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Quarterly report at 30.09.2014

Emak Group financial highlights

Income statement (€/000)

Year 2013		3Q 2014	3Q 2013	9 months 2014	9 months 2013
355,033	Net sales	71,698	70,022	284,169	278,509
34,196	EBITDA (1)	4,858	3,881	32,270	30,809
22,375	EBIT	2,022	924	23,918	22,083
10,533	Net profit	1,466	(772)	14,329	12,164

Investment and free cash flow (€/000)

Year 2013		3Q 2014	3Q 2013	9 months 2014	9 months 2013
7,396	Investment in property, plant and equipment	2,383	2,054	6,325	4,904
1,701	Investment in intangible assets	706	408	1,515	1,248
22,354	Free cash flow from operations (2)	4,302	2,185	22,681	20,890

Balance sheet (€/000)

31.12.2013		30.09.14		30.09.13
227,175	Net capital employed		247,306	238,656
(76,381)	Net debt		(83,639)	(85,502)
150,794	Total equity		163,667	153,154

Other statistics

Year 2013		3Q 2014	3Q 2013	9 months 2014	9 months 2013
9.6%	EBITDA / Net sales (%)	6.8%	5.5%	11.4%	11.1%
6.3%	EBIT/ Net sales (%)	2.8%	1.3%	8.4%	7.9%
3.0%	Net profit / Net sales (%)	2.0%	-1.1%	5.0%	4.4%
9.8%	EBIT / Net capital employed (%)			9.7%	9.3%
0.51	Debt / Equity			0.51	0.56
1,576	Number of employees at period end			1,594	1,552

Share information

Year 2013		9 months 2014	9 months 2013
0.063	Earnings per share (€)	0.088	0.073
163,934,835	Number of shares comprising share capital	163,934,835	163,934,835
163,537,602	Average number of outstanding shares	163,537,602	163,537,602

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

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

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

FY 2013	€/000	3 Q 2014	3 Q 2013	9 months 2014	9 months 2013
355,033	Sales	71,698	70,022	284,169	278,509
2,405	Other operating incomes	1,190	455	2,301	1,361
(1,019)	Change in inventories	(176)	(426)	2,999	(4,312)
(193,162)	Raw and consumable materials and goods	(37,871)	(37,872)	(156,126)	(147,584)
(62,746)	Salaries and employee benefits	(14,395)	(14,232)	(48,557)	(47,200)
(66,315)	Other operating costs	(15,588)	(14,066)	(52,516)	(49,965)
(11,821)	Amortization, depreciation and impairment losses	(2,836)	(2,957)	(8,352)	(8,726)
22,375	Ebit	2,022	924	23,918	22,083
917	Financial income	175	188	504	775
(4,472)	Financial expenses	(824)	(1,091)	(2,838)	(3,441)
(1,393)	Exchange gains and losses	1,211	(755)	761	(728)
17,427	EBT	2,584	(734)	22,345	18,689
(6,894)	Income taxes	(1,118)	(38)	(8,016)	(6,525)
10,533	Net profit	1,466	(772)	14,329	12,164
(207)	(Profit)/loss attributable to minority interests	1	(29)	97	(194)
10,326	Net profit attributable to the group	1,467	(801)	14,426	11,970
0.063	Basic earnings per share	0.009	(0.005)	0.088	0.073
0.063	Diluted earnings per share	0.009	(0.005)	0.088	0.073

Comprehensive income statement

FY 2013	€/000	9 months 2014	9 months 2013
10,533	Net profit (A)	14,329	12,164
(1,080)	Profits/(losses) deriving from the conversion of foreign company accounts	2,053	(774)
(782)	Profits/(losses) deriving from the transfer of treasury shares in portfolio	0	0
214	Tax effect relating to other components	0	0
(1,648)	Total other components to be included in the comprehensive income statement (B):	2,053	(774)
8,885	Comprehensive net profit (A)+(B)	16,382	11,390
(62)	Comprehensive net profit attributable to minority interests	396	(91)
8,823	Comprehensive net profit attributable to the group	16,778	11,299

