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HALF YEAR REPORT AT 30.06.2014

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Emak Group

Emak S.p.A. company bodies

the Ordinary General Meeting of the Shareholders of the Parent Company, Emak S.p.A. on 23 April 2013 appointed the Board of Directors and the Board of Auditors for the financial years 2013-2015.

Board of Directors	
Chairman and Chief Executive Officer	Fausto Bellamico
Deputy Chairman	Aimone Burani
Executive Directors	Stefano Slanzi
	Ivano Accorsi
Independent Directors	Alessandra Lanza
	Massimo Livatino
	Francesca Baldi
	Ariello Bartoli
	Luigi Bartoli
Directors	Paola Becchi
	Giuliano Ferrari
	Vilmo Spaggiari
	Guerrino Zambelli
Audit Committee and Remuneration Committee	
Chairman	Ivano Accorsi
	Alessandra Lanza
	Massimo Livatino
Board of Statutory Auditors	
Chairman	Paolo Caselli
Acting auditors	Gianluca Bartoli
	Francesca Benassi
Alternate auditors	Maria Cristina Mescoli
	Eugenio Poletti
Independent 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

Emak 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.

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 11 markets: the U.S.A., France, Germany, UK, Spain, Poland, Ukraine, China, South Africa, Brazil and Mexico – 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 independent distributors.
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 S.p.A.	Bagnolo in Piano (RE) – Italia	Chaisaws, brushcutters, power cutters, cultivators, flailmowers, transporters
Comag S.r.l.	Pozzilli (IS) – Italia	Lawnmowers and rotary tillers
Emak Tailong	Zhuhai – Cina	Cylinders
Emak Jiangmen	Jiangmen – Cina	Chainsaws, bruscutters 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
Speed Industrie Sarl	Mohammedia - Marocco	Nylon line for brushcutters
Ningbo Tecomec	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 S.r.l.	Genova – Italia	Systems and technological applications high-pressure water
Geoline Electronic S.r.l.	Poggio Rusco (MN) - Italia	Computers, control units and electronic control systems for agricultural machines for spraying and weeding
Master Fluid S.r.l.	Rubiera (RE) - Italia	Special equipment for the industry and the environmental hygiene and preparations on industrial vehicles

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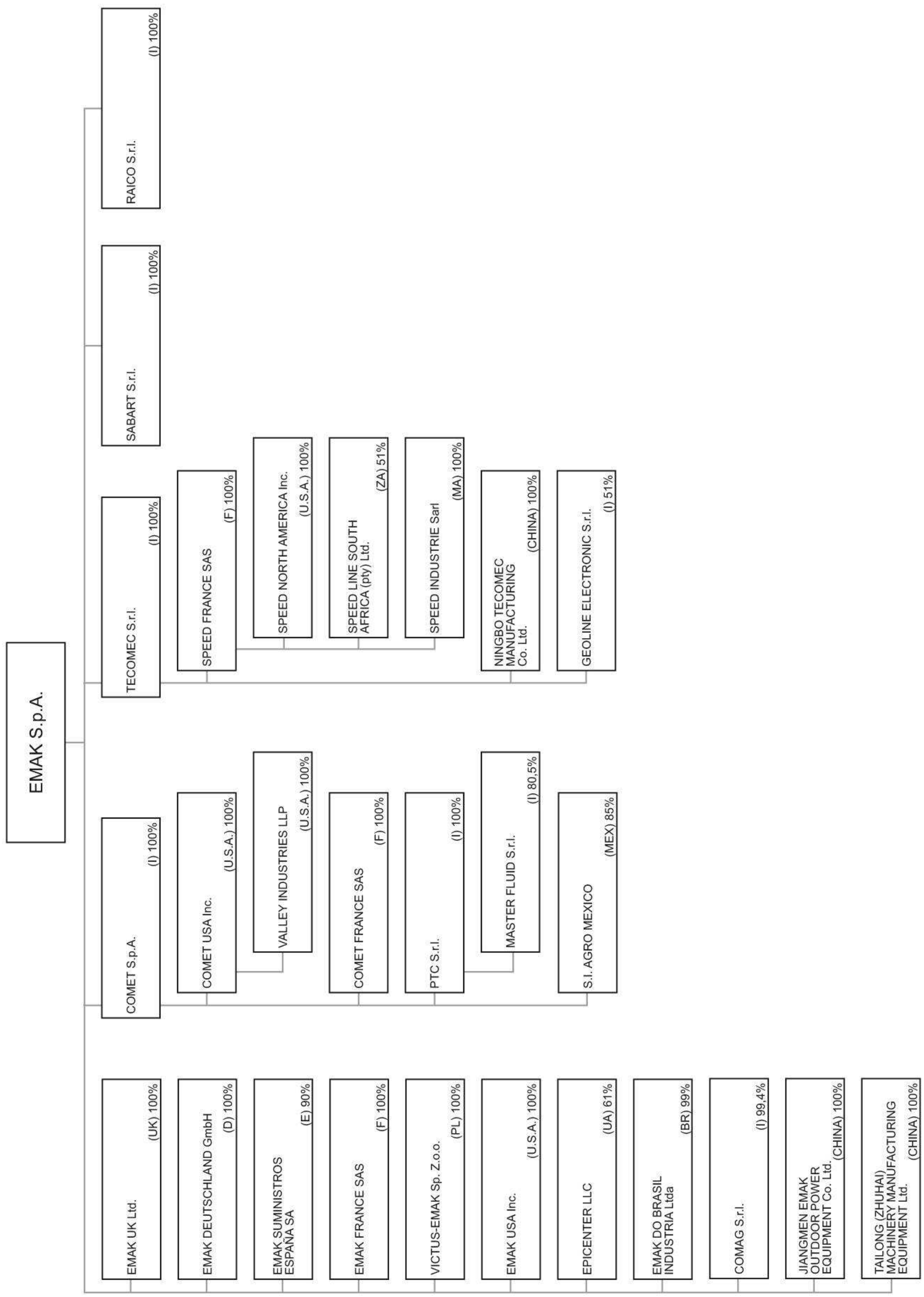
Group structure at 30.06.2014

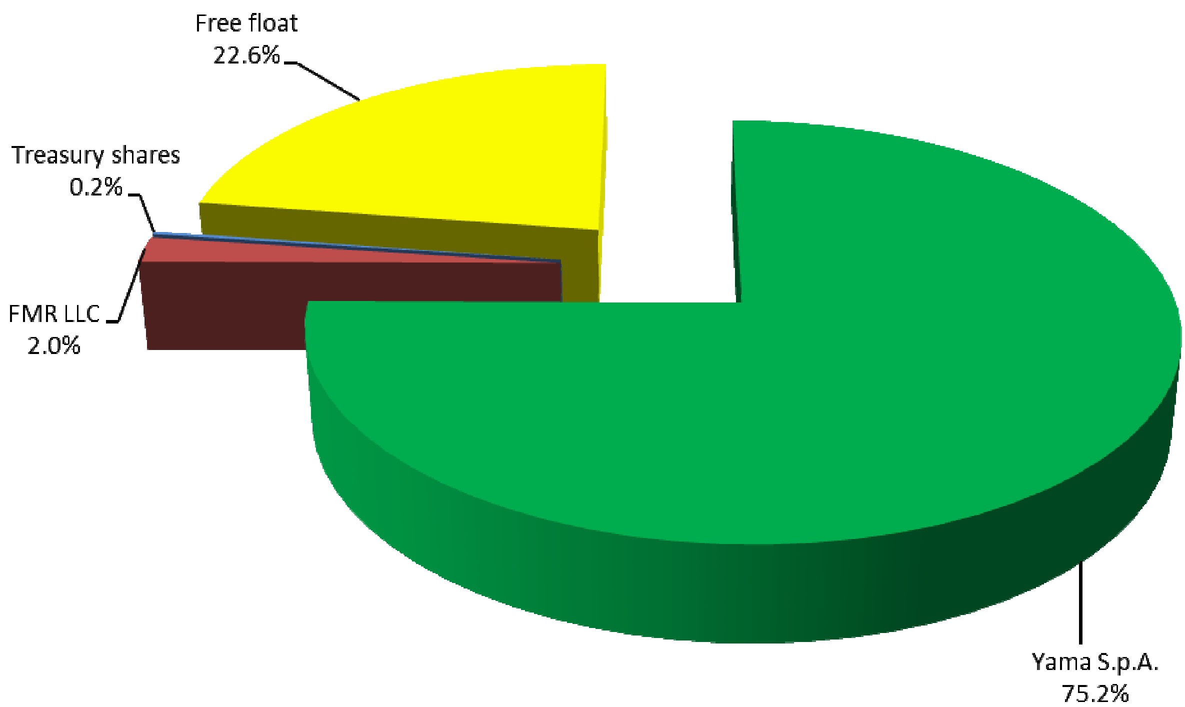


The participation share in Valley Industries LLP is equal to 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the remaining 10%.

Main shareholders of Emak S.p.A.

The share capital of Emak 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 2001 the stock has been a member of the Segment for High Requirements Shares (STAR).

Below is summarized the composition of the shareholders of Company as at June 30 2014.



