our power, your passion

HALF YEAR REPORT AT 30 JUNE 2019

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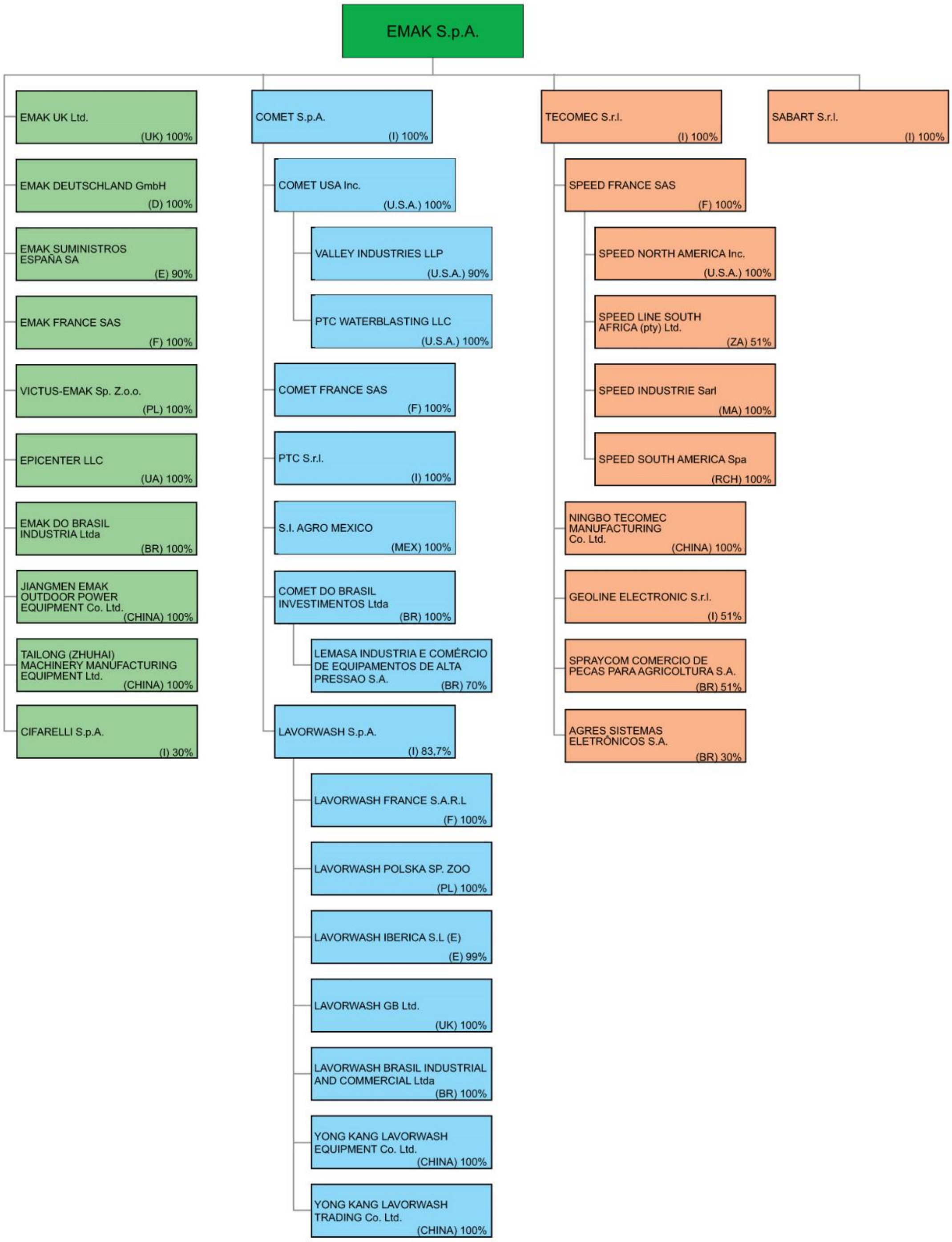
Organizational chart of Emak Group as at 30 June 2019

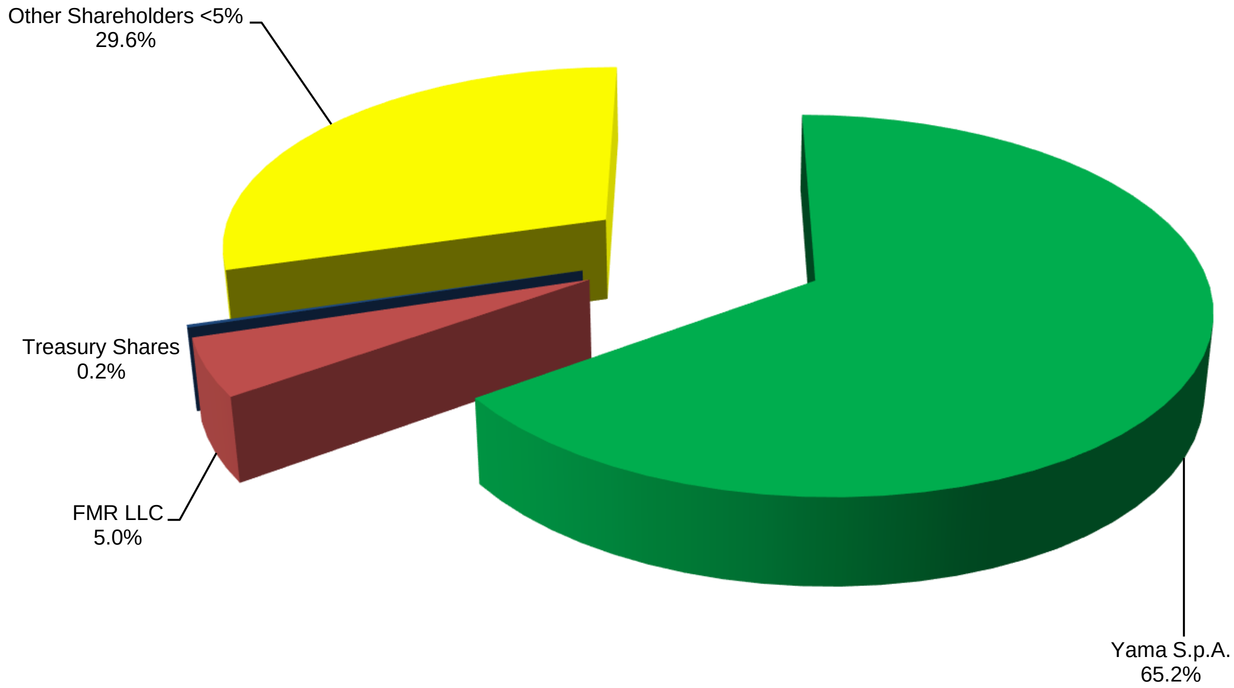


1. Valley Industries LLP is consolidated at 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the 10% remaining.
2. Lemasa is consolidated at 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the 30% remaining.
3. Comet do Brasil Investimentos Ltda is owned for 99.63% by Comet S.p.A. and for 0.37% by P.T.C. S.r.l.
4. Lavorwash S.p.A. is consolidated at 98.40% as a result of the "Put and Call Option Agreement" that governs the purchase of the 14.67% remaining.
5. Emak do Brasil is owned for 99.98% by Emak S.p.A. and 0.02% by Comet do Brasil.
6. Lavorwash Brasil Ind. Ltda is owned for 99.99% by Lavorwash S.p.A. and 0.01% by Comet do Brasil.
7. S.I.Agro Mexico is owned for 97% by Comet S.p.A. and 3% by P.T.C. S.r.l.

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 2019.



Corporate Bodies of Emak S.p.A.

The Ordinary General Meeting of the Shareholders of the Parent Company, Emak S.p.A. on 30 April 2019 appointed the Board of Directors and the Board of Statutory Auditors for the financial years 2019-2021.

Board of Directors	
Chairman and Chief Executive Officer	Fausto Bellamico
Deputy Chairman and Executive Director	Aimone Burani
Executive Director	Luigi Bartoli
Lead Independent Director	Massimo Livatino
Independent Directors	Alessandra Lanza
	Elena Iotti
Directors	Francesca Baldi
	Ariello Bartoli
	Paola Becchi
	Giuliano Ferrari
	Vilmo Spaggiari
	Guerrino Zambelli
	Marzia Salsapariglia
Audit Committee, Remuneration Committee, Related Party Transactions Committee, Nomination Committee	
Chairman	Massimo Livatino
Components	Alessandra Lanza
	Elena Iotti
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	Stefano Montanari
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 14 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., 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 in 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 3.5 and 4.5 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 segment the Group operates partly through its own brands, Tecomec, Geoline, Mecline, Sabart, and partly distributing products for third party brands. The main customers of the Group are producers in the Outdoor Power Equipment segment, 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 segment 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 segment 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.

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.

Intermediate Directors Report at 30 June 2019

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.

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.

As part of this process, different types of risk are classified on the basis of the assessment of their impact on the achievement of the strategic objectives, that is to say, on the basis of 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 management of 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 unfavourable 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
In 2018 the United States government introduced a number of legislative measures to impose a series of customs tariffs on the importation of steel and aluminium originating from Europe and on a number of categories of "made in China" finished products. The impacts of these measures on economic trend may also influence the Group's performance.

Risks associated with the *Brexit*
The Group's turnover in the United Kingdom market represents less than 2% of consolidated revenues. It is therefore not considered that there can be significant and direct impacts on the Group's performance.
Instead, future policies associated with the *Brexit* may influence the performance of European economy, affecting market demand.

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.

First application of IFRS 16 accounting standard.

Starting January 1, 2019 the Emak Group adopted the newly accounting standard **IFRS 16 – Leases**.
The new standard replaced 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.

For details on impacts deriving from IFRS 16 reference should be made to paragraph 2.5 of the explanatory notes.

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1. Main economic and financial figures for Emak Group

Income statement (€/000)

Y 2018		2 Q 2019	2 Q 2018	I H 2019	I H 2019 NO IFRS 16	I H 2018
452,825	Revenues from sales	120,684	135,294	243,041	243,041	266,460
50,763	EBITDA before non ordinary expenses (*)	16,647	20,231	31,074	28,121	38,299
49,449	EBITDA (*)	16,602	19,436	30,748	27,795	36,710
33,976	EBIT	8,861	15,788	17,887	17,598	29,464
25,647	Net profit	4,380	10,891	10,468		22,071

Investment and free cash flow (€/000)

Y 2018		2 Q 2019	2 Q 2018	I H 2019	I H 2018
14,699	Investment in property, plant and equipment	3,254	3,095	6,986	5,792
3,495	Investment in intangible assets	1,117	505	2,359	1,165
41,120	Free cash flow from operations (*)	12,121	14,539	23,329	29,317

Statement of financial position (€/000)

31.12.2018		30.06.2019	I H 2019 NO IFRS 16	30.06.2018
323,247	Net capital employed (*)	378,013	345,686	328,024
(117,427)	Net debt	(169,078)	(136,311)	(125,266)
205,820	Total equity	208,935	209,375	202,758

Other statistics

Y 2018		2 Q 2019	2 Q 2018	I H 2019	I H 2019 NO IFRS 16	I H 2018
10.9%	EBITDA / Revenues from sales (%)	13.8%	14.4%	12.7%		13.8%
7.5%	EBIT/ Revenues from sales (%)	7.3%	11.7%	7.4%		11.1%
5.7%	Net profit / Revenues from sales (%)	3.6%	8.0%	4.3%		8.3%
10.5%	EBIT / Net capital employed (%)			4.7%	5.1%	9.0%
0.57	Debt / Equity			0.81	0.65	0.62
1,999	Number of employees at period end			2,033		1,973

Share information and prices

31.12.2018		30.06.2019	30.06.2018
0.155	Earnings per share (€)	0.064	0.134
1.25	Equity per share (€) (*)	1.27	1.23
1.25	Official price (€)	0.98	1.22
1.64	Maximum share price in period (€)	1.42	1.64
1.16	Minimum share price in period (€)	0.98	1.20
205	Stockmarket capitalization (€ / million)	161	200
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
0.251	Cash flow per share: net profit + amortization/depreciation (€) (*)	0.143	0.179
0.045	Dividend per share (€)	-	-

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

2. Scope of consolidation

Compared to 31 December 2018 there are no changes in the scope of consolidation.

The consolidated financial statements at 30 June 2018 included only the economic results of the company Raico Srl, sold on March 30, 2018.
Compared to 30 June 2018 entered into the scope of consolidation the company Spraycom S.A. of which the subsidiary Tecomec S.r.l. acquired 51% on 20 July 2018.

Furthermore, it should be noted the change in the percentage of shares held in S.I.Agro Mexico, from 85% to 100%.

3. Economic and financial results of Emak Group

Comments on economic figures

Revenues from sales

In the first semester 2019, Emak Group achieved a consolidated turnover of € 243,041 thousand, compared to € 266,460 thousand of the same period last year, a decrease of 8.8%. This change is due to the exit from the scope of consolidation of the company Raico S.r.l. for 1.2%, to the positive effect of the exchange rate for 0.6% and to a volume effect, whose causes are illustrated in detail in this report in the subsequent analysis by operating segment, for 8.2%.

EBITDA

In the first semester 2019, Ebitda reached € 30,748 thousand (an incidence of 12.7% on sales) compared to € 36,710 thousand in the same period last year (an incidence of 13.8% on sales).

During the semester 2019, non-ordinary expenses were recorded for € 409 thousand and non-ordinary revenues for € 83 thousand, while in the same period last year non-ordinary expenses were recorded for € 1,958 thousand (mainly related to corporate reorganization activities) and non-ordinary revenues for € 369 thousand.

Ebitda before non-ordinary expenses and revenues is equal to € 31,074 thousand (an incidence of 12.8% on revenues), compared to € 38,299 thousand of the same period last year (an incidence of 14.4% on revenues).

The result was negatively affected by the decrease in sales volumes and by the increase in the cost of raw materials, against a general, but more contained, decrease in structural costs.