Schedule showing consolidated assets-liabilities-financial situation

ASSETS

31.12.2013	€/000	30.09.2014	30.09.2013
Non-current assets			
56,079	Property, plant and equipment	56,109	56,277
4,555	Intangible assets other than goodwill	6,112	4,708
30,229	Goodwill	34,836	30,364
230	Equity investments	230	230
18	Equity investments in related company	0	18
7,621	Deferred tax assets	7,589	7,451
178	Other non current financial assets	169	213
2,464	Other receivables	792	2,494
101,374	Total	105,837	101,755
Current assets			
118,515	Inventories	124,271	115,812
98,541	Trade and other receivables	97,339	92,622
4,805	Current tax assets	4,102	4,463
1,503	Other financial assets	3	2
101	Derivative financial instruments	251	111
15,122	Cash and cash equivalents	12,248	18,536
238,587	Total	238,214	231,546
	- Non-current assets classified as held for sale	0	307
339,961	TOTAL ASSETS	344,051	333,608

EQUITY AND LIABILITIES

31.12.2013	€/000	30.09.2014	30.09.2013
Capital and reserves			
149,041	Total Group	161,721	151,255
1,753	Minorities interest	1,946	1,899
150,794	Total equity	163,667	153,154
Non-current liabilities			
51,240	Loans and borrowings	51,757	54,366
3,881	Deferred tax liabilities	4,161	3,982
9,490	Provisions for employee benefits	9,532	8,725
1,762	Provisions	1,674	1,813
1,039	Other non-current liabilities	957	1,067
67,412	Total	68,081	69,953
Current liabilities			
74,699	Trade and other payables	61,178	55,487
3,419	Current tax liabilities	4,717	3,706
41,197	Loans and borrowings	43,884	49,106
848	Derivative financial instruments	669	892
1,592	Provisions	1,855	1,195
121,755	Total	112,303	110,386
	Liabilities related to the non-current assets		
	- classified as held for sale	0	115
339,961	TOTAL EQUITY AND LIABILITIES	344,051	333,608

Consolidated net financial position

(€/000)	30.09.2014	30.06.2014	31.12.2013	30.09.2013
Cash and banks	12,248	10,691	15,122	18,536
Securities and derivative financial instruments	251	19	101	111
Other financial assets	3	1	1,503	2
Financial liabilities	(43,884)	(59,730)	(41,197)	(49,106)
Derivative financial instruments	(669)	(695)	(848)	(892)
Short-term net debt	(32,051)	(49,714)	(25,319)	(31,349)
Other financial assets	169	152	178	213
Financial liabilities	(51,757)	(47,214)	(51,240)	(54,366)
Long-term net debt	(51,588)	(47,062)	(51,062)	(54,153)
Cash and banks	12,248	10,691	15,122	18,536
Securities and derivative financial instruments	251	19	101	111
Other financial assets	172	153	1,681	215
Financial liabilities	(95,641)	(106,944)	(92,437)	(103,472)
Derivative financial instruments	(669)	(695)	(848)	(892)
Total net debt	(83,639)	(96,776)	(76,381)	(85,502)