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Main economic and financial figures for the Group

Income statement (€/000)

Y 2013		2 Q 2014	2 Q 2013	I H 2014	I H 2013
355,033	Net sales	106,642	105,833	212,471	208,487
34,196	EBITDA (1)	14,066	14,402	27,412	26,928
22,375	EBIT	11,319	11,421	21,896	21,159
10,533	Net profit	6,985	6,435	12,863	12,936

Investment and free cash flow (€/000)

Y 2013		2 Q 2014	2 Q 2013	I H 2014	I H 2013
7,396	Investment in property, plant and equipment	1,675	1,330	3,942	2,850
1,701	Investment in intangible assets	460	471	809	840
22,354	Free cash flow from operations (2)	9,732	9,416	18,379	18,705

Balance sheet (€/000)

31.12.2013		30.06.14	30.06.13
227,175	Net capital employed	256,026	250,170
(76,381)	Net debt	(96,776)	(95,487)
150,794	Total equity	159,250	154,683

Other statistics

Y 2013		2 Q 2014	2 Q 2013	I H 2014	I H 2013
9.6%	EBITDA / Net sales (%)	13.2%	13.6%	12.9%	12.9%
6.3%	EBIT/ Net sales (%)	10.6%	10.8%	10.3%	10.1%
3.0%	Net profit / Net sales (%)	6.5%	6.1%	6.1%	6.2%
9.8%	EBIT / Net capital employed (%)			8.6%	8.5%
0.51	Debt / Equity			0.61	0.62
1,576	Number of employees at period end			1,601	1,559

Share information and prices

31.12.2013		30.06.2014	30.06.2013
0.06	Earnings per share (€)	0.079	0.078
0.91	Equity per share (€) (3)	0.96	0.93
0.82	Official price (€)	0.89	0.67
0.92	Maximum share price in period (€)	1.05	0.79
0.53	Minimum share price in period (€)	0.81	0.53
134	Stockmarket capitalization (€ / million)	147	110
163,537,602	Average number of outstanding shares	163,537,602	163,537,602
163,934,835	Number of shares comprising share capital	163,934,835	163,934,835
0.137	Cash flow per share: net profit + amortization/depreciation (€) (4)	0.112	0.114
0.025	Dividend per share (€)	-	-

(1)"Net profit" 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"

INTERMEDIATE DIRECTORS REPORT AT 30.06.2014

1. Economic situation

Global growth moderated more than expected. Although the positive trend of the economy in Japan, Germany, United Kingdom and Spain, some negative factors weakened the first quarter. In the United States the harsh winter dampened demand. In China, domestic demand moderated more than expected, reflecting the authorities'effort to rein in credit growth and a correction to real estate activity. Activity in Russia decelerated sharply as geopolitical tensions further weakened demand. In other emerging market economies, weaker than expected growth resulted from weaker external demand (especially from United States and China) and in some cases from softer domestic demand with lower investment. Neverthless, indicators point recovery signals in the second quarter, considering that part of the weakness of the beginning of the year was in large part temporary.

2. Significant events occurring in the period and balances or transactions arising from atypical and unusual, significant and non recurring operations.

2.1 Geoline Electronic

On 28 January 2014 the subsidiary Tecomec S.r.l. finalized the agreement for the acquisition of 51% of the company Geoline Electronic Srl, a company newly established by Dinamica Generale S.p.A., concerning the development and production of electronic control systems for applications in Agriculture.
The transaction is part of the growth strategy of the Group, giving life to a project of technical and commercial development of electronic products to be commercialized under the brand name Geoline.
The operation 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, Emak Group is going to acquire specific know-how in the electronics field, capable of developing not only the Geoline business, but also that of other product families.

The transaction involves an investment for the Group of € 2,700 thousand, of which € 1,500 thousand already settled; the deferred portion of the price, amounting to € 1,200 thousand, will be adjusted in two instalments worth € 600 thousand each, respectively January 10, 2015 and January 10, 2016.

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

With effect from January 1, 2014 Speed France SAS, the French subsidiary of Tecomec S.r.l., acquired 100% of the company Caj Tech Sarl Au, subsequently renamed Speed Industries Sarl.
The company, founded in 2012, is headquartered in Mohammedia (Morocco) and mainly carries out packaging for Speed France; the transaction will enable the company to supervise directly the costs of certain stages of the production process. The price of Caj Tech Sarl Au was determined contractually in 269,000 dirhams, or approximately € 24 thousand, adjusted entirely January 2, 2014.
The parent company Speed France has subscribed and paid at the same time, as an increase of the share capital of the acquired company, an amount of 1,345 thousand dirhams, or approximately € 120 thousand.
The turnover of the company at 30 June 2014 amounted to about € 1,150 thousand.

2.3 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 since the beginning, carries on the activity of the commercialization on the local market of components, accessories and spare parts in the Agriculture segment, and of machines and spare parts, such as pressure washers and pumps,

for the segment Construction and Industry, selling the following brands of the Group: Comet, Valley, Geoline and Mecline.
The turnover of the company to 30 June 2014 amounted to about € 1,230 thousand.
The operation forms part of Emak Group’s growth strategy, allowing it to strengthen its overall presence in an important market with significant margins for development such as Mexico.
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 on the basis of results obtained in the 2014-2015 period.
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.

2.4 Acquisition of Master Fluid S.r.l.

On 5 June 2014, the subsidiary PTC S.r.l., itself controlled by Comet S.p.A., has completed the acquisition of 80.5% of the share capital of Master Fluid S.r.l. with registered office in Rubiera (RE).

Master Fluid operates in the projecting and manufacturing of special equipment for the industry and the environmental hygiene and preparations on industrial vehicles, realizing particularly high pressure cold and hot water washing equipment (water jetting), streets washing equipment, sewage cleaners vacuum units and pipes cleaning units. The company ended 2013 with a turnover of approximately € 3,4 million.

The transaction, valued at approximately € 0.8 million, will enable PTC to expand its range of products to increase its coverage of foreign markets and to develop synergies from the point of view of costs.

On June 24, 2014, shareholders' meeting approved the merger by incorporation of Master Fluid Srl in the parent P.T.C.

3. Economic and financial results for Emak Group

Summary of economic results

Summary figures from the consolidated income statement for the first half-year of 2014 are shown below:

FY 2013	%	€/000	HY2014	%	HY 2013	%	Change %
355,033	100	Net sales	212,471	100	208,487	100	1.9
34,196	9.6	Ebitda	27,412	12.9	26,928	12.9	1.8
22,375	6.3	Ebit	21,896	10.3	21,159	10.1	3.5
17,427	4.9	Profit before taxes	19,761	9.3	19,423	9.3	1.7
10,533	3.0	Net profit	12,863	6.1	12,936	6.2	(0.6)

Analysis of sales trend

During the first half of 2014 the Emak Group realized a consolidated turnover of € 212,471 thousand compared to € 208,487 thousand in the same period last year, an increase of 1.9%

The revenue of the second quarter of 2014 amounted to € 106,642 thousand compared with € 105,833 thousand in the same period last year, increase of 0.8%.

The following table shows an analysis of sales reported for first half of 2014, broken down by line, compared with the sales of the same period of the previous year:

€/000	30.06.2014	%	30.06.2013	%	Var. %
Agriculture & Forestry	76,243	35.9%	80,434	38.6%	-5.2%
Construction & Industry	37,412	17.6%	34,490	16.5%	8.5%
Lawn & Garden	98,816	46.5%	93,563	44.9%	5.6%
Total	**212,471**	**100%**	**208,487**	**100%**	**1.9%**

The decrease in sales of the "Agriculture and Forestry" line is due for the most part to the disposal by the subsidiary Tecomec, in November, 2013, of a non-strategic business unit, whose sales in the first half of last year amounted to approximately € 2,500 thousand.
The turnover of the line "Construction and Industry" has registered a good growth, with a strong recovery in the second quarter.
Sales of all products in the "Lawn and Garden" were up compared to the same period due to favorable weather conditions, especially in the early months of the year.

The following table shows the distribution of sales by geographical areas registered in the first half of 2014 compared with those of same period of the previous year.

€/000	30.06.2014	%	30.06.2013	%	Var. %
Europe	159,773	75.2%	150,471	72.2%	6.2%
Americas	33,286	15.7%	36,640	17.6%	-9.2%
Asia, Africa and Oceania	19,412	9.1%	21,376	10.2%	-9.2%
Total	**212,471**	**100%**	**208,487**	**100%**	**1.9%**

The sales on the European market recorded a good growth rate, in particular in Italy and in the countries where the Group has a direct presence, despite the difficulties encountered in some markets of Eastern Europe, with particular reference to the geopolitical tensions between Ukraine and Russia. Nevertheless, sales of the subsidiary Epicenter LLC, direct distributor on the Ukrainian market, were in line with the same period.Sales in the North American market are affected by delayed start of the season for the products of

gardening, only partially offset by the good results of accessories for washing. In the countries of South America, there are still difficulties in the Venezuelan market. Positive signs from the Brazilian market, where the subsidiary Emak do Brasil is obtaining encouraging results.
The result of "Asia, Africa and Oceania" was penalized by loss of sales related to discontinued business division in the fourth quarter of last year, the delay for the persistent weaknesses in the Turkish market, as well as the decline in the Indian market . In progression, although for still not significant volumes, sales on the Chinese market.

Analysis of results

EBITDA

In the second quarter of 2014, Ebitda amounted to € 14,066 thousand against € 14,402 thousand in the corresponding quarter in the last financial year, a decrease of 2.3%.

In the second half of 2014, Ebitda amounted to € 27,412 thousand against € 26,928 thousand in the same period last, an increase of 1.8%.

Ebitda as a percentage of revenues is 12.9%, in line compared to the same period of last year.

The result has been achieved thanks to higher sales volumes and efficiencies achieved on direct materials; while it was negatively affected by higher structure costs due to the widening of the scope of consolidation. It should be noted in particular an increase in personnel costs, linked to the increase in production volumes and widening of the scope of consolidation.
The average number of employees in the workforce, including temporary workers, amounts to 1,805 against the 1,733 in the same period of the previous year. During the first half, some companies of the Group made use of social welfare.

EBIT

Ebit for the second quarter of 2014 amounts to € 11,319 thousand compared to € 11,421 thousand in the corresponding quarter in the last financial year.

Ebit for the first half 2014 amounts to € 21,896 thousand against € 21,159 thousand in the corresponding period of last year.

Amortization and depreciation provisions amount to € 5,516 thousand, compared to € 5,769 thousand at June 30, 2013.

Ebit as a percentage of sales is 10.3% compared to 10.1% of 30 June 2013.

Non-annualized Ebit as a percentage of net invested capital is 8.6% against 8.5% at 30 June 2013.

Net profit

Net profit for the second quarter 2014 is € 6,985 thousand, against € 6,436 thousand for the same quarter of the previous year.

Net profit for the first half of 2014 amounts to € 12,863 thousand compared to € 12,936 thousand the same period of last year.

