HALF-YEAR REPORT AT 30 JUNE 2008

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Contents

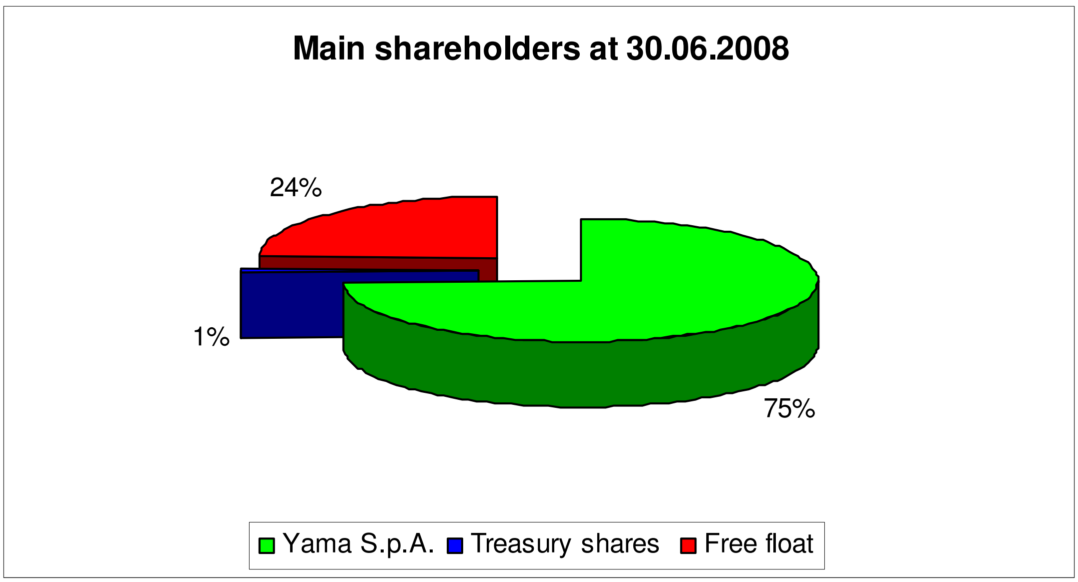
EMAK GROUP

Corporate officers of Emak S.p.A.

Board of Directors	
<u>Chairman</u>	<u>Giacomo Ferretti</u>
<u>Deputy Chairman</u>	<u>Aimone Burani</u>
<u>Chief Executive Officer</u>	<u>Fausto Bellamico</u>
<u>Executive Director</u>	<u>Stefano Slanzi</u>
Independent Directors	Ivano Accorsi
	Andrea Barilli
	Gian Luigi Basini
Directors	Carlo Baldi
	Paola Becchi
	Giuliano Ferrari
	Vilmo Spaggiali
	Guerrino Zambelli
	Luigi Bartoli
Audit Committee	
<u>Chairman</u>	<u>Andrea Barilli</u>
	Ivano Accorsi
	Gian Luigi Basini
Remuneration Committee	
<u>Chairman</u>	<u>Andrea Barilli</u>
	Ivano Accorsi
	Gian Luigi Basini
Board of Statutory Auditors	
<u>Chairman</u>	<u>Marco Montanari</u>
Acting auditors	Claudia Catellani
	Martino Masini
Alternate auditors	Mario Venezia
	Eugenio Poletti
Independent Auditors	Fidital Revisione e Organizzazione Contabile S.r.l.
Financial Reporting Officer	Aimone Burani
Supervisory Body as per Legislative Decree 231/01	
<u>Chairman</u>	Francesca Baldi
Acting members	Roberto Bertuzzi
	Guido Ghinazzi

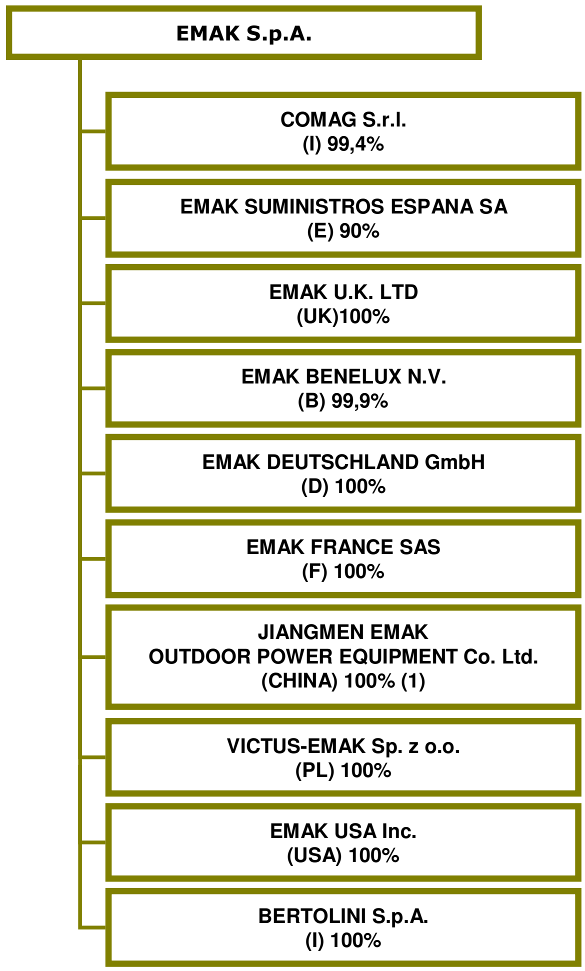
Main shareholders of Emak S.p.A.

Main shareholders at 30.06.2008	Shares	%
Yama S.p.A.	20,542,500	74.29
Treasury shares held	345,163	1.25
Free float	6,765,837	24.46
Total number of shares	27,653,500	100.00



Emak Group structure

The Emak Group is structured as follows at 30 June 2008:



(1) The group's interest in Jiangmen Emak Outdoor Power Equipment Co. Ltd. includes the 49% interest held by Simest S.p.A.. Under the contract signed in December 2004 and subsequent additions thereto, the interest held by Simest S.p.A. is the subject of a binding agreement for repurchase by Emak S.p.A. on 30 June 2013.

Emak Group financial highlights

All the figures contained in this report are IFRS compliant.

Y2007		I H 2008	I H 2007
217,834	Net sales	151,107	130,189
29,992	EBITDA (1)	24,149	21,742
24,472	EBIT	21,048	19,008
15,246	Net profit	14,743	12,435

Investment and free cash flow (€/000)

Y2007		I H 2008	I H 2007
7,927	Investment in property, plant and equipment	5,017	4,209
679	Investment in intangible assets	370	327
20,766	Free cash flow from operations (2)	17,844	15,169

Balance sheet (€/000)

31.12.2007		30.06.08	30.06.07
122,481	Net capital employed	141,166	120,448
(31,042)	Net debt	(40,818)	(30,375)
91,439	Total equity	100,348	90,073

Other statistics

Y 2007		I H 2008	I H 2007
13.8%	EBITDA / Net sales (%)	16.0%	16.7%
11.2%	EBIT/ Net sales (%)	13.9%	14.6%
7.0%	Net profit / Net sales (%)	9.8%	9.6%
20.0%	EBIT / Net capital employed (%)	14.9%	15.8%
0.34	Debt / Equity	0.41	0.34
844	Number of employees at period end	901	832 (5)

Share information and prices

31.12.2007		30.06.2008	30.06.2007
0.550	Earnings per share (€)	0.538	0.449
3.32	Equity per share (€) (3)	3.65	3.24
5.30	Official price (€)	4.50	6.23
6.92	Maximum share price in period (€)	5.30	6.92
4.83	Minimum share price in period (€)	4.33	4.84
146	Stockmarket capitalization (€ / million)	125	171
27,581,709	Average number of outstanding shares	27,331,027	27,636,418
27,653,500	Number of shares comprising share capital	27,653,500	27,653,500
0.75	Cash flow per share: net profit + amortization/depreciation (€) (4)	0.65	0.55
0.220	Dividend per share (€)	-	-

(1) "Ebit" plus "Amortization, depreciation and impairment losses"
(2) "Net Profit" plus "Amortization, depreciation and impairment losses"
(3) "Group equity" divided by "Number of outstanding shares at period end"
(4) "Group Net Profit + Amortization/depreciation" divided by "Average number of outstanding shares"
(5) The figure at 31.06.2007 was 903, as the list included 71 temporary workers employed

INTERMEDIATE DIRECTORS' REPORT AT 30 JUNE 2008

INTRODUCTION

The comments and comparisons contained in this report are based on consistent figures and reporting standards.

