

Quarterly report at 31.03.2012

Emak Group financial highlights

For a better understanding, please note the following regarding the published comparative figures:

- Full year 2011: the figures shown relating to equity and of a financial nature take account of all the acquisitions made during the financial year 2011; economic results do not consider costs and revenues of the companies acquired in the operation Greenfield⁽¹⁾;

- 1° quarter 2011: the figures shown relating to equity and of a financial nature and the economic results take account of all the companies included in the scope of consolidation as of 31st March 2011; therefore do not include all the companies acquired in the operation Greenfield, Epicenter LLC and Valley LLP.

Income statement (€/000)

Year 2011		1Q 2012	1Q 2011
204,359	Net sales	106,444	65,915
17,517	EBITDA (1)	11,408	10,143
10,400	EBIT	8,409	8,359
5,767	Net profit	3,920	4,692

Investment and free cash flow (€/000)

Year 2011		1Q 2012	1Q 2011
3,967	Investment in property, plant and equipment (5)	2,010	558
1,058	Investment in intangible assets (5)	355	157
12,884	Free cash flow from operations (2)	6,919	6,476

Balance sheet (€/000)

31.12.2011		31.03.2012	31.03.2011
237,439	Net capital employed	265,294	163,290
(97,298)	Net debt	(120,993)	(45,616)
140,141	Total equity	144,301	117,675

Other statistics

Year 2011		1Q 2012	1Q 2011
8.6%	EBITDA / Net sales (%)	10.7%	15.4%
5.1%	EBIT / Net sales (%)	7.9%	12.7%
2.8%	Net profit / Net sales (%)	3.7%	7.1%
N.S.	EBIT / Net capital employed (%)	3.2%	5.1%
0.69	Debt / Equity	0.84	0.39
1,576	Number of employees at period end	1,601	925

Share information

Year 2011		1Q 2012	1Q 2011 (*)	1Q 2011
0.035	Earnings per share (€)	0.023	0.029	0.172
163,934,835	Number of shares comprising share capital	163,934,835	163,934,835	27,653,500
163,537,602	Average number of outstanding shares	163,537,602	163,537,602	27,256,267

(1) For more information about the operation "Greenfield" please refer to the prospectus published on 18 November 2011 and to what already described in the 2011 financial report

(2) "Ebit" plus "Amortization, depreciation and impairment losses"

(3) The comparative figure at 31 December 2012 doesn't include investments of the companies acquired during the year

(4) "Net Profit" plus "Amortization, depreciation and impairment losses"

(*)The data in this section have been adjusted for a more accurate representation.

Consolidated financial statements

FY 2011	€/000	1Q 2012	1Q 2011
204,359	Sales	106,444	65,915
1,485	Other operating income	559	327
(1,230)	Change in inventories	1,112	3,490
(116,257)	Raw and consumable materials and finished goods	(61,820)	(40,315)
(32,288)	Salaries and employee benefits	(16,364)	(9,146)
(38,552)	Other operating costs	(18,523)	(10,128)
(7,117)	Amortization, depreciation and impairment losses	(2,999)	(1,784)
10,400	Ebit	8,409	8,359
791	Financial income	69	213
(1,777)	Financial expenses	(1,204)	(325)
(370)	Exchange gains and losses	(672)	(1,278)
9,044	EBT	6,602	6,969
(3,277)	Income taxes	(2,682)	(2,277)
5,767	Net profit	3,920	4,692
(12)	(Profit)/loss attributable to minority interests	(139)	(16)
5,755	Net profit attributable to the group	3,781	4,676
0.035	Basic earnings per share	0.023	0.029
0.035	Diluted earnings per share	0.023	0.029

Comprehensive income statement

FY 2011	Figures in thousands of euros	1Q 2012	1Q 2011
5,767	Net profit (A)	3,920	4,692
349	Profits/(losses) deriving from the conversion of foreign company accounts	58	(1,047)
349	Total other components to be included in the comprehensive income statement (B):	58	(1,047)
6,116	Comprehensive net profit (A)+(B)	3,978	3,645
(44)	Comprehensive net profit attributable to minority interests	(139)	(16)
6,072	Comprehensive net profit attributable to the group	3,839	3,629

