benefits in kind	3	33
Wage and salaries	756	693
Employee termination indemnities	49	52
Total	**1,654**	**1,141**

The total debt for remuneration of Directors and Auditors of the Parent Company at December 31 2013 amounted to € 636 thousand.
More detailed information can be found in the remuneration report prepared by the Company pursuant to art. 123-ter of Legislative Decree no. 58/98, available on the website.

In the ending year no other relationships of significant amount of current nature with related parties occurred

36. Subsequent events

There have been no significant subsequent events.

Supplementary schedules

The following schedules, forming an integral part of the explanatory notes to the financial statements, are provided as appendices:

1. CHANGES IN EQUITY INVESTMENTS IN SUBSIDIARY COMPANIES
2. DETAILS OF EQUITY INVESTMENTS IN SUBSIDIARY COMPANIES
3. FINANCIAL HIGHLIGHTS OF THE ULTIMATE PARENT COMPANY
4. SCHEDULE OF FEES FOR AUDIT SERVICES AND OTHER SERVICES

Appendix 1

Changes in equity investments

	31.12.2012				Changes			31.12.2013			
	Number of shares	Values in the financial statements €/000	% total shareholding	direct shareholding	Subscriptions And acquisitions	Sales	Deprecietions	Number of shares	Values in the financial statements €/000	% total shareholding	direct shareholding
Italy											
Comag S.r.l.	1 share	8,408	99.44	99.44				1 quota	8,408	99.44	99.44
Comet S.p.A	5,000,000	27,350	100	100			(117)	5,000,000	27,233	100	100
Raico S.r.l.	1 share	5,509	100	100			(21)	1 quota	5,488	100	100
Sabart S.r.l.	1 share	21,051	100	100			(40)	1 quota	21,011	100	100
Tecomec S.r.l.	1 share	27,546	100	100			(128)	1 quota	27,418	100	100
Spain											
Emak Suministros Espana SA	405	572	90	90				405	572	90	90
Germany											
Emak Deutschland Gmbh	10,820	525	100	100				10,820	525	100	100
Great Britain											
Emak UK Ltd	342,090	691	100	100				342,090	691	100	100
France											
Emak France SAS	2,000,000	2,049	100	100				2,000,000	2,049	100	100
China											
Jiangmen Emak Outdoor Power Equipment Co. Ltd.	-	2,476	100	100				-	2,476	100	100
Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd.	-	2,550	100	100				-	2,550	100	100
Poland											
Victus Emak Sp. z.o.o.	32,800	3,605	100	100				32,800	3,605	100	100
USA											
Emak USA Inc.	10	370	100	100				10	370	100	100
Ukraine											
Epicenter	1 share	1,350	61	61				1 quota	1,350	61	61
Brazil											
Emak do Brasil Industria Ltda	-	78	99	99				200,000	78	99	99
Total investments in subsidiaries		**104,130**							**103,824**		

Appendix 2

Details of equity investments

€/000	Registered office	Value in the financial statements	% Share	Share Capital	Equity (*) Total	Equity (*) Attributable to Emak S.p.A.	Profit/(Loss) of the year *
Comag S.r.l.	Pozzilli (Is)	8,408	99.44	1,850	11,325	11,262	(151)
Emak Suministros Espana SA	Madrid	572	90	270	3,986	3,587	276
Emak Deutschland Gmbh	Fellbach-Oeffingen	525	100	553	795	795	(92)
Emak UK Ltd	Staffords	691	100	325	514	514	27
Emak France SAS	Rixheim	2,049	100	2,000	6,110	6,110	505
Jiangmen Emak Outdoor Power Equipment Co. Ltd.	Jiangmen	2,476	100	2,476	14,332	14,332	1,217
Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd.	Zhuhai	2,550	100	1,513	6,731	6,731	696
Victus Emak Sp. z.o.o.	Poznan	3,605	100	2,672	10,998	10,998	473
Emak USA Inc.	Wooster- Ohio	370	100	41	-	-	(295)
Epicenter LLC.	Kiev	1,350	61	1,835	2,596	1,584	296
Emak do Brasil Industria Ltda	Curitiba	78	99	200	-	-	(624)
Tecomec S.r.l.	Reggio Emilia	27,418	100	1,580	23,229	23,229	2,398
Comet S.p.A.	Reggio Emilia	27,233	100	2,600	22,407	22,407	2,630
Sabart S.r.l.	Reggio Emilia	21,011	100	1,900	7,373	7,373	2,017
Raico S.r.l	Reggio Emilia	5,488	100	20	2,407	2,407	160
Totale partecipazioni in società controllate		**103,824**					

