



our **power**, your **passion**

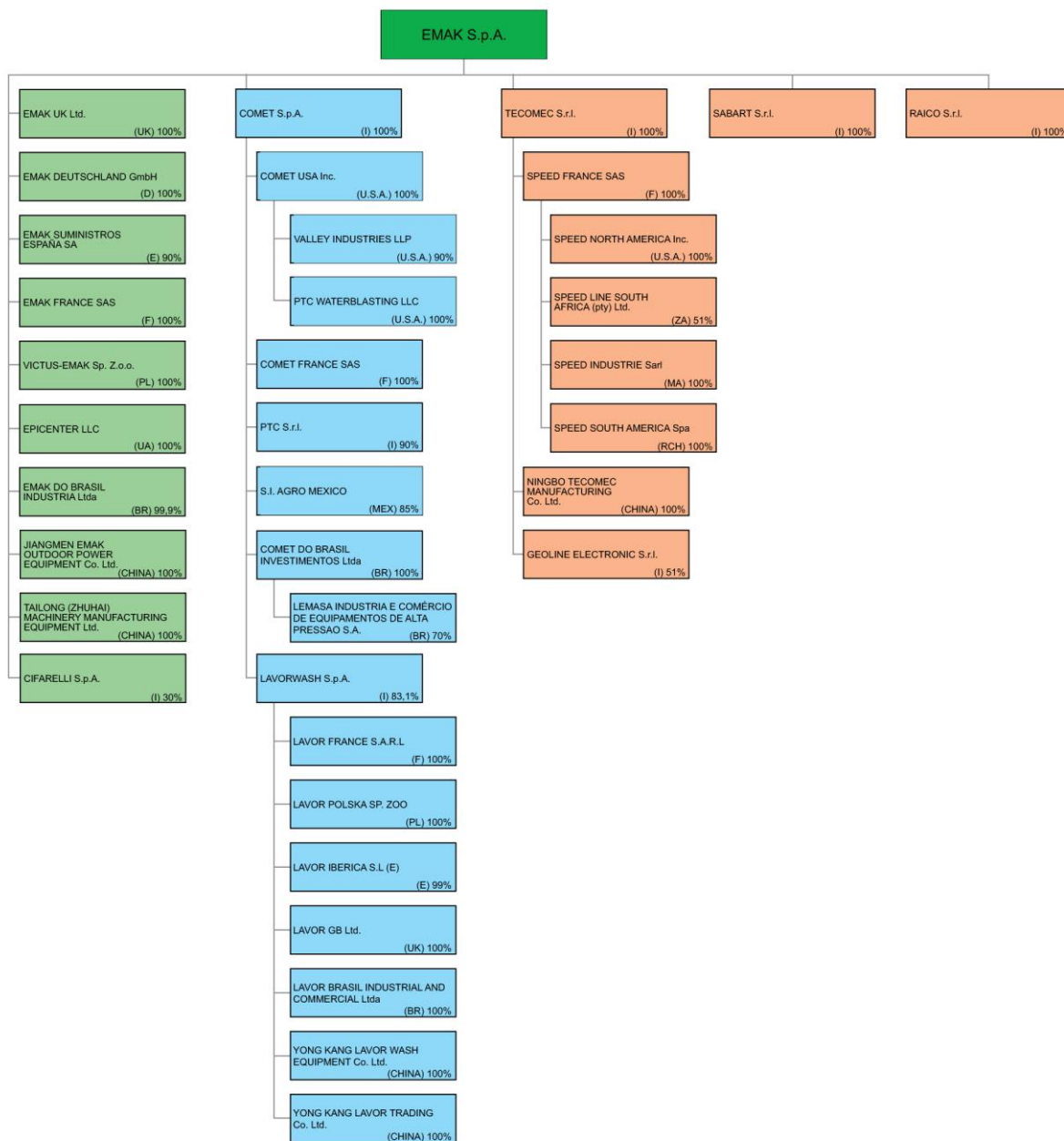


Interim report at 31.03.2018

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Organizational chart of Emak Group



1. Valley Industries LLP is consolidated at 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the 10% remaining.
2. Lemasa is consolidated at 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the 30% remaining.
3. P.T.C. S.r.l. is consolidated at 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the 10% remaining.
4. Comet do Brasil Investimentos Ltda is owned for 99.63% by Comet S.p.A. and for 0.37% by P.T.C. S.r.l.
5. Lavorwash S.p.A. is consolidated at 97.78% as a result of the "Put and Call Option Agreement" that governs the purchase of the 14.67% remaining.
6. As regards Raico S.r.l., company sold on 30 March 2018, only economic data of the quarter have been consolidated.

