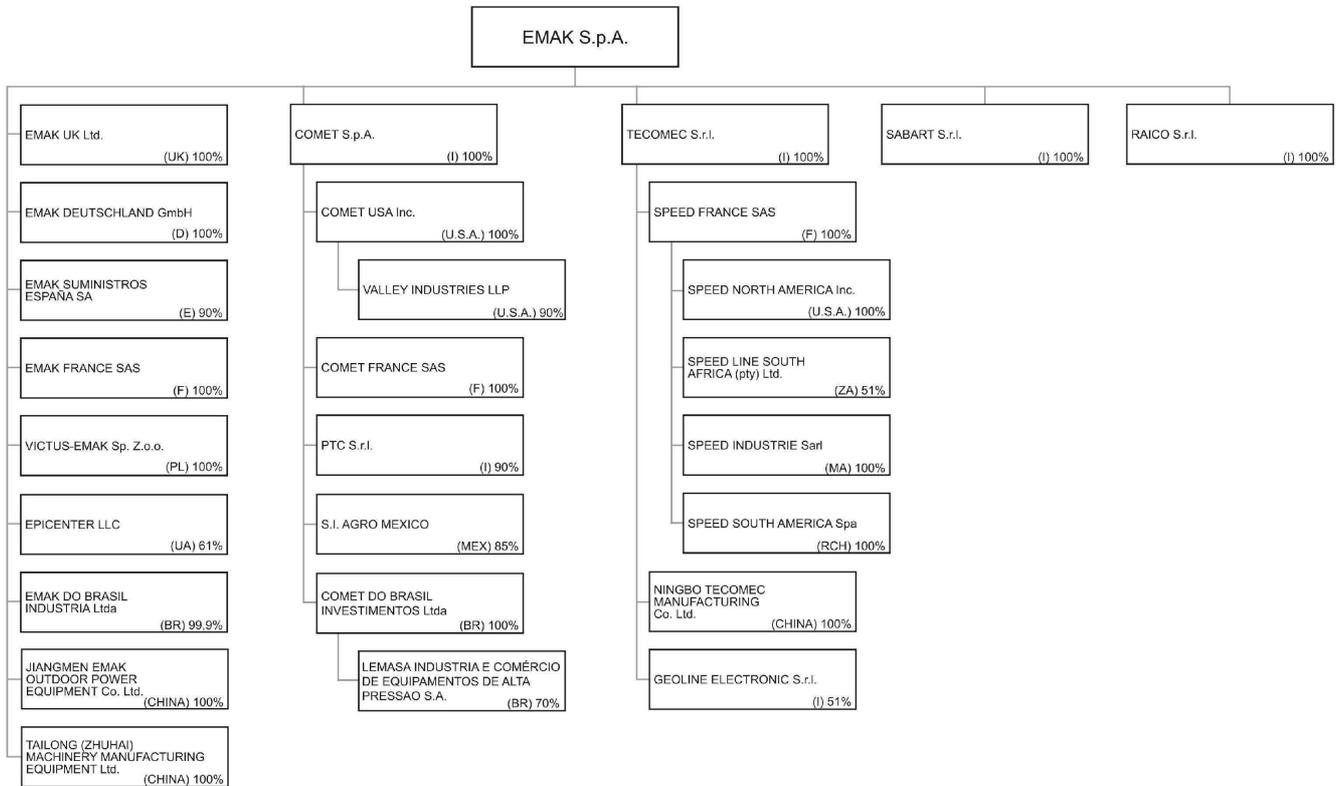


Quarterly report at 30.09.2016

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Group chart of Emak Group



Valley Industries LLP is consolidated at 100% as a results of the "Put and Call Option Agreement" that governs the purchase of the 10% remaining.

Lemasa is consolidated at 100% as a results of the "Put and Call Option Agreement" that governs the purchase of the 30% remaining.

P.T.C. S.r.l. is consolidated at 100% as a results of the "Put and Call Option Agreement" that governs the purchase of the 10% remaining.

Comet do Brasil Investimentos Ltda is owned for 99.63% by Comet S.p.A .and 0.37% by P.T.C. S.r.l.

Corporate Bodies of Emak S.p.A.

The Ordinary General Meeting of the Shareholders of the Parent Company, Emak S.p.A. on 22 April 2016 appointed the Board of Directors and the Board of Statutory Auditors for the financial years 2016-2018 and conferred also the engagement for the independent audit for the financial years 2016-2024.

Board of Directors

<u>Chairman and Chief Executive Officer</u>	<u>Fausto Bellamico</u>
<u>Deputy Chairman</u>	<u>Aimone Burani</u>
<u>Executive Director</u>	<u>Stefano Slanzi</u>
Lead Independent Director	Massimo Livatino
Independent Directors	Alessandra Lanza
	Elena Iotti
Directors	Francesca Baldi
	Ariello Bartoli
	Luigi Bartoli
	Paola Becchi
	Giuliano Ferrari
	Vilmo Spaggiari
	Guerrino Zambelli
	Marzia Salsapariglia

Audit Committee and Remuneration Committee

<u>Chairman</u>	<u>Massimo Livatino</u>
Components	Alessandra Lanza
	Elena Iotti

Board of Statutory Auditors

<u>Chairman</u>	<u>Paolo Caselli</u>
Acting auditors	Gianluca Bartoli
	Francesca Benassi
Alternate auditor	Maria Cristina Mescoli
	Federico Cattini

Independent Auditor

Deloitte & Touche S.p.A.

