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HALF YEAR REPORT AT 30 JUNE 2018

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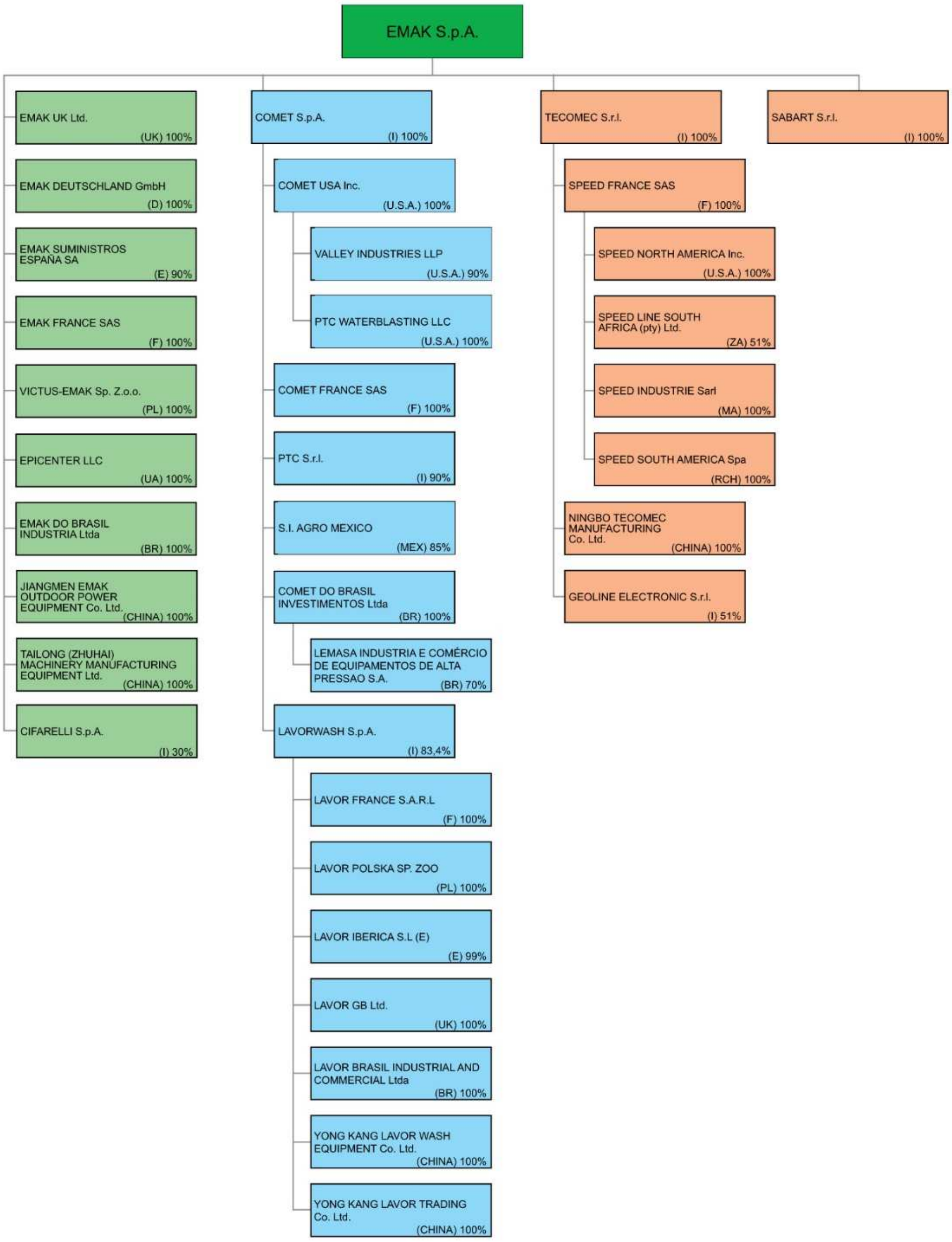
Group chart of Emak Group as at 30 June 2018



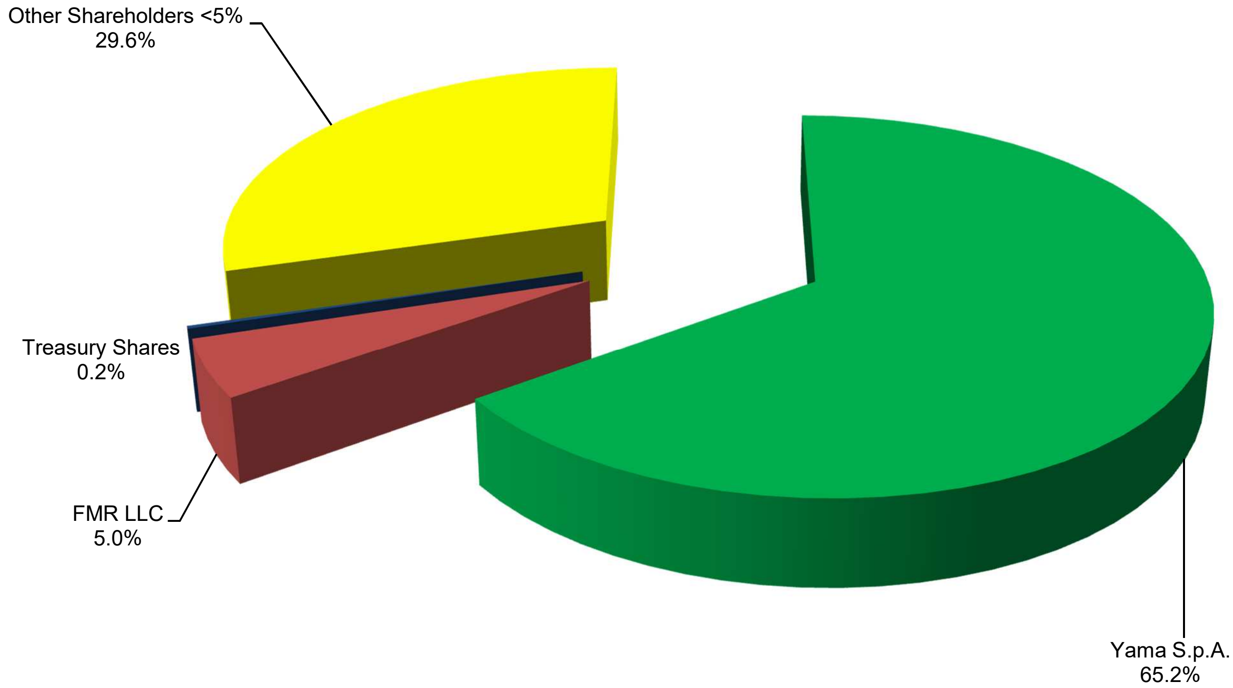
1. Valley Industries LLP is consolidated at 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the 10% remaining.
2. Lemasa is consolidated at 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the 30% remaining.
3. P.T.C. S.r.l. is consolidated at 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the 10% remaining.
4. Comet do Brasil Investimentos Ltda is owned for 99.63% by Comet S.p.A .and 0.37% by P.T.C. S.r.l.
5. Lavorwash S.p.A. is consolidated at 98.06% as a result of the "Put and Call Option Agreement" that governs the purchase of the 14.67% remaining.
6. Emak do Brasil is owned for 99.98% by Emak S.p.A. and for 0.02% by Comet do Brasil.
7. Lavorwash Brasil Ind. Ltda is owned for 99.99% by Lavorwash S.p.A and for 0.01% by Comet do Brasil LTDA.

Main shareholders of Emak S.p.A.

The share capital of Emak S.p.A. consists of 163,934,835 shares with a par value of 0.26 euros per share.

The Company has been listed on the Milan Stock Exchange since June 25, 1998. Since September 2001 the stock has been included in the Segment of Equities with High Requirements (STAR).

Below is summarized the composition of the shareholders of Company as at June 30 2018.



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Corporate Bodies of Emak S.p.A.

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

Board of Directors	
Chairman and Chief Executive Officer	Fausto Bellamico
Deputy Chairman	Aimone Burani
Executive Director	Stefano Slanzi
Lead Independent Director	Massimo Livatino
Independent Directors	Alessandra Lanza
	Elena Iotti
Directors	Francesca Baldi
	Ariello Bartoli
	Luigi Bartoli
	Paola Becchi
	Giuliano Ferrari
	Vilmo Spaggiari
	Guerrino Zambelli
	Marzia Salsapariglia
Audit Committee and Remuneration Committee	
Chairman	Massimo Livatino
Components	Alessandra Lanza
	Elena Iotti
Nomination Committee	
Chairman	Massimo Livatino
Components	Alessandra Lanza
	Luigi Bartoli
Financial Reporting Officer	Aimone Burani
Supervisory Body as per Legislative Decree 231/01	
Chairman	Sara Mandelli
Acting member	Roberto Bertuzzi
Board of Statutory Auditors	
Chairman	Paolo Caselli
Acting auditors	Gianluca Bartoli
	Francesca Benassi
Alternate auditor	Maria Cristina Mescoli
	Federico Cattini
Independent Auditor	Deloitte & Touche S.p.A.

Emak Group profile

The Emak Group operates on the global market with a direct presence in 13 countries and a distribution network covering 5 continents.

The Group offers a wide range of products with recognised trademarks and refers to a target clientele highly diversified into three business segments:

- **Outdoor Power Equipment** (OPE): Emak S.p.A. and its commercial and productive subsidiaries operates in this segment;
- **Pumps and High Pressure Water Jetting** (PWJ): this segment is managed by Comet S.p.A. and its subsidiaries, including Lavorwash S.p.A. and its subsidiaries;
- **Components and Accessories** (C&A): this segment is managed by Tecomec S.r.l. and its subsidiaries and Sabart S.r.l.

The **Outdoor Power Equipment** segment includes activities for the development, manufacture and marketing of products for gardening and forestry activities and small machines for agriculture, such as brush cutters, lawnmowers, garden tractors, chainsaws, motor hoes and walking tractors. The Group distributes its own products with the main trademarks: Oleo-Mac, Efco, Bertolini, Nibbi and Staub (the latter only to the French market). The Group's offer is directed to professionals and to private users with high expectations. The Group mainly operates in the specialised dealer channel, distributing its products through its own sales branches and, where not present directly, through a network of 150 distributors in more than 100 countries throughout the world.

The Group's reference market (considered as the channel of specialised dealers, excluding the large-scale retail trade) has an estimated value of 7-8 billion Euros. In mature markets such as North America and Western Europe, demand is predominantly relates to replacement: the main driver is the trend of the economy and of the "gardening" culture. In emerging markets, such as the Far East, Eastern Europe and South America, demand is predominantly for the "first buy": the main driver in these areas is economic growth, the evolution of agricultural mechanisation and the relative policies of support. A further factor that influences demand is the price of commodities: the trend in the price of oil can influence the demand for alternative energy sources, such as wood for heating and consequently a demand for chainsaws; the trend in the price of agricultural commodities influences investments ion agricultural machinery.

Weather conditions are a factor that can influence the trend in demand for products in the segment (brush-cutters, lawnmowers and garden tractors in spring-summer and chainsaws in autumn-winter).

The **Pumps and High Pressure Water Jetting** line brings together activities for the development, manufacture and marketing of products (i) for agriculture, such as centrifugal and diaphragm pumps for spraying and weeding; (ii) for industry, including industrial pumps, high-pressure systems and machines for urban cleaning; (iii) for cleaning, that is, professional and semi-professional pressure washers, floor washing-drying machines and vacuum cleaners. The Group distributes its own products with the Comet, HPP, Lemasa, PTC Waterjetting Equipment, PTC Urban Cleaning Equipment and Lavor brand names. Customers of the Group include producers of spraying and weeding machines with regards to pumps for agriculture; builders and contractors in the industrial sector; specialised dealers and the large-scale retail trade for washing products.
The market has a global value estimated at between 3 billion Euros.
The pumps market for agriculture is mainly composed of Italian operators. The demand is strongly driven by the trend of the economic cycle, demographic growth and the consequent increase in the demand for agricultural products; in developing countries demand is linked to the development of agricultural mechanisation and relative policies of support.
The market of products for the industrial sector is continuously growing and demand is linked to the trend of several sectors/fields of application in which the systems are used, such as: hydro-demolition; water-washing and ship repairs; refineries; mines and quarries; the petroleum industry; underwater washing; the iron and steel industry; foundries; chemical processing plant; energy production; paper mills; transport; municipalities; food; automobile and engine manufacturing.
The demand for cleaning products is mainly linked to the economic cycle trend, the increase in hygienic standards, especially in emerging countries, and the development of the "do-it-yourself" culture in mature markets.

The **Components and Accessories** segment includes activities for the development, manufacture and marketing of products the most representative of which are line and heads for brush-cutters, accessories for chainsaws (e.g. sharpeners), pistols, valves and nozzles for high pressure cleaners and for agricultural applications, precision farming (sensors and computers), seats and technical parts for tractors. In this sector the Group operates partly through its own brands, Tecomec, Geoline, Geoline Electronic, Mecline, Sabart, and Raico, and partly distributing products for third party brands. The main customers of the Group are producers in the Outdoor Power Equipment sector, of spraying and weeding machines, of high pressure cleaners, high pressure washing systems and specialised distributors.
The demand for components and accessories is linked to the economic cycle (business OEM) and the intensity of use of machines (aftermarket). The high pressure water jetting sector is linked to the economic cycle, to investments in the end markets for applications and hydrodynamic units. For products intended for the agricultural sector, demand is strongly linked to the growth of the economic cycle and in particular to the trend of agricultural commodity prices, demographic growth and the consequent increase in demand for agricultural products.

In general, the Group's activity is influenced by seasonal fluctuations in demand. Products for gardening follow the end customer's purchase model: most sales are concentrated in spring-summer, the period in which gardening activities are concentrated. The demand for forestry products is higher in the second part of the year while the demand for products in the Pumps and High Pressure Water Jetting sector is concentrated in the first half-year (marked seasonality in the demand for pumps for agriculture). The demand for products for industry and cleaning, on the other hand, is evenly distributed throughout the year.

Intermediate Directors Report at 30 June 2018

Main strategic lines of action

The main goal of the Emak Group is the creation of value for its stakeholders.

In order to achieve this objective, the Group focuses on:

1. Innovation, with continuous investments in research and development, focused on new technologies, safety, comfort and emission control, in order to create new products that meet customer needs;
2. Distribution, to consolidate the Group's position in the market where it has a direct presence and to further expand distribution by entering new markets with high growth potential;
3. Efficiency, by implementing the lean manufacturing approach in its plants, exploiting synergies with the supply chain;
4. Acquisitions, with the aim of entering new markets, improving its competitive position, completing the product range and accessing strategic technologies that take a long time for internal development.

Policy of analysis and management of risks related to the Group's business

Group believes that an effective management of risks is a key factor for the maintenance of value over time. For the purpose of achieving its strategic objectives, the Group establishes guidelines for its risk management policy through its governance structure and Internal Control System.

As part of its industrial activity, Emak Group is exposed to a series of risks, the identification, assessment and management of which are assigned to Managing Directors, also in the role of Executives Directors appointed pursuant to the self-regulatory Code of *Borsa Italiana S.p.A.*, to business area managers and the Audit Committee, which is responsible of supporting the Board of Directors on issues relating to internal control and risk management.

The Directors responsible for the internal control system oversee the risk management process by implementing the guidelines defined by the Board of Directors in relation to risk management and by verifying their adequacy.

With the aim of preventing and managing more significant risks, the Group has a risk classification model, subdividing them on the basis of the company department from which that may derive or from which they can be managed, which provides for an assessment of the risks on the basis of an estimate of economic-financial impacts and the probability of occurrence.