Personnel costs are decreasing compared to the same period last year due to the lower use of temporary staff, also related to lower production volumes, and to the benefits (net of related costs) associated with the corporate reorganization actions completed during 2018. The number of resources employed on average by the Group was 2,144, compared to 2,176 in the first semester of 2018.

It should be noted that the application of the new IFRS 16 standard influenced the Ebitda of the semester 2019 for € 2,953 thousand, with a positive impact on operating costs.

Operating result

Operating result for the first semester 2019 is € 17,887 thousand with an incidence of 7.4% on revenues, compared to € 29,464 thousand (11.1% of sales) for the same period last year.

Depreciation and amortization are € 12,861 thousand, compared to € 7,246 thousand on 30 June 2018.

The result for the first semester 2019 includes € 2,074 thousand as a loss due to the reduction in the value of the goodwill recorded, following the merger by incorporation of the Bertolini company into the parent company Emak S.p.A.
It should be noted that the application of the new IFRS 16 standard has increased amortization for € 2,664 thousand.

Non-annualized operating result as a percentage of net invested capital is 4.7% (5.1% excluding IFRS 16 effects), compared to 9% of the same period of the previous year.

Net result

The net profit for the first semester 2019 is € 10,468 thousand, against € 22,071 thousand for the same period last year.

In the first semester 2018, the result of financial management benefited from a capital gain of € 2,472 thousand.

The increase in the item “Financial expenses” is due to the higher charges deriving from the application of the new standard IFRS 16.

Currency management in the first semester 2019 is positive for € 659 thousand, compared to a negative balance of € 717 thousand for the same period of the last year. The result is related to the cash flows of the currencies in which the Group operates, mainly the US Dollar, the Brazilian Real and the Chinese Renminbi.

The actual tax rate is equal to 32.9% compared to 25.5% in the same period of last year.
The highest tax incidence in the semester, compared to the first half of the previous year, is mainly attributable to the accounting of the reduction in the value of goodwill, which is fiscally not relevant (with a negative effect on tax rate of 3.7%).
The tax rate of the same period last year was influenced by the accounting for a capital gain, which had no fiscal impact (with a positive effect on tax rate of 2.3%).

Comment to consolidated statement of financial position

31.12.2018	**€/000**	**30.06.2019**	**30.06.2019 NO IFRS 16**	**30.06.2018**
154,926	Net non-current assets (*)	189,767	157,439	150,213
168,321	Net working capital (*)	188,246	188,247	177,811
323,247	**Total net capital employed (*)**	**378,013**	**345,686**	**328,024**
203,744	Equity attributable to the Group	206,963	207,399	200,749
2,076	Equity attributable to non controlling interests	1,972	1,976	2,009
(117,427)	Net debt	(169,078)	(136,311)	(125,266)
(*)	See section "Definitions of alternative performance indicators"			

In the column as at 30.06.2019, in order to provide a homogeneous information, figures net of the application of IFRS 16 have been estimated.

Net non-current assets

Net non-current assets at 30 June 2019 include an amount of € 32,327 thousand following the recording of rights of use for future use of rental or hire assets, which emerge from the application of IFRS 16.

During first semester 2019 Emak Group invested € 9,345 thousand in property, plant and equipment and intangible assets, as follows:

- € 2,387 thousand for product innovation;
- € 2,472 thousand for adjustment of production capacity and for process innovation;
- € 2,018 thousand for upgrading the computer network system and ongoing activities for implementation of the new ERP management system;
- € 1,892 thousand for ongoing works for construction of the new parent company's R&D center and modernization of industrial buildings;
- € 576 thousand for other investments in operating activities.

Investments broken down by geographical area are as follows:

- € 6,570 thousand in Italy;
- € 859 thousand in Europe;
- € 755 thousand in the Americas;
- € 1,161 thousand in Asia, Africa and Oceania.

Net working capital

Net working capital at 30 June 2019 amounted to € 188,246 thousand, compared to € 168,321 thousand at 31 December 2018 and € 177,811 thousand at 30 June 2018.

The following table shows the change in net working capital in the first half 2019 compared with the previous year:

€/000	1H 2019	1H 2018
Net working capital at 01 January	**168,321**	**161,837**
Impact first application of Ifrs 16 to 1 January	(235)	-
Increase/(decrease) in inventories	3,110	(3,928)
Increase/(decrease) in trade receivables	19,706	33,865
(Increase)/decrease in trade payables	1,066	(1,403)
Change in scope of consolidation	-	(4,497)
Other changes	(3,722)	(8,063)
Net working capital at 30 June	**188,246**	**177,811**

The increase in net working capital, compared to the same period last year, is linked to the slowdown in sales during the first semester, in addition to the usual correlation with the seasonality of sales.

Net financial position

Net negative financial position amounts to € 169,078 thousand at 30 June 2019, compared to the € 125,266 thousand at 30 June 2018 and € 117,427 thousand at 31 December 2018.

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

€/000	**1H 2019**	**1H 2018**
Opening NFP	**(117,427)**	**(125,294)**
Effect first application IFRS 16	**(27,959)**	
Ebitda	30,748	36,710
Financial income and expenses	(2,895)	(1,740)
Income from/(expenses on) equity investment	(53)	139
Exchange gains and losses	659	(717)
Income taxes	(5,130)	(7,547)
Cash flow from operations, excluding changes in operating assets and liabilities	**23,329**	**26,845**
Changes in operating assets and liabilities	(20,055)	(21,487)
Cash flow from operations	**3,274**	**5,358**
Changes in investments and disinvestments	**(11,413)**	**(6,911)**
Changes right of use IFRS 16	**(6,987)**	**-**
Other equity changes	**(7,855)**	**(6,307)**
Changes from exchange rates and translation reserve	**(711)**	**1,494**
Change in scope of consolidation	**-**	**6,394**
Closing NFP	**(169,078)**	**(125,266)**

Cash flow from operations net of taxes amounted to € 23,329 thousand in the semester 2019, decreasing compared to € 26,845 thousand (net of the capital gain, included in the item “change in scope of consolidation”) for the same period in 2018.
Cash flow from operations was positive for € 3,274 thousand compared to € 5,358 thousand in the same period of the previous financial year.

The increase in the value of the investment activity is due to the greater investments made in the period and to the financial investment of € 2,760 thousand for the acquisition of 30% of the Brazilian company Agres.

The net financial position is made up as follows:

(€/000)		30.06.2019	30.06.2019 NO IFRS 16	31.12.2018	30.06.2018
A.	Cash and cash equivalents	38,194	38,194	62,602	68,078
D.	**Liquidity funds (A+B+C)**	**38,194**	**38,194**	**62,602**	**68,078**
E.	**Current financial receivables**	**1,245**	**1,245**	**837**	**2,185**
F.	Current payables to bank	(20,489)	(20,489)	(18,086)	(27,016)
G.	Current portion of non current indebtedness	(49,832)	(49,832)	(46,152)	(44,609)
H.	Other current financial debts	(23,952)	(18,942)	(5,764)	(5,893)
I.	**Current financial indebtedness (F+G+H)**	**(94,273)**	**(89,263)**	**(70,002)**	**(77,518)**
J.	**Current financial indebtedness, net (I+E+D)**	**(54,834)**	**(49,824)**	**(6,563)**	**(7,255)**
K.	Non-current payables to banks	(88,232)	(88,232)	(99,817)	(104,573)
M.	Other non-current financial debts	(28,285)	(528)	(13,511)	(14,976)
N.	**Non-current financial indebtedness (K+L+M)**	**(116,517)**	**(88,760)**	**(113,328)**	**(119,549)**
O.	**Net indebtedness (J+N)**	**(171,351)**	**(138,584)**	**(119,891)**	**(126,804)**
P.	Non current financial receivables	2,273	2,273	2,464	1,538
Q.	**Net financial position (O+P)**	**(169,078)**	**(136,311)**	**(117,427)**	**(125,266)**

Net financial position at 30 June 2019 includes actualized financial liabilities related to the payment of future rental and rent payments, in application of IFRS 16 standard, equal to € 32,767 thousand, of which € 5,010 thousand falling due within 12 months.

Current financial indebtedness mainly consist of:
- account payables and self-liquidating accounts;
- loan repayments falling due by 30 June 2020;
- amounts due to other providers of finance falling due by 30 June 2020;
- debt for equity investments in the amount of € 17,157 thousand.

Actualized financial liabilities (short term) for the purchase of the remaining minority shares and for the regulation of acquisition operations with deferred price subject to contractual constraints, in the amount of € 17,157 thousand related to the following companies:
- Lemasa for € 5,903 thousand;
- Lavorwash for € 9,510 thousand;
- Valley LLP for € 1,744 thousand.

Equity

Total equity is equal to € 208,935 thousand at 30 June 2019 against € 205,820 thousand at 31 December 2018.

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	30.06.2019	30.06.2018	30.06.2019	30.06.2018	30.06.2019	30.06.2018	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Sales to third parties	85,088	101,943	100,360	102,870	57,593	61,647			**243,041**	**266,460**
Intersegment sales	988	1,236	1,202	988	4,176	4,846	(6,366)	(7,070)		
Revenues from sales	86,076	103,179	101,562	103,858	61,769	66,493	(6,366)	(7,070)	**243,041**	**266,460**
Ebitda	7,148	10,250	16,036	17,429	9,386	10,500	(1,822)	(1,469)	**30,748**	**36,710**
Ebitda/Total Revenues %	*8.3%*	*9.9%*	*15.8%*	*16.8%*	*15.2%*	*15.8%*			***12.7%***	***13.8%***
Ebitda before non ordinary expenses	7,198	11,762	15,953	17,393	9,745	10,613	(1,822)	(1,469)	**31,074**	**38,299**
Ebitda before non ordinary expenses/Total Revenues %	*8.4%*	*11.4%*	*15.7%*	*16.7%*	*15.8%*	*16.0%*			***12.8%***	***14.4%***
Operating result	1,460	7,215	12,024	15,033	6,225	8,685	(1,822)	(1,469)	**17,887**	**29,464**
Operating result/Total Revenues %	*1.7%*	*7.0%*	*11.8%*	*14.5%*	*10.1%*	*13.1%*			***7.4%***	***11.1%***
Net financial expenses (1)									**(2,289)**	**154**
Profit befor taxes									**15,598**	**29,618**
Income taxes									**(5,130)**	**(7,547)**
Net profit									**10,468**	**22,071**
Net profit/Total Revenues%									***4.3%***	***8.3%***

(1) Net financial expenses includes the amount of Financial income and expenses, Exchange gains and losses and the amount of the Income from equity investment

STATEMENT OF FINANCIAL POSITION	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Net debt	39,439	24,025	105,513	86,597	24,400	7,094	(274)	(289)	**169,078**	**117,427**
Shareholders' Equity	175,118	176,750	62,886	56,259	48,614	48,899	(77,683)	(76,088)	**208,935**	**205,820**
Total Shareholders' Equity and Net debt	214,557	200,775	168,399	142,856	73,014	55,993	(77,957)	(76,377)	**378,013**	**323,247**
Net non-current assets (2)	137,262	134,048	97,206	77,937	30,744	18,557	(75,445)	(75,616)	**189,767**	**154,926**
Net working capital	77,295	66,727	71,193	64,919	42,270	37,436	(2,512)	(761)	**188,246**	**168,321**
Total net capital employed	214,557	200,775	168,399	142,856	73,014	55,993	(77,957)	(76,377)	**378,013**	**323,247**

(2) The net non-current assets of the Outdoor Power Equipment area includes the amount of Equity investments for 76.074 thousand Euro

OTHER STATISTICS	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Number of employees at period end	758	764	746	736	522	490	7	9	**2,033**	**1,999**

OTHER INFORMATIONS	30.06.2019	30.06.2018	30.06.2019	30.06.2018	30.06.2019	30.06.2018	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Amortization, depreciation and impairment losses	5,688	3,035	4,012	2,396	3,161	1,815			**12,861**	**7,246**
Investment in property, plant and equipment and in intangible assets	4,408	2,719	2,400	1,969	2,537	2,269			**9,345**	**6,957**

Comments on interim results by operating segment

The table below shows the breakdown of "Sales to third parties" in the first six months of 2019 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			CONSOLIDATED		
	1H 2019	**1H 2018**	**Var. %**	**1H 2019**	**1H 2018**	**Var. %**	**1H 2019**	**1H 2018**	**Var. %**	**1H 2019**	**1H 2018**	**Var. %**
Europe	73,944	84,809	(12.8)	53,905	56,981	(5.4)	35,569	40,631	(12.5)	163,418	182,421	(10.4)
Americas	3,430	3,706	(7.4)	34,098	33,823	0.8	14,525	13,070	11.1	52,053	50,599	2.9
Asia, Africa and Oceania	7,714	13,428	(42.6)	12,357	12,066	2.4	7,499	7,946	(5.6)	27,570	33,440	(17.6)
Total	**85,088**	**101,943**	**(16.5)**	**100,360**	**102,870**	**(2.4)**	**57,593**	**61,647**	**(6.6)**	**243,041**	**266,460**	**(8.8)**

Outdoor Power Equipment

After a weak first quarter due to high stocks in the network, sales on the European market were affected by the delayed start of the gardening season. In the Americas, sales growth on the North American market did not offset the decline in some Latin American markets.
The delay in sales in the Asia, Africa and Oceania areas is mainly due to the slowdown in the Turkish market. It should be mentioned the good performance on the Chinese market.

Ebitda for the period was affected by the decline in sales volumes, only partly offset by the containment of structural and operating costs, even net of non-recurring expenses (€ 50 thousand in first semester 2019 and € 1,512 thousand in the same period of 2018).

The application of the IFRS 16 accounting principle had a positive effect on Ebitda of € 369 thousand.

It should be noted that net of the effects resulting from the application of the new accounting standard IFRS 16, the "Net Financial Position" would have amounted to € 35,454 thousand (instead of € 39,439 thousand) and "Non-current assets" would amount to € 133,311 thousand (instead of € 137,262 thousand).