Schedule showing consolidated assets-liabilities-financial situation

ASSETS

31.12.2011	€/000	31.03.2012	31.03.2011
Non-current assets			
62,526	Property, plant and equipment	61,659	48,370
5,108	Intangible assets other than goodwill	5,158	3,253
20,492	Goodwill	29,579	10,400
231	Equity investments	232	224
18	Equity investments in related company	18	-
7,151	Deferred tax assets	7,482	3,481
136	Other non current financial assets	121	-
907	Other receivables	900	907
96,569	Total	105,149	66,635
Current assets			
125,474	Inventories	130,650	73,648
103,521	Trade and other receivables	140,528	89,598
4,140	Current tax assets	2,585	1,442
1	Other financial assets	1	-
174	Derivative financial instruments	22	24
10,901	Cash and cash equivalents	7,252	5,018
244,211	Total	281,038	169,730
340,780	TOTAL ASSETS	386,187	236,365

EQUITY AND LIABILITIES

31.12.2011	€/000	31.03.2012	31.03.2011
Capital and reserves			
138,408	Total Group	142,247	117,104
1,733	Non-controlling interest	2,054	571
140,141	Total equity	144,301	117,675
Non-current liabilities			
41,398	Loans and borrowings	36,911	15,868
4,514	Deferred tax liabilities	4,282	3,145
8,856	Provisions for employee benefits	8,945	4,927
1,836	Provisions	1,847	712
90	Derivative financial instruments	90	-
1,288	Other non-current liabilities	1,275	1,459
57,982	Total	53,350	26,111
Current liabilities			
70,780	Trade and other payables	88,968	51,554
2,845	Current tax liabilities	6,146	5,514
65,866	Loans and borrowings	90,168	34,114
1,156	Derivative financial instruments	1,220	676
2,010	Provisions	2,034	721
142,657	Total	188,536	92,579
340,780	TOTAL EQUITY AND LIABILITIES	386,187	236,365

Consolidated net financial position

(€/000)	31.03.2012	31.12.2011	31.03.2011	31.12.2010
Cash and banks	7,252	10,901	5,018	7,339
Securities and derivative financial instruments	22	174	24	639
Other financial assets	1	1	0	0
Financial liabilities	(90,168)	(65,866)	(34,114)	(12,330)
Derivative financial instruments	(1,219)	(1,156)	(676)	(302)
Short-term net debt	(84,112)	(55,946)	(29,748)	(4,654)
Other financial assets	120	136	0	0
Financial liabilities	(36,911)	(41,398)	(15,868)	(22,741)
Derivative financial instruments	(90)	(90)	0	0
Long-term net debt	(36,881)	(41,352)	(15,868)	(22,741)
Cash and banks	7,252	10,901	5,018	7,339
Securities and derivative financial instruments	22	174	24	639
Other financial assets	121	137	0	0
Financial liabilities	(127,079)	(107,264)	(49,982)	(35,071)
Derivative financial instruments	(1,309)	(1,246)	(676)	(302)
Total net debt	(120,993)	(97,298)	(45,616)	(27,395)