The Board of Directors attributes the Committee the tasks of assisting it, giving advice and making proposals, in the performance of its takes regarding the internal control system and risk management and, in particular, in the definition of the guidelines for the internal control system and the periodic evaluation of its suitability, efficiency and effective functioning. The Committee supervises Internal Audit activities and examines, more generally, problems relating to the internal control system and risk management.

In addition to the above activities are those performed by the Internal Audit department, which evaluates the suitability of the internal control system and risk management, of which it is an integral part, with respect to the reference context in which the Group operates. In this sense, in the exercise of their role, Internal Audit checks the functioning and appropriateness of the risk management system, with particular attention to continuous improvement and management policies.

Within the process of risk management, different types of risk are classified on the basis of the the consequences that the occurrence of the risk may have in terms of compromised operating or financial performance, or of compliance with laws and/or regulations.

The main strategic-operating risks to which the Emak Group is subject are:

Competition and market trends
The Group operates on a global scale, in a sector characterized by a high level of competition and in which sales are concentrated mainly in mature markets with moderate or low rates of growth in demand.
Performances are closely correlated to factors such as the level of prices, product quality, trademarks and technology, which define the competitive positioning of operators on the market. The competitive position of the Group. which compares with global players that often have greater financial resources as well as greater diversification in terms of geography, makes particularly significant the exposure to risks typically associated with market competitiveness.
The Group mitigates the country risk by adopting a business diversification policy by product and geographic area, such as to allow risk balancing. The Group also constantly monitors the positioning of its competitors in order to intercept any impacts on its commercial offer. In order to reduce the risk of saturation of the segments / markets in which it operates, the Group is progressively expanding its product range, also paying attention to "price sensitive" segments.

International expansion
The Group adopts international expansion strategy, and this exposes it to a number of risks related to economic conditions and local policies of individual countries and by fluctuations in exchange rates. These risks may impact on consumption trends in the different markets and may be relevant in emerging economies, characterized by greater socio- political volatility and instability than mature economies.
Investments made in a number of countries, therefore, could be influenced by substantial changes in the local macro-economic context, which could generate changes in the economic conditions that were present at the time of making the investment. The Group’s performances are therefore more heavily influenced by this type of risk than in the past. The Group coordinates all the M&A activity profiles for the purpose of mitigating the risks. In addition, the Group has set up constant monitoring in order be able to intercept possible socio-political or economic changes in such countries so as to minimize any consequent impact.

Weather conditions
Weather conditions may impact on the sales of certain product families. Generally, weather conditions characterized by drought can cause contractions in the sale of gardening products such as lawnmowers and garden tractors, while winters with mild climate adversely affect sales of chainsaws.
The Group is able to respond quickly to changes in demand by leveraging on flexible production.

Product innovation
The Group operates in an industry where product development in terms of quality and functionality is an important driver for the maintenance and growth of its market share.
The Group responds to this risk with continuous investment in research and development in order to continue to offer innovative and competitive products compared to those of its main competitors in terms of price, quality, and functionality.

Environment, Health and Safety
The Group is exposed to risks associated with health and safety at work and the environment, which could involve the occurrence work-related accidents and illness, environmental pollution phenomena or the failed compliance of specific legal regulations. The risks associated with such phenomena may lead to penal or administrative sanctions against the Group. The Group manages these types of risks through a system of procedures aimed the systematic control of risk factors as well as to their reduction within acceptable limits. All this is organized by implementing different management systems required by the standards of different countries and international standards of reference.

Customers
The Group’s results are influenced by the actions of a number of large customers, with which there are no agreements involving minimum purchase quantities. As a result, the demand of such customers for fixed volumes of products cannot be guaranteed and it is impossible to rule out that a loss of important customers or the reduction of orders made by them could have negative effects on the Group’s economic and financial results.
Over the last few years, the Group has increasingly implemented a policy of diversifying customers, including through acquisitions.

Raw material components
The Group's economic results are influenced by the trend in the price of raw materials and components. The main raw materials used are copper, steel, aluminum and plastic materials. Their prices can fluctuate significantly during the year since they are linked to official commodity prices on the reference markets.
The Group does not use raw material price hedging instruments but mitigates risk through supply contracts. The Group has also created a system for monitoring the economic-financial performance of suppliers in order to mitigate the risks inherent in possible supply disruptions and has set up a management relationship with suppliers that guarantees flexibility of supply and quality in line with the policies of the Group.

Liability to customers and third parties
The Group is exposed to potential liability risks towards customers or third parties in relation to product liability due to possible design and/or manufacturing defects in the Group's products, also attributable to third parties such as suppliers and assemblers. Moreover, in the event that products are defective or do not meet technical and legal specifications, the Group, also by order of control authorities, could be obliged to withdraw such products from the market. In order to manage and reduce these risks, the Group has entered into a master group insurance coverage that minimizes risks only to insurance deductibles.

Risks associated with the recoverability of intangible assets, in particular goodwill
As part of the development strategy, the Group has implemented acquisitions of companies that have enabled it to increase its presence on the market and seize growth opportunities. With reference to these investments, specified in the financial statements as goodwill, there is no guarantee that the Group will be able to reach the benefits initially expected from these operations. The Group continuously monitors the performance against the expected plans,, putting in place the necessary corrective actions if there are unfavorable trends which, when assessing the congruity of the values recorded in the financial statements, lead to significant changes in the expected cash flows used for the impairment tests.

Risks associated with the application of import tariffs
During 2018, the US government, through some regulatory measures, has imposed a series of customs duties on imports of steel and aluminium from Europe and on certain categories of finished products "made in China".
From a preliminary analysis, as the situation is still evolving, no critical elements emerged that could affect the Group's performances.

Financial risks
In the ordinary performance of its operating activities, the Emak Group is exposed to various risks of a financial nature. For detailed analysis, reference should be made to the appropriate section of the Notes to Annual Financial Statements in which the disclosures as per IFRS no. 7 are set out.

Risk management process
With the aim of reducing the financial impact of any harmful event, Emak has arranged to transfer residual risks to the insurance market, when insurable.
In this sense, Emak, as part of its risk management, has taken steps to customize insurance coverage in order to significantly reduce exposure, particularly with regard to possible damages arising from the manufacturing and marketing of products.
All companies of the Emak Group are today insured against major risks considered as strategic, such as: product liability and product recall, general civil liability and property all risks. Other insurance coverage has been taken out at the local level in order to respond to regulatory requirements or specific regulations.
The analysis and insurance transfer of the risks to which the Group is exposed is carried out in collaboration with an insurance broker who, through an international network, is also able to assess the adequacy of the management of the Group's insurance programs on a global scale.

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1. Main economic and financial figures for Emak Group

Income statement (€/000)

Y 2017		2 Q 2018	2 Q 2017	I H 2018	I H 2017
422,155	Revenues from sales	135,294	114,869	266,460	234,073
45,612	EBITDA before non ordinary expenses (*)	20,231	15,538	38,299	32,829
43,932	EBITDA (*)	19,436	15,208	36,710	32,499
29,977	EBIT	15,788	12,146	29,464	26,387
16,435	Net profit	10,891	6,914	22,071	16,164

Investment and free cash flow (€/000)

Y 2017		2 Q 2018	2 Q 2017	I H 2018	I H 2017
14,802	Investment in property, plant and equipment	3,095	2,828	5,792	6,306
2,626	Investment in intangible assets	505	379	1,165	1,053
30,390	Free cash flow from operations (*)	14,539	9,976	29,317	22,276

Statement of financial position (€/000)

31.12.2017		30.06.2018	30.06.2017
312,799	Net capital employed	328,024	274,784
(125,294)	Net debt	(125,266)	(86,225)
187,505	Total equity	202,758	188,559

Other statistics

Y 2017		2 Q 2018	2 Q 2017	I H 2018	I H 2017
10.4%	EBITDA / Revenues from sales (%)	14.4%	13.2%	13.8%	13.9%
7.1%	EBIT/ Revenues from sales (%)	11.7%	10.6%	11.1%	11.3%
3.9%	Net profit / Revenues from sales (%)	8.0%	6.0%	8.3%	6.9%
9.6%	EBIT / Net capital employed (%)			9.0%	9.6%
0.67	Debt / Equity			0.62	0.46
2,029	Number of employees at period end			1,973	1,718

Share information and prices

31.12.2017		30.06.2018	30.06.2017
0.099	Earnings per share (€)	0.134	0.098
1.13	Equity per share (€) (*)	1.23	1.14
1.44	Official price (€)	1.22	1.65
2.08	Maximum share price in period (€)	1.64	1.94
0.90	Minimum share price in period (€)	1.20	0.90
236	Stockmarket capitalization (€ / million)	200	270
163,537,602	Average number of outstanding shares	163,537,602	163,537,602
163,934,835	Number of shares comprising share capital	163,934,835	163,934,835
0.186	Cash flow per share: net profit + amortization/depreciation (€) (*)	0.179	0.136
0.035	Dividend per share (€)	-	-

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

2. Scope of consolidation

Compared to 31 December 2017 and to the previous interim closing only the first quarter economic data of the company Raico S.r.l. has been consolidated, following its sold occurred on 30 March 2018.
It should also be noted the change in shareholding percentage in Epicenter (from 61% to 100%) and Lavorwash S.p.a. (from 97.78% to 98.06% following the purchase of shares from minority shareholders).

Compared to 30 June 2017, the consolidated report includes, in addition of what previously indicated, the economic data and the balance sheet of the Lavorwash Group, acquired on 3 July 2017.

3. Economic and financial results of Emak Group

Comments on economic figures

Revenues from sales

In the first semester 2018, Emak Group achieved a consolidated turnover of € 266,460 thousand, compared to € 234,073 thousand of the same period last year, an increase of 13.8%. The improvement is due to the contribution of the change in the scope of consolidation for 15.2%, to the negative effect of the exchange rate by 2% and to an organic growth of 0.6%.

The impact of the change in scope of consolidation is attributable to the contribution of the Lavorwash Group for € 39,252 thousand and to the exit from the area of Raico S.r.l (sold on 30 March 2018), which in the second quarter 2017 achieved a turnover of € 3,529 thousand.

EBITDA

In the first semester 2018, Ebitda reached € 36,710 thousand (an incidence of 13.8% on sales) compared to € 32,499 thousand in the same period last year (an incidence of 13.9% on sales), with an increase of 13%.
During the semester, were recorded non-ordinary expenses for € 1,958 thousand, mainly attributable to activities corporate reorganization, and non-ordinary revenues for € 369 thousand.
Ebitda before non-ordinary expenses and revenues is equal to € 38,299 thousand (an incidence of 14.4% on turnover), compared to € 32,829 thousand of the same period last year (an incidence of 14% on turnover).

It should be noted that the Lavorwash Group contributed for € 7,425 thousand to the result of 2018 and that Raico S.r.l. contributed for € 215 thousand in the second quarter of 2017.
The result was also negatively affected by a general increase in the cost of raw materials and by the currency trend.

Personnel costs increased following the entry into the scope of consolidation of the Lavorwash Group with the addition of 322 employees. The number of resources employed on average by the Group was equal to 2,176 compared to 1,895 in the first half of 2017.
The cost of the semester includes € 1,210 thousand for non-ordinary charges for the reorganization of the workforce.

Operating result

Operating result for the first semester 2018 is € 29,464 thousand with an incidence of 11.1% on revenues, compared to € 26,387 thousand (11.3% of sales) for the same period last year.

Depreciation and amortization are € 7,246 thousand, compared to € 6,112 thousand on 30 June 2017.

Non-annualized operating result as a percentage of net invested capital is 9% (9.5% net of non-ordinary effects), compared to 9.6% of the same period of the previous year.

Net result

The net profit for the first semester 2018 is € 22,071 thousand, against € 16,164 thousand for the same period last year, an increase of 36.5%.

The result of financial management benefited from the capital gain of € 2,472 thousand, realized from the sale of the subsidiary Raico S.r.l., recorded under financial income.

The currency management for the first half of 2018 is negative for € 717 thousand, against a negative balance of € 2,715 thousand for the same period last year (most of which accrued during the second quarter). The result was affected by the unfavourable trend in the Real/US Dollar, Real/Euro and Mexican Pesos/Euro exchange rate, which determined a negative valuation of the currency position of Brazilian and Mexican companies at the end of the period.

The tax rate, equal to 25.5%, is decreasing compared to 27.6% in the same period of the previous year.

The lower tax rate for the semester, compared to the first half of the previous year, is mainly due to the effect of the accounting of the capital gain deriving from the deconsolidation of the company Raico S.r.l, which is not taxable (with an impact on the tax rate of 2.3%). The lower incidence is also influenced by the reduction in the tax rates applicable in some countries where the Group operates.

Comment to consolidated statement of financial position

31.12.2017	€/000	30.06.2018	30.06.2017
150,962	Net non-current assets (*)	150,213	115,668
161,837	Net working capital (*)	177,811	159,116
312,799	**Total net capital employed**	**328,024**	**274,784**
184,783	Equity attributable to the Group	200,749	186,964
2,722	Equity attributable to non controlling interests	2,009	1,595
(125,294)	Net debt	(125,266)	(86,225)

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

Net non-current assets

During the first half of 2018, Emak Group invested € 6,957 thousand in property, plant and equipment and intangible assets, as follows:

- € 2,276 thousand for product innovation;
- € 1,998 thousand for adjustment of production capacity and for process innovation;
- € 1,101 thousand for upgrading the computer network system and ongoing activities for implementation of the new ERP management system;
- € 510 thousand for ongoing works for the construction of the new parent company's R&D center and modernization of industrial buildings;
- € 1,072 thousand for other investments in operating activities.

Investments broken down by geographical area are as follows:
- € 3,955 thousand in Italy;
- € 559 thousand in Europe;
- € 1,521 thousand in the Americas;
- € 922 thousand in Asia, Africa and Oceania.

Net working capital

Net working capital at 30 June 2018 amounted to € 177,811 thousand, compared to € 161,837 thousand at 31 December 2017 and € 159,116 thousand at 30 June 2017.

The following table shows the change in net working capital in the first half 2018 compared with the previous year:

€/000	1H 2018	1H 2017
Net working capital at 01 January	**161,837**	**145,623**
Increase/(decrease) in inventories	(3,928)	519
Increase/(decrease) in trade receivables	33,865	19,134
(Increase)/decrease in trade payables	(1,403)	(2,736)
Change in scope of consolidation	(4,497)	58
Other changes	(8,063)	(3,482)
Net working capital at 30 June	**177,811**	**159,116**

The increase in net working capital at the end of last year is related to the seasonality of the Group's sales, which produces on average 60% of annual turnover in the first half.
Compared to the same period last year it should be noted a more efficient management of inventories and the exit from the scope of consolidation of Raico S.r.l.
The higher absolute value of the net working capital of the first half of 2018, compared to the same period of the previous year, is mainly due to the entry into the consolidation area of the Lavorwash Group.

Net financial position

Net negative financial position was € 125,266 thousand at 30 June 2018, compared to the € 86,225 thousand at 30 June 2017 and € 125,294 thousand at 31 December 2017.
The following table shows the movements in the net financial position of the first half:

€/000	1H 2018	1H 2017
Opening NFP	**(125,294)**	**(80,083)**
Ebitda	36,710	32,499
Financial income and expenses	(1,740)	(1,439)
Income from/(expenses on) equity investment	139	101
Exchange gains and losses	(717)	(2,715)
Income taxes	(7,547)	(6,170)
Cash flow from operations, excluding changes in operating assets and liabilities	**26,845**	**22,276**
Changes in operating assets and liabilities	(21,487)	(15,902)
Cash flow from operations	**5,358**	**6,374**
Changes in tangible and intangible assets	**(6,911)**	**(6,815)**
Other equity changes	**(6,307)**	**(5,815)**
Changes from exchange rates and translation reserve	**1,494**	**1,987**
Change in scope of consolidation	**6,394**	**(1,873)**
Closing NFP	**(125,266)**	**(86,225)**

Cash flow from operations net of taxes amounted to € 26,845 thousand in the semester, increasing compared to € 22,276 thousand for the same period last year, following good income performances.
Cash flow from operations was positive for € 5,358 thousand compared to a value of € 6,374 thousand in the same period of the previous financial year. The value is affected by the seasonality of the Group's business, which implies an increase in net working capital at the beginning of the year.
The increase in the net financial position compared to the same period last year is mainly due to the payment for the acquisition of the Lavorwash Group, which took place on 3 July 2017.