Pumps and High Pressure Water Jetting

Segment sales decreased by 2.4%. On the European markets the negative trend already recorded in the first quarter continued due to the overall slowdown in the reference market. The Americas area was substantially stable, with a slight recovery in the second quarter on all the main markets. Sales in the Asia, Africa and Oceania area increased in the half-year compared to the same period, despite the slight decline in the second quarter.

The Ebitda of the segment decreased compared to the same period mainly due to the increase in raw material costs, the higher costs incurred to implement marketing activities and to strengthen the structure supporting the Group's growth projects. The application of the IFRS 16 accounting principle had a positive effect on Ebitda of € 1,409 thousand. The result of the period includes non-ordinary revenues for € 83 thousand.

It should be noted that net of the effects resulting from the application of the new accounting standard IFRS 16, the "Net Financial Position" would have amounted to € 86,185 thousand (instead of € 105,513 thousand) and "Non-current assets" would amount to € 78,181 thousand (instead of € 97,206).

Components and Accessories

Segment sales, excluding the contribution of Raico S.r.l. in first quarter 2018 (€ 3.111 thousand concentrated in Europe), decreased by 1.6%.

Sales on the European market, on equal scope of consolidation, decreased by 5.2% with a performance in line on the Italian market and down on the other continental markets. The growth in the Americas area is attributable to the recovery of sales on the North American market during the second quarter, thanks to the further development of the collaboration with the large retail chains and OEM customers, and to the good performance of Latin America , in particular of the Brazilian subsidiary. The Asia, Africa and Oceania area had a significant recovery in the second quarter after the decline at the beginning of the year, mainly due to lower sales of gardening and cleaning products.

Ebitda of the segment was affected by lower sales volumes, the increase in the costs of raw materials and an unfavorable product mix. The exit from the scope of consolidation of Raico S.r.l. had an impact of € 195 thousand. During the period, non-ordinary expenses were recorded for € 359 thousand. The application of the IFRS 16 accounting principle had a positive effect on Ebitda of € 1,175 thousand.

It should be noted that net of the effects resulting from the application of the new accounting standard IFRS 16, the "Net Financial Position" would have amounted to € 14,947 thousand (instead of € 24,400 thousand) and "Non-current assets" would amount to € 21,391 thousand (instead of € 30.744 thousand).

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 at the head of a larger group of 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 Italian companies in the Emak Group, including Emak S.p.A., 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.

All of the above dealings, of a normal and recurring nature, falling within the ordinary exercise of industrial activity, constitute the preponderant part of activities carried out in the period by the Emak Group with related parties. All the above transactions are 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 36.

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.

* * * * * * *

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, 2018, the Company held 397,233 treasury shares in portfolio for an equivalent value of € 2,029 thousand.

On April 30, 2019, the Shareholders' Meeting renewed the authorization to purchase and dispose of treasury shares for the purposes laid down by it. During first semester 2019 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 note 34 of the consolidated financial statements.

7. Business outlook

During the first half of the year, demand was penalized by an unfavourable external context characterized by a delayed start of the sell-out of gardening machines and accessories due to weather conditions, the uncertainty caused by geopolitical tensions and the war of duties, as well as from the general decline in consumer confidence following the economic slowdown.
In a still volatile context, the Group pursues its investment plan in support of innovation and management efficiency.
The forecasts for the remaining part of the year, considering the consolidation on the market of new products and the impulse deriving from more aggressive commercial initiatives, allow us to estimate a recovery of a large part of the sales delay accumulated during the first half.

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

On 31 July 2019 the Board of Directors of the subsidiary Tecomec S.r.l. approved the project of total demerger of the company Geoline Electronic Srl, held at 51%, following which Tecomec will enter into possession of the "Control units and electrical valves" branch, while the "Electronic products" branch will remain to the minority shareholder.
The operation is expected to close by 2019 and is justified by strategic-organizational reasons. Once the demerger plan is completed, the Geoline company will proceed with its dissolution without liquidation.

No other relevant events are reported.

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 2019 and shareholders' equity at 30 June 2019 of the Group (Group share), with the corresponding values of the parent company Emak S.p.A.

€/000	Equity at 30.06.2019	Result for the year ending 30.06.2019	Equity at 30.06.2018	Result for the year ending 30.06.2018
Equity and result of Emak S.p.A.	**146,323**	**3,048**	**150,921**	**6,158**
Equity and result of consolidated subsidiaries	303,765	18,553	285,447	22,908
Effect of the elimination of the accounting value of shareholdings	(234,648)	-	(228,226)	-
Elimination of dividends	-	(10,630)	-	(10,117)
Elimination of other intergroup items and profits	(7,251)	(450)	(6,057)	522
Evaluation of equity investment in associated	746	(53)	673	140
Other consolidation adjustments (1)	-	-	-	2,460
Total consolidated amount	**208,935**	**10,468**	**202,758**	**22,071**
Non controlling interest	**(1,972)**	**(70)**	**(2,009)**	**(136)**
Equity and result attributable to the Group	**206,963**	**10,398**	**200,749**	**21,935**

(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, 2019

On behalf of the Board of Directors

The Chairman

Fausto Bellamico

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

Definitions of alternative performance indicators

The chart below shows, in accordance with recommendation ESMA/201/1415 published on October 5, 2015, the criteria used for the construction of key performance indicators that management considers necessary to the monitoring the Group performance.

- EBITDA before non-ordinary expenses: is obtained by deducting at EBITDA the impact of charges and income for litigation, expenses related to M&A transaction, and costs for staff reorganization and restructuring.
- EBITDA: calculated by adding the items "Operating Result" plus "Amortization, depreciation and impairment losses".
- FREE CASH FLOW FROM OPERATIONS: calculated by adding the items "Net profit" plus "Amortization, depreciation and impairment losses".
- 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”.
- NET CAPITAL EMPLOYED: is obtained by adding the "Net working capital" and "Net non-current assets”.

Emak Group
Consolidated financial statements at 30 June 2019

Consolidated financial statements

Consolidated Income Statement

Thousand of Euro

Year 2018	CONSOLIDATED INCOME STATEMENT	Notes	1H 2019	of which to related parties	1H 2018	of which to related parties
452,825	**Revenues from sales**	**9**	**243,041**	**276**	**266,460**	**689**
5,465	Other operating incomes	9	2,036		2,653	
4,621	Change in inventories		2,421		(3,578)	
(243,182)	Raw materials, consumables and goods	10	(131,589)	(1,789)	(138,197)	(1,838)
(83,310)	Personnel expenses	11	(42,506)		(44,165)	
(86,970)	Other operating costs and provisions	12	(42,655)	(1,196)	(46,463)	(1,308)
(15,473)	Amortization, depreciation and impairment losses	13	(12,861)		(7,246)	
33,976	**Operating result**		**17,887**		**29,464**	
5,316	Financial income	14	200		3,254	
(4,784)	Financial expenses	14	(3,095)		(2,522)	
86	Exchange gains and losses	14	659		(717)	
266	Income from/(expeses on) equity investment	14	(53)		139	
34,860	**Profit before taxes**		**15,598**		**29,618**	
(9,213)	Income taxes	15	(5,130)		(7,547)	
25,647	**Net profit (A)**		**10,468**		**22,071**	
(250)	(Profit)/loss attributable to non controlling interests		(70)		(136)	
25,397	**Net profit attributable to the Group**		**10,398**		**21,935**	
0.155	**Basic earnings per share**	**16**	**0.064**		**0.134**	
0.155	**Diluted earnings per share**	**16**	**0.064**		**0.134**	

Year 2018	CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	Notes	1H 2019	1H 2018
25,647	**Net profit (A)**		**10,468**	**22,071**
(1,041)	Profits/(losses) deriving from the conversion of foreign company accounts		823	(511)
45	Actuarial profits/(losses) deriving from defined benefit plans (*)		-	-
(13)	Income taxes on OCI (*)		-	-
(1,009)	**Total other components to be included in the comprehensive income statement (B)**		**823**	**(511)**
24,638	**Total comprehensive income for the period (A)+(B)**		**11,291**	**21,560**
(205)	Comprehensive net profit attributable to non controlling interests		(80)	(106)
24,433	Comprehensive net profit attributable to the Group		11,211	21,454

(*) 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 36.

our power, your passion

Statement of consolidated financial position

Thousand of Euro

31.12.2018	ASSETS	Notes	30.06.2019	of which to related parties	30.06.2018	of which to related parties
	Non-current assets					
75,446	Property, plant and equipment	17	76,166		72,979	
20,195	Intangible assets	18	20,748		19,474	
-	Rights of use	19	32,161		-	
65,773	Goodwill	20	64,104	12,591	65,796	14,700
230	Equity investments in other companies	21	8		230	
4,550	Equity investments in associates	21	7,256		4,423	
8,480	Deferred tax assets	30	8,503		8,032	
2,464	Other financial assets	22	2,273	1,260	1,538	260
65	Other assets	24	261		61	
177,203	**Total non-current assets**		**211,480**	**13,851**	**172,533**	**14,960**
	Current assets					
156,678	Inventories	25	159,788		147,430	
108,328	Trade and other receivables	24	129,690	883	141,680	1,551
6,043	Current tax receivables	30	4,053		3,932	
554	Other financial assets	22	1,094	37	2,025	486
283	Derivative financial instruments	23	151		160	
62,602	Cash and cash equivalents		38,194		68,078	
334,488	**Total current assets**		**332,970**	**920**	**363,305**	**2,037**
511,691	**TOTAL ASSETS**		**544,450**	**14,771**	**535,838**	**16,997**

31.12.2018	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30.06.2019	of which to related parties	30.06.2018	of which to related parties
	Shareholders' Equity					
203,744	Shareholders' Equity of the Group	26	206,963		200,749	
2,076	Non-controlling interests		1,972		2,009	
205,820	**Total shareholders' Equity**		**208,935**		**202,758**	
	Non-current liabilities					
113,328	Loans and borrowings due to banks and others lenders	28	88,760		119,549	
-	Liabilities for leasing	29	27,757		-	
8,355	Deferred tax liabilities	30	8,358		8,692	
8,764	Employee benefits	31	8,310		9,365	
2,173	Provisions for risks and charges	32	2,270		2,191	
520	Other non-current liabilities	33	503		534	
133,140	**Total non-current liabilities**		**135,958**		**140,331**	
	Current liabilities					
95,938	Trade and other payables	27	97,266	4,948	105,601	3,866
4,913	Current tax liabilities	30	6,155		7,547	
69,359	Loans and borrowings due to banks and others lenders	28	88,017		77,118	
-	Liabilities for leasing	29	5,010		-	
643	Derivative financial instruments	23	1,246		400	
1,878	Provisions for risks and charges	32	1,863		2,083	
172,731	**Total current liabilities**		**199,557**	**4,948**	**192,749**	**3,866**
511,691	**TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES**		**544,450**	**4,948**	**535,838**	**3,866**

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of transactions with related parties on the consolidated financial position are shown in the scheme and are further described and discussed in note 36.

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

Statement of changes in consolidated equity for the Emak Group at 31.12.2018 and at 30.06.2019

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 31.12.2017	**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				168	10,135	(16,165)	**(5,724)**	(218)	**(5,942)**
Other changes					(695)	176		771		**252**	(633)	**(381)**
Net profit for the period					(996)	32			25,397	**24,433**	205	**24,638**
Balance at 31.12.2018	**42,519**	**40,529**	**3,197**	**1,138**	**(225)**	**(1,097)**	**31,068**	**61,218**	**25,397**	**203,744**	**2,076**	**205,820**
Effect first application IFRS 16								**(317)**		**(317)**	**(4)**	**(321)**
Opening at 01.01.2019	**42,519**	**40,529**	**3,197**	**1,138**	**(225)**	**(1,097)**	**31,068**	**60,901**	**25,397**	**203,427**	**2,072**	**205,499**
Profit reclassification			292					17,746	(25,397)	**(7,359)**	(151)	**(7,510)**
Other changes and reclassifications					23			(339)		**(316)**	(29)	**(345)**
Net profit for the period					813				10,398	**11,211**	80	**11,291**
Balance at 30.06.2019	**42,519**	**40,529**	**3,489**	**1,138**	**611**	**(1,097)**	**31,068**	**78,308**	**10,398**	**206,963**	**1,972**	**208,935**

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 30.06.2018

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 31.12.2017	**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

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Consolidated Cash Flow Statement

31.12.2018	(€/000)	Notes	30.06.2019	30.06.2018
	Cash flow from operations			
25,647	**Net profit for the period**		**10,468**	**22,071**
15,473	Amortization, depreciation and impairment losses	**13**	12,861	7,246
1,194	Financial expenses from discounting of debts	**14**	423	694
(266)	Income from/(expeses on) equity investment	**14**	53	(139)
(2,472)	Capital (gains)/losses from change in scope of consolidation	**14**	-	(2,472)
(2,074)	Financial (income)/ Expenses from adjustment of estimated liabilities for outstanding commitment associates' shares	**14**	-	(132)
(140)	Capital (gains)/losses on disposal of property, plant and equipment		(169)	(48)
(2,411)	Decreases/(increases) in trade and other receivables		(19,368)	(33,246)
(5,411)	Decreases/(increases) in inventories		(2,445)	3,724
(3,714)	(Decreases)/increases in trade and other payables		2,315	8,789
(905)	Change in employee benefits		(455)	(306)
(628)	(Decreases)/increases in provisions for risks and charges		66	(400)
360	Change in derivative financial instruments		735	239
24,653	**Cash flow from operations**		**4,484**	**6,020**
	Cash flow from investing activities			
(18,157)	Change in property, plant and equipment, intangible assets and right of use		(16,085)	(6,819)
4,342	(Increases) and decreases in financial assets		(2,834)	3,734
140	Proceeds from disposal of property, plant and equipment		169	48
5,484	Change in scope of consolidation		-	5,484
(8,191)	**Cash flow from investing activities**		**(18,750)**	**2,447**
	Cash flow from financing activities			
(349)	Change in equity		(345)	(395)
18,018	Change in short and long-term loans and borrowings		(10,806)	27,827
-	Change in financial liabilities deriving from leases		4,730	-
(5,942)	Dividends paid		(7,510)	(5,912)
11,727	**Cash flow from financing activities**		**(13,931)**	**21,520**
28,189	**Total cash flow from operations, investing and financing activities**		**(28,197)**	**29,987**
149	**Effect of changes from exchange rates and translation reserve**		**(438)**	**784**
28,338	**INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**		**(28,635)**	**30,771**
27,768	**OPENING CASH AND CASH EQUIVALENTS**		**56,106**	**27,768**
56,106	**CLOSING CASH AND CASH EQUIVALENTS**		**27,471**	**58,539**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

31.12.2018	(€/000)	30.06.2019	30.06.2018
	RECONCILIATION OF CASH AND CASH EQUIVALENTS		
27,768	**Opening cash and cash equivalents, detailed as follows:**	**56,106**	**27,768**
40,812	Cash and cash equivalents	62,602	40,812
(13,044)	Overdrafts	(6,496)	(13,044)
56,106	**Closing cash and cash equivalents, detailed as follows:**	**27,471**	**58,539**
62,602	Cash and cash equivalents	38,194	68,078
(6,496)	Overdrafts	(10,723)	(9,539)
	Other information:		
292	Change in related party receivables and service transactions	(52)	(324)
196	Change in related party payables and service transactions	1,325	472
449	Change in related party financial assets	(1,000)	-
-	Change in related party financial loans and borrowings	-	-

Changes in the items recorded in the financial statements following the application of the new IFRS 16 principle are shown in the cash flow statement as gross flows.

