our power, your passion

HALF YEAR REPORT AT 30 JUNE 2011

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Contents

THE EMAK GROUP

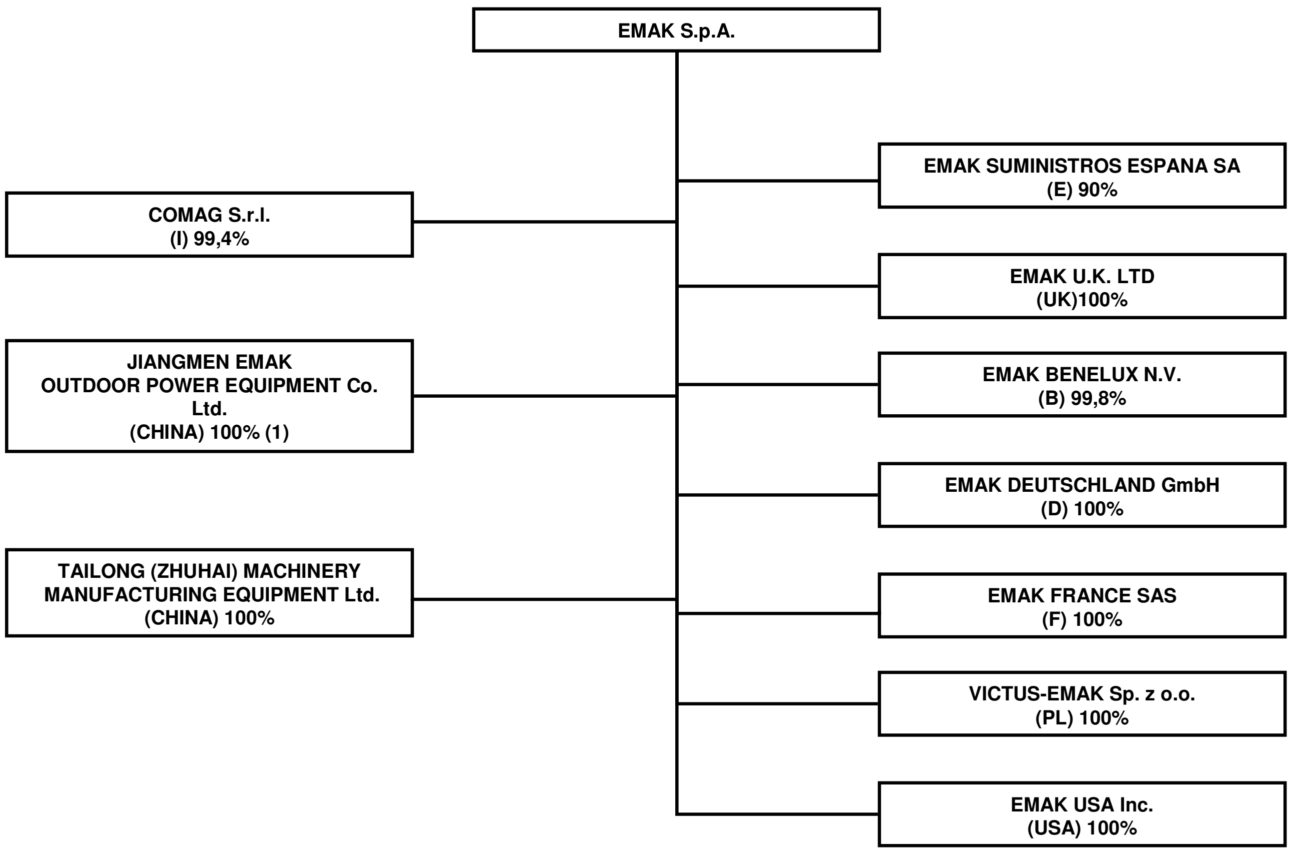
Emak S.p.A. company bodies

On 15 April 2010 the Ordinary General Meeting of the Shareholders of the Parent Company, Emak S.p.A., resolved to appoint the Board of Directors for the financial years 2010-2012; in the same meeting the Board of Auditors was appointed for the same duration.

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

Emak Group structure

The Emak Group is one of the top European operators in the manufacture and distribution of outdoor power equipment for gardening, forestry, agriculture and construction, such as brush cutters, lawnmowers, chainsaws, motor hoes and power cutters.
The Group directly manages distribution in the Italian market and in another 8 foreign markets (the United States, France, Germany, the UK, Spain, Poland, Benelux and China) through its commercial subsidiaries.
The Group achieves more than 50% of its total turnover in these markets and directly supplies around 8,000 retailers.
The main objectives of the commercial subsidiaries are: to promote sales and increase market share through marketing investments in the sales network; the creation of value in terms of profitability achieved on sales; assuring management autonomy and independence while complying with strategic lines and company objectives; the maximisation of client satisfaction in the respective markets and optimising key aspects for success.
The Group's current production structure comprises four factories. Two are situated in Italy, in Bagnolo in Piano (Reggio Emilia) and in Pozzilli (Isernia); the first manufactures hand-held products for the premium segment, including rotavators, mowing machines and transporters; the second manufactures lawn-mowers and motor hoes. The other two factories are situated in China, one at Jiangmen, which produces hand-held and electric products aimed at the price-sensitive segment, and the other at Zhuahi, which produces cylinders.
The Emak Group is structured as follows at 30 June 2011:

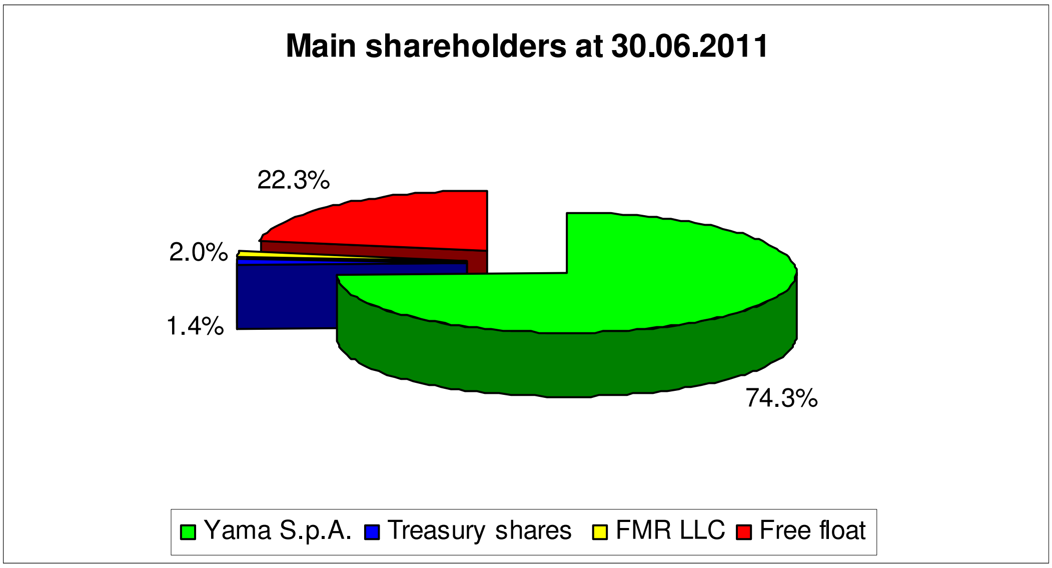


(1) The group's interest in Jiangmen Emak Outdoor Power Equipment Co. Ltd. includes the 49% interest held by Simest S.p.A.. Under the contract signed in December 2004 and subsequent additions thereto, the interest held by Simest S.p.A. is the subject of a binding agreement for repurchase by Emak S.p.A.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

As announced to the market through the press release dated 29 April 2011, the acquisition of control of the company regulated by Ukrainian law, Epicenter llc, is in progress further to the deed entered into on the same date, 29 April 2011 (refer to notes n° 5 of the consolidated financial statement). The effects of the acquisition are currently subject to the suspensive condition of authorisation on the part of the local antitrust authorities.

Main shareholders of Emak S.p.A.