The financial management improves coherently with the decrease in the average net financial position compared to the same period last year.

Currency management of the second quarter 2014 is positive for € 95 thousand, while it was negative for € 593 thousand in the same period of last year.

Currency management in the first half is negative for € 450 thousand, while in the same period of last year it was positive for € 27 thousand. The result for the first quarter was affected by the devaluation of the Ukraine currency as a result of political tensions in the reference area.

The tax rate for the first half of 2014 is 34.9%, an increase compared to 33.4% for the same period in the previous financial year.

Balance sheet and financial position analysis

31.12.2013	Dati in migliaia di Euro	30.06.2014	30.06.2013
84,963	Net non-current assets	89,000	87,247
142,212	Net working capital	167,026	162,923
227,175	**Total net capital employed**	**256,026**	**250,170**
149,041	Equity attributable to the Group	157,330	152,752
1,753	Equity attributable to the minority interests	1,920	1,931
(76,381)	Net debt	(96,776)	(95,487)

Net non-current assets

During the first half of 2014 Emak Group invested € 4,751 thousand in property, plant and equipment and intangible assets, as follows:

- € 2,599 thousand for product innovation;
- € 863 thousand for adjustment of production capacity and for process innovation;
- € 678 thousand for upgrading the computer network;
- € 187 thousand for adjustment of industrial buildings;
- € 425 thousand for other managerial working investments.

Investments broken down by geographical area are as follows:

- € 2,815 thousand in Italy;
- € 521 thousand in Europe;
- € 1,415 thousand in the Rest of the World.

Net working capital

The net working capital, compared to December 31, 2013, increased of € 24,814 thousand, going from € 142,212 thousand to € 167,026 thousand.

€/000	1H 2014	1H 2013
Net working capital at 01 January 2014	**142,212**	**155,922**
increase/(decrease) in inventories	2,981	(4,031)
increase/(decrease) in trade receivables	25,992	23,767
(increase)/decrease in trade payables	1,763	(6,698)
change in scope of consolidation (acquisition)	642	-
other changes	(6,564)	(6,037)
Net working capital at 30 June 2014	**167,026**	**162,923**

The trend in net working capital in the first half is related to the seasonality of sales and a different dynamic management of payments to suppliers. The increase in inventories is due in part to higher purchases of raw materials in order to hedging the estimated increase in the cost of the same.

Equity

Consolidated net equity at 30 June 2014 stands at € 159,250 thousand, compared to € 159,794 thousand of 30 June 2013. Earnings per share at 30 June 2014vare € 0.079 compared to € 0.078 for the same period of the previous year.

Net financial position

Net negative financial position increases from € 76,381 thousand at 31.12.2013 to € 96,776 thousand at 30.06.2014.

Free cash flow from operations was € 18,379 thousand after tax, compared with € 18,705 thousand in the same period of last year.

The net financial position is made up as follows:

(€/000)	30.06.2014	31.12.2013	30.06.2013
Cash and banks	10,691	15,122	21,183
Securities and derivative financial instruments	19	101	102
Other financial assets	1	1,503	3
Financial liabilities	(59,730)	(41,197)	(62,762)
Derivative financial instruments	(695)	(848)	(926)
Short-term net debt	**(49,714)**	**(25,319)**	**(42,400)**
Other financial assets	152	178	213
Financial liabilities	(47,214)	(51,240)	(53,300)
Long-term net debt	**(47,062)**	**(51,062)**	**(53,087)**
Cash and banks	10,691	15,122	21,183
Securities and derivative financial instruments	19	101	102
Other financial assets	153	1,681	216
Financial liabilities	(106,944)	(92,437)	(116,062)
Derivative financial instruments	(695)	(848)	(926)
Total net debt	**(96,776)**	**(76,381)**	**(95,487)**

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 and debt for equity investments in the amount of € 2,994 thousand.

Short-term financial payables mainly consist of:
- overdrafts;
- loan repayments falling due by 30.06.2015;
- amounts due to other providers of finance falling due by 30.06.2015.

The following table shows the movements in the net financial position of the first half of 2014:

€/000	1H 2014	1H 2013
Opening NFP	**(76,381)**	**(99,866)**
Cash flow from operations, excl. changes in operating assets and liabilities	18,379	18,705
Changes in operating assets and liabilities	(24,315)	(7,252)
Cash flow from operations	**(5,936)**	**11,453**
Cash flow from investments and disinvestments	**(4,359)**	**(3,779)**
Other equity changes	**(5,108)**	**(3,295)**
Change in consolidation area	**(4,992)**	0
Closing NFP	**(96,776)**	**(95,487)**

The operational management absorbs resources mainly due to the increase in working capital. The investments made as a result of changes in the scope of consolidation negative impact on the net financial position.

4. Dealings with related parties

Emak S.p.A. is controlled by Yama SpA, which owns 75.2% of its share capital and is at the head of a larger group of companies, operating primarily in the sectors of machinery and equipment for agriculture and gardening, components for engines and real estate. With such companies exist by the Emak Group supply and industrial services relations as well as financial transactions, resulting from the participation of certain Emak Group companies in the consolidated tax headed by Yama.
From the abovementioned relations derive the main part of the activities developed in the period from Emak Group with related parties. They are recurring transactions of usual nature, which fall within the normal exercise of the activity, carried out according to usual market conditions and governed by the framework resolutions, approved in accordance with applicable regulations. Of these operations refers in the notes to paragraph no. 31.
During the period under consideration no extraordinary or non-recurring transactions with related party have been entertained and in any case, for the knowledge of the Board of Directors, have not been carried out with related parties transactions or contracts that, with reference to materially affecting the financial statements, can be considered significant in value or conditions.

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

At 31.12.2013 Emak S.p.A. held 397,233 treasury shares, worth € 2,029 thousand.

Dated April 24, 2014, the Shareholders' Meeting renewed the authorization to purchase and dispose of treasury shares for the purposes laid down by it. During the first half of 2014 there were no changes in either purchase nor sale of treasury shares, not affecting the balances at beginning of year.

6. Outstanding disputes

There were no disputes in progress that might lead to liabilities in the financial statements other than those already described in notes 26 and 28 of the consolidated financial statements.

7. Forecast operating trends, main risks and uncertainties

The macroeconomic scenario still presents signs of uncertainty that make it difficult to predict the future. In consideration of the backlog and sales forecasts for the coming months, it is estimated that the Group on an annual basis will confirm the upward trend of the first half, continuing to focus its efforts on optimizing the management also developing synergies and potentialities of the acquisitions so far completed.

8. Subsequent events and other information

Merger by incorporation of Master Fluid S.r.l. in P.T.C. S.r.l
On 30 July 2014, it was signed the deed of merger by incorporation of Master Fluid S.r.l., already controlled 80.5% by PTC S.r.l., as provided by the merger project approved by the respective shareholders' meeting on June 24, 2014 The operation provided for the share capital increase of PTC S.r.l., in order to meet the needs of the exchange ratio on the participation to be allocated to the minority shareholder of Master Fluid (a third party), which is now held by Comet SpA for 90%.
The transaction will develop as effectively and efficiently leveraging the synergies between the two companies in terms of commercial, managerial and cost.
The transaction will develop as effectively and efficiently leveraging the synergies between the two companies in terms of commercial, managerial and cost.
The effects towards third parties of incorporation shall be effective from 1 September 2014. The accounting and tax effects are effective from 1 January 2014.

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.

Bagnolo in Piano (RE), August 7, 2014

On behalf of the Board of Directors

The Chairman

Fausto Bellamico

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our power, your passion

Emak Group – Consolidated financial statements and explanatory notes at 30 June 2014

Consolidated Financial Statements

Consolidated Income Statement

Year 2013	€/000	Notes	HY 2014	of which related parties	HY 2013	of which related parties
355,033	Sales	8	212,471	1,535	208,487	1,136
2,405	Other operating incomes	8	1,111		906	
(1,019)	Change in inventories		3,175		(3,886)	
(193,162)	Raw and consumable materials and goods		(118,255)	(1,781)	(109,712)	(1,469)
(62,746)	Salaries and employee benefits	9	(34,162)		(32,968)	
(66,315)	Other operating costs	10	(36,928)	(1,069)	(35,899)	(1,021)
(11,821)	Amortization, depreciation and impairment losses	11	(5,516)		(5,769)	
22,375	**Ebit**		**21,896**		**21,159**	
917	Financial income	12	329		587	
(4,472)	Financial expenses	12	(2,014)	(23)	(2,350)	(304)
(1,393)	Exchange gains and losses		(450)		27	
17,427	**EBT**		**19,761**		**19,423**	
(6,894)	Income taxes	13	(6,898)		(6,487)	
10,533	**Net profit**		**12,863**		**12,936**	
(207)	**(Profit)/loss attributable to minority interests**		96		(165)	
10,326	**Net profit attributable to the group**		**12,959**		**12,771**	
0.063	**Basic earnings per share**	14	**0.079**		**0.078**	
0.063	**Diluted earnings per share**	14	**0.079**		**0.078**	

Year 2013	€/000	Notes	HY 2014	HY 2013
10,533	**Net profit (A)**		**12,863**	**12,936**
(1,080)	Profits/(losses) deriving from the conversion of foreign company accounts		**(835)**	**(17)**
(782)	Profits/(losses) deriving from the transfer of treasury shares in portfolio (*)		**0**	**0**
214	Tax effect relating to other components (*)		**0**	**0**
(1,648)	**Total other components to be included in the comprehensive income statement (B):**		**(835)**	**(17)**
8,885	**Comprehensive net profit (A)+(B)**		**12,028**	**12,919**
(62)	**Comprehensive net profit attributable to minority interests**		**381**	**(123)**
8,823	**Comprehensive net profit attributable to the group**		**12,409**	**12,796**

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

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Schedule showing consolidated assets-liabilities-financial situation