ECONOMIC AND INDUSTRY SITUATION

1. Economic situation

The global economy has begun to lose momentum since the last quarter of 2007, is loosing speed because of the major financial crisis. The slowdown has been greatest in the advanced economies, particularly in the United States, where readjustment of the housing market continues to aggravate financial difficulties. Among the other advanced economies, growth in Western Europe has also slowed down. The emerging and developing economies have so far been less affected by financial markets developments and have continued to grow at a rapid pace, led by China and India.
At the same time, inflation has increased around the world, boosted by the trend of rising food and energy prices.
As a consequence of this unfavourable macroeconomic scenario, global growth is expected to be 3.7%, driven by emerging countries such as China (+9.3%), India (+7.9%), Russia (+6.8%) and Eastern Europe Countries (+4.4%).
As far as it concerns the advanced economies, the United States in 2008 will face a period of mild recession (0.5%), with a gradual recovery from 2009.
For the Euro Area the growth us expected to be at 1.4%, with a forecast for Italy of 0.3%.

2. Industry performance

The market of gardening and forestry machine is concentrated for the 52% in thE United States, 30% in Europe and 18% in the Rest of the World. The demand is influenced in first place by the trend of the economic cycle and, especially as far as it concerns the gardening sector, by the weather conditions.
The trend in the segment *Agricolture and Forestry* is contrasting: if by one side the products for the cultivation of the land are substantially stable, those for cutting wood – and in the specific the chainsaws – confirm the decline of last year (especially in Western Europe and USA).
Although the unfavourable macroeconomic scenario, the segment *Gardening* is facing a slight growth: because of the delayed beginning of the season sales concentrated in the last months of the semester.
From a geographic point of view, in Italy, as in the rest of Western Europe, the market is facing a phase of downturn due to the adverse macroeconomic situation. North America is suffering the crisis that affected the area during 2007. On the other side, Eastern Europe (especially Russia and Ukraine), South America and Far East are continuing to grow.

3. Significant events occurring during the period.

The following significant events occurred during the first six months of the year:

- on 15 January 2008 the company, Bertolini S.p.A., was acquired;
- on 28 March 2008 the Parent company Emak S.p.A. recapitalized the subsidiary Emak USA INC. for the amount of $ 1,000 million (equivalent to € 633 thousand) through a credit conversion operation;
- on 26 June 2008 the merger project for the absorption of Bertolini S.p.A. into Emak S.p.A. was approved by the respective Board of Directors. The stipulation of the merger deed is expected before the end of the current financial period. Emak S.p.A. intends to accelerate the process of integrating Bertolini S.p.A. through the merger, with the aim of best exploiting production and distribution synergies between the two companies, the effects of which will arise during the 2009 financial year.

4. Atypical and unusual, significant and non-recurring operations.

Please refer to notes 7 and 8 to the consolidated financial statements for information about significant and non-recurring operations.

5. EMAK GROUP - OVERVIEW OF RESULTS

Highlights from the consolidated income statement

I Highlights from the consolidated income statement for the first half of 2008 (1H 2008) are summarized below:

FY2007	%	€/000	1H 2008	%	1H 2007	%	% Ch
217,834	100	Net sales	151,107	100	130,189	100	16.1
29,992	13.8	Ebitda	24,149	16.0	21,742	16.7	11.1
24,472	11.2	Ebit	21,048	13.9	19,008	14.6	10.7
22,615	10.4	Profit before taxes	19,853	13.1	18,567	14.3	6.9
15,246	7.0	Net profit	14,743	9.8	12,435	9.6	18.6

Analysis of turnover trend

In general terms, the first half-year of 2008 was characterised by a particularly difficult macroeconomic situation and by the late start to the season which led to a shifting in sales from the first to the second quarter.

During the first half-year of 2008 the Emak Group achieved a consolidated turnover of € 151,107 thousand, a growth of 16.1% compared the same period in the previous financial year.
Sales grew by 7.1% for the same scope of consolidation.

Consolidated turnover in the second quarter was € 79,734 thousand, against € 67,029 thousand in the same period in the previous financial year, an increase of 19%.

With the introduction of Bertolini S.p.A. into the scope of consolidation, it has been decided to replace the previous segmentation of sales, which was based on product type (chainsaws, brush-cutters, lawnmowers, garden tractors, other products and spare parts and accessories) with a new segmentation based on the sector of use.

The table below shows sales in the first half-year of 2008, broken down by segment, compared with the first half-year of the previous financial year.

€/000	1H 2008	%	1H 2007	%	% Ch
Agricolture and Forestry	41,075	27.2	27,162	20.9	51.2
Construction and Industry	6,705	4.4	3,436	2.6	95.1
Lawn & Garden	87,958	58.2	87,593	67.3	0.4
Spare parts & Accessories	15,369	10.2	11,998	9.2	28.1
Total	**151,107**	**100.0**	**130,189**	**100.0**	**16.1**

The introduction of Bertolini S.p.A. into the scope of consolidation has led to an increase in sales in the *"Agriculture and forestry"* segment, compensating the fall in turnover in the chainsaw family of products.

The OEM business has contributed to the increase in sales in the *Construction and Industry* segment.

Sales in the *Gardening* segment are in line with the first half-year of 2007.

Finally, the growth achieved in the *Spare Parts and Accessories* segment is due both to the integration of Bertolini S.p.A.. and to a lower inclination on the part of users to renew their equipment given the unfavourable economic climate.

The geographical breakdown of sales is shown in the following table:

€/000	1H 2008	%	1H 2007	%	% Ch
Italy	27,762	18.4	23,159	17.8	19.9
Europe	105,482	69.8	89,615	68.8	17.7
Rest of World	17,863	11.8	17,415	13.4	2.6
Total	**151,107**	**100.0**	**130,189**	**100.0**	**16.1**

Despite the difficult situation in Italian market, the extended scope of consolidation and the OEM business have contributed to a significant increase in sales.

Countries in the East have driven European growth, in spite of a substantially stable demand in Western Europe.

Turnover in the Rest of the World has improved, recovering after the first quarter of the financial year.

Profits

- EBITDA

In the second quarter of 2008, Ebitda amounted to € 13,363 thousand against € 11,311 thousand in the corresponding quarter in the last financial year, an increase of 18.1%.

In the first half-year of 2008, Ebitda amounted to € 24,149 thousand against € 21,742 thousand in the corresponding period in the last financial year, an increase of 11.1%.

In comparative terms, excluding non-recurring components in the first half-year of 2007 (that is, the capital gains of € 531 thousand realised on the sale of a building and lower staff costs as a result of the Employment Termination Indemnity (TFR) reform for around € 700 thousand), the increase in Ebitda was 17.7%.

The increase in sales volumes has had a positive effect on the Ebitda movement for the half-year, while greater production efficiencies have more than compensated for the increase in costs of raw materials.

Ebitda as a percentage of sales has moved from 16.7% (15.8% excluding the non-recurrent components referred to above) at 30 June 2007, to 16.0% (16.9% for comparative scope of consolidation) at 30 June 2008.

- EBIT

In the second quarter of 2008, Ebit amounted to € 11,771 thousand against € 9,900 thousand in the corresponding quarter in the last financial year, an increase of 18.9%.

In the first half-year of 2008, Ebit amounted to € 21,048 thousand against € 19,008 thousand in the corresponding period in the last financial year, an increase of 10.7%.

In comparative terms, excluding the non-recurring components already referred to in the comments on EBITDA, the increase in Ebit in the first half-year of 2008, compared to the same period in the previous financial year, was 18.4%.

Ebit as a percentage of sales has moved from 14.6% (13.7% excluding the non-recurrent components referred to above) at 30 June 2007, to 13.9% (14.8% for comparative scope of consolidation) at 30 June 2008. Ebit as a percentage of net invested capital (non-annualized) has moved from 15.8% (14.8%

excluding the non-recurrent components referred to above) at 30 June 2007, to 14.9% (16.2% for comparative scope of consolidation) at 30 June 2008.