Main shareholders	Number of shares	%
Yama S.p.A.	20,542,500	74.3%
Treasury shares held at 31.12.2010	397,233	1.4%
FMR LLC	553,715	2.0%
Free float	6,160,052	22.3%
Total number of shares	27,653,500	100.0%



Emak Group financial highlights

Income statement (€/000)

Y 2010		I H 2011	I H 2010
206,785	Net sales	124,522	126,157
23,509	EBITDA (1)	16,539	20,121
16,131	EBIT	12,998	16,469
11,619	Net profit	6,993	12,364

Investment and free cash flow (€/000)

Y 2010		I H 2011	I H 2010
2,832	Investment in property, plant and equipment	1,613	1,273
1,297	Investment in intangible assets	458	296
18,997	Free cash flow from operations (2)	10,534	16,016

Balance sheet (€/000)

31.12.2010		30.06.11	30.06.10
141,425	Net capital employed	156,649	148,042
(27,395)	Net debt	(41,197)	(32,502)
114,030	Total equity	115,452	115,540

Other statistics

Y 2010		I H 2011	I H 2010
11.4%	EBITDA / Net sales (%)	13.3%	15.9%
7.8%	EBIT/ Net sales (%)	10.4%	13.1%
5.6%	Net profit / Net sales (%)	5.6%	9.8%
11.4%	EBIT / Net capital employed (%)	8.3%	11.1%
0.24	Debt / Equity	0.36	0.28
916	Number of employees at period end	929	914

Share information and prices

31.12.2010		30.06.11	30.06.10
0.424	Earnings per share (€)	0.255	0.452
4.18	Equity per share (€) (3)	4.22	4.22
4.41	Official price (€)	3.90	3.95
4.54	Maximum share price in period (€)	4.60	4.39
3.54	Minimum share price in period (€)	3.90	3.54
122	Stockmarket capitalization (€ / million)	108	109
27,256,267	Average number of outstanding shares	27,256,267	27,256,267
27,653,500	Number of shares comprising share capital	27,653,500	27,653,500
0.70	Cash flow per share: net profit + amortization/depreciation (€) (4)	0.39	0.58
0.160	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"

INTERMEDIATE DIRECTORS' REPORT AT 30 JUNE 2011

1. Economic situation

World GDP continued to grow at the beginning of 2011. As in the previous financial year, global growth remained uneven geographically: on the one hand, in many advanced economies growth is still weak, affected by the slight slowdown recorded in the second quarter; on the other hand, the strong growth of emerging countries continues. Forecasts for 2011 show a global GDP growth of 4.3%. The unexpected fragility of the United States and the new turbulence in the financial markets associated with concerns about peripheral countries in the Euro area pose downside risks.

2. Industry performance

The value of the Group's reference market at the end of 2010 is estimated to have been € 11-13 billion.
80% of the demand in industrialised countries is concentrated in North America and Europe, and is mainly for replacement. In the Rest of the World the most important markets are South America and the Far East.
In the first six months of the year global demand for Emak's reference products fell by 5%.

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

No significant events occurred during the first half-year of 2011 apart from those described in notes 5 and 6 of the consolidated financial report.

4. Research and development activities

Research and Development is a fundamental part of the Group's growth strategy, based on product innovation. Signals from the market confirm interest in the launch of new products, in particular with reference to their competiveness and innovation.
During the first half-year the Group concentrated its efforts on the development of new technologies aimed at reducing emissions, while increasing the performance of motors to be applied to hand-held products.
By the end of 2011 there will be the launch on the market of a new garden tractor completely developed by the R&D department of the Group.

5. Emak Group – Overview of results

Summary of economic results

Summary figures from the consolidated income statement for the first half-year of 2011 are shown below:

FY 2010	%	€/000	1H 2011	%	1H 2010	%	% Ch.
206,785	100	Net sales	124,522	100	126,157	100	-1.3
23,509	11.4	Ebitda	16,539	13.3	20,121	15.9	-17.8
16,131	7.8	Ebit	12,998	10.4	16,469	13.1	-21.1
16,558	8.0	Profit before taxes	10,399	8.3	17,243	13.7	-39.7
11,619	5.6	Net profit	6,993	5.6	12,364	9.8	-43.4

Analysis of sales trends

At a European level, and specifically with reference to its grass-cutting products, Emak's reference market suffered a slowdown in the last few months, due to the macro-economic situation and to unfavourable weather conditions (dry weather).

During the first half-year of 2011 the Emak Group achieved a consolidated turnover of € 124,522 thousand, a decrease of 1.3% compared to the same period in the previous financial year.

Consolidated turnover in the second quarter of 2011 was € 58,607 thousand against € 63,040 thousand in the same period in the previous financial year, a decrease of 7%.

The table below is an analysis of sales in the first half-year of 2011, broken down by segment, with comparative figures for the first half-year in the previous financial year.

€/000	1H 2011	%	1H 2010	%	% Ch.
Agricolture and Forestry	36.105	29,0	35,739	28.4	1,0
Construction and Industry	5.969	4,8	6,188	4.9	-3,5
Lawn & Garden	63.242	50,8	67,922	53.8	-6,9
Spare parts & Accessories	19.206	15,4	16,308	12.9	17,7
Total	**124.522**	**100,0**	**126,157**	**100.0**	**-1,3**

In the *Agriculture and Forestry* segment sales were positive, both for products used for working the land and for products associated with forestry activities, thanks also to the establishment in the market of new models introduced at the end of the previous financial year.
The slight fall in sales in the *Construction and Industry* segment is due to the persisting weakness of the demand in the building sector, particularly in the USA.
Sales in the *Gardening* sector were hit badly by the macro economic context and by the unusually dry spring season in the main market areas.
The growth in sales in the *Spare Parts and Accessories* segment is associated with use of the machines.

The breakdown of sales by geographical area is as follows:

€/000	1H 2011	%	1H 2010	%	% Ch.
Italy	21.085	16,9	23,001	18.2	-8,3
Europe	77.099	61,9	80,287	63.7	-4,0
Rest of the World	26.338	21,2	22,869	18.1	15,2
Total	**124.522**	**100,0**	**126,157**	**100.0**	**-1,3**

The decrease in sales in the Italian market was in line with market trends. In Europe there was a negative trend in Western European countries (with the exception of Germany) and substantial stability in sales in Eastern Europe. In the Rest of the World, sales were driven by Asian markets and the good performance in a number of countries in South America.

Analysis of results

- EBITDA

In the second quarter of 2011, Ebitda amounted to € 6,396 thousand against € 8,497 thousand in the corresponding quarter in the last financial year, decreasing by 27.4%.

The quarterly figure was negatively affected by lower sales volumes and costs for extraordinary operations for the amount of around € 500 thousand.

In the first half of 2011, Ebitda amounted to € 16,539 thousand against € 20,121 thousand in the corresponding period in the last financial year, a decrease of 17.8% (a decline of 7.6% excluding the capital gain from the sale of property of 2010).

The following factors had positive effects on the result for the period:
- the product mix;
- the increase in sales prices;
- the decrease in transportation costs.

The following factors had negative effects:
- the increase in raw materials costs;
- the costs for extraordinary operations for the amount of around € 600 thousand.

The Group's average number of employees and temporary workers in the first half of 2011 was 1,065, while it was 1,096 in the first half of 2010.

Ebitda as a percentage of revenues has moved from 15.9% (14.2% excluding the capital gain from the sale of property) at 30 June 2010, to 13.3% at 30 June 2011.

- EBIT

In the second quarter of 2011, Ebit amounted to € 4,639 thousand against € 6,652 thousand in the corresponding quarter in the last financial year, a decrease of 30.3%.

In the first half-year of 2011, Ebit amounted to € 12,998 thousand against € 16,469 thousand in the corresponding period of last year, a decline of 21,1% (8.8% excluding the capital gain from the sale of property).

Amortization and depreciation provisions amount to € 3,541 thousand, in line with the first half-year 2010 (€ 3,652 thousand).

Ebit as a percentage of sales moves from 13.1% (11.3% excluding the capital gain from the sale of property) at 30 June 2010, to 10.4% at 30 June 2011.

Non annualized Ebit as a percentage of net invested capital has moved from 11.1% (9.6% excluding the capital gain from the sale of property) at 30 June 2010, to 8.3% at 30 June 2011.

- Net profit

Net profit in the second quarter 2011 amounted to € 2,301 thousand against € 5,280 thousand for the corresponding quarter in the last financial year, declining by 56.4%. Beside what has been already said as comment for EBITDA, the Foreign Exchange management had a negative impact on the figure.