Financial Reporting Officer

Aimone Burani

Supervisory Body as per Legislative Decree 231/01

<u>Chairman</u>	Sara Mandelli
Acting member	Roberto Bertuzzi

Emak Group profile

The Emak Group develops, manufactures and distributes a wide range of products in three business areas complementary to each other: Outdoor Power Equipment (OPE); Pumps and High Pressure Water Jetting (PWJ); Components and Accessories (C&A).

- I. **Outdoor Power Equipment**, includes the development, manufacture and marketing of products for gardening, forestry and small agricultural equipments, such as brush cutters, lawnmowers, garden tractors, chainsaws, tillers and motor cultivators. The Group distributes its products under its main brands Oleo-Mac, Efco, Bertolini and Nibbi Staub (the latter only to the French market). The Group's product range is intended for professional and high demanding private users. The Group operates mainly in the specialized dealer channel, distributing its products through its commercial subsidiaries and, where it hasn't a direct presence, through a network of 135 distributors; it is estimated to serve around the world over 22,000 specialty dealers.



The reference market of the Group (considered to be the specialized dealer channel, excluding large-scale distribution) has an estimated value of 7-8 billion of Euros. In mature markets such as North America and Western Europe, demand is mainly for replacement: the main driver is represented by economic and gardening trends. Weather conditions are a factor affecting the level of demand for some product families such as brush cutters, lawnmowers and garden tractors in the spring-summer and chainsaws in the autumn-winter. In emerging markets, such as the Far East, Eastern Europe and South America, demand is mainly for "first purchase": the main driver in these areas is economic growth, the evolution of agricultural mechanization and relative support policies. Another factor that influences the demand is the price of commodities: the trend in oil prices can affect the demand for alternative energy sources, such as wood for heating and consequently the demand for chain saws; the trend in the price of agricultural commodities influences investments in agricultural equipment.



- II. **Pompe e High Pressure Water Jetting**, this category brings together the development, manufacture and marketing of diaphragm pumps intended for agriculture (spraying and weeding), piston pumps for the industrial sector, of professional pressure washers and hydrodynamic units and machines for urban cleaning. The Group distributes its products under Comet, HPP, PTC, Master Fluid and Lemasa brands. Group customers are the followings: manufacturers of machines for spraying and weeding with regard to agriculture pumps; builders of hydrodynamic units and pressure washers in relation to industrial pumps; specialized dealers and contractors respectively for pressure washers and hydrodynamic units.



The market has a value globally estimated between 2.5 and 3.4 billion Euros. The pumps for agriculture market consists mainly of Italian operators. The demand is strongly linked to economic cycles, population growth and the resulting increase in demand for agricultural production; in developing countries demand is linked to the evolution of the mechanization of agriculture and relative support policies. The market for high pressure water jetting is constantly evolving, given the different fields of application of pumps and systems. There are several drivers of market demand, depending on the type of product:

- Industrial pumps*: demand is related to market performance of hydrodynamic units and pressure washers.
- Professional pressure washers*: economic trends; increase in hygiene standards (especially in developing countries).
- Hydrodynamic units*: demand is linked to the performance of sectors / fields of application such as: hydro demolition; hydro cleaning and ship repair; refineries; mines and quarries; oil industry; hydro cleaning underwater; iron and steel; foundries; chemical processes; energy production; paper mills; transport; municipalities; food; automotive and



motor Industry.

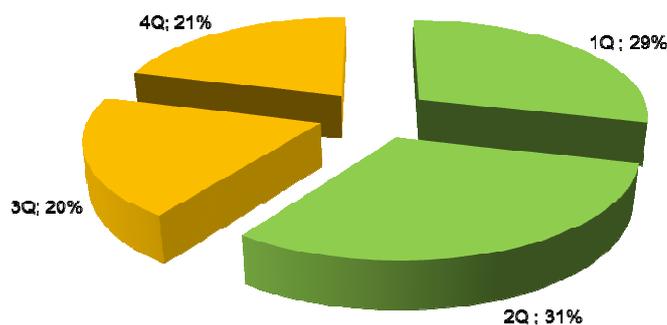
d) *Urban cleaning*: the economic policies of local governments.

III. **Componenti ed Accessori**, includes the development, manufacture and marketing of products the most representative of which are wire and heads for brushcutters; chainsaw accessories (eg. sharpeners); guns, valves and nozzles for pressure washers and agricultural applications; precision farming (sensors and computers); seats and technical parts for tractors. In this sector, the Group operates partly through its brands Tecomec, Geoline, Geoline Electronic, Mecline, Sabart, Raico, and partly by distributing products under third party brands. The Group's main customers are manufacturers of outdoor power equipment, machines for spraying and weeding, pressure washers and hydrodynamic units (high pressure washing systems) and specialized dealers. The demand for components and accessories is related to the economic cycle (OEM business) and the intensity of use of the machines (aftermarket). For products intended for the agricultural sector, demand is strongly linked to economic growth, population growth and the resulting increase in demand for agricultural production. The high pressure water jetting sector is tied to the economic cycle and to investments in market sectors for applications and hydrodynamic units.