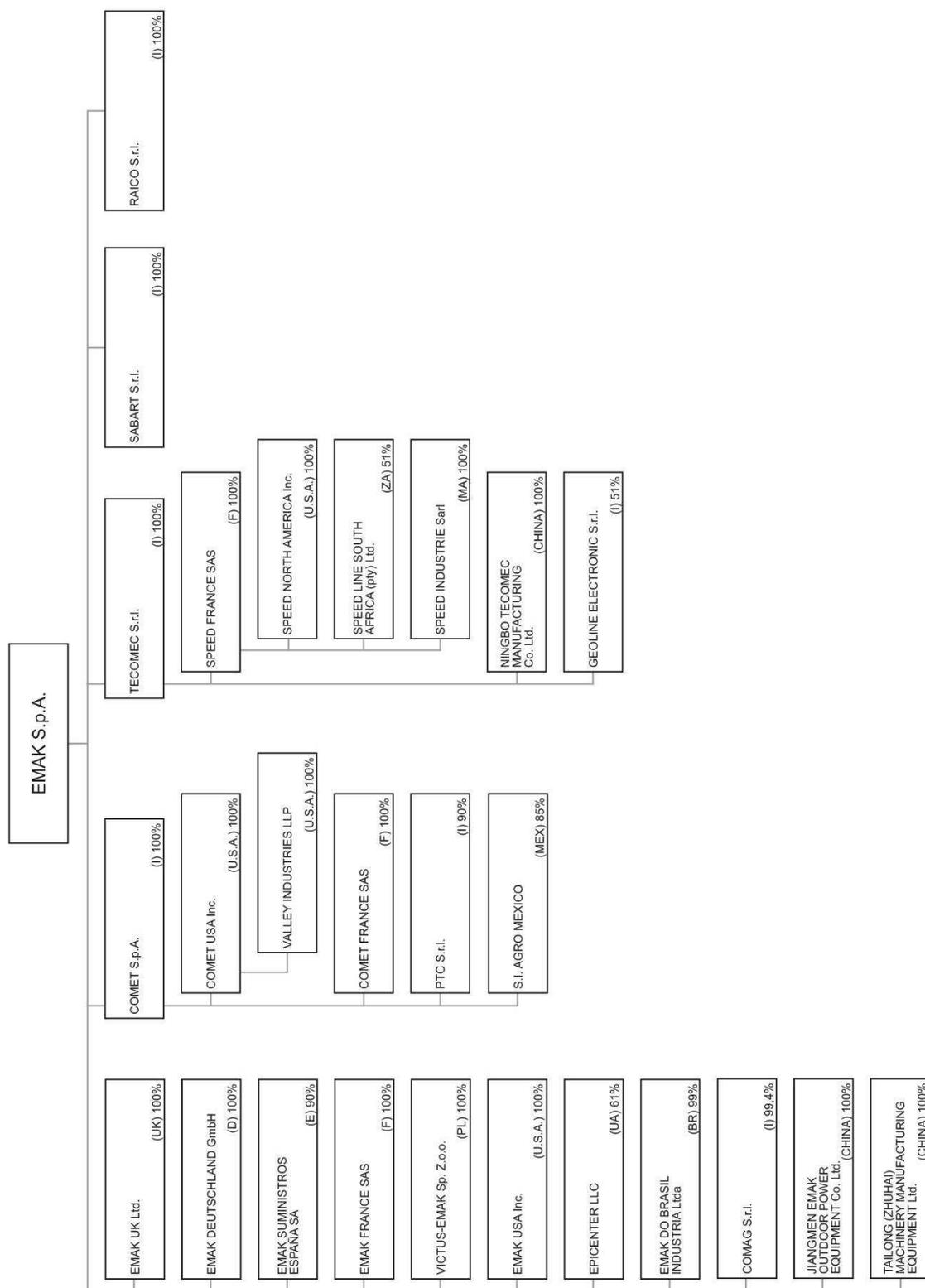
Changes in consolidated equity

The following table reports changes in consolidated equity between 31st December 2013 and 31st September 2014.

Eur/000	Share capital	Share premium	OTHER RESERVES					RETAINED EARNINGS		TOTAL GROUP	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	TOTAL
			Legal reserve	Revaluation reserve	Cumulative translation adjustment	Reserve las 19	Other reserves	Retained earnings	Net profit of the period			
Balance at 31.12.2012	40,594	42,454	1,700	1,138	2,111	(214)	27,733	19,289	8,421	143,226	1,815	145,041
Change in treasury shares										0		0
Profit reclassification			224					4,926	(8,421)	(3,271)	(106)	(3,377)
Other changes								263		263	(18)	245
Net profit for the period					(935)	(568)			10,326	8,823	62	8,885
Balance at 31.12.2013	40,594	42,454	1,924	1,138	1,176	(782)	27,733	24,478	10,326	149,041	1,753	150,794
Change in treasury shares										0		0
Profit reclassification			136					6,101	(10,326)	(4,089)	(120)	(4,209)
Other changes								(9)		(9)	709	700
Net profit for the period					2,352				14,426	16,778	(396)	16,382
Balance at 30.09.2014	40,594	42,454	2,060	1,138	3,528	(782)	27,733	30,570	14,426	161,721	1,946	163,667

*the share capital at 30.09.13 of € 42,623 is shown net of treasury shares of a value of € 2,029 thousand

Emak Group structure at 30.09.2014



The participation share in Valley Industries LLP is equal to 100% as a result of the "Put and Call Option Agreement" that governs the purchase of the remaining 10%.

Comments on the financial statements

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

The accounting standards and policies adopted by the group for preparing the quarterly consolidated financial statements are the same as those used for the consolidated financial statements at 31 December 2013.

In this interim report IAS 19 is not applied as far as the quantification of changes in actuarial gains accrued in the period is concerned.