Net profit for the first six months of 2011 amounted to € 6,993 thousand against € 12,364 thousand for the same period of last year, a decrease of 43.4%.

Foreign Exchange management worsened with respect to the same period in the previous year as a result of the MTM valuation at the closing date of hedging contracts in force.

The tax rate in the first half-year of 2011 was 32.8%, higher than the 28.3% for the same period in the previous financial year, due to the different distribution of taxable income between Group companies.

Highlights from the consolidated balance sheet

31.12.2010	€/000	30.06.2010	30.06.2010
57.678	Net non-current assets	55.869	59,468
83.747	Net working capital	100.780	88,574
141.425	**Total net capital employed**	**156.649**	**148,042**
114.030	Equity	115.452	115,540
(27.395)	Net financial position	(41.197)	(32,502)

- Net non-current assets

During 1H 2011 Emak Group invested € 2,071 thousand in property, plant and equipment and intangible assets, as follows:

- € 1,146 thousand for product innovation;
- € 384 thousand for adjustment of production capacity and for process innovation;
- € 399 thousand for upgrading the computer network system;
- € 94 thousand for adjustment of industrial buildings;
- € 48 thousand for other managerial working investments.

Investments broken down by geographical area are as follows:

- € 1,589 thousand in Italy;
- € 90 thousand in Europe;
- € 392 thousand in the Rest of the World.

- Net working capital

Net working capital was € 17,033 thousand higher than at the end of December 2010, moving from € 83,747 thousand to € 100,780 thousand.

The chart below shows changes in net working capital in the first six months of 2011 and in the corresponding period of the previous year:

€/000	1H 2011	1H 2010
Net working capital at 01 January	**83,747**	**82,881**
increase/(decrease) in inventories	(150)	(3,479)
increase/(decrease) in trade receivables	16,217	16,529
(Increase)/decrease in trade payables	4,142	(4,562)
Other changes	(3,176)	(2,795)
Net working capital at 30 June	**100,780**	**88,574**

The increase in net working capital compared to the same period of the previous financial year is mainly attributable to the concentration of purchases in the first part of the half-year, with a consequent fall in trade payables at the closing date. Stocks levels are also higher further to the slowdown in sales in the latter part of the period.

- Equity

Total equity amounts to € 115,452 thousand compared with € 114,030 thousand at 31 December 2010. Earnings per share at 30 June 2010 are € 0.255, against € 0.452for the same period of last year.

- Net financial position

Net debt increased from €27,395 thousand at 31.12.2010 to €41,197 thousand at 30.06.2011. The increase is mainly due to the rise in net working capital.

Free cash flow from operations was € 10,534 thousand after tax, compared with € 16,016 thousand in the same period of last year.

The net financial position is made up as follows:

31.12.2010	€/000	30.06.2011	30.06.2010
7.339	Cash and banks	9.799	10,882
639	Securities and derivative financial instruments	14	686
(35.071)	Financial liabilities	(50.226)	(43,475)
(302)	Derivative financial instruments	(784)	(595)
(27.395)	**Total net debt**	**(41.197)**	**(32,502)**

6.Dealings with related parties

Emak S.p.A. is controlled by Yama S.p.A.. The transactions made by Emak with related parties as defined by IAS 24, "Information about related parties", mainly regard the exchange of goods and service, with other companies controlled by Yama S.p.A.. All the transactions fall within the ordinary management of the company, are regulated under market conditions, thus the same conditions that would be applied between independent parties, and in the interest of the companies of the Emak Group. Directors, Auditors, General manager and the managers with strategic responsibilities annually declare the conclusion of deals with Emak S.p.A. and its controlled companies, also if conducted through a third person or by subjects referable to them as prescribed by IAS 24 and the internal procedure called "Procedures regarding operations with related parties", which was approved by the Board of Directors and is available on the Company website http://www.emak.it in the section Corporate Governance.

7.Buy back of Emak S.p.A. shares

At 31.12.2010 Emak S.p.A. held 397,233 treasury shares, worth € 2,029 thousand.

On 22 April 2011, the Shareholders Meeting renewed authorisation for the acquisition and disposal of treasury shares for the purposes it defined. No treasury shares were purchased or sold during the first half of 2011, and therefore the total holding and the relative value of treasury shares are unchanged compared to the beginning of the financial period.

8.Outstanding disputes

There are no outstanding disputes as discussed in note n. 28 of the consolidated financial statements.

9.Forecast operating trends, main risks and uncertainties.

During the first half-year, the value of Emak's reference market decreased by around 5%, mainly due to the slowdown in the world economy in the last few months and to the unfavourable weather conditions which penalised sales of gardening products.
Considering the results so far obtained, and the uncertainty regarding the evolution of the macro-economic situation, we feel it appropriate to revise the outlook for 2011 with a forecast turnover in line with the previous financial year, rather than the previous forecast of a growth of around 5%.

The risks that could influence the achievement of these results relate mainly to external factors such as the general economic trend, the increase in the costs of raw materials, currency trends and weather conditions.

10. Subsequent events

Today, the Board of Directors of Emak signed the agreement for the acquisition from the controlling Yama Group of 100% of the Comet Group, the Tecomec Group, Sabart and Raico, for a total purchase price of Euro 82.7 million - subject to a possible downward price adjustment depending upon the consolidated net financial position of the target companies as of 31 December 2011 -, to be financed principally through a capital increase for a maximum amount of up to Euro 58 million, to be offered under an option to the shareholders.

The transaction is part of the Emak Group's growth strategy, creating an industrial hub integrating important leading operators in the manufacturing and distribution of machinery, accessory and components for use in the gardening, forestry, agricultural and industrial sectors.

The project will allow the new group to exploit significant potentiality to create value through the achievement of the following objectives:

- Significant increase in the Group's size, key factor for success in competing on the international markets.
- Expansion in the line of products/services in the sector for machines, accessories and components for gardening, forestry, agricultural and industrial sectors with a high competitive ranking in certain specific segments.
- Significant benefits deriving from cross-selling opportunities through the network and through customers, taking advantage of the integrated group's distribution network throughout the international markets.
- Integration of technological, productive and managerial resources in the respective companies, with limited risk deriving from the integration and a positive impact on operating efficiency.
- Greater financial flexibility at the group-wide level to support growth plans to be achieved internally and externally in segments that are considered attractive from a business and profitability standpoint.

The acquisition will be funded mainly by a paid capital increase offered under an option to the current shareholders for a maximum amount of up to €58 million. Yama, Emak's majority shareholder, has undertaken to subscribe for its quota of the capital increase in its entirety, and to reinvest in the project a significant portion of the purchase price of the acquisition. As for the remaining portion of the capital increase, the offer under option will be supported by a guarantee promoted, coordinated and led by Mediobanca – Banca di Credito Finanziario, which will act as Global Coordinator and Bookrunner for the capital increase.

The remaining portion of the price will be financed through new indebtedness in the amount of €24.7 million, of which €15 million will be in the form of a deferred non interest-bearing payment of the purchase price granted by the sellers falling due within 24 months.

The closing of the transaction is expected to take place by the end of the year subject to the full subscription of the capital increase.

Comet Group, with registered office in Reggio Emilia, is a historical leader in the manufacturing of high pressure pumps for agriculture and industry, professional and consumer pressure washers. Comet distributes its products at the worldwide level through distributors and with commercial branches in the USA and France.
The Comet Group closed financial year 2010 with turnover of € 51, 66% of which was realised abroad, and EBITDA of € 5 million. As of 31 December 2010, the net financial position amounted to €11 million.

Tecomec Group with registered office in Reggio Emilia, manufactures components and accessories for machines for use in the forestry, gardening, spraying, weeding and washing sectors. Tecomec also owns the entire share capital of Speed France – in turn the controlling shareholder of 100% of Speed North America and 51% of Speed South Africa-, manufacturer and distributor of nylon line for brushcutters, and of Tecomec Ningbo, a Chinese manufacturer.

The Tecomec Group closed financial year 2010 with turnover of approximately €67 million, of which 83% was realised abroad, and EBITDA of €8 million. As of 31 December 2010, its net financial position amounted to €24 million.