Corporate Bodies of Emak S.p.A.

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

Board of Directors

Chairman and Chief Executive Officer

Fausto Bellamico

Deputy Chairman

Aimone Burani

Executive Director

Stefano Slanzi

Lead Independent Director

Massimo Livatino

Independent Directors

Alessandra Lanza

Elena Iotti

Directors

Francesca Baldi

Ariello Bartoli

Luigi Bartoli

Paola Becchi

Giuliano Ferrari

Vilmo Spaggiari

Guerrino Zambelli

Marzia Salsapariglia

Audit Committee and Remuneration Committee

Chairman

Massimo Livatino

Components

Alessandra Lanza

Elena Iotti

Nomination Committee

Chairman

Massimo Livatino

Components

Alessandra Lanza

Luigi Bartoli

Financial Reporting Officer

Aimone Burani

Supervisory Body as per Legislative Decree 231/01

Chairman

Sara Mandelli

Acting member

Roberto Bertuzzi

Board of Statutory Auditors

Chairman

Paolo Caselli

Acting auditors

Gianluca Bartoli

Francesca Benassi

Alternate auditor

Maria Cristina Mescoli

Federico Cattini

Independent Auditor

Deloitte & Touche S.p.A.

Main economic and financial figures for the Group

Income statement (€/000)

Year 2017		1Q 2018	1Q 2017
422,155	Revenues from sales	131,166	119,204
45,612	EBITDA before non ordinary expenses (*)	18,068	17,291
43,932	EBITDA (*)	17,274	17,291
29,977	EBIT	13,676	14,241
16,435	Net profit	11,180	9,250

Investment and free cash flow (€/000)

Year 2017		1Q 2018	1Q 2017
14,802	Investment in property, plant and equipment	2,697	3,478
2,626	Investment in intangible assets	660	674
30,390	Free cash flow from operations (*)	14,778	12,300

Statement of financial position (€/000)

31.12.2017		31.03.2018	31.03.2017
312,799	Net capital employed	337,657	292,018
(125,294)	Net debt	(139,758)	(100,896)
187,505	Total equity	197,899	191,122

Other statistics

Year 2017		1Q 2018	1Q 2017
10.4%	EBITDA / Net sales (%)	13.2%	14.5%
7.1%	EBIT / Net sales (%)	10.4%	11.9%
3.9%	Net profit / Net sales (%)	8.5%	7.8%
9.6%	EBIT / Net capital employed (%)	4.1%	4.9%
0.67	Debt / Equity	0.71	0.53
2,029	Number of employees at period end	1,981	1,716

Share information

Year 2017		1Q 2018	1Q 2017
0.099	Earnings per share (€)	0.068	0.056
163,934,835	Number of shares comprising share capital	163,934,835	163,934,835
163,537,602	Average number of outstanding shares	163,537,602	163,537,602

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

Directors' report

Scope of consolidation

Compared to 31 December 2017 and to the previous interim closing only the economic data of the company Raico S.r.l. have been consolidated, following its sold occurred on 30 March 2018.

Compared to 31 March 2017, the consolidated report includes, in addition of what previously indicated, the economic data and the balance sheet of the Lavorwash Group.

Comments on economic figures

Revenues from sales

Emak Group achieved a consolidated turnover of € 131,166 thousand in the first quarter, compared to € 119,204 thousand of last year, an increase of 10%. The improvement is due to the variation in the scope of consolidation for 15.3%, to a negative currency effect for 2.3% and to organic decrease for 3%.

The variation in the scope of consolidation has contributed to the revenue increase for an amount equal to € 18,280 thousand.

EBITDA

EBITDA for the first quarter 2018 amounts to € 17,274 thousand (13.2% of sales), compared to € 17,291 thousand (14.5% of sales) for the corresponding quarter of the previous year.

During the quarter, non-ordinary expenses for € 794 thousand were recorded.

Ebitda before non-ordinary expenses amounts to € 18,068 thousand (13.8% of revenues) compared to € 17,291 thousand in the first quarter 2017 (14.5% of revenues).