Changes in consolidated equity

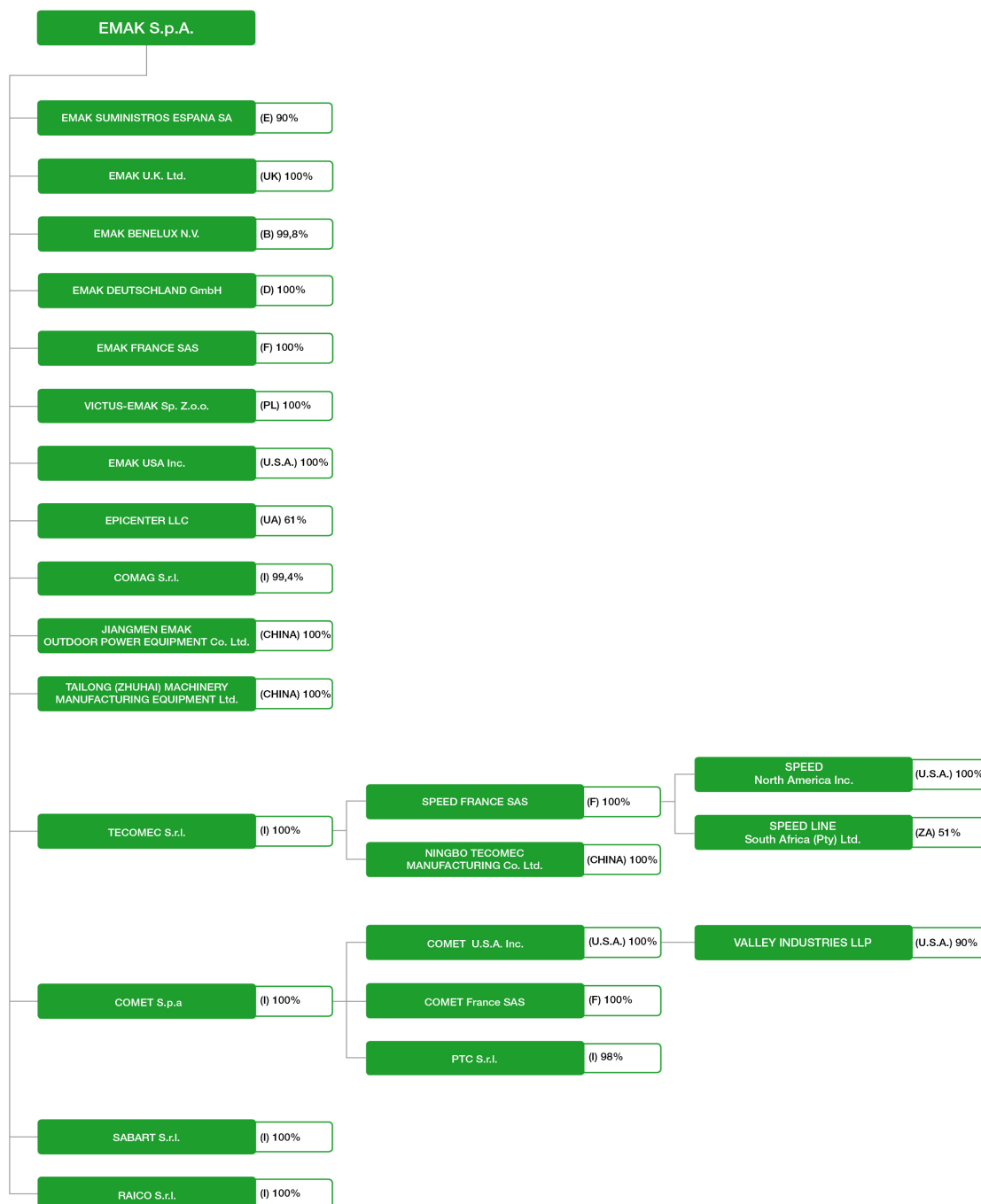
The following table reports changes in consolidated equity between 31st December 2010 and 31st March 2012.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 31.12.2011 AND AT 31.03.2012

€/000	Share capital	Share premium	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 of the period			
Balance at 31.12.2010	5,161	21,047	1,438	1,138	1,602	27,733	43,786	11,570	113,475	555	114,030
Share capital increase	35,433	22,504							57,937		57,937
Charges for capital increase		(1,097)							(1,097)		(1,097)
Change in treasury shares								0	0		0
Profit reclassification							7,209	(11,570)	(4,361)	(35)	(4,396)
Other changes								0	0	1,169	1,169
Change in scope of consolidation as for Opi 1							(33,618)		(33,618)		(33,618)
Net profit for the period					317			5,755	6,072	44	6,116
Balance at 31.12.2011	40,594	42,454	1,438	1,138	1,919	27,733	17,377	5,755	138,408	1,733	140,141
Change in treasury shares								0	0		0
Profit reclassification							5,755	(5,755)	0	(74)	(74)
Other changes								0	0	256	256
Net profit					58			3,781	3,839	139	3,978
Balance at 31.03.2012	40,594	42,454	1,438	1,138	1,977	27,733	23,132	3,781	142,247	2,054	144,301

*the share capital at 31.12.11 of € 42,623 is shown net of treasury shares of a value of € 2,029

Emak Group structure as of 31st March 2012



Comments on the financial statements

This quarterly consolidated report has been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with article 154-*ter* ("Financial Reports") of the Consolidated Finance Act, introduced by legislative decree 195/2007.