Sabart, with registered office in Reggio Emilia, is specialised in the manufacturing and distribution of spare parts and accessories for products related to forestry, agriculture and gardening activities.
Sabart closed financial year 2010 with turnover of € 22 million and EBITDA of €3 million. As of 31 December 2010, the company had no financial indebtedness.

Raico, with registered office in Reggio Emilia, is specialised in the distribution of spare parts and accessories for agricultural tractors, industrial and construction machines.
Raico closed financial year 2010 with turnover of € 10 million and EBITDA of € 0.9 million. As of 31 December 2010, its net financial position amounted to €1.8 million.

11. Other information

Emak meets the requirements for belonging to the STAR segment.

The company has its own Ethical Code and has implemented an Organisation, Management and Control Model, according to the provisions of art. 6 of Legislative Decree 231/01. The company updates the Model on a constant basis, taking account of the development of its structure, changes in the carrying out of company activities and legislative changes introduced from time to time.
The Supervisory Body, which reports on a periodic basis to the Board of Directors, has introduced a training and continuous updating programme for all employees, referring to the Model and to the operating procedures established for single management areas.

Bagnolo in Piano (RE), 5 August 2011

On behalf of the Board of Directors

The Chairman

Fausto Bellamico

EMAK GROUP– CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES AT 30 JUNE 2011

Consolidated income statement

Y 2010	€/000	Notes	I H 2011	I H 2010
206,785	Sales	8	124,522	126,157
3,765	Other operating incomes	8	637	3,039
227	Change in inventories		471	(5,009)
(117,926)	Raw and consumable materials and goods		(71,522)	(67,266)
(32,467)	Salaries and employee benefits	9	(17,695)	(17,210)
(36,875)	Other operating costs	10	(19,874)	(19,590)
(7,378)	Amortization, depreciation and impairment losses	11	(3,541)	(3,652)
16,131	**Ebit**		**12,998**	**16,469**
535	Financial income	12	299	502
(1,756)	Financial expenses	12	(851)	(1,228)
1,648	Exchange gains and losses		(2,047)	1,500
16,558	**EBT**		**10,399**	**17,243**
(4,939)	Income taxes	13	(3,406)	(4,879)
11,619	**Net profit**		**6,993**	**12,364**
(49)	**(Profit)/loss attributable to minority interests**		**(37)**	**(39)**
11,570	**Net profit attributable to the group**		**6,956**	**12,325**
0.424	**Basic earnings per share**	14	**0.255**	**0.452**
0.424	**Diluted earnings per share**	14	**0.255**	**0.452**

Comprehensive income statement

Y 2010	Figures in thousands of euros	Notes	I H 2011	I H 2010
11,619	**Net profit (A)**		**6,993**	**12,364**
1,898	Profits/(losses) deriving from the conversion of foreign company accounts		**(1,175)**	**2,663**
1,898	**Total other components to be included in the comprehensive income statement (B):**		**(1,175)**	**2,663**
13,517	**Comprehensive net profit (A)+(B)**		**5,818**	**15,027**
(49)	**Comprehensive net profit attributable to minority interests**		**(37)**	**(39)**
13,468	**Comprehensive net profit attributable to the group**		**5,781**	**14,988**

Schedule showing consolidated assets-liabilities-financial situation

ASSETS

31.12.2010	€/000	Notes	30.06.2011	30.06.2010
	Non-current assets			
50,019	Property, plant and equipment	15	47,509	52,537
3,363	Intangible assets other than goodwill	16	3,320	3,024
10,573	Goodwill	17	10,409	10,473
0	Investment property	0	0	0
224	Equity investments		224	224
3,137	Deferred tax assets	24	3,563	2,889
0	Other non current financial assets		0	0
906	Other receivables	19	901	911
68,222	**Total**		**65,926**	**70,058**
	Current assets			
70,665	Inventories	20	70,515	65,910
58,210	Trade and other receivables	19	74,849	74,994
1,918	Current tax assets		1,030	659
0	Other financial assets		0	0
639	Derivative financial instruments		14	686
0	Marketable securities at fair value		0	0
7,339	Cash and cash equivalents		9,799	10,882
138,771	**Total**		**156,207**	**153,131**
206,993	**TOTAL ASSETS**		**222,133**	**223,189**

EQUITY AND LIABILITIES

31.12.2010	€/000	Notes	30.06.2011	30.06.2010
	Capital and reserves			
113,475	Total Group	21	114,895	114,993
555	Minority interests		557	547
114,030	**Total equity**		**115,452**	**115,540**
	Non-current liabilities			
22,741	Loans and borrowings	23	13,688	27,900
3,445	Deferred tax liabilities	24	3,100	3,512
4,902	Provisions for employee benefits	25	4,880	4,717
682	Provisions	26	674	701
1,516	Other non-current liabilities	27	1,402	1,660
33,286	**Total**		**23,744**	**38,490**
	Current liabilities			
44,269	Trade and other payables	22	40,705	48,797
2,055	Current tax liabilities		4,154	3,819
12,330	Loans and borrowings	23	36,538	15,575
302	Derivative financial instruments	18	694	595
721	Provisions	26	756	373
59,677	**Total**		**82,847**	**69,159**
206,993	**TOTAL EQUITY AND LIABILITIES**		**222,043**	**223,189**

Statement of changes in consolidated equity at 30.06.2010

€/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 of the period			
Balance at 31.12.2009	**7,190**	**21,047**	**(2,029)**	**1,438**	**1,138**	**(296)**	**27,733**	**38,489**	**9,383**	**104,093**	**538**	**104,631**
Change in treasury shares										**0**		**0**
Profit reclassification								5,295	(9,383)	**(4,088)**	(30)	**(4,118)**
Net profit						2,663			12,325	**14,988**	39	**15,027**
Balance at 30.06.2010	**7,190**	**21,047**	**(2,029)**	**1,438**	**1,138**	**2,367**	**27,733**	**43,784**	**12,325**	**114,993**	**547**	**115,540**

Statement of changes in consolidated equity at 31.12.2010 and at 30.06.2011

€/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 31.12.2009	**5,161**	**21,047**	**1,438**	**1,138**	**(296)**	**27,733**	**38,489**	**9,383**	**104,093**	**538**	**104,631**
Change in treasury shares									**0**		**0**
Payment of dividends							5,295	(9,383)	**(4,088)**	(31)	**(4,119)**
Other changes							2		**2**	(1)	**1**
Net profit for the period					1,898			11,570	**13,468**	49	**13,517**
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**
Change in treasury shares									**0**		**0**
Profit reclassification							7,209	(11,570)	**(4,361)**	(35)	**(4,396)**
Other changes									**0**		**0**
Net profit					(1,175)			6,956	**5,781**	37	**5,818**
Balance at 30.06.2011	**5,161**	**21,047**	**1,438**	**1,138**	**427**	**27,733**	**50,995**	**6,956**	**114,895**	**557**	**115,452**

Consolidated cash flow statement

31.12.2010	(€/000)	Notes	30.06.2011	30.06.2010
	Cash flow from operations			
11,619	**Net profit for the period**		**6,993**	**12,364**
7,378	Amortization, depreciation and impairment losses	11	3,541	3,652
(2,213)	Capital (gains)/losses on disposal of property, plant and equipment		5	(2,226)
615	Decreases/(increases) in trade and other receivables		(16,173)	(14,667)
(1,276)	Decreases/(increases) in inventories		150	3,479
(250)	(Decreases)/increases in trade and other payables		(1,925)	6,249
0	Change in provision for employee benefits		(22)	(185)
388	Decreases/increases in provisions for liabilities	26	27	59
(433)	Decreases/increases in derivative financial instruments		1,107	(187)
15,828	**Net cash generated by operations**		**(6,297)**	**8,538**
	Cash flow from investment activities			
(6,060)	Changes in property, plant and equipment and intangible assets		(822)	(4,217)
2	(Increases) and decreases in financial assets		0	1
2,576	Proceeds from disposal of property, plant and equipment		(5)	2,396
(3,482)	**Net cash absorbed by investment activities**		**(827)**	**(1,820)**
	Cash flow from financial activities			
1	Change in equity		0	0
(8,168)	Change in short and long-term loans and borrowings		4,293	(4,383)
(483)	Change in finance leases		(247)	(240)
(4,119)	Dividends paid		(4,396)	(4,118)
1,898	Change in translation reserve		(1,175)	2,663
(10,871)	**Net cash absorbed by financial activities**		**(1,525)**	**(6,078)**
1,475	**NET INCREASE IN CASH AND CASH EQUIVALENTS**		**(8,649)**	**640**
4,586	**OPENING CASH AND CASH EQUIVALENTS**		**6,061**	**4,586**
6,061	**CLOSING CASH AND CASH EQUIVALENTS**		**(2,588)**	**5,226**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

