HALF-YEAR REPORT AT 30 JUNE 2007

Contents

Corporate Officers

The shareholders of the parent company Emak S.p.A. voted in an ordinary meeting held on 27 April 2007 to appoint the Board of Directors for the three years 2007, 2008 and 2009; the Board of Statutory Auditors was appointed at the same time for the same term, and the firm of Fidital revisione ed organizzazione contabile s.r.l. was engaged as independent auditors for financial years 2004, 2005 and 2006.
The Board of Directors has granted Giacomo Ferretti, Chairman of the Board of Directors, Aimone Burani, the Deputy Chairman, and Fausto Bellamico, Chief Executive Officer and General Manager, separate powers for ordinary and extraordinary management within the bounds of the company's purpose and except for those powers reserved by law and the articles of association for the Board of Directors according to the Board resolution of 15 May 2007.

Board of Directors

Chairman	Giacomo Ferretti
Deputy Chairman	Aimone Burani
Chief Executive Officer	Fausto Bellamico
Independent directors	Ivano Accorsi
	Andrea Barilli
	Gian Luigi Basini
Directors	Carlo Baldi
	Luigi Bartoli
	Paola Becchi
	Giuliano Ferrari
	Ivano Salsapariglia
	Vilmo Spaggiari
	Guerrino Zambelli

Board of Statutory Auditors

Chairman	Marco Montanari
Acting auditors	Claudia Catellani
	Martino Masini
Alternate auditors	Mario Venezia
	Eugenio Poletti

Independent Auditors	Fidital S.r.l.

Audit Committee

Chairman	Andrea Barilli
	Ivano Accorsi
	Gian Luigi Basini

Remuneration Committee

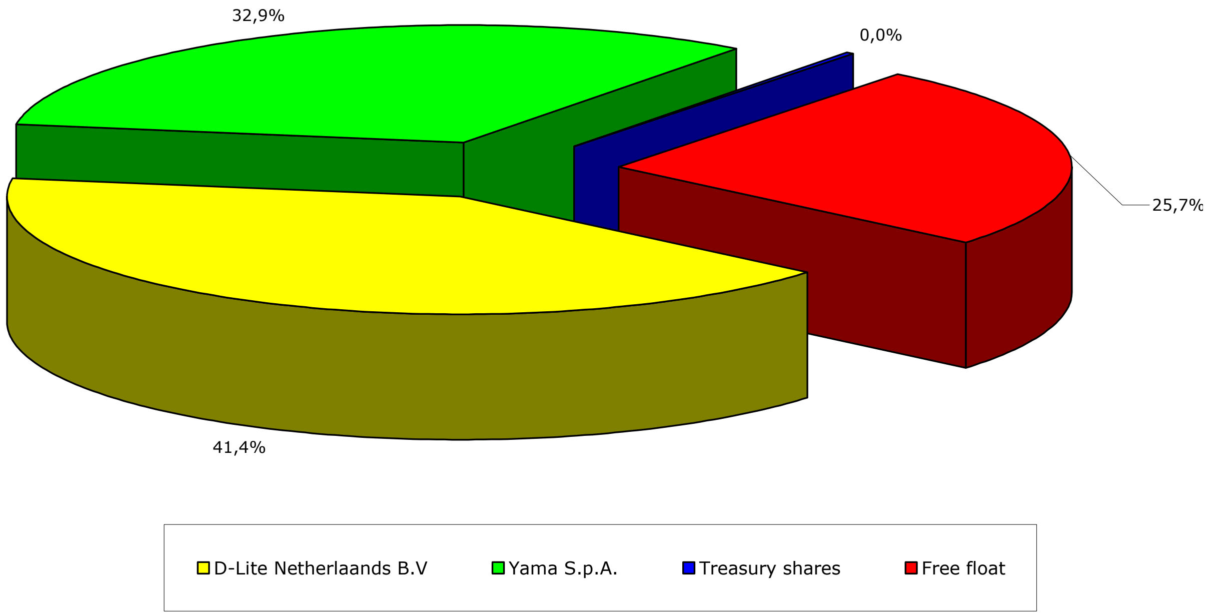
Chairman	Andrea Barilli
	Ivano Accorsi
	Gian Luigi Basini

Financial Reporting Officer	Aimone Burani

Main shareholders of Emak S.p.A.

Main shareholders at 30.06.2007	Shares	%
D-Lite Netherlands B.V. (Yama Group)	11.446.876	41,394
Yama S.p.A.	9.095.624	32,892
Treasury shares held	6.000	0,022
Free float	7.105.000	25,692
Total number of shares	27.653.500	100,000

Main shareholders at 30.06.2007



Group structure

The Emak Group is structured as follows at 30 June 2007:

EMAK S.p.A.

- **COMAG S.r.l.** (I) 99,4%
- **EMAK SUMINISTROS ESPANA SA** (E) 90%
- **EMAK U.K. LTD** (UK)100%
- **EMAK BENELUX N.V.** (B) 99,9%
- **EMAK DEUTSCHLAND GmbH** (D) 100%
- **EMAK FRANCE SAS** (F) 100%
- **JIANGMEN EMAK OUTDOOR POWER EQUIPMENT Co. Ltd.** (CHINA) 100% (1)
- **VICTUS-EMAK Sp. z o.o.** (PL) 100%
- **EMAK USA Inc.** (USA) 100%

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

Emak Group financial highlights

All the figures contained in this report are IFRS compliant.

Income statement (€/000)

Y2006		I H 2007	I H 2006
208.402	Net sales	130.189	125.925
25.127	EBITDA (1)	21.742	18.065
19.771	EBIT	19.008	15.437
11.304	Net profit	12.435	8.969

Investment and free cash flow (€/000)

Y2006		I H 2007	I H 2006
8.020	Investment in property, plant and equipment	4.209	3.459
973	Investment in intangible assets	327	356
16.660	Free cash flow from operations (2)	15.169	11.597

Balance sheet (€/000)

31.12.2006		30.06.07	30.06.06
119.740	Net capital employed	120.448	109.473
(37.864)	Net debt	(30.375)	(30.030)
75.359	Total equity	90.073	79.443

Other statistics

Y 2006		I H 2007	I H 2006
12,1%	EBITDA / Net sales (%)	16,7%	14,3%
9,5%	EBIT/ Net sales (%)	14,6%	12,3%
5,4%	Net profit / Net sales (%)	9,6%	7,1%
16,5%	EBIT / Net capital employed (%)	15,8%	14,1%
0,50	Debt / Equity	0,34	0,38
902	Number of employees at period end	903	885

Share information and prices

31.12.2006		30.06.2007	30.06.2006
0,407	Earnings per share (€)	0,449	0,323
2,95	Equity per share (€) (3)	3,24	2,86
4,84	Official price (€)	6,23	4,73
5,50	Maximum share price in period (€)	6,92	5,35
4,59	Minimum share price in period (€)	4,84	4,70
133	Stockmarket capitalization (€ / million)	171	131
27.589.077	Average number of outstanding shares	27.636.418	27.630.915
27.653.500	Number of shares comprising share capital	27.653.500	27.653.500
0,60	Cash flow per share: net profit + amortization/depreciation (€) (4)	0,55	0,42
0,175	Dividend per share (€)	-	-

(1) "Ebit" plus "Amortization, depreciation and impairment losses"
(2) "Net Profit" plus "Amortization, depreciation and impairment losses"
(3) "Group equity" divided by "Number of outstanding shares at period end"
(4) "Group Net Profit + Amortization/depreciation" divided by "Average number of outstanding shares"

REPORT ON PERFORMANCE AT 30 JUNE 2007

INTRODUCTION

The comments and comparisons contained in this report refer to consistent figures and reporting standards.

ECONOMIC AND INDUSTRY SITUATION

1. Economic situation

The world economy continued to grow at a good pace in the first half of 2007.
Growth in the euro-zone and Japan remained above trend with some signs that domestic demand is playing an increasingly central role. Markets in emerging countries continued to grow rapidly, driven by China, India and Russia.
The world economy is expected to grow by 5,2% in 2007, led by China (11,2%), India (9%) and Russia (7%).
Growth in the euro-zone is estimated at 2,6%, particularly thanks to the contribution of Germany and Spain.
The US economy should become increasingly sluggish during the year, with growth in 2007 estimated at around 2%.

2. Industry performance

The sector of garden and forestry maintenance machinery is affected by trends in the economic cycle, growth in the property market and by the weather.
The season has generally been favourable for gardening products, while the particularly mild winter has had a negative impact on demand for forestry products.
The appreciation of the euro against the US dollar has continued to hurt European products in markets outside of Europe.

3. Significant events in the period.

During the first six months of 2007 there have been no significant events.

4. Atypical and unusual, significant and non-recurring operations.

Please refer to note 8 to the consolidated financial statements for information about significant and non-recurring operations.

5. EMAK GROUP - OVERVIEW OF RESULTS

Highlights from the consolidated income statement

Highlights from the consolidated income statement for the first half of 2007 (1H 2007) are summarized below:

Y 2006	%	€/000	30.06. 2007	%	30.06 2006	%	% Change
208.402	100	Net sales	130.189	100	125.925	100	3,4
25.127	12,1	Ebitda	21.742	16,7	18.065	14,3	20,4
19.771	9,5	EBIT	19.008	14,6	15.437	12,3	23,1
18.579	8,9	Profit before taxes	18.567	14,3	14.288	11,3	29,9
11.304	5,4	Net profit	12.435	9,6	8.969	7,1	38,6

Sales

Consolidated sales in the first half of 2007 (1H 2007) climbed by 3,4% from €125.925 thousand to €130.189 thousand.

Sales are broken down by product in the following table which also shows the prior year comparatives.