The Group's business is affected by seasonal demand. Gardening machines and components, which represent the majority of the Group's sales, follow the purchase model of the end user. Most of the products are in fact sold in the spring and summer, seasons in which are concentrated the maintenance of the green. Whereas the principal Group's markets are in the northern hemisphere, sales are concentrated in the first and second quarters, in order to supply the network of specialized dealers in time to meet the demands of the end customer at the beginning of season. The demand for products aimed forest activity is usually higher in the second half. Demand for the products of the line Pumps and High Pressure Water Jetting sees a higher concentration in the first half given the more pronounced seasonality of sales of pumps for agriculture, while the product water jetting (industrial pumps, pressure washers and hydrodynamic units) are overall homogeneously distributed during the year.

The following graphic shows the breakdown of sales by quarter of last financial year.



Main economic and financial figures for the Group

Income statement (€/000)

Year 2015		3 Q 2016	3 Q 2015	9 months 2016	9 months 2015
381,579	Net sales	79,809	74,410	309,759	302,182
37,495	EBITDA ADJ (*)	6,470	5,527	36,896	34,203
35,814	EBITDA (*)	6,087	5,162	36,314	32,593
23,286	EBIT	2,959	2,123	26,691	23,609
8,992	Net profit	767	(3,691)	16,559	7,850

Investment and free cash flow (€/000)

Year 2015		3 Q 2016	3 Q 2015	9 months 2016	9 months 2015
10,291	Investment in property, plant and equipment	1,728	2,150	7,744	6,749
1,926	Investment in intangible assets	321	418	1,321	1,440
21,520	Free cash flow from operations (*)	3,895	(652)	26,182	16,834

Balance sheet (€/000)

31.12.2015		30.09.2016		30.09.2015	
267,871	Net capital employed		266,631		272,145
(99,383)	Net debt		(87,790)		(104,781)
168,488	Total equity		178,841		167,364

Other statistics

Year 2015		3 Q 2016	3 Q 2015	9 months 2016	9 months 2015
9.4%	EBITDA / Net sales (%)	7.6%	6.9%	11.7%	10.8%
6.1%	EBIT / Net sales (%)	3.7%	2.9%	8.6%	7.8%
2.4%	Net profit / Net sales (%)	1.0%	-5.0%	5.3%	2.6%
8.7%	EBIT / Net capital employed (%)			10.0%	8.7%
0.59	Net Debt / Equity			0.49	0.63
1,693	Number of employees at period end			1,683	1,652

Share information and prices

31.12.2015		30.09.2016		30.09.2015	
0.054	Earnings per share (€)		0.101		0.047
163,934,835	Number of shares comprising share capital		163,934,835		163,934,835
163,537,602	Average number of outstanding shares		163,537,602		163,537,602

(*) See section "definitions of alternative performance indicators"

Directors' report

Comments on economic figures

Summary of economic results

Consolidated income statement summary figures for the first nine month of 2016 are shown below:

FY 2015	%	€/000	9 months 2016	%	9 months 2015	%	Change %
381,579	100	Net sales	309,759	100	302,182	100	2.5
37,495	9.8	Ebitda Adj (*)	36,896	11.9	34,203	11.3	7.9
35,814	9.4	Ebitda (*)	36,314	11.7	32,593	10.8	11.4
23,286	6.1	Ebit	26,691	8.6	23,609	7.8	13.1
15,092	4.0	Profit before taxes	24,680	8.0	15,161	5.0	62.8
8,992	2.4	Net profit	16,559	5.3	7,850	2.6	110.9

(*)See section "Definition of alternative performance indicators"

Analysis of the sales

The third-quarter revenue in 2016 amounted to 79,809 thousand Euro against 74,410 thousand Euros for the same period last year, an increase of 7.3%.

The table below shows the breakdown of the third quarter 2016 sales by business and geographical area, compared with the same period last year.

€/000	OUTDOOR POWER EQUIPMENT			PUMPS AND HIGH PRESSURE WATER JETTING			COMPONENTS AND ACCESSORIES			TOTAL		
	3Q 2016	3Q 2015	Var. %	3Q 2016	3Q 2015	Var. %	3Q 2016	3Q 2015	Var. %	3Q 2016	3Q 2015	Var. %
Europe	30,638	25,306	21.1	8,731	8,321	4.9	14,643	13,970	4.8	54,012	47,597	13.5
Americas	1,903	2,572	(26.0)	10,390	10,977	(5.3)	4,762	4,774	(0.3)	17,055	18,323	(6.9)
Asia, Africa and Oceania	4,182	4,203	(0.5)	2,205	2,338	(5.7)	2,355	1,949	20.8	8,742	8,490	3.0
Total	36,723	32,081	14.5	21,326	21,636	(1.4)	21,760	20,693	5.2	79,809	74,410	7.3

The Emak Group achieved in the first nine months of 2016 consolidated revenues amounting to 309,759 thousand Euro compared with 302,182 thousand Euros in the same period last year, an increase of 2.5%. This increase comes from organic growth by 3.1%, from consolidation changes by 0,6% and the negative exchange rate by 1.2%.

The table below shows the breakdown of sales in the first nine months in 2016 by business sector and geographic area, compared with the same period last year.