In accordance with the CONSOB resolution no. 15519 of July 27 2006, the effects of transactions with related parties on the consolidated cash flow 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 2019 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 2018 and are briefly discussed below.

As indicated in the financial report, from 1 January 2019 the Group applies the accounting standard IFRS 16 – Leases, the effects of which are illustrated in the paragraph 2.5.

2.1 General methods of preparation

The abbreviated consolidated half-year report of the Emak Group at 30 June 2019 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 2018 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, 2019 should be read in conjunction with the annual financial statements at 31 December 2018.
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, 2019 are consistent with those in place for the annual financial statements at December 31, 2018, with the exception of the changes made following the application of the new international accounting standard IFRS 16 (for more details, see in the paragraph 2.5).

In accordance with the requirements established by IFRS, the consolidated half-year report is constituted by the following reports and documents :

- Statement of consolidated financial position: based on the distinction between current and non-current

assets and current and non-current liabilities;
- Income Statement and Comprehensive Income Statement: classification of items of income and expense according to their nature;
- Consolidated Cash flow Statement: based on a presentation of cash flows using the indirect method;
- Consolidated Statement of Changes in Equity;
- Notes to the consolidated financial statements.

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 completely 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 Lavorwash Group, headed by Lavorwash SpA, participated by Comet S.p.A. with a share of 83.73%, is consolidated at 98.40% on the basis of the "Put and Call Option Agreement" which regulates the purchase of the remaining 14.67%.

Compared to 31 December 2018, there are no changes in the scope of consolidation.

The consolidated financial statements at 30 June 2018 included only the economic results of the company Raico Srl, sold on March 30, 2018.
Compared to 30 June 2018 entered into the scope of consolidation the company Spraycom of which the subsidiary Tecomec S.r.l. acquired 51% on 20 July 2018.
Furthermore, it should be noted the change in the percentage of shares held in S.I.Agro Mexico, from 85% to 100%.

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, 2019 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.	Rubiera - RE (I)	55,556	€	100.00	Comet S.p.A.	100.00
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. (1)	Pegognaga - MN (I)	3,186,161	€	98.40	Comet S.p.A.	83.73
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)	23,557,909	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	100.00	Comet S.p.A.	97.00
					PTC S.r.l.	3.00
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
Spraycom comercio de pecas para agricoltura S.A.	Catanduva (BR)	533,410	BRL	51.00	Tecomec S.r.l.	51.00
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 Lavorwash Equipment Co. Ltd	Yongkang City (RPC)	63,016,019	RMB	100.00	Lavorwash S.p.A.	100.00
Yongkang Lavorwash Trading Co. Ltd	Yongkang City (RPC)	3,930,579	RMB	100.00	Lavorwash S.p.A.	100.00

(1) Lavorwash S.p.A. is consolidated at 98.40% as a result of the “Put and Call Option Agreement” which regulates the acquisition of the remaining 14.67%.
(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%.

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.

The **associated company** Agres Sistemas Eletronicos S.A, based in Pinais (Brazil) with a share capital of 1,047,400 Reais, is owned at 30% by the subsidiary Tecomec S.r.l. and consolidated since 1 January 2019 with the equity method. Despite the presence of a Put & Call Agreement for the acquisition of the remaining 55%, 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:

31.12.2018	Amount of foreign for 1 Euro	Average 1H 2019	30.06.2019	Average 1H 2018	30.06.2018
0.89	GB Pounds (UK)	0.87	0.90	0.88	0.89
7.88	Renminbi (Cina)	7.67	7.82	7.71	7.72
1.15	Dollar (Usa)	1.13	1.14	1.21	1.17
4.30	Zloty (Poland)	4.29	4.25	4.22	4.37
16.46	Zar (South Africa)	16.04	16.12	14.89	16.05
31.74	Uah (Ukraine)	30.42	29.77	32.37	30.69
4.44	Real (Brazil)	4.34	4.35	4.14	4.49
10.94	Dirham (Morocco)	10.85	10.9	11.25	11.11
22.49	Mexican Pesos (Mexico)	21.65	21.82	23.09	22.88
794.37	Chilean Pesos (Chile)	763.39	773.85	740.22	757.26

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 2.26 of the explanatory notes to the consolidated financial statements at 31 December 2018.

2.5 Changes in accounting standards and new accounting standards

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE SINCE 1 JANUARY 2019

The Group has applied the following accounting standards, amendments and IFRS interpretations for the first time from 1 January 2019:

- Starting January 1, 2019 the Emak Group adopted the newly accounting standard **IFRS 16 – *Leases.*** The new standard 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.

  During the first application of the standard, the Group will adopt the "modified retrospective (alternative 1)" approach, accounting the cumulative effect in equity at January 1st, 2019, in accordance with IFRS 16. In particular, the Group will account, concerning the leases previously classified as operating:
  - financial liability, equal to the present value of future payments on transition data, discounted for each contract the incremental interest rate applied at the transition date;
  - right of use equal to the net book value it would have had in the case in which the Standard had been applied from the beginning of the contract, but using the discount rate defined at the transition date.

  The amount of the right of use was estimated at € 27,755 thousand against a financial liability of € 27,959 thousand.
  It should be noted that the average weighted incremental borrowing rate applied to financial liabilities recorded since 1 January 2019 was 3% in the first half; this determines an overall discounting effect of € 455 thousand.
  The following table shows the estimated impacts by the adoption of IFRS 16 on the transition date:

Thousand of Euro

ASSETS	31.12.2018 (1)	Impact of IFRS 16	01.01.2019 (2)
Non-current assets			
Property, plant and equipment	75,446		75,446
Intangible assets	20,195		20,195
Right of use		27,755	27,755
Goodwill	65,773		65,773
Equity investments in other companies	230		230
Equity investments in associates	4,550		4,550
Deferred tax assets	8,480	118	8,598
Other financial assets	2,464		2,464
Other assets	65		65
Total non-current assets	**177,203**	**27,873**	**205,076**
Current assets			
Inventories	156,678		156,678
Trade and other receivables	108,328	(244)	108,084
Current tax assets	6,043		6,043
Other financial assets	554		554
Derivative financial instruments	283		283
Cash and cash equivalents	62,602		62,602
Total current assets	**334,488**	**(244)**	**334,244**
TOTAL ASSETS	**511,691**	**27,629**	**539,320**

SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2018 (1)	Impact of IFRS 16	01.01.2019 (2)
Shareholders' Equity			
Shareholders' Equity of the Group	203,744	(317)	203,427
Non-controlling interest	2,076	(4)	2,072
Total Shareholders' Equity	**205,820**	**(321)**	**205,499**
Non-current liabilities			
Loans and borrowings due to banks and other lenders	113,328		113,328
Liabilities for leasing		23,192	23,192
Deferred tax liabilities	8,355		8,355
Employee benefits	8,764		8,764
Provisions for risks and charges	2,173		2,173
Other non-current liabilities	520		520
Total non-current liabilities	**133,140**	**23,192**	**156,332**
Current liabilities			
Trade and other payables	95,938	(9)	95,929
Current tax liabilities	4,913		4,913
Loans and borrowings due to banks and other lenders	69,359		69,359
Liabilities for leasing		4,767	4,767
Derivative financial instruments	643		643
Provisions for risks and charges	1,878		1,878
Total current liabilities	**172,731**	**4,758**	**177,489**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**511,691**	**27,629**	**539,320**

(1) Statement of financial position at 31/12/2018

(2) Opening statement of financial position at 01/01/2019 with application of IFRS 16

In the income statement, the accrued costs to rentals, leases and enjoyment of third-party assets are no longer recorded in the item “Other operating costs and provisions”, the allocation of long-term costs (on a straight-line basis) of the right of use asset is recorded under the item "Amortization, depreciation and impairment losses", while the interest expenses that accrues on financial debts (variable according to the debt) are recorded in the item "Financial expenses”. The tax effects are therefore accounted for in the item "Income taxes".

The following table shows the impacts on the income statement items resulting from the adoption of IFRS 16 at June 30, 2019:

Thousand of Euro

CONSOLIDATED INCOME STATEMENT	1 H 2019 no IFRS 16	Impact of IFRS 16	1 H 2019 IFRS 16
Revenues from sales	243,041		243,041
Other operating incomes	2,036		2,036
Change in inventories	2,421		2,421
Raw materials, consumable and goods	(131,589)		(131,589)
Personnel expenses	(42,506)		(42,506)
Other operating costs and provisions	(45,608)	2,953	(42,655)
Ebitda	**27,795**	**2,953**	**30,748**
Amortization, depreciation and impairment losses	(10,197)	(2,664)	(12,861)
Operating result	**17,598**	**289**	**17,887**
Financial income	200		200
Financial expenses	(2,640)	(455)	(3,095)
Exchange gains and losses	659		659
Income from/(expenses on) equity investment	(53)		(53)
Profit befor taxes	**15,764**	**(166)**	**15,598**

The comparative income statements for the first half of 2018 and for the 2018 financial year have not been changed retrospectively as required from the IFRS 16 first-time simplifications; therefore the comparative income statements are shown in continuity with what is explained in the previous reports. Furthermore, the adoption of IFRS 16 did not result in the recognition of effects in the Group's statement of other comprehensive income.

With reference to the application, the Group used the exemption granted by IFRS paragraph 16: 5 (a) in relation to short-term leases.

Likewise, the Group used the exemption granted to IFRS 16 with regard to lease contracts for which the underlying asset is configured as a low-value asset. The contracts for which the exemption has been applied fall mainly in the following categories:

- Computers, phones and tablets;
- Printers;
- Other electronic devices.

For these contracts, the introduction of IFRS 16 did not involve the recognition of the financial liability of the lease and the related right of use, but the lease instalments are recorded in the income statement on a linear basis for the duration of the respective contracts, in continuity with the accounting practices previously adopted.

The Group used the following practical expedients allowed by IFRS 16:

- Classification of contracts that expire within 12 months from the transition date as a short term lease. For these contracts the lease instalments will be recorded in the income statement on a linear basis;
- Use of information present at the transition date for the determination of the lease term, with particular reference to the exercise of extension options and early closure.

- On 12 October 2017, the IASB published an amendment to **IFRS 9 “Prepayment Features with Negative Compensation**”**.** The amendment clarifies instruments with prepayment features might also respect the Solely Payments of Principal and Interest (“SPPI”) condition when the “reasonable additional compensation” payable in case of prepayment is a “negative compensation” for the lender. Adoption of this amendment did not produce any effect on the Group’s consolidated financial statements.

- On 7 June 2017, the IASB issued **IFRIC 23 – Uncertainty over Income Tax Treatments**. The document addresses the issue of uncertainty over income tax treatments. In more detail, the Interpretation requires an entity to analyse uncertain tax treatments (individually or, as a whole, depending on their characteristics) always assuming that the tax authorities will examine the tax situation in question with full knowledge of all relevant information. If the entity believes it is improbable that the tax authorities will accept the tax treatment followed, the entity shall reflect the effect of the uncertainty on the measurement of its current and deferred income taxes. The interpretation does not contain any new disclosure requirements but highlights that an entity should establish whether there will be a need to provide any disclosures based on management considerations relating to any uncertainty over the accounting treatment of taxation, in accordance with IAS 1.
  The new interpretation has been applied with effect from 1 January 2019. Adoption of the amendment did not have any effects on the Group’s consolidated financial statements.

- On 12 December 2017, the IASB published the document “**Annual Improvements to IFRSs 2015-2017 Cycle**” which contains amendments to several standards as part of the annual improvement process. The main amendments regard:
  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: the amendment clarifies that when an entity gains control of a business that represents a joint operation, it shall remeasure the interest previously held in that business. This process does not apply when joint control is acquired.
  - IAS 12 Income Taxes: the amendment clarifies that all tax effects relating to dividends (including payments on financial instruments classified in equity) should be accounted for on the same basis as the transaction that generated the related profits (statement of profit or loss, OCI or equity).
  - IAS 23 Borrowing costs: the amendment clarifies that loans that remain in place even after the related qualifying asset is ready for use or sale shall become part of the total loans used to calculate borrowing costs.