- Net profit

Net profit in the second quarter of 2008 amounted to € 8,670 thousand against € 6,622 thousand for the corresponding quarter in the last financial year, an increase of 30.9%.

Net profit in the first six months of 2008 amounted to € 14,743 thousand against € 12,435 thousand for the corresponding quarter in the last financial year, an increase of 18.6%.

The net financial result for the first six months of 2008 is due to the increase both in net financial liabilities and in interest rates.

The tax rate in the first half-year of 2008 was 25.7%, lower than the 33% for the same period in the previous financial year by 7.3 percentage points.

This decrease is due in part to the reduction in the tax rate in Italy (which accounts for 3.5 percentage points), in part to the benefit deriving from the remission of a number of previous deductions made only in the tax return (1.6 percentage points), and finally due to a more favourable distribution of profits between countries in which the Group operates (2.2 percentage points).

Highlights from the consolidated balance sheet

31.12.2007	€/000	30.06.2008	30.06.2007
41,410	Net non-current assets	48,213	39,689
81,071	Net working capital	92,953	80,759
122,481	**Total net capital employed**	**141,166**	**120,448**
91,439	Equity	100,348	90,073
(31,042)	Net financial position	(40,818)	(30,375)

- Net non-current assets

During 1H 2008, excluding the changes in the net fixed assets due to the introduction of Bertolini S.p.A. into the consolidation area, Emak Group invested € 5,387 thousand in property, plant and equipment and intangible assets as follows:

- € 1,729 thousand for product innovation;
- € 1,029 thousand for boosting production capacity and for process innovation;
- € 564 thousand for upgrading the computer network;
- € 2,053 thousand for the renovation of existing buildings and the start of construvtion of the new “spare parts logistical centre” in Bagnolo in Piano (RE);
- € 12 thousands for other investments of an operating nature.

Investments are broken down by geographival area as follows:

- € 4,606 thousand in Italy;
- € 310 thousand in Europe;
- € 471 in the Rest of the World.

- Net working capital

Net working capital was € 11,882 thousand higher than at the end of December 2007, moving from € 81,071 thousand to € 92,953 thousand.

The chart below shows changes in net working capital in the first six months of 2008 and in the corresponding period of the previous year:

€/000	1H 2008	1H 2007
Net working capital at 01 January	**81,071**	**81,785**
increase/(decrease) in inventories	8,221	(4,396)
increase in trade receivables	23,823	11,964
increase in trade payables	(14,627)	(6,902)
other changes	(5,535)	(1,692)
Net working capital at 31 June	**92,953**	**80,759**

The increase in net working capital since 31 December 2007 was attributable for almost € 13,300 thousand to the introduction of Bertolini S.p.A. into the scope of consolidation.

- Equity

Total equity amounts to € 100,348 thousand compared with 91,439 thousand at 31 December 2007. Earnings per share at 30 June 2008 are € 0.538, up from € 0.449 for the same period of last year.

- Net financial position

Net debt increases from € 31,042 thousand at 31 December 2007 to € 40,818 thousand at 30 June 2008. The increase is mainly due to working capital needs and the introduction of Bertolini S.p.A. into the scope of consolidation, which accounts for about € 16,100 thousand.

In the first six months of 2008 free cash flow is € 17,844 thousand after tax, compared with € 15,169 thousand in the same period of last year.

The net financial position is made up as follows:

31.12. 2007	€/000	30.06.2008	30.06.2007
6.036	Cash and banks	14.323	11.928
5	Securities and derivative financial instruments	-	5
90	Other financial assets	2	0
(36.984)	Financial liabilities	(54.929)	(42.265)
(189)	Derivative financial instruments	(214)	(43)
(31.042)	**Net financial position**	**(40.818)**	**(30.375)**

The net financial position at 30 June 2008 and at 31 December 2007 does not include balances with related parties, while at 30 June 2007 these balances are included in financial liabilities for € 2,003 thousand, and relate to dividends payable to the shareholder D.Lite Netherlands B.V..

6. RESEARCH AND DEVELOPMENT ACTIVITIES

During the first half-year of 2008 Research and Development activities continued in accordance with the Business Plan, in which product innovation is seen as a driving factor for the Group's future growth.

The multiyear Plan involves directing a large part of investments towards the development of new products with the objective of launching on average 10 to 15 new models on the market every year.

Research and Development activities are therefore concentrated on the launch of new product families, fitted with motorization systems that comply with legal regulations on emissions, providing for entry into the Euro 2 phase and the replacement or renewal of existing systems.

This renewal involves all the main product families, and in particular grass cutting machines: the brush-cutters range has been completely revamped with the aim of strengthening the offer and improving both our competitive position and "value for money" for our clientele.

Significant resources have also been directed towards the development of new technologies aimed at reducing energy consumption, at safeguarding the environment and at improving ergonomics through notable reductions in acoustic emissions and vibrations.

The new R&D centre in the Chinese factory, which works together with the head office centre in the achievement of product development objectives, with particular attention to those products to be manufactured locally, has completed the start-up phase and is currently operational.

7. HUMAN RESOURCES

The following table shows the breakdown of personnel by country:

Workforce	**30.06.2008**	**31.12.2007**
Italy	526	464
France	43	43
Belgium	5	6
UK	15	16
Spain	21	17
Germany	19	17
Poland	56	60
China	209	214
USA	7	7
Total	**901**	**844**

The increase in overall staff numbers in the Emak Group at 30/06/2008 is mainly due to the introduction of Bertolini S.p.A. into the consolidation area.

The average number of dependent employees and temporary workers in the first half-year of 2008 was 1,118, against 935 for the first half-year of 2007.

In the first half-year of 2008, a total of 4,335 hours of professional development courses were carried out in Emak S.p.A. (2,468 hours of instruction and 1,867 hours of job training).

8. DEALINGS WITH RELATED PARTIES

Emak is not subject to management and coordination on the part of other bodies. In particular, it is not subject to management and coordination on the part of the holding company, Yama S.p.A.

Emak has set up specific control procedures for identifying, processing and approving significant operations of a non-recurring or unusual nature undertaken with related parties, as well as for taking appropriate action in the event of conflict of interest on the part of one or more Directors.

The above procedures have been followed specifically with regards to the acquisition by the holding company, Yama – on 15.01.2008 – of the entire shareholding of Bertolini S.p.A. with a single shareholder, as referred to under note 7. These procedures have similarly been followed with regards to the more recent acquisition by the holding company, Yama- on 01.07.2008 – of the entire shareholding of the company regulated by Chinese law, “Tailong (Zhuhai) Machinery Manufacturing Ltd”. Further information about the latter acquisition on the part of related parties is set out in paragraph 12 of this report.

The market was notified in good time of both the operations referred to above and information as prescribed by regulations was suitably provided (see www.emak.it).

Emak has also set up and implemented a control procedure, subject to periodic updating and formal approval on the part of the Board of Directors, for the execution of operations with related parties that are of a usual and recurring nature, based on normal market conditions and carried out within the specific sphere of its industrial activities. For further information about these activities, reference should be made to note no. 34.

9. BUY-BACK OF EMAK S.p.A. SHARES

Emak S.p.A. held 277,413 treasury shares at 31 December 2007, worth € 1,516 thousand.
During the first half 2008 Emak S.p.A. purchased 67,750 treasury shares worth € 319,916 thousand. As a result at 30 June 2008 the company held in portfolio 345,163 treasury shares, worth € 1,836 thousand.

10. OUTSTANDING DISPUTES

There are no outstanding disputes other than those for which related provisions have been made, as discussed in note 31 to the consolidated financial statements.

11. FORECAST OPERATING TRENDS

The first half-year was characterised by the late start to the season, which led to the shifting of sales from the first to the second quarter. At the end of the period, stock levels in the distribution network was at a level in line with forecasts.

The trend in the second half-year of 2008 will be affected by risks relating to a further worsening in the macroeconomic situation, changes in exchange rates and the cost of raw materials.

Weather conditions are another factor that influence the performance of the business, especially with regards to the gardening sector.

The Group constantly monitors risk factors with the aim of taking suitable measures to limit their effect on profitability.

12. Subsequent events

- On 1 July 2008, the company acquired the entire shareholding of the Chinese company, Tailong (Zhuhai) Machinery Manufacturing Equipment L.t.d. from the subsidiary companies, Tecnol and Selettra.