€/000	OUTDOOR POWER EQUIPMENT			PUMPS AND HIGH PRESSURE WATER JETTING			COMPONENTS AND ACCESSORIES			TOTAL		
	9M 2016	9M 2015	Var. %	9M 2016	9M 2015	Var. %	9M 2016	9M 2015	Var. %	9M 2016	9M 2015	Var. %
Europe	120,447	115,805	4.0	34,888	34,118	2.3	57,992	56,227	3.1	213,327	206,150	3.5
Americas	7,071	9,664	(26.8)	36,043	35,579	1.3	19,511	18,536	5.3	62,625	63,779	(1.8)
Asia, Africa and Oceania	17,076	16,359	4.4	8,029	8,083	(0.7)	8,702	7,811	11.4	33,807	32,253	4.8
Total	144,594	141,828	2.0	78,960	77,780	1.5	86,205	82,574	4.4	309,759	302,182	2.5

Outdoor Power Equipment

The increase in sales in Europe was driven by strong performance in the third quarter in Western European countries, in particular where the Group has a direct presence, which more than offset the delay in the second quarter due to the late start of the season for gardening products, because of unfavorable weather conditions. The difference of sales in the Americas was mainly due to the South American market, which in 2015 had benefited from a special operation. The sales trend in Asia, Africa and Oceania confirms an increase compared to the figure recorded in the same period last year.

Pumps and High Pressure Water Jetting

The increase in sales on the European market was mainly caused by the positive results obtained on the Italian market. The sales growth in the Americas was mainly due to a good performance in South America, thanks to strong performance in Mexico and the contribution of the first quarter sales of Lemasa not included in the same period of 2015, which offset the slight decrease in the North American market. In Asia, Africa and Oceania sales were in line overall compared to the same period of last year.

Components and Accessories

The growth of the European market sales was due to the continuation of the positive trend in the markets of Western Europe and the Italian market as well as the recovery in the third quarter in the countries of Eastern Europe. The increase in sales in the Americas was mainly due to the good results obtained during the first half especially with reference to the US market. In the markets of Asia, Africa and Oceania was confirmed in the third quarter, the positive sales trend recorded in the first six months of the year.

EBITDA

EBITDA for the third quarter 2016 amounts to 6,087 thousand Euro up 7.6% compared to 5,162 thousand Euro in the corresponding quarter of last year.

EBITDA in the first nine months of 2016 amounts to 36,314 thousand Euro against 32,593 thousand Euro in the corresponding period last year, an increase of 11.4%. The ratio of EBITDA to revenues stands at 11.7% compared with 10.8% in the same previous period.

The increase in volumes and the favorable sales mix among the three business areas contributed to the improvement in Group profitability.

Personnel costs is higher, compared to the same period last year, partly because of the different scope of consolidation, partly because of the higher incidence of the cost of temporary staff employed in some Group plants to meet higher production volumes, as well as for the least used social welfare. Overall, the Group employed an average of 1,814 compared to 1,808 employees over the same period last year.

Operating costs were lower than in the same period mainly due to the continuation of actions to reduce general operating costs and efficiencies gained on service costs. The figure for the nine months 2016 includes charges of 582 thousand Euro for M&A and restructuring transactions. In the year-earlier period, the figure included charges of 1,610 thousand Euro for litigation, M&A and reorganization. Excluding these costs, EBITDA would have been 36,896 thousand Euro (11.9% of sales) compared to 34,203 thousand Euro (equal to 11.3% of sales) in the same period of 2015.

Operating profit

The third-quarter 2016 operating profit is equal to 2,959 thousand Euro, against 2,123 thousand Euro for the same quarter last year.

Operating profit for the first nine months of 2016 is equal to 26,691 thousand Euro, against 23,609 thousand Euro in the same period last year.

Depreciation and amortization amount to 9,623 thousand Euro, against 8,984 thousand Euro for the same period last year.

The ratio of operating profit percentage of revenues, for the nine months is 8.6%, compared to 7.8% in September 30, 2015.

The incidence, not annualized operating profit on net invested capital is 10%, compared to 8.7% in September 30, 2015.

Net profit

Net income for the third quarter 2016 is equal to 767 thousand Euro against a loss of 3,691 thousand Euro for the same period last year.

Net income for the first nine months of 2016 is 16,559 thousand Euro against 7,850 thousand Euro in the year-earlier period.

The item "Financial expenses" includes charges for the discounting of payables to assignors of Lemasa participation for 1,455 thousand Euro compared to 951 thousand Euro in the year-earlier period.

Over the same period, there were higher expenses paid for price rectification relative to the acquisition of S.I.Agro Mexico in the amount of 360 thousand Euro

Currency management of the first nine months 2016 was positive by 1,631 thousand Euro while it was negative for 4,991 thousand Euro in the same period last year (accrued during the third quarter of 2015 due to the strong devaluation of the Brazilian Real against the Euro and the US dollar).

During the month of August, the subsidiary Comet S.p.A. proceeded to convert in capital the intercompany loan, amounting to 9,240 thousand Euro, previously granted to the subsidiary Comet do Brasil, generating an exchange rate difference of approximately 1,640 thousand Euro (consequently to the strengthening of the Brazilian currency).

The valuation of commercial items to the September 30 exchange rates has seen the positive effects of the appreciation of the Real against the Euro and the US dollar partially offset by the devaluation of the Mexican Peso against Euro and the US Dollar.