  Adoption of these amendments did not have any effect on the Group’s consolidated financial statements.

- On 7 February 2018, the IASB published the document “**Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)**”. The document clarifies how an entity should record an amendment (i.e. a curtailment or a settlement) to a defined benefit plan. The amendment requires the entity to update its assumptions and to remeasure the net liability or asset resulting from the plan. The amendment clarifies that, after such an event, an entity shall use the updated assumptions to measure the current service cost and interest for the rest of the period after the event. Adoption of the amendment did not have any effect on the Group’s consolidated financial statements.

- On 12 October 2017, the IASB published the document “**Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)**”. The document provides clarification on the need to apply IFRS 9, including requirements regarding impairment, to long-term interests in associates and joint ventures to which the equity method is not applied. Adoption of this amendment did not have any effect on the Group’s consolidated financial statements.

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

At 30 June 2019, the competent bodies of the European Union had not yet completed the endorsement process necessary for adoption of the amendments and standards described below.

- On May 18th, 2017 IASB issued the new principle **IFRS 17 – Insurance Contracts** that will replace IFRS 4 – Insurance Contracts. The objective of the Standard is to ensure that an entity provides relevant information that faithfully represents rights and obligations from insurance contracts it issues. The IASB developed the Standard to eliminate inconsistencies and weaknesses in existing accounting practices by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The Standard is applicable for annual reporting periods beginning on or after 1 January 2021. Early application is permitted for entities that apply IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers. Directors do not expect a significant effect on separate financial statements by adopting of this principle.

- On 22 October 2018, the IASB published the document "**Definition of a Business (Amendments to IFRS 3)**". The document provides certain clarification on the definition of a business for the purposes of the proper application of IFRS 3. In more detail, the amendment clarifies that while a business normally produces an output, it is not strictly necessary for the identification of a business if there is an integrated set of activities/processes and assets. However, in order to satisfy the definition of a business, an integrated set of activities/processes and assets shall include, at the very least, an input and a substantive process which, together, make a significant contribution towards the ability to create outputs. Accordingly, the IASB has replaced the term "ability to create outputs" with "ability to contribute towards the creation of outputs" in order to clarify that a business may exist even without the presence of all of the inputs and processes necessary to create an output.
  The amendment also introduced a concentration test, which is optional for the entity, for use in determining if a set of activities/processes and assets acquired is not a business. If the test produces a positive result, the set of activities/processes and tests acquired is not a business and the standard does not require any further tests. If the test produces a negative result, the entity shall perform further analysis of the activities/processes and assets acquired in order to identify the presence of a business. For this purpose, the amendment has added numerous illustrative examples to IFRS 3 in order to provide an understanding of the practice application of the new definition of business in specific circumstances. The amendments apply to all business combinations and asset acquisitions after 1 January 2020 but early application is permitted.
  As the amendment will be applied to new acquisition transactions concluded with effect from 1 January 2020, any effects will be reflected in consolidated financial statements for periods ending after that date.

- On 31 October 2018, the IASB published the document "**Definition of Material (Amendments to IAS 1 and IAS 8)**". The document introduced a change to the definition of "material" contained in IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The amendment aims to make the definition of "material" more specific and introduces the concept of "obscured information" alongside the concepts of omitted or erroneous information already present in the two standards amended. The amendment clarifies that information is "obscured" when it is described in such a way as to produce for primary users of financial statements an effect similar to that which would be produced if the information had been omitted or erroneous.
  The amendments introduced by the document are applicable to all operations after 1 January 2020. The Directors are currently assessing the possible effects of introduction of these amendments on the Group's consolidated financial statements.

- On 11 September 2014, the IASB published an amendment to **IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture**. The document was published in order to resolve the current conflict between IAS 28 and IFRS 10. IAS 28 requires that the gain or loss resulting from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for an equity interest in the latter is limited to the extent of the investor's interest in the joint venture or associate. Meanwhile, IFRS 10 requires full profit or loss recognition when a parent loses control of a subsidiary, even if the entity continues to hold a non-controlling interest therein, inclusive of in the case of a sale or contribution of a subsidiary to a joint venture or associate. The amendments require that, in the case of a sale or contribution of an asset or a subsidiary to a joint venture or associate, the extent of the gain or loss to be recognised in the financial statements of the seller or contributor depends on whether the assets or the subsidiary sold or contributed consist of a business, as defined by IFRS 3. If the assets or the subsidiary sold or contributed consist of a business, then the entity should recognise the full profit or loss in line with the previously held equity interest; otherwise, the portion of the gain or loss relating to the equity interest that is still held should be eliminated. For the time being, the IASB has postponed the application of these amendments. The Directors are currently assessing the possible effect of the introduction of these amendments on the Group's consolidated financial statements.

- **IFRS 14– Regulatory Deferral Accounts** (issued on January 30, 2014): the Standard is available only for the first-time adopters of IFRSs who recognized regulatory deferral balances under their previous GAAP. IFRS 14 permits eligible fisrt-time adopters of IFRSs to continue their previous GAAP rate-regulated accounting policies. As the Group is not a first-time adopter, this Standard is not applicable.

3. Capital and financial risk management

The Group's objectives for managing capital are:

a) to safeguard the ability to continue operating as a going concern;
b) to provide an adequate return for shareholders.

Details can be found in the explanatory notes to the consolidated financial statements at 31 December 2018.

The Group is exposed to a variety of financial risks associated with its business activities:

- market risks, with particular reference to exchange and interest rates and market price, since the Group operates at an international level in different currencies and uses financial instruments that generate interest;
- 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.

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

The Group's exposure to financial risks has not undergone significant changes compared to December 31, 2018, although the macroeconomic situation presents greater instability profiles that are monitored.

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 30% of Agres Sistemas Eletrônicos SA

On January 25, 2019 the subsidiary Tecomec S.r.l. has completed the purchase of 30% of the share capital of Agres Sistemas Eletrônicos S.A. ("Agres"), a Brazilian company based in Pinais (Paranà) active in the development and supply, mainly on the local market, of electronic systems (software, hardware and related services) for agricultural machines, in particular spraying and weeding machines and seeders.

The transaction is part of the Group's external growth strategy. With the entry into the capital of Agres the Emak Group will expand its offer of agricultural products, in particular electronic ones, in the Components and Accessories segment, where it already boasts an important position.

In 2018 the company achieved revenues of 21.7 million Reais (approximately € 5 million). The value of the transaction was 11.7 million Reais (approximately € 2.8 million). The agreements governing the transaction also provide for Put & Call Option on a further 55% stake to be exercised in 2023.

The *fair value* of the assets and liabilities subject to partial acquisition determined on the basis of the last approved financial statements of December 31, 2018, the price paid and the financial disbursement are detailed below:

€/000	Book values	Fair Value adjustments	Fair value of acquired assets
Non-current assets			
Property, plant and equipment	944	-	944
Intangible assets	141	-	141
Other financial assets	56	-	56
Current assets			
Inventories	726	-	726
Trade and other receivables	1,594	-	1,594
Current tax assets	96	-	96
Other financial assets	63	-	63
Cash and cash equivalents	135	-	135
Non-current liabilities			
Loans and borrowings due to banks and other lenders	(1,065)	-	(1,065)
Deferred tax liabilities	(390)	-	(390)
Current liabilities			
Trade and other payables	(661)	-	(661)
Current tax liabilities	(126)	-	(126)
Loans and borrowings due to banks and other lenders	(1,238)	-	(1,238)
Total net assets acquired	**275**	**-**	**275**
% interest held			**30%**
Net equity acquired			**83**
Goodwill			**2,678**
Purchase price paid			**2,760**

The difference between the price paid and the corresponding portion of shareholders' equity is provisionally due to goodwill: the company is valued in the consolidated financial statements using the equity method starting from 1 January 2019 and, consequently, this goodwill is reflected in the book value of the equity investment entered in the balance.

Sale of minority share of Netribe S.r.l.
On 2 April 2019, the parent company Emak S.p.A, by mutual agreement with the remaining shareholders, exercised the withdrawal from Netribe s.r.l., a company operating in the I.T. sector, of which Emak held a share of 15.41%. The closing of the transaction took place on 10 May at a liquidation value of € 250 thousand, with deferred settlement. The realized capital gain amounts to € 27 thousand.

Capital increase Emak Deutschland Gmbh
On March 28, 2019, the parent company Emak S.p.A. deliberated and carried on a capital increase in the subsidiary Emak Deutschland, through conversion of a loan, for an amount of € 3,000 thousand.

Subscription Capital increase Emak do Brasil Industria LTDA
On June 19, 2019, the parent company Emak S.p.A. subscribed an increase in the share capital of the subsidiary Emak do Brasil, through conversion of receivables, for a nominal value of approximately 15 million Reais, entered in the balance sheet for € 2,338 thousand.

S.I.Agro Mexico call option exercise
On June 4, 2019, the subsidiary Comet S.p.A. exercised the *call option* for the acquisition of the remaining 15% of the capital of the subsidiary S.I.Agro Mexico, directly acquiring 12% and the remaining 3% through its subsidiary P.T.C. Srl. The price for the acquisition of this portion totals € 529 thousand. Following this, the company S.I. Agro Mexico is now entirely owned by the Group.

New R&D centre of Emak S.p.A.
At June 30, 2019, the portion of the investment already recorded under fixed assets amounted to approximately € 6,500 thousand compared to a total estimated investment of about € 7,400 thousand.

"*ERP Transformation"* project
In May the companies Emak S.p.A. and Tecomec S.r.l. have migrated to the new Microsoft Dynamics 365 ERP. The post "Go live" activities are still ongoing in order to optimize the impact of the new management on process efficiency.
The investment recorded at June 30, 2019 among intangible assets amounted around € 3 million.

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 segment 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, manufactures 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 segment in order to make decisions about resource allocation and performance verification.

The *performance* of the segment 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	**30.06.2019**	**30.06.2018**	**30.06.2019**	**30.06.2018**	**30.06.2019**	**30.06.2018**	**30.06.2019**	**30.06.2018**	**30.06.2019**	**30.06.2018**
Sales to third parties	85,088	101,943	100,360	102,870	57,593	61,647			**243,041**	**266,460**
Intersegment sales	988	1,236	1,202	988	4,176	4,846	(6,366)	(7,070)		
Revenues from sales	86,076	103,179	101,562	103,858	61,769	66,493	(6,366)	(7,070)	**243,041**	**266,460**
Ebitda	7,148	10,250	16,036	17,429	9,386	10,500	(1,822)	(1,469)	**30,748**	**36,710**
Ebitda/Total Revenues %	*8.3%*	*9.9%*	*15.8%*	*16.8%*	*15.2%*	*15.8%*			***12.7%***	***13.8%***
Ebitda before non ordinary expenses	7,198	11,762	15,953	17,393	9,745	10,613	(1,822)	(1,469)	**31,074**	**38,299**
Ebitda before non ordinary expenses/Total Revenues %	*8.4%*	*11.4%*	*15.7%*	*16.7%*	*15.8%*	*16.0%*			***12.8%***	***14.4%***
Operating result	1,460	7,215	12,024	15,033	6,225	8,685	(1,822)	(1,469)	**17,887**	**29,464**
Operating result/Total Revenues %	*1.7%*	*7.0%*	*11.8%*	*14.5%*	*10.1%*	*13.1%*			***7.4%***	***11.1%***
Net financial expenses (1)									**(2,289)**	**154**
Profit befor taxes									**15,598**	**29,618**
Income taxes									**(5,130)**	**(7,547)**
Net profit									**10,468**	**22,071**
Net profit/Total Revenues%									***4.3%***	***8.3%***

(1) Net financial expenses includes the amount of Financial income and expenses, Exchange gains and losses and the amount of the Income from equity investment

STATEMENT OF FINANCIAL POSITION	**30.06.2019**	**31.12.2018**	**30.06.2019**	**31.12.2018**	**30.06.2019**	**31.12.2018**	**30.06.2019**	**31.12.2018**	**30.06.2019**	**31.12.2018**
Net debt	39,439	24,025	105,513	86,597	24,400	7,094	(274)	(289)	**169,078**	**117,427**
Shareholders' Equity	175,118	176,750	62,886	56,259	48,614	48,899	(77,683)	(76,088)	**208,935**	**205,820**
Total Shareholders' Equity and Net debt	214,557	200,775	168,399	142,856	73,014	55,993	(77,957)	(76,377)	**378,013**	**323,247**
Net non-current assets (2)	137,262	134,048	97,206	77,937	30,744	18,557	(75,445)	(75,616)	**189,767**	**154,926**
Net working capital	77,295	66,727	71,193	64,919	42,270	37,436	(2,512)	(761)	**188,246**	**168,321**
Total net capital employed	214,557	200,775	168,399	142,856	73,014	55,993	(77,957)	(76,377)	**378,013**	**323,247**

(2) The net non-current assets of the Outdoor Power Equipment area includes the amount of Equity investments for 76.074 thousand Euro

OTHER STATISTICS	**30.06.2019**	**31.12.2018**	**30.06.2019**	**31.12.2018**	**30.06.2019**	**31.12.2018**	**30.06.2019**	**31.12.2018**	**30.06.2019**	**31.12.2018**
Number of employees at period end	758	764	746	736	522	490	7	9	**2,033**	**1,999**

OTHER INFORMATIONS	**30.06.2019**	**30.06.2018**	**30.06.2019**	**30.06.2018**	**30.06.2019**	**30.06.2018**	**30.06.2019**	**30.06.2018**	**30.06.2019**	**30.06.2018**
Amortization, depreciation and impairment losses	5,688	3,035	4,012	2,396	3,161	1,815			**12,861**	**7,246**
Investment in property, plant and equipment and in intangible assets	4,408	2,719	2,400	1,969	2,537	2,269			**9,345**	**6,957**

For the comments of the economic part, reference should be made to chapter 3 of the Directors' Report.