€/000	30.06.07	%	30.06.06	%	% Change
Brushcutters	29.723	22,8%	26.651	21,2%	11,5%
Chainsaws	15.736	12,1%	16.119	12,8%	-2,4%
Lawnmowers	24.588	18,9%	25.182	20,0%	-2,4%
Garden tractors	12.465	9,6%	12.139	9,6%	2,7%
Other products	35.679	27,5%	34.056	26,9%	4,8%
Spare parts and accessories	11.998	9,2%	11.778	9,4%	1,9%
Total	**130.189**	**100%**	**125.925**	**100%**	**3,4%**

The excellent performance by brush cutters was largely due to the improvement of the offer both in terms of innovation and competitiveness.
The particularly mild winter had a negative influence on chainsaws demand, however recovering in the second quarter. A light decline in the sales of lawnmowers was mainly due to a decrease in the DIY channel, partially compensated by the growth in the traditional dealer channel. Sales of the rest of the products range did well, thanks to an ever wider offer.

The geographical breakdown of sales is shown in the following table:

€/000	30.06.07	%	30.06.06	%	% Change
Italy	23.159	17,8%	22.046	17,5%	5,0%
Europe	89.615	68,8%	85.944	68,3%	4,3%
Rest of world	17.415	13,4%	17.935	14,2%	-2,9%
Total	**130.189**	**100%**	**125.925**	**100%**	**3,4%**

Sales on the Italian and European markets performed well, especially in Eastern Europe.

Good performance in South America failed to make up for slacker demand in other countries in the rest of the world, negatively affected by weakness of the US dollar.

Emak USA is still making an insignificant contribution to the group's results.

Profits

-EBITDA

EBITDA improved by 20,4% in 1H 2007 to €21.742 thousand, up from €18.065 thousand in the corresponding period of last year.

The following factors contributed positively to first-half results:

- the product/market/channel mix improvement;
- the reduction in payroll costs;
- the capital gain of €521 thousand arising on the sale of the industrial building in Brescello (Reggio Emila);
- the improvement in production efficiency.

The following factors all contributed negatively to results:

- the cost of raw materials;
- the competition based on price leverage by competitors.

-EBIT

EBIT was €19.008 thousand in 1H 2007, an increase of 23.1% on the corresponding prior year figure of €15.437 thousand.

-Net profit

Net profit for 1H 2007 was 38,6% higher at €12.435 thousand, up from €8.969 thousand in the same period of last year.

Net financial expense in 1H 2007 improved compared to the prior year figure thanks to movements in exchange rates.

The first-half tax rate of 33% was down from that of 37,2% in the corresponding prior year period, due to differences in the tax rules applied in the various countries where the group operates.

Highlights from the consolidated balance sheet

31.12.2006	€/000	30.06.2007	30.06.2006
37.955	Net non-current assets	39.689	34.728
81.785	Net current assets	80.759	74.745
119.740	**Total net capital employed**	**120.448**	**109.473**
81.876	Equity	90.073	79.443
(37.864)	Net debt	(30.375)	(30.030)

1. Net non-current assets

During 1H 2007 Emak Group invested €4.536 thousand in property, plant and equipment and intangible assets as follows:

- €983 thousand for product innovation;
- €1.182 thousand for boosting production capacity and for process innovation;
- €433 thousand for upgrading the computer network;
- €1.876 thousand for completing and modernizing existing buildings and enlarging the plant in Pozzilli (Isernia);
- €52 thousand for other investments in management infrastructure.

2. Net current assets

Net working capital was €1.026 thousand lower than at the end of December 2006, down from €81.785 thousand to €80.759 thousand.

The chart below shows changes in net working capital in the first six months of 2007 and in the corresponding period of the previous year:

€/000	30.06.2007	30.06.2006
Net working capital at 01 January	**81.785**	**66.419**
increase/(decrease) in inventories	(4.396)	5.439
increase in trade receivables	11.964	10.033
increase in trade payables	(6.902)	(4.061)
other changes	(1.692)	(3.085)
Net working capital at 30 June	**80.759**	**74.745**

The decrease in net current assets in the first six months of 2007 is mainly due to the reduction in inventories as a result of more efficient logistics.

- Equity

Total equity was €90.073 thousand at the end of June 2007 compared with €81.876 thousand at 31 December 2006. Earnings per share were €0,449 at 30 June 2007 up from €0,323 in the corresponding period of the prior year.

- Net financial position

At 30 June 2007 consolidated net financial position reports €30.375 thousand in net debt compared with €37.864 thousand at 31 December 2006. The improvement is mainly associated with the decrease in working capital requirements and to cash flows generated in the first half.

Free cash flow from operations in 1H 2007 was €15.169 thousand after tax, compared with €11.597 thousand in the same period of last year.

The net financial position is made up as follows:

€/000	30.06.2007	31.12.2006	30.06.2006
Cash and banks	11.928	4.028	8.712
Securities and derivative financial instruments	5	5	129
Other financial assets	0	9	13
Financial liabilities	(42.265)	(41.677)	(38.872)
Derivative financial instruments	(43)	(229)	(12)
Total net debt	**(30.375)**	**(37.864)**	**(30.030)**

The net financial position includes an amount of €2.003 thousand for dividends payable to the shareholder D-Lite Netherlands B.V.. The net financial position at 31 December 2006 did not contain any balances with related parties.

6. RESEARCH AND DEVELOPMENT

Research and development activities were particularly intense during the first half of 2007: the normal activities focusing on enlargement of the product range were flanked by an extraordinary project to complete the development of "clean" engines in view of the changes in regulatory requirements involving the transition from Euro 1 to Euro 2 from the start of 2008.
We have therefore expanded the group's R&D department in order to cope with developments in this area, requiring the application of new technology.
We are facing a highly important transition period which will undoubtedly affect the competitive positioning of market players, carrying associated risks and opportunities.

7. HUMAN RESOURCES

The workforce is analyzed by country in the following table:

Employees at period end	30.06.2007	31.12.2006
Italy	486	489
France	41	43
Belgium	5	5
UK	16	16
Spain	14	14
Germany	15	15
Poland	60	60
China	260	255
USA	6	5
	903	**902**

The size of the Emak Group's overall workforce at 30 June 2007 is virtually unchanged since 31 December 2006.

As part of a revision of the "Demand Management" process, a logistics office has been set up within Emak Spa with the goal of making internal organization more efficient, from order confirmation to finished product despatch, as well as improving the standard of customer service.

Emak SpA provided 1.084 hours in instruction and 1.526 hours in training during the first half of 2007, making a total of 2.610 hours of educational activity. Instruction activities alone involved 63 employees (16% of the workforce).

8. RELATED PARTY TRANSACTIONS

Please refer to note 39 to the consolidated financial statements for information about related party transactions.

9. BUY-BACK OF EMAK S.p.A. SHARES.

In accordance with the related authorization by the shareholders' meeting held on 27 April 2007, Emak S.p.A. has carried out purchases and sales of treasury shares on the market for the purpose of improving the stock's liquidity.
Emak S.p.A. held 108.849 treasury shares at 31 December 2006, worth €527 thousand.
During the first quarter of 2007 all the treasury shares held in portfolio were sold, while during the second quarter the company has purchased 6.000 treasury shares, worth €36 thousand. Therefore, at 30 June 2007 the Company held 6.000 treasury shares.
During the two months of July and August 2007 Emak S.p.A. has purchased 102.454 treasury shares, worth €589 thousand. At 31 August 2007 the company holds 108.454 treasury shares worth €625 thousand.

10. OUTSTANDING DISPUTES

There are no outstanding disputes other than those for which related provisions have been made, as discussed in note 35 to the consolidated financial statements.

11. BUSINESS OUTLOOK

The favourable weather conditions in the spring, combined with the general improvement in the European economy, have helped boost demand; the level of stocks held by dealers is normal.
Unless there are unexpected fluctuations in exchange rates and the price of raw materials, we are assuming a good trend in demand in the second half of the year as well.
Given this situation, we can expect the group to continue growing.

12. CORPORATE GOVERNANCE

During the first half of 2007 Emak revised its articles of association to comply with the requirements of the "Investor Protection Act" (Decree 262/05) and the associated "Pinza Decree" (Decree 303/06).
The amendments mainly related to the processes of appointing corporate officers, designed to give more power to minority shareholders, and the introduction of the new position of "Financial Reporting Officer".

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Following the shareholders' meeting on 27 April 2007 and the meeting of the Board of Directors on 15 May 2007, Emak has renewed the appointment of its corporate officers; the size of the Board has been set at thirteen members, three of whom independent, while the executive directors (all reconfirmed) were granted the powers previously delegated; like before, the usual more strategically important matters have been confirmed as the prerogative of the Board of Directors. The audit and remuneration committees were also installed, and the Financial Reporting Officer was appointed and given full powers to operate.

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Emak satisfies the revised requirements for STAR segment membership; in detail, it complies with the principles contained in Italy's Corporate Governance Code (reissued by Borsa Italiana - Italy's stockmarket manager - in March 2006) concerning:

- the composition of the Board of Directors and the number, independence, role and functions of independent directors;
- the establishment, composition and operation of Board committees, specifically the audit committee and the remuneration committee;
- the remuneration of executive directors and key management personnel, which is designed to incentivize the creation of value for shareholders;
- black out periods required for members of the Board of Directors and Board of Statutory Auditors, and for members of top management, with specific penalties if contravened.

In terms of adopting the organizational and prevention models required by legislation on corporate administrative liability (Decree 231/2001), Emak is in the process of adopting the necessary measures, which will be completed within the deadline specified in Borsa Italiana's Market Regulations and which are binding for issuers in the STAR segment to which Emak belongs.

13. SUBSEQUENT EVENTS

There are no significant subsequent events to report.