ASSETS

31.12.2013	€/000	Notes	30.06.2014	of which related parties	30.06.2013	of which related parties
	Non-current assets					
56,079	Property, plant and equipment	15	55,079		57,163	
4,555	Intangible assets other than goodwill	16	5,846		5,044	
30,229	Goodwill	17	33,814	14,818	30,615	14,947
230	Equity investments		230		233	
18	Equity investments in related company		0		18	
7,621	Deferred tax assets	24	7,659		7,339	
178	Other non current financial assets		152		213	
2,464	Other receivables	19	2,470		2,522	
101,374	**Total**		**105,250**	**14,818**	**103,147**	**14,947**
	Current assets					
118,515	Inventories	20	122,992		116,927	
98,541	Trade and other receivables	19	126,522	886	127,899	630
4,805	Current tax assets	24	4,160		4,313	
1,503	Other financial assets		1		3	
101	Derivative financial instruments	18	19		102	
15,122	Cash and cash equivalents		10,691		21,183	
238,587	**Total**		**264,385**	**886**	**270,427**	**630**
339,961	**TOTAL ASSETS**		**369,635**	**15,704**	**373,574**	**15,577**

EQUITY AND LIABILITIES

31.12.2013	€/000		30.06.2014	of which related parties	30.06.2013	of which related parties
	Capital and reserves					
149,041	Total Group	21	157,330		152,752	
1,753	Minorities interest		1,920		1,931	
150,794	**Total equity**		**159,250**		**154,683**	
	Non-current liabilities					
51,240	Loans and borrowings	23	47,214	1,078	53,300	1,077
3,881	Deferred tax liabilities	24	3,744		3,987	
9,490	Provisions for employee benefits		9,617		8,883	
1,762	Provisions	26	1,753		1,722	
1,039	Other non-current liabilities	27	984		1,095	
67,412	**Total**		**63,312**	**1,078**	**68,987**	**1,077**
	Current liabilities					
74,699	Trade and other payables	22	78,957	1,368	79,895	1,026
3,419	Current tax liabilities	24	5,976		5,061	
41,197	Loans and borrowings	13	59,730	135	62,762	12,279
848	Derivative financial instruments	18	695		926	
1,592	Provisions	26	1,715		1,260	
121,755	**Total**		**147,073**	**1,503**	**149,904**	**13,305**
339,961	**TOTAL EQUITY AND LIABILITIES**		**369,635**	**2,581**	**373,574**	**14,382**

Statement of changes in consolidated equity at 30.06.2013

€/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			
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					4,927	(8,421)	**(3,270)**	(7)	**(3,277)**
Other changes										**0**		**0**
Net profit for the period					25				12,771	**12,796**	123	**12,919**
Balance at 30.06.2013	**40,594**	**42,454**	**1,924**	**1,138**	**2,136**	**(214)**	**27,733**	**24,216**	**12,771**	**152,752**	**1,931**	**154,683**

*the share capital at 31.12.12 of € 42,623 is shown net of treasury shares of a value of € 2,029 thousand

Statement of changes in consolidated equity at 31.12.2013 and at 30.06.2014

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			
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												
Profit reclassification			224					4,926	(8,421)	**(3,271)**	(106)	(3,377)
Other changes								263		**263**	(18)	245
Net profit for the period					(935)	(568)			10,326	**8,823**	62	**8,885**
Balance at 31.12.2013	**40,594**	**42,454**	**1,924**	**1,138**	**1,176**	**(782)**	**27,733**	**24,478**	**10,326**	**149,041**	**1,753**	**150,794**
Change in treasury shares												
Profit reclassification			136					6,101	(10,326)	**(4,089)**	(120)	(4,209)
Other changes								(31)		**(31)**	668	637
Net profit for the period					(550)				12,959	**12,409**	(381)	12,028
Balance at 30.06.2014	**40,594**	**42,454**	**2,060**	**1,138**	**626**	**(782)**	**27,733**	**30,548**	**12,959**	**157,330**	**1,920**	**159,250**

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Consolidated cash flow statement

31.12.2013	(€/000)	Notes	30.06.2014	30.06.2013
	Cash flow from operations			
10,533	**Net profit for the period**		**12,863**	**12,936**
11,821	Amortization, depreciation and impairment losses	**11**	5,516	5,769
(282)	Capital (gains)/losses on disposal of property, plant and equipment		(30)	(26)
5,463	Decreases/(increases) in trade and other receivables		(26,990)	(23,179)
2,403	Decreases/(increases) in inventories		(3,766)	4,031
5,114	(Decreases)/increases in trade and other payables		5,518	12,108
481	Change in provision for employee benefits		127	(188)
374	Decreases/increases in provisions for liabilities	**26**	111	2
(522)	Decreases/increases in derivative financial instruments		(71)	(445)
35,385	**Net cash generated by operations**		**(6,722)**	**11,008**
	Cash flow from investment activities			
(8,129)	Increases in property, plant and equipment and intangible assets		(8,305)	(3,805)
(1,357)	(Increases) and decreases in financial assets		1,547	105
13	Proceeds from disposal of property, plant and equipment		30	26
471	Change in scope of consolidation Valley LLP		(671)	0
(9,002)	**Net cash absorbed by investment activities**		**(7,399)**	**(3,674)**
	Cash flow from financial activities			
(323)	Change in equity		587	0
0	Share capital increase		0	0
(21,409)	Change in short and long-term loans and borrowings		(3,454)	(4,960)
(468)	Change in finance leases		142	(307)
(3,377)	Dividends paid		(4,209)	(3,277)
(1,080)	Change in translation reserve		(835)	(17)
(26,657)	**Net cash absorbed by financial activities**		**(7,769)**	**(8,561)**
(274)	**NET INCREASE IN CASH AND CASH EQUIVALENTS**		**(21,890)**	**(1,227)**
9,572	**OPENING CASH AND CASH EQUIVALENTS**		**9,298**	**9,572**
9,298	**CLOSING CASH AND CASH EQUIVALENTS**		**(12,592)**	**8,345**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

31.12.2013	(€/000)	30.06.2014	30.06.2013
	RECONCILIATION OF CASH AND CASH EQUIVALENTS		
9,572	**Opening cash and cash equivalents, detailed as follows:**	**9,298**	**9,572**
16,229	Cash and cash equivalents	15,122	16,229
(6,657)	Overdrafts	(5,824)	(6,657)
9,298	**Closing cash and cash equivalents, detailed as follows:**	**(12,592)**	**8,345**
15,122	Cash and cash equivalents	10,691	21,183
(5,824)	Overdrafts	(23,283)	(12,838)
	Other information:		
13	Change in related party receivables and service transactions	(367)	34
130	Change in related party payables and service transactions	441	(31)
(14,455)	Change in related party financial liabilities	144	(2,168)

Explanatory notes to the consolidated financial statement of the Emak Group at 30.06.2014

Notes to the consolidated financial statements - Contents

1. General information

The Board of Directors of Emak S.p.A. approved the consolidated financial statements at 30 June 2014 on 7 August 2014, ordered its publication in accordance with law and regulation, as well as the immediate deployment of the highlights in a press release..

Emak S.p.A. (hereinafter "Emak" or the "Parent Company") is a public company, listed on the STAR segment of the Italian stock market, with registered offices in Via Fermi, 4 to Bagnolo in Piano (RE). 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. Nonetheless, Emak S.p.A. is not subject to management or coordination on the part of Yama S.p.A. and its Board of Directors makes its own strategic and operating choices in complete autonomy.

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

The half year report at 30 June 2013 is subject to a limited audit by Fidital Revisione S.r.l. This audit is significantly less extensive than that of a complete audit carried out according to established auditing standards.

2. Summary of principal accounting policies

The principal accounting policies used for preparing the abbreviated consolidated financial statements for the half-year are in line, except as specified below, with those applied for the annual consolidated financial statements at 31 December 2013 and are briefly discussed below.

2.1 General methods of preparation

The abbreviated consolidated half-year report of the Emak Group at 30 June 2014 has been prepared in accordance with the IAS 34 accounting standard (Interim Financial Reporting), with art. 154-*ter* (financial reports) of the Consolidated Finance Act and with Consob regulations and resolutions in force.
Specifically, the half-year report at 30 June 2014 has been prepared in abbreviated form and does not contain all the information and notes required for annual consolidated financial statements, as required by IAS 34, and must therefore be read with reference to the annual consolidated financial statements at 31 December 2013.
The consolidated half-year report includes the balance sheet, the consolidated income statement, the statement of consolidated comprehensive income, the statement of changes in consolidated equity, the statement of cash flows and notes to the accounts, in accordance with the requirements provided for by IFRS.
The abbreviated consolidated half-year report has been drawn-up in compliance with the IFRS’s 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 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 4.

It is also to be noted that some valuation procedures, in particular the more complex such as the determination of any impairment of non-current assets, are generally carried out only in the preparation of annual financial statements, when all necessary information are available, except in cases where there are indications that an immediate assessment of any impairment is required. Even the actuarial valuations for the calculation of provisions for employee benefits are normally processed on the occasion of the annual financial statement. Current and deferred tax is recognized based on tax rates in force at the date of the half year report.

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. 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, controlled by Comet Usa with a share of 90%, is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 10%.

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 recognized directly in the income statement. 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 transactions, balances and unrealized gains on transactions between Group companies are elided. Unrealized losses are elided in the same way, unless the operation detects a loss of the asset transferred. The financial statements of companies included in the scope of consolidation have been adjusted, where necessary, to align the accounting policies adopted by the Group.

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.

Scope of consolidation

Compared to the scope of consolidation at 31 December 2013 an at 30 June 2013 , the newly incorporated companies S.I. Agro Mexico, Geoline Electronic S.r.l., Speed Industrie Sarl e Master Fluid S.r.l.
At 30 June 2014, balance sheet and income statement data of the companies S.I. Agro Mexico, Geoline Electronic S.r.l. e Speed Industrie Sarl, are fully consolidated starting from 1 January 2014, while the company Master Fluid S.r.l., acquired on 5 June 2014, consolidated only the balance sheet data.

More details of the transactions are described in section 2 of the half year report.