The accounting standards and policies adopted by the group for preparing the quarterly consolidated financial statements are the same as those used for the consolidated financial statements at 31 December 2011.

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.

Scope of consolidation

Compared to 31st December 2011, Valley LLP (USA) has been included in the scope of consolidation; its assets and liabilities, and the connected economic effects, have then been included in the present report starting from 1st January 2012. Details of the operation are described in the following paragraph. Compared to 31st March 2011 the companies acquired in the operation "Greenfield" (Raico Srl, Sabart Srl, Gruppo Comet, Gruppo Tecomec) and the company Epicenter LLC have been included in scope of consolidation of the Group

Significant, non-recurring transactions or atypical, unusual transactions

Acquisition of LE.MA S.r.l

On 27th January 2012 the controlled company Raico S.r.l. signed the deed for the acquisition of the business activity of LE.MA S.r.l., with registered office in Siena (Italy), commercializes agricultural spare parts, accessories and tools. In 2011 the company realized a sales turnover of €623 thousand.

The consideration for the operation, determined at the signing of the minute of delivery, has been fixed in € 228 thousand.

This acquisition determined, in a preliminary allocation phase of the cost of the acquisition, the recognition in the consolidated financial statement of intangible assets with finite useful life for €87 thousand.

The transaction is part of the Emak Group's growth strategy, since this acquisition will allow Raico to increase its direct presence in the area.

Acquisition of Valley Industries LLP

On February 3, 2012 Comet USA, American subsidiary of Comet S.p.A., in turn controlled by Emak S.p.A., has signed an agreement to acquire a 90% share in Valley Industries LLP. The transaction was completed on February 7, 2012.

Founded in 2003 and based in Minnesota (USA), Valley Industries distributes a wide range of products, components and accessories for Industry and Agriculture sectors, including membrane pumps Comet, with a sales network throughout North America. Valley Industries has ended the year 2011 with a turnover of \$ 19.4 million, an EBITDA of \$ 2.9 million and a net debt of \$ 1.9 million.

The transaction is part of the growth strategy of the Emak Group, as this acquisition will accelerate the development of business in the North American market due to the realization of operational and trade synergies not only with regard to Comet, but also for other Emak product lines marketed by the Group as a whole.

The value of Valley Industries has been contractually agreed on \$ 16.7 million. Therefore, the price of 90% of the target company is about \$ 15 million. The remaining 10%, regulated by a put and call option, remains in possession of the General Director and co-founder of the company. At the closing was made a payment equal to 95% of the price as defined above, while the remainder will be adjusted based on the balance sheet at December 31, 2011.

The agreement also provides the stipulation of a "Put and Call Option Agreement" that will allow Savage to exercise an option for the sale of his 10% to Comet U.S.A. at a determined price at the end of the 5th year following the closing. If the abovementioned option won't be exercised there would be a Call option for Comet U.S.A. at the same conditions.

The inclusion of the target company within Comet U.S.A. scope of consolidation took effect from 1st January 2012.

Treasury shares

At 31.12.2011 Emak S.p.A. held 397,233 treasury shares, worth € 2,029 thousand.

From 01.01.2012 to 31.03.2012 no treasury shares were purchased or sold by Emak S.p.A., and therefore its total holding and the relative value are unchanged compared to 31 December 2011.

DIRECTORS' REPORT

Income Statement

1. Sales

The consolidated turnover for the first quarter 2012 amounted to €106,444 thousand compared to €65,915 thousand for the same period of the previous year. The contribution, in terms of sales, of the companies entered in the scope of consolidation amounts to €49,527 thousand. Therefore, under the same scope of consolidation the turnover would have decreased by 13.7%.

In order to give a better representation of the sales performance, considering the significant dimension of the operation Greenfield, it states the comparison between the turnover of the first quarter 2012 and the adjusted turnover of the same period 2011.

The adjusted turnover represents consolidated net sales that the Group would have achieved in the first quarter 2011 in the operation Greenfield would have been concluded starting from 1st January 2011.

Sales of the companies Ptc Srl, Valley LLP and Epicenter LLC were not included in the adjusted 2011 figure, while for the first quarter 2012, their contribution to the consolidated turnover amounts to €7,020 thousand.