Details of the net financial position is analyzed as follows:

	Net financial position	30.06.2018	31.12.2017	30.06.2017
A.	Cash and cash equivalents	68,078	40,812	39,870
B.	Other cash at bank and on hand (held-to-maturity investments)	-	-	-
C.	Financial instruments held for trading	-	-	-
D.	**Liquidity funds (A+B+C)**	**68,078**	**40,812**	**39,870**
E.	**Current financial receivables**	**2,185**	**7,549**	**8,893**
F.	Current payables to bank	(27,016)	(36,570)	(27,539)
G.	Current portion of non current indebtedness	(44,609)	(31,956)	(28,021)
H.	Other current financial debts	(5,893)	(10,151)	(8,167)
I.	**Current financial indebtedness (F+G+H)**	**(77,518)**	**(78,677)**	**(63,727)**
J.	**Current financial indebtedness, net (I+E+D)**	**(7,255)**	**(30,316)**	**(14,964)**
K.	Non-current payables to banks	(104,573)	(80,084)	(64,349)
L.	Bonds issued	-	-	-
M.	Other non-current financial debts	(14,976)	(15,646)	(7,665)
N.	**Non-current financial indebtedness (K+L+M)**	**(119,549)**	**(95,730)**	**(72,014)**
O.	**Net indebtedness (J+N)**	**(126,804)**	**(126,046)**	**(86,978)**
P.	Non current financial receivables	1,538	752	753
Q.	**Net financial position (O+P)**	**(125,266)**	**(125,294)**	**(86,225)**

Current financial indebtedness mainly consist of:
- account payables and self-liquidating accounts;
- loan repayments falling due by 30.06.2019;
- amounts due to other providers of finance falling due by 30.06.2019;
- debt for equity investments in the amount of € 4,829 thousand.

Other non-current financial debts include debt for the purchase of the remaining minority shares in the amount of € 14,097 thousand.

Actualized financial liabilities (short term and medium-long term) for the purchase of additional minority shares and for the regulation of acquisition operations with deferred price subject to contractual constraints, in the amount of € 18,926 thousand related to the following companies:
- Lemasa for € 6,993 thousand;
- Lavorwash for € 10,213 thousand;
- Valley LLP for € 1,482 thousand;
- P.T.C S.r.l for € 178 thousand.
- Epicenter LLC for € 60 thousand.

Equity

On 30 June 2018, total equity is equal to € 202,758 thousand against € 187,505 thousand at 31 December 2017.

Highlights of the consolidated financial statement broken down by operating segment

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
€/000	**30.06.2018**	**30.06.2017**	**30.06.2018**	**30.06.2017**	**30.06.2018**	**30.06.2017**	**30.06.2018**	**30.06.2017**	**30.06.2018**	**30.06.2017**
Sales to third parties	101,943	102,749	102,870	61,813	61,647	69,511			**266,460**	**234,073**
Intersegment sales	1,236	808	988	978	4,846	4,623	(7,070)	(6,409)		
Revenues from sales	103,179	103,557	103,858	62,791	66,493	74,134	(7,070)	(6,409)	**266,460**	**234,073**
Ebitda	10,250	9,134	17,429	10,304	10,500	14,301	(1,469)	(1,240)	**36,710**	**32,499**
Ebitda/Total Revenues %	*9.9%*	*8.8%*	*16.8%*	*16.4%*	*15.8%*	*19.3%*			***13.8%***	***13.9%***
Ebitda before non ordinary expenses	11,762	9,134	17,393	10,675	10,613	14,260	(1,469)	(1,240)	**38,299**	**32,829**
Ebitda before non ordinary expenses/Total Revenues %	*11.4%*	*8.8%*	*16.7%*	*17.0%*	*16.0%*	*19.2%*			***14.4%***	***14.0%***
Operating result	7,215	6,335	15,033	8,804	8,685	12,488	(1,469)	(1,240)	**29,464**	**26,387**
Operating result/Total Revenues %	*7.0%*	*6.1%*	*14.5%*	*14.0%*	*13.1%*	*16.8%*			***11.1%***	***11.3%***
Financial management result (1)									**154**	**(4,053)**
Profit befor tax									**29,618**	**22,334**
Income taxes									**(7,547)**	**(6,170)**
Net profit									**22,071**	**16,164**
Net profit/Total Revenues%									***8.3%***	***6.9%***

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

Comments on interim results by operating segment

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

€/000	OUTDOOR POWER EQUIPMENT			PUMPS AND HIGH PRESSURE WATER JETTING			COMPONENTS AND ACCESSORIES			TOTAL		
	1H 2018	**1H 2017**	**Var. %**	**1H 2018**	**1H 2017**	**Var. %**	**1H 2018**	**1H 2017**	**Var. %**	**1H 2018**	**1H 2017**	**Var. %**
Europe	84,809	86,606	(2.1)	56,981	26,942	111.5	40,631	47,484	(14.4)	182,421	161,032	13.3
Americas	3,706	4,695	(21.1)	33,823	29,131	16.1	13,070	15,088	(13.4)	50,599	48,914	3.4
Asia, Africa and Oceania	13,428	11,448	17.3	12,066	5,740	110.2	7,946	6,939	14.5	33,440	24,127	38.6
Total	**101,943**	**102,749**	**(0.8)**	**102,870**	**61,813**	**66.4**	**61,647**	**69,511**	**(11.3)**	**266,460**	**234,073**	**13.8**

Outdoor Power Equipment

Sales of the Outdoor Power Equipment segment were in line with the same period last year, with a significant recovery in the second quarter (+ 5.7%). The European market benefited from the good sales trend in the second quarter, in particular in Italy and in the Western European countries, which partially recovered the delay of the first quarter due to unfavourable weather conditions.

In the Americas area, the decline accrued at the beginning of the year remains unchanged. In the Asia, Africa and Oceania area the positive trend of the first quarter continued, with the markets of the Middle East and the Far East driving sales.

EBITDA was positively affected by initiatives undertaken to reduce operating costs, by lower personnel costs net of reorganization costs, amounting to € 1,132 thousand. During the period were also recorded other non-ordinary costs for € 380 thousand.

Pumps and High Pressure Water Jetting

Sales in this segment are increasing due to the contribution of € 39,252 thousand linked to the consolidation area and to the organic growth of 2.9%.
The organic growth in the European market was driven by Western European countries. Sales in the Americas area benefited from the consolidation of Lavorwash, against a small organic decrease totally

attributable to the currency conversion effect. The significant increase in sales in the Asia, Africa and Oceania area was mainly attributable to the good performance in Far East markets, further amplified by the consolidation of the Lavorwash Group.

EBITDA benefited from the expansion of the scope of consolidation for an amount of € 7,425 thousand. At organic level, the result was in line with the same period last year, despite the increase in turnover, influenced by a negative product mix and an increase in the raw materials costs. Ebitda of the period includes non-ordinary costs for a total amount of € 333 thousand and non-ordinary revenues for € 369 thousand.

Components and Accessories

Revenues in the segment recorded an overall decrease of 11.3%. Excluding the turnover of Raico S.r.l. in the second quarter of 2017 (€ 3,529 thousand concentrated in Europe), the decrease would have been 6.6%.
The lower sales made in the European market are due to the non-contribution of Raico from the second quarter, the delayed start of the gardening season in the first quarter and the resulting high levels of stock.
The variation of sales in the Americas and in the Asia, Africa and Oceania areas is mainly attributable to a revision of the logistic model in the distribution to some customers.

EBITDA for the segment was affected by lower sales volumes, higher raw material costs and minimally by Raico's non-contribution (€ 215 thousand in the second quarter of 2017).

4. Dealings with related parties

Emak S.p.A. is controlled by Yama S.p.A., which holds 65.181% of its share capital and which, as a non-operating holding company, is also at the head of other companies operating mainly in the production of machinery and equipment for agriculture and gardening and of components for motors, and in real estate. The Emak Group has limited supply and industrial service dealings with such companies, as well as dealings of a financial nature deriving from the equity investment of a number of companies in the Emak Group in the tax consolidation headed by Yama S.p.A..
Professional services of legal and fiscal nature, provided by entities subject to significant influence of certain directors, are another type of related party transactions.

The majority of the above dealings carried out in the period by the Emak Group with related parties are of a normal and recurring nature, falling within the ordinary exercise of industrial activity. The above transactions are all regulated under current market conditions, in compliance with framework resolutions approved periodically by the Board of Directors. Reference can be made to the notes to the accounts at paragraph 35.

During the year, no extraordinary operations with related parties have been carried out. If transactions of this nature had taken place, enforcement procedures approved by the Board of Directors in implementation to art. 4, Reg. Consob. 17221/2010, published on the company website at https://www.emakgroup.it/it-it/investor-relations/corporate-governance/altre-informazioni/, would be applied.

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The determination of the remuneration of Directors and Auditors and Managers with strategic responsibility in the Parent company occurs as part of the governance framework illustrated to the Shareholders and to the public through the report as per art. 123-ter of Leg. Dec. 58/98, available on the site www.emakgroup.it The remuneration of Directors and Auditors and Managers with strategic responsibility in the parent company is also regulated by suitable protection procedures that provide for the Parent Company to perform control and harmonization activities.

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

At December 31, 2017, the Company held 397,233 treasury shares in portfolio for an equivalent value of € 2,029 thousand.

On April 27, 2018, the Shareholders' Meeting renewed the authorization to purchase and dispose of treasury shares for the purposes laid down by it. During the first half of 2018 there were no purchases or sales of own shares, leaving the balances at beginning of year unchanged. Even after the end of the period and until the date of approval, by the Board of Directors, of this report are no changes in the consistency of the portfolio of treasury shares.

6. Disputes

There were no disputes in progress that might lead to liabilities in the financial statements other than those already described in notes 30 and 32 of the consolidated half-year statements, to which reference is made.

7. Business outlook

The second quarter of the year saw a significant recovery after the first part of the year penalized by the delayed start of the season for gardening products. The semester closed therefore with a positive result both in terms of growth and profitability, thanks also to the contribution of the synergies deriving from the recent acquisitions and the plan to recover the margins of the OPE division. Despite a still uncertain macroeconomic situation, the risk / opportunity analysis supports us in achieving the objectives of value creation.

8. Significant events occurring during the period and positions or transactions arising from atypical and unusual transactions, significant and non-recurring

The significant events that occurred during the period and positions or transactions arising from atypical and unusual transactions, significant and non recurring are set out in notes 5 and 7 of half year financial statements.

9. Subsequent events and other information

Shareholding of 51% in the Brazilian company Spraycom

On 20 July 2018, the subsidiary Tecomec S.r.l. paid € 377 thousand in capital increase account of 1.7 million Reais.
At its completion, Tecomec S.r.l. will then enter into the company structure of Spraycom with a 51% share.

Spraycom, a Brazilian company based in Catanduva (São Paulo), active in the distribution in Brazil of components and accessories for agriculture such as nozzles, valves, pumps, electronic components, achieved in 2017 a turnover of about one million Reais, equal to around € 240 thousand.

The transaction represents a strengthening of the commercial activity in the Components and Accessories segment of the Emak Group in Brazil, through the acquisition of a sales network already present and recognized on the market, with the aim of laying the foundations for future development of an important market like the Brazilian one.

10. Other information

Significant operations: derogation from disclosure obligations
The Company has resolved to make use, with effect from 31 January 2013, of the right to derogate from the obligation to publish the informative documents prescribed in the event of significant merger, demerger,

share capital increase through the transfer of goods in kind, acquisition and disposal operations, pursuant to art. 70, paragraph 8, and art. 71, paragraph 1-bis of Consob Issuers Regulations, approved with resolution no. 11971 of 4/5/1999 and subsequent modifications and integrations.

11. Reconciliation between shareholders' equity and net profit of the parent company Emak and consolidated equity and the results

In accordance with the Consob Communication dated July 28 2006, the following table provides a reconciliation between net income for first half 2018 and shareholders' equity at 30 June 2018 of the Group (Group share), with the corresponding values of the parent company Emak S.p.A.

€/000	Equity at 30.06.2018	Result for the year ending 30.06.2018	Equity at 30.06.2017	Result for the year ending 30.06.2017
Equity and result of Emak S.p.A.	**150,921**	**6,158**	**154,040**	**6,163**
Equity and result of consolidated subsidiaries	285,447	22,908	204,478	16,908
Effect of the elimination of the accounting value of shareholdings	(228,226)	-	(164,880)	-
Elimination of dividends	-	(10,117)	-	(6,826)
Elimination of other intergroup items and profits	(6,057)	522	(5,325)	(122)
Evaluation of equity investment in associated	673	140	246	41
Other consolidation adjustments (1)		2,460		
Total consolidated amount	**202,758**	**22,071**	**188,559**	**16,164**
Non controlling interest	**(2,009)**	**(136)**	**(1,595)**	**(218)**
Equity and result attributable to the Group	**200,749**	**21,935**	**186,964**	**15,946**

(1) Other changes refer to the recognition of the capital gain realized as part of the exit from the consolidation area of the company Raico S.r.l.

Bagnolo in Piano (RE), August 9, 2018

On behalf of the Board of Directors.

The Chairman

Fausto Bellamico

Definitions of alternative performance indicators

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

- EBITDA before non ordinary income and expenses: is obtained by deducting at EBITDA the impact of charges and income for litigation, expenses related to M&A transaction, headcount reorganization and restructuring charges..

- EBITDA: calculated by adding the items "Operating result" plus "Amortization, depreciation and impairment losses".

- FREE CASH FLOW FROM OPERATIONS: calculated by adding the items "Net profit" plus "Amortization, depreciation and impairment losses".

- EQUITY PER SHARE: is obtained dividing the item "Group equity" by number of outstanding shares at period end.

- CASH FLOW PER SHARE: is obtained dividing the sum of the items "Group Net Profit" + "Amortization, depreciation and impairment losses" by the average number of outstanding shares in the period.

- NET WORKING CAPITAL: include items “Trade receivables”, “Inventories”, current non financial “other receivables” net of “Trade payables” and current non financial “other payables”.

- NET NON-CURRENT ASSETS: include non-financial “Non current assets” net of non-financial “Non-current liabilities”

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Emak Group – Consolidated financial statements at 30 June 2018

our power, your passion

Consolidated financial statements

Consolidated Income Statement

Thousand of Euro

Year 2017	CONSOLIDATED INCOME STATEMENT	Notes	1H 2018	of which to related parties	1H 2017	of which to related parties
422,155	**Revenues from sales**	**9**	**266,460**	**689**	**234,073**	**940**
3,684	Other operating incomes	9	2,653		1,417	
14,168	Change in inventories		(3,578)		2,651	
(234,565)	Raw materials, consumables and goods	10	(138,197)	(1,838)	(125,677)	(2,410)
(80,055)	Personnel expenses	11	(44,165)		(39,309)	
(81,455)	Other operating costs and provisions	12	(46,463)	(1,308)	(40,656)	(1,608)
(13,955)	Amortization, depreciation and impairment losses	13	(7,246)		(6,112)	
29,977	**Operating result**		**29,464**		**26,387**	
1,807	Financial income	14	3,254		899	6
(4,820)	Financial expenses	14	(2,522)		(2,338)	
(4,218)	Exchange gains and losses	14	(717)		(2,715)	
389	Income from/(expeses on) equity investment	14	139		101	
23,135	**Profit before taxes**		**29,618**		**22,334**	
(6,700)	Income taxes	15	(7,547)		(6,170)	
16,435	**Net profit (A)**		**22,071**		**16,164**	
(270)	(Profit)/loss attributable to non controlling interests		(136)		(218)	
16,165	**Net profit attributable to the Group**		**21,935**		**15,946**	
0.099	**Basic earnings per share**	**16**	**0.134**		**0.098**	
0.099	**Diluted earnings per share**	**16**	**0.134**		**0.098**	

Year 2017	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	Notes	1H 2018	1H 2017
16,435	**Net profit (A)**		**22,071**	**16,164**
(5,330)	Profits/(losses) deriving from the conversion of foreign company accounts		(511)	(3,458)
(470)	Profits/(losses) deriving from defined benefit plans (*)		-	-
133	Income taxes on OCI (*)		-	-
(5,667)	**Total other components to be included in the comprehensive income statement (B)**		**(511)**	**(3,458)**
10,768	**Total comprehensive income for the period (A)+(B)**		**21,560**	**12,706**
(166)	Comprehensive net profit attributable to non controlling interests		(106)	(191)
10,602	Comprehensive net profit attributable to the Group		21,454	12,515

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

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of transactions with related parties on the consolidated income statement are shown in the scheme and are further described and discussed in note 35.