7. Balances or transactions arising from atypical and unusual operations

No events/operations as per Consob Communication DEM/6064293 of 28 July 2006 have been recorded during the first half of 2019. As indicated in this Communication "atypical and/or unusual operations are considered as operations that, due to their significance/materiality, the nature of the counterparties, the object of the transaction, the means for determining the transfer price and the time of the event (near the close of the period), may give rise to doubts with regards to: the correctness/completeness of the information in the financial statements, conflicts of interest, the protection of company assets, the safeguarding of minority interests.

8. Net financial positions

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):

	(€/000)	30.06.2019	30.06.2019 NO IFRS 16	31.12.2018	30.06.2018
A.	Cash and cash equivalents	38,194	38,194	62,602	68,078
D.	**Liquidity funds (A+B+C)**	**38,194**	**38,194**	**62,602**	**68,078**
E.	**Current financial receivables**	**1,245**	**1,245**	**837**	**2,185**
F.	Current payables to bank	(20,489)	(20,489)	(18,086)	(27,016)
G.	Current portion of non current indebtedness	(49,832)	(49,832)	(46,152)	(44,609)
H.	Other current financial debts	(23,952)	(18,942)	(5,764)	(5,893)
I.	**Current financial indebtedness (F+G+H)**	**(94,273)**	**(89,263)**	**(70,002)**	**(77,518)**
J.	**Current financial indebtedness, net (I+E+D)**	**(54,834)**	**(49,824)**	**(6,563)**	**(7,255)**
K.	Non-current payables to banks	(88,232)	(88,232)	(99,817)	(104,573)
M.	Other non-current financial debts	(28,285)	(528)	(13,511)	(14,976)
N.	**Non-current financial indebtedness (K+L+M)**	**(116,517)**	**(88,760)**	**(113,328)**	**(119,549)**
O.	**Net indebtedness (J+N)**	**(171,351)**	**(138,584)**	**(119,891)**	**(126,804)**
P.	Non current financial receivables	2,273	2,273	2,464	1,538
Q.	**Net financial position (O+P)**	**(169,078)**	**(136,311)**	**(117,427)**	**(125,266)**

Net financial position at June 30, 2019, includes € 17,157 thousand (€ 17,256 thousand at December 31, 2018), referring to current payables for the purchase of the remaining minority shareholding to be valued based on contractual restrictions. These debts refer to the purchase of investments in the following companies:

- Lavorwash Group for an amount of € 9,510 thousand;
- Lemasa for an amount of € 5,903 thousand;
- Valley LLP for an amount of € 1,744 thousand.

Net financial position at June 30, 2019, includes € 32,767 thousand of financial liabilities, of which € 5,010 thousand as a current portion, deriving from the application of IFRS 16- Leases, adopted by the Group from January 1, 2019. At the date of transition the application of this principle has led to the recognition of financial liabilities for € 27,959 thousand, of which € 4,767 thousand for current leases.

Financial receivables mainly include deposits to guarantee potential liabilities, loans to associated companies, Escrow accounts related to equity acquisition contracts and other forms of temporary liquidity investment.

At 30 June 2019, net financial debts includes receivables from the parent company Yama S.p.A. for the guarantees included in the contract in favor 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. These receivables amount of € 297 thousand, of which € 37 thousand are short-term.

9. Revenues from sales and other operating income

Details of revenues from sales are as follows:

€/000	1 H 2019	1 H 2018
Net sales revenues (net of discounts and rebates)	240,978	264,600
Revenues from recharged transport costs	2,556	2,753
Returns	(493)	(893)
Total	**243,041**	**266,460**

The decrease in "Revenues" mainly refers to the general decline in the European markets, in particular the OPE operating sector and to an effect of € 3,111 thousand linked to the exit from the scope of consolidation of the company Raico.

Other operating income is analyzed as follows:

€/000	1 H 2019	1 H 2018
Capital gains on property, plant and equipment	196	55
Grants related to income and assets	325	768
Advertising reimbursement	214	167
Insurance refunds	20	14
Recovery of other funds	317	332
Revenues for rents	323	268
Other operative income	641	1,049
Total	**2,036**	**2,653**

The item “Other operating income” included at 30 June 2018 an amount of € 369 thousand related to the reversal of some debts that can no longer be liquidated, classified as "non-recurring".

10. Raw materials, consumable and goods

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

€/000	1 H 2019	1 H 2018
Raw materials, semi-finished products and goods	129,246	135,031
Other purchases	2,343	3,166
Total	**131,589**	**138,197**

11. Personnel expenses

Details of these costs are as follows:

€/000	1H 2019	1H 2018
Wage and salaries	30,137	30,500
Social security charges	8,814	8,819
Employee termination indemnities	1,273	1,355
Other costs	950	785
Directors' emoluments	534	911
Temporary staff	1,165	1,795
R&D costs capitalized	(367)	-
Total	**42,506**	**44,165**

Costs for the semester of the previous year included reorganization costs for € 1,210 thousand.

During the first half of 2019, personnel costs for € 367 thousand were capitalized under intangible fixed assets, referring to the costs for the development of new products in the context of a multi-year project subject to facilities by the Ministry of Economic Development.

12. Other operating costs and provisions

Details of these costs are as follows:

€/000	1H 2019	1H 2018
Subcontract work	6,462	7,353
Maintenance	2,229	2,093
Trasportation and duties	11,023	10,604
Advertising and promotion	2,128	2,161
Commissions	4,027	4,088
Travel	1,735	1,796
Consulting fees	3,001	3,199
Other services	8,023	8,341
R&D costs capitalized	(88)	-
Services	**38,540**	**39,635**
Rents, rentals and the enjoyment of third party assets	**1,579**	**4,323**
Increases in provisions (note 32)	**272**	**438**
Other operating costs	**2,264**	**2,067**
Total	**42,655**	**46,463**

The values as at 30 June 2019 incorporate for the first time the application of the IFRS - leases accounting principle which led to the recognition of lower costs for rents, rentals and enjoyment of third party assets for an amount of € 2,953 thousand.

The trend in transport and duty costs is affected by the higher charges paid for imports into the US market.

The decrease in consultancy costs is linked to lower costs for M&A transactions compared to those incurred in the first half of 2018, which amounted to € 251 thousand.

13. Amortization, depreciation and impairment losses

Details of these amounts are as follows:

€/000	1H 2019	1H 2018
Amortization of intangible assets (note 18)	1,778	1,577
Depreciaton of property, plant and equipment (note 17)	6,345	5,669
Amortization of rights of use (note 19)	2,664	-
Impairment losses of goodwill (note 20)	2,074	-
Total	**12,861**	**7,246**

The amortization and depreciation at June 30, 2019 amounted to € 12,861 thousand, of which € 2,074 thousand recorded as a impairment loss due to the reduction in the value of goodwill referring to the Bertolini company, originally emerged from the merger by incorporation of the same in the parent company Emak S.p.A. This loss was recognized following the application of the impairment test procedure, details of which can be found in Note 20.

The item Amortization of rights of use includes the amortization of rights of use recognized among non-current assets in application of IFRS 16 - *Leases*, adopted from 1 January 2019. Amortization is calculated based on the duration of the contracts.

14. Financial income and expenses

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

€/000	1H 2019	1H 2018
Capital gain on disposal of investments	27	-
Interest on bank and postal current accounts	51	65
Income from adjustment to fair value and fixing of derived instruments for hedging interest rate risk	-	76
Financial income of debt adjustment estimate for purchase commitment of remaining shares of subsidiaries	-	202
Capital gain from change in scope of consolidation	-	2,472
Other financial income	122	439
Financial income	**200**	**3,254**

The "Capital gain on disposal of investments" refers to the capital gain deriving from the sale of the investment held in the company Netribe S.r.l. (for more details, see note 5).

At June 30, 2018 the item "Capital gains from change in the scope of consolidation" referred to the capital gain deriving from the deconsolidation of the subsidiary Raico S.r.l.

"Financial expenses" are analyzed as follows:

€/000	1H 2019	1H 2018
Interest on medium-term bank loans and borrowings	677	840
Interest on short-term bank loans and borrowings	336	221
Costs from adjustment to fair value and fixing of derived instruments for hedging interest rate risk	702	375
Financial expenses from discounting debts	423	694
Financial charges from leases	455	-
Financial charges from valuing employee terminations indemnities	36	48
Other financial costs	466	344
Financial expenses	**3,095**	**2,522**

The item "Financial expenses from discounting debts" refers to the implicit interest deriving from the debts for the purchase of investments that will be settled in the future.

The item "Financial charges from leases" refers to interest on financial liabilities recorded in accordance with accounting standard IFRS 16 – *Leases.*

The item "Other financial costs" includes € 228 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.

Details of "**exchange gains and losses"** are as follows:

€/000	1H 2019	1H 2018
Profit / (Loss) on exchange differences on trade transactions	238	(627)
Profit / (Loss) on exchange differences on financial transactions	421	(90)
Exchange gains and (losses)	**659**	**(717)**

The item referring to trade transactions also includes the effect of the valuations of currency hedging at *fair value*, positive for € 122 thousand at June 30, 2019.

The item **"Income from/ (expeses on) equity investment"** amounting to a negative value of € 53 thousand refers to the result of the equity valuation of the associated company Cifarelli S.p.A. for € 16 thousand and of the associated company Agres Sistemas Eletrônicos SA for € 37 thousand, the latter acquired in 2019.

15. Income taxes

The estimated tax burden for the first half of 2019 of current, deferred and prepaid taxes amounted to € 5,130 thousand (€ 7,547 thousand in the corresponding period of the previous year) equal to an effective tax rate of 32.9% (25.5% of the same period).
The highest tax rate in the half, compared to the first half of the previous year, is mainly attributable to the recognition of the reduction in the value of goodwill, which is not fiscally significant for € 2,074 thousand (with a negative effect on the tax rate of 3.7%).
The tax rate for the same period of the previous year was influenced by the recognition of a tax-free capital gain (with a positive effect on the 2.3% tax rate).

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 2019	1H 2018
Net profit attributable to ordinary shareholders in the parent company (€/000)	10,398	21,935
Weighted average number of ordinary shares outstanding	163,537,602	163,537,602
Basic earnings per share (€)	**0.064**	**0.134**

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	31.12.2018	Increase	Decrease	Reclassification	Exchange difference	30.06.2019
Land and buildings	53,569	648	-	41	123	54,381
Accumulated depreciation	(18,773)	(735)	-	-	(20)	(19,528)
Land and buildings	**34,796**	**(87)**	**-**	**41**	**103**	**34,853**
Plant and machinery	100,721	1,750	(209)	1,403	255	103,920
Accumulated depreciation	(77,152)	(2,810)	71	-	(138)	(80,029)
Plant and machinery	**23,569**	**(1,060)**	**(138)**	**1,403**	**117**	**23,891**
Other assets	123,881	2,436	(456)	674	115	126,650
Accumulated depreciation	(110,956)	(2,800)	427	(145)	(78)	(113,552)
Other assets	**12,925**	**(364)**	**(29)**	**529**	**37**	**13,098**
Advances and fixed assets in progress	**4,156**	**2,152**	**(26)**	**(1,973)**	**15**	**4,324**
Cost	**282,327**	**6,986**	**(691)**	**145**	**508**	**289,275**
Accumulated depreciation (note 13)	**(206,881)**	**(6,345)**	**498**	**(145)**	**(236)**	**(213,109)**
Net book value	**75,446**	**641**	**(193)**	**-**	**272**	**76,166**

The item “Advances and fixed assets in progress” mainly refers to the costs incurred for the progress of the construction of the new R&D center by the Parent Company, in addition to the cyclical investments incurred by the Group for the renewal of production facilities and equipment.

18. Intangible assets

Intangible assets report the following changes:

€/000	31.12.2018	Increases	Amortizations	Decreases	Reclassification	Exchange difference	Other movements	30.06.2019
Development costs	**1,468**	477	(181)	-	76	-	-	**1,840**
Patents and intellectual property rights	**2,726**	1,066	(608)	-	717	2	(4)	**3,899**
Concessions, licences and trademarks	**5,468**	49	(295)	-	0	14	-	**5,236**
Other intangible assets	**7,884**	77	(694)	-	979	9	-	**8,255**
Advances and fixed assets in progress	**2,649**	690	-	(23)	(1,772)	-	(26)	**1,518**
Net book value (note 13)	**20,195**	**2,359**	**(1,778)**	**(23)**	**0**	**25**	**(30)**	**20,748**

The increase mainly refers to the investments for the implementation of the new management system in some Group companies as part of the “Erp trasfomation” project, as well as to the capitalization of costs for the development of new products as part of a multi-year project of subsidies from the Ministry of Economic Development.

19. Rights of use

The item "Rights of use" was introduced in application of the new accounting standard IFRS 16 - Leases adopted by the Group with the "retrospective modified" approach from 1 January 2019.
In compliance with this principle, with regard to leasing contracts, the Group recognized, during the first application, a right of use equal to the net book value that it would have had in the case in which the Standard had been applied from the start date of the contract using a discount rate defined at the transition date.