The tax rate amounts to 32.9%, down compared to 48.2% in the same period last year. The effective tax rate for the first nine months reflects a positive effect on the parent company, amounting to 606 thousand Euro related to the recognition of Facility "ACE" (Aid to Economic Growth), which had not yet been recognized in equal period last year. In addition, the tax rate for the same period last year was negatively impacted by the recognition of charges for tax litigations on prior years for 838 thousand Euro (with a 5.6% effect on the tax rate for 2015) and the non-registration, for prudential purposes, of the deferred tax assets on losses carryforwards in the amount of approximately 970 thousand Euro (with a 6.4% effect on the tax rate for 2015).

Balance sheet and financial position analysis

31.12.2015	€/000	30.09.2016	30.09.2015
113,363	Net non-current assets (*)	114,061	110,807
154,508	Net working capital (*)	152,570	161,338
267,871	Total net capital employed	266,631	272,145
166,992	Equity attributable to the Group	177,359	165,848
1,496	Equity attributable to non controlling interests	1,482	1,516
(99,383)	Net debt	(87,790)	(104,781)

(*)See section "Definition of alternative performance indicators"

Net non-current assets

During first nine month of 2016 Emak Group invested € 9,065 thousand in property, plant and equipment and intangible assets, as follows:

- € 2,921 thousand for product innovation;
- € 2,798 thousand for adjustment of production capacity and for process innovation;
- € 1,453 thousand for upgrading the computer network system;
- € 720 thousand for acquisition of an industrial building;
- € 671 thousand for modernization of industrial buildings;
- € 502 thousand for other investments in operating activities.

Investments broken down by geographical area are as follows:

- € 6,799 thousand in Italy;
- € 936 thousand in Europe;
- € 582 thousand in the Americas;
- € 748 thousand in the Rest of the World.

Net working capital

Net working capital, compared to 31 December 2015, decreases by 1,938 thousand Euro, from 154,508 thousand Euro 152,570 thousand Euro.

The following table shows the change in net working capital of the first nine months of 2016 compared with the same period last year:

€/000	9M 2016	9M 2015
Net working capital at 01 January	154,508	148,575
Increase/(decrease) in inventories	(12,798)	207
Increase/(decrease) in trade receivables	(9,869)	(2,410)
(Increase)/decrease in trade payables	23,204	13,192
Change in scope of consolidation	140	3,487
Other changes	(2,615)	(1,713)
Net working capital at 30 September	152,570	161,338

Compared with the same period last year, net working capital goes from 161,338 thousand Euro 152,570 thousand Euro due to efficiencies achieved in inventory management and trade receivables, which more than offset the decrease in trade payables.

Net financial position

The net financial position amounts to 87,790 thousand Euro at September 30, 2016 against 99,383 thousand Euro at December 31, 2015.

Below are the movements in net debt in the first nine months of 2016 compared with the same period last year:

€/000	9 months 2016	9 months 2015
Opening NFP	(99,383)	(79,043)
Ebtida	36,314	32,593
Financial income and expenses	(3,642)	(3,457)
Exchange gains and losses	1,631	(4,991)
Income taxes	(8,121)	(7,311)
Cash flow from operations, excluding changes in operating assets and liabilities	26,182	16,834
Changes in operating assets and liabilities	3,533	(9,130)
Cash flow from operations	29,715	7,704
Change from investments and disinvestments	(11,404)	(4,228)
Other equity changes	(6,206)	(585)
Change in scope of consolidation	(512)	(28,629)
Closing NFP	(87,790)	(104,781)

The cash flow from operating activities is positive for 29,715 thousand Euro, compared to 7,704 thousand Euro for the same period last year. The improvement in operating income, the positive impact of currency management with the efficient net working capital management contributed to cash generation in the period.

The net financial position is made up as follows:

(€/000)	30.09.2016	30.06.2016	31.12.2015	30.09.2015
Cash and banks	39,098	37,598	42,518	32,541
Securities and derivative financial instrument	169	283	88	70
Other financial assets	522	536	452	871
Financial liabilities	(53,614)	(61,751)	(55,936)	(51,954)
Derivative financial instruments	(453)	(487)	(501)	(595)
Short-term net debt	(14,278)	(23,821)	(13,379)	(19,067)
Other financial assets	9,321	9,467	7,836	7,397
Financial liabilities	(82,833)	(91,657)	(93,840)	(93,111)
Long-term net debt	(73,512)	(82,190)	(86,004)	(85,714)
Cash and banks	39,098	37,598	42,518	32,541
Securities and derivative financial instrument	169	283	88	70
Other financial assets	9,843	10,003	8,288	8,268
Financial liabilities	(136,447)	(153,408)	(149,776)	(145,065)
Derivative financial instruments	(453)	(487)	(501)	(595)
Total net debt	(87,790)	(106,011)	(99,383)	(104,781)

Long-term financial payables include the non-current portion of loan principal repayments and debt for equity investments in the amount of € 15,901 thousand.

Short-term financial payables mainly consist of:

- account payables and account advances;
- loan repayments falling due by 30.09.2017;
- amounts due to other providers of finance falling due by 30.09.2017;
- debt for equity investments in the amount of € 2,492 thousand.