31.12.2010	(€/000)	30.06.2011	30.06.2010
	RECONCILIATION OF CASH AND CASH EQUIVALENTS		
4,586	**Opening cash and cash equivalents, detailed as follows:**	**6,061**	**4,586**
7,331	Cash and cash equivalents	7,339	7,331
(2,745)	Overdrafts	(1,278)	(2,745)
6,061	**Closing cash and cash equivalents, detailed as follows:**	**(2,588)**	**5,226**
7,339	Cash and cash equivalents	9,799	10,882
(1,278)	Overdrafts	(12,387)	(5,656)
	Other information:		
(622)	Change in related party receivables and service transactions	522	(237)
(452)	Change in related party payables and service transactions	(10)	(100)

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

Notes to the consolidated financial statements - Contents

1. General information

The Board of Directors approved the consolidated financial statements of Emak S.p.A. for at 30 June 2011 on 5 August 2011 and summarized its contents in a specific press release of the same date.

Emak S.p.A. (hereinafter referred to as "Emak" or the parent company) is a public company, whose shares are listed on the Italian stock exchange. Its registered office is in Via Fermi 4, Bagnolo in Piano (Reggio Emilia), Italy. It is one of Europe's leading producers of gardening, forestry and small-scale agricultural machinery, such as chainsaws, brushcutters, lawnmowers, trimmers, rotavators and croppers and a vast assortment of accessories.

EMAK is controlled by YAMA S.p.A., an industrial holding company, which holds the majority of its share capital on a permanent basis and, in accordance with the law and with the articles of association, appoints the majority of its corporate Bodies. The Group of companies held by Yama mainly operates in sectors involving the production and marketing of small machinery for agriculture, gardening, construction and industry and forestry. Emak S.p.A., nonetheless, is not subject to management or coordination on the part of Yama and its Board of Directors, and makes its own strategic and operating choices in complete autonomy.

Emak has adopted specific control procedures for transactions with related parties, set up in compliance with the provisions established by *Consob* through resolution no. 17221 of 12/3/2010 and approved by Emak's Board of Directors on 12/11/2010. These procedures, published and available for consultation on the www.emak.it website in the "Investor relations", are aimed at improving protection of the company and its assets. In particular, specific precautions are provided for, which are adopted upon the carrying out of operations of an extraordinary nature.

Operations of a usual nature with related parties, conducted at arm's length and in the ordinary exercise of the company's business activities, are instead regulated by framework resolutions, which identify and define the nature and conditions of their execution. These operations are referred to in point 31 below.

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

The abbreviated consolidated financial statements for the half-year ending 30 June 2011, approved by the Board of Directors of Emak S.p.A. in the meeting of 05 August 2011, has been subject to a limited audit on the part of Fidital Revisione S.r.l. This audit is significantly less extensive than that of a complete audit carried out according to established auditing standards.

2. Summary of principal accounting policies

The principal accounting policies used for preparing the abbreviated consolidated financial statements for the half-year are in line with those applied for the annual consolidated financial statements at 31 December 2010 and are briefly discussed below.

2.1 General methods of preparation

The abbreviated consolidated half-year report of the Emak Group at 30 June 2011 has been prepared in accordance with the IAS 34 accounting standard (Interim Financial Reporting), with art. 154-*ter* (financial reports) of the Consolidated Finance Act and with Consob regulations and resolutions in force.
Specifically, the half-year report at 30 June 2011 has been prepared in abbreviated form and does not contain all the information and notes required for annual consolidated financial statements and must therefore be read with reference to the annual consolidated financial statements at 31 December 2010.
The consolidated half-year report includes the balance sheet, the consolidated income statement, the statement of consolidated comprehensive income, the statement of changes in consolidated equity, the statement of cash flows and notes to the accounts, in accordance with the requirements provided for by IFRS.

The abbreviated consolidated half-year report has been drawn-up in compliance with the IFRS's issued by the International Accounting Standards Board and adopted by the European Union at the date of preparing this report. The term IFRS also refers to all revised international accounting standards (IAS) and all interpretations by the International Financial Reporting Interpretations Committee (IFRIC), previously named the Standing Interpretations Committee (SIC).

The preparation of financial statements under IFRS requires management to make use of accounting estimates. The matters involving a high degree of judgement or complexity and the areas in which the assumptions and estimates could have a significant impact on the consolidated financial statements are discussed in note 4.

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 cost of acquisition initially corresponds to the fair value of the assets acquired, the financial instruments issued and the liabilities at the date of acquisition, as increased for any directly attributable acquisition costs, and ignoring any minority interests. The excess of the cost of acquisition over the group's share of the fair value of the net assets acquired is recognized as goodwill. If the cost of acquisition is lower, the difference is 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 2011 is unchanged compared to 31 December 2010.

The scope of consolidation therefore includes the following companies:

Name	Head office	Share capital	Currency	% consolidated	Held by	% interest 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)	342,090	GBP	100.000	Emak S.p.A.	100.000
Emak Deutschland Gmbh	Fellbach-Oeffingen (D)	553,218	€	100.000	Emak S.p.A.	100.000
Emak 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)	25,533,285	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
Tai Long (Zhuhai) machinery Manufacturing Ltd.	Zhuhai (RPC)	16,353,001	RMB	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 provides for information to be given for certain items in the financial statements on the basis of the operational segments of the company.

An operating segment is a component of a company:

(a) that carries on business activities generating costs and revenues;
(b) whose operating results are reviewed on a periodic basis at the highest executive levels for the purpose of taking decisions about resources to be allocated to the sector and for the evaluation of results; and
(c) for which separate reporting information is available.

IFRS 8 is based on the so-called "management approach", which defines sectors exclusively on the basis of the internal organisational and reporting structure used to assess performance and allocate resources.

On the basis of the new criteria for the definition of the operating segments introduced by IFRS 8, the Group identified, following the "management approach" a single segment of activity: production and distribution of agriculture, forestry and gardening machinery.

2.4 Translation differences

(a) Functional currency and presentation currency
Transactions included in the financial statements of each group company are recorded using the currency of the primary economic environment in which the company operates (functional currency). The consolidated financial statements are presented in euro, the functional and presentation currency of the parent company.

(b) Transactions and balances
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 presentation currency of the consolidated financial statements are translated as follows:
(i) assets and liabilities are translated at the closing rate on the balance sheet date;
(ii) income and expenses are translated at the average rate for the period;
(iii) all translation differences are recognized as a separate reserve under equity ("cumulative translation adjustment").

Goodwill amounts arising from business combinations are treated as assets of the acquired company.

The exchange rates used to translate these financial statements are as follows:

Amount of currency corresponding to €1	1H 2011 average	30.06.2011	FY 2010 average	31.12.2010
Pounds sterling (GB)	0.87	0.90	0.86	0.86
Renminbi (China)	9.18	9.36	8.97	8.81
Zloty (Poland)	3.95	3.99	3.99	3.98
Dollars (Usa)	1.40	1.45	1.33	1.34

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 2010.

2.6. New accounting standards

With reference to the description of recently issued accounting standards, during 2011 the IASB has issued the following standards which are not yet effective, and in the event their application is permitted, they have not been adopted by the Group in advance and consequently have had no effect on the financial statements of the Group.
The new standards and/or modifications to existing standards issued so far during 2011 are as follows:

- Revised version of IAS 19 Employee Benefits. It will compulsorily come into effect from 1 January 2013 but its advanced application is permitted.

- Modification of IAS 1 Presentation of Items of Other Comprehensive Income (OCI). The changes will come into force from 1 July 2012.
- IFRS 10 Consolidated Financial Statements. It will come into force from 1 January 2013 but application in advance is permitted.
- IFRS 11 Joint Arrangements. It will come into force from 1 January 2013 but application in advance is permitted.
- IFRS 12 Disclosure of Interests in Other Entities. It will come into force from 1 January 2013 but application in advance is permitted.
- IFRS 13 Fair Value Measurement. It will come into force from 1 January 2013 but application in advance is permitted.