It should be noted that:

- when it has not been possible to obtain invoices from suppliers for the provision of consulting and other services, a reasonable estimate of these costs has been made on the basis of the stage of completion of the work;
- current and deferred taxes have been calculated using the tax rates applied in the current year in the individual countries of operation;
- the quarterly report is not subject to audit;
- all amounts are expressed in thousands of euros, unless otherwise specified.

Scope of consolidation

Compared to 31 December 2013 companies S.I. Agro Mexico, Geoline Electronic S.r.l. and Speed Industries Sarl have been included in the scope of consolidation. Their assets and liabilities and their financial effects have therefore been included in this interim financial report with effect from 1 January 2014.

During the second quarter ., has completed the acquisition of 80.5% of the share capital of Master Fluid S.r.l., that has been merged in P.T.C. S.r.l. in the third quarter. Following the merger, the acquiring company P.T.C. S.r.l. is controlled at 90% by Comet S.p.A.

The financial and economic figure of Master Fluid S.r.l., subsequently merged in P.T.C., are consolidated starting from June 30, 2014.

The details of the operations are described in the next paragraph.

Significant, non-recurring transactions or atypical, unusual transactions

Geoline Electronic.

On 28 January 2014 the subsidiary Tecomec S.r.l. finalized the agreement for the acquisition of 51% of the company Geoline Electronic Srl, a company newly established by Dinamica Generale S.p.A., concerning the development and production of electronic control systems for applications in Agriculture.

The transaction is part of the growth strategy of the Group, giving life to a project of technical and commercial development of electronic products to be commercialized under the brand name Geoline.

The operation allowed Tecomec S.r.l. to complete its product range, thereby increasing the value of its offer, extend its customer base, exploit cross-selling opportunities through the distribution of products already available in the Dinamica Generale S.p.A. portfolio and, as a whole, to strengthen its position on the market. Consequently, Emak Group has acquired specific know-how in the electronics field, capable of developing not only the Geoline business, but also that of other product families.

The transaction involves an investment for the Group of € 2,700 thousand, of which € 1,500 thousand already settled; the deferred portion of the price, amounting to € 1,200 thousand, will be adjusted in two instalments worth € 600 thousand each, respectively January 10, 2015 and January 10, 2016.

Acquisition of Caj Tech sarl Au (now Speed Industrie Sarl).

With effect from January 1, 2014 Speed France SAS, the French subsidiary of Tecomec S.r.l., acquired 100% of the company Caj Tech Sarl Au, subsequently renamed Speed Industries Sarl.

The company, founded in 2012, is headquartered in Mohammedia (Morocco) and mainly carries out packaging for Speed France; the transaction will enable the company to supervise directly the costs of certain stages of the production process. The price of Caj Tech Sarl Au was determined contractually in 269,000 dirhams, or approximately € 24 thousand, adjusted entirely January 2, 2014.

The parent company Speed France has subscribed and paid at the same time, as an increase of the share capital of the acquired company, an amount of 1,345 thousand dirhams, or approximately € 120 thousand.

Acquisition of control of S.I. Agro Mexico.

On 9 January 2014 the subsidiary Comet S.p.A. acquired control of the distribution company Siagro, with registered office in Guadalajara in Mexico, taking its shareholding from 30% to 85%. The additional stake was acquired from the family of the founder and chief executive officer of the company who, after the operation, will remain involved as a minority shareholder and responsible for operating management.

S.I. Agro Mexico, a company incorporated in 2010 and of which Comet has been a shareholder since the beginning, carries on the activity of the commercialization on the local market of components, accessories and spare parts in the Agriculture segment, commercialized under the brands "Comet", "Valley", "Geoline" and "Mecline".

The turnover of the company to 30 September 2014 amounted to about € 2,008 thousand.

The operation forms part of Emak Group's growth strategy, allowing it to strengthen its overall presence in an important market with significant margins for development such as Mexico.

The consideration for the operation amounts to around € 1,000 thousand: € 694 thousand, the fixed part, has already been paid; € 300 thousand, the variable part, will be paid on the basis of results obtained in the 2014-2015 period.

Side agreements relating to the acquisition provide for a call option in favor of Comet for the acquisition of the remaining 15% of share capital at the end of the 5th year after closing the deal, at a price linked to Ebitda performance.

Acquisition of Master Fluid S.r.l. and following merger by incorporation of Master Fluid S.r.l. in P.T.C. S.r.l.