The scope of consolidation at June 30 2013 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.	Genova (I)	50,000	€	100.000	Comet S.p.A.	100.000
Valley Industries LLP (2)	Paynesville Minnesota (USA)	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
S.I. Agro Mexico	Guadalajara (Messico)	1,000,000	Mex$	85.000	Comet S.p.A.	85.000
Geoline Electronic S.r.l.	Poggio Rusco - MN (I)	100,000	€	51.000	Tecomec S.r.l.	51.000
Speed Industrie Sarl	Mohammedia (Marocco)	100,000	MAD	100.000	Speed France SAS	100.000
Master Fluid S.r.l.	Rubiera - RE (I)	180,000	€	80.500	Ptc S.r.l.	80.500

(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, perfected by Emak S.p.A. on July 2014.

(2) 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%.

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 1H 2014	30.06.2014	Average 1H 2013	30.06.2013
GB Pounds (UK)	0.82	0.80	0.85	0.86
Renminbi (Cina)	8.45	8.47	8.13	8.05
Dollar (Usa)	4.17	4.16	4.18	4.34
Zloty (Poland)	1.37	1.37	1.31	1.31
Zar (South Africa)	14.68	14.46	12.11	13.07
Uah (Ukraine)	14.34	16.05	10.62	10.56
Real (Brazil)	3.15	3.00	2.68	2.89
Dirham (Morocco)	11.23	11.23	-	-
Peso Messicano (Mexico)	17.97	17.71	-	-

2.5 Description of accounting policies applied to individual items

Details of the accounting policies applied to individual items within the financial statements can be found in sections 2.5 to 2.26 of the explanatory notes to the consolidated financial statements at 31 December 2013.

2.6. accounting standards

With reference to the description of recently issued accounting standards, this report adopts the following changes to IAS / IFRS approved by the IASB, applied for the first time since January 1, 2014:

- IFRS 10, Consolidated Financial Statements, replaces SIC-12 "Consolidation - Special purpose entities (SPV)" and parts of IAS 27 "Consolidated and Separate Financial Statements" which will be renamed Separate Financial Statements and addresses the accounting treatment of equity investments in 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 the existence of control where, the latter is difficult to ascertain. The standard is effective retrospectively from 1 January 2014 The adoption of this standard had no impact on the consolidation

- IFRS 11 Joint Arrangements, which replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities - Non-cash contributions by the venturers." The new standard provides criteria for the identification of joint agreements by focusing on the rights and obligations arising from agreements rather than its legal form and stipulates that the equity method is the only method of accounting for investments in businesses joint control. Following the enactment of this principle, IAS 28 "Investments in Associates" has been amended to include within its scope of application, also the investments in jointly controlled entities.
  The new standard is effective retrospectively from 1 January 2014. The adoption of this standard had no impact on the consolidated interim financial statements.

- IFRS 12 Additional information on shareholdings in other companies which defines the information to be provided for all types of equity investments, including those in subsidiaries, joint agreements, associates, special purpose entities and other unconsolidated structured entities. The new standard is effective retrospectively from 1 January 2014 and entails only the disclosures to be made in the annual consolidated financial statements.

- IAS 32 Financial Instruments: the amendments clarify the meaning of "legal right to offset", as well as the application of the principle of compensation of IAS 32 in the case of settlement systems (such as centralized clearinghouses) that apply mechanisms of gross regulation non-simultaneous. These changes are applicable from 1 January 2014. The adoption of this standard had no impact on the consolidated interim financial statements.

- Amendments to IAS 36 Impairment of assets that are intended to clarify what information is to be given in the event of impairment if the recoverable amount has been determined based on the fair value less cost to sell. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 but are not currently applicable to the Group.

- - Amendments to IAS 39 Impairment of assets that relate to the treatment of situations in which a hedging derivative is subject to novation by the original counterparty the central counterparty as a result of legislation or regulations. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 but are not currently applicable to the Group.

- Interpretation IFRIC 21 - This interpretation has been developed by IFRS Interpretation Committee in order to clarify when an entity should measure the liability for the tax to be paid to a public authority for access to a given market. The new interpretation is not applicable to the Group.

3. Capital and financial risk management

Details can be found in the explanatory notes to the consolidated financial statements at 31 December 2013.

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 potential 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, writedowns to assets, employee 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, in particular in the Euro zone, 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.

5. Significant non-recurring events and transactions

5.1 Geoline Electronic

On 28 January 2014 the subsidiary Tecomec S.r.l. finalized the agreement for the acquisition of 51% of the company Geoline Electronic Srl, a company newly established by Dinamica Generale S.p.A., concerning the development and production of electronic control systems for applications in Agriculture.
The transaction is part of the growth strategy of the Group, giving life to a project of technical and commercial development of electronic products to be commercialized under the brand name Geoline.
The operation 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, Emak Group is going to acquire specific know-how in the electronics field, capable of developing not only the Geoline business, but also that of other product families.

The transaction involves an investment for the Group of € 2,700 thousand, of which € 1,500 thousand already settled; the deferred portion of the price, amounting to € 1,200 thousand, will be adjusted in two instalments worth € 600 thousand each, respectively January 10, 2015 and January 10, 2016.

On the basis of IFRS 3, the difference between the price paid and the relevant share of net assets has been provisionally recorded as goodwill.

Following the details:

€/000	Book values	Fair Value adjustments	Fair value of acquired assets
Non-current assets			
Other intangible fixed assets	1,207	-	1,207
Non-current liabilities			
Post-emplyment benefits	(5)	-	(5)
Current liabilities			
Trade and other liabilities	(2)	-	(2)
Total net assets acquired	**1,200**	**0**	**1,200**
% interest held			**51%**
Net equity acquired			**612**
Goodwill			**2,088**
Value of equity investment registred in financial statement			**2,700**
Purchase price paid			**1,500**
Deferred price			**1,200**
Net cash outflow			**1,500**

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

With effect from January 1, 2014 Speed France SAS, the French subsidiary of Tecomec S.r.l., acquired 100% of the company Caj Tech Sarl Au, subsequently renamed Speed Industries Sarl.
The company, founded in 2012, is headquartered in Mohammedia (Morocco) and mainly carries out packaging for Speed France; the transaction will enable the company to supervise directly the costs of certain stages of the production process. The price of Caj Tech Sarl Au was determined contractually in 269,000 dirhams, or approximately € 24 thousand, adjusted entirely January 2, 2014.

The parent company Speed France has subscribed and paid at the same time, as an increase of the share capital of the acquired company, an amount of 1,345 thousand dirhams, or approximately € 120 thousand.

The turnover of the company to 30 June 2014 amounted to about € 1,150 thousand.

The fair value of assets and liabilities consolidated with effect from 1 January 2014, the purchase price paid and the net cash outflow are detailed below:

€/000	Book values	Fair Value adjustments	Fair value of acquired assets
Non-current assets			
Property, plant and equipment	21	-	21
Other intangible fixed assets	5	88	93
Current assets			
Inventories	315	-	315
Trade and other receivables	3	-	3
Current tax assets	208	-	208
Cash and cash equivalents	18	-	18
Current liabilities			
Trade and other liabilities	(630)	-	(630)
Current tax liabilities	(1)	-	(1)
Provisions	(2)	-	(2)
Total net assets acquired	**(64)**	**88**	**24**
% interest held			**100.0%**
Net equity acquired			**24**
Goodwill			**-**
Value of equity investment registred in financial statement			**24**
Purchase price paid			**24**
Cash and cash equivalents			**18**
Net cash outflow			**6**

The adjustment of "fair value" recorded in the transaction refers to the value of the rights arising from contractual agreements outstanding at the date of acquisition.

5.3 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 since the beginning, carries on the activity of the commercialization on the local market of components, accessories and spare parts in the Agriculture segment, and of machines and spare parts, such as pressure washers and pumps, for the segment Construction and Industry, selling the following brands of the Group: Comet, Valley, Geoline and Mecline.

The turnover of the company to 30 June 2014 amounted to about € 1,230 thousand.

The operation forms part of Emak Group’s growth strategy, allowing it to strengthen its overall presence in an important market with significant margins for development such as Mexico.
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 on the basis of results obtained in the 2014-2015 period.

The value of the shareholding acquired in the balance sheet includes variable amount estimated to the maximum extent, accounted for on the basis of the probability of outflow according to the expected future earnings.

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 fair value of assets and liabilities consolidated with effect from 1 January 2014, the purchase price paid and the net cash outflow are detailed below:

€/000	Book values	Fair Value adjustments	Fair value of acquired assets
Non-current assets			
Property, plant and equipment	39	-	39
Other intangible fixed assets	-	-	-
Other receivables	1	-	1
Current assets			
Inventories	396	-	396
Trade and other receivables	178	-	178
Cash and cash equivalents	29	-	29
Non-current liabilities			
Loans and borrowings	(60)	-	(60)
Current liabilities			
Trade and other liabilities	(452)	-	(452)
Current tax liabilities	(21)	-	(21)
Total net assets acquired	**109**	**0**	**109**
% interest held			**55.0%**
Net equity acquired			**60**
Goodwill			**934**
Value of equity investment registred in financial statement			**994**
Purchase price paid			**694**
Deferred price			**300**
Cash and cash equivalents			**29**
Net cash outflow			**665**

5.4 Acquisition of Master Fluid S.r.l.

On 5 June 2014, the subsidiary PTC S.r.l., itself controlled by Comet S.p.A., has completed the acquisition of 80.5% of the share capital of Master Fluid S.r.l. with registered office in Rubiera (RE).

Master Fluid operates in the projecting and manufacturing of special equipment for the industry and the environmental hygiene and preparations on industrial vehicles, realizing particularly high pressure cold and hot water washing equipment (water jetting), streets washing equipment, sewage cleaners vacuum units and pipes cleaning units.
The company ended 2013 with a turnover of approximately € 3,4 million.

The transaction, valued at approximately € 0.8 million, will enable PTC to expand its range of products to increase its coverage of foreign markets and to develop synergies from the point of view of costs.

On June 24, 2014, shareholders' meeting approved the merger by incorporation of Master Fluid Srl in the parent P.T.C.