Financial liabilities for the purchase of the remaining shares of the minority investments and for the adjustment of acquisition transactions with deferred payment subject to contractual restrictions, in the amount of € 18,394 thousand related to the following companies:

- Valley LLP for € 1,456 thousand;
- P.T.C S.r.l for € 199 thousand;
- Lemasa for € 16,489 thousand;
- Acquatecnica S.r.l. (now incorporated into P.T.C. S.r.l.) for € 250 thousand.

Equity

Total equity is equal to 178,841 thousand Euro against 168,488 thousand Euro at 31 December 2015. Earnings per share at 30 September 2016 is equal to 0.101 Euro compared to Euro 0.047 Euro in the previous year.

On 31 December 2015 the company held 397,233 treasury shares in portfolio number for the equivalent of € 2,029 thousand Euro.

From 1 January 2016 to 30 September 2016 Emak S.p.A. did not buy or sell treasury shares, for which the inventory and value are unchanged from December 31, 2015.

Business outlook

The results for the first nine months of the year show an improvement in sales and profitability of the Group. The increase in operating income, combined with efficient management of working capital contributed to the improvement in cash generation in the period. Based on what was achieved in the nine months and projections for

the last quarter, the Group expects to close the year with sales of about 390 million Euro Ebitda of around 40 million Euro.

Subsequent events

Purchase of 30% of Cifarelli S.p.A.

On October 12, the parent company Emak S.p.A. has completed the closing for the acquisition of a 30% share of Cifarelli S.p.A., based in Voghera (PV), a company active in the production and marketing of professional machines for agriculture and gardening such as mistblowers, olive shakers for olives blowers. The price paid for the acquisition of the 30% amounts to 3,750 thousand Euro. On the remaining 70% were agreed a call option and a put option to be exercised on the date of approval of the financial statements at 31/12/2019, for which the exercise price will be based on the results that will be achieved by Cifarelli in the period 2017-2019. With the same occasion and in case of failure to achieve certain minimum future results, the agreement includes a put option in favor of Emak and a call option in favor of Cifarelli family on the acquired share of 30%.

With the confirmation of Cifarelli family to run the company, the transaction sees as fundamental aspect for future value creation for the benefit of both parties, the implementation of a plan of commercial, production and new products development synergies that Emak and Cifarelli have identified and intend to develop with a joint work plan starting from the closing date.

Other informations

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.

Definitions of alternative performance indicators

Below are reported, in accordance with recommendation CESR/05-178b published on November 3, 2005, the criteria used for the construction of key performance indicators that management considers necessary to the monitoring the Group performance.

EBITDA adjusted: is obtained by deducting at EBITDA the impact of charges for litigation, expenses related to M&A transaction, and revenue for government grants and restructuring charges.

EBITDA: calculated by adding the items "Net profit" plus "Amortization, depreciation and impairment losses".

FREE CASH FLOW FROM OPERATIONS: calculated by adding the items "Net profit" plus "Amortization, depreciation and impairment losses".

NET WORKING CAPITAL: include items "Trade receivables", "Inventories", current non financial "other receivables" net of "Trade payables" and current non financial "other payables".

NET NON-CURRENT ASSETS: include non-financial "Non current assets" net of non-financial "Non-current liabilities"

Consolidated Financial Statements

Consolidated Income Statement

Thousand of Euro

Year 2015	CONSOLIDATED INCOME STATEMENT	3 Q 2016	3 Q 2015	9 months 2016	9 months 2015
381,579	Revenues from sales	79,809	74,410	309,759	302,182
2,451	Other operating incomes	519	569	1,665	1,452
8,004	Change in inventories	(7,126)	1,646	(12,355)	781
(211,493)	Raw materials, consumables and goods	(36,248)	(40,491)	(153,340)	(162,505)
(70,460)	Personnel expenses	(15,984)	(15,838)	(55,148)	(53,040)
(74,267)	Other operating costs and provisions	(14,883)	(15,134)	(54,267)	(56,277)
(12,528)	Amortization, depreciation and impairment losses	(3,128)	(3,039)	(9,623)	(8,984)
23,286	Operating profit	2,959	2,123	26,691	23,609
1,255	Financial income	427	455	1,084	948
(5,799)	Financial expenses	(1,352)	(1,828)	(4,726)	(4,405)
(3,650)	Exchange gains and losses	(374)	(4,930)	1,631	(4,991)
15,092	Profit before tax	1,660	(4,180)	24,680	15,161
(6,100)	Income taxes	(893)	489	(8,121)	(7,311)
8,992	Net profit (A)	767	(3,691)	16,559	7,850
(146)	(Profit)/loss attributable to non controlling interests	13	10	(108)	(120)
8,846	Net profit attributable to the Group	780	(3,681)	16,451	7,730
0.054	Basic earnings per share	0.005	(0.023)	0.101	0.047
0.054	Diluted earnings per share	0.005	(0.023)	0.101	0.047

Year 2015	STATEMENT OF COMPREHENSIVE INCOME	9 months 2016	9 months 2015
8,992	Net profit (A)	16,559	7,850
2,583	Profits/(losses) deriving from the conversion of foreign company accounts	(2,055)	2,577
(81)	Actuarial profits/(losses) deriving from defined benefit plans (*)	-	-
25	Income taxes on OCI (*)	-	-
2,527	Total other components to be included in the comprehensive income statement (B)	(2,055)	2,577
11,519	Total comprehensive income for the period (A)+(B)	14,504	10,427
66	Comprehensive net profit attributable to non controlling interests	(75)	(1)
11,585	Comprehensive net profit attributable to the Group	14,429	10,426