Emak Group– Consolidated financial statements and explanatory notes at 30 June 2007

Consolidated income statement

Y 2006	€/000	Notes	I H 2007	I H 2006
208.402	Sales	11	130.189	125.925
1.575	Other operating income	11	1.358	826
9.775	Change in inventories		(4.393)	6.042
(131.506)	Raw and consumable materials and goods	12	(72.682)	(79.993)
(27.865)	Salaries and employee benefits	13	(14.115)	(15.284)
(35.254)	Other operating costs	14	(18.615)	(19.451)
(5.356)	Amortization, depreciation and impairment losses	15	(2.734)	(2.628)
19.771	**Ebit**		**19.008**	**15.437**
540	Financial income	16	299	319
(2.085)	Financial expenses	16	(1.415)	(1.021)
353	Exchange gains and losses	16	675	(447)
18.579	**EBT**		**18.567**	**14.288**
(7.275)	Income taxes	17	(6.132)	(5.319)
11.304	**Net profit**		**12.435**	**8.969**
(65)	**(Profit)/loss attributable to minority interests**		**(40)**	**(48)**
11.239	**Net profit attributable to the group**		**12.395**	**8.921**
0,407	**Basic earnings per share**	18	**0,449**	**0,323**
0,407	**Diluted earnings per share**	18	**0,449**	**0,323**

Consolidated balance sheet

CONSOLIDATED BALANCE SHEET

ASSETS

31.12.2006	€/000	Notes	30.06.2007	30.06.2006
	Non-current assets			
35.535	Property, plant and equipment	19	37.484	33.362
3.076	Intangible assets	21	2.952	2.925
6.353	Goodwill	22	6.459	6.002
361	Investment property	20	343	380
224	Equity investments	23	224	223
3.126	Deferred tax assets	31	3.052	2.503
0	Other financial assets		0	5
48	Other receivables	25	53	55
48.723	**Total**		**50.567**	**45.455**
	Non-current assets held for sale			
269	Assets held for sale	0	0	269
269	**Total**		**0**	**269**
	Current assets			
68.302	Inventories	26	63.906	65.279
58.925	Trade and other receivables	25	72.018	67.733
2.238	Current tax assets	31	3.059	1.469
9	Other financial assets		0	8
0	Derivative financial instruments	24	0	124
5	Marketable securities at fair value		5	5
4.028	Cash and cash equivalents	27	11.928	8.712
133.507	**Total**		**150.916**	**143.330**
182.499	**TOTAL ASSETS**		**201.483**	**189.054**

EQUITY AND LIABILITIES

31.12.2006	€/000	Notes	30.06.2007	30.06.2006
	Capital and reserves			
7.190	Share capital		7.190	7.190
21.047	Share premium		21.047	21.047
(527)	Treasury shares		(36)	(365)
30.223	Other reserves		30.322	30.231
23.460	Retained earnings		31.069	20.880
81.393	**Total Group**	**28**	**89.592**	**78.983**
483	**Minority interests**		**481**	**460**
81.876	**Total equity**		**90.073**	**79.443**
	Non-current liabilities			
6.105	Loans and borrowings	30	13.012	6.591
2.692	Deferred tax liabilities	31	2.922	2.538
5.796	Post-employment benefits	32	5.205	5.989
468	Provisions	33	528	418
2.081	Other non-current liabilities	34	2.222	2.046
17.142	**Total**		**23.889**	**17.582**
	Current liabilities			
45.146	Trade and other payables	29	53.063	54.914
2.150	Current tax liabilities	31	4.906	4.460
35.572	Loans and borrowings	30	29.253	32.281
229	Derivative financial instruments	24	43	12
384	Provisions	33	256	362
83.481	**Total**		**87.521**	**92.029**
182.499	**TOTAL EQUITY AND LIABILITIES**		**201.483**	**189.054**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 31.12.2005 AND AT 30.06.2006

€/000	Share capital	Share premium	Treasury shares	OTHER RESERVES				RETAINED EARNINGS		TOTAL GROUP	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	TOTAL
				Legal reserve	Revaluation reserve	Cumulative translation adjustment	Other reserves	Retained earnings	Net profit for the period			
Balance at 31.12.2005	**7.190**	**21.047**	**(28)**	**1.438**	**1.138**	**140**	**27.638**	**6.806**	**9.532**	**74.901**	**458**	**75.359**
Change in translation reserve						(349)		(9)		**(358)**		**(358)**
Change in treasury shares			(337)							**(337)**		**(337)**
Payment of dividends							226	5.162	(9.532)	**(4.144)**	(46)	**(4.190)**
Net profit for the period									8.921	**8.921**	48	**8.969**
Balance at 30.06.2006	**7.190**	**21.047**	**(365)**	**1.438**	**1.138**	**(209)**	**27.864**	**11.959**	**8.921**	**78.983**	**460**	**79.443**

€/000	Share capital	Share premium	Treasury shares	OTHER RESERVES				RETAINED EARNINGS		TOTAL GROUP	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	TOTAL
				Legal reserve	Revaluation reserve	Cumulative translation adjustment	Other reserves	Retained earnings	Net profit for the period			
Balance at 31.12.2005	**7.190**	**21.047**	**(28)**	**1.438**	**1.138**	**140**	**27.638**	**6.806**	**9.532**	**74.901**	**458**	**75.359**
Change in translation reserve						(104)				**(104)**		**(104)**
Change in treasury shares			(499)							**(499)**		**(499)**
Payment of dividends							226	5.162	(9.532)	**(4.144)**	(46)	**(4.190)**
Other changes							(253)	253		**0**	6	**6**
Net profit for 2006									11.239	**11.239**	65	**11.304**
Balance at 31.12.2006	**7.190**	**21.047**	**(527)**	**1.438**	**1.138**	**36**	**27.611**	**12.221**	**11.239**	**81.393**	**483**	**81.876**
Change in translation reserve						99				**99**		**99**
Change in treasury shares			491					40		**531**		**531**
Payment of dividends								6.400	(11.239)	**(4.839)**	(42)	**(4.881)**
Other changes								13		**13**		**13**
Net profit at 30.06.07									12.395	**12.395**	40	**12.435**
Balance at 30.06.2007	**7.190**	**21.047**	**(36)**	**1.438**	**1.138**	**135**	**27.611**	**18.674**	**12.395**	**89.592**	**481**	**90.073**

CONSOLIDATED CASH FLOW STATEMENT

2006	(€/000)	Notes	30.06.2007	30.06.2006
	Cash flow from operations			
11.304	**Net profit for the period**		**12.435**	**8.969**
5.356	Amortization, depreciation and impairment losses	15	2.734	2.628
(188)	(Capital gains)/losses on disposal of property, plant and equipment		(533)	(192)
(936)	Decreases/increases in trade and other receivables		(13.846)	(8.359)
(8.721)	Decreases/increases in inventories		4.396	(5.698)
(5.846)	Decreases/increases in trade and other payables		11.044	6.043
12	Change in post-employment benefits		(591)	205
(124)	Decreases/increases in provisions for liabilities	33	(68)	(196)
266	Decreases/increases in derivative financial instruments		(186)	(74)
1.123	**Net cash generated by operations**		**15.385**	**3.326**
	Cash flow from investment activities			
(8.792)	Increases in property, plant and equipment and intangible assets		(4.400)	(3.250)
104	Increases and decreases in financial assets		9	100
189	Proceeds from disposal of property, plant and equipment		555	36
505	Business combinations		0	505
(7.994)	**Net cash absorbed by investment activities**		**(3.836)**	**(2.609)**
	Cash flow from financial activities			
(493)	Change in equity		544	(346)
4.362	Change in short and long-term loans and borrowings		8.941	(836)
(536)	Change in finance leases		(288)	(274)
(4.190)	Dividends paid		(2.878)	(4.190)
(104)	Change in translation reserve		99	(349)
(961)	**Net cash absorbed by financial activities**		**6.418**	**(5.995)**
(7.832)	**NET INCREASE IN CASH AND CASH EQUIVALENTS**		**17.967**	**(5.278)**
(5.088)	**OPENING CASH AND CASH EQUIVALENTS**		**(12.920)**	**(5.088)**
(12.920)	**CLOSING CASH AND CASH EQUIVALENTS**		**5.047**	**(10.366)**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

2006	(€/000)		30.06.2007	30.06.2006
	RECONCILIATION OF CASH AND CASH EQUIVALENTS			
(5.088)	**Opening cash and cash equivalents, detailed as follows:**	**27**	**(12.920)**	**(5.088)**
4.103	Cash and cash equivalents		4.028	4.103
(9.191)	Overdrafts		(16.948)	(9.191)
(12.920)	**Closing cash and cash equivalents, detailed as follows:**	**27**	**5.047**	**(10.366)**
4.028	Cash and cash equivalents		11.928	8.712
(16.948)	Overdrafts		(6.881)	(19.078)
	Other information:			
117	Change in related party receivables and service transactions		(168)	(208)
(805)	Change in related party payables and service transactions		1.592	1.256

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

Notes to the consolidated financial statements - Contents

1. General information

The Emak Group is one of Europe's leading producers of gardening and forestry machinery, such as chainsaws, brushcutters, lawn mowers, trimmers and a vast assortment of accessories.

The parent company is a public limited company, whose shares are listed on the Italian stock exchange. Its registered office is in Via Fermi 4, Bagnolo in Piano (Reggio Emilia), Italy.

The group has around 903 employees.

The Emak Group is under the governance and coordination of Yama S.p.A. as defined by article 2497 of the Italian Civil Code.

The Yama Group's main business is in the sectors of agricultural and gardening machinery and equipment, engine parts, finance and real estate.

These consolidated financial statements were approved by the Board of Directors on 28 September 2007.

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

2. Summary of principal accounting policies

The principal accounting policies used for preparing these consolidated financial statements are discussed below, and unless otherwise indicated, have been uniformly applied to all years presented.
Please refer to note 6 for details of the application of new accounting policies.

2.1 General methods of preparation

The Emak Group's consolidated financial statements at 30 June 2007 have been prepared in accordance with IAS 34 (Interim Financial Reports), and currently applicable CONSOB regulations and resolutions.
The consolidated financial statements have been prepared in accordance with the IFRS issued by the International Accounting Standards Board and adopted by the European Union at the date of preparing this report. The term IFRS also refers to all revised international accounting standards (IAS) and all interpretations by the International Financial Reporting Interpretations Committee (IFRIC), previously named the Standing Interpretations Committee (SIC).

The consolidated financial statements have been prepared under the historical cost method, except for those financial assets and liabilities (including derivative instruments) measured at fair value.

The group has adopted the following formats for its financial statements as required by IAS 1:
-Balance sheet: based on the distinction between current and non-current assets and current and non-current liabilities;
-Income statement: based on a classification of items of income and expense according to their nature.