(*) Amounts resulting from the financial statements of subsidiaries prepared in accordance with IAS / IFRS for the preparation of the consolidated financial statement

Appendix 3

Highlights from the latest financial statements of the parent company Yama S.p.A.

(€/000) BALANCE SHEET	31.12.2012	31.12.2011
Assets		
A) Amounts receivable from shareholders for outstanding payments	-	-
B) Fixed assets	79,615	82,741
C) Current assets	26,160	39,769
D) Prepayment and accrued income	14	34
Total assets	**105,789**	**122,544**
Liabilities		
A) Equity:		
Share capital	16,858	16,858
Reserves	35,844	6,130
Profit in the financial period	7,334	31,306
B) Provisions	1,140	3,473
C) Post-employment benefits	35	31
D) Amounts payable	44,446	64,707
E) Accruals and deferred income	132	39
Total liabilities	**105,789**	**122,544**
Guarantees, commitments and other risks	32,775	51,136

Income statement	31.12.2012	31.12.2011
A) Sales	67	334
B) Production costs	(1,110)	(1,117)
C) Financial income and expenditure	11,926	35,691
D) Adjustments to the value of financial assets	(3,772)	(3,442)
E) Extraordinary income and expenditure	(200)	-
Result before tax	**6,911**	**31,466**
Tax for the period	423	(160)
Profit for the period	**7,334**	**31,306**

Appendix 4

Schedule of fees relating to the 2011 financial period for audit services and other services, subdivided by type.

Type of service	Entity providing the service	Beneficiary of the service	Fees (€/000)
Auditing Company	Fidital Revisione S.r.l.	Emak S.p.A.	112
Auditing Company	Fidital Revisione S.r.l.	Italian controlled companies	95
Auditing Company	HLB network	Foreign controlled companies	38
Other services	HLB network	Foreign controlled companies	-

The above information is provided in accordance with art. 160, paragraph 1-*bis* of Legislative Decree 24 February 1998, no. 58 and with article 149-*duodecies* of the CONSOB Regulations contained in Consob resolution no. 19971 of 14 May 1999 and subsequent modifications.

Certification of financial statements and consolidated financial statements pursuant to art. 154-bis, paragraph 5 of the Decree. 58/1998 (Consolidated Law on Finance)

1. The undersigned Fausto Bellamico and Aimone Burani, the latter in his position as the executive in charge of preparing the accounting statements of Emak S.p.A., certify, taking account of the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree 24 February 1998, no. 58:

    - the suitability, in relation to the nature of the entity and
    - effective application

of administrative and accounting procedures for the preparation of the company's individual financial statements and the consolidated financial statements for the financial period ending December 31 2013.

2. No factors of a significant nature have arisen with regards to the above, even considering, regarding the consolidated financial statement, the change in the scope of consolidation intervened at the end of 2013.

3. It is certified, moreover, that:

3.1 the individual financial statements and consolidated financial statements for the financial period:

a) have been drawn up in conformity with the international accounting standards recognised by the European Community in accordance with EC regulation no. 1606/2002 of the European Parliament and European Council of 19 July 2002;

b) correspond to the accounting documents, ledgers and records;

c) appear to be suitable for providing a true and fair view of the balance sheet, economic and financial situation of the issuer and of the entities included in the consolidation.

3.2 The Directors' Report contains a reliable analysis of operating trends and results, as well as of the current situation of the issuer and of the entities included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Date: 14 March 2014

The executive in charge of preparing the accounting statements:
Aimone Burani

The CEO:
Fausto Bellamico