3. Capital and financial risk management

Details can be found in the explanatory notes to the consolidated financial statements at 31 December 2010.

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. Significant non recurring events and transactions

On April 29th, 2011, the parent company Emak S.p.A. has signed the final agreement for the acquisition of the 61% shareholding of Epicenter LLC (Ukraine), a company with registered office in Kiev, Ukraine, the distributor of Oleo-Mac trademark products in the Ukrainian market since 2000, for a consideration of about € 1.2 million. The deal is subjected to the suspensive condition of the authorization by the Ukrainian antitrust authorities.
Epicenter LLC closed 2010 financial year with a sales turnover of about € 5.1 million and a net profit of about € 0.54 million.
The operation is in line with the Group’s policy of development through external means in markets with high growth potential. With this acquisition, Emak aims to attain greater penetration in a market with high potential such as the Ukrainian market, where it already has a significant market presence.
The contract also provides for EMAK’s right of a call option for the acquisition of a further 14% stake to be exercised by 2013, with the possibility, therefore, of bringing its total stake to 75%.

6. Balances or transactions arising from atypical and unusual operations

No atypical or unusual transactions took place in the first half of 2011.

7. Net financial position

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

€/000	30.06.2010	31.12.2009	30.06.2009
Cash and banks	10,882	7,331	9,885
Securities and derivative financial instruments	686	433	5
Other financial assets	0	1	1
Financial liabilities	(15,575)	(13,754)	(37,182)
Derivative financial instruments	(595)	(529)	(326)
Short-term net debt	**(4,602)**	**(6,518)**	**(27,617)**
Other financial assets	0	0	4
Financial liabilities	(27,900)	(31,432)	(34,494)
Long-term net debt	**(27,900)**	**(31,432)**	**(34,490)**
Cash and banks	10,882	7,331	9,885
Securities and derivative financial instruments	686	433	5
Other financial assets	0	1	5
Financial liabilities	(43,475)	(45,186)	(71,676)
Derivative financial instruments	(595)	(529)	(326)
Total net debt	**(32,502)**	**(37,950)**	**(62,107)**

The net financial position does not include balances with related parties

8. Sales and other operating income

Details of sales are as follows:

€/000	1H 2011	1H 2010
Net sales revenues (net of discounts and rebates)	124,020	125,409
Revenues from recharged transport costs	906	936
Returns	(404)	(188)
Total	**124,522**	**126,157**

Other operating income is analyzed as follows:

€/000	1H 2011	1H 2010
Capital gains on disposal of property, plant and equip	12	23
Capital gains on disp. of fixed assets available for sale	0	2,215
Government grants	175	336
Advertising reimbursement	196	172
Other operating income	254	293
Total	**637**	**3,039**

The capital gain on the disposal of fixed assets available for sale refers to the sale of a building previously leased to a company in the Yama Group.

9. Salaries and employee benefits

Details of these costs are as follows:

€/000	1H 2011	1H 2010
Wages and salaries	11,896	11,580
Social security charges	3,480	3,372
Employee terminationn indemnities	609	540
Other costs	469	418
Directors' emoluments	295	346
Temporary staff	946	954
Total payroll costs	**17,695**	**17,210**

10. Other operating costs

Details of these costs are as follows:

€/000	1H 2010	1H 2010
Subcontract work	3,527	3,138
Maintenance	922	1,055
Transportation	5,041	5,783
Advertising and promotions	1,647	1,586
Commissions	1,226	1,216
Travel	573	534
Consulting fees	757	790
Other services	3,427	2,828
Services	**17,120**	**16,930**
Rents, rentals and the enjoyment of third party assets	**1,723**	**1,481**
Increases in provisions (note 26)	**62**	**59**
Other costs	**969**	**1,120**
Total	**19,874**	**19,590**

The application of new strategies for the selection of suppliers and the management of shipment routes has allowed for a significant reduction in transport costs.

The increase of the figure "Other services" is due to costs for extraordinary operations amounting to € 567 thousand.

Higher use of external logistic and goods custody services determined the increase of the "Rents, rentals and the enjoyment of third party assets" figure.

The decrease of "Other operating costs" mainly refers to the optimization of some supplying relations.

11. Amortization and depreciation

Details of these amounts are as follows:

€/000	1H 2011	1H 2010
Amortization of intagible assets (note 16)	434	434
Depreciation of property, plant and equipment (note 15)	3,107	3,218
Total	**3,541**	**3,652**

12. Finance income and expenses, Exchange gain and losses

Details are as follows:

€/000	1H 2011	1H 2010
Proceeds from adjustment to fair value of derived instruments for hedging interest rate risk	193	61
Interest on bank and postal current accounts	34	47
Other financial income	72	394
Financial income	**299**	**502**

€/000	1H 2011	1H 2010
Interest on long-term bank loans and borrowings	345	331
Interest on short-term bank loans and borrowings	163	113
Interest expense and discounts given	0	196
Costs from adjustment to fair value and closure of derived instruments for hedging interest rate risk	23	227
Financial charges from valuing employee termination indemnities (note 25)	75	84
Other financial costs	245	227
Financial expenses	**851**	**1,228**

In 2011 the heading “Cash discount liabilities”, relating to collections from customers, has been recorded as a deduction of sales revenues. Taking account of the limited significance of the effect, it has not been considered necessary to reclassify comparative figures.

The balance of the heading “Losses on exchange”, for € 2,047 thousand, is mainly the result of the trend in the Renmimbi/Euro and UD Dollar/Euro exchange rate.

13. Taxes on income

The estimated charge for current tax and changes in deferred tax assets and liabilities in the first half of 2011 is € 3,406 thousand (€4,879 thousand in the corresponding prior year period).

The tax rate in the first half-year of 2011 was 32.8%, higher than the 28.3% for the same period in the previous financial year.

The increase is mainly due to the different distribution of taxable income between Group companies.

14. Earnings per share

“Basic" earnings per share are calculated by dividing the net profit for the period attributable to the parent company's shareholders by the weighted average number of ordinary shares outstanding during the period, excluding the average number of ordinary shares purchased or held by the parent company as treasury shares. The parent company has only ordinary shares outstanding.

€/000	1H 2011	1H 2010
Net profit attributable to ordinary shareholders in the parent company (€/000)	6,956	12,325
Weighted average number of ordinary shares outstanding	27,256,267	27,256,267
Basic earnings per share (€)	**0.255**	**0.452**

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

15. Property, plant and equipment

Changes in property, plant and equipment are shown below:

€/000	31.12.2010	Incr.	Decr.	Reclass.	Other changes	Exchange difference	30.06.2011
Land and buildings	42,172	84	-	(38)	-	(488)	41,730
Accumulated depreciation	(9,686)	(603)	-	-	-	38	(10,251)
Land and buildings	**32,486**	**(519)**	**-**	**(38)**	**-**	**(450)**	**(31,479)**
Plant and machinery	20,892	178	(44)	38	-	(274)	20,790
Accumulated depreciation	(12,209)	(865)	26	-	-	117	(12,931)
Plant and machinery	**8,683**	**(687)**	**(18)**	**38**	**-**	**(157)**	**7,859**
Other assets	55,285	904	(792)	217	-	(275)	55,339
Accumulated depreciation	(47,104)	(1.639)	644	-	-	175	(47,924)
Other assets	**8,181**	**(735)**	**(148)**	**217**	**-**	**(100)**	**7,415**
Advances and fixed assets in progress	**669**	**447**	**(115)**	**(217)**	**(17)**	**(11)**	**756**
Net book value	**50,019**	**(1,494)**	**(281)**	**-**	**(17)**	**(718)**	**47,509**

The increase in the other categories mainly refers to the purchase of moulds and equipment related to the activity of product innovation.