The contribution due to the variation in the scope of consolidation amounts to € 3,433 thousand. At the same scope of consolidation, the result was negatively impacted by the decrease in sales volumes recorded following the delayed start of the season, which led to a decrease in demand on the gardening market.

Personnel costs increased following the change in the scope of consolidation, which entailed the entry of no. 322 employees on 3 July 2017. Overall, the Group employed an average of no. 2,237 resources, compared to 1,886 resources in the first quarter 2017.

EBIT

EBIT for the first quarter 2018 is € 13,676 thousand with an incidence of 10.4% of revenues, compared to € 14,241 thousand (11.9% of sales) for the same quarter of last year.

Depreciation and amortization are € 3,598 thousand, compared to € 3,050 thousand in the same period of the previous year.

Non-annualized EBIT as a percentage of net invested capital is 4.1% (4.3% net of non-ordinary effects), compared to 4.9% of the same period of the previous year.

Net profit

Net profit for the first quarter 2018 is € 11,180 thousand, against € 9,250 thousand for the same quarter of the previous year, increasing by 20.9%.

The result of financial management benefited from the capital gain equal to € 2,472 thousand, realized from the sale of the subsidiary Raico S.r.l., recorded in figure "Financial income".

Currency management in the first quarter 2018 was negative for € 832 thousand, compared to a negative balance of € 371 thousand for the same period of the last year.

The tax rate amounted to 23.7% in the first quarter 2018, compared to 29.8% in the same period of last year. The lower incidence is mainly due to the effect of accounting for the capital gain deriving from the deconsolidation of the company Raico S.r.l., which had no fiscal impact. Without considering this effect, the tax rate would have been 28.5%. The further reduction in the tax rate compared to the same period of the previous year is mainly due to the reduction in the tax rates applicable in some countries where the Group operates.

Comment to consolidated statement of financial position

31.12.2017	Thousand of Euro	31.03.2018	31.03.2017
150,962	Net non-current assets (*)	150,545	118,823
161,837	Net working capital (*)	187,112	173,195
312,799	Total net capital employed	337,657	292,018
184,783	Equity attributable to the Group	195,655	189,554
2,722	Equity attributable to non controlling interests	2,244	1,568
(125,294)	Net debt	(139,758)	(100,896)

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

Net non-current assets

During first quarter 2018 Emak Group invested € 3,357 thousand in property, plant and equipment and intangible assets, as follows:

- € 1,332 thousand for product innovation;
- € 872 thousand for adjustment of production capacity and for process innovation;
- € 697 thousand for upgrading the computer network system and ongoing activities for implementation of the new ERP management system;
- € 152 thousand for ongoing works for construction of the new parent company's R&D center and modernization of industrial buildings;
- € 304 thousand for other investments in operating activities.

Investments broken down by geographical area are as follows:

- € 1,833 thousand in Italy;
- € 600 thousand in Europe;
- € 506 thousand in the Americas;
- € 418 thousand in the Rest of the World.

Net working capital

Net working capital, compared to 31 December 2017, increases by € 25,275 thousand, from € 161,837 thousand to € 187,112 thousand.

The following table shows the change in net working capital of the first quarter of 2018 compared with the same period last year:

€/000	3M 2018	3M 2017
Net working capital at 01 January 2018	161,837	145,623
Increase/(decrease) in inventories	3,167	1,748
Increase/(decrease) in trade receivables	37,369	36,836
(Increase)/decrease in trade payables	(8,146)	(6,893)
Exit from the scope of consolidation	(4,497)	-
Change for acquisition of company branch A1 Mist Sprayers Resources	-	58
Other changes	(2,618)	(4,177)
Net working capital at 31 March 2018	187,112	173,195

The increase in net working capital compared to December 31, 2017, net of change in scope of consolidation, is consistent with the seasonality of sales of the Group, concentrated mostly in the first six months of the year.

Net financial position

The net financial position amounts to 139,758 thousand Euro at March 31, 2018 against 125,294 thousand Euro at December 31, 2017.