  TAILONG (Zhuhai) Machinery Manufacturing L.t.d., of which the Emak Group is the main customer, was founded in 2005 for the manufacture of nickel-plated cylinders with galvanic carry-over for small internal combustion engines. Subsequent to the acquisition the company will take the name of EMAK (Zhuhai) Machinery Manufacturing Equipment L.t.d..

  The consideration paid for the acquisition of the entire shareholding of TAILONG was € 2,500 thousand. The amount was determined on the basis of a sworn appraisal by an independent expert designated by EMAK using the "rebuilding value" method, taken as the cost Emak would have had to pay if it had had to create from scratch a company specialized in the production of nickel cylinders with galvanic carry-over for small internal combustion engines, complete with know-how, plants and production technology comparable to TAILONG.

  For more information, reference should be made to the specific informative document held at the registered office, at the Italian Stock Exchange and published on Emak S.p.A.'s website.

- During July 2008 Emak S.p.A. paid € 876 thousand on account for future increases in share capital of the subsidiary company, Comag S.r.l..

13. Other information

In compliance with the provisions of arts. 36 and 39 of Market Regulations, Emak makes it known that it currently holds a controlling interest in only one company of significant size, incorporated and regulated according to the laws of a state not belonging to the European Union.
The company in question is Jiangmen Emak Outdoor Equipment Co Ltd, with registered office in the Guandong region and regulated by legislation in force in the People's Republic of China.
With regards to the aforementioned company, Emak has already fully complied with regulatory provisions, particularly those relating to the transparency of the subsidiary company's corporate management structure, to the regularity of information flows provided by the company, and to the suitability of its accounting system.

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Emak meets the requirements for belonging to the STAR segment.

The company has its own Ethical Code and has set up an Organisation, Management and Control Model in accordance with art. 6 of Legislative Decree 231/01. It constantly updates the Model, with regards to the evolution of its corporate structure, to changes in the way the company carries out its activities and to legislative changes that occur from time to time.
The Supervisory Body, which reports on its activity to the Board of Directors on a periodic basis, has set up a project for the continuous training and instruction of all employees with reference to the Model and to the operating procedures established for single management areas.

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Bagnolo in Piano (RE), 8 August 2008

On behalf of the Board of Directors

The Chairman

Giacomo Ferretti

Emak Group– Consolidated financial statements and explanatory notes at 30 June 2008

Consolidated income statement

Y 2007	€/000	Notes	I H 2008	I H 2007
217,834	Sales	10	151,107	130,189
2,104	Other operating incomes	10	928	1,358
(1,474)	Change in inventories		(866)	(4,393)
(126,500)	Raw and consumable materials and goods		(86,595)	(72,682)
(27,671)	Salaries and employee benefits	11	(18,094)	(14,115)
(34,301)	Other operating costs	12	(22,331)	(18,615)
(5,520)	Amortization, depreciation and impairment losses	13	(3,101)	(2,734)
24,472	**Ebit**		**21,048**	**19,008**
591	Financial income	14	215	299
(2,634)	Financial expenses	14	(1,878)	(1,415)
186	Exchange gains and losses		468	675
22,615	**EBT**		**19,853**	**18,567**
(7,369)	Income taxes	15	(5,110)	(6,132)
15,246	**Net profit**		**14,743**	**12,435**
(65)	**(Profit)/loss attributable to minority interests**		**(31)**	**(40)**
15,181	**Net profit attributable to the group**		**14,712**	**12,395**
0.550	**Basic earnings per share**	16	**0.538**	**0.449**
0.550	**Diluted earnings per share**	16	**0.538**	**0.449**

Consolidated balance sheet

ASSETS

31.12.2007	€/000	Notes	30.06.2008	30.06.2007
	Non-current assets			
38,689	Property, plant and equipment	17	42,286	37,484
2,795	Intangible assets	19	2,788	2,952
6,773	Goodwill	20	9,330	6,459
174	Investment property	18	155	343
224	Equity investments		224	224
2,845	Deferred tax assets	27	3,456	3,052
0	Other financial assets		1	0
854	Other receivables	22	859	53
52,354	**Total**		**59,099**	**50,567**
	Non-current assets held for sale			
	Current assets			
66,434	Inventories	23	74,654	63,906
63,373	Trade and other receivables	22	87,852	72,018
3,071	Current tax assets		1,234	3,059
4	Other financial assets		1	0
86	Derivative financial instruments		0	0
5	Marketable securities at fair value		0	5
6,036	Cash and cash equivalents		14,323	11,928
139,009	**Total**		**178,064**	**150,916**
191,363	**TOTAL ASSETS**		**237,163**	**201,483**

EQUITY AND LIABILITIES

31.12.2007	€/000	Notes	30.06.2008	30.06.2007
	Capital and reserves			
7,190	Share capital		7,190	7,190
21,047	Share premium		21,047	21,047
(1,516)	Treasury shares		(1,836)	(36)
30,397	Other reserves		30,932	30,322
33,806	Retained earnings		42,513	31,069
90,924	**Total Group**	**24**	**99,846**	**89,592**
515	**Minority interests**		**502**	**481**
91,439	**Total equity**		**100,348**	**90,073**
	Non-current liabilities			
13,144	Loans and borrowings	26	21,993	13,012
3,204	Deferred tax liabilities	27	2,670	2,922
4,562	Post-employment benefits	28	5,091	5,205
582	Provisions	29	628	528
2,596	Other non-current liabilities	30	2,495	2,222
24,088	**Total**		**32,877**	**23,889**
	Current liabilities			
49,639	Trade and other payables	25	64,904	53,063
1,788	Current tax liabilities		5,388	4,906
23,840	Loans and borrowings	26	32,937	29,253
189	Derivative financial instruments	21	214	43
380	Provisions	29	495	256
75,836	**Total**		**103,938**	**87,521**
191,363	**TOTAL EQUITY AND LIABILITIES**		**237,163**	**201,483**

Statement of changes in consolidated equity at 30.06.2007

€/000	Share capital	Share premium	Treasury shares	OTHER RESERVES				RETAINED EARNINGS		TOTAL GROUP	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	TOTAL
				Legal reserve	Revaluation reserve	Cumulative translation adjustment	Other reserves	Retained earnings	Net profit for the period			
Balance at 31.12.2006	**7,190**	**21,047**	**(527)**	**1,438**	**1,138**	**36**	**27,611**	**12,221**	**11,239**	**81,393**	**483**	**81,876**
Change in translation reserve						99				**99**		**99**
Change in treasury shares			491					40		**531**		**531**
Payment of dividends								6,400	(11,239)	**(4,839)**	(42)	**(4,881)**
Other changes								13		**13**		**13**
Net profit at 30.06.07									12,395	**12,395**	40	**12,435**
Balance at 30.06.2007	**7,190**	**21,047**	**(36)**	**1,438**	**1,138**	**135**	**27,611**	**18,674**	**12,395**	**89,592**	**481**	**90,073**

Statement of changes in consolidated equity at 31.12.2007 and at 30.06.2008

€/000	Share capital	Share premium	Treasury shares	OTHER RESERVES				RETAINED EARNINGS		TOTAL GROUP	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	TOTAL
				Legal reserve	Revaluation reserve	Cumulative translation adjustment	Other reserves	Retained earnings	Net profit for the period			
Balance at 31.12.2005	**7,190**	**21,047**	**(527)**	**1,438**	**1,138**	**36**	**27,611**	**12,221**	**11,239**	**81,393**	**483**	**81,876**
Change in translation reserve						174				**174**		**174**
Change in treasury shares			(989)					40		**(949)**		**(949)**
Payment of dividends								6,400	(11,239)	**(4,839)**	(42)	**(4,881)**
Other changes								(36)		**(36)**	9	**(27)**
Net profit for 2006									15,181	**15,181**	65	**15,246**
Balance at 31.12.2006	**7,190**	**21,047**	**(1,516)**	**1,438**	**1,138**	**210**	**27,611**	**18,625**	**15,181**	**90,924**	**515**	**91,439**
Change in translation reserve						535				**535**		**535**
Change in treasury shares			(320)							**(320)**		**(320)**
Payment of dividends								9,173	(15,181)	**(6,008)**	(44)	**(6,052)**
Other changes								3		**3**		**3**
Net profit at 30.06.07									14,712	**14,712**	31	**14,743**
Balance at 30.06.2007	**7,190**	**21,047**	**(1,836)**	**1,438**	**1,138**	**745**	**27,611**	**27,801**	**14,712**	**99,846**	**502**	**100,348**