16. Intangible assets

Intangible assets report the following changes:

€/000	31.12.2010	Incr.	Other changes	Exchange difference	30.06.2011
Development costs	1,718	2	-	-	1,720
Accumulated amortization	(946)	(37)	-	-	(983)
Development costs	**772**	**(35)**	**-**	**-**	**737**
Patents and intellectual property rights	6,604	266	-	(36)	6,834
Accumulated amortization	(5,509)	(271)	-	22	(5,758)
Patents and intellectual property rights	**1,095**	**(5)**	**-**	**(14)**	**1,076**
Concessions, licences and trademarks	710	21	-	(2)	729
Accumulated amortization	(664)	(5)	-	2	(667)
Concessions, licences and trademarks	**46**	**16**	**-**	**0**	**62**
Other intangible assets	1,933	93	-	(71)	1,955
Accumulated amortization	(489)	(121)	-	18	(592)
Other intangible assets	**1,444**	**(28)**	**-**	**(53)**	**1,363**
Advances	**6**	**76**	**-**	**-**	**82**
Net book value	**3,363**	**24**	**-**	**(67)**	**3,320**

The increase in patents and intellectual property rights refers to the investments for the development of computing solutions with the aim to make more efficient the operative management.

All the intangible assets have a finite residual life.

17. Goodwill

The goodwill of € 10,409 thousand reported at 30 June 2011 can be separated into two parts as follows:

€/000	31.12.2010	Increases	Exchange difference	30.06.2011
Goodwill on the purchase of Victus Eco Sp. Z.o.o.	938	-	(4)	934
Goodwill on the purchase of the Victus IT business	5,184	-	(19)	5,165
Goodwill from the merger of Bertolini S.p.A.	2,074	-	-	2,074
Goodwill from the acq. of Tailong Machinery Ltd.	2,377	-	(141)	2,236
Totale	**10,573**	**-**	**(164)**	**10,409**

- goodwill for the acquisition of Victus Emak Sp. z.o.o. for € 934 thousand refers to the difference between the acquisition price for 100% of the company regulated by Polish law, Victus Emak Sp. z.o.o., and its net worth at the date of acquisition. € 5,165 thousand, on the other hand, refers to the acquisition of the company branch of Victus International Trading SA;

- The amount of € 2,074 thousand refers to the positive difference further to the acquisition and subsequent absorption of the company Bertolini S.p.A. into Emak S.p.A.;

- the amount of € 2,236 thousand refers to the difference between the cost of 100% of the company regulated by Chinese law, Tailong (Zhuhai) Ltd, and its net worth at the date of acquisition;

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

18. Derivative financial instruments

The financial statements values relate to changes in the fair value of financial instruments for:
-hedging purchases in foreign currency;
-hedging the risk of changes in interest rates on loans.

All derivative financial instruments belonging to this heading are valued at fair value at the second hierarchical level, that is, the estimate of their fair value has been carried out using variables other than prices quoted in active markets and which are observable (on the market) either directly (prices) or indirectly (derived from prices).

All the contracts, while having the purpose and characteristics of hedging operations, do not formally comply with the rules for being accounted for as such. For this reason all the changes in fair value have been recorded in the income statement in the relevant financial period.

In the case in point, the fair value recorded is equal to the “market to market” estimation provided by the bank, which represents the current market value of each contract calculated at the date at the closing date of the Financial Statements.

At 30 June 2011 there were outstanding forward currency agreements for the purchase of:

- € 200 thousand expiring by September 2011 at an average exchange rate of 0.847 Pounds Sterling per Euro (regarding hedging operations carried out by the U.K. subsidiary Emak U.K. Ltd.);
- € 1,200 thousand expiring by August 2011 at an average exchange rate of 3.967 Zloty per Euro (regarding hedging operations carried out by the Polish subsidiary Victus Emak Sp. z.o.o.);
- 55,000 thousand Yen expiring by December 2011 at an average exchange rate of 116.1 Yen per Euro (regarding hedging operations carried out by the French subsidiary Emak France Sas);
- 901 thousand US dollars expiring by December 2011 at an average exchange rate of 1.34 dollars per Euro (regarding hedging operations carried out by the French subsidiary Emak France Sas);
- 600 thousand US dollars expiring by July 2011 at an average exchange rate of 2.78 Zloty per Euro (regarding hedging operations carried out by Victus Emak Sp. z.o.o.);
- 100 thousand Pounds Sterling expiring by July 2011 at an exchange rate of 4.55 Zloty per Pounds Sterling (regarding hedging operations carried out by Victus Emak Sp. z.o.o.);

At the same date there were outstanding forward currency operations for the sale of:

- € 13,200 thousand expiring by January 2012 at an average exchange rate of 8.93 Renmimbi per Euro (regarding hedging operations carried out by the Chinese subsidiary Jiangmen Emak Ltd.)

The Parent company, Emak S.p.A., has also underwritten a number of IRS contracts and options on interest rates, with the objective of hedging the risk of changes in interest rates on financings for a notional amount of € 16,525thousand.

The expiry of the instruments is as follows:
-€ 2,000 thousand in the 2011 financial year;
-€ 7,000 thousand in the 2013 financial year;
-€ 5,692 thousand in the 2014 financial year;
-€ 1,833thousand in the 2016 financial year

The average interest rate of the instruments is 3.13%

19. Trade and other receivables

€/000	30.06.2011	31.12.2010
Trade receivables	72,858	55,987
Provision for doubtful accounts	(2,092)	(1,960)
Net trade receivables	**70,766**	**54,027**
Receivables from related parties (Note 31)	1,097	1,619
Prepaid expenxses and accrued income	625	542
Other receivables	2,361	2,022
Total current portion	**74,849**	**58,210**
Other non current receivables	901	906
Total non-current portion	**901**	**906**

All non-current receivables fall due within 5 years.

20. Inventories

Inventories are detailed as follows:

€/000	30.06.2011	31.12.2010
Raw, ancillary and consumable materials	25,399	31,558
Work in progress and semifinished products	7,485	7,784
Finished products and goods for resale	37,631	31,323
Total	**70,515**	**70,665**

Inventories are stated net of a provision of € 2,056 thousand at 30 June 2011 (€ 1,657 thousand at 31 December 2010). The purpose of this provision is to write down obsolete and slow-moving items to their estimated realizable value.

21. Equity

Share capital
Share capital is fully paid up at 30 June 2011 and amounts to €7.190 thousand and consists of 27.653.500 ordinary shares of par value €0,26 each.
All shares are fully paid.

Treasury shares
The adjustment of € 2,029 thousand to equity for the purchase of treasury shares, unchanged compared to 31 December 2009, represents the overall consideration paid on the market by Emak S.p.A. to buy the treasury shares held on 30 June 2011
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 22.04.11 the Shareholders' Meeting resolved the distribution of dividends relating to the 2010 financial year for a total of € 4,361 thousand. These dividends have been fully paid

Share premium reserve
The share premium reserve, which consists of the premium paid on newly-issued shares, is € 21.047 thousand at 30 June 2011, unchanged since the end of last year.

Legal reserve
- At 30 June 2011 the legal reserve is at € 1,438 thousand, staying unchanged since the end of last year.

Revaluation reserve
-The revaluation reserve at 30 June 2011 includes the reserves arising from revaluations under Law 72/83 for €371 thousand and under Law 413/91 for € 767 thousand.

Other reserves:
- At 30 June 2011 the extraordinary reserve amounted to €27,088 thousand, including all allocations of earnings in prior years.

- At 30 June 2011 reserves subject to tax on distribution refer to tax-related provisions for grants and donations for €129 thousand, merger surplus reserves for €394 thousand and reserves from capital grants deriving from the merger of Bertolini S.p.A. for € 122 thousand.
These reserves have remained unchanged since the previous financial period.

- At 30 June 2011 the reserve for conversion differences for the amount of € 427 thousand is entirely attributable to the differences generated from the translation of balances into the Group's reporting currency.

22. Trade and other payables

Dati in migliaia di euro	30.06.2011	31.12.2010
Trade payables	32,595	36,776
Payables due to related parties (note 31)	1,793	1,753
Payables due to staff and social security institutions	5,011	4,401
Accruals and payables	503	505
Other payables	803	834
Total	**40,705**	**44,269**

23. Financial liabilities

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

€/000	30.06.2011	31.12.2010
Overdrafts	12,387	1,278
Bank loans	23,525	10,340
Lease finance	505	497
Financial accrued expenses and deferred income	121	88
Other loans and guarantees received	-	127
Total	**36,538**	**12,330**

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	30.06.2011	31.12.2010
Bank loans	11,697	20,494
Lease finance	733	987
Other loans	1,258	1,260
Total	**13,688**	**22,741**

The loans that fall beyond 5 years amount to €167 thousand.