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Statement of consolidated financial position

Thousand of Euro

31.12.2017	ASSETS	Notes	30.06.2018	of which to related parties	30.06.2017	of which to related parties
	Non-current assets					
73,275	Property, plant and equipment	17	72,979		61,760	
20,327	Intangible assets	18	19,474		8,083	
67,112	Goodwill	19	65,796	14,700	51,493	14,693
230	Equity investments in other companies	20	230		230	
4,284	Equity investments in associates	20	4,423		3,996	
9,068	Deferred tax assets	28	8,032		7,280	
752	Other financial assets	21	1,538	260	753	297
65	Other assets	23	61		61	
175,113	**Total non-current assets**		**172,533**	**14,960**	**133,656**	**14,990**
	Current assets					
155,727	Inventories	24	147,430		127,976	
109,394	Trade and other receivables	23	141,680	1,551	117,854	1,766
5,428	Current tax receivables	28	3,932		4,270	
7,348	Other financial assets	21	2,025	486	8,782	486
201	Derivative financial instruments	22	160		111	
40,812	Cash and cash equivalents		68,078		39,870	
318,910	**Total current assets**		**363,305**	**2,037**	**298,863**	**2,252**
494,023	**TOTAL ASSETS**		**535,838**	**16,997**	**432,519**	**17,242**

31.12.2017	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30.06.2018	of which to related parties	30.06.2017	of which to related parties
	Shareholders' Equity					
184,783	Shareholders' Equity of the Group	25	200,749		186,964	
2,722	Non-controlling interests		2,009		1,595	
187,505	**Total shareholders' Equity**		**202,758**		**188,559**	
	Non-current liabilities					
95,730	Loans and borrowings due to banks and others lenders	27	119,549		72,014	
9,622	Deferred tax liabilities	28	8,692		6,099	
10,932	Employee benefits	29	9,365		8,875	
2,265	Provisions for risks and charges	30	2,191		1,633	
579	Other non-current liabilities	31	534		628	
119,128	**Total non-current liabilities**		**140,331**		**89,249**	
	Current liabilities					
101,515	Trade and other payables	26	105,601	3,866	84,518	5,990
4,676	Current tax liabilities	28	7,547		5,615	
78,469	Loans and borrowings due to banks and others lenders	27	77,118		63,139	
208	Derivative financial instruments	22	400		588	
2,522	Provisions for risks and charges	30	2,083		851	
187,390	**Total current liabilities**		**192,749**	**3,866**	**154,711**	**5,990**
494,023	**TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES**		**535,838**	**3,866**	**432,519**	**5,990**

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of transactions with related parties on the consolidated income statement are shown in the scheme and are further described and discussed in note 35

Statement of changes in consolidated equity for the Emak Group at 31.12.2017 and at 30.06.2018

Thousand of Euro	SHARE CAPITAL	SHARE PREMIUM	OTHER RESERVES					RETAINED EARNINGS		TOTAL GROUP	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL
			Legal reserve	Revaluation reserve	Cumulative translation adjustment	Reserve IAS 19	Other reserves	Retained earnings	Net profit of the period			
Balance at 31.12.2016	**42,519**	**40,529**	**2,709**	**1,138**	**6,692**	**(968)**	**30,900**	**39,059**	**17,595**	**180,173**	**1,495**	**181,668**
Profit reclassification			350					11,521	(17,595)	**(5,724)**	(91)	**(5,815)**
Other changes								(268)		**(268)**	1,152	**884**
Net profit for the period					(5,226)	(337)			16,165	**10,602**	166	**10,768**
Balance at 31.12.2017	**42,519**	**40,529**	**3,059**	**1,138**	**1,466**	**(1,305)**	**30,900**	**50,312**	**16,165**	**184,783**	**2,722**	**187,505**
Profit reclassification			138				169	10,134	(16,165)	**(5,724)**	(188)	**(5,912)**
Other changes					(695)	176		755		**236**	(631)	**(395)**
Net profit for the period					(481)				21,935	**21,454**	106	**21,560**
Balance at 30.06.2018	**42,519**	**40,529**	**3,197**	**1,138**	**290**	**(1,129)**	**31,069**	**61,201**	**21,935**	**200,749**	**2,009**	**202,758**

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

Statement of changes in consolidated equity for the Emak Group at 30.06.2017

Thousand of Euro	SHARE CAPITAL	SHARE PREMIUM	OTHER RESERVES					RETAINED EARNINGS		TOTAL GROUP	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	TOTAL
			Legal reserve	Revaluation reserve	Cumulative translation adjustment	Reserve IAS 19	Other reserves	Retained earnings	Net profit of the period			
Balance at 31.12.2016	**42,519**	**40,529**	**2,709**	**1,138**	**6,692**	**(968)**	**30,900**	**39,059**	**17,595**	**180,173**	**1,495**	**181,668**
Profit reclassification			351					11,520	(17,595)	**(5,724)**	(91)	**(5,815)**
Net profit for the period					(3,431)				15,946	**12,515**	191	**12,706**
Balance at 30.06.2017	**42,519**	**40,529**	**3,060**	**1,138**	**3,261**	**(968)**	**30,900**	**50,579**	**15,946**	**186,964**	**1,595**	**188,559**

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

Consolidated Cash Flow Statement

31.12.2017	(€/000)	Notes	30.06.2018	30.06.2017
	Cash flow from operations			
16,435	**Net profit for the period**		**22,071**	**16,164**
13,955	Amortization, depreciation and impairment losses	**13**	7,246	6,112
1,691	Financial expenses from discounting of debts	**14**	694	827
(389)	Income from equity investment	**14**	(139)	(101)
-	Capital (gains)/losses from change in scope of consolidation	**14**	(2,472)	-
(281)	Financial (income)/ Expenses from adjustment of estimated liabilities for outstanding commitment associates' shares	**14**	(132)	-
(184)	Capital (gains)/losses on disposal of property, plant and equipment		(48)	(142)
4,336	Decreases/(increases) in trade and other receivables		(33,246)	(21,152)
(13,713)	Decreases/(increases) in inventories		3,724	(2,605)
5,269	(Decreases)/increases in trade and other payables		8,789	8,773
(44)	Change in employee benefits		(306)	(262)
(12)	(Decreases)/increases in provisions for risks and charges		(400)	(514)
(297)	Change in derivative financial instruments		239	172
26,766	**Cash flow from operations**		**6,020**	**7,272**
	Cash flow from investing activities			
(16,164)	Change in property, plant and equipment and intangible assets		(6,819)	(6,918)
1,257	(Increases) and decreases in financial assets		3,734	249
184	Proceeds from disposal of property, plant and equipment		48	142
(40,905)	Change in scope of consolidation		5,484	(1,780)
(55,628)	**Cash flow from investing activities**		**2,447**	**(8,307)**
	Cash flow from financing activities			
(612)	Change in equity		(395)	-
35,201	Change in short and long-term loans and borrowings		27,827	1,262
(5,815)	Dividends paid		(5,912)	(5,815)
28,774	**Cash flow from financing activities**		**21,520**	**(4,553)**
(88)	**Total cash flow from operations, investing and financing activities**		**29,987**	**(5,588)**
836	**Net exchange differences**		**784**	**408**
748	**INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**		**30,771**	**(5,180)**
27,020	**OPENING CASH AND CASH EQUIVALENTS**		**27,768**	**27,020**
27,768	**CLOSING CASH AND CASH EQUIVALENTS**		**58,539**	**21,840**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

31.12.2017	(€/000)	30.06.2018	30.06.2017
	RECONCILIATION OF CASH AND CASH EQUIVALENTS		
27,020	**Opening cash and cash equivalents, detailed as follows:**	**27,768**	**27,020**
32,545	Cash and cash equivalents	40,812	32,545
(5,525)	Overdrafts	(13,044)	(5,525)
27,768	**Closing cash and cash equivalents, detailed as follows:**	**58,539**	**21,840**
40,812	Cash and cash equivalents	68,078	39,870
(13,044)	Overdrafts	(9,539)	(18,030)
	Other information:		
454	Change in related party receivables and service transactions	(324)	(85)
19	Change in related party payables and service transactions	472	2,565
37	Change in related party financial assets	-	-
-	Change in related party financial loans and borrowings	-	-

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of transactions with related parties on the consolidated income statement are shown in the section Other information.

Explanatory notes to the consolidated financial statements of Emak Group

Contents

1. General Information

Emak S.p.A. (hereinafter "Emak" or the "Parent Company") is a public company, with registered offices in Via Fermi, 4 in Bagnolo in Piano (RE). It is listed on the Italian stock market (MTA) on the the STAR segment.

Emak S.p.A. is controlled by Yama S.p.A., an industrial holding company, which holds the majority of its capital and appoints, in accordance with law and statute, the majority of the members of its governing bodies. Emak S.p.A., nonetheless, is not subject to management or coordination on the part of Yama, and its Board of Directors makes its own strategic and operating choices in complete autonomy.

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

The half year report at 30 June 2018 is subject to a limited audit by Deloitte & Touche S.p.A. This audit is significantly less extensive than that of a complete audit carried out according to established auditing standards.

2. Summary of principal accounting policies

The principal accounting policies used for preparing the abbreviated consolidated financial statements for the half-year are in line, except as specified below, with those applied for the annual consolidated financial statements at 31 December 2017 and are briefly discussed below.

2.1 General methods of preparation

The abbreviated consolidated half-year report of the Emak Group at 30 June 2018 has been drawn-up in compliance with the IFRS's issued by the International Accounting Standards Board and adopted by the European Union and 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. The same accounting principles used in preparing the consolidated financial statements at 31 December 2017 were applied."IFRS" also includes all valid International Accounting Standards ("IAS") still in force, as well as all interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC, formerly "IFRIC"), previously known as the Standing Interpretations Committee ("SIC"). For this purpose, the financial statements of consolidated subsidiaries were reclassified and adjusted.

There are also the explanatory notes according to the disclosures required by IAS 34 with the supplementary information considered useful for a clearer understanding of the abbreviated interim financial statements. The interim financial statements at June 30, 2018 should be read in conjunction with the annual financial statements at 31 December 2017.
In accordance with IAS 1, the Directors confirm that, given the economic outlook, the capital and the Group's financial position, it operates as a going concern.

As partial exception to the provisions of IAS 34, these interim financial statements provide detailed as opposed to summary schedules in order to provide a better and clearer view of the economic-financial and financial dynamics during the period.
The financial statements used at June 30, 2018 are consistent with those in place for the annual financial statements at December 31, 2017.

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 half year financial report presents annual data for comparative purposes in the previous year in order to provide adequate information in consideration of the seasonality of the business of the company. Indeed, the

Group carries out an activity that is affected by the non perfect homogeneity of the flow of revenues and expenses during the year, showing a concentration of revenues mainly in the first half of each year.

The preparation of financial statements in conformity with IFRS requires the use of estimates by the directors. The areas involving a higher degree of judgment or complexity and areas where assumptions and estimates could have a significant impact on the consolidated financial statements are discussed in note 4.

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

2.2 Methods of consolidation

Subsidiaries
The consolidated financial statements 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, according to the criteria established by IFRS 10.

The acquisition of subsidiaries is accounted for using the purchase method (“Acquisition method”), except for those acquired in 2011 from Yama Group.
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, 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. The financial statements of subsidiaries are included in the consolidated accounts starting from the date of taking control to when such control ceases to exist. Minority interests and the amount of profit or loss for the period attributable to minorities are shown separately in the consolidated statement of financial position and income statement.

Subsidiaries are consolidated line-by-line from the date that the Group obtains control.

It should be noted that:
- the subsidiary Valley LLP, owned by Comet Usa Inc with a share of 90%, is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 10% held by a company linked to the current General Director of the subsidiary;
- the subsidiary Lemasa, owned by Comet do Brasil LTDA with a share of 70%, is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 30%;
- the subsidiary P.T.C. S.r.l., owned by Comet S.p.A. with a share of 90%, is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 10%;
- the Lavorwash Group, headed by Lavorwash SpA, participated by Comet S.p.A. with a share of 83.39%, is consolidated at 98.06% on the basis of the "Put and Call Option Agreement" which regulates the purchase of the remaining 14.67%.

Compared to 31 December 2017 and to the previous interim closing only the first quarter economic data of the company Raico S.r.l. have been consolidated, following its sold occurred on 30 March 2018.
It should also be noted the change in shareholding percentage in Epicenter (from 61% to 100%) and Lavorwash S.p.a. (from 97.78% to 98.06% following the purchase of shares from minority shareholders).

Compared to 30 June 2017, the consolidated report includes, in addition of what previously indicated, the economic data and the balance sheet of the Lavorwash Group.

Intercompany transactions

Transactions, balances and unrealized profits relating to operations between Group companies are eliminated. Unrealized losses are similarly eliminated, unless the operation involves a loss in value of the asset transferred. The financial statements of the enterprises included in the scope of consolidation have been suitably adjusted, where necessary, to align them with the accounting principles adopted by the Group.

Associated companies

Associated companies are companies in which the Group exercises significant influence, as defined by IAS 28 - *Investments in Associates and joint venture*, but not control over financial and operating policies. Investments in associated companies are accounted for with the equity method starting from the date the significant influence begins, up to when such influence ceases to exist.