Below are the movements in net debt for the first three months of 2018 compared with the same period last year:

€/000	1Q 2018	1Q 2017
Opening NFP	(125,294)	(80,083)
Ebitda	17,274	17,291
Financial income and expenses	(695)	(739)
Income from/(expenses on) equity investment	41	46
Exchange gains and losses	(832)	(371)
Income taxes	(3,482)	(3,927)
Cash flow from operations, excluding changes in operating assets and liabilities	12,306	12,300
Changes in operating assets and liabilities	(30,587)	(27,522)
Cash flow from operations	(18,281)	(15,222)
Changes in investments and disinvestments	(3,077)	(3,597)
Other equity changes	(371)	(67)
Changes from exchange rates and translation reserve	871	(54)
Change in scope of consolidation	6,394	(1,873)
Closing NFP	(139,758)	(100,896)

Cash flow from operations net of taxes amounted to € 12,306 thousand in the quarter, in line with € 12,300 thousand for the same period last year. Cash flow from operations was negative for € 18,281 thousand compared to a negative value of € 15,222 thousand in the same period of the previous financial year. The value is affected by the seasonality of the Group's business, which implies an increase in net working capital at the beginning of the year.

The net financial position is made up as follows:

Net financial position (€/000)	31/03/2018	31/12/2017	31/03/2017
A. Cash	44,466	40,812	21,439
B. Other cash at bank and on hand (held-to-maturity investments)	-	-	-
C. Financial instruments held for trading	-	-	-
D. Liquidity funds (A+B+C)	44,466	40,812	21,439
E. Current financial receivables	7,270	7,549	525
F. Current payables to banks	(51,282)	(36,570)	(28,582)
G. Current portion of non current indebtedness	(36,299)	(31,956)	(31,415)
H. Other current financial debts	(9,972)	(10,151)	(2,998)
I. Current financial indebtedness (F+G+H)	(97,553)	(78,677)	(62,995)
J. Current financial indebtedness, net (I+E+D)	(45,817)	(30,316)	(41,031)
K. Non-current payables to banks	(79,105)	(80,084)	(55,271)
L. Bonds issued	-	-	-
M. Other non-current financial debts	(15,534)	(15,646)	(13,771)
N. Non-current financial indebtedness (K+L+M)	(94,639)	(95,730)	(69,042)
O. Net financial indebtedness (J+N)	(140,456)	(126,046)	(110,073)
P. Non current financial receivables	698	752	9,177
Q. Net financial position (O+P)	(139,758)	(125,294)	(100,896)

Current financial indebtedness mainly consist of:

- account payables and self-liquidating accounts;
- loan repayments falling due by 31.03.2019;
- amounts due to other providers of finance falling due by 31.03.2019;
- debt for equity investments in the amount of € 9,000 thousand.

Other non-current financial debts include debt for the purchase of the remaining minority shares in the amount of € 14,655 thousand.

Actualized financial liabilities (short term and medium-long term) for the purchase of the remaining minority shares and for the regulation of acquisition operations with deferred price subject to contractual constraints, in the amount of € 23,655 thousand related to the following companies:

- Lemasa for € 11,161 thousand;
- Lavorwash for € 10,985 thousand;
- Valley LLP for € 1,333 thousand;
- P.T.C S.r.l for € 176 thousand.

Equity

Total equity is equal to € 197,899 thousand against € 187,505 thousand at 31 December 2017. Earnings per share at 31 March 2018 is equal to € 0.068 compared to € 0.056 in the previous year.

On 31 December 2017 the company held 397,233 treasury shares in portfolio number for the equivalent of € 2,029 thousand.

From 1 January 2018 to 31 March 2018 Emak S.p.A. did not buy or sell treasury shares, for which the inventory and value are unchanged from December 31, 2017.

Highlights of the consolidated financial statement broken down by operating segment for the first quarter 2018

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
€/000										
Sales to third parties	48,935	52,468	49,273	30,195	32,958	36,541			131,166	119,204
Intersegment sales	762	457	543	546	2,545	2,398	(3,850)	(3,401)		
Revenues from sales	49,697	52,925	49,816	30,741	35,503	38,939	(3,850)	(3,401)	131,166	119,204
Ebitda	4,284	4,883	8,513	5,234	5,519	8,058	(1,042)	(884)	17,274	17,291
Ebitda/Total Revenues %	8.6%	9.2%	17.1%	17.0%	15.5%	20.7%			13.2%	14.5%
Operating result	2,771	3,472	7,319	4,493	4,628	7,160	(1,042)	(884)	13,676	14,241
Operating result/Total Revenues %	5.6%	6.6%	14.7%	14.6%	13.0%	18.4%			10.4%	11.9%
Financial management result (1)									986	(1,064)
Profit before tax									14,662	13,177
Income taxes									(3,482)	(3,927)
Net profit									11,180	9,250
Net profit/Total Revenues%									8.5%	7.8%

(1) The "Financial management result" includes financial income and expenses, exchange gain/losses and income from revaluation of equity investments in associates.