The preparation of financial statements under IFRS requires management to make use of accounting estimates. The matters involving a high degree of judgement or complexity and the areas in which the assumptions and estimates could have a significant impact on the consolidated financial statements are discussed in note 5.

2.2 Methods of consolidation

The consolidated financial statements include the financial statements of Emak S.p.A. and the Italian and foreign companies over which Emak exercises direct or indirect control by governing their financial and operating policies and receiving the related benefits. The subsidiary Jiangmen Emak Outdoor Power Equipment Co. Ltd. has been consolidated as a wholly-owned subsidiary in view of the commitment to buy back the 49% interest held by Simest S.p.A.. Subsidiaries are consolidated line-by-line from the date that the group obtains control.

The acquisition of subsidiaries is accounted for using the purchase method. The purchase method initially corresponds to the fair value of the assets acquired, the financial instruments issued and the liabilities at the date of acquisition, as increased for any directly attributable acquisition costs, and ignoring any minority interests. The excess of the cost of acquisition over the group's share of the fair value of the net assets acquired is recognized as goodwill. If the cost of acquisition is lower, the difference is directly expensed to income.

Intragroup balances, transactions and unrealized gains are eliminated. Unrealized losses are also eliminated unless the cost of the asset transferred reports an impairment loss. The financial statements of consolidated companies are duly amended, where necessary, to make them consistent with the group's accounting policies.

The scope of consolidation at 30 June 2007 includes the following companies:

Name	Head office	Share capital	Currency	% consolidated	Held by	% interest held
Emak S.p.A.	Bagnolo in Piano - RE (I)	7.189.910	€			
Emak Suministros Espana SA	Getafe-Madrid (E)	270.459	€	90,000	Emak S.p.A.	90,000
Comag S.r.l.	Pozzilli - IS (I)	1.850.000	€	99,442	Emak S.p.A.	99,442
Emak U.K. Ltd	Lichfield (UK)	17.350	GBP	100,000	Emak S.p.A.	100,000
Emak Deutschland Gmbh	Backnag (D)	553.218	€	100,000	Emak S.p.A.	100,000
Kens International SA	Wilrijk (B)	61.973	€	99,999	Emak S.p.A. Comag S.r.l.	99,800 0,200
Emak Benelux N.V.	Schoten (B)	92.960	€	99,999	Kens International S	100,000
Emak France SAS	Rixheim (F)	2.000.000	€	100,000	Emak S.p.A.	100,000
Jangmen Emak Outdoor Power Equipment Co.Ltd (*)	Jiangmeng (RPC)	18.171.788	RMB	100,000	Emak S.p.A.	100,000
Victus-Emak Eco Sp z o.o.	Poznan (PL)	10.168.000	PLN	100,000	Emak S.p.A.	100,000
Emak USA Inc.	Wooster-Ohio (USA)	50.000	USD	100,000	Emak S.p.A.	100,000

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

2.3 Criteria for defining business segments

A business segment is a distinguishable component of an enterprise that is engaged in providing a group of products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical sector is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

2.4 Translation differences

(a) Functional currency and reporting 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 reporting currency of the parent company.

(b) Transactions and balances
A foreign currency transaction is translated using the rate of exchange at the date of the transaction. Exchange gains and losses arising upon receipt and payment of the foreign currency amounts and upon translation at closing rates of monetary items denominated in a foreign currency are reported in profit or loss for the period. Gains and losses realized on cash flow hedges whose hedged items are still unrealized are deferred in equity.

(c) Group companies
The financial statements of all group companies whose functional currency differs to the reporting currency of the consolidated financial statements are translated as follows:
(i) assets and liabilities are translated at the closing rate on the balance sheet date;
(ii) income and expenses are translated at the average rate for the period;
(iii) all translation differences are recognized as a separate reserve under equity ("cumulative translation adjustment").

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

Amount of currency corresponding to €1	1H 2007 average	30.06.2007	FY 2006 average	31.12.2006
Pounds sterling (GB)	0,67	0,67	0,68	0,67
Renminbi (China)	10,26	10,28	10,01	10,28
Zloty (Poland)	3,84	3,77	3,90	3,83
Dollars (Usa)	1,33	1,35	1,28(*)	1,32

(*): refers to the average in the second half of 2006.

2.5 Description of accounting policies applied to individual items

Details of the accounting policies applied to individual items within the financial statements can be found in sections 2.5 to 2.26 of the explanatory notes to the consolidated financial statements at 31 December 2006.

3. Capital management

The group's objectives for managing capital are:
- to safeguard the ability to continue operating as a going concern and
- to provide an adequate return for shareholders.

The group manages capital structure in proportion to the risk. In order to maintain or adjust its capital structure, the group may vary the amount of dividends paid to shareholders and the return on capital to shareholders, and it may issue new shares, or sell assets to reduce the level of debt.
During recent years the group's dividend policy has been to pay out around 40% of net profit attributable to the group reported in the consolidated financial statements.

The group monitors its capital on the basis of the ratio between net financial position and equity.
Like in past years, the group's strategy in 2007 has been to maintain the debt-equity ratio at

no more than 1, in order to ensure access to low-cost finance by keeping its credit rating at a maximum level.
The debt-equity ratios at 30 June 2007 and 31 December 2006 were as follows:

	30 Jun. 07 €/000	31 Dec. 06 €/000
Net financial position (note 10)	30.375	37.864
Total equity	90.073	81.876
Debt-equity ratio	**0,34**	**0,46**

The decrease in the ratio during the first half of 2007 reflects the improvement in earnings and the reduction in the amount of working capital.

4. Financial risk management

4.1 Financial risk factors

The group's business is exposed to a number of different financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The group's policies for managing and controlling financial risks focus on the unpredictability of financial markets and seek to minimize the potentially negative effects on the consolidated results. The group uses derivative financial instruments to hedge certain risks.
Hedging of the group's financial risks is managed by a head office function working in close collaboration with the individual operating units.

(a) Market risk

(i) Interest rate risk
Since the group does not have significant interest-bearing assets, operating profits and cash flows are largely unaffected by changes in market interest rates. The group's interest rate risk relates to its long-term loans and borrowings. Variable rate loans expose the group to the cash flow risk associated with interest rates. Fixed rate loans expose the group to the fair value risk associated with interest rates.
The group's policy is based on constantly monitoring its level and structure of debt and on the trend in interest rates and macroeconomic variables that might directly influence them, with the goal of optimizing the cost of money. At 30 June 2007, the group's bank loans and borrowings and finance leases all carried variable interest and no hedges had been taken out.

(ii) Currency risk
The group conducts its business internationally and is exposed to exchange risk associated with the currencies used, chiefly US dollars, yen, pounds sterling, Chinese renminbi and Polish zloty. Currency risk derives from future commercial transactions, from recognized assets and liabilities and net investments in foreign enterprises.
Group companies mostly use forward contracts to hedge currency risk arising from future commercial transactions and recognized assets and liabilities.

Any changes in future exchange rates should not have a significant impact on future economic results and cash flows in the short term.

(iii) Price risk
The group is exposed to fluctuations in the price of raw materials. This exposure is mostly towards suppliers of parts since their price is generally tied by contract to the trend in market prices for raw materials. The group usually enters into medium-term contracts with certain suppliers for the purpose of managing and limiting the risk of fluctuations in the price of its main raw materials such as aluminium, sheet metal, plastic and copper.

(b) Credit risk
The group does not have significant concentrations of credit risk and has adopted policies to ensure that products are sold to customers of proven creditworthiness and that certain types of receivable are insured. Derivatives and short-term investments are undertaken only with primary financial institutions. The group has policies that limit its credit exposure to any single financial institution.

(c) Liquidity risk
Prudent management of liquidity risk implies the maintenance of sufficient liquid funds and marketable securities, the availability of funding through adequate credit lines and the ability to close positions off-market. Given the dynamic nature of the group's business, its Treasury function seeks flexibility of funding by having sufficient credit lines.

4.2 Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are used only for hedging purposes with the intent of reducing the risks of foreign currency fluctuation. As established by IAS 39, derivative financial instruments may qualify for special hedge accounting only if (i) at the inception of the hedge the hedging relationship is formally designated and documented, (ii) the hedge is expected to be highly effective and (iii) the effectiveness of the hedge can be measured reliably.

Derivatives are initially recognized at cost and adjusted to fair value at subsequent balance sheet dates.

Changes in the fair value of derivatives designated as cash flow hedges relating to the company's firm commitments are recognized directly in equity to the extent they relate to the effective portion of the hedge, while the ineffective portion is reported directly in the income statement. If a firm commitment or hedge of a forecast transaction results in the recognition of assets or liabilities, the associated gains or losses on the derivative that were recognized directly in equity are reclassified to the initial cost or carrying amount of the asset or liability.

If cash flow hedges do not result in the recognition of an asset or a liability, the amounts that were directly recorded in equity are reversed to income in the same period in which the firm commitment or hedged forecast transaction affects profit or loss.

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognized in the income statement in the period in which they occur.

Hedge accounting is discontinued when the hedging instrument expires, is sold, terminated or exercised, or no longer meets the criteria for hedge accounting. In this case, the cumulative gain or loss on the hedging instrument recognized directly in equity remains separately in equity until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the cumulative gain or loss recognized directly in equity is transferred to profit or loss for the period.

4.3 Measurement of fair value

The fair value of financial instruments with a quoted market price in an active market (such as publicly traded derivatives and securities held for trading and for sale) is based on the market price at the balance sheet date. The market price used for the group's financial assets is the bid price; the market price for financial liabilities is the offer price.

The fair value of financial instruments not quoted in an active market (for example, derivatives quoted over the counter) is determined using valuation techniques. The group uses various methods and makes assumptions that are based on existing market conditions at the balance sheet date. Long-term payables are valued using quoted market or trading prices for the specific or similar instruments. Other methods, such as estimating the present value of future cash flows, are used to determine the fair value of the other financial instruments. The fair value of forward currency contracts is determined using the forward exchange rates expected at the balance sheet date.