Consolidated cash flow statement

2007	(€/000)	Notes	30.06.2008	30.06.2007
	Cash flow from operations			
15,246	**Net profit for the period**		**14,743**	**12,435**
5,520	Amortization, depreciation and impairment losses	13	3,101	2,734
(536)	(Capital gains)/losses on disposal of property, plant and equipment		(12)	(533)
(5,807)	Decreases/increases in trade and other receivables		(15,497)	(13,846)
1,868	Decreases/increases in inventories		857	4,396
5,158	Decreases/increases in trade and other payables		12,873	11,044
(1,234)	Change in post-employment benefits		(120)	(591)
110	Decreases/increases in provisions for liabilities	29	81	(68)
(126)	Decreases/increases in derivative financial instruments		110	(186)
20,199	**Net cash generated by operations**		**16,136**	**15,385**
	Cash flow from investment activities			
(8,625)	Increases in property, plant and equipment and intangible assets		(5,676)	(4,400)
5	Increases and decreases in financial assets		7	9
805	Proceeds from disposal of property, plant and equipment		12	555
0	Business combinations		(6,536)	0
(7,815)	**Net cash absorbed by investment activities**		**(12,193)**	**(3,836)**
	Cash flow from financial activities			
(976)	Change in equity		(317)	544
4,227	Change in short and long-term loans and borrowings		8,198	8,941
(524)	Change in finance leases		(231)	(288)
(4,881)	Dividends paid		(6,052)	(2,878)
174	Change in translation reserve		535	99
(1,980)	**Net cash absorbed by financial activities**		**2,133**	**6,418**
10,404	**NET INCREASE IN CASH AND CASH EQUIVALENTS**		**6,076**	**17,967**
(12,920)	**OPENING CASH AND CASH EQUIVALENTS**		**(2,516)**	**(12,920)**
(2,516)	**CLOSING CASH AND CASH EQUIVALENTS**		**3,560**	**5,047**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

2007	(€/000)	30.06.2008	30.06.2007
	RECONCILIATION OF CASH AND CASH EQUIVALENTS		
(12,920)	**Opening cash and cash equivalents, detailed as follows:**	**(2,516)**	**(12,920)**
4,028	Cash and cash equivalents	6,036	4,028
(16,948)	Overdrafts	(8,552)	(16,948)
(2,516)	**Closing cash and cash equivalents, detailed as follows:**	**3,560**	**5,047**
6,036	Cash and cash equivalents	14,323	11,928
(8,552)	Overdrafts	(10,763)	(6,881)
	Other information:		
(1,043)	Change in related party receivables and service transactions	536	(168)
912	Change in related party payables and service transactions	(594)	1,592

	(*) detail of the effect of the change in the scope of consolidation:		
0	movements attributable to operating activities	(10,750)	0
0	movements attributable to investment activities	(3,555)	0
0	movements attributable to financial activities	7,769	0
0	**(*) Total effect of the change in the scope of consolidation.**	**(6,536)**	**0**

Explanatory notes to the consolidated financial statements of the Emak Group.

Notes to the consolidated financial statements - Contents

1. General information

The Emak Group is one of Europe's leading producers of gardening and forestry machinery, such as chainsaws, brushcutters, lawn mowers, trimmers and a vast assortment of accessories.

The parent company is a public limited company, whose shares are listed on the Italian stock exchange. Its registered office is in Via Fermi 4, Bagnolo in Piano (Reggio Emilia), Italy.

The group has around 901 employees.

These consolidated financial statements were approved by the Board of Directors on 8 August 2008.

The figures presented in the notes are expressed in thousands of euro, unless otherwise stated.

2. Summary of principal accounting policies

The principal accounting policies used for preparing these consolidated financial statements are discussed below, and unless otherwise indicated, have been uniformly applied to all years presented.
Please refer to note 5 for details of the application of new accounting policies.

2.1 General methods of preparation

The Emak Group's consolidated financial statements at 30 June 2008 have been prepared in accordance with IAS 34 (Interim Financial Reports), and currently applicable CONSOB regulations and resolutions.
The consolidated financial statements have been prepared in accordance with the IFRS issued by the International Accounting Standards Board and adopted by the European Union at the date of preparing this report. The term IFRS also refers to all revised international accounting standards (IAS) and all interpretations by the International Financial Reporting Interpretations Committee (IFRIC), previously named the Standing Interpretations Committee (SIC).
The consolidated financial statements have been prepared under the historical cost method, except for those financial assets and liabilities (including derivative instruments) measured at fair value.
The group has adopted the following formats for its financial statements as required by IAS 1:
-Balance sheet: based on the distinction between current and non-current assets and current and non-current liabilities;
-Income statement: based on a classification of items of income and expense according to their nature.
- Cash flow statement: movements in liquid funds prepared according to the indirect method.

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.

2.2 Methods of consolidation

The consolidated financial statements 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 acquisition of subsidiaries is accounted for using the purchase method. The purchase method initially corresponds to the fair value of the assets acquired, the financial instruments issued and the liabilities at the date of acquisition, as increased for any directly attributable acquisition costs, and ignoring any minority interests. The excess of the cost of acquisition over the group's share of the fair value of the net assets acquired is recognized as goodwill. If the cost of acquisition is lower, the difference is directly expensed to income.

Intragroup balances, transactions and unrealized gains are eliminated. Unrealized losses are also eliminated unless the cost of the asset transferred reports an impairment loss. The financial statements of consolidated companies are duly amended, where necessary, to make them consistent with the group's accounting policies.

The scope of consolidation at 30 June 2008 has changed compared to 31 December 2007 after the acquisition of Bertolini S.p.A. and includes the following companies:

Name	Head office	Share capital	Currency	% consolidated	held by	% interst held
Emak S.p.A.	Bagnolo in Piano - RE (I)	7,189,910	€			
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)	17,350	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 Benelux NV	Meer (B)	130,000	€	99.999	Emak S.p.A. Comag S.r.l.	99.800 0.200
Emak France SAS	Rixheim (F)	2,000,000	€	100.000	Emak S.p.A.	100.000
Jiangmen Emak Outdoor Power Equipment Co.Ltd (*)	Jiangmen (RPC)	18,171,788	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.	Wooster-Ohio (USA)	50,000	USD	100.000	Emak S.p.A.	100.000
Bertolini S.p.A.	Reggio Emilia - RE (I)	1,501,240	€	100.000	Emak S.p.A.	100.000

(*)The group's interest includes the 49% holding by Simest S.p.A.. Under the contract signed in December 2004 and subsequent additions thereto, the interest held by Simest S.p.A. is the subject of a binding agreement for repurchase by Emak S.p.A. on 30 June 2013.

2.3 Criteria for defining business segments

IFRS 8, applied by the group since 1 January 2008 in place of IAS 14, provides for information to be given for certain account headings on the basis of operating segments in which the company carries on its business.

An operating segment is a component of an enterprise:

(a) that carries on business activities generating costs and revenues;
(b) the operating results of which are reviewed periodically at the highest operating management level for the purpose of taking decisions with regards to resources to allocate to the sector and of evaluating the results; and
(c) for which separate accounting information is available.

IFRS 8 is based on the so-called “management approach”, which breaks down an enterprise into sectors exclusively in relation to the organisational structure and to the internal reporting system used to evaluate performance and allocate resources.

2.4 Translation differences

a) Functional currency and reporting 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 reporting currency of the parent company.

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

(c) Group companies

The financial statements of all group companies whose functional currency differs to the reporting 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 exchange rates used to translate these financial statements are as follows:

Amount of currency corresponding to €1	1H 2008 average	30.06.2008	FY 2007 average	31.12.2007
Pounds sterling (GB)	0.77	0.79	0.68	0.73
Renminbi (China)	10.80	10.80	10.42	10.75
Zloty (Poland)	3.49	3.35	3.78	3.59
Dollars (Usa)	1.53	1.58	1.37	1.47

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 2.27 of the explanatory notes to the consolidated financial statements at 31 December 2007.