STATEMENT OF FINANCIAL POSITION	31.03.2018	31.12.2017	31.03.2018	31.12.2017	31.03.2018	31.12.2017	31.03.2018	31.12.2017	31.03.2018	31.12.2017
Net debt	38,461	27,297	93,195	91,969	9,187	7,031	(1,085)	(1,003)	139,758	125,294
Shareholders' Equity	178,193	176,986	47,868	44,002	48,954	48,975	(77,116)	(82,458)	197,899	187,505
Total Shareholders' Equity and Net debt	216,654	204,283	141,063	135,971	58,141	56,006	(78,201)	(83,461)	337,657	312,799
Net non-current assets (2)	130,961	136,604	75,614	76,648	19,810	19,076	(75,840)	(81,366)	150,545	150,962
Net Working Capital	85,693	67,679	65,449	59,323	38,331	36,930	(2,361)	(2,095)	187,112	161,837
Total Net Capital Employed	216,654	204,283	141,063	135,971	58,141	56,006	(78,201)	(83,461)	337,657	312,799

(2) The net non-current assets of the Outdoor Power Equipment area includes the amount of Equity investments for 75,661 thousand Euro

OTHER STATISTICS	31.03.2018	31.12.2017	31.03.2018	31.12.2017	31.03.2018	31.12.2017	31.03.2018	31.12.2017	31.03.2018	31.12.2017
Number of employees at period end	781	801	718	704	474	516	8	8	1,981	2,029

OTHER INFORMATIONS	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Amortization, depreciation and impairment losses	1,513	1,411	1,194	741	891	898			3,598	3,050
Investment in property, plant and equipment and in intangible assets	1,281	1,382	632	1,224	1,444	1,546			3,357	4,152

Comments on interim results by operating segment

The table below shows the breakdown of "sales to third parties" in the first three months in 2018 by business sector and geographic area, compared with the same period last year.

	OUTDOOR POWER EQUIPMENT			PUMPS AND HIGH PRESSURE WATER JETTING			COMPONENTS AND ACCESSORIES			TOTAL		
	1Q 2018	1Q 2017	Var. %	1Q 2018	1Q 2017	Var. %	1Q 2018	1Q 2017	Var. %	1Q 2018	1Q 2017	Var. %
Europe	40,312	44,489	-9.4%	28,344	13,470	110.4%	21,397	24,402	-12.3%	90,053	82,361	9.3%
Americas	1,917	2,992	-35.9%	15,520	13,877	11.8%	6,989	8,598	-18.7%	24,426	25,467	-4.1%
Asia, Africa and Oceania	6,706	4,987	34.5%	5,409	2,848	89.9%	4,572	3,541	29.1%	16,687	11,376	46.7%
Total	48,935	52,468	-6.7%	49,273	30,195	63.2%	32,958	36,541	-9.8%	131,166	119,204	10.0%

Outdoor Power Equipment

Segment's sales recorded an overall decrease of 6.7%. The result was affected by the high levels of stocks in the network with which the 2017 financial year closed and the particularly unfavourable weather conditions in March, which led to a delay in the start of the gardening season in all European markets. The result recorded in the Americas area reflects the lower sales in some Latin American markets. In Asia, Africa and Oceania the sales increase was mainly due to the good performance of the Middle East markets.

EBITDA was negatively affected by lower sales volumes and by non-recurring costs for an amount equal to € 424 thousand. The decrease in personnel costs had a positive effect, while other operating costs are overall in line with the same period of the previous year.

Pumps and High Pressure Water Jetting

Segment's sales are growing both for the contribution equal to € 18,280 thousand related to the new scope of consolidation and for organic growth of 2.5%. The growth in the European market, in addition to the benefit deriving from acquisitions, was determined by the positive results obtained in Western European countries. Sales growth in the Americas area was mainly driven by the consolidation of Lavorwash, against a substantial stability at organic level. In the Asia, Africa and Oceania area, the significant increase in sales at the organic level, recorded in particular in the Far East markets, was further amplified by the consolidation of the Lavorwash Group.