The following table shows the breakdown by product line of the sales in the first quarter 2012, compared to the turnover adjusted and in the same period of the previous year.

€/000	31.03.2012	%	31.03.2011	%	% Change	31.03.2011	%
			adj				
Agriculture & Forestry	44,449	41.8%	40,743	37.4%	9.1%	23,115	35%
Construction & Industry	17,024	16.0%	16,004	14.7%	6.4%	3,279	5.0%
Lawn & Garden	44,971	42.2%	52,210	47.9%	-13.9%	39,521	60.0%
Total	106,444	100%	108,957	100%	-2.3%	65,915	100%

In order to give a more appropriate representation of sales analysis the product line "Spare parts and accessories" has been reclassified in the other lines.

Please note that the change in the scope of consolidation has determined a significant variation in the weight of product lines in which Group sales are divided, mitigating the risks deriving from the seasonality and the cyclicity. Especially, the incidence of the lines "Agriculture&Forestry" and "Construction&Industry" has increased.

Comparing the results by product line with the adjusted same period of the previous year, it has to be pointed out that the sales increase for "Construction&Industry" was determined by the good performance of some product families such as pumps for industry. Sales for the line "Agriculture&Forestry" increased mainly due to the inclusion of the American company Valley LLP in the scope of consolidation.

The sales decrease of 2.3% is due to the lower sale for the gardening sector deriving from a high level of stock in the distribution network and the economic crisis that affected the most the "Consumer" goods.

The following table shows the breakdown by geographic area of the sales in the first quarter 2012, compared to the turnover adjusted and in the same period of the previous year.

€/000	31.03.2012	%	31.03.2011	%	% Change	31.03.2011	%
			adj				
Europe	74,500	70.0%	80,913	74.3%	-7.9%	52,274	79.3%
Americas	17,680	16.6%	11,566	10.6%	52.9%	3,159	4.8%
Asia, Africa and Oceania	14,264	13.4%	16,478	15.1%	-13.4%	10,482	15.9%
Total	106,444	100%	108,957	100%	-2.3%	65,915	100%

In order to give a more appropriate representation of sales analysis by area the Group adopted a new segmentation compared to the previous reports.

Please note that the inclusion in the scope of consolidation of the companies acquired in the operation Greenfield has determined a significant variation in the weight of the markets in which the Group operates. Especially the entering in the scope of consolidation of Comet Group and Tecomec Group determined a sales increase in the North American market.

Comparing the results by geographic area with the adjusted same period of the previous year, it has to be pointed out that the sales decrease was mainly concentrated in the European markets, which suffered the most the economic crisis.

2. EBITDA

EBITDA for the first quarter 2012 amounts to €11,408 thousand, compared to €10,143 thousand for the corresponding quarter of the previous year. The contribution deriving from the change in the scope of consolidation in the first quarter 2012 amounts to €5,712 thousand.

The figure of the period was positively influenced by the enlargement of the scope of consolidation, while the following factors had a negative effect:

- the decrease in sales volumes;
- the increase in raw materials costs;
- the economic effect of the reversal of intercompany margins resulting from enlargement of the consolidation expensed in full in the first quarter of 2012.

Ebitda as a percentage of revenues passed from 15.4% at 31 March 2011 to 10.7% at 31 March 2012.

The Group's average number of employees, including temporary workers, was 1,703 compared to 1,083 in the same period of last year, of which 714 deriving from the change in the scope of consolidation.

3. EBIT

EBIT for the first quarter 2012 is €8,409 thousand, compared to €8.359 million for the same quarter of last year. The contribution deriving from the change in the scope of consolidation in the first quarter 2012 amounts to €4.571 thousand.

EBIT as a percentage of sales goes from 12.7% of the first quarter 2011 to 7.9% of the first quarter 2012.

Non-annualized EBIT as a percentage of net invested capital has gone from to 5.1% at 31 March 2011 to 3.2% at 31 March 2012.

Depreciation and amortization are € 2,999 thousand, compared to €1,784 thousand in the same period of the previous year; the increase is mainly due to the new scope of consolidation, whose contribution amounts to €1,141 thousand.