On 5 June 2014, the subsidiary PTC S.r.l., itself controlled by Comet S.p.A., has completed the acquisition of 80.5% of the share capital of Master Fluid S.r.l. with registered office in Rubiera (RE).

Master Fluid operates in the projecting and manufacturing of special equipment for the industry and the environmental hygiene and preparations on industrial vehicles, realizing particularly high pressure cold and hot water washing equipment (water jetting), streets washing equipment, sewage cleaners vacuum units and pipes cleaning units.

The company ended 2013 with a turnover of approximately € 3,4 million.

The transaction, valued at approximately € 0.8 million, will enable PTC to expand its range of products to increase its coverage of foreign markets and to develop synergies from the point of view of costs.

On June 24, 2014, shareholders' meeting approved the merger by incorporation of Master Fluid Srl in the parent P.T.C.

The merger operation, that has been finalized on 30 June, 2014, provided for the share capital increase of PTC S.r.l., in order to meet the needs of the exchange ratio on the participation to be allocated to the minority shareholder of Master Fluid (a third party), which is now held by Comet SpA for 90%.

The effects towards third parties of incorporation become effective from 1 September 2014. The accounting and tax effects, for the purpose of the separated financial statements of P.T.C. S.r.l., are effective from 1 January 2014.

Contributions granted to certain Group companies for research, innovation and expansion of production

In the third quarter 2014 Comet S.p.A. received a contribution, ex Law 46/1982, by the Ministry of Economic Development, related to investments within a pluriannual plan of product innovation, for an amount of € 750 thousand (90% of the total amount granted).

Moreover, in the first months of 2013, Comet S.p.A. received a contribution, provided by MIUR (Ministry of Education, University and Research) ex D.Lgs 297/99, of € 99 thousand. This contribution has been recognized in the income statement.

Following the investigation of the Ministry of Economic Development, in the third quarter 2014, Comag S.r.l. received, ex Law 488/92, 90% of the capital contribution granted for investments (overall amounting to € 9,538 thousand), made in the period 2004-2008. The portion received amounts to € 1,670 thousand and was accounted for as a reduction of credit already registered by the company.

Contribution future increase in the share capital of Emak USA Inc.

On August 26, 2014 Emak S.p.A. gave the amount of 1,100 thousands of dollars for the future capital increase of Emak USA Inc. by converting receivables.

Treasury shares

At 31.12.2013 Emak S.p.A. held 397,233 treasury shares, worth € 2,029 thousand.

During the nine months of 2014 there were no changes in either purchase nor sale of treasury shares, not affecting the balances at beginning of year.

DIRECTORS' REPORT

Economic and financial results for Emak Group

Summary of economic results

Summary figures from the consolidated income statement for the first nine months of 2014 are shown below:

FY 2013	%	€/000	9M 2014	%	9M 2013	%	Change %
355,033	100	Net sales	284,169	100	278,509	100	2.0
34,196	9.6	Ebitda	32,270	11.4	30,809	11.1	4.7
22,375	6.3	Ebit	23,918	8.4	22,083	7.9	8.3
17,427	4.9	Profit before taxes	22,345	7.9	18,689	6.7	19.6
10,533	3.0	Net profit	14,329	5.0	12,164	4.4	17.8

Sales

The revenues breakdown tables by business line, for the first nine months of 2014, show a revised split compared to previous periods.

The new sectorial breakdown is more consistent with the internal reporting used by management to evaluate performance and manage the Group. Figures for the comparative periods have been consequently reclassified.

The purpose is to represent the individual activities of the Group in terms of uniform distribution channels, customer and market dynamics.

The sector "Outdoor power equipment" includes the development, manufacture and marketing of products for gardening, forestry and small agricultural equipment. For example, this category includes products such as trimmers, , lawn mowers, tractors, chain saws, tillers, rotary tillers.

The sector "Pumps and High pressure water jetting" brings together the development, manufacture and marketing of diaphragm pumps destined for agriculture, piston pumps for industrial applications, high pressure washers and hydrodynamic units.

The sector "Components and Accessories" refers to development, manufacture and marketing of a wide range of products for the outdoor power equipment, pumps and high pressure water jetting, and agriculture. For example, this category includes products such as line and heads for trimmers pressure washer guns, nozzles and valves, seats and technical spare parts for tractors.