(*) Items will not be classified in the income statement

Statement of consolidated financial position

Thousand of Euro

31.12.2015	ASSETS	30.09.2016	30.09.2015
	Non-current assets		
60,236	Property, plant and equipment	59,841	57,768
8,118	Intangible assets	7,859	6,168
53,132	Goodwill	56,039	54,367
230	Equity investments	230	230
9,053	Deferred tax assets	7,194	8,168
7,836	Other financial assets	9,321	7,397
69	Other assets	64	288
138,674	Total non-current assets	140,548	134,386
	Current assets		
138,359	Inventories	125,845	130,545
97,006	Trade and other receivables	88,409	96,457
5,324	Current tax receivables	3,498	3,807
452	Other financial assets	522	871
88	Derivative financial instruments	169	70
42,518	Cash and cash equivalents	39,098	32,541
283,747	Total current assets	257,541	264,291
422,421	TOTAL ASSETS	398,089	398,677

31.12.2015	SHAREHOLDERS' EQUITY AND LIABILITIES	30.09.2016	30.09.2015
	Shareholders' Equity		
166,992	Shareholders' Equity of the Group	177,359	165,848
1,496	Non controlling interest	1,482	1,516
168,488	Total Shareholders' Equity	178,841	167,364
	Non-current liabilities		
93,840	Loans and borrowings	82,833	93,111
6,049	Deferred tax liabilities	5,866	4,765
8,932	Employee benefits	8,970	8,866
1,659	Provisions for risks and charges	1,568	1,689
835	Other non-current liabilities	762	862
111,315	Total non-current liabilities	99,999	109,293
	Current liabilities		
80,848	Trade and other payables	58,994	63,694
3,682	Current tax liabilities	4,504	4,065
55,936	Loans and borrowings	53,614	51,954
501	Derivative financial instruments	453	595
1,651	Provisions for risks and charges	1,684	1,712
142,618	Total current liabilities	119,249	122,020
422,421	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	398,089	398,677

Statement of changes in consolidated equity

The following table presents the changes in equity from 31 December 2014 to 30 September 2016.

Thousand of Euro	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			
Balance at 31.12.2014	40,594	42,454	2,060	1,138	4,087	(776)	27,733	30,654	10,467	158,411	1,688	160,099
Profit reclassification			301					6,078	(10,467)	(4,088)	(17)	(4,105)
Other changes							3,167	(2,083)		1,084	(109)	975
Net profit for the period					2,795	(56)			8,846	11,585	(66)	11,519
Balance at 31.12.2015	40,594	42,454	2,361	1,138	6,882	(832)	30,900	34,649	8,846	166,992	1,496	168,488
Profit reclassification			348					4,410	(8,846)	(4,088)	(89)	(4,177)
Other changes								26		26		26
Net profit for the period					(2,022)				16,451	14,429	75	14,504
Balance at 30.09.2016	40,594	42,454	2,709	1,138	4,860	(832)	30,900	39,085	16,451	177,359	1,482	178,841

The share capital is shown net of treasury shares of a value of € 2,029 thousand

Comments on the financial statements

General information

This interim report has been prepared under disclosure continuity, comparability, international best practice and transparency to the market. Despite the lack of legal obligation, the Board of Directors of Emak S.p.A. has in fact decided, also because of his membership in the STAR segment of the MTA, to continue in drafting and systematic publication of quarterly reports, in compliance with art. 2.2.3, paragraph 3, letter. a) of the Regulation of Markets organized and managed by Borsa Italiana S.p.A. . The reports are made available to the public in the usual forms of deposit at the registered office, the company website and the "eMarket Storage storage mechanism". What above as of now complies with the imminent entry into force of the provisions laid down in the amended Article. 82-ter of CONSOB Regulation for Issuers resolutions no. And No. 11971/1999. 19770/2016.

In relation to the above, it is confirmed that the accounting principles and policies adopted by the Group in preparing the quarterly consolidated financial statements are consistent with those adopted in the consolidated financial statements at 31 December 2015.

In this interim report IAS 19 is not applied as far as the quantification of changes in actuarial gains accrued in the period is concerned. In addition, in the context of disclosure of synthetic and essential character, are not observed all the detailed requirements of IAS 34, whenever it is assessed that its application does not bring meaningful information.

It should be noted that:

- when it has not been possible to obtain invoices from suppliers for the provision of consulting and other services, a reasonable estimate of these costs has been made on the basis of the stage of completion of the work;
- current and deferred taxes have been calculated using the tax rates applied in the current year in the individual countries of operation;
- the quarterly report is not subject to audit;
- all amounts are expressed in thousands of euros, unless otherwise specified.