The movement of the item "Rights of use" is set out below:

€/000	1.1.2019	Increase	Amortization	Decrem.	Exchange difference	30.06.2019
Rights of use buildings	**27,057**	**5,898**	**(2,413)**	**-**	**81**	**30,623**
Rights of use other assets	**698**	**1,106**	**(251)**	**(17)**	**2**	**1,538**
Net book value (note 13)	**27,755**	**7,004**	**(2,664)**	**(17)**	**83**	**32,161**

20. Goodwill

The goodwill of € 64,104 thousand reported at June 30, 2019 is detailed below:

€/000

Cash Generating Unit (CGU)	*Country*	Description	31.12.2018	Impairment losses (Note 13)	Exchange differences	30.06.2019
Victus	Poland	Goodwill from the acquisition of the business unit Victus IT	5,658	-	69	5,727
Emak	Italy	Goodwill from the merger of Bertolini S.p.A.	2,074	(2,074)	-	-
Tailong	China	Goodwill from the acquisition of Tailong Machinery Ltd.	2,658	-	19	2,677
Tecomec	Italy	Goodwill from the acquisition of Tecomec Group	2,807	-	-	2,807
Speed France	France	Goodwill from the acquisition of Speed France	2,854	-	-	2,854
Comet	Italy	Goodwill from the acquisition of Comet Group and merger of HPP	4,253	-	-	4,253
PTC	Italy	Goodwill from the acquisition of PTC	1,236	-	-	1,236
Valley	USA	Goodwill from the acquisition of Valley LLP and A1	12,727	-	78	12,805
Geoline	Italy	Goodwill from the acquisition of Geoline Electronic S.r.l.	901	-	-	901
S.I.Agro Mexico	Mexico	Goodwill from the acquisition of S.I.Agro Mexico	634	-	-	634
Lemasa	Brazil	Goodwill from the acquisition of Lemasa LTDA	12,281	-	239	12,520
Lavorwash	Italy	Goodwill from the acquisition of Lavorwash Group	17,490	-	-	17,490
Spraycom	Brazil	Goodwill from the acquisition of Spraycom	200	-	-	200
		Total	**65,773**	**(2,074)**	**405**	**64,104**

- Goodwill allocated to the CGU Victus-Emak Sp. Z.o.o., equal to € 5,727 thousand, for € 877 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 € 4,850 thousand relates to the acquisition of the company branch of Victus International Trading SA. Both acquisitions were finalized in 2005.

- The amount of € 2,677 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.

- Goodwills 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, € 4,253 thousand and € 2,854 thousand arise from the Greenfield Operation (for details on the operation, reference should be made to the prospectus published on November 18, 2011); in compliance with the requirements of the reference accounting standards, the acquisition operations carried out between parties subject to common control are not regulated by IFRS 3, but are accounted for taking account of the requirements of IAS 8, that is, the concept of a reliable and faithful representation of the operation, and of the provisions of OPI 1 (preliminary Assirevi guidelines regarding IFRS), relating to the "accounting treatment of business combinations of entities under common control in the separate and consolidated financial statements".
  As more fully specified in the aforementioned accounting standards, the choice of the accounting standard for the operations in question must make reference to the above-described elements, which imply the application of the criterion of the continuity of the values of the net assets transferred. The principle of the continuity of values gives rise to the recognition in the financial statements of the acquiring company of values equal to those that would have been shown if the net assets subject to aggregation had always been aggregated. The net assets must therefore be recognized at the book values shown in the accounts of the acquired companies before the operation or, if available, at the values shown in the consolidated accounts of the common controlling company.
  Specifically, the company has chosen to account for the difference arising from the greater price paid for the acquisition of the stakes of the Tecomec Group and of the Comet Group only at the values already recognized in the consolidated accounts of the controlling company Yama at the time of the respective acquisitions.
  Since the acquisition values of the shareholdings in the Greenfield Operation are greater than the equity values of the acquired companies at 31 December 2011, the excess of € 33,618 thousand has been eliminated by adjusting down equity in the consolidated financial statements.
  The goodwill allocated to the CGU Comet, equal to € 4,253 thousand, includes 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., finalized in 2010.

- The goodwill allocated to the CGU PTC, equal to €1,236 thousand, refers to:

    - € 360 thousand relates to the goodwill of a business unit contributed in 2011 by minority shareholders in PTC S.r.l., a Comet Group company;

    - € 523 thousand relates to the goodwill arose upon the acquisition of the company, Master Fluid S.r.l., acquired in June 2014 by P.T.C. S.r.l. and subsequently merged by incorporation into it. The goodwill derives from the difference between the price of acquisition and its equity on 30 June 2014;

    - € 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 2016.

- The goodwill allocated to the CGU Valley, equal to € 12,805 thousand, includes an amount of € 11,424 thousand for the acquisition of Valley Industries LLP by Comet USA Inc in February 2012 and an amount equal to € 1,381 thousand arising from the acquisition of the company branch A1 Mist Sprayers Resoruces Inc., realized in the first months of 2017.

- The goodwill recorded for € 901 thousand refers to the acquisition of the 51% of the company Geoline Electronic Srl, by Tecomec S.r.l. in January 2014. This goodwill was partially written down by € 1,187 thousand in previous years. It should be noted that, to date, the company is the subject of a strategic reorganization operation, from which the Directors, after appropriate quantitative and qualitative assessments, do not recognize any critical issues regarding the recoverability of the goodwill recorded.

- The goodwill recorded for € 634 thousand refers to the difference arisen in 2014 between the acquisition price paid by Comet Spa for the 55% of the company S.I.Agro Mexico (with which was increased the shareholding from 30% to 85%) and the pro-share equity acquired. During the first half of 2019 the Group took its stake to 100% with the purchase of an additional 15%. The difference between the price paid and the pro-quota shareholders' equity acquired, amounting to € 353 thousand, was entered in equity.

- The amount of € 12,520 thousand refers to the goodwill recorded in relation to the acquisition of the 70% of Lemasa during 2015 financial year, of which 30% regulated by a Put & Call option. The goodwill was calculated as the difference between the estimate of the current price of acquisition of 100% of the company and the fair value of its Net Equity at the date of acquisition. On the basis of the contractual agreements, part of the deferred acquisition price and the value of the Put & Call depend on the economic-financial results of the same CGU. The value of the goodwill was originally recorded using the best estimate of the current value of the deferred price for the exercise and the options, determined on the basis of the originally planned business plan.
  During 2016 financial year, as a result of the impairment test, this goodwill was partially reduced for € 4,811 thousand.

- 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 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. The goodwill was calculated as the difference between the fair value of the net assets and the acquisition price that, for the portion regulated by Put & Call option, will be valued according to the future economic and financial results, with the forecast of a cap value; the value of the goodwill was, therefore, accounted for using the best estimate of the current value of the price for the exercise of the options, determined on the basis of the related business plan.

- The goodwill recorded for € 200 thousand in 2018, refers to the difference between the value of the capital increase subscribed by Tecomec S.r.l. for 51% of the company Spraycom and the pro-share equity acquired.

Following the performance recorded in the first half of the year by the Parent Company Emak, the Directors considered appropriate to modify a multi-year plan, developed over five years, which had previously been used for the *impairment test* on the *goodwill* allocated to this CGU. A new *impairment test* was subsequently performed by applying a WACC of 8.01%, and a long-term growth rate "g" of 2%.

The *test* showed that the future cash flows do not allow recovering the value of the goodwill allocated to the Emak CGU, originally registred for € 2,074 thousand and referred to the acquisition and subsequent merger by incorporation of the company Bertolini S.p.A. in Emak S.p.A. This goodwill was therefore written down by recording an impairment loss of the same amount in the item "Amortization, depreciation and impairment losses" of the Income Statement.

The check of the recoverability of this goodwill is carried out by calculating the recoverable value of the relevant Cash Generating Unit (CGU) Emak, using the “Discounted cash flow” method.
The impairment test was performed by applying the same methodology used at December 31, 2018.

With regard to the other CGUs, during the half-year, no particular indications emerged that could presume a permanently reduction in the value of the goodwills recorded, therefore no *impairment tests* were carried out at June 30, 2019.

21. Equity investments and Investments in associates

The item "**Equity investments**" recorded a decrease of € 222 thousand following the sale of the 15.41% of the share held in Netribe S.r.l., for the details, please refer to Note 5.
Residual investments are not subject to impairment losses; risks and benefits associated with the possession of the investment are negligible.

The item "**Equity investments in associated companies**", amounting to € 7,256 thousand, refers to the value of the shares pertaining to the Group in associated companies obtained with the application of the equity method.
In particular, the item consists of € 4,533 thousand relating to the company Cifarelli S.p.A., which entered into the scope of consolidation starting from 1 October 2016 and € 2,723 thousand to the company Agres Sistemas Eletronicos S.A. entry into the scope of consolidation starting from 1 January 2019 (for more details, see Note 5). At June 30, 2019, a loss was recognized deriving from the adjustment of the net equity of competence equal to € 53 thousand, recorded in the Income Statement item “Income from/(expeses on) equity investment”.

22. Other financial assets

Other financial assets amount to € 2,273 thousand, which is non-current portion, and € 1,094 thousand as current portion and refer mainly to:

- a medium-long term loan granted by Tecomec to the associated company Agres Sistemas Eletronicos S.A. for € 1,000 thousand;
- an amount of € 537 thousand recorded under fixed assets, paid by the company, S.I. Agro Mexico, by way of a guarantee in relation to a dispute arising on customs matters, in order to be able to proceed with the submission of the relative claim (see Note 32);
- an amount of € 685 thousand (corresponding to 2,981 thousand reais) as a monetary investment made by the company Comet Do Brasil LTDA;
- an amount of € 369 thousand, recorded under current assets, corresponding to the residual amount of the sum originally paid through an Escrow Account contract as part of the Lemasa operation, to cover the Group against any potential liabilities deriving from the acquisition of 70% of the subsidiary;
- an overall amount of € 297 thousand, of which the fixed asset part is € 260 thousand and the current asset part € 37 thousand, corresponding to the receivable due from the parent company, Yama S.p.A. by way of a capital replenishment made to the Group for expenses incurred by a number of companies and relating to the period on which Yama S.p.A. exercised control over them.

23. Derivative financial instruments

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

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 “market 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, 2019 is shown as follows:

€/000	**30.06.2019**	**31.12.2018**
Positive *fair value* assesment exchange rate hedge	98	278
Positive *fair value* assesment exchange rate options	53	-
Positive *fair value* assesment IRS and interest rate options	-	5
Total derivative financial instrument assets	**151**	**283**
Negative *fair value* assesment exchange rate hedge	103	30
Negative fair value assesment IRS and interest rate options	1,143	613
Total derivative financial instrument liabilities	**1,246**	**643**

At June 30, 2019 appear outstanding forward contracts of purchase/sale in foreign currencies for:

	Company		Nominal value (€/000)	Forward exchange (average)	Due to (*)
Forward contracts for foreign currencies purchases					
Cnh/Euro	Emak S.p.A.	Cnh	38,300	8.01	12/12/2019
Cnh/Usd	Emak S.p.A.	Cnh	7,000	6.87	20/08/2019
Eur/Gbp	Emak Uk	€	200	0.87	30/08/2019
Eur/Pln	Victus-Emak S.p. Z.o.o.	€	3,250	4.29	14/10/2019
Usd/Pln	Victus-Emak S.p. Z.o.o.	Usd	100	3.77	05/08/2019
Cnh/Pln	Victus-Emak S.p. Z.o.o.	Cnh	600	1.84	23/09/2019
Usd/Euro	Sabart S.r.l.	Usd	200	1.17	05/07/2019
Gbp/Euro	Lavorswash S.p.A.	Gbp	100	0.89	30/09/2019
Cnh/Euro	Lavorswash S.p.A.	Cnh	21,000	7.88	18/12/2019
Euro/Mxn	S.I. Agro Mexico	€	1,640	23.52	31/03/2020
Usd/Mxn	S.I. Agro Mexico	Usd	45	19.29	23/08/2019
Eur/Usd	Valley	€	600	1.20	03/09/2019
Forward contracts for foreign currencies sales					
Pln/Euro	Emak S.p.A.	Pln	1,000	4.28	26/09/2019
Forward contracts for foreign currencies purchases with collar options					
Cnh/Euro	Emak Spa	Cnh	19,500	8.06	29/11/2019

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

Finally, on June 30, 2019 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. and Comet S.p.A.have signed IRS contracts and options on interest rates for a total notional value of € 92,194 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.	500	30/06/2015	31/12/2019
Intesa San Paolo	Emak S.p.A.	556	24/09/2015	12/06/2020
Mediobanca	Emak S.p.A.	1,875	24/09/2015	31/12/2020
MPS	Emak S.p.A.	1,125	24/09/2015	31/12/2020
Banca Nazionale del Lavoro	Emak S.p.A.	2,000	29/09/2017	22/04/2020
Credit Agricole Cariparma	Emak S.p.A.	5,625	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.	8,000	14/06/2018	30/06/2023
UniCredit	Emak S.p.A.	8,000	14/06/2018	30/06/2023
Banco BPM	Emak S.p.A.	7,500	21/06/2018	31/03/2023
Banca Nazionale del Lavoro	Emak S.p.A.	7,500	06/07/2018	06/07/2023
UniCredit	Comet S.p.A.	1,511	06/08/2015	20/03/2020
Banca Nazionale del Lavoro	Comet S.p.A.	711	06/08/2015	20/03/2020
Intesa San Paolo	Comet S.p.A.	556	24/09/2015	12/06/2020
Bper	Comet S.p.A.	8,250	20/09/2017	29/12/2023
Ubi Banca	Comet S.p.A.	4,125	20/09/2017	29/12/2023
UniCredit	Comet S.p.A.	8,000	14/06/2018	30/06/2023
Banca Nazionale del Lavoro	Comet S.p.A.	7,500	06/07/2018	06/07/2023
Bper	Comet S.p.A.	3,750	15/11/2018	29/12/2023
Ubi Banca	Comet S.p.A.	1,875	15/11/2018	29/12/2023
Intesa San Paolo	Tecomec S.r.l.	556	24/09/2015	12/06/2020
MPS	Tecomec S.r.l.	750	24/09/2015	31/12/2020
Credit Agricole Cariparma	Tecomec S.r.l.	4,000	24/05/2018	30/06/2023
Ubi Banca	Tecomec S.r.l.	3,929	23/10/2018	31/07/2022
Total		**92,194**		

The average of the hedging interest rates resulting from the instruments is equal to 0.21% at June 30, 2019.

For all contracts, despite having the purpose and characteristics of hedging transactions, the relative changes in fair value are recognized in the income statement in the period of competence in accordance with the hedge accounting rules established by IFRS 9.