Consolidated revenues for the third quarter of 2014 amounted to € 71.698 thousand compared to € 70.022 thousand in the same period of the previous year. Sales for the quarter include the benefits of the widening scope of consolidation amounting to about € 900 thousand.

During the first nine months of 2014 the Emak Group realized a consolidated turnover of € 284,169 thousand compared to € 278,509 thousand in the same period in the previous financial year, an increase of 2% (1.6% excluding non-recurring items).

The following table shows an analysis of sales reported for nine months of 2014, broken down by business sector and geographic area, compared with the sales of the same period of the previous year:

€/000	OUTDOOR POWER EQUIPMENT			PUMPS AND HIGH PRESSURE WATER			COMPONENTS AND ACCESSORIES			TOTAL		
	9M2014	9M2013	Var. %	9M2014	9M2013	Var. %	9M2014	9M2013	Var. %	9M2014	9M2013	Var. %
Europe	123,421	119,894	2.9%	31,233	29,039	7.6%	55,795	51,576	8.2%	210,449	200,508	5.0%
Americas	7,447	10,688	-30.3%	23,741	22,350	6.2%	15,778	15,591	1.2%	46,966	48,629	-3.4%
Asia, Africa and Oceania	10,318	11,751	-12.2%	9,331	6,916	34.9%	7,105	10,704	-33.6%	26,754	29,372	-8.9%
Total	141,186	142,333	-0.8%	64,305	58,305	10.3%	78,678	77,871	1.0%	284,169	278,509	2.0%

Sales of "**Outdoor Power Equipment**" in the first nine months were substantially in line with the same period last year.

In particular, there was a good performance in Western Europe, and in general where the Group has a direct presence, offsetting the difficulties encountered in the Russian market, affected by the geopolitical tensions.

The decline in the Americas was due mostly to the problems of the Venezuelan market. Signs of recovery were recorded over the last few months in the major markets of South America.

In Asia, Africa and Oceania is to emphasize the strong sales in China. Overall, the sales area was affected by the decline in sales on the Turkish market during the first months of the year.

The sector "**Pumps & High pressure water jetting**" in the first nine months recorded a sales increase of 10.3%.

Sales in Europe were driven by the markets of Western Europe, particularly Italy.

The area Americas has benefited from the enlargement of the consolidation and good performance achieved on the North American market.

The good result in Asia, Africa and Oceania is mainly due to the increase in sales of industrial pumps in the Far East and hydrodynamic unit sales in the Middle East.

The enlarged scope of consolidation has made a positive contribution for a total amount of € 1,100 thousand.

Organic growth of turnover in the sector "**Components and Accessories**" more than offset the loss of sales of the business unit discontinued in November 2013.

The sales recorded a significant growth in the markets of Western Europe, particularly in Italy. The area Americas has seen a positive trend for accessories for washing, which offset the decline in those for agriculture in the South American market.

EBITDA

L'EBITDA in the third quarter 2014 amounts to €4,858 thousand, compared to €3,881 thousand in the corresponding quarter of last year.

In the first nine months of 2014 Ebitda amounts to €32,270 thousand, against €30,809 thousand in the corresponding period of last year, with an increase of 4,7%.

The EBITDA percentage incidence on the revenues, in nine month, amounts to 11,4% against 11,1% in the corresponding period of last year.

The result has been achieved thanks to higher sales volumes, higher margins revenue mix and efficiencies achieved on direct materials; while it was negatively affected by higher structure costs due to the widening of the scope of consolidation.

Some non-recurring items are explained below:

- the receipt of contributions for the amount of € 849 thousand provided, as described above, as a result of the investments made by the Group in the industrial research and pre-competitive development;
- the costs deriving from the widening of the scope of consolidation, due to costs of M&A for € 193 thousand and its economic effect of the reversal of intercompany margins for € 319 thousand;
- expenses for provisions amounting to about € 307 thousand.

These effects, overall, weighed positively in an amount of about € 30 thousand

The increase in personnel costs is due to the increase in production volumes and the widening of the scope of consolidation.

The average number of employees in the workforce, including temporary workers, amounting to 1,763 against the 1,696 in the same period of the previous year. During the first nine months, some companies of the Group made use of social welfare.

EBIT

Ebit for the third quarter of 2014 amounts to € 2,022 thousand compared to € 924 thousand in the corresponding quarter in the last financial year.