It is assumed that the face value less estimated doubtful receivables approximates the fair value of trade receivables and payables. For the purposes of these notes, the fair value of financial liabilities is estimated by discounting contractual future cash flows at the current market rate available to the group for similar financial instruments.

5. Key accounting estimates and assumptions

The preparation of the financial statements and the related notes under IFRS has required management to make estimates and assumptions affecting the value of reported assets and liabilities and the disclosures relating to potential assets and liabilities at the balance sheet date. Actual results could differ from these estimates. Estimates are used for recording provisions for doubtful accounts and inventory obsolescence, amortization and depreciation, writedowns to assets, employee benefits, taxes and other provisions. Estimates and assumptions are reviewed periodically and the effects of any change are immediately reflected in the income statement.

6. New accounting standards

The group has adopted IFRS 7 "Financial instruments: disclosures" and the amendments to IAS 1 regarding information about capital with effect from 1 January 2007. This report contains the disclosures required by these new and revised standards.

The interpretations contained in IFRIC 7, 8, 9, 10 and 11 have not had any impact on the half-year report for 2007.

7. Segment information

7.1. Primary reporting format - Business segments

The group's sole business segment is that of producing and constructing machinery for gardens and other vegetation. Bearing in mind that the principal source of risks and rewards is associated with this activity and that the group's computer system is based on just one business segment, it is not necessary to provide additional details to those already reported in the financial statements.

7.2. Secondary reporting format – Geographical segments

The group operates on a worldwide basis.
Sales revenues by geographical area are analyzed by segment on the basis of the end customer's location.
The value of assets and investments is analyzed by geographical segment based on the location of the assets themselves.

(€/000)	Sales		Assets		Investment in fixed assets	
	I H 2007	**I H 2006**	**30.06.07**	**31.12.06**	**I H 2007**	**I H 2006**
Italy	23.159	22.046	120.884	113.109	3.695	1.752
Europe	89.615	85.944	66.326	55.033	230	234
Rest of the world	17.415	17.935	14.273	14.357	611	1.829
Total	**130.189**	**125.925**	**201.483**	**182.499**	**4.536**	**3.815**

8. Significant non-recurring events and transactions

The first half of 2007 reported the following transactions:

1. Emak S.p.A. sold an industrial building in Brescello (Reggio Emilia) for €800 thousand. This building had previously been classified under "assets held for sale" at a value of €269 thousand.
The capital gain on this sale, classified in "other operating income" amounted to €531 thousand.

2. The reform of supplementary pensions under Decree 252/2005 (as amended) has now come into force.
Under this reform, as from 1 January 2007 all new amounts maturing for employee termination indemnities must be paid into supplementary pension funds or the Treasury account at INPS (Italy's social security agency), adopting an accounting treatment similar to that already used for social security payments.

Employee termination indemnities maturing up to 31 December 2006 are still being treated like a defined benefit plan, involving the need to make actuarial estimates.
Unlike the previous actuarial estimates, estimates from June 2007 will no longer take account of the component relating to future salary increases.

The revised estimate using the new actuarial calculation method has given rise to the release of around €700 thousand to income.

This amount has been treated as a reduction in salaries and employee benefits and so included in the group's EBIT.

9. Balances or transactions arising from atypical and unusual operations

No atypical or unusual transactions took place in the first half of 2007.

10. Net financial position

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

€/000	30.06.2007	31.12.2006	30.06.2006
Cash and banks	11.928	4.028	8.712
Securities and derivative financial instruments	5	5	129
Other financial assets	0	9	8
Financial liabilities	(29.253)	(35.572)	(32.281)
Derivative financial instruments	(43)	(229)	(12)
Short-term net debt	**(17.363)**	**(31.759)**	**(23.444)**
Other financial assets	0	0	5
Financial liabilities	(13.012)	(6.105)	(6.591)
Long-term net debt	**(13.012)**	**(6.105)**	**(6.586)**
Cash and banks	11.928	4.028	8.712
Securities and derivative financial instruments	5	5	129
Other financial assets	0	9	13
Financial liabilities	(42.265)	(41.677)	(38.872)
Derivative financial instruments	(43)	(229)	(12)
Total net debt	**(30.375)**	**(37.864)**	**(30.030)**

The net financial position includes an amount of €2.003 thousand for dividends payable to the shareholder D-Lite Netherlands B.V.. The net financial position at 31 December 2006 did not contain any balances with related parties.

11. Sales and other operating income

The group's sales revenues amount to €130.189 thousand, compared with €125.925 thousand in the corresponding prior year period. They are stated net of €455 thousand in returns, compared with €788 thousand in the same period of last year.

Details of sales are as follows:

€/000	30.06.2007	30.06.2006
Net sales revenues (net of discounts and rebates)	129.693	125.801
Revenues from recharged transport costs	951	912
Returns	(455)	(788)
Total	**130.189**	**125.925**

Other operating income is analyzed as follows:

€/000	30.06.2007	30.06.2006
Capital gains on disposal of property, plant and equipment	3	295
Capital gains on disposal of assets available for sale(note 8)	531	-
Rental income	66	65

Government grants	149	71
Other operating income	609	395
Total	**1.358**	**826**

12. Cost of raw and consumable materials and goods

Details of these costs are as follows:

€/000	**30.06.2007**	**30.06.2006**
Raw goods, semi-manufactured and finished products	71.669	78.814
Other purchases	1.013	1.179
Total	**72.682**	**79.993**

13. Salaries and employee benefits

Details of these costs are as follows:

€/000	**30.06.2007**	**30.06. 2006**
Wages and salaries	10.224	10.351
Social security charges	3.032	3.170
Employee termination indemnities (note 32)	(140)	566
Other costs	324	362
Directors' emoluments	305	236
Temporary staff	370	599
Total payroll costs	**14.115**	**15.284**

"Employee termination indemnities" include the gain of around €700 thousand, whose origin and accounting treatment are described in note 8.

The average number of employees at the end of 1H 2007 was 916, compared with 930 in 1H 2006.

14. Other operating costs

Details of these costs are as follows:

€/000	**30.06.2007**	**30.06.2006**
Subcontract work	2.252	3.426
Maintenance	935	982
Transportation	5.552	5.621
Advertising and promotions	2.290	1.890
Commissions	1.616	1.415

Travel	628	580
Consulting fees	965	986
Other services	2.456	2.694
Services	**16.694**	**17.594**
Leases and rentals	**866**	**825**
Increases in provisions (note 33)	**63**	**59**
Writedown of receivables and bad debts	187	199
Capital losses on property, plant and equipment	2	103
Other taxes (not on income)	196	236
Other operating costs	607	435
Other costs	**992**	**973**
Total	**18.615**	**19.451**

15. Amortization, depreciation and impairment losses

Details of these costs are as follows:

€/000	**30.06.2007**	**30.06.2006**
Amortization of intangible assets (note 21)	460	450
Depreciation of property, plant and equipment (note 19)	2.256	2.160
Depreciation of investment property (note 20)	18	18
Total	**2.734**	**2.628**

16. Finance income and expenses

Details are as follows:

€/000	**30.06.2007**	**30.06.2006**
Interest on trade receivables	120	115
Interest on bank and post office accounts	74	50
Cash discounts received	94	129
Other financial income	11	25
Financial income	**299**	**319**

€/000	**30.06.2007**	**30.06.2006**
Interest on long-term bank loans and borrowings	189	145
Interest on short-term bank loans and borrowings	827	493
Interest expense and discounts given	207	196
Financial charges from valuing employee termination indemnities (note 32)	56	50
Other financial costs	136	137
Financial expenses	**1.415**	**1.021**

€/000	30.06.2007	30.06.2006
Exchange differences on trade transactions	695	(402)
Exchange differences on financial items	(20)	(45)
Exchange gains and losses	**675**	**(447)**

17. Income taxes

The estimated charge for current tax and changes in deferred tax assets and liabilities in the first half of 2007 is €6.132 thousand (€5.319 thousand in the corresponding prior year period).

The first-half tax rate of 33% was down from that of 37,2% in the corresponding prior year period, due to differences in the tax rules applying in the various countries where the group operates.

18. 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 (see note 38). The parent company has only ordinary shares outstanding.

€/000	30.06.2007	30.06.2006
Net profit attributable to ordinary shareholders in the parent company (€/000)	12.395	8.921
Weighted average number of ordinary shares outstanding	27.636.418	27.630.915
Basic earnings per share (€)	**0,449**	**0,323**

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

19. Property, plant and equipment

Changes in property, plant and equipment are shown below:

€/000	31.12.2006	Increases	Decreases	Other changes	Exchange difference	30.06.2007
Land and buildings	29.634	1.077	0	0	0	30.711
Accumulated depreciation	(5.867)	(401)	0	0	0	(6.268)
Land and buildings	**23.767**	**676**	**0**	**0**	**0**	**24.443**
Plant and machinery	12.824	1.490	(53)	78	(1)	14.338
Accumulated depreciation	(8.386)	(471)	53	0	0	(8.804)
Plant and machinery	**4.438**	**1.019**	**0**	**78**	**(1)**	**5.534**
Other assets	42.496	1.608	(47)	47	3	44.107
Accumulated depreciation	(35.796)	(1.384)	28	0	(2)	(37.154)
Other assets	**6.700**	**224**	**(19)**	**47**	**1**	**6.953**
Advances	**630**	**34**	**(3)**	**(107)**	**0**	**554**
Net book value	**35.535**	**1.953**	**(22)**	**18**	**0**	**37.484**

The increase in land and buildings includes €871 thousand for enlarging the factory of the subsidiary Comag S.r.l. in Pozzilli (Isernia - Italy).

The increase in plant and machinery includes €993 thousand for purchasing new plant for the building being constructed by the subsidiary Comag S.r.l., while the remainder refers to investments in the routine replacement of these assets.

The increase in other assets includes €120 thousand in equipment for automating the spare parts warehouse, while the remainder refers to sundry production and computer equipment.

20. Investment property

This refers to a building leased to a company in the Yama Group and to a farmhouse situated on a piece of land available for future expansion of production activities. Their gross value at period end is unchanged since 31 December 2006 at €1.407 thousand, while the associated accumulated depreciation amounts to €1.064 thousand (€1.046 thousand at the end of 2006).