The fair value of assets and liabilities consolidated with effect from 30 June 2014, the purchase price paid and the net cash outflow are detailed below:

€/000	Book values	Fair Value adjustments	Fair value of acquired assets
Non-current assets			
Property, plant and equipment	36	-	36
Other intangible fixed assets	43	-	43
Deferred tax assets	55	-	55
Current assets			
Inventories	785	-	785
Trade and other receivables	930	-	930
Current tax assets	4	-	4
Cash and cash equivalents	4	-	4
Non-current liabilities			
Post-emplyment benefits	(179)	-	(179)
Current liabilities			
Trade and other liabilities	(847)	-	(847)
Current tax liabilities	(19)	-	(19)
Loans and borrowings	(479)	-	(479)
Provisions	(7)	-	(7)
Total net assets acquired	**326**	**0**	**326**
% interest held			**80.5%**
Net equity acquired			**263**
Goodwill			**523**
Value of equity investment registred in financial statement			**786**
Purchase price paid			**550**
Deferred price			**236**
Cash and cash equivalents			**4**
Net cash outflow			**546**

6. Balances or transactions arising from atypical and unusual operations

No atypical or unusual transactions took place in the first half of 2014.

7. Net financial position

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

	Net financial debt	30/06/2014	31/12/2013	30/06/2013
A.	Cash and banks	10,691	15,122	21,183
B.	Other cash	0	0	0
C.	Assets for trading	0	0	0
D.	**Liquidity (A+B+C)**	**10,691**	**15,122**	**21,183**
E.	**Current financial receivables**	**20**	**1,604**	**105**
F.	Current bank loans	(34,789)	(19,972)	(30,032)
G.	Current portion if current loans	(22,481)	(19,838)	(18,921)
H.	Other financial debts	(3,155)	(2,235)	(14,735)
I.	**Current financial debts (F+G+H)**	**(60,425)**	**(42,045)**	**(63,688)**
J.	**Net current financial debts (I+E+D)**	**(49,714)**	**(25,319)**	**(42,400)**
Z.	**Non current financial receivables**	**152**	**179**	**213**
K.	Non current bank loans	(45,164)	(50,063)	(51,930)
L.	Bonds issued	0	0	0
M.	Other non current financial debts	(2,050)	(1,178)	(1,370)
N.	**Non current financial debts (K+L+M+Z)**	**(47,062)**	**(51,062)**	**(53,087)**
O.	**Net current financial debts (J+N)**	**(96,776)**	**(76,381)**	**(95,487)**

The financial liabilities at 30 June 2014 includes the debt for the equity investment for an amount of € 2,994 thousand.

At June 30 2014 the net financial position includes the debt to related parties for an amount of € 1,213 thousand.

8. Sales and other operating income

Details of sales are as follows:

€/000	I H 2014	I H 2013
Net sales revenues (net of discounts and rebates)	212,148	207,969
Revenues from recharged transport costs	1,860	1,746
Returns	(1,537)	(1,228)
Total	**212,471**	**208,487**

Other operating income is analyzed as follows:

€/000	I H 2014	I H 2013
Capital gains on property, plant and equipment	80	29
Government grants	318	119
Advertising reimbursement	167	172
Insurance refunds	16	11
Recovery of other funds	235	209
Other operative income	295	366
Total	**1,111**	**906**

9. Salaries and employee benefits

Details of these costs are as follows:

€/000	1H 2014	1H 2013
Wage and salaries	23,180	22,765
Social security charges	7,005	6,821
Employee termination indemnities	1,044	985
Other costs	1,133	969
Directors' emoluments	661	713
Temporary staff	1,139	715
Total	**34,162**	**32,968**

10. Other operating costs

Details of these costs are as follows:

€/000	1H 2014	1H 2013
Subcontract work	7,297	7,480
Maintenance	1,402	1,401
Trasportation	9,356	7,831
Advertising and promotion	1,861	1,789
Commissions	2,960	3,158
Travel	1,177	1,132
Consulting fees	1,924	1,764
Other services	5,299	6,124
Services	**31,276**	**30,679**
Rents, rentals and the enjoyment of third party assets	**3,862**	**3,499**
Increases in provisions (note 26)	**215**	**142**
Other costs	**1,575**	**1,579**
Total	**36,928**	**35,899**

11. Amortization and depreciation

Details of these amounts are as follows:

€/000	1H 2014	1H 2013
Amortization of intangible assets (note 16)	873	924
Depreciaton of property, plant and equipment (note 15)	4,643	4,845
Total	**5,516**	**5,769**

12. Finance income and expenses, Exchange gain and losses

Details are as follows:

€/000	1H 2014	1H 2013
Income from adjustment to fair value of derived instruments for hedging interest rate risk	164	443
Interest on bank and postal current accounts	50	54
Other financial income	115	90
Financial income	**329**	**587**

€/000	1H 2014	1H 2013
Interest on medium-term bank loans and borrowings	1,178	1,030
Interest on short-term bank loans and borrowings	320	465
Costs from adjustment to fair value and fixing of derived instruments for hedging interest rate risk	350	275
Financial charges from valuing employee termination indemnities (note 25)	86	110
Financial charges to related parties (note 31)	23	304
Other financial costs	57	166
Financial expenses	**2,014**	**2,350**

13 Taxes on income

The estimated charge for current tax and changes in deferred tax assets and liabilities in the first half of 2014 is € 6,898 thousand (€ 6,487 thousand in the corresponding prior year period) equal to a taxation of 34.9%, increased compared to the 33.4% for the same period in the previous financial year.

14. 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. The parent company has only ordinary shares outstanding.

	1H 2014	1H 2013
Net profit attributable to ordinary shareholders in the parent company (€/1.000)	12,959	12,771
Weighted average number of ordinary shares outstanding	163,537,602	163,537,602
Basic earnings per share (€)	**0.079**	**0.078**

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

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15. Property, plant and equipment

Changes in property, plant and equipment are shown below:

€/000	31.12.2013	Change in scope of consolidation	Increases	Decreases	Reclass.	Exchange differences	Other movements	30.06.2014
Lands and buildings	42,989	-	21	(14)	-	(54)	-	42,942
Accumulated depreciation	(13,282)	-	(593)	9	-	9	-	(13,857)
Lands and buildings	**29,707**	**-**	**(572)**	**(5)**	**-**	**(45)**	**-**	**29,085**
Plant and machinery	68,681	109	1,264	(588)	686	9	20	70,181
Accumulated depreciation	(53,269)	(89)	(2,057)	580	75	(7)	(1)	(54,768)
Plant and machinery	**15,412**	**20**	**(793)**	**(8)**	**761**	**2**	**19**	**15,413**
Other assets	84,417	253	1,400	(169)	92	(73)	35	85,955
Accumulated depreciation	(74,571)	(177)	(1,993)	126	(75)	58	5	(76,627)
Other assets	**9,846**	**76**	**(593)**	**(43)**	**17**	**(15)**	**40**	**9,328**
Advances and fixed assets in progress	**1,114**	**-**	**1,257**	**(307)**	**(778)**	**(1)**	**(55)**	**1,230**
Cost	**197,201**	**362**	**3,942**	**(1,078)**	**-**	**(119)**	**-**	**200,308**
Accumulated depreciation (note 11)	**(141,122)**	**(266)**	**(4,643)**	**715**	**-**	**60**	**4**	**(145,252)**
Net book value	**56,079**	**96**	**(701)**	**(363)**	**-**	**(59)**	**4**	**55,056**

16. Intangible assets

Intangible assets report the following changes:

€/000	31.12.2013	Change in scope of consolidation	Increases	Reclass.	Other movements	Exchange differences	30.06.2014
Development costs	2,402	60	171	13	-	-	2,646
Accumulated amortization	(1,647)	(29)	(164)	-	-	-	(1,840)
Development costs	**755**	**31**	**7**	**13**	**-**	**-**	**806**
Patents and intellectual property rights	12,847	18	276	13	28	(3)	13,179
Development costs	(10,989)	(11)	(501)	-	-	3	(11,498)
Patents	**1,858**	**7**	**(225)**	**13**	**28**	**0**	**1,681**
Concessions, licences and trademarks	1,746	2	11	-	-	(5)	1,754
Accumulated amortization	(1,566)	-	(14)	-	-	4	(1,576)
Concessions, licences and trademarks	**180**	**2**	**(3)**	**-**	**-**	**(1)**	**178**
Other intangible assets	3,114	1,309	104	-	-	(7)	4,520
Concessions, licences and trademarks	(1,903)	(6)	(194)	-	-	3	(2,100)
Other intangible assets	**1,211**	**1,303**	**(90)**	**-**	**-**	**(4)**	**2,420**
Advanced payments and fixed assets in progress	**551**	**-**	**247**	**(26)**	**(11)**	**-**	**761**
Cost	**20,660**	**1,389**	**809**	**-**	**17**	**(15)**	**22,860**
Accumulated depreciation (note 11)	**(16,105)**	**(46)**	**(873)**	**-**	**-**	**10**	**(17,014)**
Net book value	**4,555**	**1,343**	**(64)**	**-**	**17**	**(5)**	**5,846**

All the intangible assets have a finite residual life and are amortized on a straight-line basis over the remaining useful life.