Ebit for the first nine months 2014 amounts to € 23,918 thousand against € 22,083 thousand in the corresponding period of last year.

Amortization and depreciation provisions amount to € 8,352 thousand, compared to € 8,726 thousand at September 30, 2013.

Ebit as a percentage of sales is 8.4% compared to 7.9% of 30 September 2013.

Non-annualized Ebit as a percentage of net invested capital is 9.7% against 9.3% at 30 September 2013.

Net profit

Net profit for the third quarter 2014 is € 1,466 thousand, against a net loss of € 722 thousand for the same quarter of the previous year.

Net profit for the first nine months of 2014 amounts to € 14,329 thousand compared to € 12,164 thousand the same period of last year.

The financial management improves coherently with the decrease in the average net financial position compared to the same period last year.

Currency management in the first nine months is positive for € 761 thousand, while in the same period of last year it was negative for € 728 thousand. The result was mainly affected by the performance of the Us Dollar that determined a revaluation of the net position in value open at 30 September 2014.

The tax rate for the first nine months of 2014 is 35.9%, an increase compared to 34.9% for the same period in the previous financial year.

Balance sheet and financial position

31.12.2013	Dati in migliaia di Euro	30.09.2014	30.09.2013
88,985	Net non-current assets	89,344	86,067
155,922	Net working capital	157,962	152,589
244,907	Total net capital employed	247,306	238,656
143,226	Equity attributable to the Group	161,721	151,255
1,815	Equity attributable to the minority interests	1,946	1,899
(99,866)	Net debt	(83,639)	(85,502)

Net non-current assets

During the first nine months 2014 Emak Group invested € 7,840 thousand in property, plant and equipment and intangible assets, as follows:

- € 3,443 thousand for product innovation;
- € 1,942 thousand for adjustment of production capacity and for process innovation;
- € 1,272 thousand for upgrading the computer network;
- € 558 thousand for adjustment of industrial buildings;
- € 625 thousand for other managerial working investments.

Investments broken down by geographical area are as follows:

- € 4,501 thousand in Italy;
- € 949 thousand in Europe;
- € 2,390 thousand in the Rest of the World.

Net working capital

The net working capital, compared to December 31, 2013, increased of € 15,750 thousand, going from € 142,212 thousand to € 157,962 thousand. The following movements are shown in detail below:

€/000	9 months 2014	9 months 2013
Net working capital at 01 January 2014	142,212	155,922
increase/(decrease) in inventories	4,259	(5,090)
increase/(decrease) in trade receivables	(3,467)	(11,194)
(increase)/decrease in trade payables	18,873	17,143
change in scope of consolidation (acquisition)	642	-
other changes	(4,557)	(4,192)
Net working capital at 30 September 2014	157,962	152,589

Equity

Consolidated net equity at 30 September 2014 stands at € 163,667 thousand, compared to € 150,794 thousand of 31 December 2013. Earnings per share at 30 September 2014 are €0.088 compared to €0.073 of the same period of the previous year.

Net financial position

Net negative financial position at 30.09.2014 amounts to € 83,639 thousand, against € 76,381 thousand at 31.12.2013.

The following table shows the movements in the net financial position of the first nine months of 2014:

€/000	9 months 2014	9 months 2013
Opening NFP	(76,381)	(99,866)
Cash flow from operations, excl. changes in operating assets and liabilities	22,681	20,890
Changes in operating assets and liabilities	(13,295)	3,012
Cash flow from operations	9,386	23,902
Change in tangible and intangible assets	(9,495)	(5,488)
Other equity changes	(2,157)	(4,050)
Change in scope of consolidation	(4,992)	-
Closing NFP	(83,639)	(85,502)

In the first nine months 2014 free cash flow from operations after tax amounts to €22.681, compared to €20.890 thousand in the same period of last year. In the third quarter, the figure stands at €4.302 compared to € 2.185 thousand of last year corresponding quarter.

Operative management is negatively influenced by the change in net working capital. Investments made following the widening of the scope of consolidation have a negative impact on the net financial position. It has to be noted the receipt of the previously described contributions for a total amount of € 2.519 thousand.

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

Short-term financial payables mainly consist of:

- overdrafts;
- loan repayments falling due by 30.09.2015;
- amounts due to other providers of finance falling due by 30.09.2015.