EBITDA benefited from the increase in sales and from the growth of the scope of consolidation. EBITDA of the period includes non-recurring costs for a total amount of € 304 thousand.

Components and Accessories

In the European market the result was determined by lower sales due to the delayed departure of the gardening season. In the Americas area and in Asia, Africa and Oceania, sales were substantially in line with the same period last year. Differences recorded in the respective areas are due to a review of the logistics model in the distribution of some customers.

EBITDA in the segment is affected by lower sales volumes and by the increase in raw materials' cost.

Business outlook

The element that most characterized the first quarter is the delayed start of the season due to anomalous meteorological conditions both in Europe and in North America.

Only from mid-April the activities related to gardening began, with an immediate reflection on the order-entry higher than the same period of 2017. The integration of the recent acquisition of Lavorwash with the associated synergies is proceeding satisfactorily. Initiatives to support business development are in line with value creation plans.

Subsequent events

No significant events occurred.

Others information

Significant operations: derogation from disclosure obligations

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

Definitions of alternative performance indicators

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

- EBITDA before non ordinary expenses: is obtained by deducting at EBITDA the impact of charges and income for litigation, expenses related to M&A transaction, and costs for staff reorganization and restructuring.
- EBITDA: calculated by adding the items "Operating Result" plus "Amortization, depreciation and impairment losses".
- FREE CASH FLOW FROM OPERATIONS: calculated by adding the items "Net profit" plus "Amortization, depreciation and impairment losses".
- NET WORKING CAPITAL: include items "Trade receivables", "Inventories", current non financial "other receivables" net of "Trade payables" and current non financial "other payables".
- NET NON-CURRENT ASSETS: include non-financial "Non current assets" net of non-financial "Non-current liabilities".

Consolidated Financial Statements

Consolidated Income Statement

Thousand of Euro

FY 2017	CONSOLIDATED INCOME STATEMENT	1 Q 2018	1 Q 2017
422,155	Revenues from sales	131,166	119,204
3,684	Other operating incomes	1,400	618
14,168	Change in inventories	3,567	1,719
(234,565)	Raw materials, consumable and goods	(73,943)	(64,842)
(80,055)	Personnel expenses	(21,843)	(19,819)
(81,455)	Other operating costs and provisions	(23,073)	(19,589)
(13,955)	Amortization, depreciation and impairment losses	(3,598)	(3,050)
29,977	Operating profit	13,676	14,241
1,807	Financial income	2,951	460
(4,820)	Financial expenses	(1,174)	(1,199)
(4,218)	Exchange gains and losses	(832)	(371)
389	Income from/(expenses on) equity investment	41	46
23,135	Profit before taxes	14,662	13,177
(6,700)	Income taxes	(3,482)	(3,927)
16,435	Net profit (A)	11,180	9,250
(270)	(Profit)/loss attributable to non controlling interests	(59)	(125)
16,165	Net profit attributable to the Group	11,121	9,125
0.099	Basic earnings per share	0.068	0.056
0.099	Diluted earnings per share	0.068	0.056
FY 2017	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	1 Q 2018	1 Q 2017
16,435	Net profit (A)	11,180	9,250
(5,330)	Profits/(losses) deriving from the conversion of foreign company accounts	(415)	271
(470)	Actuarial profits/(losses) deriving from defined benefit plans (*)	0	0
133	Income taxes on OCI (*)	0	0
(5,667)	Total other components to be included in the comprehensive income statement (B)	(415)	271
10,768	Total comprehensive income for the period (A)+(B)	10,765	9,521
(166)	Comprehensive net profit attributable to non controlling interests	(72)	(140)
10,602	Comprehensive net profit attributable to the Group	10,693	9,381