3. Capital and financial risk management

Details can be found in the explanatory notes to the consolidated financial statements at 31 December 2007.

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.

5. New accounting principles

During the half-year the company adopted IFRS 8 relating to segmental information, in advance of the official starting date of 1 January 2009. Reference should be made to paragraph 2.3 for further details.

IFRS was introduced through EC regulation number 1358 of 21 November 2007.

6. Segmental information

On the basis of the new criteria introduced by IFRS 8 for establishing operating segments, the Group has identified a single activity segment according to the management approach, that of the manufacture and marketing of machines for agriculture, forestry, gardening and the upkeep of parks and gardens.

7. Significant non-recurring events and transactions

The following transactions took place in the first half of 2007:

- 1. On 15 January 2008 EMAK S.p.A. acquired from the holding company, Yama s.p.a., 100% of the shares in the company, BERTOLINI S.p.A..

BERTOLINI S.P.A. sells products with the "Bertolini" and "Nibbi" trademarks, and is one of the leaders in the market for the production and sale of walking tractors, power motors, motor hoes, transporters and other machines for small-scale farming and gardening.

The aim of this operation is to pursue a strategy of development in associated and synergetic sectors.

The consideration for the acquisition of the shareholding amounts to €6,500 thousand, which was paid by Emak S.p.A. on 15 January 2008, at the same time as the transfer of shares.

Bertolini S.p.A.'s most significant economic-financial figures for the financial year ended 31 December 2007 and prepared according to IFRS principles are as follows:

(€/000)	31.12.2007
Net sales	21,439
EBIT	937
EBT	455
Net profit	224
Total equity	4,469
Net debt	(7,768)
Net non-current assets	835
Net working capital	11,402

At 31.12.2007 turnover included sales to the Emak group for an amount of € 4,035 thousand; as a result, the elimination of inter-company balances on consolidation at the end of June 2008 has had a consequent adverse affect on the result for the first half.

The price paid over and above net worth was allocated in full to goodwill for an amount of € 2,067 thousand.

For further information, reference should be made to the relevant informative document filed in the registered office, on the Emak S.p.A. website, and filed with the Italian Stock Exchange.

On 26 June 2008 the merger project for the absorption of Bertolini S.p.A. into Emak S.p.A. was approved by the respective Board of Directors. The stipulation of the merger deed is expected before the end of the current financial period.
Emak S.p.A. intends to accelerate the process of integrating Bertolini S.p.A. through the merger, with the aim of best exploiting production and distribution synergies between the two companies, the effects of which will arise during the 2009 financial year.

8. Balances or transactions arising from atypical and unusual operations

No atypical or unusual transactions took place in the first half of 2008.

9. Net financial position

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

€/000	30.06.2008	31.12.2007	30.06.2007
Cash and banks	14,323	6,036	11,928
Securities and derivative financial instruments	0	5	5
Other financial assets	1	90	0
Financial liabilities	(32,936)	(23,840)	(29,253)
Derivative financial instruments	(214)	(189)	(43)
Short-term net debt	**(18,826)**	**(17,898)**	**(17,363)**
Other financial assets	1	0	0
Financial liabilities	(21,993)	(13,144)	(13,012)
Long-term net debt	**(21,992)**	**(13,144)**	**(13,012)**
Cash and banks	14,323	6,036	11,928
Securities and derivative financial instruments	0	5	5
Other financial assets	2	90	0
Financial liabilities	(54,929)	(36,984)	(42,265)
Derivative financial instruments	(214)	(189)	(43)
Total net debt	**(40,818)**	**(31,042)**	**(30,375)**

The net financial position at 30 June 2008 and at 31 December 2007 does not include balances with related parties, while at 30 June 2007 these balances are included in financial liabilities for € 2,003 thousand, and relate to dividends payable to the shareholder D.Lite Netherlands B.V..

10. Sales and other operating income

Details of sales are as follows:

€/000	1H 2008	1H 2007
Net sales revenues (net of discounts and rebates)	150,278	129,693
Revenues from recharged transport costs	1,023	951
Returns	(194)	(455)
Total	**151,107**	**130,189**

Other operating income is analyzed as follows:

€/000	1H 2008	1H 2007
Capital gains on disposal of property, plant and equipment	20	3
Capital gains on disposal of assets available for sale	-	531
Rental income	67	66
Government grants	257	149
Other operating income	584	609
Total	**928**	**1,358**

11. Salaries and employee benefits

Details of these costs are as follows:

€/000	1H 2008	1H 2007
Wages and salaries	11,988	10,224
Social security charges	3,564	3,032
Employee terminationn indemnities	619	(140)
Other costs	438	324
Directors' emoluments	647	305
Temporary staff	838	370
Total payroll costs	**18,094**	**14,115**

In the first half-year of 2007, the heading "Amounts set aside for Employment Termination Indemnity (T.F.R.)" included a non-recurring credit of around € 700 thousand as a result of the application of the TFR reform.

The average number of dependent employees and temporary workers in the first half-year of 2008 was 1,118, against 935 for the first half-year of 2007.

12. Other operating costs

Details of these costs are as follows:

€/000	1H 2008	1H 2007
Subcontract work	3,038	2,252
Maintenance	929	935
Transportation	6,702	5,552
Advertising and promotions	2,371	2,290
Commissions	1,696	1,616
Travel	678	628
Consulting fees	1,141	965
Other services	3,369	2,456
Services	**19,924**	**16,694**
Leases and rentals	**1,078**	**866**
Increases in provisions (note 29)	**145**	**63**
Writedown of receivables and bad debts	238	187
Capital losses on property, plant and equipment	8	2
Other taxes (not on incomes)	222	196
Other operating costs	716	607
Other costs	**1,184**	**992**
Total	**22,331**	**18,615**

The increase in costs for services is mainly due to the introduction of Bertolini S.p.A into the scope of consolidation.

13. Amortization, depreciation and impairment losses

Details of these costs are as follows:

€/000	1H 2008	1H 2007
Amortization of intagible assets (note 19)	496	460
Depreciation of property, plant and equipment (note 17)	2,587	2,256
Depreciation of investment property (note 18)	18	18
Total	**3,101**	**2,734**

14. Finance income and expenses

Details are as follows:

€/000	1H 2008	1H 2007
Interest on trade receivables	98	120
IInterest on bank and post office accounts	102	74
Cash discounts received	1	94
Other financial income	14	11
Financial income	**215**	**299**

€/000	1H 2008	1H 2007
Interest on long-term bank loans and borrowings	530	189
Interest on short-term bank loans and borrowings	877	827
Interest expense and discounts given	210	207
Financial charges from valuing employee termination indemnities (note 28)	113	56
Other financial costs	148	136
Financial expenses	**1,878**	**1,415**

15. Taxes on income

The estimated charge for current tax and changes in deferred tax assets and liabilities in the first half of 2008 is € 5,110 thousand (€ 6,132 thousand in the corresponding prior year period).

The tax rate in the first half-year of 2008 was 25.7%, lower than the 33% for the same period in the previous financial year by 7.3 percentage points.

This decrease is due in part to the reduction in the tax rate in Italy (which accounts for 3.5 percentage points), in part to the benefit deriving from the remission of a number of previous deductions made only in the tax return (1.6 percentage points), and finally due to a more favourable distribution of profits between countries in which the Group operates (2.2 percentage points.

16. 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.

€/000	1H 2008	1H 2007
Net profit attributable to ordinary shareholders in the parent company (€/000)	14,712	12,395
Weighted average number of ordinary shares outstanding	27,331,027	27,636,418
Basic earnings per share (€)	**0.538**	**0.449**

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

17. Property, plant and equipment

Changes in property, plant and equipment are shown below:

€/000	31.12.2007	Change in scope of consolidation	Increases	Decreases	Other changes	Exchange difference	30.06.2008
Land and buildings	32,079	-	2,001	-	376	(15)	34,441
Accumulated depreciation	(6,659)	-	(437)	-	-	-	(7,096)
Land and buildings	**25,420**	**-**	**1,564**	**0**	**376**	**(15)**	**27,345**
Plant and machinery	15,205	871	685	(34)	(35)	(19)	16,673
Accumulated depreciation	(9,275)	(495)	(587)	5	-	6	(10,346)
Plant and machinery	**5,930**	**376**	**98**	**(29)**	**(35)**	**(13)**	**6,327**
Other assets	44,878	3,733	1,488	(409)	(104)	10	49,596
Accumulated depreciation	(38,134)	(2,803)	(1,563)	364	42	(4)	(42,098)
Other assets	**6,744**	**930**	**(75)**	**(45)**	**(62)**	**6**	**7,498**
Advances	**595**	**-**	**843**	**-**	**(322)**	**-**	**1,116**
Net book value	**38,689**	**1,306**	**2,430**	**(74)**	**(43)**	**(22)**	**42,286**

The increase in land and buildings refers mainly to the progress of work for the construction of a new spare parts logistical centre situated in Bagnolo in Piano (Re) on the part of the parent company, Emak S.p.A..