Business outlook

In view of the results obtained to date, and based on the order book, the Group expects to maintain the growth trend so far achieved with reference to the end of the year 2014.

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Subsequent events and other information

Establishment of Speed South America

During the month of October 2014, the company Speed France Sas, controlled by Tecomec Srl, has completed the process of setting up a new company called Speed South America, based in Santiago (Chile), in which it holds the entire share capital.

The newly founded company will sustain an investment of \$ 2 million, for the set up of a plant for the production of line and head for trimmer and nylon line for agricultural use. The start of production activities is expected in the first quarter of 2015.

Thanks to this operation, Speed France, leader in the reference market, will have a direct presence and be more competitive on the South American market, which represents one of the areas with the highest development potential for this type of products.

Acquisition of 70% of the Brazilian company Lemasa LTDA

On November 4, 2014, the controlled company Comet S.p.A. signed the agreement for the acquisition of 70% shares in the Brazilian company Lemasa LTDA for an amount of 75.6 million Reais (at the current exchange rate of approximately € 25 million). The founder family and current owner of the company will be involved both in the management of the activities as well as a minority shareholder. The closing of the transaction is expected by April 2015, once all the necessary formalities will be completed.

Lemasa, a Brazilian company founded in 1989 with headquarters in Indaiatuba, is one of the leading manufacturers in South America of pumps and systems for high and very high pressure, a specific segment of the high pressure water jetting sector. The main areas of application for the Lemasa products are the agro-industry and the bio-fuels, the constructions, the oil & gas and the ship-building industry. The company closed the 2013 financial year with a turnover of 39.9 million Reais (approximately 13 million Euro), an EBITDA of 14.4 million Reais (approximately 4.7 million Euro), corresponding to an incidence on sales of 36.1%; a net profit of 11.4 million Reais (approximately 3.7 million Euro) and a net financial position of 1.6 million Reais (around 0.5 million Euro). At today's date the information available on the current year confirm a positive trend in sales.

The acquisition, which will be financed by bank debt, shall take place through a newco under Brazilian law, wholly owned by Comet. The price will be paid in three installments: 42.3 million Reais at the closing; 10.6 million Reais at the end of the audit on the 2014 financial statements; 22.7 million Reais after the approval of the 2017 financial statement.

The amounts related to the last two installments will remain deposited in an *escrow account* as security for all contractual commitments, for any contingency which might arise and for the price adjustments according to economic-financial parameters provided by the contract.

The agreement also foresees a "Put and Call Agreement" for the remaining 30% of the share capital that can be exercised on the 6th year following the closing at a price modulated on the basis of the average profitability achieved by Lemasa in the three previous years.

The business and technology of Lemasa are highly complementary to those of Comet, one of the worldwide leaders in the field of pumps for agriculture and high pressure water jetting. In the last years Comet, also through the acquisition of HPP, PTC and Master Fluid, has expanded its product range towards the high pressure by addressing its offer to most professional level on the market. With this acquisition, Comet shall strengthen its competitive position by exploiting the industrial and distribution synergies resulting from the transaction.

It must be underlined that as of today, the Emak Group, and Comet in particular, does not have any kind of relationship with Lemasa, therefore, at consolidated level, the results of this last shall result in net increases of the Group's figures.

Merger by incorporation of Emak USA in Comet USA

On October 1, 2014, Emak S.p.A., within the process of rationalizing its presence in the American market, sold to the controlled company Comet S.p.A. the totalitarian participation in share capital of Emak USA.

During the month of October 2014, the shareholders of Comet USA and the Emak USA have approved the merger by incorporation of Emak USA in Comet USA effective from November 30, 2014.

The reorganization of the activities provides that, once completed the merger, the business of Emak USA will become a division within Comet USA. The aim is to optimize logistics and maximize operating synergies, thus freeing important resources for business development

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.

Bagnolo in Piano (RE), 14 November 2014

On behalf of the Board of Directors

The Chairman

Fausto Bellamico

STATEMENT

Subject: Quarterly report at 30 September 2014.

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

CERTIFY,

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

that, to the best of my knowledge, the Quarterly Report at 30 September 2014, examined and approved today by the Board of Directors of the company, corresponds with the accounting documents, ledgers and records,

Yours faithfully,

Bagnolo in Piano (RE), 14 November 2014

Aimone Burani
Executive in charge
of preparing the accounting statements