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

Statement of consolidated financial position

Thousand of Euro

31.12.2017	ASSETS	31.03.2018	31.03.2017
	Non-current assets		
73,275	Property, plant and equipment	72,599	62,444
20,327	Intangible assets	19,862	8,509
67,112	Goodwill	66,392	53,977
230	Equity investments in other companies	230	230
4,284	Equity investments in associates	4,325	4,001
9,068	Deferred tax assets	8,414	6,889
752	Other financial assets	698	9,177
65	Other assets	66	63
175,113	Total non-current assets	172,586	145,290
	Current assets		
155,727	Inventories	154,526	129,205
109,394	Trade and other receivables	145,706	134,992
5,428	Current tax assets	4,424	3,634
7,348	Other financial assets	7,072	510
201	Derivative financial instruments	197	15
40,812	Cash and cash equivalents	44,466	21,439
318,910	Total current assets	356,391	289,795
494,023	TOTAL ASSETS	528,977	435,085
31.12.2017	SHAREHOLDERS' EQUITY AND LIABILITIES	31.03.2018	31.03.2017
	Shareholders' Equity		
184,783	Shareholders' Equity of the Group	195,655	189,554
2,722	Non-controlling interest	2,244	1,568
187,505	Total Shareholders' Equity	197,899	191,122
	Non-current liabilities		
95,730	Loans and borrowings due to banks and other lenders	94,639	69,042
9,622	Deferred tax liabilities	9,072	6,195
10,932	Employee benefits	9,496	8,912
2,265	Provisions for risks and charges	2,218	1,604
579	Other non-current liabilities	557	579
119,128	Total non-current liabilities	115,982	86,332
	Current liabilities		
101,515	Trade and other payables	108,529	86,465
4,676	Current tax liabilities	6,406	7,380
78,469	Loans and borrowings due to banks and other lenders	97,308	62,388
208	Derivative financial instruments	244	607
2,522	Provisions for risks and charges	2,609	791
187,390	Total current liabilities	215,096	157,631
494,023	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	528,977	435,085

Statement of change in consolidated equity between 31st December 2017 and 31st March 2018

Thousand of Euro	SHARE CAPITAL	SHARE PREMIUM	OTHER RESERVES					RETAINED EARNINGS		TOTAL GROUP	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL
			Legal reserve	Revaluation reserve	Cumulative translation adjustment	Reserve IAS 19	Other reserves	Retained earnings	Net profit of the period			
Balance at 31.12.2016	42,519	40,529	2,709	1,138	6,692	(968)	30,900	39,059	17,595	180,173	1,495	181,668
Profit reclassification			350					11,521	(17,595)	(5,724)	(91)	(5,815)
Other changes								(268)		(268)	1,152	884
Net profit for the period					(5,226)	(337)			16,165	10,602	166	10,768
Balance at 31.12.2017	42,519	40,529	3,059	1,138	1,466	(1,305)	30,900	50,312	16,165	184,783	2,722	187,505
Profit reclassification								16,165	(16,165)	0	(64)	(64)
Other changes and reclassifications					(695)	176		698		179	(486)	(307)
Net profit for the period					(428)				11,121	10,693	72	10,765
Balance at 31.03.2018	42,519	40,529	3,059	1,138	343	(1,129)	30,900	67,175	11,121	195,655	2,244	197,899

The share capital is shown net of the nominal value of treasury shares in the portfolio amounted to € 104 thousand
 The share premium reserve is stated net of the premium value of treasury shares amounting to € 1,925 thousand

Comments on the financial statements

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

In relation to the above, it is confirmed that the accounting principles and policies adopted by the Group in preparing the quarterly consolidated financial statements are consistent with those adopted in the consolidated financial statements at 31 December 2017, with the peculiarities shown below.

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

It should be noted that:

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

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

31.12.2017	Amount of foreign for 1 Euro	Average 3 M 2018	31.03.2018	Average 3 M 2017	31.03.2017
0.89	GB Pounds (UK)	0.88	0.87	0.86	0.86
7.80	Renminbi (China)	7.82	7.75	7.34	7.36
4.18	Zloty (Poland)	4.18	4.21	4.32	4.23
1.20	Dollar (Usa)	1.23	1.23	1.06	1.07
14.81	Zar (South Africa)	14.71	14.62	14.08	14.24
33.73	Uah (Ukraine)	33.56	32.62	28.84	28.92
3.97	Real (Brazil)	3.99	4.09	3.35	3.38
11.24	Dirham (Morocco)	11.32	11.33	10.71	10.73
23.66	Mexican Pesos (Mexico)	23.04	22.52	21.62	20.02
737.29	Chilean Pesos (Chile)	740.19	744.58	698.14	711.48

Significant, non-recurring transactions or atypical, unusual transactions

Acquisition of the remaining 39% of Epicenter

On January 29, 2018, the Parent Company Emak S.p.A acquired the remaining 39%, still owned by the founder, of the Ukrainian subsidiary Epicenter LLC, leading its shareholding to 100%. The price for the acquisition of this share amounts to € 340 thousand.