17. Goodwill

The goodwill of € 33,814 thousand reported at 30 June 2014 is shown below:

	31.12.2013	Change in scope of consolidation	Exchance difference	30.06.2014
Goodwill from the acquisition of Victus-Emak Sp. z o.o.	**897**	-	(1)	**896**
Goodwill from the acquisition of the company branch Victus IT	4961	-	(2)	4,959
Goodwill of Bertolini S.p.A.	2,074	-	-	2,074
Goodwill from the acquisition of Tailong Machinery Ltd.	2,486	-	(16)	2,470
Goodwill from the acquisition of Epicenter LLC	111	-	(33)	78
Goodwill from the acquisition of Tecomec Group	2,807	-	-	2,807
Goodwill from the acquisition of Comet Group	2,279	-	-	2,279
Goodwill from the acquisition of Speed France	2,854	-	-	2,854
Goodwill of HPP	1,974	-	-	1,974
Goodwill from transfer of the business PTC	360	-	-	360
Goodwill from the acquisition of Valley LLP	9,426	-	92	9,518
Goodwill from the acquisition of Siagro Siagro Messico	-	934	-	934
Goodwill from the acquisition of Geoline Eletctronic	-	2,088	-	2,088
Goodwill from the acquisition of Master Fluid	-	523	-	523
Total	**30,229**	**3,545**	**40**	**33,814**

- goodwill for the acquisition of Victus Emak Sp. z.o.o. for € 896 thousand refers to the difference between the acquisition price for 100% of the company regulated by Polish law, Victus Emak Sp. z.o.o., and its net worth at the date of acquisition. € 4,959 thousand, on the other hand, refers to the acquisition of the company branch of Victus International Trading SA; both acquisition go back 2005.
- 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. in 2008;
- the amount of € 2,470 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 € 78 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);
- goodwill 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 20 of the Notes to the Accounts to the annual financial statements 2012);
- 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.;
- the amount of € 360 thousand relates to the goodwill of a business unit contributed by minority shareholders in PTC S.r.l., a Comet Group company;
- the amount of € 9,518 thousand relates to the positive difference emerged following the acquisition of Valley LLP, a Comet Group company;
- the amount of € 934 thousand relates to the positive difference emerged following the acquisition of S.I. Agro Mexico, company in which Comet Group increased its shareholding from 30% to 85% of share capital during the year 2014.

- The amount of € 2,088 thousand relates to the positive difference emerged following the acquisition by Tecomec Group of 51% of Geoline Electronic S.r.l.

- The amount of € 523 thousand relates to the positive difference arising from the acquisition from P.T.C. S.r.l., company controlled by the controlled Comet S.p.A., of 80.5% of Master Fluid S.r.l.

Since there were no particular elements arising during the half-year which may imply the non-recoverability of the recorded values, no impairment tests were carried out at 30 June.

18. 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 on loans.

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 instruments presented below is at *fair value*. According with the relevant accounting standards such effects have been accounted in the income statement in the current year.
The current value of these contracts as at 30 June 2014 is represented as follows:

€/000	**30.06.2014**	**31.12.2013**
Positive *fair value* assessment exchange rate hedge	18	90
Positive *fair value* assessment IRS and interest rate options	1	11
Total derivative financial instrument	**19**	**101**
Negative *fair value* assessment exchange rate hedge	49	125
Negative *fair value* assessment IRS and interest rate options	556	633
Assessment fair value other instrument	90	90
Total derivative financial instrument liabilities	**695**	**848**

At 30 June 2014 appear outstanding purchases of foreign currencies with forward contracts for

	Company		Nominal value (€/000)	Exchange rate	Due to
Forward contracts for foreign currencies purchases					
Euro/Pounds sterlin	Emak UK Ltd.	€	1,000	0.83	31/12/2014
Dollar/Euro	Sabart S.r.l.	Usd	1,841	1.36	30/12/2014
Dollar/Euro	Ptc S.r.l.	Usd	200	1.36	09/06/2015
Dollar/Euro	Emak France SAS	Usd	500	1.38	31/12/2014
Yen/Euro	Emak France SAS	Yen	40,000	128.19	23/09/2014
Euro/Dollar	Comet U.S.A. Inc.	€	2,305	1.32	22/08/2014
Euro/Zloty	Victus-Emak Sp.Zo.o	€	996	4.16	15/09/2014
Pounds sterlin/Zloty	Victus-Emak Sp.Zo.o	Gbp	80	5.07	15/07/2014
Dollar/Zloty	Victus-Emak Sp.Zo.o	Usd	50	3.03	15/07/2014

Finally, on 30 June 2014 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 Parent Emak S.p.A. and the subsidiaries Tecomec S.r.l., Comet S.p.A. and Comet USA Inc. have signed IRS contracts and options on interest rates for a total notional value of € 46,407 thousand; the expiration of the instruments is so detailed:

Bank	Company	Notional Euro (€/000)	Date of the operation	Due to
Banca Popolare di Verona	Emak S.p.A.	3,626	28/03/2013	30/09/2017
Carisbo	Emak S.p.A.	1,600	19/07/2011	15/06/2016
Banca Popolare dell'Emilia Romagna	Emak S.p.A.	833	20/01/2010	31/12/2016
Banca Nazionale del Lavoro	Emak S.p.A.	2,500	03/05/2012	20/04/2016
Banca Nazionale del Lavoro	Emak S.p.A.	2,500	27/06/2012	20/04/2016
UniCredit	Emak S.p.A.	3,750	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.	4,500	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.	1,773	11/04/2012	31/07/2017
Intesa San Paolo	Comet USA	5,325	27/02/2013	19/02/2019
Total		**46,407**		

The average interest rate resulting from the instruments is equal to 2.13%.

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 short 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, carried out in July 2014.

19. Trade and other receivables

€/000	30.06.2014	31.12.2013
Trade receivables	125,012	97,908
Provision for doubtful accounts	(3,533)	(3,297)
Net trade receivables	**121,479**	**94,611**
Trade receivables from related parties (note 31)	886	651
Prepaid expenses and accrued income	1,603	1185
Other receivables	2,554	2,094
Total current portion	**126,522**	**98,541**
Other non current receivables	2,470	2,464
Total non current portion	**2,470**	**2,464**

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.

All non-current receivables fall due within 5 years.

20. Inventories

Inventories are detailed as follows:

€/000	30.06.2014	31.12.2013
Raw, ancillary and consumable materials	34,933	37,997
Work in progress and semi-finished products	17,860	17,139
Finished products and goods	70,199	63,379
Total	**122,992**	**118,515**

Inventories at 30 June 2014 are stated net of provisions amounting to € 5,447 thousand (€ 4,838 thousand at 31 December 2013) intended to align the obsolete and slow moving items to their estimated realizable value.

21. Equity

Share capital

Share capital is fully paid up at 30 June 2014 and amounts to € 42,623 thousand and consists of 163,934,835 ordinary shares of par value € 0.26 each.
All shares are fully paid.

Treasury shares

The adjustment of € 2,029 thousand to equity for the purchase of treasury shares represents the overall consideration paid on the market by Emak S.p.A. to buy the treasury shares held on 30 June 2014. The nominal value of these treasury shares is € 104 thousand.

With regards to the sale and purchase of treasury shares carried out during the period, reference should be made to the appropriate section in the Directors' Report.

Dividends

On 24.04.2014 the Shareholders' Meeting resolved the distribution of dividends relating to the 2013 financial year for a total of € 4,089 thousand. These dividends have been fully paid.

Share premium reserve
At 30 June 2014 the share premium reserve is € 42,454 thousand, consists of the premiums on newly issued shares. The reserve is shown net of legal costs for the increase in capital, realized in 2011, of € 1,598 thousand and net of the relative tax effect of € 501 thousand.

Legal reserve
The legal reserve is at June 30 2014 of € 2,060 thousand (€ 1,924 thousand was at December 31 2013).

Revaluation reserve
At 30 June 2014, 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 30 June 2014, inclusive of all allocations of earnings in prior years.

At June 30 2014, 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 June 30 2014 the reserve for conversion differences for a positive amount of € 626 (€ 1,176 thousand at December 31 2013) thousand is entirely attributable to the differences generated from the translation of balances into the Group's reporting currency.

22. Trade and other payables

€/000	30.06.2014	31.12.2013
Trade payables	59,451	59,723
Payables due to related parties (note 37)	1,368	927
Payables due to staff and social security institution	10,826	8,609
Accrued expense and deffered income	225	312
Advances from customers	1,804	1,757
Other payables	5,283	3,371
Total	**78,957**	**74,699**

The item "Other payables" includes € 2,560 thousand for current IRES tax liabilities recorded by some companies of the Group towards the parent company Yama S.p.A. and arising from the relationships that govern the consolidated tax return, according to art. 116 and following of the Presidential Decree n. 917/1986.

23. Financial liabilities

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

€/000	30.06.2014	31.12.2013
Overdrafts	23,283	5,824
Bank loans	33,760	33,783
Finance leases	164	75
Loans from related parties (note 31)	135	25
Financial accrued expense and deffered income	144	232
Other loans	2,244	1,258
Total current	**59,730**	**41,197**

The carrying amount of short-term loans and lease finance approximates their fair value.

The figure "Other financial liabilities" includes 1,258 thousand Euro as the value of the commitment to repurchase the share subscribed by Simest S.p.A. in the subsidiary Jiangmen Emak Outdoor Power Equipment Co. Ltd. During the month of July 2014 has fulfilled this commitment and have started the formalities relating to the registration of documents with the relevant authorities in China. The remaining balance is due the remaining amount due for the purchase of subsidiaries Geoline Electronic Srl, SIAgro Mexico and Masterfluid Sr.l.

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

€/000	**30.06.2014**	**31.12.2013**
Bank loans	45,165	50,062
Finance leases	187	134
Loans from related parties (note 31)	1,112	1,044
Other loans	750	-
Total non current portion	**47,214**	**51,240**

The figure"other loans" refers to the residual debt, due after one year, for the acquisition of subsidiaries Geoline Electronic Srl and S.I. Agro.

The loans that fall beyond 5 years amount to € 838 thousand.

Some medium-long term loans are subject to financial Covenants, based on the ratio NFP/EBITDA and NFP/Equity consolidated at the end of the year.

24. Tax assets and liabilities

Deferred tax assets are detailed below:

€/000	**30.06.2014**	**31.12.2013**
Deffered tax on impairment of assets	1,007	1,040
Reversal of unrealized intercompany gains	2,067	1,718
Provision for inventory obsolescence	1,254	1,099
Losses in past financial periods	901	923
Provisions for bad debts	208	196
Other deferred tax assets	2,222	2,645
Total	**7,659**	**7,621**

The utilisation of losses in past financial periods has no time restriction except for the subsidiary Emak Usa Inc., for which the benefits will start to be lost from the financial year 2026.