21. Intangible assets

Intangible assets report the following changes:

€/000	31.12.2006	Increases	Other changes	Exchange difference	30.06.2007
Development costs	1.194	36	0	0	1.230
Accumulated amortization	(519)	(60)	0	0	(579)
Development costs	**675**	**(24)**	**0**	**0**	**651**
Patents and intellectual property rights	3.971	251	0	3	4.225
Accumulated amortization	(2.639)	(323)	0	(2)	(2.964)
Patents	**1.332**	**(72)**	**0**	**1**	**1.261**
Concessions, licences and trademarks	697	3	0	11	711
Accumulated amortization	(150)	(69)	0	(3)	(222)
Concessions, licences and trademarks	**547**	**(66)**	**0**	**8**	**489**
Other intangible assets	527	37	0	0	564
Accumulated amortization	(5)	(8)	0	0	(13)
Other intangible assets	**522**	**29**	**0**	**0**	**551**
Net book value	**3.076**	**(133)**	**0**	**9**	**2.952**

The increase in development costs refers to costs incurred in the year for studying innovative technology designed to reduce engine consumption and emissions.

The increase in patents and intellectual property rights refers to the purchase of new software programmes.

All the intangible assets have a finite residual life.

22. Goodwill

The goodwill of €6.459 thousand reported at 30 June 2007 can be separated into two parts as follows:

€/000	31.12.2006	Exchange difference	30.06.2007
Goodwill on the purchase of Victus Emak Sp. z.o.o.	973	16	989
Goodwill on the purchase of the Victus IT business	5.380	90	5.470
Total	**6.353**	**106**	**6.459**

- goodwill on the purchase of Victus Emak Sp.z.o.o., amounting to €989 thousand, refers to the difference between the purchase price for 100% of Victus Emak Sp. z.o.o. and its equity at the date of acquisition;
- the goodwill of €5.470 thousand refers to the purchase of the business of Victus International Trading SA.

No signs that goodwill might be impaired emerged in the period.

23. Equity investments

The amount reported in the balance sheet is €224 thousand, which has not suffered any impairment; the risks and rewards of owning this investment are negligible.
The group owns a minority interest in Netribe S.r.l., a company operating in the IT sector.
This investment is valued at its cost of €223 thousand since its fair value cannot be determined.
Emak S.p.A. holds a 10.42% interest in Netribe S.r.l..

24. Derivative financial instruments

This amount refers to gains realized on the fair value measurement of financial instruments that hedge foreign currency purchases.

At 30 June 2007 there were outstanding forward currency agreements for the purchase of:

- €€750 thousand maturing by end of September 2007 at an average exchange rate of GBP 1,47 (relating to hedges taken out by the UK subsidiary Emak UK Ltd.);
- €2.378 thousand maturing by end of September 2007 at an average exchange rate of PLN 3,801(relating to hedges taken out by the Polish subsidiary Victus Emak Sp. z.o.o.);
- JPY 51.000 thousand maturing by end of July 2007 at an average exchange rate of €161,311 (relating to hedges taken out by the parent company Emak S.p.A.);
- USD 500 thousand maturing by end of September 2007 at an average exchange rate of €1,342 (relating to hedges taken out by the French subsidiary Emak France SAS);
- USD 120 thousand maturing by end of July 2007 at an average exchange rate of PLN 2,818 (relating to hedges taken out by the Polish subsidiary Victus Emak Sp.z.o.o.);
- GBP 153 thousand maturing by end of August 2007 at an average exchange rate of PLN 5,746 (relating to hedges taken out by the Polish subsidiary Victus Emak Sp.z.o.o.).

These purchases, despite having the purpose and characteristics of currency hedges, do not satisfy the rules for hedge accounting; consequently, all the changes in their value are recognized in the income statement.

25. Trade and other receivables

€/000	**30.06.2007**	**31.12.2006**
Trade receivables	70.503	58.652
Provision for doubtful accounts	(1.220)	(1.165)
Net trade receivables	**69.283**	**57.487**
Receivables due from related parties (note 39)	941	773
Other receivables	1.231	451
Prepaid expenses and accrued income	563	214
Total current portion	**72.018**	**58.925**
	52	48
Other non-current receivables	1	0
Total non-current portion	**53**	**48**

Trade receivables do not bear interest and generally fall due within 100 days.
All non-current receivables fall due within 5 years. There are no trade receivables falling due after more than one year.
The book value of the amounts reported in the balance sheet corresponds to their fair value.

26. Inventories

Inventories are detailed as follows:

€/000	30.06.2007	31.12.2006
Raw, ancillary and consumable materials	23.129	26.359
Work in progress and semifinished products	5.745	5.759
Finished products and goods for resale	35.032	36.184
Total	**63.906**	**68.302**

Inventories are stated net of a provision of €1.609 thousand at 30 June 2007 (€1.442 thousand at 31 December 2006). The purpose of this provision is to write down obsolete and slow-moving items to their estimated realizable value.

27. Cash and cash equivalents

€/000	30.06.2007	31.12.2006
Bank and post office deposits	11.912	4.021
Cash	16	7
Total	**11.928**	**4.028**

For the purposes of the cash flow statement, closing cash and cash equivalents comprise:

€/000	30.06.2007	31.12.2006
Cash and banks	11.928	4.028
Overdrafts (note 30)	(6.881)	(16.948)
Total	**5.047**	**(12.920)**

28. Equity

Share capital
Share capital is fully paid up at 30 June 2007 and amounts to €7.190 thousand, remaining unchanged since the end of 2006. It consists of 27.653.500 ordinary shares of par value €0,26 each.

Share premium reserve
The share premium reserve, which consists of the premium paid on new-issue shares, is €21.047 thousand at 30 June 2007, staying unchanged since the end of 2006.

Treasury shares
The adjustment of €36 thousand to equity for the purchase of treasury shares represents the overall consideration paid on the market by Emak S.p.A. to buy the treasury shares held on 30 June 2007 (note 38).

Other reserves:

-At 30 June 2007 the legal reserve is at €1.438 thousand, staying unchanged since the end of 2006.

-The revaluation reserve at 30 June 2007 includes the reserves arising from revaluations under Law 72/83 for €371 thousand and under Law 413/91 for €767 thousand. No change has taken place in the period under review.

-The extraordinary reserve amounts to €27.088 thousand at 30 June 2007, inclusive of all allocations of earnings in prior years.

- At 30 June 2007, the untaxed reserves refer to €129 thousand in tax-related provisions for grants and donations and €394 thousand in merger surplus reserves. All these reserves have remained the same as at the end of 2006.

-The cumulative translation adjustment amounts to €135 thousand at 30 June 2007. It is entirely due to differences arising on the translation of financial statements into the Group's functional currency.

Gains (losses) recognized directly in equity
Between 31 December 2006 and 30 June 2007 a total of €40 thousand euro in post-tax gains on the sale of treasury shares has been booked directly to equity.

29. Trade and other payables

€/000	30.06.2007	31.12.2006
Trade payables	40.644	35.434
Payables due to related parties (note 39)	5.989	4.297
Payables due to staff and social security institutions	4.432	3.699
Other payables	1.998	1.716
Total	**53.063**	**45.146**

The book value of the amounts reported in the balance sheet corresponds to their fair value.

30. Financial liabilities

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

€/000	30.06.2007	31.12.2006
Overdrafts (note 27)	6.881	16.948
Bank loans	19.642	17.959
Lease finance	461	519
Financial accrued expenses and deferred income	252	87
Other loans	2.017	59
Total	**29.253**	**35.572**

The carrying amount of short-term loans and lease finance approximates their fair value.

The increase in "Other loans" refers to €2.003 thousand in dividends declared but not yet paid to the ultimate parent D-Lite Netherlands B.V..

Details of long-term loans and borrowings are as follows:

€/000	30.06.2007	31.12.2006
Bank loans	9.435	2.298
Lease finance	2.681	2.911
Other loans	896	896
Total	**13.012**	**6.105**

The amount of bank loans repayable after more than 5 years is €188 thousand.

The payments due for finance leases after more than 5 years amount to €745 thousand.

The other loans are all repayable after more than 5 years.

31. Tax assets and liabilities

Deferred tax assets are detailed below:

€/000	30.06.2007	31.12.2006
Provisions for inventory obsolescence and reversal of unrealized intercompany gains	1.711	1.829
Deferred tax assets on carryforward tax losses	602	553
Other deferred tax assets	739	744
Total	**3.052**	**3.126**

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

Deferred tax liabilities are detailed below:

€/000	30.06.2007	31.12.2006
Leased assets under IAS 17	1.661	1.607
Valuation of provision for employee termination indemnities under IAS 19	372	147
Other deferred tax liabilities	889	938
Total	**2.922**	**2.692**

Current tax assets amount to €3.059 thousand at 30 June 2007 and refer to VAT credits, surplus payments on account of direct tax and other tax credits.

Current tax liabilities amount to €4.906 thousand at 30 June 2007. They refer to payables for direct tax for the period, VAT and withholding taxes.

32. Post-employment benefits

These liabilities mainly refer to the present value of employee termination indemnities payable at the end of an employee's working life, amounting to €5.104 thousand at 30 June 2007. Had this provision been stated at face value, it would have amounted to €6.170 thousand at period end.

Movements in this liability are as follows:

€/000	
Net book value of post-employment benefits at 31.12.2006	**5.796**
Current service cost (note 13)	(140)
Interest cost on obligations (note 16)	56
Disbursements	(507)
Net book value of post-employment benefits at 30.06.2007	**5.205**

The principal economic and financial assumptions used are the same as those adopted at 31 December 2006, except as reported in note 8.

33. Provisions for liabilities and charges

Movements in these provisions are detailed below:

€/000	31.12.2006	Increases	Decreases	30.06.2007
Provision for agents' termination indemnity	468	60	0	528
Total non-current portion	**468**	**60**	**0**	**528**
Provision for product warranties	244	1	0	245
Other provisions	140	2	(131)	11
Total current portion	**384**	**3**	**(131)**	**256**

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

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

The net decrease of €129 thousand in other provisions reflects €119 thousand in utilizations from the provision for reward schemes and €10 thousand in utilizations of the provision for uninsured risks to cover exemptions on product liability claims.