Scope of consolidation

The scope of consolidation at June 30, 2018 includes the following companies consolidated using the full consolidation method:

Name	Head office	Share capitale	Currency	% consolidated	Held by	% of equity investment
Parent company						
Emak S.p.A.	Bagnolo in Piano - RE (I)	42,623,057	€			
Italy						
Comet S.p.A.	Reggio Emilia (I)	2,600,000	€	100.00	Emak S.p.A.	100.00
PTC S.r.l. (1)	Rubiera - RE (I)	55,556	€	100.00	Comet S.p.A.	90.00
Sabart S.r.l.	Reggio Emilia (I)	1,900,000	€	100.00	Emak S.p.A.	100.00
Tecomec S.r.l.	Reggio Emilia (I)	1,580,000	€	100.00	Emak S.p.A.	100.00
Geoline Electronic S.r.l.	Poggio Rusco - MN (I)	100,000	€	51.00	Tecomec S.r.l.	51.00
Lavorwash S.p.A. (4)	Pegognaga - MN (I)	3,186,161	€	98.06	Comet S.p.A.	83.39
Europe						
Emak Suministros Espana SA	Getafe - Madrid (E)	270,459	€	90.00	Emak S.p.A.	90.00
Comet France SAS	Wolfisheim (F)	320,000	€	100.00	Comet S.p.A.	100.00
Emak Deutschland Gmbh	Fellbach - Oeffingen (D)	553,218	€	100.00	Emak S.p.A.	100.00
Emak France SAS	Rixheim (F)	2,000,000	€	100.00	Emak S.p.A.	100.00
Emak U.K. Ltd	Burntwood (UK)	342,090	GBP	100.00	Emak S.p.A.	100.00
Epicenter LLC	Kiev (UA)	19,026,200	UAH	100.00	Emak S.p.A.	100.00
Speed France SAS	Arnas (F)	300,000	€	100.00	Tecomec S.r.l.	100.00
Victus-Emak Sp. Z o.o.	Poznan (PL)	10,168,000	PLN	100.00	Emak S.p.A.	100.00
Lavorwash France S.A.R.L.	La Courneuve (F)	37,000	€	100.00	Lavorwash S.p.A.	100.00
Lavorwash GB Ltd	St. Helens Merseyside (UK)	900,000	GBP	100.00	Lavorwash S.p.A.	100.00
Lavorwash Polska SP.ZOO	Bydgoszcz (PL)	163,500	PLN	100.00	Lavorwash S.p.A.	100.00
Lavorwash Iberica S.L.	Tarragona (E)	80,000	€	99.00	Lavorwash S.p.A.	99.00
Americas						
Comet Usa Inc	Burnsville - Minnesota (USA)	231,090	USD	100.00	Comet S.p.A.	100.00
Comet do Brasil Investimentos LTDA	Indaiatuba (BR)	51,777,052	BRL	100.00	Comet S.p.A.	99.63
					PTC S.r.l.	0.37
Emak do Brasil Industria LTDA	Curitiba (BR)	8,518,200	BRL	100.00	Emak S.p.A.	99.98
					Comet do Brasil LTDA	0.02
Lemasa industria e comércio de equipamentos de alta pressao S.A. (2)	Indaiatuba (BR)	14,040,000	BRL	100.00	Comet do Brasil LTDA	70.00
PTC Waterblasting LLC	Burnsville - Minnesota (USA)	285,000	USD	100.00	Comet Usa Inc	100.00
S.I. Agro Mexico	Guadalajara (MEX)	1,000,000	MXM	85.00	Comet S.p.A.	85.00
Speed South America S.p.A.	Providencia - Santiago (RCH)	444,850,860	CLP	100.00	Speed France SAS	100.00
Valley Industries LLP (3)	Paynesville - Minnesota (USA)	-	USD	100.00	Comet Usa Inc	90.00
Speed North America Inc.	Wooster - Ohio (USA)	10	USD	100.00	Speed France SAS	100.00
Lavorwash Brasil Ind. Ltda	Ribeirao Preto (BR)	8,305,769	BRL	100.00	Lavorwash S.p.A.	99.99
					Comet do Brasil LTDA	0.01
Rest of the world						
Jiangmen Emak Outdoor Power Equipment Co.Ltd	Jiangmen (RPC)	25,532,493	RMB	100.00	Emak S.p.A.	100.00
Ningbo Tecomec Manufacturing Co. Ltd	Ningbo City (RPC)	8,029,494	RMB	100.00	Tecomec S.r.l.	100.00
Speed Industrie Sarl	Mohammedia (MA)	1,445,000	MAD	100.00	Speed France SAS	100.00
Tai Long (Zhuhai) Machinery Manufacturing Ltd	Zhuhai (RPC)	16,353,001	RMB	100.00	Emak S.p.A.	100.00
Speed Line South Africa Ltd	Pietermaritzburg (ZA)	100	ZAR	51.00	Speed France SAS	51.00
Yongkang Lavor Wash Equipment Co. Ltd	Yongkang City (RPC)	63,016,019	RMB	100.00	Lavorwash S.p.A.	100.00
Yongkang Lavor Trading Co. Ltd	Yongkang City (RPC)	3,930,579	RMB	100.00	Lavorwash S.p.A.	100.00

(1) P.T.C. S.r.l. is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 10%.
(2) Lemasa is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 30%.
(3) Valley Industries LLP is consolidated at 100% as a result of the "Put and Call Option Agreement" which regulates the acquisition of the remaining 10%.
(4) Lavorwash S.p.A. is consolidated at 98.06% as a result of the “Put and Call Option Agreement” which regulates the acquisition of the remaining 14.67%.

The **associated company** Cifarelli S.p.A., based in Voghera (Italy) with a share capital of € 374,400, is owned at 30% by Emak S.p.A. and consolidated since 1 October 2016 with the equity method. Despite the presence of a put & call agreement for the acquisition of the remaining 70%, the Group does not hold control pursuant to IFRS 10.

2.3 Translation differences

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.

Transactions and balances
Transactions in foreign currencies are translated at the exchange rates at the dates of the transactions. Gains and losses arising from foreign exchange receipts and payments in foreign currency and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in income. Gains and losses realized on cash flow hedges whose hedged items are still unrealized are posted to the comprehensive income statement.

Consolidation of foreign companies financial statements
The financial statements of all Group companies with functional currency different from the presentation currency of the consolidated financial statements are translated as follows:
(i) assets and liabilities are translated at the closing rate on the statement of financial position date;
(ii) income and expenses are translated at the average rate for the period;
(iii) all translation differences are recognized as a separate reserve under equity ("cumulative translation adjustment").

The main exchange rates used for the translation in Euro of the financial statements expressed in foreign currencies are the following:

31.12.2017	Amount of foreign for 1 Euro	Average 1H 2018	30.06.2018	Average 1H 2017	30.06.2017
0.89	GB Pounds (UK)	0.88	0.89	0.86	0.88
7.80	Renminbi (Cina)	7.71	7.72	7.44	7.74
1.20	Dollar (Usa)	1.21	1.17	1.08	1.14
4.18	Zloty (Poland)	4.22	4.37	4.27	4.23
14.81	Zar (South Africa)	14.89	16.05	14.31	14.92
33.73	Uah (Ukraine)	32.37	30.69	28.97	29.74
3.97	Real (Brazil)	4.14	4.49	3.44	3.76
11.24	Dirham (Morocco)	11.25	11.11	10.78	11.01
23.66	Mexican Pesos (Mexico)	23.09	22.88	21.04	20.58
737.29	Chilean Pesos (Chile)	740.22	757.26	714.89	758.21

2.4 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 from 2.4 to 2.25 of the explanatory notes to the consolidated financial statements at 31 December 2017.

2.5 Changes in accounting standards and new accounting standards

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE SINCE 1 JANUARY 2018

The following IFRS accounting standards, amendments and interpretations were first adopted by the Group starting January 1, 2018:

- **IFRS 15 – Revenue from Contracts with Customers** (issued on 28 May 2014 and supplemented with additional clarifications on 12 April 2016) intended to replace IAS 18 – Revenue and IAS 11 – Construction Contracts, as well as the interpretations IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenues-Barter Transactions Involving Advertising Services. The standard provides for a new revenue recognition model, which will be applicable to all agreements made with customers, with the exception of those falling under the scope of application of other IFRSs, such as leases, insurance contracts and financial instruments. The main steps for revenue recognition according to the new model are:
    - identifying the agreement in place with the customer;
    - identifying the performance obligations under the agreement;
    - defining the transaction price;
    - price allocation to the performance obligations under the agreement;
    - revenue recognition criteria when the entity satisfies each performance obligation.

  IFRS 15 was applied from January 1st, 2018. The adoption had no impact on the consolidated financial statements of the Group.

- Final version of **IFRS 9 – Financial instruments** (issued on 24 July 2014). The standard includes the results of IASB project pending the replacement of IAS 39:
    - it introduces new criteria to classify and measure financial assets and liabilities;
    - with reference to the impairment model, the new standard requires the losses on receivables to be estimated based on the expected losses model (instead of the incurred losses model of IAS 39) using acceptable information that can be evidenced, available free of charge or without unreasonable effort and including historic, current and forecast data;
    - a new hedge accounting model is introduced (additional types of transactions can be designated for hedge accounting, different accounting method for forward contracts and options when they are included in a hedge accounting transaction, changes to effectiveness test).

  IFRS 9 was applied from January 1st, 2018. The adoption had no impact on the consolidated financial statements of the Group.

- Amendments to **IFRS 2 - Classification and measurement of share-based payment transactions** (issued on 20 June 2016). This document provides clarifications on how to account for the effects of vesting conditions in cash-settled share-based payments, how to classify share-based payments that include net settlement features and how to account for changes to the terms and conditions of a share-based payment that turn cash-settled share-based payment to equity-settled share-based payment. IFRS 2 was applied from January 1st, 2018. The adoption had no impact on the consolidated financial statements of the Group.

- Document **Annual Improvements to IFRSs: 2014-2016 Cycle**, issued on 8 December 2016 (including IFRS 1 *First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters*, IAS 28 *Investments in Associates and Joint Ventures – Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice*, IFRS 12 *Disclosure of Interests in Other Entities – Clarification of the scope of the Standard)* partially supplements existing standards. These standards were applied from

January 1st, 2018. The adoption had no impact on the consolidated financial statements of the Group.

- Amendments to **IAS 40 - Transfers of Investment Property** (issued on 8 December 2016). These amendments provide clarifications on the transfer of properties to, or from, investment properties. Specifically, an entity should only reclassify a property asset to or from investment property when there is evidence of a change in use of that asset. Such change in use must be supported by a specific event occurred in the past. A change in intention by the entity's management alone is not sufficient. IAS 40 was applied from January 1st, 2018. Adoption had no impact on the consolidated financial statements of the Group.

- **IFRIC 22 - Foreign Currency Transactions and Advance Consideration** (issued on 8 December 2016). This interpretation provides guidelines on foreign currency transactions when non-monetary advance consideration paid or received is recognized before recognition of the relating asset, expense or income. This document clarifies how an entity has to determine the date of the transaction and consequently the spot exchange rate to be used for foreign currency transactions whose consideration is paid or received in advance. IFRIC 22 was applied from January 1st, 2018. Adoption had no impact on the consolidated financial statements of the Group.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS/IFRIC INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, BUT NOT YET MANDATORY APPLICABLE AND NOT EARLY ADOPTED FROM THE GROUP ON JUNE 30TH, 2018

- **IFRS 16 – Leases** (issued on 13 January 2016) intended to replace IAS 17 – Leases, as well as IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The new standard provides a new definition of lease and introduces a criteria based on the control (right of use) of an asset to differentiate between lease and service agreements identifying which distinctive: asset identification, right of replacement of the asset, right to obtain all economic benefits arising out of use of the asset and right to control the use of the asset underlying the agreement.
  The standard introduces a single lessee accounting model for recognizing and measuring lease agreements, which provides for the underlying asset – including assets underlying operating leases – to be recognized in the statement of financial position as assets and lease financial liability providing the possibility to not recognize as lease the agreements concerning "low-value assets" and agreements with a duration equal and/or less 12 months. To the opposite, no significant changes are introduced by the Standard for lessor accounting.
  The standard applies from January 1st, 2019, though early adoption is allowed. With reference to the application, Directors expect that application of IFRS 16 will have significant effect on figures and on disclosure reported in consolidated financial statements. However, is not possible to provide a reasonable estimate as long as the Company will complete a detail analysis on agreements. The effect will mainly concern the accounting of the related real estate leases and the operating leases of cars and means of transport.

- Amendments to **IFRS 9 "Prepayment Features with Negative Compensation"** (issues on 12 October 2017). This document specifies the instruments that provide for early repayment may comply with the "SPPI" test even if the "reasonable additional compensation" to be paid in the event of early repayment is a "negative compensation" for the lender. These amendments apply as from 1 January 2019, though early adoption is allowed. Directors do not expect a significant effect on consolidated financial statements by adopting of these changes.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

At the reporting date of this half-year Report, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and the principles described below.

- **IFRIC 23 - *Uncertainty over Income Tax Treatments*** (issued on 7 June 2017). This interpretation provides guidelines how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires that the uncertainly on the determination of liabilities or asset for income taxes should be recognized in the financial statements when it is probable that entity will pay or receive the amount in question. Therefore, the interpretation does not provide any new mandatory disclosure; however, the entity should assess whether is necessary to provide disclosures on the management consideration done in relation to the uncertainty inherent to the recognition of the income taxes, in accordance with IAS 1. This interpretation apply as from 1 January 2019, though early adoption is allowed. Directors do not expect a significant effect on consolidated financial statements by adopting of this interpretation.

- Amendments to **IAS 28 "*Long-term Interests in Associates and Joint Ventures*"** (issued on 12 october 2017). The document clarify the need to apply IFRS 9, including the requirement related to impairment, to the other long-term interest in associates and joint ventures not evaluate with equity method. These amendments apply as from 1 January 2019, though early adoption is allowed. Directors do not expect a significant effect on consolidated financial statements by adopting of these changes.

- Document **"Annual Improvements to IFRSs 2015-2017 Cycle"** issued on 12 December 2017 (including IFRS 3 Business Combinations e IFRS 11 Joint Arrangements – Remeasurement of previously held interest in a joint operation, IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity, IAS 23 Borrowing costs Disclosure of Interests in Other Entities – Borrowing costs eligible for capitalization), that implements the changes on some standards as part of the annual improvement process. These amendments apply as from 1 January 2019, though early adoption is allowed. Directors do not expect a significant effect on consolidated financial statements by adopting of these amendments.

- Amendments to IAS 19 "***Plant Amendment, Curtailment or Settlement"*** (issued on February 7th, 2018) The amendments specify how expenses are to be determined when changes occur to a defined benefit plan. These amendments apply as from 1 January 2019, though early adoption is allowed. Directors do not expect a significant effect on consolidated financial statements by adopting of these amendments.

- Amendments to **IFRS 10 and IAS 28 – "*Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*"** (issued on 11 September 2014). The purpose of these amendments was to resolve the conflict between IAS 28 and IFRS 10 concerning the measurement of profit or loss arising from transfers or assignments of a non-monetary asset to a joint venture or associate in return for its shares. The IASB has suspended the application of these amendments for the time being. Directors do not expect a significant effect on consolidated financial statements by adopting of these amendments.

3. Capital and financial risk management

Details can be found in the explanatory notes to the consolidated financial statements at 31 December 2017.

4. Key accounting estimates and assumptions and disclosure of contingent assets and liabilities

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, write-downs 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

Acquisition of the remaining 39% of Epicenter

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

Reorganization of commercial activities in U.S.A.

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

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

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

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

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

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

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

Personal reorganization plan Emak S.p.A.

The Parent Company, following an assessment aimed at improving the organization at the Bagnolo in Piano (RE) headquarters, due to the logic of efficiency and renewal, on December 13, 2017, signed with the Trade Unions and company RSU an Agreement, aimed primarily at employees who have acquired the right to a pension within 24 months following the termination of the employment relationship, envisaging a plan to early retirement on voluntary basis referred to in articles 4, 5 and 24 of law n. 223/91.
During the first semester, 32 individual conciliation agreements were signed, of which for 13 people (6 workers and 7 employees) the working relationship terminated in the semester, while for the other 19 (9 workers and 10 employees) the termination of the working relationship will be operational in the second half.

The accounted non-ordinary charges during the first semester 2018, following the first acceptances of the reorganizational plan, amount to € 1,123 thousand.

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

In December 2017, the company Comet S.p.A. has signed an agreement establishing the early exercise of the "Put and call Option Agreement" which regulates the purchase of the remaining 10% of the company P.T.C. S.r.l.
The defined price for the remaining 10% of P.T.C. S.r.l. is equal to € 178 thousand. It is forecast the closing of the transaction in the second half of 2018.
The company P.T.C. S.r.l., based on the previous "Put and Call Option Agreement", was already 100% consolidated.

New R&D centre

Works for the construction of the new R&D centre started in July 2016 go on, at the Parent Company Emak S.p.A.
At June 30, 2018, the portion of the investment already recorded under fixed assets amounted to approximately € 3,300 thousand, compared to a total estimated investment of about € 7,000 thousand.