The balance of "other deferred tax assets" refers primarily to the tax effect of provisions for risks and charges.

Details of **deferred tax liabilities** are as follows:

€/000	30.06.2014	31.12.2013
Deffered tax on property IAS 17	1,409	1,436
Valutation of provision for employee termination indemnities under IAS 19	65	50
Taxation on capital gains	6	136
Other deferred tax liabilities	2,264	2,259
Total	**3,744**	**3,881**

Other deferred tax liabilities refers mainly to revenues that will be fiscally recognised in future financial periods.

The **tax credits** amount at 30 June 2014 to € 4,160 thousand, against € 4,085 thousand at December 31 2013, refer to VAT credits, surplus payments on account of direct tax and other tax credits.
The figure also includes an amount of € 190 thousand as the amount paid in the tax recourse brought by Emak S.p.A. as a result of the assessment on 2008 for details of which see paragraph 26 Provisions for risks and charges and an amount of 1,065 thousand as tax credits -ex Law 201/2011 and ex DL 185/2009- reimbursement has been requested by Emak and Comag in previous years.

Tax liabilities amount to € 5,976 thousand at 30 June 2014 compared with € 3,419 at 31 December 2013, and refer to payables for direct tax for the period, to VAT liabilities and withholding taxes.

25. Long-term post-employment benefits

Liabilities refer mainly to amounts payable for employment termination indemnity falling due at the end of employees' working life, equal to € 9,257 thousand.
The valuation of the indemnity leaving fund (TFR) at the closing date, carried out according to the nominal debt method in force would be € 9,409 thousand.

The principal economic and financial assumptions used to calculate the fund are the same as those used at the close of the 2013 financial year.

26. Provisions for liabilities and charges

Movements in these provisions are detailed below:

€/000	31.12.2013	Change in scope of consolidation	Increase	Decrease	Exchange differences	30.06.2014
Provisions for agents' termination indem	1,739	-	68	(77)	-	1,730
Other provisions	23	-	-	-	-	23
Total non current portion	**1,762**	**-**	**68**	**(77)**	**-**	**1,753**
Provisions for products warranties	424	-	4	-	-	428
Other provisions	1,168	9	170	(50)	(10)	1,287
Total current	**1,592**	**9**	**174**	**(50)**	**(10)**	**1,715**

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 accrued to agents at 30 June 2014.

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 determined amount towards Bertolini S.p.A., (wholly-owned subsidiary of Emak S.p.A.) and Tecomec for a total amount of € 811 thousand all-inclusive(including taxes, interests and sanctions).

The disputes, that arise from investigations all similar to each other and equally inconsistent, are at different sets of proceedings, currently suspended pending the Supreme Court to rule at least once, the most remote of them, with effect of nullifying all remaining pending proceedings. All pronunciations obtained so far by the competent Tax Commissions of merit have been favorable to the Group and it is expected that the outcome of the proceedings will also be positive in the last instance. This confirms the provision previously allocated and relating only to legal fees, in view that the judges decide for their compensation between the parties in the proceedings.
The other long-term provisions, relating to future costs to be incurred in the amount of 23 thousand euros, unchanged compared to December 31 of the previous year, have been allocated for disputes to IRES, IRAP and VAT for the years 1999 -2006.

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 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. 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 reasons, after an initial phase of an adversarial process in which adhesion had suggested an allocation at December 31, 2013, by way of provision for risks, for the definition of the whole affair, an amount of € 370 thousand, Emak has submitted recourse on 6 June 2014. In addition to the allocation mentioned above there is a further provision for defense costs amounted to € 51 thousand. At June 30, 2014 did not reveal further elements such as to change the position of Emak about their line of defense.
- 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 for around € 284 thousand;
- oneri connessi a penalità di natura amministrativa che potrebbero essere addebitate al Gruppo per circa 81 migliaia di Euro;
- expenses related to commercial prize transactions still in progress for €75 thousand;
- the reimbursement of excess amounts on civil liability accidents for € 38 thousand.

27. Other non-current liabilities

The amount reported on 30 June 2014 equal to € 984 thousand, compared to €1,039 thousand at 31 December 2013 refers to the capital grant received by Comag under Law 488/92 which is being recognized over future years. The portion of the grant recognizable this year is classified under current liabilities as other payables (note 22) and amounts to € 110 thousand.

28. Potential liabilities

Below are further disputes that the Group has outstanding. The liability that may arise relate to a time when control of the various companies was exercised by Yama S.p.A., the transferor to Emak ofits participations on December 22, 2011. By virtue of the contractual guarantees any liability which it may have to be defined in relation to the various positions described below will be subject to full recast to the Group by the same Yama S.p.A. or its associated company Sabart S.p.A..
In this context are pending
- Against Tecomec S.r.l. some notices of assessment, notified on March 8, 2013, relating to IRES and IRAP relative to the years 2008, 2009 and 2010, for a total amount approximately € 524 thousand

contested, all-inclusive (taxes, interest and penalties). After an unsuccessful attempt to ascertain in adhesion Tecomec proposed formal recourse, qualifying, with the comfort of unanimous opinions gathered, the findings of the Office for largely unfounded. The reasonably probable incumbent liabilities thus amount to only € 75 thousand, plus € 50 thousand for defense costs

- Against Comet, following an audit of the Revenue Agency ended October 12, 2012, was issued a formal notice of assessment in respect of the tax year 2010 pads currently pending in litigation concerning the IRES and IRAP for about € 70 thousand, plus interest.

29. 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 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.

The Emak Group constantly monitors the financial risks to which it is exposed, so as to minimise potential negative effects on financial results.

The Group's exposure to financial risks, also considering the change in the scope of consolidation, has not undergone significant changes compared to 31 December 2013.

30. Commitments and guarantees given

Fixed asset purchases

The Group has no commitments to purchase property, which involve significant financial outlays in the short term.

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:

- 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 Comet S.p.A. under the contract of acquisition of control of Mexican society S.I.Agro Mexico has defined a collateral agreement that provides for a call option in favor of Comet to purchase the remaining 15% of the capital exercise over the course of 2019.

It should also be noted that the parent company Emak S.p.A. did not exercise the call option, which expired June 30, 2014, for the purchase of a 14% share of the subsidiary Epicenter LLC.

31. Related party transactions

The transactions entered into with related parties by the Emak Group in the first half of 2014 mainly relate to two different types of usual nature relations, within the ordinary course of business, adjusted to market conditions and with the parent Yama SpA and certain subsidiary companies.

It is in first place for the exchange of goods and provision of services. Among the companies under the direct control Yama, some have provided during the period 2014 to the Emak Group components, materials and production, as well as the leasing of industrial surfaces. On the other hand, certain companies of Yama Group bought from Emak Group products for the completion of their respective range of commercial offer. The conduct of these operations is responding to a compelling logic and industrial and commercial purposes.

Secondly, relations 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 nature and extent of the commercial operations described above is represented in the following tables.

Related parties (€/000)	**Net sales**	**Receivables**
Agro D.o.o.	382	193
Cofima S.r.l.	-	1
Euro Reflex D.o.o.	297	346
Garmec S.p.A.	98	50
Mac Sardegna S.r.l.	419	278
Selettra S.r.l.	3	3
Total Yama Group	**1,199**	**871**
Other related parties	**336**	**15**
Total	**1,535**	**886**

Companies belonging to the Yama Group (€/000)	**Purchase of raw materials and finished products**	**Other costs**	**Commercial and other Payables**	**Financial charges**	**Non current financial liabilities**	**Current financial liabilities**
Agro D.o.o.	17	-	4	-	-	-
Cofima S.r.l.	448	183	568	-	-	-
Euro Reflex D.o.o.	993	3	373	-	-	-
Garmec S.p.A.	65	-	35	-	-	-
Mac Sardegna S.r.l.	-	2	-	-	-	-
Sabart S.p.A	-	131	-	-	-	-
Selettra S.r.l.	229	-	170	-	-	-
Yama Immobiliare S.r.l.	-	376	-	-	-	-
Yama S.p.A.	-	346	78	-	-	-
Total Yama Group	**1,752**	**1,041**	**1,228**	**0**	**0**	**0**
Other related parties	**29**	**28**	**140**	**23**	**135**	**1,078**
Total	**1,781**	**1,069**	**1,368**	**23**	**135**	**1,078**

The amount of outstanding balances with related parties relating to the ratios the fiscal consolidation are exposed to notes 19 and 22.

32. Subsequent events

Please refer to what described in paragraph 8 of the Directors' Report.

Declaration on the abbreviated half-year Accounts in accordance with art. 154 bis comma 5 of Legislative Decree 58/98

1. We, the undersigned, Fausto Bellamico, as President and Chief Executive Officer, and Aimone Burani, the latter also in his position as Financial Reporting Officer of the company, Emak S.p.A. affirm, taking account of the provisions of art. 154-bis, paragraphs 3 and 4, of legislative decree 24 February 1998, n. 58:

   - the suitability, with reference to the nature of the company, and
   - the effective application,

of administrative and accounting procedures for the preparation of the individual financial statements and the consolidated financial statements for the financial period 1 January 2014 - 30 June 2014.

2. No significant elements have emerged with reference to point 1 above.

3. It is hereby declared, moreover, that:

3.1 the abbreviated half-year accounts:

a) have been drawn up in compliance with applicable international accounting principles recognised by the European Community in accordance with (EC) regulation no. 1606/2002 issued by the European Parliament and Council on 19 July 2002;

b) correspond to the accounting records and entries;

c) are appropriate for giving a true and fair view of the assets, liabilities, economic and financial situation of the issuer and of the companies included in the consolidation;

3.2 the intermediate directors' report contains references to significant events that have occurred in the first six months of the financial period and their effect on the abbreviated half-year accounts, together with a description of the main risks and uncertainties for the remaining six months of the financial period.

The intermediate directors' report contains, as well, information regarding significant operations with related parties.

Date: 7 August 2014

President and Chief Executive Officer:

Fausto Bellamico

The Financial Reporting Officer:

Aimone Burani