Exchange rates used to translation of financial statements in foreign currencies:

31.12.2015	Amount of foreign for 1 Euro	Average 9 M 2016	30.09.2016	Average 9 M 2015	30.09.2015
0.73	GB Pounds (UK)	0.80	0.86	0.73	0.74
7.06	Renminbi (Cina)	7.35	7.45	6.96	7.12
4.26	Zloty (Poland)	4.36	4.32	4.16	4.24
1.09	Dollar (Usa)	1.12	1.12	1.11	1.12
16.95	Zar (South Africa)	16.68	15.52	13.70	15.50
26.16	Uah (Ukraine)	28.40	28.94	24.00	23.81
4.31	Real (Brazil)	3.96	3.62	3.53	4.48
10.79	Dirham (Morocco)	10.88	10.87	10.82	10.88
18.91	Mexican Pesos (Mexico)	20.43	21.74	17.37	18.98
772.71	Chilean Pesos (Chile)	758.70	734.35	713.67	783.24

Scope of consolidation

Compared to December 31, 2015 Acquatecnica S.r.l. entered the scope of consolidation, a company acquired on 28 January 2016 and subsequently merged company P.T.C. S.r.l. The economic and financial figures are included in these financial statements since January 1, 2016.

Compared to 30 September 2015 there were no changes scope of consolidation, except for those previously described; it should be noted that the interim report at September 30, 2015 included the economic figures of Lemasa referred solely to six months as it was consolidated from April 1, 2015.

Significant, non-recurring transactions or atypical, unusual transactions

Acquisition of Acquatecnica S.r.l.

On January 28, 2016, the subsidiary P.T.C. Srl signed the act of purchasing a stake of 100% of the share capital of Acquatecnica Srl, based in Cremosano (CR), a company active in the production of applications for the "Water Jetting", for an amount of € 500 thousand, of which € 250 thousand paid at closing and the remainder to be paid the 280 day following the closing. This price balance can vary in relation to the realization of potential contingencies, as determined in the preliminary agreement of purchase shares, signed on 25 November 2015.

On March 4, 2016 was signed the merger act by incorporation of Acquatecnica S.r.l. in P.T.C. S.r.l., which provides the accounting and fiscal effects of the transaction from January 1, 2016 and those civil law from April 1, 2016.

The revenues of the company acquired during the year 2015 amounted to € 500 thousand, while shareholders' equity at December 31 amounted to € 94 thousand.

Through this operation, P.T.C. can reinforce its presence in the hydrodynamic unit sector and in general the Group will extend its range in the Pumps and High Pressure Water Jetting sector.

The fair value of assets and liabilities subject to business combination with effect of 1 January 2016, the price paid and the financial cost are detailed below:

€/000	Book values	Fair Value adjustments	Fair value of acquired assets
Non-current assets			
Other non-current financial receivables	2	-	2
Current assets			
Inventories	284	-	284
Trade and other receivables	57	-	57
Cash and cash equivalents	4	-	4
Non-current liabilities			
Post-employment benefits	(36)	-	(36)
Current liabilities			
Trade and other liabilities	(189)	-	(189)
Current tax liabilities	(12)	-	(12)
Financial liabilities	(16)	-	(16)
Total net assets acquired	94	-	94
% interest held			100%
Net equity acquired			94
Goodwill			408
Purchase price paid			252
Deferred price			250
Cash and cash equivalents			4
Net cash outflow			248

Based on the provisions of IFRS 3, the difference between the price paid and the corresponding share of equity has been allocated as goodwill given the coincidence between the fair value and book value of the merged company.

Price adjustment of S.I.Agro Mexico

Pursuant to the agreement signed on January 9, 2014 by Comet S.p.A., for the acquisition of 55% share of company S.I.Agro Mexico (by which the shareholding was increased from 30% to 85%), it is noted that following the results achieved in the year 2015 it was given an additional consideration of € 360 thousand, in settlement of the price per share already paid in 2014, which amounted to € 694 thousand.

In the consolidated financial statements at September 30, 2016, in accordance with IFRS 3, this amount was recorded under financial expenses.

Capital increase Comet do Brasil Investimentos LTDA.

During the month of August the company Comet S.p.A. has fully subscribed the capital increase of the subsidiary Comet do Brasil, through conversion of intercompany loan, for an amount of 9,240 thousand Euro. Consequently, the share capital of Comet do Brasil has increased from 19,000 to 51,777 thousands of Brazilian Reais. The company P.T.C. LTD waived its right to subscribe for shares and therefore now owns 0.37% of the Brazilian company; while the remaining 99.63% is held by Comet S.p.A..

The new R&D center

In July, began the work to build the new R&D center at the headquarters of the parent company. The project aims to make available to the team engaged in the development of new products, modern and vanguard equipment that support a fundamental activity for the future growth of the Group. The total estimated investment for the completion of the work is approximately € 5,500 thousand over the next two years.

Bagnolo in Piano (RE), November 11, 2016

On behalf of the Board of Directors

The Chairman

Fausto Bellamico

Declaration of the executive in charge of preparing the accounting statements pursuant to the rules of Article 154-bis, paragraph 2 of Legislative Decree no. 58/1998

The executive in charge of preparing corporate accounting statements of EMAK S.p.A. Aimone Burani, based on his own knowledge,

certifies,

in accordance with the second paragraph of Art. 154-bis, of Italian Legislative Decree No. 58 of 24 February 1998, that the accounting information contained in the Quarterly Report at 30 September 2016, examined and approved today by the Board of Directors of the company, corresponds with the accounting documents, ledgers and records.

Faithfully,
Bagnolo in Piano (RE), November 11, 2016

Aimone Burani
Executive in charge
of preparing the accounting statements