ERP Transformation project

Concerning the project for the implementation of the new ERP Microsoft Dynamics 365 system in some Group's companies, it has to be highlighted that activities are proceeding according to the forecasted plans with the aim to get to "go live" within end 2018. Overall forecasted investment for the ongoing projects will amount to € 2,200 thousand, of which € 1,115 thousand already accounted for as of 30 June 2018.

6. Segment information

IFRS 8 provides for information to be given for certain items in the financial statements on the basis of the operational segments of the company.

An operating segment is a component of a company:

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

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

According to these definitions, the operating segments of Emak Group are represented by three Divisions/ Business Units with which develops, produces and distributes its range of products:

- Outdoor Power Equipment (products for gardening, forestry and small agricultural equipment, such as brushcutters, lawnmowers, garden tractors, chainsaws, tillers and walking tractors);
- Pumps and High Pressure Water Jetting (membrane pumps for the agricultural sector - spraying and weeding - piston pumps for the industrial sector, professional and semi-professional high-pressure washers, hydrodynamic units and urban cleaning machines);
- Components and Accessories (line and heads for brushcutters, chainsaw accessories, guns, nozzles and valves for high pressure washers and agricultural applications, precision farming such as sensors and computers, technical seats and spare parts for tractors).

The directors separately observe the results by business sector in order to make decisions about resource allocation and performance verification.

The performance of the sectors is evaluated on the basis of the measured result that is consistent with the result of the consolidated financial statements.

Below are the main economic and financial data broken down by operating segment:

	OUTDOOR POWER EQUIPMENT		PUMPS AND HIGH PRESSURE WATER JETTING		COMPONENTS AND ACCESSORIES		Other not allocated / Netting		Consolidated	
€/000	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017
Sales to third parties	101,943	102,749	102,870	61,813	61,647	69,511			**266,460**	**234,073**
Intersegment sales	1,236	808	988	978	4,846	4,623	(7,070)	(6,409)		
Revenues from sales	103,179	103,557	103,858	62,791	66,493	74,134	(7,070)	(6,409)	**266,460**	**234,073**
Ebitda	10,250	9,134	17,429	10,304	10,500	14,301	(1,469)	(1,240)	**36,710**	**32,499**
Ebitda/Total Revenues %	*9.9%*	*8.8%*	*16.8%*	*16.4%*	*15.8%*	*19.3%*			***13.8%***	***13.9%***
Ebitda before non ordinary expenses	11,762	9,134	17,393	10,675	10,613	14,260	(1,469)	(1,240)	**38,299**	**32,829**
Ebitda before non ordinary expenses/Total Revenues %	*11.4%*	*8.8%*	*16.7%*	*17.0%*	*16.0%*	*19.2%*			***14.4%***	***14.0%***
Operating result	7,215	6,335	15,033	8,804	8,685	12,488	(1,469)	(1,240)	**29,464**	**26,387**
Operating result/Total Revenues %	*7.0%*	*6.1%*	*14.5%*	*14.0%*	*13.1%*	*16.8%*			***11.1%***	***11.3%***
Financial management result (1)									**154**	**(4,053)**
Profit befor tax									**29,618**	**22,334**
Income taxes									**(7,547)**	**(6,170)**
Net profit									**22,071**	**16,164**
Net profit/Total Revenues%									***8.3%***	***6.9%***

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

STATEMENT OF FINANCIAL POSITION	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017
Net debt	25,675	27,297	90,361	91,969	10,436	7,031	(1,206)	(1,003)	**125,266**	**125,294**
Shareholders' Equity	178,771	176,986	52,178	44,002	48,593	48,975	(76,784)	(82,458)	**202,758**	**187,505**
Total Shareholders' Equity and Net debt	204,446	204,283	142,539	135,971	59,029	56,006	(77,990)	(83,461)	**328,024**	**312,799**
Net non-current assets (2)	130,319	136,604	75,860	76,648	19,867	19,076	(75,833)	(81,366)	**150,213**	**150,962**
Net Working Capital	74,127	67,679	66,679	59,323	39,162	36,930	(2,157)	(2,095)	**177,811**	**161,837**
Total Net Capital Employed	204,446	204,283	142,539	135,971	59,029	56,006	(77,990)	(83,461)	**328,024**	**312,799**

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

OTHER STATISTICS	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017	30.06.2018	31.12.2017
Number of employees at period end	769	801	717	704	479	516	8	8	**1,973**	**2,029**

OTHER INFORMATIONS	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017	30.06.2018	30.06.2017
Amortization, depreciation and impairment losses	3,035	2,799	2,396	1,500	1,815	1,813			**7,246**	**6,112**
Investment in property, plant and equipment and in intangible assets	2,719	3,078	1,969	1,969	2,269	2,312			**6,957**	**7,359**

For the comments of the economic part, reference should be made to chapter 2 of the Directors Report.

7. Balances or transactions arising from atypical and unusual operations

In the first half of 2018, there were no atypical and unusual transactions.

8. Net financial position

It is shown in the table below details of the net financial position, which includes the net financial debt determined according to ESMA criteria (based on the format required by Consob communication no. 6064293 of 28 July 2006):

	Net financial position	30.06.2018	31.12.2017	30.06.2017
A.	Cash and cash equivalents	68,078	40,812	39,870
B.	Other cash at bank and on hand (held-to-maturity investments)	-	-	-
C.	Financial instruments held for trading	-	-	-
D.	**Liquidity funds (A+B+C)**	**68,078**	**40,812**	**39,870**
E.	**Current financial receivables**	**2,185**	**7,549**	**8,893**
F.	Current payables to bank	(27,016)	(36,570)	(27,539)
G.	Current portion of non current indebtedness	(44,609)	(31,956)	(28,021)
H.	Other current financial debts	(5,893)	(10,151)	(8,167)
I.	**Current financial indebtedness (F+G+H)**	**(77,518)**	**(78,677)**	**(63,727)**
J.	**Current financial indebtedness, net (I+E+D)**	**(7,255)**	**(30,316)**	**(14,964)**
K.	Non-current payables to banks	(104,573)	(80,084)	(64,349)
L.	Bonds issued	-	-	-
M.	Other non-current financial debts	(14,976)	(15,646)	(7,665)
N.	**Non-current financial indebtedness (K+L+M)**	**(119,549)**	**(95,730)**	**(72,014)**
O.	**Net indebtedness (J+N)**	**(126,804)**	**(126,046)**	**(86,978)**
P.	Non current financial receivables	1,538	752	753
Q.	**Net financial position (O+P)**	**(125,266)**	**(125,294)**	**(86,225)**

The financial debt at 30 June 2018 includes payables for the purchase of equity investments for an amount of € 18,926 thousand, of which € 14,097 thousand as non-current indebtedness.
At 31 December 2017, to guarantee debts for the purchase of equity investments, financial receivables were recorded for € 6,887 thousand, referring to sums deposited in Escrow Accounts.
At 30 June 2018, this receivable was equal to € 338 thousand, as the remaining part was released following the payment of the deferred price for the purchase of the 70% of Lemasa, which took place in April 2018 for an amount of about 15,280 thousand Reais equal to about € 3,600 thousand.

At 30 June 2018, net financial debts include amounts receivable from related parties for the amount of € 746 thousand, of which € 486 thousand are short-term, attributable to the receivable from Yama S.p.A. for the guarantees included in the contract in favour of Emak S.p.A. as part of the so-called "Operazione Greenfield" through which Emak S.p.A. acquired in 2011 the companies Comet S.p.A., Tecomec S.r.l, Sabart S.r.l. and Raico S.r.l.

9. Revenues from sales and other operating income

Details of revenues from sales are as follows:

€/000	1 H 2018	1 H 2017
Net sales revenues (net of discounts and rebates)	264,600	232,197
Revenues from recharged transport costs	2,753	2,491
Returns	(893)	(615)
Total	**266,460**	**234,073**

Regarding the performance of the item "net sales revenues", please refer to the comments in the Directors' report in the section on economic data analysis.

Other operating income is analyzed as follows:

€/000	1 H 2018	1 H 2017
Capital gains on property, plant and equipment	55	193
Government grants	768	132
Advertising reimbursement	167	189
Insurance refunds	14	152
Recovery of other funds	332	227
Revenues for rents	268	228
Other operating income	1,049	296
Total	**2,653**	**1,417**

The item "Government grants" includes € 382 thousand relating to the tax credit for research and development investments and regional grants for research and development investments equal to € 278 thousand.
The item "Other operating income" includes € 369 thousand relating to the cancellation of some payables that won’t be paid.

10. Cost of raw materials, consumable and goods

The cost of raw materials, semi-finished products and goods is analyzed as follows:

€/000	1 H 2018	1 H 2017
Raw materials, semi-finished products and goods	135,031	123,993
Other purchases	3,166	1,684
Total	**138,197**	**125,677**

The increase in raw material and consumable costs is mainly related to the consolidation of the Lavorwash Group.

11. Personnel expenses

Details of these costs are as follows:

€/000	1H 2018	1H 2017
Wage and salaries	30,500	26,551
Social security charges	8,819	7,937
Employee termination indemnities	1,355	1,168
Other costs	785	872
Directors' emoluments	911	671
Temporary staff	1,795	2,110
Total	**44,165**	**39,309**

The increase in personnel costs is attributable to the consolidation of the Lavorwash Group for about € 5,326 thousand.
Costs for the semester include reorganization costs, mainly attributable to the Parent company, for € 1,210 thousand.

12. Other operating costs and provisions

Details of these costs are as follows:

€/000	1H 2018	1H 2017
Subcontract work	7,353	6,220
Maintenance	2,093	1,875
Trasportation	10,604	9,940
Advertising and promotion	2,161	2,304
Commissions	4,088	3,323
Travel	1,796	1,727
Consulting fees	3,199	2,584
Other services	8,341	7,284
Services	**39,635**	**35,257**
Rents, rentals and the enjoyment of third party assets	**4,323**	**3,706**
Increases in provisions (note 30)	**438**	**138**
Other expenses	**2,067**	**1,555**
Total	**46,463**	**40,656**

The increase in the items is mainly attributable to the entry into the scope of consolidation of the Lavorwash Group.

13. Amortization and depreciation

Details of these amounts are as follows:

€/000	1H 2018	1H 2017
Amortization of intangible assets (note 18)	1,577	1,134
Depreciaton of property, plant and equipment (note 17)	5,669	4,978
Total	**7,246**	**6,112**

14. Financial income and expenses, exchange gain and losses

"**Financial income**" is analyzed as follows:

€/000	1H 2018	1H 2017
Capital gain from change in scope of consolidation	2,472	-
Financial income from debt adjustment estimate for purchase commitment of remaining shares of subsidiaries	202	-
Interest of trade receivables	248	141
Income from adjustment to fair value and fixing of derived instruments for hedging interest rate risk	76	155
Interest on bank and postal current accounts	65	96
Other financial income	191	507
Financial income	**3,254**	**899**

The item "Capital gain from change in scope of consolidation" refers to the capital gain deriving from the deconsolidation of the company Raico S.r.l (for more details, see note 5).

The item "Financial income from debt adjustment estimate for purchase commitment of remaining shares of subsidiaries" refers for € 202 thousand to the reduction in the deferred price for the purchase of shares of the company Lemasa, paid in April 2018 through the release of the sum deposited in the Escrow Account. The acquisition of the company Lemasa, which took place in 2015, provided for the valuation of the deferred portion of the price on the basis of the economic and financial results realized by the target company in the years 2015-2017, defined during the semester.

At 30 June 2017 the item "Other financial income" included € 481 thousand as interest income accrued on Escrow Account as part of the Lemasa transaction. At 30 June 2018 these interests amounted to € 143 thousand.

"Financial expenses" are analyzed as follows:

€/000	1H 2018	1H 2017
Interest on medium-term bank loans and borrowings	840	872
Interest on short-term bank loans and borrowings	221	227
Costs from adjustment to fair value and fixing of derived instruments for hedging interest rate risk	375	99
Financial charges from valuing employee termination indemnities	48	54
Financial expenses from discounting debts	694	827
Other financial costs	344	259
Financial expenses	**2,522**	**2,338**

"Financial expenses from discounting debts" refer to the future acquisition of shares.
The increase of "Costs from adjustment to fair value and fixing of derived instruments for hedging interest rate risk" is referred to hedging operations occurred in the first half 2018.
The item "Other financial costs" includes € 70 thousand attributable to the adjustment of the debt for the purchase commitment of the remaining shares of Valley Industries LLP, settled on the basis of certain economic-financial parameters indicated in the "Put and Call Option" contract.

The breakdown of “**exchange gains and losses**” is as follows:

€/000	1H 2018	1H 2017
Profit / (Loss) on exchange differences on trade transactions	(627)	(2,035)
Profit / (Loss) on exchange differences on financial transactions	(90)	(680)
Exchange gains and (losses)	**(717)**	**(2,715)**

The item referring to trade transactions also includes the effect of the valuations of currency hedging at fair value.

The item **"Income from investments revaluation in associated companies"** amounting to € 139 thousand refers to the result of the equity valuation of the associated company Cifarelli S.p.A.

15.Income taxes

The estimated charge for current tax and changes in deferred tax assets and liabilities in the first half of 2018 is € 7,547 thousand (€ 6,170 thousand in the corresponding prior year period) equal to a taxation of 25.5%, decreased compared to the 27.6% for the same period in the previous financial year.

The lower tax rate for the semester, compared to the same period of the previous year, is mainly due to the effect of accounting for the capital gain deriving from the deconsolidation of the company Raico S.r.l,, which is not taxable (with an impact on the tax rate of 2.3%). The reduction in the tax rate is also influenced by the reduction in the tax rates applicable in some countries in which the Group operates.
Income taxes at 30 June 2017 included a gain of € 750 thousand, recorded following the successful completion of an advance tax ruling that allowed the recognition of previous ACE tax benefits related to previous fiscal years.

16.Earnings per share

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

	1H 2018	1H 2017
Net profit attributable to ordinary shareholders in the parent company (€/000)	21,935	15,946
Weighted average number of ordinary shares outstanding	163,537,602	163,537,602
Basic earnings per share (€)	**0.134**	**0.098**

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

17.Property, plant and equipment

Changes in property, plant and equipment are shown below:

€/000	31.12.2017	Change in scope of consolidation	Increase	Decrease	Reclassification	Exchange difference	Other movements	30.06.2018
Land and buildings	53,430	(15)	31	(1,666)	11	198	1,794	53,783
Accumulated depreciation	(18,968)	5	(792)	1,666	-	(35)	-	(18,124)
Land and buildings	**34,462**	**(10)**	**(761)**	**-**	**11**	**163**	**1,794**	**35,659**
Plant and machinery	94,404	(312)	2,201	(1,329)	923	(269)	1,588	97,206
Accumulated depreciation	(73,762)	203	(2,410)	1,188	-	84	9	(74,688)
Plant and machinery	**20,642**	**(109)**	**(209)**	**(141)**	**923**	**(185)**	**1,597**	**22,518**
Other assets	121,337	(1,103)	1,988	(1,392)	179	18	(17)	121,010
Accumulated depreciation	(109,276)	968	(2,467)	1,358	-	(35)	254	(109,198)
Other assets	**12,061**	**(135)**	**(479)**	**(34)**	**179**	**(17)**	**237**	**11,812**
Advances and fixed assets in progress	**6,110**	**-**	**1,572**	**(11)**	**(1,129)**	**76**	**(3,628)**	**2,990**
Cost	**275,281**	**(1,430)**	**5,792**	**(4,398)**	**(16)**	**23**	**-**	**274,989**
Accumulated depreciation (note 13)	**(202,006)**	**1,176**	**(5,669)**	**4,212**	**-**	**14**	**-**	**(202,010)**
Net book value	**73,275**	**(254)**	**123**	**(186)**	**(16)**	**37**	**-**	**72,979**

Decreases in the semester refer mainly to the demolition of the pre-existing building in the area where the parent company Emak S.p.A is building the new R & D centre.