24. Tax assets and liabilities

Deferred tax assets are detailed below:

€/000	30.06.2011	31.12.2010
Provisions for inventory obsolescence and reversal of unrealized intercompany gains	1,883	1,689
Deferred tax assets on carryforward tax losses	627	709
Other deferred tax assets	1,053	739
Total	**3,563**	**3,137**

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

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

€/000	30.06.2011	31.12.2010
Deferred taxes on property (IAS 17)	1,323	1,517
Valuation of provision for employee termination indemnities under IAS 19	171	171
Deferred taxes on capital gains	509	668
Other deferred tax liabilities	1,097	1,089
Total	**3,100**	**3,445**

Tax credits amount to € 1,030 thousand at 30 June 2011 compared with € 1,918 thousand at 31 December 2010. The variation is due both to the lower payments of tax on account and to lower VAT credits.

Tax liabilities amount to € 4,154 thousand at 30 June 2011 compared with € 2,055 at 31 December 2010. The increase is due both to the recognition of payables for direct tax for the period and to higher VAT liabilities.

25. Post-employment benefits

Liabilities refer mainly to amounts payable for employment termination indemnity falling due at the end of an employee’s working life, equal to € 4,880 thousand.
The valuation of the indemnity leaving fund (TFR) at the closing date, carried out according to the nominal debt method in force would be € 5,278 thousand.

The principal economic and financial assumptions used to calculate the fund are the same as those used at the close of the 2010 financial year.

26. Provisions for liabilities and charges

Movements in these provisions are detailed below:

€/000	31.12.2010	Increases	Decreases	Exchange difference	30.06.2011
Provision for agents' termination indemnity	659	27	(35)	-	651
Other provisions	23	-	-	-	23
Total non-current portion	**682**	**27**	**(35)**		**674**
Provision for product warranties	191	-	-	-	191
Other provisions	530	35	-	-	565
Total current portion	**721**	**35**	**-**	**-**	**756**

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

Other non-current provisions relating to future costs to be incurred, equal to € 23 thousand (unchanged compared to the previous financial year), have been allocated in respect of a dispute for IRES, IRAP and VAT taxes for the financial years 1999-2006 for a total disputed amount of € 376 thousand all-inclusive (including taxes, interests and sanctions). The disputes are currently at different stages of legal proceedings. All the sentences so far passed by the relevant Tax Commissions (the last one on 24/1/2011 passed by the Provincial Tax Commission of Reggio Emilia) have been in favour of EMAK S.p.A. and it is expected that the outcome of the proceedings will be favourable also in the last resort.
Last year, a provision was allocated in the event that Judge, whilst recognising the company's just position, should order compensation for costs.

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

The "Other current provisions" heading refers to the best possible estimation of probable liabilities taking into consideration:

- a number of claims relating to disputes arising during the financial year for around € 123 thousand;
- costs that may be requested from the Group in the future for around € 81 thousand
- the reimbursement of excess amounts on civil liability accidents for € 46 thousand;
- adjustments of the value of capital grants accounted for in previous financial years, for around € 280 thousand.
- costs for prize-related transactions to be paid to customers for around € 35 thousand.

27. Other non-current liabilities

The amount reported on 30 June 2011 equal to € 1,042 thousand, compared to €1,516 thousand at 31 December 2010 refers to the capital grant received by Comag under Law 488/92 which is being recognized over future years. The portion of the grant recognizable this year is classified under current liabilities as other payables (note 22) and amounts to € 258 thousand.

28. Potential liabilities

On 30 June 2011 the Group had no disputes in progress other than those already referred to in these notes. In the Director's opinion, at the closing date there were no reasonable grounds for the occurrence of additional future liabilities with respect to those already provided for in the accounts.

29. Information on financial risks

The Group is exposed to a variety of financial risks associated with its business activities:
- credit risk, regarding both normal commercial relations and to financing activities;
- liquidity risk, with particular reference to the availability of financial resources and to access to the credit market;
- market risks, with particular reference to exchange and interest rates, since the Group operates at an international level in different currencies and uses financial instruments that generate interest.

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

The Group's exposure to financial risks has not undergone significant changes compared to 31 December 2010 with the exception of the risk of potential fair value loss of the net balance between assets and liabilities subject to the risk of interest rate change. As a matter of fact, an hypotetic change of 10% of every single exchange rate of the currencies funtional with the foreign ones, the fair value change would be €848 thousand compared ti €49 thousand at 31 December 2010.
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31. Commitments and guarantees given

Fixed asset purchases

The Group has commitments for fixed assets acquisitions, not included in the accounts at 30 June 2011 for € 1,289 (€ 545 thousand at 31 December 2010).

Guarantees given

At 30 June 2011 the Group has granted surety ships to third parties for € 919 thousand (€ 1,125 thousand at 31 December 2010).

31. Related party transactions

Emak S.p.A. is controlled by Yama S.p.A., which permanently holds the 74.3% of its share capital and is at the head of a larger group of companies.

The Yama Group mainly operates in the following sectors: machines and equipment for agriculture and gardening, engine components and real estate. A number of the companies belonging to the Yama Group supply the Emak Group with parts and materials, exploiting synergies associated with technological research. These are mostly strategically important parts, for which the purchasing policy is based on factors of quality and cost. On the other hand, a number of the companies belonging to the Yama Group purchase from the Emak Group products that complete their respective product range.

The transactions made by Emak with related parties as defined by IAS 24, “Information about related parties”, mainly regard the exchange of goods and service, with other companies controlled by Yama S.p.A.. All the transactions fall within the ordinary management of the company, are regulated under market conditions, thus the same conditions that would be applied between independent parties, and in the interest of the companies of the Emak Group. They are regulated by specific and analytical procedures formalised in programmatic documents, and systematically updated with the approval of the Board of Directors, with the support of independent Directors making up the Internal Control Committee. The results of operations are periodically and systematically examined on an overall basis by the Board of Directors.

The amounts of commercial and other nature transactions with related parties for the first half 2011 are shown below. The nature of most relavant transactions are shown as well.

Sale of goods and services and receivables:

Companies controlled by Yama S.p.A. (€/000)	**Revenues**	**Trade and other current receivables**
Mac Sardegna Industriale S.r.l.	467	**293**
Sabart S.p.A.	94	**58**
Tecomec S.p.A.	5	**-**
Unigreen S.p.A.	2	**5**
Garmec S.p.A.	165	**114**
Comet S.p.A.	44	**26**
Agro D.o.o.	63	**24**
Ningbo Tecomec Manufactoring Co. Ltd.	561	**138**
Euro Reflex D.o.o.	437	**439**
Total (note 19)	**1,838**	**1,097**

Purchase of goods and services and payables:

Companies controlled by Yama S.p.A. (€/000)	**Purchase of raw and consumable materials**	**Other operating costs**	**Total**	**Trade and other current payables**
Selettra S.r.l.	539	-	**539**	**348**
Tecomec S.p.A.	671	-	**671**	**395**
Sabart S.p.A.	106	-	**106**	**56**
Comet S.p.A.	832	-	**832**	**516**
Garmec S.p.A.	1	1	**2**	**-**
Euro Reflex D.o.o.	1.773	-	**1,773**	**-**
Unigreen S.p.A.	23	-	**23**	**21**
Speed France S.A.S.	579	-	**579**	**140**
Comet France S.A.S.	11	-	**11**	**1**
Cofima S.r.l.	331	-	**331**	**314**
Mac Sardegna Industriale S.r.l.	-	2	**2**	**2**
Total (note 22)	**4,866**	**3**	**4,869**	**1,793**

33. Subsequent events

Please refer to what described in paragraph 12 of the Directors' Report.

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

1. We, the undersigned, Fausto Bellamico 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 2011.

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

3. It is hereby declared, moreover, that:

3.1 the abbreviated half-year accounts:

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

b) correspond to the accounting records and entries;

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

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

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

Date: 5 August 2011

Delegated officers of the administrative bodies:

Fausto Bellamico

The Financial Reporting Officer:

Aimone Burani