34. Other non-current liabilities

€/000	30.06.2007	31.12.2006
Deferred income - Law 488 grants	610	640
Social security payables	67	79
Others	120	0
Payables due to sellers of Victus IT business	1.425	1.362
Total	**2.222**	**2.081**

The deferred income refers to the capital grant received by Comag under Law 488/92 which is being recognized over future years. The portion of the grant recognizable this year is classified under current liabilities as other payables (note 30) and amounts to €72 thousand.

The payables due to sellers of the Victus IT business refer to the remaining purchase consideration due to be settled in 2008.

35. Potential liabilities

At the date of 30 June 2007 the group does not have any disputes that could give rise to future liabilities that have not already been reflected in the balance sheet.

36. Information on financial risks

The group is exposed to a variety of financial risks associated with its operations:
- credit risk, in relation to both normal trade balances and to financing activities;
- liquidity risk, with particular reference to the availability of financial resources and access to the credit market;
- market risks, with particular reference to exchange rates and interest rates, since the group operates internationally in different currency areas and uses financial instruments that generate interest.

As described in the section on financial risk management, the Emak Group constantly monitors the financial risks to which it is exposed in order to minimize the potentially negative effects on its financial results.

Qualitative and quantitative information will now be provided on the impact of these risks on the Emak Group.
The quantitative figures reported below are not predictive; in particular, the sensitivity analysis for market risks cannot reflect the complexity of markets and associated reactions that might arise from any hypothetical change.

Credit risk
The group's maximum theoretical exposure to credit risk at 30 June 2007 is represented by the book value of financial assets reported in the balance sheet.

The creditworthiness of dealers and distributors is specifically evaluated before granting them credit; furthermore, the group generally obtains financial and non-financial guarantees for credit granted against products supplied; since the start of 2007 certain categories of receivable from foreign customers are also being insured with SACE.

Individually significant positions for which there is objective evidence of partial or total unrecoverability are constantly monitored and possibly written down on an individual basis.

The amount of the writedown is estimated on the basis of the recoverable amount, the related collection date, the future costs of recovery, and any applicable guarantees. A provision for doubtful accounts is made on a collective basis against those receivables that have not been individually written down, taking account of past experience and statistics.

There are no significant unrecoverable positions at 30 June 2007 that have been written down individually; the increases in the provision for doubtful accounts are based on constant review of past due amounts on a collective basis.

Trade and other receivables of €72.018 thousand at 30 June 2007 (€58.925 thousand at 31 December 2006) include €2.313 thousand in amounts over 3 months past due (€1.907 thousand at 31 December 2006).

Liquidity risk
Liquidity risk can arise from the inability to find, under economic terms and conditions, the financial resources needed for the group's operations.
The two principal factors that determine the group's liquidity position are (i) the resources generated or absorbed by operations and investment activities, and (ii) market conditions and the timing of maturity and roll-over of debt or liquidity of financial investments.
As specified in the section on financial risk management, the group reduces its liquidity risk and optimizes the management of its financial resources by:

- maintaining an adequate level of available cash;
- obtaining adequate credit lines;
- monitoring the trend in future liquidity, as part of its business planning process.

The type and maturity of the group's financial assets and payables are described in notes 27 and 30 on "Cash and cash equivalents" and "Financial liabilities" respectively.
Management considers that the funds and credit lines currently available, as well as those that will be generated by operations and financing activities, will allow the group to satisfy its needs relating to investment activities, working capital management and settlement of payables on their natural due dates.

Currency risk
The group is exposed to risks arising from fluctuations in exchange rates that might influence its results and the value of its equity.
In detail:

- if group companies incur costs denominated in currencies other than those of their respective revenues, exchange rate fluctuations may affect the operating results of such companies.
  In the first six months of 2007 the overall amount of revenues directly exposed to currency risk equated to around 12% of the group's total sales (10% in 2006), while the amount of costs exposed to currency risk was 14% of the group's total sales (17% in 2006).
  The principal exchange rates to which the group is exposed are:
  - EUR/USD, in relation to sales in dollars on the North American market and other markets in which the dollar is the currency used for trade and in relation to production/purchases in the euro-zone;
  - EUR/GBP, basically in relation to sales on the UK market;
  - EUR/RMB, in relation to the Chinese manufacturing activity and the related imports/exports;
  - EUR/YEN, in relation to purchases on the Japanese market and sales on other markets;
  - EUR/PLN, in relation to sales on the Polish market.

  There are no other significant transactions in other currencies.

  It is the group's policy to hedge net currency flows, usually by using forward rate agreements, deciding amounts and maturities according to market conditions and net future exposure with the goal of minimizing the impact of any changes in future exchange rates.

- with reference to commercial activities, group companies may have trade receivables or payables denominated in currencies other than their unit of account with fluctuations in exchange rates causing possible exchange differences to be realized or recognized.
  It is the group's policy, after appropriate assessment of exchange rate trends, to hedge part of the exposure relating to receivables and payables denominated in a currency other than that of the holder company's unit of account.

- some of the group's subsidiaries are located in countries that do not belong to the European Monetary Union, specifically the United States, United Kingdom, Poland and China. Since the group's functional currency is the euro, the income statements of these companies are translated into euro at the average rate for the period, meaning that exchange rate movements can affect the euro amount of revenues, costs and related results.

- assets and liabilities of group subsidiaries whose unit of account is not the euro may assume a different value in euros depending on the trend in exchange rates. As required by the adopted accounting standards, the effects of these changes are recognized directly in equity, in the "Cumulative translation adjustment" (see note 28).
  There were no outstanding hedges at the balance sheet date against such exposures to currency translation risk.

The nature and structure of exposures to currency risk and the group's hedging policies have not changed in any substantial way in 2007 relative to the prior year.

Sensitivity analysis

Assuming an immediate 10% adverse change in all the individual exchange rates of the functional currencies against the foreign ones, the potential loss in fair value of the net balance of financial assets and liabilities held by the group at 30 June 2007 and exposed to currency risk would be around €880 thousand (€470 thousand at 31 December 2006).

The increase relative to 31 December is due to a larger quantity of financial assets and liabilities exposed to exchange rate fluctuation risk.

Interest rate risk

Group companies use external financial resources in the form of debt and invest their cash in money market and financial instruments. Changes in market interest rates affect the cost and return of the various types of funding and investment, influencing the amount of the group's financial income and expenses.

The group does not currently use derivative financial instruments to hedge interest rate risk.

Sensitivity analysis

The effects of interest rate fluctuations are analyzed for their potential impact on cash flows since almost all the group's financial assets and liabilities carry floating rates of interest.

An immediate hypothetical increase of one basis point in the annual interest rates applying to outstanding floating-rate financial liabilities at 30 June 2007 would cause net financial expenses to rise by around €394 thousand on an annual basis (€410 thousand at 31 December 2006).
This analysis is based on the assumption of a generalized, instantaneous change of one basis point in the level of reference interest rates.

Other risks on derivative financial instruments

As described in note 24, the group has a number of derivative financial instruments whose value is linked to trends in exchange rates (forward currency purchases).
Although these transactions have been undertaken for hedging purposes, they do not qualify for hedge accounting. As a result, the changes in their underlying values may affect the group's consolidated income statement.

Sensitivity analysis

Assuming an immediate 10% adverse change in the underlying amounts, the potential loss in fair value of outstanding derivative financial instruments at 30 June 2007 would be around €214 thousand (€195 thousand at 31 December 2006).

37. Commitments and guarantees given

Fixed asset purchases

The group has €2.570 thousand in commitments to purchase fixed assets at 30 June 2007 (€633 thousand at 31 December 2006). These commitments mostly refer to the construction of the new factory in Pozzilli (Isernia) by the subsidiary Comag.

Guarantees given

The group has given €620 thousand in guarantees to third parties at 30 June 2007 (€581 thousand at the end of 2006).

38. Ordinary shares, treasury shares and dividends

Share capital is fully paid up at 30 June 2007 and amounts to €7.190 thousand. It consists of 27.653.500 ordinary shares of par value €0,26 each.

All the shares are fully paid up.

	30.06.2007	**31.12.2006**
Number of ordinary shares	27.653.500	27.653.500
Treasury shares	(6.000)	(108.849)
Total	**27.647.500**	**27.544.651**

On 27 April 2007 the shareholders' meeting voted to declare a dividend of €4.839 thousand for 2006, of which €2.836 thousand has already been paid; the remainder will be paid by the end of 2007.
Reference should be made to the specific section of the report on performance for details on the purchase and sale of treasury shares during the period.

39. Related party transactions

The effect on the balance sheet and income statement at 30 June 2007 of transactions by the Emak Group with ultimate parent companies, affiliated companies and any related parties are shown below.

Some of the companies belonging to the Yama Group supply the Emak Group with parts and materials, exploiting synergies associated with technological research. These are mostly strategically important parts, whose purchasing policy is based on factors of quality and cost.

The Emak Group supplies finished products to some of the trading companies within the Yama Group, allowing them to complete their product range.

All intercompany transactions, whether of a commercial or financial nature, are conducted on an arm's length basis.
No transactions were conducted with related parties of an atypical or unusual nature.