24. Trade and other receivables

Details of these amounts are as follows:

€/000	30.06.2019	31.12.2018
Trade receivables	128,623	108,953
Provision for doubtful accounts	(5,949)	(5,952)
Net trade receivables	**122,674**	**103,001**
Trade receivables from related parties (note 36)	264	316
Prepaid expenses and accrued income	2,114	1,747
Other receivables	4,638	3,264
Total current portion	**129,690**	**108,328**
Other non current receivables	261	65
Total non current portion	**261**	**65**

The item "**Other receivables**", for the current portion, includes:

- an amount of € 619 thousand, unchanged compared to 31 December 2018, for receivables due to the Parent Company and some Group companies from the controlling company Yama S.p.A., emerging from the relationships that govern the tax consolidation in which they participate;
- an amount of € 2,044 thousand as advances to suppliers for the supply of goods (€ 915 thousand at 31 December 2018).

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

25. Inventories

Inventories are detailed as follows:

€/000	30.06.2019	31.12.2018
Raw, ancillary and consumable materials	48,881	46,918
Work in progress and semi-finished products	27,158	23,996
Finished products and goods	83,749	85,764
Total	**159,788**	**156,678**

Inventories at June 30, 2019 are stated net of provisions amounting to € 10,173 thousand (€ 9,946 thousand at December 31 2018) 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.

26. Equity

Share capital
Share capital is fully paid up at 30 June 2019 and amounts to € 42,623 thousand and it consists of 163,934,835 ordinary shares of par value € 0.26 each.
The share capital, shown net of the amount of the nominal value of the treasury shares in the portfolio, is equal 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, 2019.
As for the sale and purchase of shares made during the period, please refer to the appropriate section of the Directors' Report.

Dividends
On 30 April 2019 the Shareholders' Meeting resolved the distribution of dividends relating to the 2018 financial year for a total of € 7,359 thousand, these dividends have been fully paid in June 2019.
The total dividends distributed by the Emak Group for € 7,510 thousand include the dividends of the minority interests of some subsidiaries.

Share premium reserve
At 30 June 2019, 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, 2019 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, 2019 of € 3,489 thousand (€ 3,197 thousand at December 31, 2018).

Revaluation reserve
At 30 June 2019 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 year.

Reserve for translation differences
At 30 June 2019 the reserve for translation differences for an amount of € 611 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 2019 the IAS 19 reserve is equal a negative amount of € 1,097 thousand, for the actuarial valuation difference of post-employment benefits to employees.

Other reserves
At 30 June 2019 Other reserves include:
- the extraordinary reserve, amounts to € 27,256 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.

Due to the fact that the value of the market capitalization at June 30, 2019 is lower than the consolidated shareholders' equity, the Directors proceeded with the verification of recoverability by preparing the second level *impairment test* based on the expected cash flows derived from the Emak Group's multi-year plan.

27. Trade and other payables

Details of trade and other payables are set out below:

€/000	30.06.2019	31.12.2018
Trade payables	73,284	73,710
Payables due to related parties (note 36)	1,130	1,828
Payables due to staff and social security institution	12,447	10,427
Advances from customers	3,626	3,551
Accrued expense and deferred income	748	998
Other payables	6,031	5,424
Total	**97,266**	**95,938**

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 € 3,818 thousand, compared to € 1,795 thousand at 31 December 2018, 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.

28. Loans and borrowings

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

€/000	30.06.2019	31.12.2018
Bank loans	59,448	57,630
Overdrafts	10,723	6,496
Liabilities for purchase of equity investments	17,157	4,448
Financial accrued expense and deferred income	150	112
Other loans	539	673
Total current portion	**88,017**	**69,359**

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

The item "**Liabilities for purchase of equity investments**" includes:
- an amount of € 9,510 thousand relating to the discounted debt for the portion of the purchase price of 14.67% of the Lavorwash Group shares and regulated by a "*Put and Call option*" contract to be exercised in 2020. The price may undergo changes based on the trend of the economic-financial parameters of the target Group and within the limits of a maximum value (CAP) provided for by contract. Management has estimated the value of future debt based on forecast economic-financial plans;
- an amount of € 5,903 thousand corresponding to 25,686 thousand Reais, relating to the residual discounted amount due to the transferring shareholder of the company Lemasa following the "*Put and Call Option Agreement*" for the purchase of the remaining 30% of the company to be exercised from 2020. This debt may also undergo changes based on certain economic and financial parameters provided for in the "*Put and Call Option*" contract;
- an amount of € 1,744 thousand relating to the residual debt for the purchase of the remaining 10% of the company Valley Industries LLP regulated by a "*Put and Call option Agreement*".

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 € 157 thousand related to the debt for the loan made by the minority shareholders towards the company Geoline Electronic S.r.l. that during the semester it was partially reduced following the waiver exercised by Tecomec S.r.l.

Long-term loans and borrowings are detailed as follows:

€/000	**30.06.2019**	**31.12.2018**
Bank loans	88,232	99,817
Liabilities for purchase of equity investments	-	12,808
Other loans	528	703
Total non current portion	**88,760**	**113,328**

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.

The items "**Liabilities for purchase of equity investments**" became payable in the short term and reclassified under current financial liabilities, in view of the imminent execution of the Put & Call contracts of the subsidiaries Lemasa and Lavorwash.

As at 30 June 2019, there were no loans due beyond five years.

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 2019.
On the basis of the business plans prepared by the Management, compliance with the covenants is expected at December 31, 2019, date of verification of the restrictions, also considering, on some loans, the contractual possibilities of transposition, in the definitions, of the impact relating to the application of new accounting standards (IFRS 16).

29. Liabilities derivig from *leases*

The item “**Liabilities derivig from *leases*”** which totals € 32,767 thousand, of which € 27,757 thousand as non-current portion and € 5,010 thousand as current portion, refers to financial liabilities recorded in application of the new IFRS accounting standard 16 - Leases, adopted by the Group from 1 January 2019. These liabilities are equal to the present value of the future residual payments provided by the contracts. At the transition date these liabilities amounted to € 27,959 thousand, of which € 23,192 thousand as non-current portion and € 4,767 thousand euros as current portion.

30. Tax assets and liabilities

Deferred tax assets are detailed below:

€/000	30.06.2019	31.12.2018
Deferred tax on impairment losses of assets	337	362
Deferred tax on reversal of unrealized intercompany gains	2,715	2,545
Deferred tax on provision for inventory obsolescence	1,934	1,938
Deferred tax on losses in past financial periods	695	785
Deferred tax on provisions for bad debts	548	555
Deferred tax on right of use IFRS 16	167	-
Other deferred tax assets	2,107	2,295
Total	**8,503**	**8,480**

"Other deferred tax assets" mainly includes receivables for facilitation "ACE" accrued in previous years, the tax effect related to the discounting of Employee Indemnities and other provisions not recognized for tax purposes at the time of allocation.

The exploitation of residual past tax losses recorded is of unlimited duration.

Deferred tax liabilities are detailed below:

€/000	30.06.2019	31.12.2018
Deferred tax on property IAS 17	1,104	1,138
Deferred tax on depreciations	6,058	6,183
Other deferred tax liabilities	1,196	1,034
Total	**8,358**	**8,355**

“Other deferred tax liabilities” refers mainly to costs already fiscally deducted that will occur in the next financial years or to revenues already shown in the income statement with deferred taxation.

“**Current tax assets**” amount to € 4,053 thousand at June 30 2019, compared to € 6,043 thousand at 31 December 2018, and they refer to VAT credits, surplus payments on account of direct tax and other tax assets.

“**Current tax liabilities**” amount to € 6,155 thousand at 30 June 2019, compared to € 4,913 thousand at 31 December 2018, and refer to payables for direct tax for the period, to VAT liabilities and withholding taxes.

The main Italian companies of the Group 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 and receivable by these companies are accounted for in the heading “Other current payables” and “Other current receivables”.

31. Employee benefits

Such benefits refer principally to the discounted liability for employment termination indemnity payable at the end of an employee’s working life, amounting to € 7,795 thousand. The valuation of the indemnity leaving fund (TFR), carried out according to the nominal debt method, in force at the closing date, would be € 7,249 thousand.

The main economic financial assumptions used to calculate the fund are unchanged compared to those used at the close of December 31, 2018.

32. Provisions for risks and charges

Movements in these provisions are detailed below:

€/000	31.12.2018	Increase	Decrease	Exchange differences	30.06.2019
Provisions for agents' termination indemnity	2,080	90	(12)	-	2,158
Other provisions	93	20	(2)	1	112
Total non current portion	**2,173**	**110**	**(14)**	**1**	**2,270**
Provisions for products warranties	1,252	52	(3)	2	1,303
Other provisions	626	110	(189)	13	560
Total current portion	**1,878**	**162**	**(192)**	**15**	**1,863**

The provision for agents' termination indemnity is calculated on the basis of agency relationships in force at the close of the financial year, it refers to the probable indemnity which will have to be paid to the agents at the time of the resolution of the respective report. The year allocation of € 90 thousand, was recorded under the provisions in the item "Other operating expenses" in the income statement.

"Other non-current provisions", equal to € 112 thousand, have been allocated for:

- € 75 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;
- € 37 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.

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

- allocation for € 400 thousand, corresponding to approximately 8,733 thousand Pesos, set aside during the previous year by the company S.I. Agro Mexico, on the basis of a dispute concerning customs relating the correct management of VAT on goods entering Mexican territory. The federal administrative court has demanded the preventive payment of the total of the disputed amount for an amount of 11,644 thousand pesos, equal to € 537 thousand, recorded among the "Other non-current financial assets". In the month of February 2019 the local court confirmed the dispute at first instance and the Group, through the support of its consultants, estimated the liability relying on a defense briefs to be presented taking into account the appeal still pending, filed against the first sentence, and its valid reasons;
- allocation of € 100 thousand, set aside during the half year, against a claim made by a customer for defects in some products;
- provisions referring to some disputes relating to various controversies and future charges for € 60 thousand.

The use of the provision for the period mainly refers to the closure of a commercial dispute for a controversy in place for some years with a former foreign distributor.

33. Other non-current liabilities

The entire amount of € 503 thousand at 30 June 2019 against € 520 thousand at 31 December 2018, refers entirely to the deferred income, of future competence, relating to capital grants received pursuant to Law 488/92 by Comag S.r.l., now merged into Emak S.p.A.The part of the grant receivable within a year is recorded in current liabilities under other liabilities and amounts to € 89 thousand.

34. Contingent liabilities

At 30 June 2019, The Group has not further significant outstanding disputes in addition to those already discussed in these notes.

35. Commitments

Fixed asset purchases

The Group has significant commitments for the ongoing investments for the new parent company's R & D center nearing completion (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;
- 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;
- in the contract to acquire the subsidiary Lavorwash Group, a “Put and Call Option” was defined for the acquisition of the 14.67%, to be exercised in 2020;
- in the contract to acquire the associated company Cifarelli, a “Put and Call Option” was defined for the acquisition of the 70%, to be exercised in 2020;
- in the contract to acquire the associated company Agres Sistemas Eletronicos S.A., a “Put and Call Option” was defined for the acquisition of an additional 55% of share to be exercised in 2023.

36. Related party transactions

The transactions entered into with related parties by the Emak Group in the first half of 2019 mainly relate to two different types of usual nature relations, within the ordinary course of business, adjusted to normal 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 2019 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 Parent Company Emak S.p.A. and of the subsidiaries Comet S.p.A., Tecomec S.r.l., Sabart S.r.l., Lavorwash S.p.A. e P.T.C. 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:

€/000	Net sales	Trade receivables	Other receivables for tax consolidation	Total trade and other receivables	Current financial assets	Non current financial assets
Euro Reflex D.o.o.	219	219		**219**		
Garmec S.p.A.	46	43		**43**		
Yama S.p.A.			619	**619**	37	260
Cifarelli S.p.A.	11	2		**2**		
Agres SA						1,000
Total	**276**	**264**	**619**	**883**	**37**	**1,260**

Purchase of goods and services, trade and other payables:

€/000	Purchase of raw materials and finished products	Other operating costs	Trade payables	Other payables for tax consolidation
SG Agro D.o.o.	6		1	
Cofima S.r.l.	18		78	
Euro Reflex D.o.o.	846	3	256	
Garmec S.p.A.	2			
Selettra S.r.l.	65		54	
Yama Immobiliare S.r.l.		932		
Yama S.p.A.				3,818
Cifarelli S.p.A.	852		523	
Other related parties		261	218	
Total	**1,789**	**1,196**	**1,130**	**3,818**

The amount of outstanding balances with related parties relating to the fiscal consolidation are exposed to notes 24 and 27.

Goodwill to related parties, shown in the financial statements, amounted to € 12,591 thousand (€ 14,700 thousand at 30 June 2018) and emerges from the so called Greenfield operation occurred in 2011 through which Emak Group acquired from the parent company Yama S.p.A. Tecomec Group, Comet Group, Sabart S.r.l. and Raico S.r.l. (the latter is no longer present within the Emak Group).

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As regards relations with the parent company's corporate bodies, the accrued payments at 30 June 2019 are as follows:

- Board of Directors for € 162 thousand (included in Personnel costs);
- Statutory Auditors for € 25 thousand (included in Cost of services).

37. Subsequent events

On 31 July 2019 the Board of Directors of the subsidiary Tecomec S.r.l. approved the project of total demerger of the company Geoline Electronic Srl, held at 51%, following which Tecomec will enter into possession of the "Control units and electrical valves" branch, while the "Electronic products" branch will remain to the minority shareholder.
The operation is expected to close by 2019 and is justified by strategic-organizational reasons. Once the demerger plan is completed, the Geoline company will proceed with its dissolution without liquidation.

No other relevant events are reported.

Declaration on the half year report in accordance whit Article 154-bis, paragraph 5 of Legislative Decree no. 58/1998 (Consolidated Law on Finance)

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 2019 - 30 June 2019.

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 2019

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, 2019 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 Emak Group as at June 30, 2019 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, 2019

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