18.Intangible assets

Intangible assets report the following changes:

€/000	31.12.2017	Change in scope of consolidation	Increases	Amortizations	Reclassification	Exchange difference	Other movements	30.06.2018
Development costs	**561**	**-**	**12**	**(139)**	**238**	**-**	**-**	**672**
Patents and intellectual property rights	**2,660**	**(174)**	**389**	**(514)**	**169**	**(7)**	**-**	**2,523**
Concessions, licences and trademarks	**6,058**	**-**	24	**(286)**	**(6)**	**(77)**	**-**	**5,713**
Other intangible assets	**9,209**	**(42)**	**7**	**(638)**	**-**	**(81)**	**-**	**8,455**
Advances and fixed assets in progress	**1,839**	**(75)**	**733**	**-**	**(385)**	**(1)**	**-**	**2,111**
Net book value (note 13)	**20,327**	**(291)**	**1,165**	**(1,577)**	**16**	**(166)**	**0**	**19,474**

The increase mainly refers to ongoing investments for the implementation of the new management system in some Group companies as part of the "Erp trasfomation" project.

19. Goodwill

The goodwill of € 65,796 thousand reported at June 30, 2018 is detailed below:

Cash Generating Unit (CGU)	Description	31.12.2017	Change in scope of consolidation	Exchange difference	30.06.2018
Victus	Goodwill from the acquisition of Victus-Emak Sp. z o.o.	892		(40)	852
Victus	Goodwill from the acquisition of the company branch Victus IT	4,935		(222)	4,713
Emak	Goodwill of Bertolini S.p.A.	2,074			2,074
Tailong	Goodwill from the acquisition of Tailong Machinery Ltd.	2,682		30	2,712
Tecomec	Goodwill from the acquisition of Tecomec Group	2,807			2,807
Speed France	Goodwill from the acquisition of Speed France	2,854			2,854
Comet	Goodwill from the acquisition of Comet Group	2,279			2,279
Comet	Goodwill of HPP S.r.l.	1,974			1,974
PTC	Goodwill from transfer of the business PTC	360			360
PTC	Goodwill from the acquisition of Master Fluid	523			523
PTC	Goodwill from the acquisition of Acquatecnica S.r.l.	353			353
Valley	Goodwill from the acquisition of Valley LLP	10,839		312	11,151
Valley	Goodwill from the acquisition of A1	1,311		37	1,348
Geoline	Goodwill from the acquisition of Geoline Eletctronic S.r.l.	1,498			1,498
S.I.Agro Mexico	Goodwill from the acquisition of S.I.Agro Mexico	634			634
Lemasa	Goodwill from the acquisition of Lemasa Ltda	13,607		(1,433)	12,174
Lavorwash	Goodwill from the acquisition of Lavorwash Group	17,490			17,490
	Total	**67,112**	**0**	**(1,316)**	**65,796**

- Goodwill on the purchase of Victus-Emak Sp. Z.o.o. for € 852 thousand relates to the difference between the acquisition price for 100% of the company regulated by Polish law, Victus-Emak Sp. Z.o.o., and its equity at the date of acquisition, while an amount of € 4,713 thousand relates to the acquisition of the company branch of Victus International Trading SA. Both acquisitions were finalized in 2005.

- Goodwill of € 2,074 thousand refers to the positive difference arising from the acquisition from the parent company Yama S.p.A. and further to the absorption of the company Bertolini S.p.A into Emak S.p.A. in 2008.

- The amount of € 2,712 thousand refers to the greater value emerging from the acquisition, from the Yama Group, of 100% of the company regulated by Chinese law, Tailong (Zhuhai) Machinery Manufacturing Equipment Ltd., made in 2008.

- Goodwill relating to the acquisition of the Tecomec Group, the Comet Group and of the Speed France Group on the part of Tecomec S.r.l respectively for € 2,807 thousand, € 2,279 thousand and € 2,854 thousand arise from the Greenfield Operation (for details on the operation, reference should be made to to note 20 in the Explanatory Notes to the annual financial report 2011).

- The amount of € 1,974 thousand relates to the positive difference emerged following the acquisition and subsequent merger by incorporation of the company HPP in Comet S.p.A.

- The amount of € 360 thousand relates to the goodwill of a business unit contributed by non controlling interests in PTC S.r.l., a Comet Group company.

- The amount of € 523 thousand refers to the positive difference emerged following the acquisition by P.T.C. Srl, a company controlled by the subsidiary Comet S.p.A., of 80.5% of Master Fluid S.r.l company.

- The amount of € 11,151 thousand relates to the positive difference arising on the acquisition of Valley LLP, a company belonging to Comet Group.

- The amount of € 1,498 thousand relates to the positive difference emerged following the acquisition by Tecomec Group of 51% of Geoline Electronic S.r.l. At 31 December 2017 the impairment test showed, for this CGU, a partial loss in the value of goodwill equal to € 590 thousand, accounted for as a reduction of the same.

- The amount of € 634 thousand relates to the positive difference emerged following the acquisition of S.I. Agro Mexico, company in which Comet Group increased its shareholding from 30% to 85% of share capital during the year 2014.

- The amount of € 12,174 thousand refers to the goodwill recorded with relation to the acquisition of Lemasa.

- The amount of € 353 thousand relates to the positive difference emerged following the acquisition and subsequent merger by incorporation of the company Acquatecnica S.r.l. in P.T.C. S.r.l., finalized in the 2016.

- The amount of € 1,348 thousand refers to the goodwill arising from the acquisition of the A1 Mist Sprayers Resources Inc business unit in the first months of 2017.

- The amount of € 17,490 thousand includes the value of the goodwill acquired from the consolidation of the Lavorwash Group for € 253 thousand and, for € 17,237 thousand, the portion of the price allocated at goodwill, referred to the acquisition of the initial stake of 97.78% of the same Group, of which 14.67% regulated by a Put&Call Option Agreement to be exercised in 2020 and to be valued on the basis of the results of the period 2018-2019.

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 2018.

20.Investments in associates

The amount of the balance of "Equity Investments" is € 230 thousand and it refers mainly to the 15.41% percentage of equity investment in Netribe S.r.l., a company operating in the sector I.T.
This investment is valued at its cost of € 223 thousand, in line with its fair value.
Investments are not subject to impairment losses; risks and benefits associated with the possession of the investment are negligible.

"Investments in associates" amounting to € 4,423 thousand, refers to the proportionate interest in the value of the Group in the company Cifarelli S.p.A., obtained by applying the equity method. The company is in the consolidation area since 1 October 2016. Compared to 31 December 2017, the value of the investment in the associated company was adjusted for a value of € 139 thousand, recorded under the Income Statement "Income from / (expenses on) equity investments ".

21.Other financial assets

Other financial assets amount to € 1,538 thousand, which is non-current portion, and € 2,025 thousand as current portion and refer mainly to:

- an amount of € 338 thousand, recorded under non-current assets, corresponding to the residual portion of the sum originally paid through an Escrow Account, as part of the Lemasa transaction, maintained to guarantee any potential contingent liabilities deriving from the acquisition of 70% of the subsidiary.
- an amount of € 518 thousand, recorded under non-current assets, paid by the company S.I. Agro Mexico as a guarantee in the context of a tax dispute in order to proceed with the submission of the related appeal (see Note 30).
- an amount of € 746 thousand, of which € 260 thousand as non-current portion and € 486 thousand as current portion, of the receivable due from the parent company, Yama S.p.A., by way of the reinstatement of equity recognized by Yama to the Group in relation to costs sustained by a number of companies and relating to the period in which Yama S.p.A. exercised control over them.
- an amount of € 1,525 thousand (corresponding to 6,845 thousand Reais) as a short-term liquidity investment made by the company Comet Do Brasil LTDA.

22.Derivative financial instruments

The financial statements values relate to changes in the fair value of financial instruments for:

- hedging purchases in foreign currency;
- hedging the risk of changes in interest rates on loans.

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

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

Accounting for the underexposed instruments is at fair value. According to the IFRS principles these effects were accounted in the income statement of the current year.
The current value of these contracts at June 30, 2018 is shown as follows:

€/000	30.06.2018	31.12.2017
Positive *fair value* assesment exchange rate hedge	148	189
Positive *fair value* assesment exchange rate options	12	12
Total derivative financial instrument assets	**160**	**201**
Negative *fair value* assesment exchange rate hedge	13	51
Negative *fair value* assesment exchange options contracts	1	-
Negative fair value assesment IRS and interest rate options	386	157
Total derivative financial instrument liabilities	**400**	**208**

At June 30, 2018 appear outstanding purchases/sales of foreign currencies with forward contracts for:

	Company		Nominal value (€/000)	Exchange rate	Due to (*)
Forward contracts for foreign currencies purchases					
Cnh/Euro	Emak S.p.A.	Cnh	10,000	8.07	20/08/2018
Cnh/Usd	Emak S.p.A.	Cnh	14,000	6.42	14/08/2018
Eur/Pln	Victus-Emak S.p. Z.o.o.	€	2,100	4.24	21/08/2018
Usd/Euro	Emak France Sas	Usd	400	1.23	31/12/2018
Usd/Euro	Sabart S.r.l.	Usd	1,500	1.23	05/11/2018
Euro/Mxn	S.I. Agro Mexico	€	450	23.33	31/10/2018
Usd/Mxn	S.I. Agro Mexico	Usd	200	20.65	28/09/2018
Forward contracts for foreign currencies sales					
Gbp/Euro	Comet S.p.A.	Gbp	200	0.90	27/12/2018
Options for foreign currencies purchases					
Euro/Mxn	S.I. Agro Mexico	€	1,050	24.43	21/12/2018

(*) The due date is indicative of the last contract.

Finally, on June 30, 2018 IRS contracts and options on interest rates are also in force, with the aim of covering the risk of variability of interest rates on loans.

The Parent company Emak S.p.A. and the subsidiaries Tecomec S.r.l., Comet S.p.A. and Comet USA Inc. have signed IRS contracts and options on interest rates for a total notional value of € 87,275 thousand; the expiration of the instruments is so detailed:

Bank	Company	Notional Euro (€/000)	Date of the operation	Due to
Ubi Banca	Emak S.p.A.	1,500	30/06/2015	31/12/2019
Carisbo	Emak S.p.A.	1,111	24/09/2015	12/06/2020
Mediobanca	Emak S.p.A.	3,125	24/09/2015	31/12/2020
MPS	Emak S.p.A.	1,875	24/09/2015	31/12/2020
Banca Nazionale del Lavoro	Emak S.p.A.	4,000	29/09/2017	22/04/2020
Credit Agricole Cariparma	Emak S.p.A.	7,500	26/10/2017	11/05/2022
Credit Agricole Cariparma	Emak S.p.A.	4,000	24/05/2018	30/06/2023
MPS	Emak S.p.A.	10,000	14/06/2018	30/06/2023
UniCredit	Emak S.p.A.	10,000	14/06/2018	30/06/2023
Banco BPM	Emak S.p.A.	7,500	21/06/2018	31/03/2023
UniCredit	Comet S.p.A.	3,022	06/08/2015	20/03/2020
Banca Nazionale del Lavoro	Comet S.p.A.	1,422	06/08/2015	20/03/2020
Carisbo	Comet S.p.A.	1,111	24/09/2015	12/06/2020
Bper	Comet S.p.A.	9,000	20/09/2017	29/12/2023
Ubi Banca	Comet S.p.A.	4,500	20/09/2017	29/12/2023
UniCredit	Comet S.p.A.	10,000	14/06/2018	30/06/2023
Carisbo	Tecomec S.r.l.	1,111	24/09/2015	12/06/2020
MPS	Tecomec S.r.l.	1,250	24/09/2015	31/12/2020
Credit Agricole Cariparma	Tecomec S.r.l.	4,000	24/05/2018	30/06/2023
Intesa San Paolo	Comet USA Inc	1,248	27/02/2013	19/02/2019
Total		**87,275**		

The average interest rate resulting from the instruments outstanding at 30 June 2018 is equal to 0.20%.

No contracts, although having the purpose and characteristics of a hedging strategy, respect the rules to be formally recognized as such, so all changes in fair value are expensed in the income statement of the period.

23.Trade and other receivables

Details of these amounts are as follows:

€/000	30.06.2018	31.12.2017
Trade receivables	140,591	109,577
Provision for doubtful accounts	(5,482)	(5,315)
Net trade receivables	**135,109**	**104,262**
Trade receivables from related parties (note 35)	619	373
Prepaid expenses and accrued income	2,375	1,570
Other receivables	3,577	3,189
Total current portion	**141,680**	**109,394**
Other non current receivables	61	65
Total non current portion	**61**	**65**

The item "**Other short-term receivables**" includes an amount of € 932 thousand, against € 854 thousand at 31 December 2017, for receivables of the Parent company and some Group companies towards the controlling company Yama S.p.A., emerging from the relationships that govern the tax consolidation in which they participate.

All non-current receivables mature within five years. There are no trade receivables maturing beyond one year.

24. Inventories

Inventories are detailed as follows:

€/000	30.06.2018	31.12.2017
Raw, ancillary and consumable materials	46,191	45,706
Work in progress and semi-finished products	24,524	23,429
Finished products and goods	76,715	86,592
Total	**147,430**	**155,727**

Inventories at June 30 2018 are stated net of provisions amounting to € 9,730 thousand (€ 9,913 thousand at December 31 2017) intended to align the obsolete and slow moving items to their estimated realizable value. The inventories provision is an estimate of the loss in value expected by the Group, calculated on the basis of past experience, historic trends and market expectations.

25.Equity

Share capital

Share capital is fully paid up at 30 June 2018 and amounts to € 42,623 thousand and it consists of 163,934,835 ordinary shares of par value € 0.26 each. The value of the share capital shown net of the value of treasury shares amounts to € 42,519 thousand.
All shares have been fully paid.

Treasury shares

The adjustment of the share capital for purchase of treasury shares, equal to € 104 thousand, represents the nominal value of treasury shares held at June 30, 2018.
As for the sale and purchase of shares made during the period, please refer to the appropriate section of the Directors' Report.

Dividends

On 27 April 2018 the Shareholders' Meeting resolved the distribution of dividends relating to the 2017 financial year for a total of € 5,724 thousand, these dividends have been fully paid in June 2018.
The total dividends distributed by the Emak Group for € 5,912 thousand include the dividends of the minority shareholders of some subsidiaries.

Share premium reserve

At 30 June 2018, the share premium reserve amounts to € 40,529 thousand, and consists of premiums on newly issued shares, net of share premium treasury shares held at June 30, 2018 amounted to € 1,925 thousand. The reserve is shown net of charges related to the capital increase amounted to € 1,598 thousand and adjusted for the related tax effect of € 501 thousand.

Legal reserve

The legal reserve at June 30 2018 is equal to € 3,197 thousand (€ 3,059 thousand at December 31 2017).

Revaluation reserve
At 30 June 2018 the revaluation reserve includes the reserves deriving from the revaluation as per Law 72/83 for € 371 thousand and as per Law 413/91 for € 767 thousand. No changes occurred during the period.

Reserve for translation differences
At 30 June 2018 the reserve for translation differences for an amount of € 290 thousand is entirely attributable to the differences generated from the translation of balances into the Group's reporting currency

Reserve IAS 19
At 30 June 2018 the IAS 19 reserve is equal a negative amount of € 1,129 thousand, for the actuarial valuation difference of post-employment benefits to employees.