The main transactions with ultimate parent and affiliated companies during the period ended 30 June 2007 and the receivable and payable balances at that date are reported below:

Sale of goods and services and receivables

Companies controlled by Yama S.p.A. (€/000)	**Net sales**	**Other revenues**	**Total revenues**	**Receivables**
Mac Sardegna Industriale S.r.l.	472	-	**472**	**478**
Sabart S.p.A.	139	3	**142**	**134**
Tecomec S.p.A.	5	75	**80**	**6**
Unigreen S.p.A.	10	-	**10**	**-**
Garmec S.p.A.	260	-	**260**	**251**
Comet S.p.A.	85	7	**92**	**70**
Bertolini S.p.A.	29	-	**29**	**2**
Selettra S.r.l.	-	1	**1**	**-**
Total (note 25)	**1.000**	**86**	**1.086**	**941**

Purchase of goods and services and payables

Companies belonging to the Yama Group S.p.A. (€/000)	**Purchase of raw materials and finished products**	**Other costs**	**Total costs**	**Payables**
Fima S.p.A.	360	17	**377**	**527**
Selettra S.r.l.	1.292	16	**1.308**	**1.034**
Tecomec S.p.A.	777	-	**777**	**536**
Sabart S.p.A.	97	-	**97**	**68**
Comet S.p.A.	919	-	**919**	**693**
Garmec S.p.A.	11	1	**12**	**-**
Bertolini S.p.A.	2.917	-	**2.917**	**1.516**
Unigreen S.p.A.	37	-	**37**	**27**
Tecnol S.p.A.	1.506	14	**1.520**	**1.171**
Speed France S.A.S.	462	-	**462**	**89**
Comet France S.A.S.	31	-	**31**	**7**
Yama Immobiliare S.r.l.	-	23	**23**	**-**
Mac Sardegna Industriale S.r.l.	-	2	**2**	**2**
Tai-Long Ltd.	715	-	**715**	**270**
Yama S.p.A.	-	49	**49**	**49**
Total (note 29)	**9.124**	**122**	**9.246**	**5.989**

40. Subsequent events

Please refer to paragraph 13 in the report of performance.

41. Reconciliation between equity and net profit of the parent company Emak S.p.A. and consolidated equity and net profit

€/000	Equity 30.06.07	Results for 30.06.07	Equity 31.12.06	Results for 31.12.06
Equity and results of Emak S.p.A.	76.234	6.777	73.765	9.023
Equity and results of consolidated subsidiaries	30.357	5.970	24.703	4.140
Total	**106.591**	**12.747**	**98.468**	**13.163**
Effect of eliminating book value of equity investments	(13.881)	-	(13.881)	-
Elimination of dividends	-	(385)	-	(416)
Elimination of intercompany balances and gains	(2.637)	73	(2.711)	(1.443)
Total as per consolidated financial statements	**90.073**	**12.435**	**81.876**	**11.304**
Minority interests	**(481)**	**(40)**	**(483)**	**(65)**
Equity and results attributable to the group	**89.592**	**12.395**	**81.393**	**11.239**

EMAK S.p.A. – FINANCIAL STATEMENTS AT 30 JUNE 2007

INCOME STATEMENT OF EMAK S.P.A

Y 2006	€/000	I H 2007	I H 2006
161.935	Sales	96.352	98.614
926	Other operating income	920	582
3.397	Change in inventories	(3.803)	(1.627)
(107.945)	Raw and consumable materials and goods	(61.255)	(64.179)
(17.774)	Salaries and employee benefits	(8.832)	(9.963)
(21.672)	Other operating costs	(10.614)	(11.704)
(3.300)	Amortization, depreciation and impairment losses	(1.577)	(1.675)
15.567	**Ebit**	**11.191**	**10.048**
1.382	Financial income	851	967
(1.064)	Financial expenses	(728)	(546)
(401)	Exchange gains and losses	(57)	(525)
15.484	**EBT**	**11.257**	**9.944**
(6.461)	Income taxes	(4.480)	(4.101)
9.023	**Net profit**	**6.777**	**5.843**
0,327	**Basic earnings per share**	**0,245**	**0,211**
0,327	**Diluted earnings per share**	**0,245**	**0,211**

BALANCE SHEET OF EMAK S.P.A.

ASSETS

31.12.2006	€/000	30.06.2007	30.06.2006
	Non-current assets		
16.289	Property, plant and equipment	16.352	16.786
1.668	Intangible assets	1.676	1.630
361	Investment property	343	380
14.104	Equity investments	14.104	13.035
870	Deferred tax assets	768	817
10.209	Other financial assets	8.160	10.571
6	Other receivables	10	8
43.507	**Total**	**41.413**	**43.227**
	Non-current assets held for sale		
269	Assets held for sale	0	269
269	**Total**	**0**	**269**
	Current assets		
40.144	Inventories	36.341	35.120
52.621	Trade and other receivables	64.845	64.764
624	Current tax assets	1.659	535
9	Other financial assets	0	8
827	Cash and cash equivalents	2.660	2.121
94.225	**Total**	**105.505**	**102.548**
138.001	**TOTAL ASSETS**	**146.918**	**146.044**

EQUITY AND LIABILITIES

31.12.2006	€/000	30.06.2007	30.06.2006
	Capital and reserves		
7.190	Share capital	7.190	7.190
21.047	Share premium	21.047	21.047
(528)	Treasury shares	(36)	(365)
30.187	Other reserves	30.187	30.440
15.868	Retained earnings	17.846	12.435
73.764	**Total equity**	**76.234**	**70.747**
	Non-current liabilities		
4.165	Loans and borrowings	8.939	4.388
2.390	Deferred tax liabilities	2.668	2.287
5.322	Post-employment benefits	4.754	5.517
468	Provisions	528	418
12.345	**Total**	**16.889**	**12.610**
	Current liabilities		
32.994	Trade and other payables	39.525	41.980
943	Current tax liabilities	2.071	2.125
17.674	Loans and borrowings	12.082	18.353
44	Derivative financial instruments	9	12
237	Provisions	108	217
51.892	**Total**	**53.795**	**62.687**
138.001	**TOTAL EQUITY AND LIABILITIES**	**146.918**	**146.044**

STATEMENT OF CHANGES IN EMAK S.P.A. EQUITY AT 30.06.2006

€/000	Share capital	Share premium	Treasury shares	OTHER RESERVES			RETAINED EARNINGS		TOTAL GROUP
				Legal reserve	Revaluation reserve	Other reserves	Retained earnings	Net profit of the period	
Balance at 31.12.2005	**7.190**	**21.047**	**(28)**	**1.438**	**1.138**	**27.638**	**3.128**	**7.834**	**69.385**
Change in treasury shares			(337)						**(337)**
Payment of dividends								(4.144)	**(4.144)**
						226	3.464	(3.690)	**0**
									0
Net profit for the period								5.843	**5.843**
Balance at 30.06.2006	**7.190**	**21.047**	**(365)**	**1.438**	**1.138**	**27.864**	**6.592**	**5.843**	**70.747**

STATEMENT OF CHANGES IN EMAK S.P.A. EQUITY AT 31.12.2006 AND AT 30.06.2007

€/000	Share capital	Share premium	Treasury shares	OTHER RESERVES			RETAINED EARNINGS		Total
				Legal reserve	Revaluation reserve	Other reserves	Retained earnings	Net profit for the period	
Balance at 01.01.06	**7.190**	**21.047**	**(28)**	**1.438**	**1.138**	**27.638**	**3.128**	**7.834**	**69.385**
Change in treasury shares			(499)						(499)
Payment of dividends								(4.144)	(4.144)
Reclassification net profit 2005						226	3.464	(3.690)	0
Change in translation reserve						(253)	253		0
Net profit for 2006								9.023	9.023
Balance at 31.12.2006	**7.190**	**21.047**	**(527)**	**1.438**	**1.138**	**27.611**	**6.845**	**9.023**	**73.765**
Change in treasury shares			491				40		**531**
Payment of dividends								(4.839)	**(4.839)**
Reclassification net profit 2005							4.184	(4.184)	**0**
Net profit at 30.06.07								6.777	**6.777**
Balance at 30.06.2007	**7.190**	**21.047**	**(36)**	**1.438**	**1.138**	**27.611**	**11.069**	**6.777**	**76.234**

CASH FLOW STATEMENT OF EMAK S.P.A.

2006	(€/000)	30.06.2007	30.06.2006
	Cash flow from operations		
9.023	**Net profit for the period**	**6.777**	**5.843**
3.300	Amortization, depreciation and impairment losses	1.577	1.675
(204)	(Capital gains)/losses on disposal of property, plant and equipment	(533)	(201)
(416)	Reclassification of dividends receipt	(385)	(416)
(2.640)	Decreases/increases in trade and other receivables	(13.161)	(14.643)
(3.398)	Decreases/increases in inventories	3.803	1.626
(8.968)	Decreases/increases in trade and other payables	7.937	1.097
(42)	Change in post-employment benefits	(568)	154
(126)	Decreases/increases in provisions for liabilities	(69)	(196)
44	Decreases/increases in derivative financial instruments	(35)	12
(3.427)	**Net cash generated by operations**	**5.343**	**(5.049)**
	Cash flow from investment activities		
416	Dividends received	385	416
(2.458)	Increases in property, plant and equipment and intangible assets	(1.360)	(1.189)
956	Increases and decreases in financial assets	2.057	1.664
145	Proceeds from disposal of property, plant and equipment	533	19
505	Business combinations	0	505
(941)	**Net cash absorbed by investment activities**	**1.615**	**1.415**
	Cash flow from financial activities		
(499)	Change in equity	573	(337)
1.658	Change in short and long-term loans and borrowings	5.210	(609)
(430)	Change in finance leases	(220)	(213)
(4.144)	Dividends paid	(2.878)	(4.144)
(3.415)	**Net cash absorbed by financial activities**	**2.685**	**(5.303)**
(7.783)	**NET INCREASE IN CASH AND CASH EQUIVALENTS**	**9.643**	**(8.937)**
(1.190)	**OPENING CASH AND CASH EQUIVALENTS**	**(8.468)**	**(1.190)**
(8.468)	**CLOSING CASH AND CASH EQUIVALENTS**	**1.175**	**(10.127)**

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

2006	(€/000)	30.06.2007	30.06.2006
	RECONCILIATION OF CASH AND CASH EQUIVALENTS		
(1.190)	**Opening cash and cash equivalents, detailed as follows:**	**(8.468)**	**(1.190)**
1.077	Cash and cash equivalents	827	1.077
(2.267)	Overdrafts	(9.295)	(2.267)
(8.468)	**Closing cash and cash equivalents, detailed as follows:**	**1.175**	**(10.127)**
827	Cash and cash equivalents	2.660	2.121
(9.295)	Overdrafts	(1.485)	(12.248)