4. Net profit

Net profit for the first quarter 2012 is €3,920 million, against €4,692 million for the same quarter of the previous year. The contribution deriving from the change in the scope of consolidation in the first quarter 2012 amounts to €2,066 thousand.

Financial management is affected by the increase of the net negative financial position, of the interest rates and by the valuation "mark to market" of hedging instruments for interest rate risks

Foreign exchange management is negative for €672 thousand.

The tax rate of 40.6% has increased compared to 32.7% for the same period in the previous financial year, due to the different distribution of taxable income between Group companies and the higher incidence of taxable IRAP.

Balance sheet and financial position

1. Net non-current assets

During 1Q 2012 Emak Group invested €2,365 thousand in property, plant and equipment and intangible assets, as follows:

- € 1,011 thousand for product innovation;
- € 742 thousand for adjustment of production capacity and for process innovation;
- € 452 thousand for upgrading the computer network;
- € 53 thousand for adjustment of industrial buildings;
- € 107 thousand for other managerial working investments.

Investments broken down by geographical area are as follows:

- € 1,778 thousand in Italy;
- € 255 thousand in Europe;
- € 332 thousand in the Rest of the World.

2. Net working capital

The net working capital, compared to December 31, 2011, increased of € 19,115 thousand, passing from €157,500 thousand to €176,615 thousand. The following movements are shown in detail below:

€/000	1Q 2012	FY 2011
Opening net working capital	157,500	83,747
increase/(decrease) in inventories	560	(565)
increase in trade receivables	33,712	7,662
increase in trade payables	(15,481)	4,029
Change in scope of consolidation	4,077	61,880
Variation for acquisition line of business LE.MA.	147	0
other changes	(3,900)	747
Closing net working capital	176,615	157,500

The increase in net working capital at 31 March 2012 is mainly due to the sales seasonality and the change in the scope of consolidation.

3. Equity

Consolidated net equity stands at €144,301 million, compared to €140,141 million as of 31st December 2011. Earnings per share as of 31st March 2012 are €0.023 compared to €0.029 for the same period of the previous year (recalculated in a manner consistent with the number of shares outstanding at March 31, 2012)

4. Net financial position

Net negative financial position increased from € 97,298 thousand at 31.12.2011 to € 120,993 thousand at 31.03.2012. The increase is mainly attributable to the increase of the net working capital and the consideration paid for the acquisition of Valley LLP.

Free cash flow from operations was € 6,919 thousand after tax, compared with € 6,476 thousand in the same period of last year.

The following table shows the movements in the net financial position of the quarter:

€/000	
Opening NFP at 1/1/2012	(97,298)
Cash flow from operations, excl. changes in operating assets and liabilities	6,919
Changes in operating assets and liabilities	(15,504)
Cash flow from operations	(8,585)
Cash flow from investments and disinvestments	(2,036)
Other equity changes	240
Change in the scope of consolidation	(13,314)
Closing NFP at 31/03/12	(120,993)

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

Short-term financial payables mainly consist of:

- overdrafts;
- loan repayments falling due by 31.03.2013;
- amounts due to other providers of finance falling due by 31.03.2013.

Business outlook

The unfavorable macro economic scenario has penalized the main markets in which the Group operates. Positive signals come from the United States, where the Group, following the acquisitions concluded last year, has significantly increased its presence. In the short term perspectives are of a further growth in the overseas markets and a slight recovery in the European markets thanks to the start of the season and the launch of new products on the market. Moreover, the integration of the new companies will continue, with the realization of the sale synergies and the efficiencies already planned.

Bagnolo in Piano (RE), 15 May 2012

On behalf of the Board of Directors

Chairman

Fausto Bellamico

STATEMENT

Subject: Quarterly report at 31st March 2012.

I, the undersigned, Aimone Burani, the executive in charge of preparing the accounting statements of EMAK S.p.A. hereby

CERTIFY,

in accordance with the second paragraph of Art. 154-bis, of Italian Legislative Decree No. 58 of 24 February 1998

that, to the best of my knowledge, the Quarterly Report at 31st March 2012, examined and approved today by the Board of Directors of the company, corresponds with the accounting documents, ledgers and records,

Yours faithfully,

Bagnolo in Piano (RE), 15 May 2012

Aimone Burani
executive in charge
of preparing the accounting statements