Reorganization of commercial activities in U.S.A.

Starting from the beginning of 2018, the Group has implemented a reorganization of its commercial activities in the United States in the Pumps and High Pressure Water Jetting segment. Specifically, the company Comet USA conferred in Valley the industrial pump business in order to maximize logistical, operational and management efficiencies. The new organization will also allow to focus the energies on future developments of the activities on the US territory. Following the reorganization, the Put&Call option outstanding with the minority shareholder of Valley, for the purchase of the remaining 10%, was extended indefinitely.

Sale of 100% of Raico S.r.l.

On March 6, 2018, the parent company Emak S.p.A. signed a binding agreement for transferring the 100% of the share capital of Raico S.r.l. This agreement was concluded on March 30th, with the total transfer to the company Kramp S.r.l. for an equivalent of € 5,500 thousand.

Raico, specialised in the distribution of components and accessories for farm tractors, industrial machines and earthmoving machinery, closed at 31 December 2017 with a turnover of about € 12.8 million, Gross Operating Margin equal to € 0.5 million and a passive Net Financial Position of € 0.7 million.

The economic effects of the first three months of 2018 are included in the scope of consolidation and the deconsolidation determined a total capital gain of € 2,472 thousand.

The fair value of assets and liabilities subject to disposal with effect as of 30 March 2018 and the price cashed are detailed below:

€/000	Book values	Fair Value adjustments	Fair value of sold assets
Non-current assets			
Property, plant and equipment	254	-	254
Intangible assets	291	-	291
Deferred tax assets	230	-	230
Other financial assets	5	-	5
Current assets			
Inventories	4,369	-	4,369
Trade and other receivables	2,849	-	2,849
Cash and cash equivalents	16	-	16
Non-current liabilities			
Employee benefits	(1,262)	-	(1,262)
Provisions for risks and charges	(88)	-	(88)
Current liabilities			
Trade and other payables	(2,550)	-	(2,550)
Current tax liabilities	(170)	-	(170)
Loans and borrowings	(915)	-	(915)
Provisions for risks and charges	(1)	-	(1)
Total net assets sold	3,028	-	3,028
% interest sold			100.0%
Net equity sold			3,028
Sale price cashed			5,500
Cash and cash equivalent sold			(16)
Net cash flow			5,484
Capital Gain from the sale			2,472

Personal reorganization plan Emak S.p.A.

The Parent Company, following an assessment aimed at improving the organization at the Bagnolo in Piano (RE) headquarters, due to the logic of efficiency and renewal, on December 13, 2017, signed with the Trade Unions and company RSU an Agreement, aimed primarily at employees who have acquired the right to a pension within 24 months following the termination of the employment relationship, envisaging a plan to early retirement on voluntary basis referred to in articles 4, 5 and 24 of law n. 223/91.

During the first quarter 2018, the first individual conciliation agreements were signed for 16 people.

The accounted non-recurring charges, following the first acceptances of the reorganizational plan, during the first quarter 2018 amount to € 114 thousand.

Early exercise of the "Put & Call" option of 10% of P.T.C. Srl

In December 2017, the company Comet S.p.A. has signed an agreement establishing the early exercise of the "Put and call Option Agreement" which regulates the purchase of the remaining 10% of the company P.T.C. Srl. The contractual terms provided that the option would have been exercised by 30 April 2018, by changing the original deadline that envisaged the possibility of exercise in the year 2019, and that the exercise price would have been established on the basis of the economic-financial results for the 2015-2016-2017 financial years. In the first months of 2018, has been agreed the postponement of the deadline of the option to 31 May 2018 and has been estimated an exercise price equal to € 178 thousand.

The company P.T.C. S.r.l., on the basis of the previous "Put and Call Option Agreement", was already 100% consolidated.

Bagnolo in Piano (RE), May 15, 2018

On behalf of the Board of Directors

The Chairman

Fausto Bellamico

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

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

certifies,

in accordance with the second paragraph of Art. 154-bis, of Italian Legislative Decree No. 58 of 24 February 1998, that the accounting information contained in the Quarterly Report at 31 March 2018, examined and approved today by the Board of Directors of the company, corresponds with the accounting documents, ledgers and records.

Faithfully,
Bagnolo in Piano (RE), May 15, 2018

Aimone Burani
Executive in charge
of preparing the accounting statements