The increase in plant and machinery refers to investments carried out for the normal renewal of such fixed assets.

The increase in other fixed assets mostly relates to the purchase of dies, with the remaining part relating to various equipment.

The breakdown of tangible fixed assets by geographical area is as follows:

-Italy € 31,877 thousand;
-Europe € 4,389 thousand;
-Rest of the World € 6,020 thousand;
Total € 42,286 thousand.

18. Investment property

This refers to a building leased to a company in the Yama Group and to a farmhouse situated on a piece of land available for future expansion of production activities. Their gross value at period end is unchanged since 31 December 2007 at € 1,257 thousand, while the associated accumulated depreciation amounts to € 1,102 thousand (€ 1,083 thousand at the end of 2007).

19. Intangible assets

Intangible assets report the following changes:

€/000	31.12.2007	Change in scope of consolidation	Increases	Exchange difference	30.06.2008
Development costs	1,241	91	0	0	1,332
Accumulated amortization	(638)	(90)	(60)	0	788
Development costs	**603**	**1**	**(60)**	**0**	**544**
Patents and intellectual property rights	4,445	139	140	4	4,728
Accumulated amortization	(3,337)	(77)	(342)	(4)	(3,760)
Patents	**1,108**	**62**	**(202)**	**0**	**968**
Concessions, licences and trademarks	753		6	49	808
Accumulated amortization	(305)		(77)	(21)	(403)
Concessions, licences and trademarks	**448**	**0**	**(71)**	**28**	**405**
Other intangible assets	542	390	67	(5)	994
Accumulated amortization	(23)	(357)	(17)	0	(397)
Other intangible assets	**519**	**33**	**50**	**(5)**	**597**
Advances	**117**	**-**	**157**	**-**	**274**
Net book value	**2,795**	**96**	**(126)**	**23**	**2,788**

The increase in patents and intellectual property rights refers to the purchase of new software programmes.

All the intangible assets have a finite residual life.

The breakdown of intangible fixed assets by geographical area is as follows:

-Italy € 1,642 thousand;
-Europe € 538 thousand;
-Rest of the World € 608 thousand;
Total **€ 2,788 thousand**.

20. Goodwill

The goodwill of € 9,330 thousand reported at 30 June 2008 can be separated into two parts as follows:

€/000	31.12.2007	Increases	Exchange difference	30.06.2008
Goodwill on the purchase of Victus Emak Sp. z.o.o.	1,032	-	81	1,113
Goodwill on the purchase of the Victus IT business	5,741	-	409	6,150
Goodwill on the purchase of Bertolini S.p.A.(note 7)	-	2,067	-	2,067
Total	**6,773**	**2,067**	**490**	**9,330**

- goodwill on the purchase of Victus Emak Sp.z.o.o., amounting to € 1,113 thousand, refers to the difference between the purchase price for 100% of Victus Emak Sp. z.o.o. and its equity at the date of acquisition;
- the goodwill of € 6,150 thousand refers to the purchase of the business of Victus International Trading SA.
- The increase in the period of € 2,067 thousand relates to the difference between the price paid for the company Bertolini S.p.A., acquired in January 2008, and 100% of its equity

No indications emerged in the period suggesting the need for further checks on the recoverability of goodwill.

21. Derivative financial instruments

These items refer to changes in the fair value of financial instruments used to hedge purchases in foreign currency.

At 30 June 2008 there were outstanding forward currency agreements for the purchase of:

- € 3,380 thousand maturing by end of August 2008 at an average exchange rate of PLN 3.542 (relating to hedges taken out by the Polish subsidiary Victus Emak Sp. z.o.o.);
- JPY 104,000 thousand maturing by end of December 2008 at an average exchange rate of € 159.509 (relating to hedges taken out by the parent company Emak S.p.A.);
- USD 300 thousand maturing by end of September 2008 at an average exchange rate of €1.563 (relating to hedges taken out by the French subsidiary Emak France SAS);

These purchases, despite having the purpose and characteristics of currency hedges, do not satisfy the rules for hedge accounting; consequently, all the changes in their value are recognized in the income statement.

22. Trade and other receivables

€/000	30.06.2008	31.12.2007
Trade receivables	82,839	58,251
Provision for doubtful accounts	(1,602)	(1,372)
Net trade receivables	**81,237**	**56,879**
Receivables from related parties (Note 34)	1,280	1,816
Other receivables	4,763	4,478
Prepaid expenxses and accrued income	572	200
Total current portion	**87,852**	**63,373**
Other non current receivables	858	854
Prepaid expenses and accrued income	1	-
Total non-current portion	**859**	**854**

All non-current receivables fall due within 5 years.

23. Inventories

Inventories are detailed as follows:

€/000	30.06.2008	31.12.2007
Raw, ancillary and consumable materials	26,476	25,487
Work in progress and semifinished products	7,353	6,900
Finished products and goods for resale	40,825	34,047
Total	**74,654**	**66,434**

Inventories are stated net of a provision of € 2,009 thousand at 30 June 2008 (€ 1,511 thousand at 31 December 2007). The purpose of this provision is to write down obsolete and slow-moving items to their estimated realizable value.

24. Equity

Share capital
Share capital is fully paid up at 30 June 2008 and amounts to €7.190 thousand, remaining unchanged since the end of 2006. It consists of 27.653.500 ordinary shares of par value €0,26 each.
All shares are fully paid.

Treasury shares
The adjustment of € 1,836 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 2008
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 28.04.08 the Board of Directors resolved the distribution of dividends relating to the 2007 financial year for a total of € 6,008 thousand. These dividends have been fully paid.

Profits (losses) accounted for directly in Equity
No proceeds or charges were directly accounted for in equity during the period from 31 December 2007 to 30 June 2008.

Share premium reserve
The share premium reserve, which consists of the premium paid on newly-issued shares, is € 21.047 thousand at 30 June 2008, remaining unchanged since the end of 2007.

Other reserves:

- At 30 June 2008 the legal reserve is at € 1,438 thousand, staying unchanged since the end of last year.

-The revaluation reserve at 30 June 2008 includes the reserves arising from revaluations under Law 72/83 for €371 thousand and under Law 413/91 for € 767 thousand. No change has taken place in the period under review.

-The extraordinary reserve amounts to € 27,088 thousand at 30 June 2008, inclusive of all allocations of earnings in prior years.

- At 30 June 2008, the untaxed reserves refer to € 129 thousand in tax-related provisions for grants and donations and € 394 thousand in merger surplus reserves. All these reserves have remained the same as at the end of 2007.

-The cumulative translation adjustment amounts to € 745 thousand at 30 June 2008. It is entirely due to differences arising on the translation of financial statements into the Group's functional currency.

25. Trade and other payables

€/000	30.06.2008	31.12.2007
Trade payables	50,293	35,071
Payables due to related parties (note 34)	4,615	5,209
Payables due to staff and social security institutions	5,369	4,399
Other payables	4,627	4,960
Total	**64,904**	**49,639**

26. Financial liabilities

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

€/000	30.06.2008	31.12.2007
Overdrafts	10,763	8,552
Bank loans	21,528	13,935
Lease finance	462	456
Financial accrued expenses and deferred income	157	177
Other loans	27	720
Total	**32,937**	**23,840**

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

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

€/000	30.06.2008	31.12.2007
Bank loans	18,885	9,798
Lease finance	2,212	2,450
Other loans	896	896
Total	**21,993**	**13,144**

The amount of bank loans repayable after more than 5 years is € 38 thousand.

The payments due for finance leases after more than 5 years amount to € 213 thousand.