Other reserves
At 30 June 2018 Other reserves include:
- the extraordinary reserve, amounts to € 27,257 thousand, inclusive of all allocations of earnings in prior years;
- the reserves qualifying for tax relief refer to tax provisions for grants and donations for € 129 thousand;
- the reserves for merger surpluses for € 3,561 thousand;
- the reserves from capital grants deriving from the merger of Bertolini S.p.A. for € 122 thousand.

26. Trade and other payables

Details of trade and other payables are set out below:

€/000	30.06.2018	31.12.2017
Trade payables	81,587	80,229
Payables due to related parties (note 35)	931	2,632
Payables due to staff and social security institution	13,321	11,339
Advances from customers	3,520	3,246
Accrued expense and deferred income	605	466
Other payables	5,637	3,603
Total	**105,601**	**101,515**

The increase of the item "**Payables due to staff and social security institution**" is linked to the time effect of the thirteenth salary and holidays accrued but not taken.

The item "**Other payables**" includes € 2,935 thousand, compared with € 812 thousand at 31 December 2017, for current IRES tax liabilities recorded by some companies of the Group towards the parent company Yama S.p.A. and arising from the relationships that govern the consolidated tax return, according to art. 117 and following of the Presidential Decree n. 917/1986, to which the same participating.

27.Loans and borrowings

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

€/000	30.06.2018	31.12.2017
Bank loans	62,053	55,468
Overdrafts	9,539	13,044
Liabilities for purchase of equity investments	4,829	9,304
Financial accrued expense and deferred income	35	16
Other loans	662	637
Total current portion	**77,118**	**78,469**

The carrying amount of short-term loans approximates their current value.

The item "**Liabilities for purchase of equity investments**" refers to:

- an amount of € 1,276 thousand, equivalent to approximately 5,727 thousand Reais, as the estimated debt for the distribution of the dividends to the selling shareholders of the company Lemasa, as the current portion of the value of the price regulated by the Put & Call option;
- an amount of € 1,482 thousand refers to the debt towards the transferor shareholder of the company Valley Industries LLP following the agreement of "Put and Call Option Agreement" to purchase the remaining 10% of the company;
- an amount of € 1,833 thousand, as current portion of the debt for the purchase of the shares of the Lavorwash Group, regulated by Put and Call Option;
- an amount equal to € 178 thousand related to the residual discounted debt towards the selling shareholder of the company PTC S.r.l., following the agreement of "Put and Call Option Agreement" to purchase the remaining 10% of the company;
- an amount equal to € 60 thousand related to the residual debt towards the selling shareholder of the company Epicenter.

The item "**Other loans**" includes:

- an amount of € 351 thousand as current portion of a loan made by Simest S.p.A. to the parent company Emak S.p.A in accordance with Law 133/08, through which, the Italian companies, are accompanied in their internationalization process by loans at preferential interest rates.
- an amount of € 255 thousand related to the debt for the loan made by the minority shareholders towards the company Geoline Electronic S.r.l.

Long-term loans and borrowings are detailed as follows:

€/000	30.06.2018	31.12.2017
Bank loans	104,573	80,084
Liabilities for purchase of equity investments	14,097	14,587
Other loans	879	1,059
Total non current portion	**119,549**	**95,730**

The items "**Liabilities for purchase of equity investments**" includes:

- € 5,717 thousand, corresponding to approximately 25,653 thousand Reais on the remaining debt actualized to the selling shareholder of company Lemasa following the "Put and Call Option Agreement" for purchase the remaining 30% of the company to be exercised by 2020. Also this debt may also be subject to changes on the basis of certain economic and financial parameters set forth in the Put and Call Option contract;

- an amount of € 8,380 thousand related to the discounted debt for the portion of the purchase price of the 14.67% of the shares of the Lavorwash Group following the "Put and Call Option Agreement" to be exercised in 2020. The price could change on the basis of the trend of economic-financial indicators of the target Group and within the limits of a maximum value (CAP) contractually regulated. The Management has estimated the value of the future debt on the basis of forecasting economic-financial plans.

The item "**Other loans**" refers to the non-current portion of the granting at the parent company Emak S.p.A. of a subsidized loan on the part of Simest S.p.A. in accordance with Law 133/08, through which, the Italian companies, are assisted in their internationalization process through loans at preferential interest rates.

There are no outstanding loans for over 5 years at June 30, 2018.

Some medium-long term loans are subject to financial covenants, on the basis of the debt/EBITDA and debt/Equity ratios consolidated at year-end; no constraint of compliance with financial covenant applies to 30 June 2018.

28.Tax assets and liabilities

Deferred tax assets are detailed below:

€/000	30.06.2018	31.12.2017
Deferred tax on impairment of assets	399	427
Reversal of unrealized intercompany gains	2,254	2,492
Provision for inventory obsolescence	1,885	2,013
Losses in past financial periods	714	741
Provisions for bad debts	469	462
Other deferred tax assets	2,311	2,933
Total	**8,032**	**9,068**

The exploitation of residual past tax losses is of unlimited duration.
"Other deferred tax assets" mainly includes receivables for facilitation "ACE", the tax effect related to the discounting of Employee Indemnities and other provisions subject to deferred taxation.

Deferred tax liabilities are detailed below:

€/000	30.06.2018	31.12.2017
Deferred tax on property IAS 17	1,135	1,171
Deferred tax on depreciations	6,158	6,632
Other deferred tax liabilities	1,399	1,819
Total	**8,692**	**9,622**

Other deferred tax liabilities refers mainly to lower costs that will be fiscally recognized in future financial periods.

"**Current tax assets**" amount to € 3,932 thousand at June 30 2018, compared with € 5,428 thousand at 31 December 2017, and they refer to VAT credits, surplus payments on account of direct tax and other tax assets. The item also includes repayable credits linked to IRES deductibility from the IRAP tax for an amount of € 344 thousand, relating to requests presented in previous financial years pursuant to Article 2 of Law no. 201/2011 for a value of € 156 thousand and pursuant to Article 6, Decree Law 185/2008 for further € 188 thousand.

"**Current tax liabilities**" amount to € 7,547 thousand at 30 June 2018, compared with € 4,676 thousand at 31 December 2017, and refer to payables for direct tax for the period, to VAT liabilities and withholding taxes.

A number of Group companies participate in the tax consolidation submitted by the parent company, Yama S.p.A., as per arts. 117 and following of Presidential Decree no. 917/1986: current IRES taxes payable by these companies are accounted for in the heading "Other payables".

29. Employee benefits

Liabilities refer mainly to amounts payable for employment termination indemnity falling due at the end of employees' working life, equal to € 8,734 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 € 8,065 thousand.

The principal economic and financial assumptions used to calculate the fund are the same as those used at the close of the 2017 financial year.

30. Provisions for risks and charges

Movements in these provisions are detailed below:

€/000	31.12.2017	Change in scope of consolidation	Increase	Decrease	Exchange differences	30.06.2018
Provisions for agents' termination indemnity	2,097	(88)	96	(62)		2,043
Other provisions	168			(5)	(15)	148
Total non current portion	**2,265**	**(88)**	**96**	**(67)**	**(15)**	**2,191**
Provisions for products warranties	1,225		69	(3)	(8)	1,283
Other provisions	1,297	(1)	289	(783)	(2)	800
Total current portion	**2,522**	**(1)**	**358**	**(786)**	**(10)**	**2,083**

The provision for agents' termination indemnity is calculated on the basis of agency relationships in force at the close of the period, it refers to the probable indemnity which will have to be paid to the agents.
The year allocation of € 96 thousand was recorded under the provisions in the item "Other operating expenses" in the income statement. The change in the scope of consolidation has contributed on this item for € 88 thousand.

Other non-current provisions, equal to € 148 thousand, have been allocated for:

- € 57 thousand in legal costs accrued in respect of the conduct of tax disputes on the part of some companies of the Lavorwash Group and of Bertolini S.p.A (Incorporated into Emak S.p.A. in year 2008) for which the Group, following the opinion expressed by its defenders, does not expect to mobilize additional funds to contingent liabilities;
- € 91 thousand as allocation effected against a tax assessment and other current disputes related to the company Lemasa.

The product warranty provision refers to future costs for repairs on warranty, which will be incurred for products sold covered by the legal and/or contractual warranty period; the allocation is based on estimates extrapolated from the historic trend.

The "Other provisions", for the current part, refers to the best possible estimate of probable liabilities, details of which are given below:

- allocation of € 308 thousand (unchanged compared to 31 December 2017) for a labor-law dispute of the subsidiary Speed France SAS. The case is still pending following an appeal and therefore, despite the

fact that the subsidiary received during the previous year a reimbursement of the compensation originally paid, the same amount has been maintained recorded among the provisions for risks and charges;
- allocation of € 259 thousand, allocated during the semester by the company S.I. Agro Mexico, for a tax dispute concerning VAT. Based on the opinion of its consultants, the company has allocated a risk fund equal to 50% of the amount contested. In order to be able to appeal under the terms of the law, having assessed the advantage of this opportunity, the company deposited a sum equal to the total amount of the dispute and of the related sanctions, amounting to € 518 thousand, in an escrow account aimed at covering the potential liabilities that could arise from the dispute;
- allocations related to some objections concerning various disputes and future charges for about € 233 thousand.

The **reduction** of the item “Other provisions” mainly refers to:

- € 150 thousand (including legal defense costs for € 32 thousand and legal interests for € 8 thousand), previously allocated following a tax assessment at Comet S.p.A., concerning the transfer prices applied for sales of products to foreign subsidiaries Comet USA Inc. and Comet France S.A.S. On the basis of the opportunity to close a passive position, Comet S.p.A has decided to proceed with the definition of the disputed annuities through tax settlement proposal and paid the requested amounts, within the limits of what already allocated.
- € 450 thousand, referring to the company Lavorwash, originally allocated against a tax dispute concerning "Transfer Pricing" for the years 2012-2013 and 2014. During the second quarter of 2018, the Group defined the disputed annuities through tax settlement proposal, paying an amount of € 490 thousand. Part of this payment will be claimed for compensation to the sellers of the Lavorwash shares as contractually regulated.

31. Other non-current liabilities

The entire amount of € 534 thousand, € 579 thousand at 31 December 2017, refers to the deferred income relating to capital grants received pursuant to Law 488/92 by Comag S.r.l. and allocated to subsequent financial periods. The part of the grant receivable within a year is recorded in current liabilities under accrued expenses and deferred income and amounts to € 89 thousand.

32. Potential liabilities

The Company does not have further litigation on 30 June 2018 with respect to those already mentioned in these notes.

33. 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 minimize potential negative effects on financial results.

The Group’s exposure to financial risks, also considering the change in the scope of consolidation, has not undergone significant changes compared to 31 December 2017.

34. Commitments

Fixed asset purchases

The Group has no significant commitments for the purchase of fixed assets except for the ongoing investments for the new parent company's R & D center and the implementation of the new ERP system in some Group companies (for further details please refer to the note 5).

Purchases of additional shares of equity

Please note that with respect to shares held directly or indirectly by the Parent Company Emak S.p.A. the following contractual agreements are in force:

- a Put and Call option for the remaining 10% of the share capital is contained in the contract for the acquisition of the subsidiary Valley Industries LLP, in favor of the trust Savage Investments, to be exercised without deadline;
- the subsidiary, Comet S.p.A., as part of the contract for the acquisition of the Maxican company, S.I.Agro Mexico, has entered into a supplementary agreement that provides for a call option in favor of Comet for the acquisition of the remaining 15% of the share capital, to be exercised in 2019;
- in the contract to acquire the subsidiary Lemasa LTDA, owned by Comet do Brasil with a share of 70%, there is an agreement of "Put and Call Option" that regulates the purchase of the remaining 30% to be exercised between April 1 2020 and April 1, 2021;
- the subsidiary Comet S.p.A. has in place an agreement providing for a put and call option to purchase the remaining 10% of PTC S.r.l.(for more details see note 5);
- as part of the contract for the acquisition of the Lavorwash Group a “Put and Call Option” was defined for the acquisition of the 14.67%, to be exercised in 2020;
- as part of the contract for the acquisition of the company Cifarelli S.p.A a “Put and Call Option” was defined for the acquisition of the 70%, to be exercised in 2020.

35. Related party transactions

The transactions entered into with related parties by the Emak Group in the first half of 2018 mainly relate to two different types of usual nature relations, within the ordinary course of business, adjusted to market conditions and with the parent Yama S.p.A. and certain subsidiary companies.

It is in first place for the exchange of goods and provision of services of industrial and real estate activities. Among the companies under the direct control of Yama, some have provided during the first half 2018 to the Emak Group components, materials of production, as well as the leasing of industrial surfaces. On the other hand, certain companies of Yama Group bought from Emak Group products for the completion of their respective range of commercial offer. The conduct of these operations is responding to a compelling logic and industrial and commercial purposes.

Secondly, financial and usual correlations arise from the participation of Emak S.p.A. and of the subsidiaries Comet S.p.A., Tecomec S.r.l. and Sabart S.r.l. to the tax consolidation under Articles. 117 et seq., Tax Code, which involves Yama, as consolidating company. The criteria and procedures for the settlement of such transactions are established and formalized in agreements of consolidation, based on the principle of equal treatment between participants.

A further area of relationships with "other related parties" is derived from the performance of professional services for legal and fiscal nature, provided by entities subject to significant influence of certain directors.

The nature and extent of the usual and commercial operations described above is shown in the following two tables.

Sale of goods and services, trade and other receivables and financial asset:

Related parties (€/000)	Revenues from sales	Trade receivables	Other receivables for tax consolidation	Total trade and other receivables	Current financial assets	Non current financial assets
SG Agro D.o.o.	111	56		**56**		
Euro Reflex D.o.o.	456	468		**468**		
Garmec S.p.A.	77	70		**70**		
Selettra S.r.l.	1			**-**		
Yama S.p.A.		2	932	**934**	486	260
Cifarelli S.p.A.	44	23		**23**		
Total	**689**	**619**	**932**	**1,551**	**486**	**260**

Purchase of goods and services, trade and other payables:

Related parties (€/000)	Purchase of raw materials and finished products	Other costs	Trade payables	Other payables for tax consolidation	Total trade and other payables
SG Agro D.o.o.	11				**-**
Euro Reflex D.o.o.	626	3	255		**255**
Garmec S.p.A.	32	10	2		**2**
Mac Sardegna S.r.l.	33				**-**
Selettra S.r.l.	150	3	129		**129**
Yama Immobiliare S.r.l.		532			**-**
Yama S.p.A.		378		2,935	**2,935**
Cifarelli S.p.A.	986	1	384		**384**
Other related parties		381	161		**161**
Total	**1,838**	**1,308**	**931**	**2,935**	**3,866**

The amount of outstanding balances with related parties relating to the fiscal consolidation are exposed to notes 23 and 26.

As regards relations with the parent company's corporate bodies, the accrued payments at 30 June 2018 are as follows:
- Board of Directors for € 364 thousand (included in Personnel costs);
- Statutory Auditors for € 36 thousand (included in Cost of services).

36.Subsequent events

For the description of subsequent events please refer to the paragraph 9 of the Directors' report.

Declaration on the half year report in accordance whit Article 154-bis, paragraph 5 of Legislative Decree no. 58/1998 (Testo Unico della Finanza)

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

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

of administrative and accounting procedures for the preparation of the half year financial statements for the financial period 1 January 2018 - 30 June 2018.

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

2. It is hereby declared, moreover, that:

2.1 The abbreviated half-year accounts:

a) have been drawn up in compliance with applicable international accounting principles recognized 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.

2.2 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: 9 August 2018

President and Chief Executive Officer

Fausto Bellamico

The executive in charge of preparing the accounting statements

Aimone Burani

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Emak S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Emak S.p.A. and subsidiaries (the "Emak Group"), which comprise the statement of financial position as of June 30, 2018 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Emak Group as at June 30, 2018 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Farioli
Partner

Parma, Italy
August 9, 2018

This report has been translated into the English language solely for the convenience of international readers.