The other loans are all repayable after more than 5 years.

27. Tax assets and liabilities

Deferred tax assets are detailed below:

€/000	30.06.2008	31.12.2007
Provisions for inventory obsolescence and reversal of unrealized intercompany gains	1,792	1,558
Deferred tax assets on carryforward tax losses	789	623
Other deferred tax assets	875	664
Total	**3,456**	**2,845**

There is no time limit on the use of carryforward tax losses.

Deferred tax liabilities are detailed below:

€/000	30.06.2008	31.12.2007
Leased assets under IAS 17	1,494	1,447
Valuation of provision for employee termination indemnities under IAS 19	343	301
Other deferred tax liabilities	833	1,456
Total	**2,670**	**3,204**

The reduction in other payables for deferred tax liabilities relates to the partial remission of such taxes carried out by Emak S.p.A and Comag S.r.l further to the 2008 Finance Act. Substitute tax accruing in the period amounts to € 273 thousand.

Tax assets amount to € 1,234 thousand at 30 June 2008, against € 3,071 thousand at 31 December 2007. The variation is due both to lower amounts of prepaid tax and to lower VAT credits.

Tax liabilities amount to € 5,388 thousand at 30 June 2008, against € 1,788 at 31 December 2007. The increase is due both to liabilities for direct taxes arising in the period and to higher VAT liabilities.

28. Post-employment benefits

These amounts payable refer mainly to the discounted liability for employment termination indemnity (TFR) to be paid at the end of an employee's working life, equal to € 4,983 thousand.
The valuation of the TFR carried out according to the nominal liability method in force at the closing date would be equal to € 6,055 thousand.

The principal economic and financial assumptions used are the same as those adopted at 31 December 2007.

29. Provisions for liabilities and charges

Movements in these provisions are detailed below:

€/000	31.12.2007	Change in scope of consolidation	Increases	Decreases	30.06.2008
Provision for agents' termination indemnity	582	80	30	(64)	628
Total non-current portion	**582**	**80**	**30**	**(64)**	**628**
Provision for product warranties	320	-	20	-	340
Other provisions	60	-	95	-	155
Total current portion	**380**	**-**	**115**	**-**	**495**

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

The provision for product warranties refers to the future costs of repairing products under warranty that were sold in the period; this provision is calculated using estimates based on historical trends.

30. Other non-current liabilities

€/000	30.06.2008	31.12.2007
Deferred income - Law 488 grants	2,453	2,542
Social security payables	42	54
Total	**2,495**	**2,596**

The deferred income 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 25) and amounts to € 195 thousand.

31. Potential liabilities

At the date of 30 June 2008 the group does not have any disputes that could give rise to future liabilities that have not already been reflected in the balance sheet.

32. Information on financial risks

The group is exposed to a variety of financial risks associated with its operations:

- credit risk, in relation to both normal trade balances and to financing activities;
- liquidity risk, with particular reference to the availability of financial resources and access to the credit market;
- market risks, with particular reference to exchange rates and interest rates, since the group operates internationally in different currency areas and uses financial instruments that generate interest.

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

The Group's exposure to financial risks has not undergone significant changes since 31 December 2007.

33. Commitments and guarantees given

Fixed asset purchases

The Group has commitments for fixed assets acquisitions (not included in the accounts at 30 June 2008) for € 2,606 thousand (€ 875 thousand at 31 December 2007).

Guarantees given

At 30 June 2008 the Group has granted surety ships to third parties for € 882 thousand (€ 686 thousand at 31 December 2007).

34. Usual dealings with related parties

Emak is controlled by the company, Yama S.p.A., which is the holding company of a vast industrial group that includes, besides the Emak Group, numerous other companies operating in the sectors relating to machines and other equipment for agriculture and gardening, to components for motors, and the real estate sector.
A number of the companies belonging to the Yama Group supply Emak with components and materials with synergies linked to technological research. These components are largely strategic, for which purchase policies based on quality and value for money criteria are applied. The Emak Group, for its part, supplies finished products to a number of trading companies in the Yama Group in order to complete their product range.

All dealings with related parties, regulated as described in paragraph 8 of the Directors' Report, are carried out under normal market conditions. There are no atypical or unusual operations undertaken with related parties.

With regards to dealings between the Emak Group and subsidiary companies, associated companies and related parties in general, their effects of a balance sheet, financial and economic nature on the consolidated accounts at 30 June 2008 deriving from such operations are set out below.

Sale of goods and services and receivables:

Companies controlled by Yama S.p.A. (€/000)	**Net sales**	**Other revenues**	**Total revenues**	**Receivables**
Mac Sardegna Industriale S.r.l.	409	1	**410**	**482**
Sabart S.p.A.	130	2	**132**	**87**
Tecomec S.p.A.	8	76	**84**	**10**
Unigreen S.p.A.	20	-	**20**	**41**
Garmec S.p.A.	390	-	**390**	**304**
Comet S.p.A.	3,291	14	**3,305**	**316**
Tai-Long Ltd	2	-	**2**	**2**
Speed France S.A.S.	2	-	**2**	**-**
Cofima S.r.l.	1	-	**1**	**1**
Comet France S.A.S.	3	-	**3**	**-**
Euro Reflex D.o.o.	8	-	**8**	**36**
Selettra S.r.l.	-	1	**1**	**1**
Total (note 25)	**4,264**	**94**	**4,358**	**1,280**

Purchase of goods and services and payables:

Companies belonging to the Yama Group S.p.A. (€/000)	**Purchase of raw materials and finished products**	**Other costs**	**Total costs**	**Payables**
Selettra S.r.l.	870	-	**870**	**668**
Tecomec S.p.A.	714	-	**714**	**464**
Sabart S.p.A.	90	-	**90**	**52**
Comet S.p.A.	1,408	-	**1,408**	**852**
Mecline S.r.l.	80	-	**80**	**-**
Garmec S.p.A.	3	1	**4**	**3**
Euro Reflex D.o.o.	252	-	**252**	**67**
Unigreen S.p.A.	72	-	**72**	**63**
Tecnol S.p.A.	1,242	1	**1,243**	**1,043**
Speed France S.A.S.	544	-	**544**	**194**
Comet France S.A.S.	348	-	**348**	**26**
Cofima S.r.l.	301	16	**317**	**262**
Yama Immobiliare S.r.l.	-	142	**142**	**47**
Mac Sardegna Industriale S.r.l.	-	1	**1**	**1**
Tai-Long Ltd.	1,282	-	**1,282**	**814**
Yama S.p.A.	-	61	**61**	**59**
Total (note 29)	**7,206**	**222**	**7,428**	**4,615**

35. Subsequent events

Si rimanda a quanto descritto in relazione sulla gestione al punto 12.

36. Reconciliation between equity and net profit of the parent company Emak S.p.A. and consolidated equity and net profit

Dati in migliaia di euro	**Equity at 30.06.08**	**Results for 30.06.08**	**Equity at 31.12.07**	**Results for 31.12.07**
Equity and results of Emak S.p.A.	78,622	7,160	77,790	9,813
Equity and results of consolidated subsidiaries	45,345	8,196	31,957	6,793
Total	**123,967**	**15,356**	**109,747**	**16,606**
Effect of allocation to goodwill	2,067			
Effect of eliminating book value of equity investments	(22,749)	-	(15,581)	-
Elimination of dividends	-	(397)	-	(1,315)
Elimination of intercompany balances and gains	(2,937)	(216)	(2,727)	(45)
Total as per consolidated financial statements	**100,348**	**14,743**	**91,439**	**15,246**
Minority interests	**(502)**	**(31)**	**(515)**	**(65)**
Equity and results attributable to the group	**99,846**	**14,712**	**90,924**	**15,181**

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

1. We, the undersigned, Giacomo Ferretti, Fausto Bellamico 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 ending 30 June 2008.

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 in particular of IAS 34 – Intermediate financial accounts, as well as the measures issued in implementation of art. 9 of Legislative Decree no. 38/2005;

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, as a minimum, 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. It also contains a description of the main risks and uncertainties for the remaining six months of the financial period, as well as information regarding significant operations with related parties.

Date: 8 August 2008

The Financial Reporting Officer:

Aimone Burani

Delegated officers of the administrative bodies:

Giacomo Ferretti

Fausto Bellamico